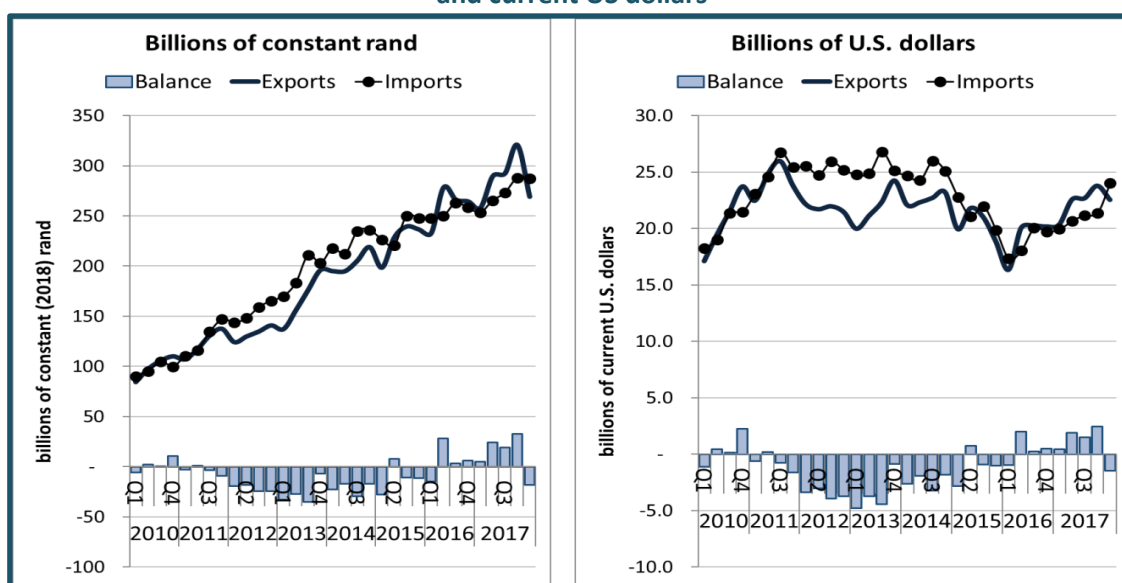


International trade

In the first quarter of 2018, South Africa experienced a trade deficit of R18 billion, a change from the trade surplus in 2017. Agriculture experienced the largest percentage decline in exports. In manufacturing, notable export growth was seen in exports of metals and metal products (2%).

The first quarter of 2018 saw the trade balance turn negative in both rand and dollar terms, reaching a deficit of R18 billion and US\$1.5 billion, respectively (see Graph 11). That contrasted with the positive balance for all of 2017. In January the rand was at its strongest since the start of 2015, which likely drove the trade deficit.

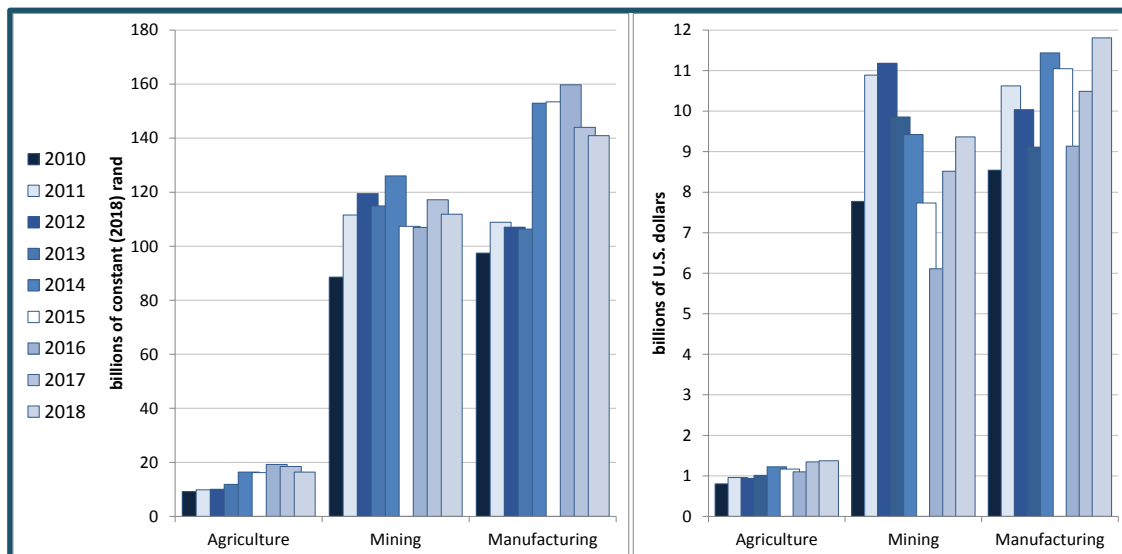
Graph 11: Exports, imports and balance of trade in constant (2018) rand (a) and current US dollars



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

In the year to the March 2018, the strengthening of the rand more than offset fairly robust growth in exports in dollar terms. In constant rand, manufacturing exports declined from R144 billion to R141 billion, for a 2% fall. In contrast, they climbed in dollar terms from US\$10.5 billion to US\$11.8 billion, for a 13% increase. Agriculture showed the largest percentage decline in rand, falling 11% in rand terms in the year to the first quarter of 2018 (see Graph 12). Agricultural exports dropped from R18.5 billion to R16.4 billion between the first quarters of 2017 and 2018. In dollar terms, however, they increased from US\$1.34 billion to US\$1.37 billion dollars, growing by 2% over the same period. Mining exports dropped from R117.2 billion to R111.8 billion between the first quarters of 2017 and 2018, contracting by 5%. In dollar terms, mining exports expanded 10%, rising from US\$8.5 billion to US\$9.4 billion.

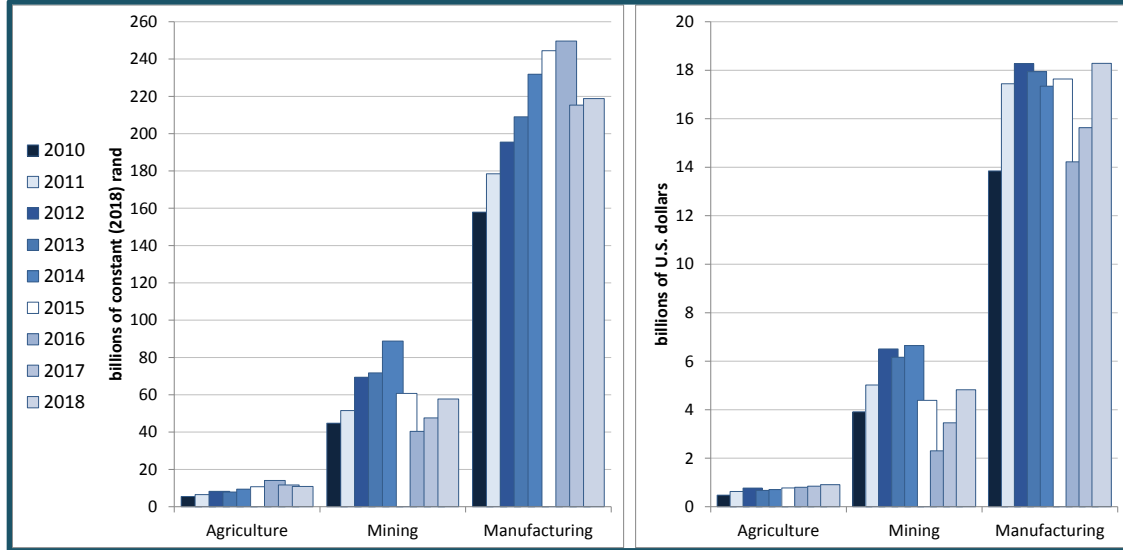
Graph 12: Fourth quarter exports in billions of constant (2018) rand (a) and current US dollars



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

In terms of imports, mining – which for imports consists primarily of petroleum – saw the largest growth in both rand and dollar terms as global oil prices pressed higher (see Graph 13). Between the first quarter of 2017 and 2018, mining imports grew from R47.6 billion to R57.7 billion, or some 21%. In dollar terms, mining imports increased from US\$3.5 billion to US\$4.8 billion, for a 39% jump. Manufacturing imports increased from R215.3 billion to R218.8 billion, a mere 2%, but in dollar terms they rose 17%, from US\$15.6 billion to US\$18.3 billion. Agricultural imports declined in rand terms while increasing in dollar terms. Between the first quarter of 2017 and 2018 agricultural imports dropped from R11.6 billion to 10.9 billion, shrinking by 7%. In dollar terms, they rose from US\$0.84 billion to US\$0.90 billion, or 8%.

Graph 13: Fourth quarter imports in billions of constant (2017) rand (a) and current US dollars



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

Table 1 disaggregates exports and imports according to manufacturing subsectors. The manufacturing export basket is dominated by metals and metal products; transport equipment; machinery and appliances; and chemicals, rubber and plastic. In these major export industries the main changes emerged in metal and metal products, transport equipment, and machinery and appliances. Exports of metals and metal products increased from the first quarter of 2017 to the first quarter of 2018 by 2% (R0.81 billion) in constant (2018) rand terms. In contrast, exports of transport equipment and machinery and appliances declined by 3%, or by R0.91 billion and R0.84 billion respectively, over the same period.

Table 1: Trade by manufacturing subsectors

Industry	Value (billions)		% change from Q1 2017		Change in billions	
	USD	Rand	USD	Rand	USD	Rand
<i>Exports</i>						
Metals and metal products	2.9	35.2	18%	2%	0.45	0.81
Transport equipment	2.5	29.5	12%	-3%	0.26	-0.91
Machinery and appliances	2.0	23.6	11%	-3%	0.20	-0.84
Chemicals, rubber, plastic	2.0	23.4	15%	0%	0.26	-0.01
Food and beverages	1.0	11.9	22%	6%	0.18	0.66
Clothing and footwear	0.5	5.6	11%	-4%	0.05	-0.23
Paper and publishing	0.4	4.9	-4%	-17%	-0.02	-0.97
Wood products	0.1	1.7	11%	-3%	0.01	-0.06
Glass and non-metallic mineral products	0.1	1.4	28%	11%	0.03	0.14

Industry	Value (billions)		% change from Q1 2017		Change in billions	
	USD	Rand	USD	Rand	USD	Rand
<i>Imports</i>						
Machinery and appliances	5.9	70.6	17%	2%	0.87	1.33
Transport equipment	3.8	45.3	7%	-7%	0.26	-3.24
Chemicals, rubber, plastic	3.7	44.7	24%	8%	0.73	3.33
Clothing and footwear	1.3	15.4	20%	4%	0.21	0.55
Metals and metal products	1.2	14.7	10%	-4%	0.11	-0.67
Food and beverages	0.9	10.6	-3%	-16%	-0.02	-1.94
Paper and publishing	0.7	8.0	133%	102%	0.38	4.06
Glass and non-metallic mineral products	0.3	3.4	28%	11%	0.06	0.35
Wood products	0.1	1.4	13%	-2%	0.01	-0.03

Note: (a) Deflated with CPI rebased to fourth quarter 2017 Source: SARS monthly trade data

On the import side, the four largest categories of imports are machinery and appliances; transport equipment; chemicals, rubber and plastic; and clothing and footwear. Among these, imports of transport equipment fell by 7% (R3.24 billion) from the first quarter of 2017 in constant (2018) rand terms. Chemicals, rubber and plastic imports saw the largest increase among large import categories, increasing by 8% (R3.33 billion) over the period. Machinery and appliances and clothing and footwear increased by 2% (R1.33 billion) and 4% (R0.55 billion) respectively.