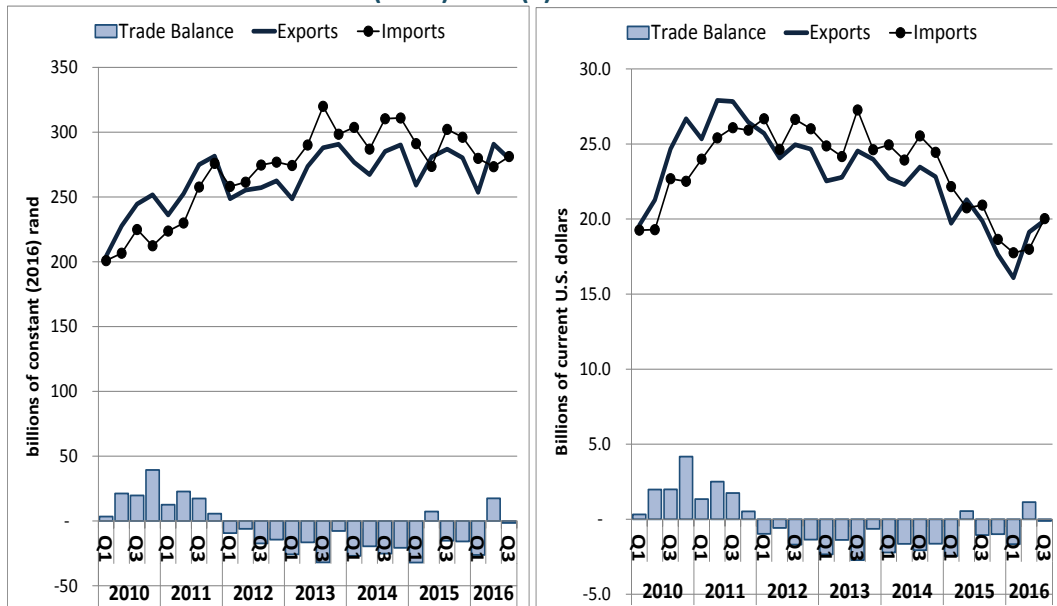


## Trends in trade

In the third quarter of 2016, imports increased in rand terms while exports declined, wiping out the balance of trade surplus experienced in the second quarter of the year. Compared to the previous third quarter, manufacturing imports continued to decline in rand terms while exports stabilised, mostly due to continued growth in foreign auto sales.

Overall, the balance of trade returned to a slight deficit in 2016. Depreciation saw the value of both exports and imports increase in rand, but in dollar terms exports fell while imports rose. The figures are not seasonally adjusted, and the third quarter usually sees an uptick in consumer goods imports in advance of the festive season.

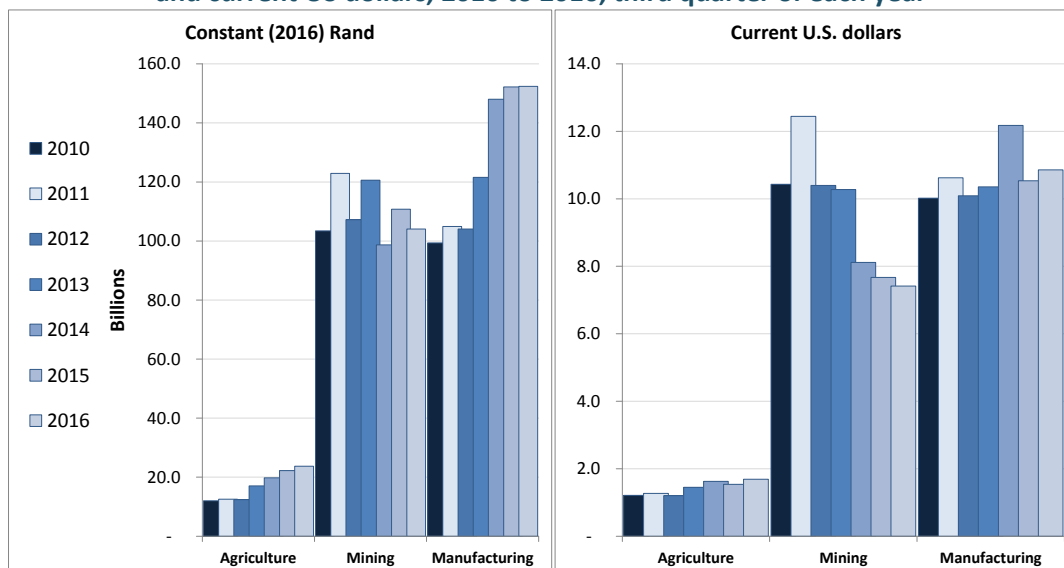
**Graph 11: Exports, imports and the balance of trade in constant (2016) rand (a) and current US dollars**



Note: (a) deflated with CPI rebased to June 2016. Source: Calculated from SARS. "Trade Balance Graph for 2010-2016 (including and excluding BLNS)". Excel spreadsheet. Downloaded from [www.sars.gov.za](http://www.sars.gov.za) in November 2016.

With the end of the commodity boom, mining exports fell sharply in dollar terms and have also declined in constant rand. In contrast, manufacturing exports have tended up in dollars and risen sharply in rand. The figures for manufacturing included raw metals, which have also been depressed by the fall in commodity prices. If they were excluded, manufactured exports would look even more dynamic.

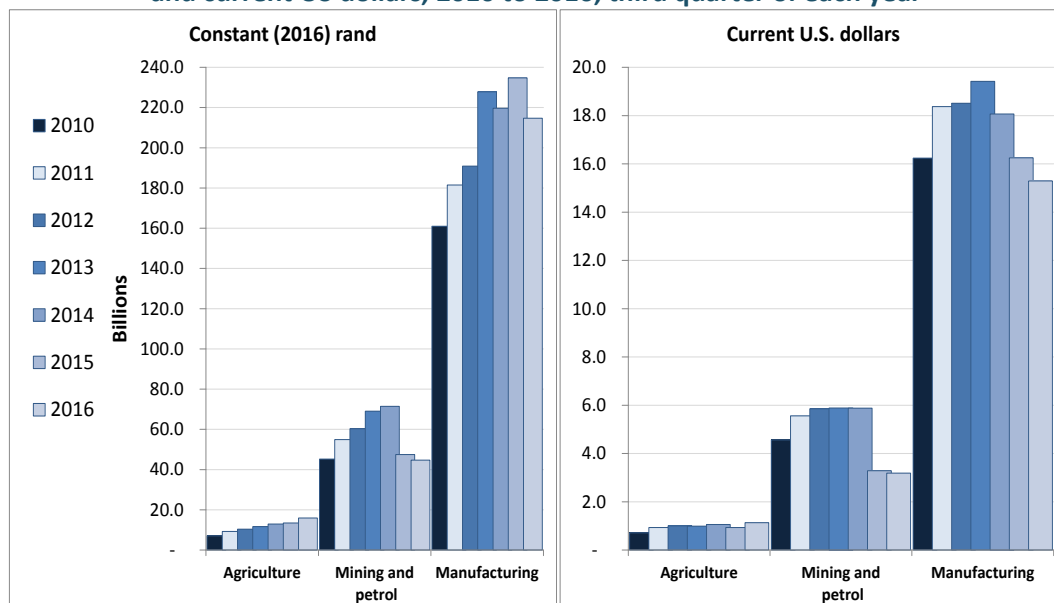
**Graph 12: South African exports in constant (2016) rand and current US dollars, 2010 to 2016, third quarter of each year**



Source: Calculated from SARS monthly trade data.

In terms of imports, South Africa has benefited from the low price of petroleum in recent years. In 2014, the average oil price was around US\$100 a barrel; in the third quarter of 2016, prices were fluctuating below US\$50. As a result, in dollar terms imports of petroleum dropped by close to half. Manufactured imports have fallen steadily in dollar terms with depreciation, although in rand terms the impact has been smaller and less stable.

**Graph 13: South African imports in constant (2016) rand and current US dollars, 2010 to 2016, third quarter of each year**



Source: Calculated from SARS monthly trade data.

Within manufacturing, metals and machinery exports fell by almost 10% in dollar terms, and around 7% in constant rand. In contrast, transport equipment saw significant gains in both dollar and rand terms. Paper and publishing expanded substantially, but off a small base. In terms of imports, virtually all manufacturing sectors saw lower figures except for food and beverages.

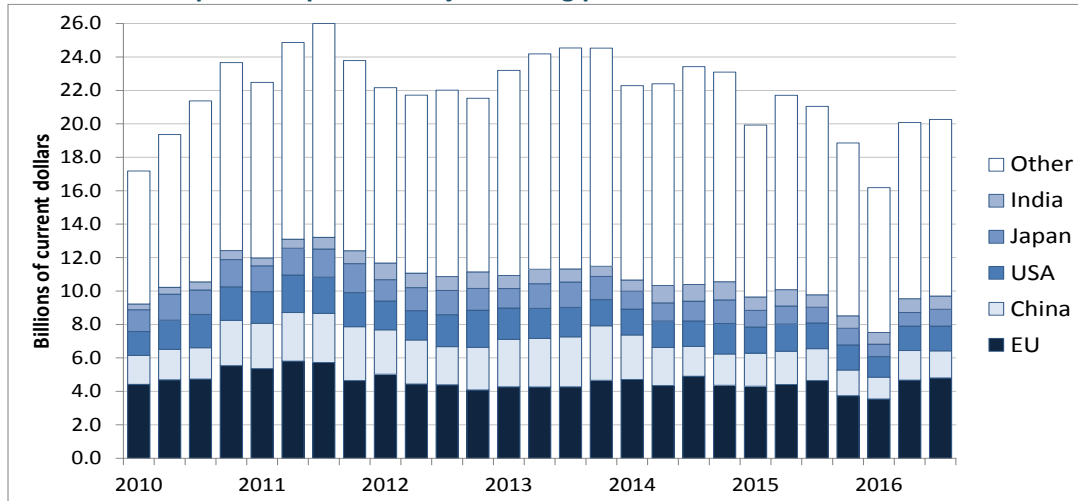
**Table 1: Value of and change in trade in manufactures to third quarter 2016, nominal US dollars and constant rand (a)**

Industry	Value (billions)		% change from Q3 2015		Change in millions	
	USD	Rand	USD	Rand	USD	Rand
<i>Exports</i>						
Food and beverages	0.91	12.8	1%	3%	7.3	364
Clothing and footwear	0.40	5.6	-5%	-3%	-18.8	-157
Wood products	0.12	1.7	0%	1%	-0.5	24
Paper and publishing	0.45	6.3	11%	14%	44.5	754
Chemicals, rubber, plastic	1.65	23.2	-2%	0%	-30.0	24
Glass and non-metallic mineral products	0.11	1.6	-4%	-2%	-4.6	-30
Metals and metal products	2.28	32.1	-8%	-6%	-201.6	-2 000
Machinery and appliances	2.03	28.6	-9%	-7%	-193.6	-2 049
Transport equipment	2.88	40.5	7%	9%	183.3	3 304
<i>Imports</i>						
Food and beverages	0.65	9.2	5%	7%	29.9	599
Clothing and footwear	1.16	16.3	-8%	-6%	-99.6	-1 044
Wood products	0.09	1.3	-5%	-3%	-5.2	-45
Paper and publishing	0.33	4.6	-3%	-1%	-11.1	-61
Chemicals, rubber, plastic	3.01	42.4	-10%	-8%	-334.5	-3 713
Glass and non-metallic mineral products	0.25	3.5	-6%	-4%	-15.4	-142
Metals and metal products	1.06	14.9	-7%	-5%	-84.5	-829
Machinery and appliances	5.20	73.1	-13%	-11%	-784.0	-9 294
Transport equipment	3.51	49.4	-12%	-10%	-481.2	-5 532

Notes: (a) Constant change in rand deflated with CPI. Source: SARS data on trade.

TradeMap data shows a recovery in exports to virtually all major trading partners over the past two quarters following a sharper than usual seasonal decline in the first quarter of 2016.(see Graph 14). The durability of the recovery will depend on whether global growth stabilises in the next few years.

**Graph 14: Exports to major trading partners in current US dollars**



Source: ITC calculations based on South African revenue services (SARS) statistics. Electronic database. Series on export data for South Africa by country. Downloaded from [www.trademap.org](http://www.trademap.org) in December 2016. Source: Statistics South Africa, CPI data and Income and Expenditure Survey 2010/11.