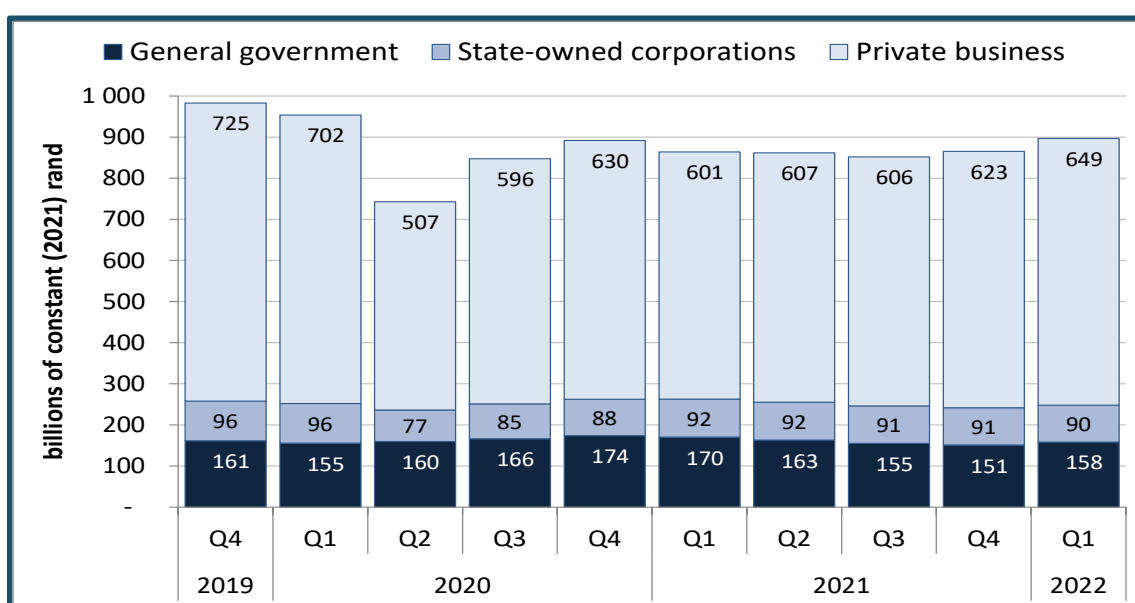


## Investment

Investment remained 6% below pre-pandemic levels, despite some recovery from the middle of 2021. It rose 4.1% in the first quarter of 2022, with a 4.9% increase in government investment and 4.1% in private investment, which is far larger. State-owned corporations cut their investment by 1.1%, however. In mining, profits fell with global prices but were still much higher than in the late 2010s. Manufacturing returns remained strong.

Growth in total investment revived in the six months to March 2022, after plateauing in the first half of 2021. Private investment grew 4.1% in the first quarter of 2022, around the same as in the fourth quarter of 2021 (in seasonally adjusted terms). Despite the relatively rapid growth over these two quarters, it remains 7% lower than before the pandemic due to the exceptionally steep decline in the second quarter of 2020. General government investment increased by 5%, partially reversing the 7% fall in the previous quarter. As a result, general government investment exceeded its pre-pandemic levels in the first quarter of 2022. Investment by state-owned companies continued to stagnate, however, and now lags 7% behind pre-pandemic levels. (Graph 22)

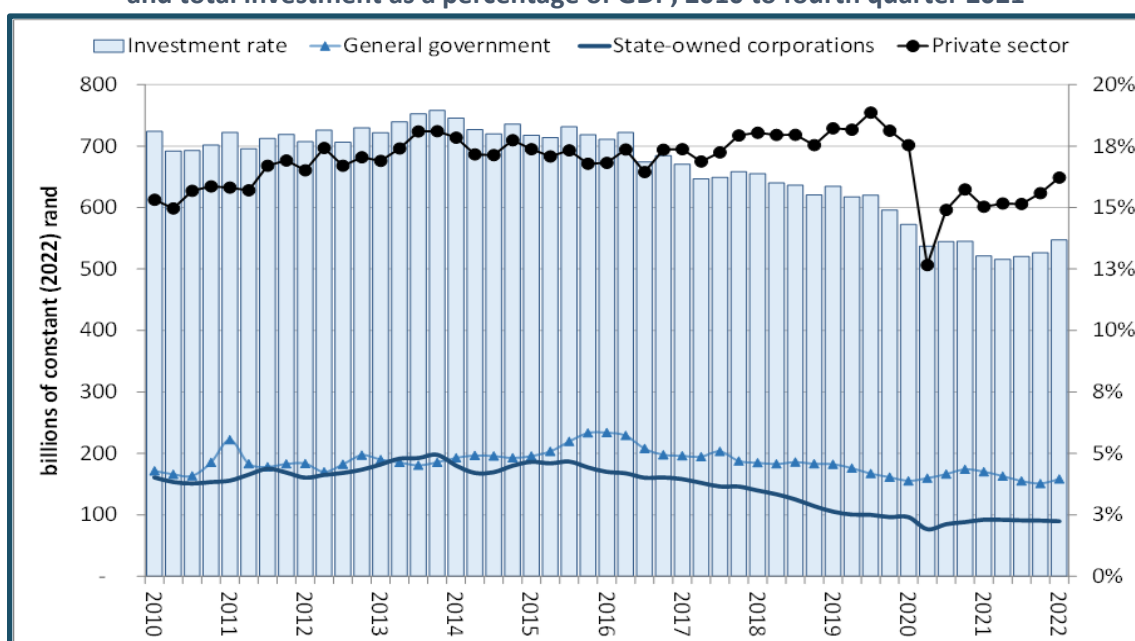
**Graph 22. Quarterly seasonally adjusted investment by type of organisation, fourth quarter 2018 to fourth quarter 2021, in billions of constant (2021) rand (a)**



Note: Reflated with implicit deflator rebased to first quarter 2022. Source: Calculated from Statistics South Africa. GDP quarterly figures. Excel spreadsheet.

Investment climbed from 13.0% of the GDP in mid-2021 to 13.7% in the first quarter of 2022, mostly because of the uptick in private investment. It remains far below the level required to drive rapid growth and industrialisation, however.

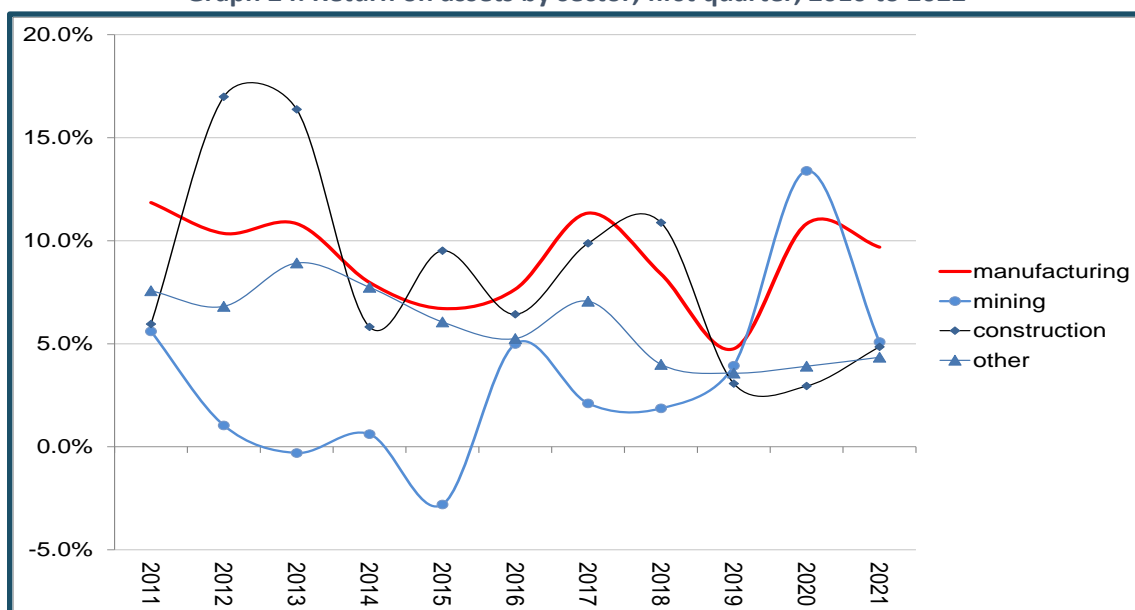
**Graph 23. Quarterly investment by type of organisation in billions of constant (2021) rand, and total investment as a percentage of GDP, 2010 to fourth quarter 2021**



Note: Reflated with implicit deflator rebased to first quarter of 2022. Source: Calculated from Statistics South Africa. GDP quarterly figures. Excel spreadsheet.

Data on profitability by sector are available only through the fourth quarter of 2021 (Graph 24). Although the return on capital plunged in mining, it remained high compared to the previous decade.

**Graph 24. Return on assets by sector, first quarter, 2010 to 2022**

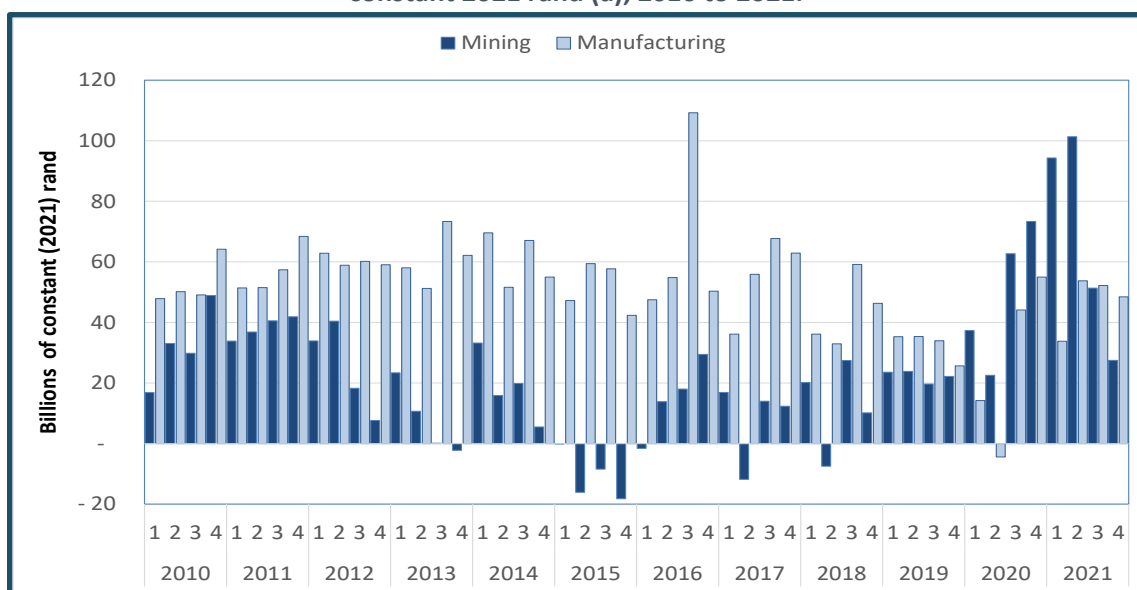


Source: Stats SA, Quarterly Financial Statistics adjusted to constant rand. Excel spreadsheet downloaded [www.statssa.gov.za](http://www.statssa.gov.za). July 2021.

Graph 25 shows profits for mining and manufacturing in constant rand. In the fourth quarter of 2021 mining prices fell to their lowest level in six quarters. They remained high by historic standards, however, and likely received a boost as the Russian invasion of Ukraine led to a

renewed spike in the first quarter of 2022. Manufacturing profits were lower than 10 years ago, but higher than in the slow years just before the pandemic.

**Graph 25. Quarterly profits in manufacturing and mining in billions of constant 2021 rand (a), 2010 to 2021.**



Note: (a) Deflated with CPI. Source: Calculated from Statistics SA, Quarterly Financial Statistics. Excel spreadsheet downloaded [www.statssa.gov.za](http://www.statssa.gov.za).