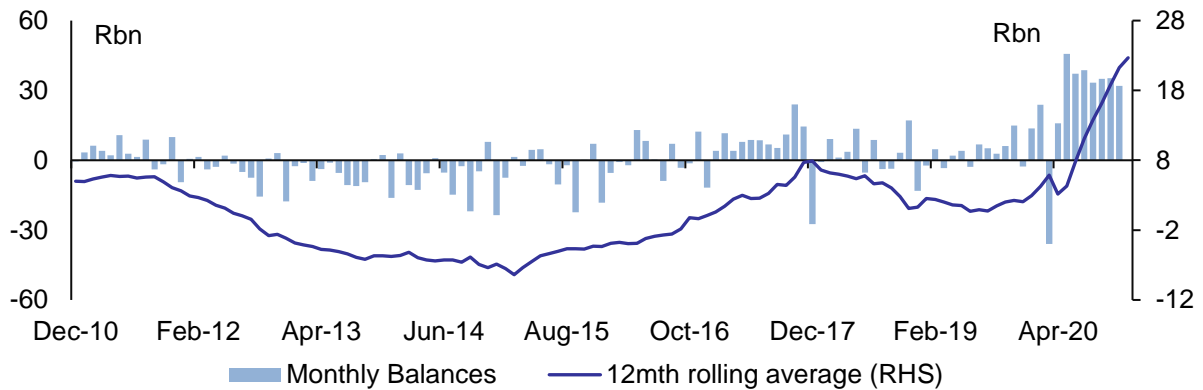




Trade update: The surplus on the trade account narrowed somewhat to a still sizeable R32.00bn in December

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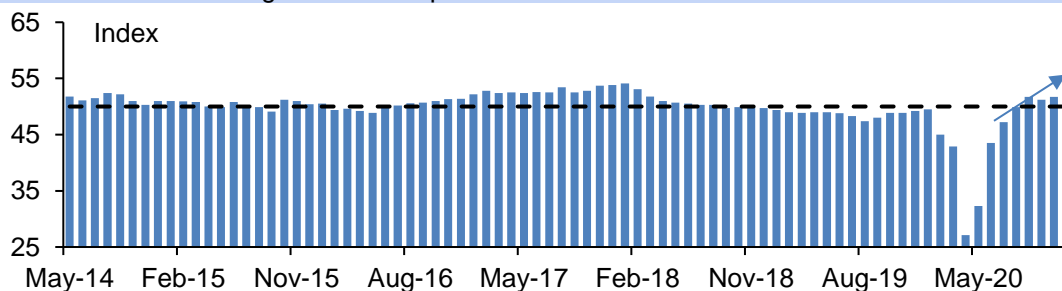
Figure 1: Trade balance trend



Source: SARS, Investec

- The surplus on the merchandise trade account narrowed moderately, but remained sizeable at R32.00bn in December, versus R35.26bn (revised) in November. Traditionally, the trade account registers a large surplus in the month of December, supported by seasonal factors. Specifically, this time December's reading was underpinned by the 8.2% m/m decrease in exports to R125.95bn, while imports fell to R93.95bn.
- 2020's cumulative trade surplus reached a marked R270.63bn, versus a surplus of just R23.66bn recorded during 2019.
- New global export orders increased for the fourth consecutive month in December, according to Markit, albeit at a slower pace. Indeed, while signs of growth and recovery are evident in most key markets, additional waves of Covid-19 infections, and the consequent reinstatement of lockdown measures, together with supply chain constraints, continue to impede international trade.
- Import activity continues to remain restricted by still subdued domestic consumption and investment demand. Specifically, imports for the year (2020) were 11.8% lower than those recorded during the comparative period in 2019.
- A review of the trade highlights released by SARS, suggests that exports of precious metals and stones decreased by R8 265 million or -24.0% m/m in December. Similarly, vehicles and transport equipment exports fell by -24.0% m/m, while exports of prepared foodstuffs fell by -17.0% m/m. The decline in imports was largely broad based, with only mineral product imports rising on a month-on-month basis.
- While global growth is expected to remain notably below pre-pandemic estimates, a mass vaccination rollout, while uneven between countries, will support economic recovery and in turn international trade going forward.

Figure 2: Global manufacturing PMI: new export orders



Source: Markit



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