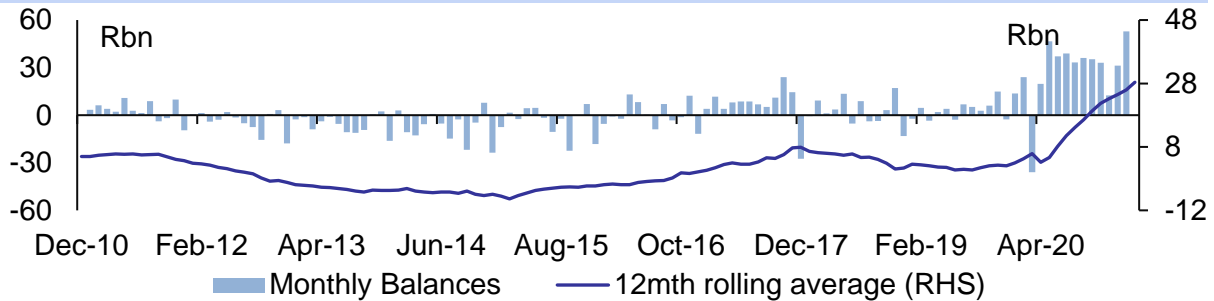




Trade update: The surplus on the trade account widened notably to R52.8bn in March, supported by a 28.9% m/m increase in exports.

Friday 30 April 2021

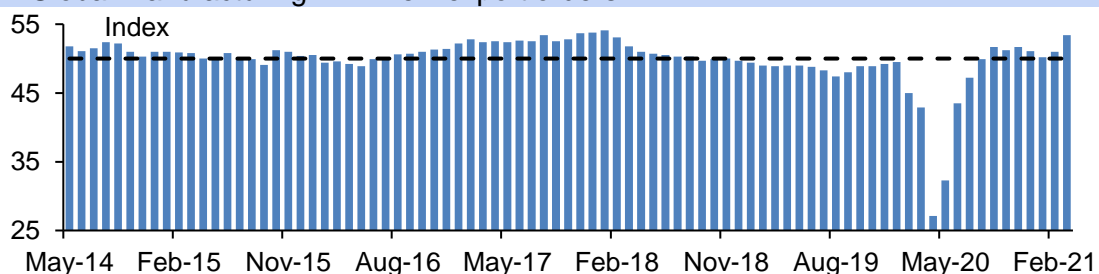
Figure 1: Trade balance trend



Source: SARS, Investec

- The surplus on the merchandise trade account increased markedly to R52.77bn in March, from R31.22bn (revised) in February. The outcome was notably above Bloomberg consensus expectations of a R23.6bn surplus and was underpinned by a 28.9% m/m increase in exports to R168.29bn, ahead of the 16.3% m/m lift in imports to R115.52bn.
- March's outcome is supported by results from the JP Morgan global manufacturing PMI for March which indicated that international trade flows "(p)icked up pace, with growth of new export business the steepest since January 2018".
- Additionally, respondents of the domestic Absa Purchasing Managers' Index (PMI) reported "another solid improvement in demand," underpinned by an increase in export sales "relative to the previous month for the first time since October 2020".
- Measured on an annual basis, March's R52.77bn surplus is a notable improvement from the R21.41bn trade balance surplus logged last year.
- A review of the trade highlights released by SARS, suggests that the lift in exports was broad based, with all key categories increasing on a month-on-month basis. Notably Precious metals and stones exports grew by 41.0% m/m. Similarly, all major import segments rose, when compared to the previous month.
- Going forward, global growth is forecast to rise by 6.0% this year, according to the IMF, while estimates by the World Trade Organisation (WTO), suggest that the volume of world merchandise trade could grow by "8.0% in 2021 after having fallen 5.3% in 2020" and thereafter decelerate to 4.0%. However, they do caution that the "(r)elatively positive short-term outlook for global trade is marred by regional disparities, continued weakness in services trade, and lagging vaccination timetables, particularly in poor countries".

Figure 2: Global manufacturing PMI: new export orders



Source: Markit

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