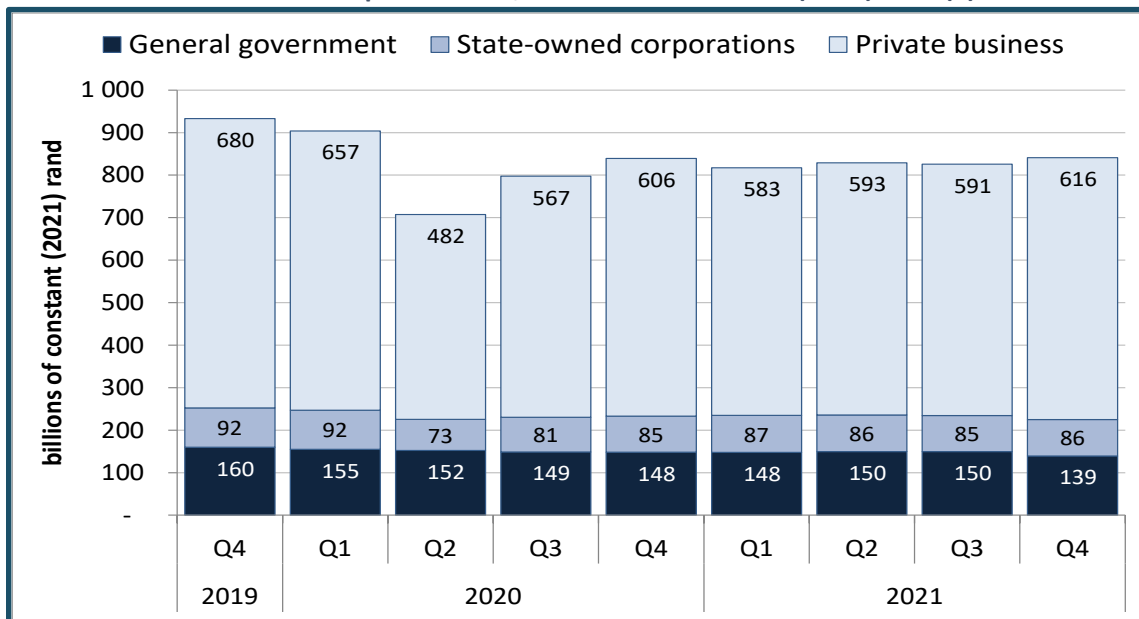


Investment

Private investment climbed 4.2% in the fourth quarter of 2021, although it remained 9% below pre-pandemic levels. Public investment declined, ending the year 10% lower than before the pandemic.

Total investment has essentially plateaued since the fourth quarter of 2020, after a significant rebound in the first six months after the lockdown. Private investment grew 4.2% in the quarter, but state-owned companies saw virtually no increase and general government investment shrank 7%. Increasingly, the stagnation in government spending contrasts with its strategic commitment to crowding in investment through infrastructure spend. (Graph 19)

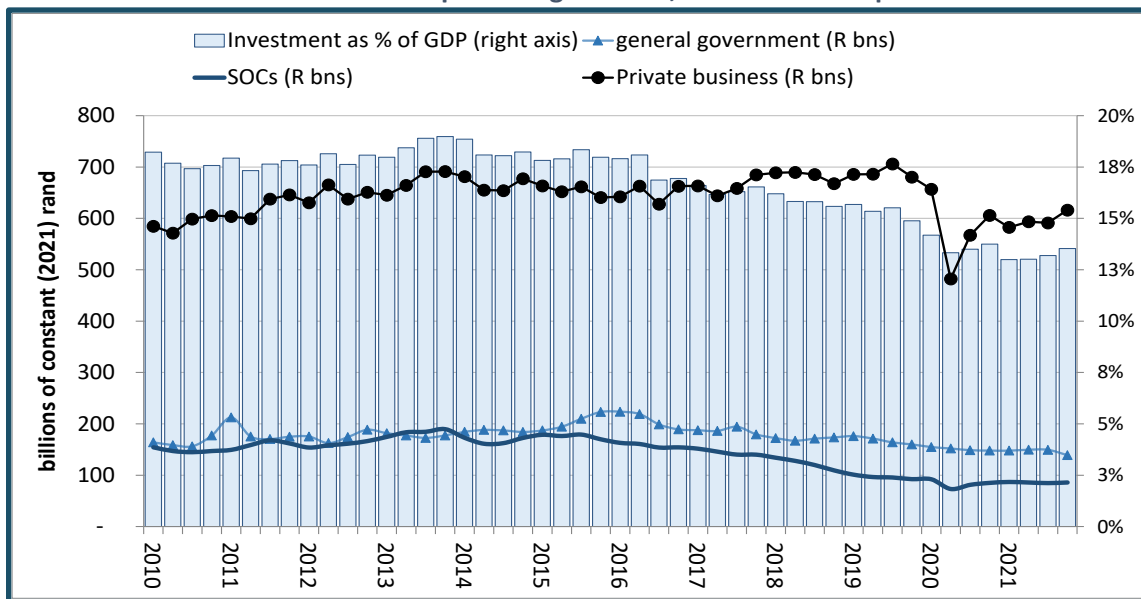
Graph 19. Quarterly seasonally adjusted investment by type of organisation, fourth quarter 2018 to fourth quarter 2021, in billions of constant (2021) rand (a)



Note: Rebased with implicit deflator rebased to second quarter 2021 Source: Calculated from Statistics South Africa. GDP quarterly figures. Excel spreadsheet downloaded from www.statssa.gov.za.

The increase in private investment over the year raised the investment rate from 13% in the first quarter to 13.5% in December, following a sharp fall a year earlier. If general government investment had not fallen, the investment rate would have returned to the level seen in the fourth quarter of 2020.

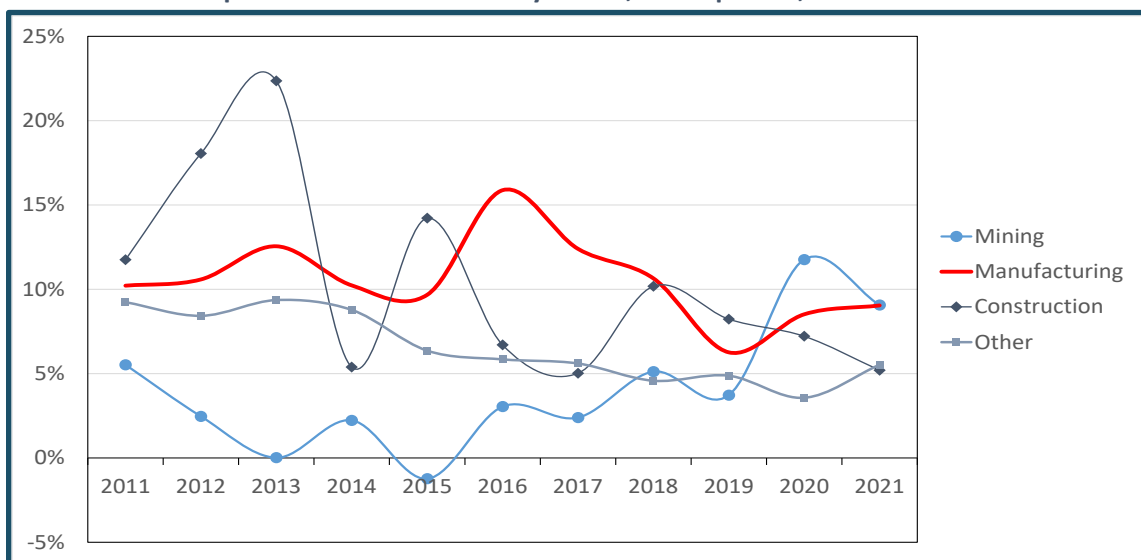
Graph 20. Quarterly investment by type of organisation in billions of constant (2021) rand, and total investment as a percentage of GDP, 2010 to fourth quarter 2021



Note: Rebased with implicit deflator rebased to second quarter of 2021. Source: Calculated from Statistics South Africa. GDP quarterly figures. Excel spreadsheet downloaded from www.statssa.gov.za.

Data on profitability by sector are available only through the third quarter of 2021 (see Graph 21). High prices boosted mining profits above the pre-pandemic era, although the return on assets fell compared to a year ago. Manufacturing also showed a strong recovery since the pandemic. Profitability in the rest of the economy outside of construction is lower but improved over the past year. In contrast, construction continues to face falling returns.

Graph 21. Return on assets by sector, third quarter, 2011 to 2021

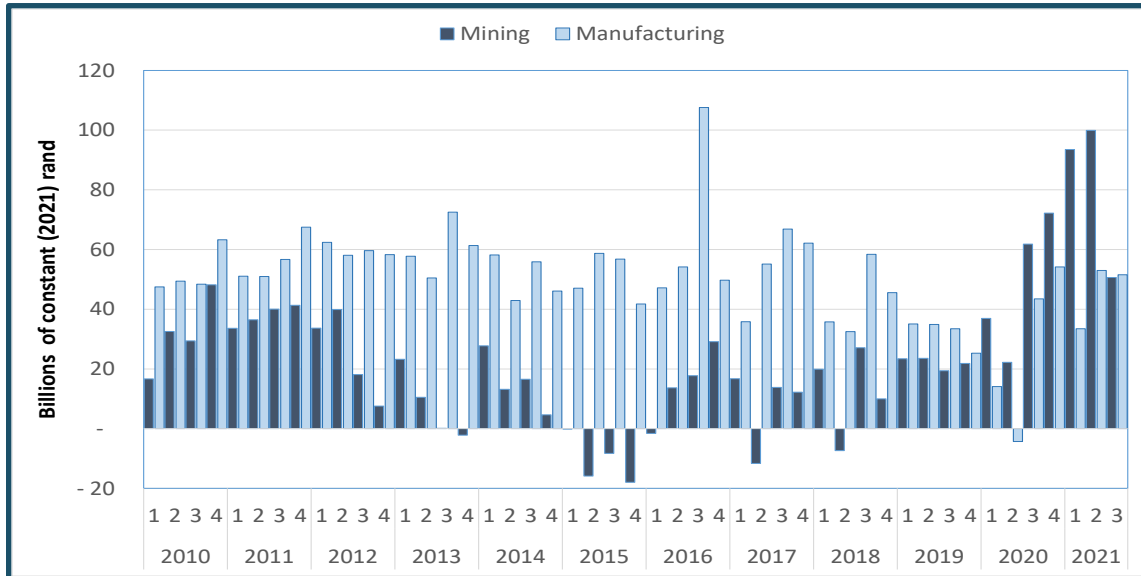


Source: Stats SA, Quarterly Financial Statistics adjusted to constant rand. Excel spreadsheet downloaded www.statssa.gov.za.

A similar pattern emerges from Graph 22, which shows profits for mining and manufacturing in constant rand. Mining profits fell by a fifth in the past quarter as commodity prices declined, but remained high compared to the rest of the decade. They are likely to spike again in the first

quarter of 2021, however, as international markets have surged. Manufacturing profits were lower than 10 years ago, but exceeded the slow years just before the pandemic. They rose 18% in the year to the fourth quarter of 2021, from R43 billion to R52 billion.

Graph 22. Quarterly profits in manufacturing and mining in billions of constant 2021 rand (a), 2010 to 2021.



Note: (a) Deflated with CPI rebased to September 2021. Source: Calculated from Statistics SA, Quarterly Financial Statistic. Excel spreadsheet downloaded www.statssa.gov.za.