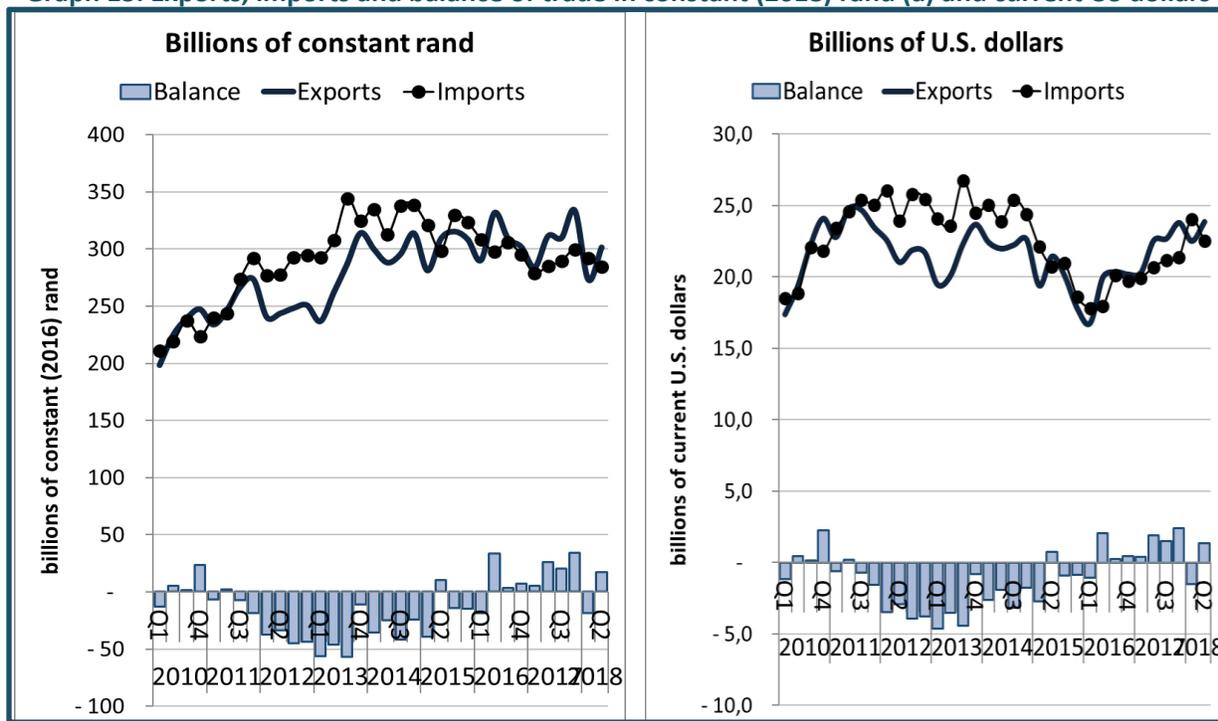


International trade

The trade balance shows an improvement from the deficit seen in the first quarter of 2018. In the second quarter, the trade balance rose to a surplus of R17 billion. However, this is R9 billion (or 35%) less than the trade surplus in the second quarter of 2017.

The trade balance improved in the second quarter of 2018 after a deficit in the first quarter. In constant rand terms, trade turned in a surplus of R17 billion, up from a deficit of R19 billion in the first quarter. In dollar terms, the surplus amounted to US\$1.3 billion, up from a deficit of US\$1.5 billion in the first quarter (see Graph 13). Historically, periods of slow growth in South Africa have been associated with a balance of trade surplus, which helps explain the relatively strong balance of trade over the past two years.

Graph 13. Exports, imports and balance of trade in constant (2018) rand (a) and current US dollars



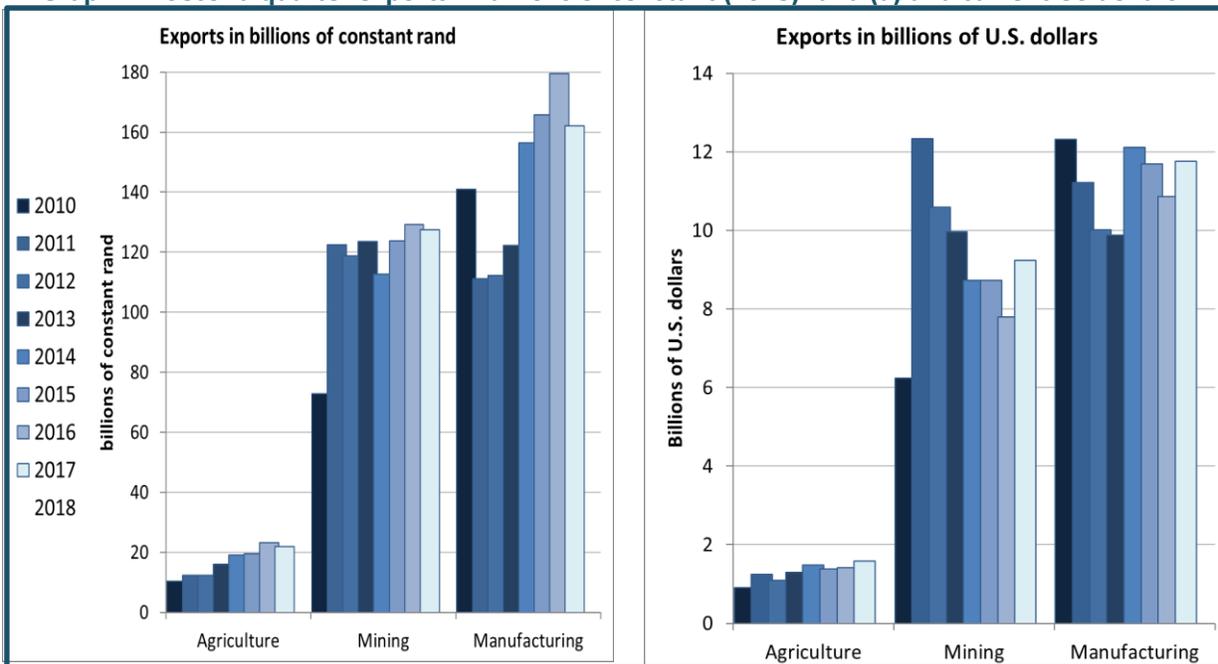
Note: (a) Deflated with CPI rebased to second quarter 2018. Source: SARS monthly trade data.

Exports in rand terms were depressed due to the relatively strong exchange rate in the year to June, although that reversed in the third quarter of 2018.

As Graph 14 shows, in the year to the second quarter of 2018, manufacturing exports declined sharply in constant rand terms from R162 billion to R154 billion. In dollar terms, however, they actually increased from US\$11 billion to US\$12 billion. In constant rand, agriculture exports remained essentially unchanged at R21.8 billion during the second quarters of 2017 and 2018, but climbed in dollar terms from US\$1.6 billion to US\$1.7 billion during the same period.

Mining exports declined in constant rand terms from R127.4 billion in the second quarter of 2017, to R125.4 billion in quarter two of 2018. In dollar terms, mining exports increased from US\$9.2 billion in quarter two of 2017 to US\$9.9 billion in quarter two of 2018.

Graph 14. Second quarter exports in billions of constant (2018) rand (a) and current US dollars



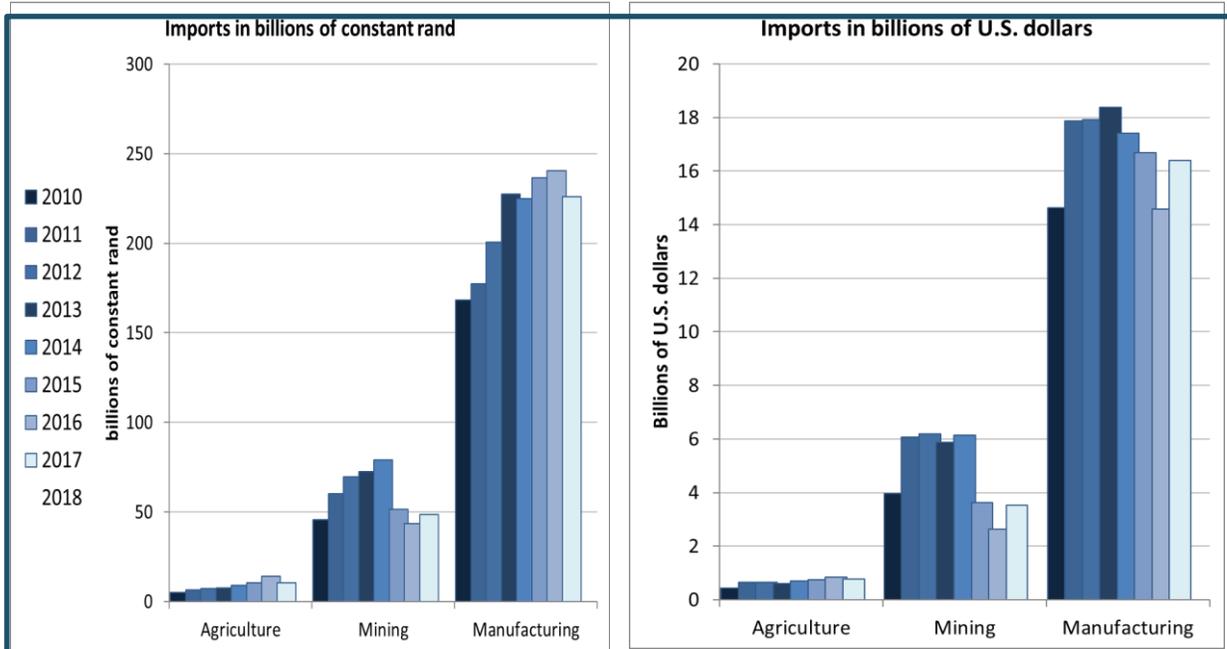
Note: (a) Deflated with CPI rebased to second quarter 2018. Source: SARS monthly trade data.

In constant rand terms, both agriculture and mining imports increased between the second quarter of 2017 and the second quarter of 2018, with the former rising to R10.7 billion (an increase of 1%), and the latter rising to R56.6 billion, from R48.7 billion.

Manufacturing imports declined by R8.9 billion, falling to R217.2 billion in the year to the second quarter of 2018. In US dollar terms, agriculture imports increased by 11% to US\$0.85 billion, from US\$0.76 billion in the second quarter of 2017.

During the same period, mining imports rose to US\$4.5 billion, growing by 11%. Manufacturing increased by 5%, rising to US\$17.2 billion in the year to the second quarter of 2018 (see Graph 15).

Graph 15. Second quarter imports in billions of constant (2018) rand (a) and current US dollars



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

Table 1 disaggregates exports and imports according to manufacturing subsectors. In dollar terms, only transport equipment saw a decline. In constant rand, however, all but two subsectors saw decreases in exports in the second quarter of 2018. Transport equipment as well as metals and metal products saw the biggest declines, at R3.9 billion and R1.8 billion respectively. Exports of glass and non-metallic mineral products, along with chemicals, rubber and plastic, increased slightly, respectively by R0.09 billion (or 6%) and R0.48 billion (or 2%).

In the year to the second quarter of 2018, imports of machinery and appliances; transport equipment; clothing and footwear; and metals and metal products declined in constant rand terms. Transport equipment fell the most, by R7.1 billion, followed by machinery and appliances, which dropped R4.3 billion.

Clothing and footwear fell by R1.2 billion and metals and metal products by R2.4 billion. Imports of paper and publishing increased by R4.6 billion (or 127%) in the year to the second quarter of 2018, continuing on the R4.1 billion increase seen in the year to the first quarter of 2018. Chemicals, rubber and plastic; food and beverages; as well as glass and non-metallic mineral products imports increased by R1.6 billion (or 4%), R0.17 billion (or 2%) and R0.10 billion (or 3%) respectively.

Table 1. Trade by manufacturing subsectors

Industry	Value (billions)		% change from Q2 2017		Change in billions	
	USD	Rand	USD	Rand	USD	Rand
Exports						
Metals and metal products	2.9	36.5	4%	-5%	0.11	-1.82
Transport equipment	2.7	33.9	-3%	-10%	-0.07	-3.87
Machinery and appliances	2.1	26.4	9%	-1%	0.16	-0.14
Chemicals, rubber, plastic	2.0	25.2	11%	2%	0.20	0.48
Food and beverages	1.1	13.6	6%	-3%	0.06	-0.36
Clothing and footwear	0.5	6.2	9%	-1%	0.04	-0.04
Paper and publishing	0.4	5.1	0%	-9%	0.00	-0.48
Wood products	0.1	1.8	4%	-5%	0.01	-0.09
Glass and non-metallic mineral products	0.1	1.5	15%	6%	0.02	0.09
Imports						
Machinery and appliances	5.5	69.1	3%	-6%	0.15	-4.30
Transport equipment	4.0	50.4	-5%	-12%	-0.19	-7.06
Chemicals, rubber, plastic	3.4	42.8	14%	4%	0.40	1.60
Clothing and footwear	1.0	13.1	0%	-9%	0.00	-1.24
Metals and metal products	1.1	13.6	-7%	-15%	-0.09	-2.44
Food and beverages	0.8	10.4	11%	2%	0.08	0.17
Paper and publishing	0.7	8.2	147%	127%	0.39	4.59
Glass and non-metallic mineral products	0.3	3.3	12%	3%	0.03	0.10
Wood products	0.1	1.2	6%	-3%	0.01	-0.04

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