Current Account

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- The current account deficit was unchanged at 0.5% as a percentage of GDP in Q1. However, in value terms, the deficit narrowed to a seasonally adjusted and annualised R35.6 billion, slightly below R39.3 billion in Q4. The drop in the nominal figure reflects an improvement in the non-trade deficit – services, primary and secondary income account - which narrowed due to lower dividend and interest payments.
- The trade surplus narrowed, with the drag primarily emanating from a steep contraction in gold exports. Net gold exports, contracted by 17.1% from a 41.2% increase in Q4. The deterioration mainly reflected lower volumes as safe-haven demand for gold eased during the quarter.
- In contrast, merchandise exports rebounded by 5.1% qoq from a 0.6% contraction in Q4. This marked the strongest growth in exports since Q1 2023 and partly reflects increased demand from US firms ahead of the Trump administration's higher import tariffs. Given the uncertain global growth outlook, it is unlikely that exports will continue to expand at a robust pace. Nonetheless, both volumes and prices rebounded in Q1, up by 2.2% and 2.1%, respectively. Total exports, including gold, increased by 2.9% qoq, up from 2.4%.
- Merchandise imports advanced by 3.6%, up from 1% in Q4. Import volumes expanded by 2% from 1.4%, while prices increased by 0.7% from a 0.4% dip.
- The terms of trade, including gold (i.e. the ratio of export to import prices) deteriorated slightly, easing to 0.7% from 0.8%.
- The non-trade deficit narrowed to 3.5% of GDP from 3.6%. The recovery reflects an improvement in the primary income and services accounts. The primary income deficit (which covers income from interest, profit, and dividends) was lower at 2% of GDP from 2.2%, as dividend and income payments contracted while receipts edged higher. The deficit on the services account also contributed to the upside, easing to 0.8% from 0.9%. In contrast, the deficit on the secondary income account (primarily transfers without quid pro quo) increased to 0.7% of GDP from 0.5%.

Table 1: Current Account (seasonally adjusted and annualised, R billion)

	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25
Merchandise exports	1924.7	1931.5	1957.6	1934.0	1962.2	1840.2	1829.4	1892.7	1922.4
Merchandise imports	1832.0	1929.0	1934.0	1844.0	1888.0	1782.0	1800.0	1828.4	1864.2
Net gold exports	127.0	122.0	116.0	113.0	151.0	139.0	197.0	149.9	163.1
Trade balance	222.2	125.8	139.6	208.0	226.0	198.0	226.0	214.0	221.2
Services & income balance	-214.0	-254.0	-215.0	-269.0	-254.0	-261.0	-266.0	-262.0	-257.0
Current account	8.3	-128.3	-76.4	-61.0	-28.0	-63.0	-39.0	-48.0	-36.0
Current account/GDP (%)	-0.4	-2.3	-1.6	-0.8	-0.4	-0.9	-0.5	-0.7	-0.5

- The current account balance will likely deteriorate this year due to subdued trade performance. Imports are anticipated to outpace exports, driven by a more favourable domestic environment. Subdued inflation, higher real incomes, and, to some extent, a resilient rand will continue to bolster import demand. Exports, however, face notable downside pressures due to a weaker, uncertain, and generally volatile global economy. Export demand will ease on slow growth in key trade economies and softer commodity prices. Although modest improvements in local logistical networks and a robust gold price should partially offset these pressures, exports will likely remain weak. The non-trade deficit is anticipated to persist as relatively stronger growth boosts corporate profits and drives dividend payments higher while dividend receipts decline in line with weaker global growth. Services income is expected to rise as the recovery in tourist arrivals continues. However, this growth could be tempered if the softer global outlook affects global travel and/or if the more favourable domestic environment encourages more international travel by South Africans. Against this backdrop, the current account deficit is projected to widen in 2025.

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