

South Africa current account deficit widens in second quarter

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South Africa's current account deficit widened to 2.3% of gross domestic product in the second quarter from a revised 0.9% in the first quarter, central bank data showed on Thursday, 8 September.



Source: [Pexels](#)

In rand terms, the current account balance for the April-June period recorded a deficit of R160.7bn (\$8.36bn) from a revised R63.7bn deficit in the preceding three months.

The trade surplus narrowed to R31.1bn in the second quarter of the year from R110.6bn in the first quarter.

"The increase in the value of imports of goods and services mainly reflected higher volumes while the decrease in exports of goods and services reflected lower prices," the South African Reserve Bank said in a statement.

South Africa's weakening fiscal position due to low growth, lower commodity prices, sustained imports for renewable projects and exchange-rate fluctuations widened its current account deficit, Nedbank economists said in a note this week.

The current account deficit or surplus is measured as a percentage of GDP and reflects a country's international

transactions with the world.

The National Treasury had projected a current account deficit of 1.8% of GDP in its February budget.

Economists have also highlighted that higher wages and poor revenue collections would impact the country's budget deficit this year.

A downward revision to gross domestic product growth forecasts and other key metrics is expected in the medium-term budget policy statement in October.

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