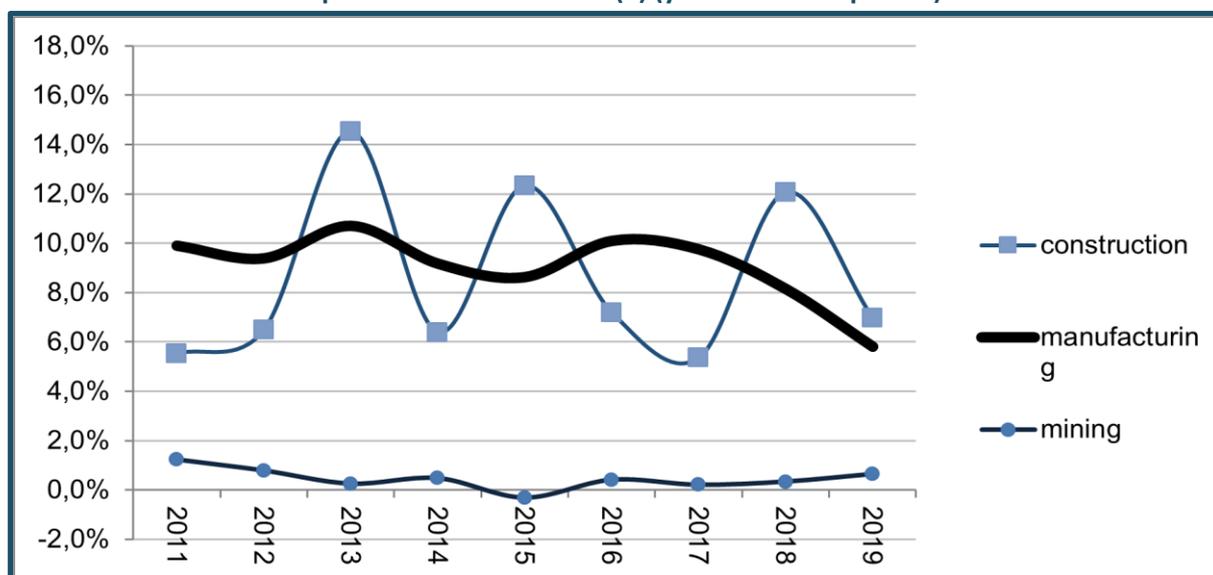


Investment and profitability

Investment and profitability data are only available through the end of 2019. As noted, the available indicators point to a liquidity crisis across business as incomes fell to near zero in April and demand has only come back slowly as the lockdown has eased, while many companies face substantial start-up costs.

In the year to the fourth quarter of 2019 (the latest available data), returns on assets for the manufacturing sector declined from 8.2% in 2018 to 5.8% in 2019, continuing with the downward trend of the past three years. In contrast, mining saw a modest improvement in profitability, rising from 0.3% in 2018 to 0.6% in 2019. Profitability in the construction sector remained highly volatile. The sector's rate of return more than doubled from 5.4% in 2017 to 12.1% in 2018, before the sharp decline to just 7.0% in 2019. Profitability in the rest of the economy showed decreasing returns, falling from 4.2% to 4.1%.

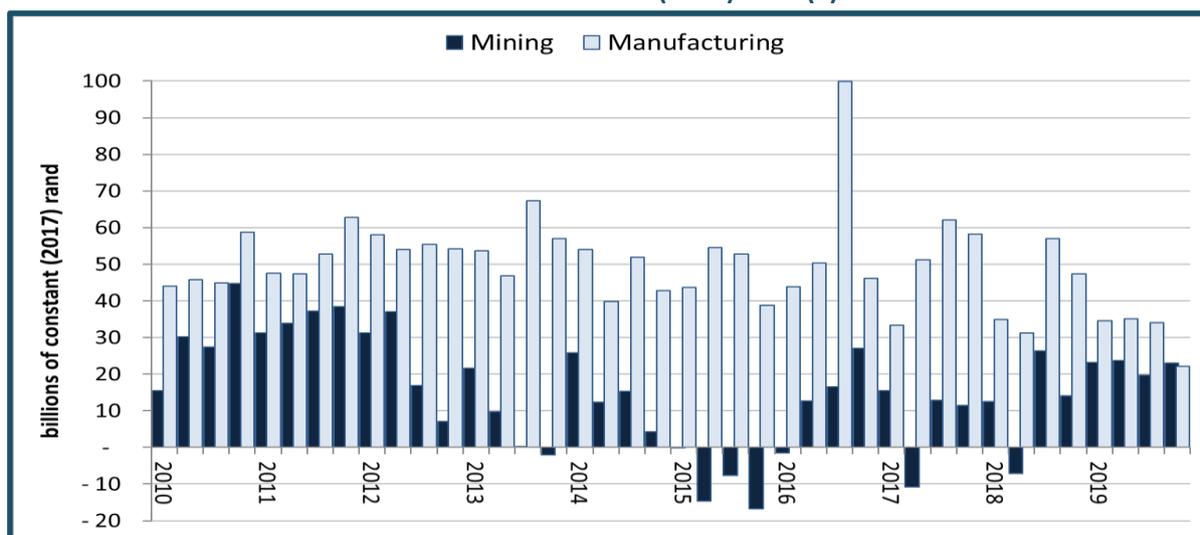
Graph 17. Return on assets (a) (year to fourth quarter)



Note: (a) Net profit or loss before tax as percentage of total assets. Source: StatsSA, Quarterly Financial Statistics.

Quarterly manufacturing profits in constant 2019 rand fell sharply in the fourth quarter of 2019 compared to the previous quarters. Manufacturing profits fell from R34 billion in constant 2019 rand in the third quarter of 2019 to R22 billion in the fourth quarter – its lowest level of profits since 2010. Within the mining sector, in contrast, profits increased for much of 2019, rising from R20 billion in constant 2019 rand in the third quarter to R23 billion in quarter four. Profits in the mining sector indicate three quarters of profitability improvements for 2019.

**Graph 18. Quarterly profits in manufacturing and mining
in billions of constant (2019) rand (a)**



Note: (a) Deflated with CPI rebased to September 2019. Source: StatsSA, Quarterly Financial Statistics.