

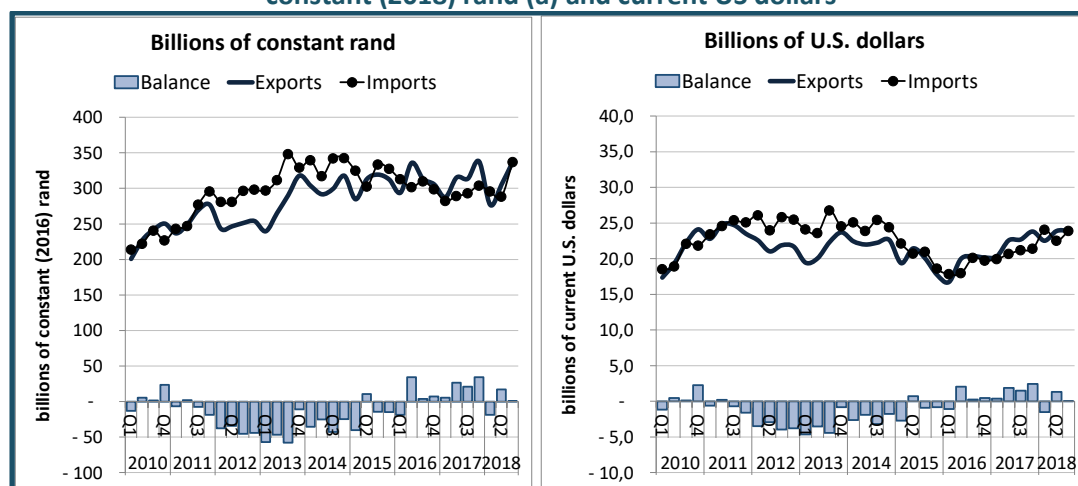
International trade

Both exports and imports surged from the third quarter of 2017 to the third quarter of 2018 in rand terms, largely reflecting the stronger US dollar and, in the case of imports, the increase in the global oil price. As a result of these factors, the trade surplus fell sharply.

In US dollars, the oil price climbed by 50% between the third quarter of 2017 and the first quarter of 2018, then levelled out (and fell in the fourth quarter of 2018). As a result, imports climbed swiftly in dollar terms. In addition, the rand depreciated over 10% against the dollar between June and September 2018 in nominal terms. As a result, both exports and imports spiked in rand terms in the past quarter, but imports grew much more quickly in both rand and dollars.

These trends led to a sharp fall in the trade surplus, from R17 billion in the second quarter to R0.5 billion in the third quarter of 2018 (see Graph 11). In dollar terms, the trade balance for third quarter 2018 amounted to US\$0.04 billion, down from US\$1.3 billion in the second quarter.

Graph 1. Exports, imports and balance of trade in constant (2018) rand (a) and current US dollars

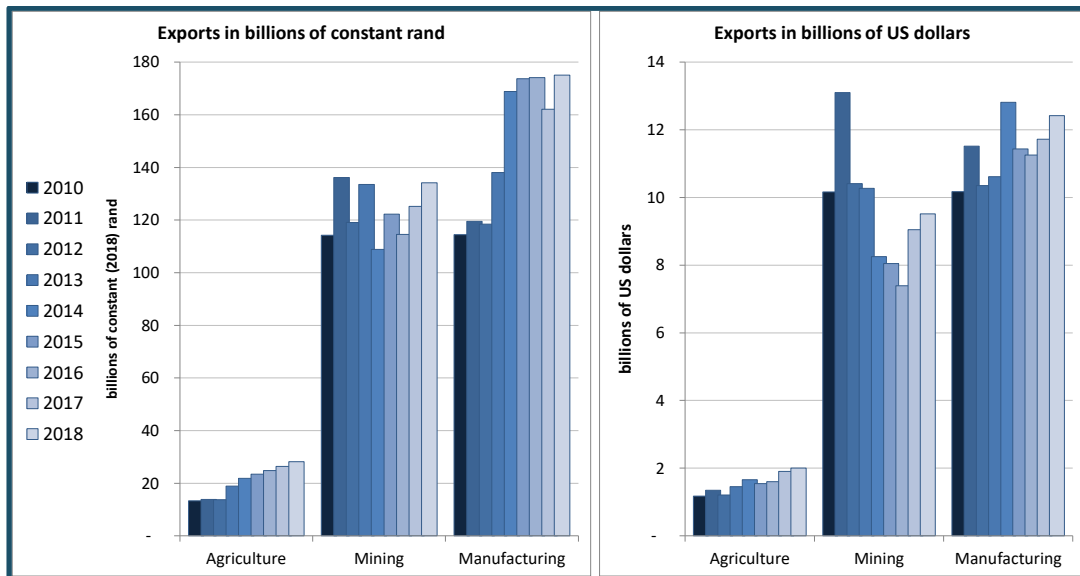


Note: (a) Deflated with CPI rebased to third quarter 2018. Source: SARS monthly trade data.

Graph 12 shows exports in both constant rand and current US dollar terms for the third quarter from 2010 to 2018 for agriculture, mining and manufacturing. Exports in the third quarter of 2018 rose in all the three sectors compared to the third quarter 2017 in both constant rand and dollar terms. Manufacturing exports climbed from R162 billion in 2017 to R175 billion in Q3 2018; in dollar terms they rose by US\$700 million.

Mining exports increased from R125 billion to R134 billion in constant rand terms. Still, in dollar terms they remained lower than during the commodity price boom that ended in 2011, resulting in a sharp fall in the dollar value of mineral exports through 2016. Agricultural exports increased by R1.8 billion from 2017 to 2018.

Graph 12: Third quarter exports in billions of constant (2018) rand (a) and current US dollars

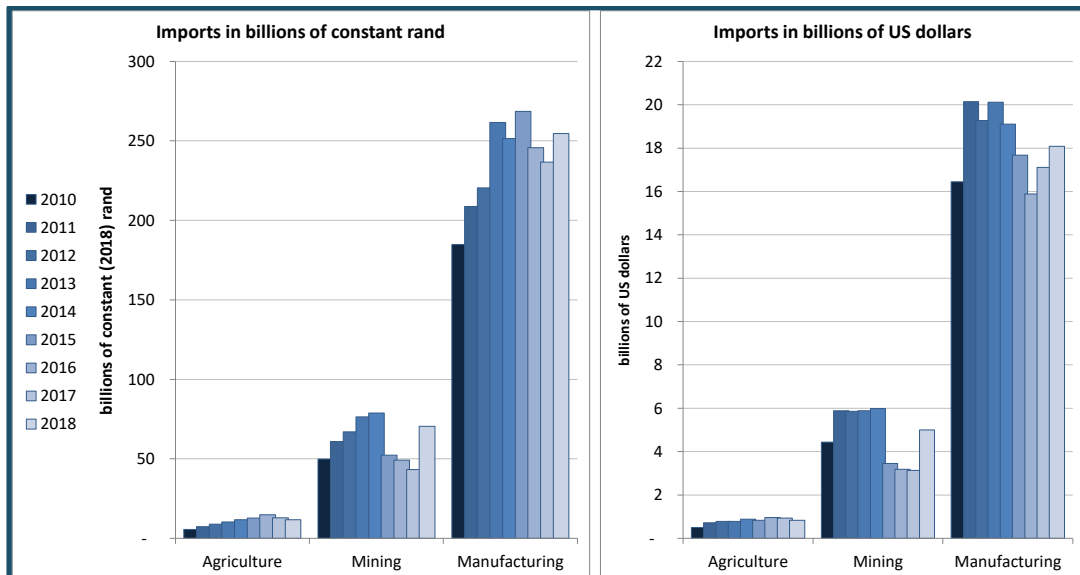


Note: (a) Deflated with CPI rebased to third quarter 2018. Source: SARS monthly trade data.

Because of the higher oil price internationally, mining imports saw the highest increase, rising from R43 billion to R70 billion in constant rand terms.

Manufacturing imports also climbed, but more modestly. In contrast, agriculture imports decreased by R1.2 billion. In US dollars, mining imports increased by US\$1.9 billion to US\$4.9 billion in the third quarter of 2018, while manufacturing imports increased by 6% to US\$18 billion. Agriculture imports saw a decline in US dollar terms between the third quarters of 2017 and 2018, decreasing by 9% to US\$0.8 billion (see Graph 13).

Graph 13: Third quarter imports in billions of constant (2018) rand (a) and current US dollars



Note: (a) Deflated with CPI rebased to third quarter 2018. Source: SARS monthly trade data.

Table 1 disaggregates exports and imports by manufacturing subsector. South Africa's two dominant manufactured exports – metal products and transport equipment – both expanded in constant rand and current dollar terms from the third quarter of 2017 to the third quarter of 2018. Food and beverages and clothing, however, saw modest declines.

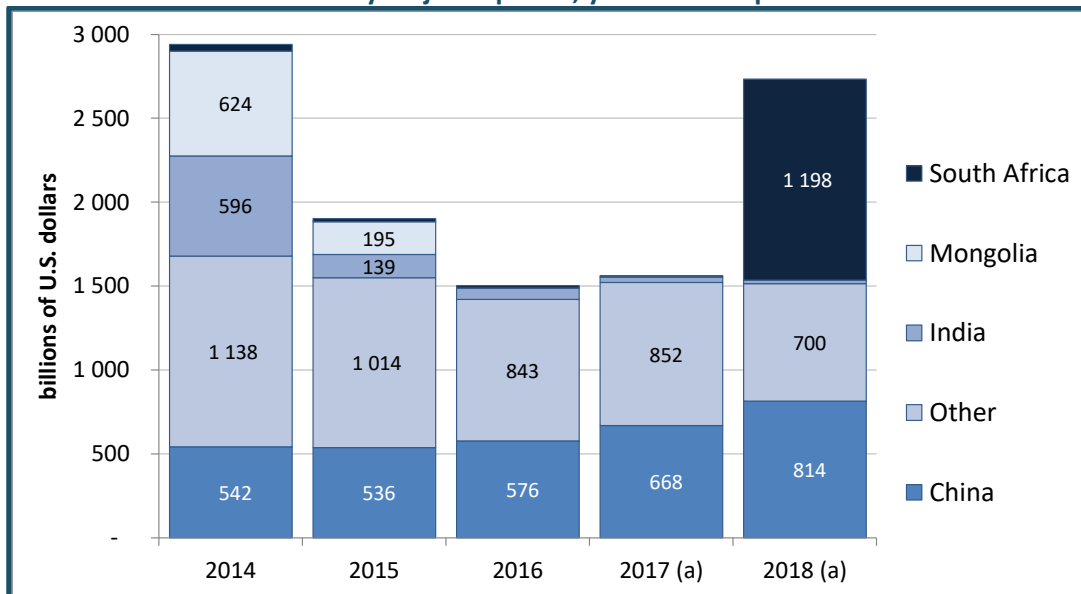
Table 1: Trade by manufacturing subsectors

Industry	Value (billions)		% change from Q3 2017		Change in millions	
	US\$	Rand	US\$	Rand	US\$	Rand
<i>Exports</i>						
Food and beverages	1.1	14.8	-0,4%	1%	-4.4	196.4
Clothing and footwear	0.4	6.1	-0,4%	2%	-1.6	107.7
Wood products	0.1	2.1	6%	8%	8.2	149.0
Paper and publishing	0.5	6.5	16%	19%	64.7	1 038.1
Chemicals, rubber, plastic	1.9	26.6	3%	5%	58.7	1 294.0
Glass and non-metallic mineral products	0.1	1.7	5%	7%	5.4	105.8
Metals and metal products	2.8	39.9	13%	15%	324.8	5 174.8
Machinery and appliances	2.1	29.0	3%	5%	57.6	1 280.7
Transport equipment	3.1	44.5	7%	9%	206.6	3 787.0
<i>Imports</i>						
Food and beverages	0.9	12.2	-8%	-6%	-77.8	-839.9
Clothing and footwear	1.2	17.4	3%	5%	33.2	769.1
Wood products	0.1	1.3	-1%	0.4%	-1.4	4.7
Paper and publishing	0.6	8.9	108%	111%	328.3	4 698.1
Chemicals, rubber, plastic	3.6	50.5	8%	10%	272.4	4 662.5
Glass and non-metallic mineral products	0.3	4.0	10%	12%	25.8	426.4
Metals and metal products	1.2	16.5	5%	7%	59.2	1 111.3
Machinery and appliances	5.6	78.7	2%	4%	135.8	3 371.2
Transport equipment	4.2	58.6	4%	6%	157.1	3 131.3

Note: (a) Deflated with CPI rebased to third quarter of 2018. Source: SARS monthly trade data.

In terms of imports, paper and publishing continued to be an outlier, with growth in dollar terms climbing from almost nothing to US\$1.2 billion from the year to third quarter 2017 to the year to third quarter 2018. The growth occurred almost exclusively in the subcategory of unused postage and revenue stamps (HS 4907), possible reasons for it are discussed in detail in the [TIPS Import Tracker](#). This phenomenon meant that South Africa's share in global trade in this category climbed from virtually zero in the year to third quarter 2017 to 44% a year later (See Graph 14).

Graph 14. Imports of unused postage and revenue stamps (HS 4907) in billions of US dollars by major importer, year to third quarter



Note: (a) No data available for Mongolia for 2018; for China, extrapolated from fourth quarter 2017 and first quarter 2018. Source: Calculated from ITC. Trade Map.