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Credit and mortgage advances

2 September 2013

Household credit and mortgage balances growth remains subdued

Outstanding credit balances in the South African private sector (households and the corporate sector) showed growth of 7,4% year-on-year (y/y) to R2 499,1 billion at the end of July 2013, down from 8,9% y/y at the end of June. This lower year-on-year growth at the end of July compared with June was mainly the result of growth in corporate credit slowing down to 6,0% y/y from 9,1% y/y at end-June.

Growth in outstanding credit balances in the household sector (R1 339,4 billion at end-July), which include instalment sales, leasing finance, mortgage loans, overdrafts, credit card debt, and general loans and advances (mainly personal loans and micro finance), came to 8,7% y/y at the end of July.

Growth in household secured credit balances (instalment sales, leasing finance and mortgage loans) was unchanged at 5,1% y/y in July from June. At R1 023,5 billion, the share of household secured credit balances in total household credit tapered off to 76,4% at end July from 76,6% at end June this year.

The component of household unsecured credit balances (general loans and advances, credit card debt and overdrafts) recorded marginally lower growth of 22,2% y/y up to end-July from 22,6% y/y at the end of June. The value of household unsecured credit balances came to R315,9 billion (23,6% of total household credit balances) at end-July.

Outstanding private sector mortgage balances, which include both commercial and residential mortgage loans, recorded growth of 1,8% y/y at end-July 2013 from 1,6% y/y at the end of June. Growth in the value of outstanding household mortgage balances remained unchanged at 2,7% y/y at end-July from June. The share of household mortgage balances in total household credit balances dropped further to 60% at the end of July from 60,2% at end-June.

The outlook for household credit, including household mortgage finance, will continued to be affected by conditions in and prospects for the economy, the residential property market, household finances and consumer confidence. In view of these driving factors, single-digit year-on-year growth in both the outstanding balances of total household credit and household mortgages is forecast for the full year of 2013.

Credit and mortgage balances

| Month | Private sector credit balances ¹ , end of period | | Household credit balances end of period | | | Total mortgage balances ² , end of period | | Household mortgage balances end of period | | | |
|----------------|---|--------------|---|--------------|-------------------------------------|--|--------------|---|--------------|------------------------------|--------------------------------------|
| | R billion | y/y % change | R billion | y/y % change | % of private sector credit balances | R billion | y/y % change | R billion | y/y % change | % of total mortgage balances | % of total household credit balances |
| | August 2012 | 2 347.5 | 7.9 | 1 242.2 | 8.7 | 52.9 | 1 081.9 | 2.1 | 785.6 | 2.4 | 72.6 |
| September 2012 | 2 375.5 | 9.1 | 1 251.6 | 9.3 | 52.7 | 1 082.5 | 1.7 | 786.7 | 3.0 | 72.7 | 62.9 |
| October 2012 | 2 372.0 | 8.4 | 1 262.2 | 9.4 | 53.2 | 1 085.8 | 1.9 | 788.5 | 3.1 | 72.6 | 62.5 |
| November 2012 | 2 410.1 | 9.6 | 1 281.9 | 10.4 | 53.2 | 1 088.6 | 2.0 | 790.1 | 3.0 | 72.6 | 61.6 |
| December 2012 | 2 438.2 | 10.1 | 1 291.1 | 9.9 | 53.0 | 1 089.0 | 1.9 | 790.9 | 3.0 | 72.6 | 61.3 |
| January 2013 | 2 424.1 | 8.6 | 1 299.2 | 9.9 | 53.6 | 1 088.1 | 1.8 | 791.2 | 2.9 | 72.7 | 60.9 |
| February 2013 | 2 443.3 | 7.9 | 1 311.0 | 9.8 | 53.7 | 1 089.6 | 1.6 | 794.8 | 2.8 | 72.9 | 60.6 |
| March 2013 | 2 468.6 | 7.8 | 1 317.2 | 9.6 | 53.4 | 1 090.5 | 1.6 | 797.4 | 2.6 | 73.1 | 60.5 |
| April 2013 | 2 477.0 | 9.1 | 1 323.0 | 9.5 | 53.4 | 1 092.1 | 1.8 | 798.2 | 2.7 | 73.1 | 60.3 |
| May 2013 | 2 486.9 | 9.1 | 1 331.2 | 9.4 | 53.5 | 1 095.7 | 1.8 | 802.3 | 2.9 | 73.2 | 60.3 |
| June 2013 | 2 506.1 | 8.9 | 1 333.0 | 8.8 | 53.2 | 1 097.5 | 1.6 | 802.8 | 2.7 | 73.2 | 60.2 |
| July 2013 | 2 499.1 | 7.4 | 1 339.4 | 8.7 | 53.6 | 1 097.5 | 1.8 | 803.5 | 2.7 | 73.2 | 60.0 |

¹Comprising corporate and household credit

²Comprising commercial and residential mortgages

Source: SARB

