how can we help you?

4 November 2013

PROPERTY BAROMETER
RESIDENTIAL PROPERTY MONTHLY

JOHN LOOS:
HOUSEHOLD AND PROPERTY SECTOR STRATEGIST:
011-6490125
john.loos@fnb.co.za

THEO SWANEPOEL:
PROPERTY MARKET ANALYST
FNB ASSET FINANCE
011-6320604
tswanepoel@fnb.co.za

1. SUMMARY

During October, we heard Dallas Federal Reserve President Richard Fisher expressing concerns that another housing "bubble" was forming in the United States, while similar concerns have recently been expressed in certain other countries too.

Given that South Africa is a very open economy, and strongly tracks the global economic cycle, it is important not to ignore such global signs, and to ask the question as to whether such a possible situation is building here at home too, especially given the recent start of another acceleration in house price growth here too.

Fortunately, we cannot see signs of "over-exuberant" behavior in the residential market as yet. The October FNB House Price Index did accelerate further from a revised September year-on-year growth rate of 7%, to 7.8%, but while this re-introduces some real growth (when adjusted for CPI inflation) it would not appear extreme.

A more significant percentage of respondents to the FNB Estate Agent Survey report stock constraints these days, and our FNB Valuers' Market Strength Index continues to creep closer to the all-important 50 level, at which their demand rating would draw level with the supply rating.

But none of these statistics point to anything extreme, just a nicely balanced market. When we delve deeper for irrational or "over-exuberant" behavior, once again we come back largely empty handed, with low levels of buy-to-let buying persisting when compared to last decade's boom, while a house price growth percentage still below the prime rate percentage of 8.5%suggests that the current time is not a short term speculator's paradise.

But should we wish for more rapid house price growth then? We believe not. While the market appears very stable and balanced, the economy and household sector supporting it do not. Keeping real house prices relatively high by historic standards are very relaxed monetary and fiscal policies. Government debt is rising steadily as it runs wide deficits, helping to sustain economic growth for the time being, while many developed world country authorities support us by doing the same, but this surely cannot continue indefinitely. And of course our abnormally low interest rates at present temporarily mask the frailty of the country's household sector and its still high and rising high debt-to-disposable income ratio of 75.8%. These low interest rates also help to sustain a very wide current account deficit, reflecting a country whose domestic expenditure far exceeds its national income, but they are not expected to stay around forever.

It is the existence of these excesses and imbalances in the economy that lead us to believe that, while the residential market appears well balanced and stable, further real house price decline is still required during the current *"super-cycle", coming as corrections ultimately take place in the economy to restore some balance.*

We also believe that, as house price growth accelerates once more in South Africa, we should be on the look-out for an re-emergence of "over-exuberant" behavior on a large scale, because such behavior can "end in tears" when slowdowns ultimately come. Domestic house prices remain high in real terms ever since last decade's boom. Therefore, sharp price growth from current levels would arguably be inappropriate, and would be "misaligned" with what is a very weak domestic economy and a highly-indebted household sector.

In short, we must emphasise that we can see little sign of widespread exuberance in the residential property market at present. It still appears to be a case of a well-balanced market, largely free of "irrational"-looking behavior. However, it is a market propped up by a very weak and unbalanced economy. And should there be noticeable further acceleration in house price growth and residential mortgage lending in the near term, it could become a sign of a market starting to move in a direction out of line with those economic fundamentals

2. WITH SOME GLOBAL HOUSING "BUBBLE TALK" STARTING UP AGAIN, WHERE DOES SOUTH AFRICA'S MARKET STAND?

During October, we heard Dallas Federal Reserve President Richard Fisher expressing concerns that another housing "bubble" was forming in the United States, while similar concerns have recently been expressed in certain other countries too.

This view is not yet unanimous, and recent Nobel Economics Laureate, Professor Robert Shiller, a US economist who has focused much of his research on the US residential property market, has played down such concerns.

However, given that South Africa is a very open economy, and strongly tracks the global economic cycle, it is important not to ignore such global signs, and to ask the question as to whether such a possible situation is building here at home too, especially given the recent start of another acceleration in house price growth here too.

Investopedia provides a definition of a speculative bubble: "A speculative bubble is usually caused by exaggerated expectations of future growth, price appreciation, or other events that could cause an increase in asset values. This drives trading volumes higher, and as more investors rally around the heightened expectation, buyers outnumber sellers, pushing prices beyond what an objective analysis of intrinsic value would suggest."

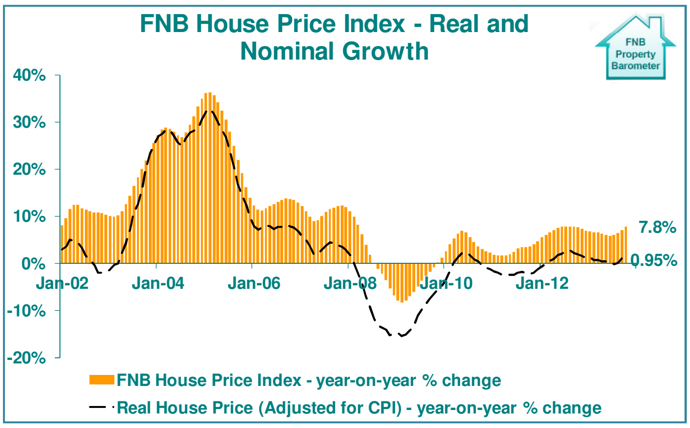
In short, a bubble is usually associated with a buying frenzy that drives prices up beyond levels where economic and other "fundamentals" dictate that they should be. It is always difficult to determine what constitutes such an "irrational" market that no longer reflects economic fundamentals, but let's discuss what we can see at least.

While the domestic housing market has indeed been experiencing a relatively solid period in recent times when compared to prior years, there don't appear to be the signs of widespread "frenzied " behavior that we observe with the help of improved data from the boom years of last decade.

- ***House price growth creeps up again, but would certainly not appear extreme in real terms yet,…***

Average house price growth at 7.8% year-on-year in October is once again creeping up gradually. This represents a rise from a revised rate of 7% in September, and is now a little above CPI (Consumer Price Index) inflation of 6%, but certainly not in the extreme yet.

In real terms (adjusted for CPI), September house price growth was a mere 0.99% year-on-year (October CPI not yet available), certainly nothing appearing extreme at this stage either.



Box 1. Key House Price Trends

The FNB House Price Index showed a further slight acceleration in its year-on-year growth rate, from a previous month's revised 7%, to 7.8% in October.

This is the 4th consecutive month of acceleration in year-on-year house price growth since the 5.84% rate recorded in June..

The average value of homes transacted in the FNB House Price Index was R911,424.

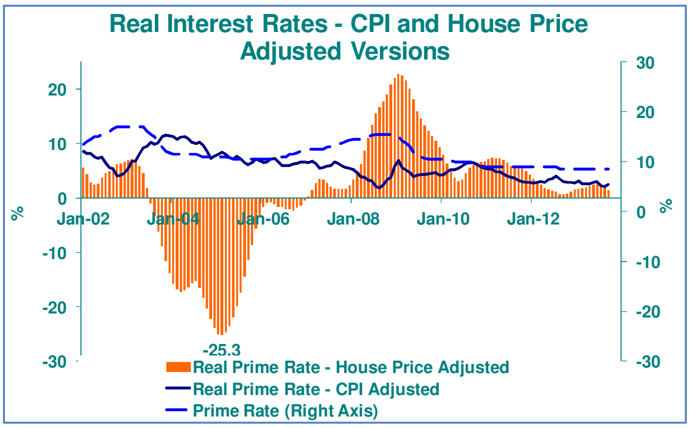
In real terms (adjusting house prices for general inflation in the economy using the CPI), as at September we were seeing moderate year-on-year growth of 0.99%, with the Consumer Price Index having declined to 6%, lower than the 6.4% CPI rate of August.

Evaluating longer term performance, compared to October 2003, 10 years ago, the index is up 33% in real terms and 135.4% in nominal terms, still suggesting that the full price effects of last decade's residential demand boom haven't yet worn off. Looking at the more recent past, however, in real terms the index is -19.8% down on last decade's revised real price peak reached in December 2007, while in nominal terms it is a mere 15.7% higher, thus reflecting a partial price "correction" following the boom years.

- ***….And price growth relative to interest rate levels should not yet make it a speculator's paradise***

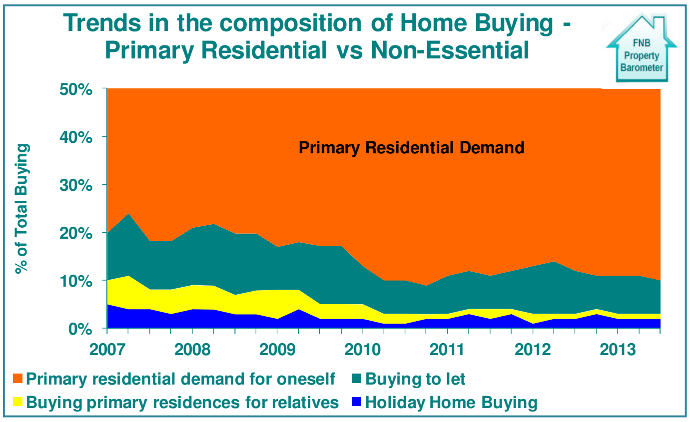
Single-digit house price growth alone doesn't necessarily mean no "bubble", but it still means that with prime rate at 8.5%, it hardly appears to be a speculators paradise. It arguably becomes a speculators paradise when house price growth far outstrips the interest rate percentage, as was the case around 2003-2005, allowing people to borrow money to buy and sell properties for impressive short term capital gain. We calculate an alternative real prime rate, adjusting prime rate with house prices instead of CPI, and see that back at a stage of 2005 this version of real prime reached an extreme negative rate of -25.3%. By comparison, the October 2013 real prime rate was still positive at +1.5%.

However, while alarm bells are not ringing yet, this measure of real prime rate is trending downward as house price growth rises, and is an indicator to be watched in the near term.

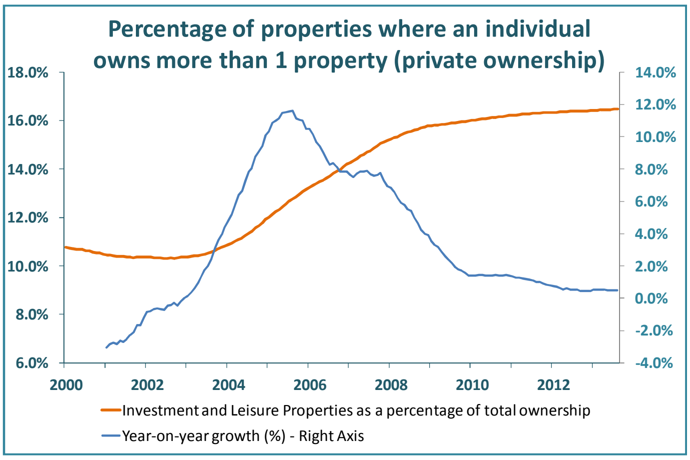


- ***Cheap credit has also not yet fueled any strong buy-to-let or leisure property buying spree***

A further sign to watch out for as an indicator of a "world gone mad" is relatively high levels of buy-to-let or holiday home buying. Once again the SA residential property appears to pass the test, with the FNB Estate Agent Survey pointing to a relatively low level of buy-to-let (7% of total buying as opposed to 25% back in early-2004) and holiday buying (2% of total buying as opposed to 5% a few years ago in 2007). This means that primary residential demand is estimated as high as 90% of total buying in the most recent 3rd quarter FNB Estate agent Survey, well higher than the 80% at the back end of the property boom in 2007. This would appear to be a significantly healthier situation than back then.



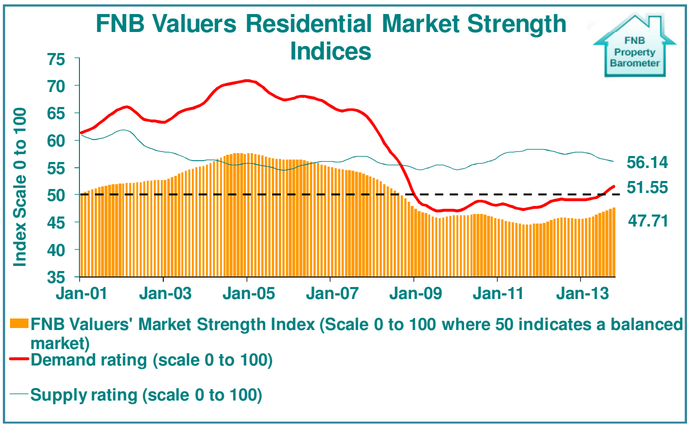
This also means that our estimates (using Deeds Data) of the growth in the number of existing properties where the owner owns more than one property, has slowed to around 0.5% year-on-year in recent months, down from a peak of near 12% back in 2005.Little to get alarmed about here either, it would appear.



- ***No major demand or building frenzy either***

While residential demand has certainly improved since the lows of 2008/9, it can hardly be described as "fireworks". This is probably best reflected in the moderate rate of real house price growth in the market despite the growth in supply of stock having been significantly constrained since the end of the boom.

FNB's Valuers Demand Strength Rating has been gradually rising, and recorded a level of 51.55 in October 2013, up from a low of 47.07 as at August 2009. Improved, yes, but still far below the high of 70.9 in January 2005. Their demand rating still remains below a declining supply rating of 56.14 as at October, translating into a Market Strength Index (which reflects the balance between demand and supply) of 47.71, rising but also far below its high of 57.55 in January 2005.



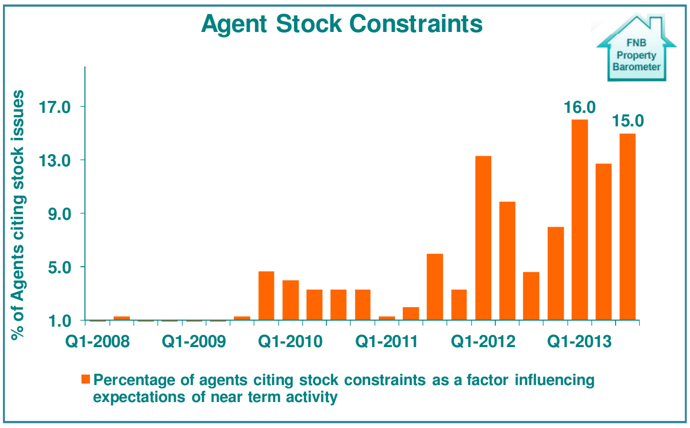
Box 2. Key Features of FNB Valuers' October Market Strength Index

FNB's Valuers continue to explain the recent relative market "stability with mild improvement" as the combined result of positive residential demand growth as well as a more constrained supply of residential stock on the market.

Since early-2012, the FNB Valuers' Market Strength Rating Index has shown gradual positive year-on-year growth after a 2011 decline. It still remains below the crucial level of 50, at 47.71, implying that the residential demand rating of 51.55 is still weaker than the 56.14 Residential Supply Rating. This arguably explains why we have not yet seen strong house price growth in real terms, because, while they do see supply being a little more constrained, the constraint is still not yet seen as being "extreme".

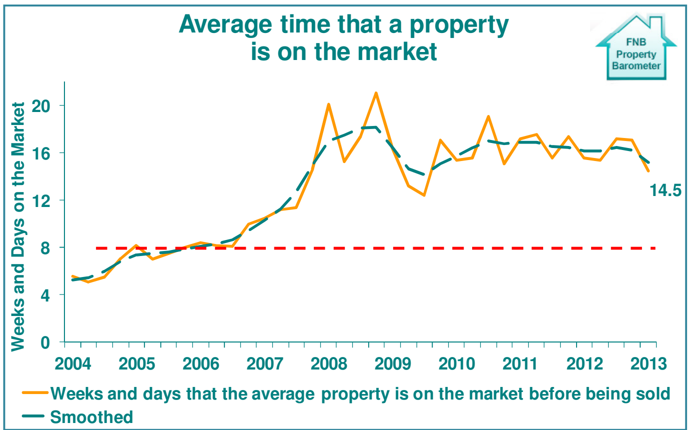
Of significance, though, is that the Valuers Demand Rating has risen to above the 50 level over the past 4 months, for the 1st time since late-2008, implying that more valuers now see demand as "strong" than those rate it as "weak".

In the FNB Estate Agent Survey, there has been an increase in the percentage of agents citing stock constraints as a factor when expressing their near term market expectations. While this is significantly higher than a few years ago, it still doesn't reflect the overwhelming majority.



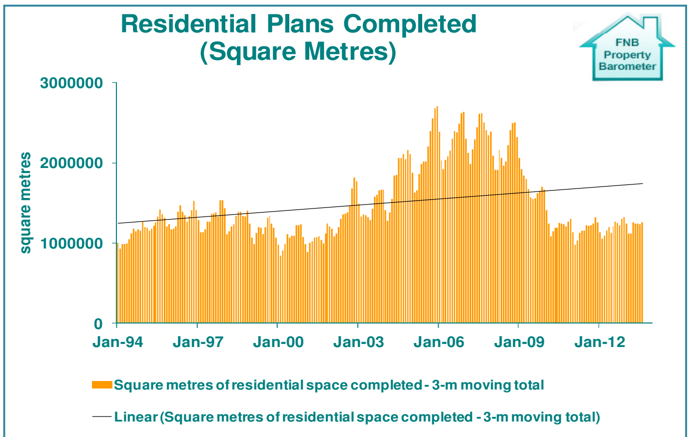
And following a different line of questioning, in the Estate Agent Survey, regarding balance between supply and demand, a similar result to the valuers' survey comes out.

The survey respondents, on average, estimate the average time that a property stays on the market prior to sale as 14 weeks and 5 days. In a "red hot" market, one would probably expect that average time to be somewhere well below 8 weeks, as it was back in 2004/5.



Therefore, although experiencing an improving balance in the market between demand and supply, little points to demand being far stronger than supply (something which would surely be seen in far higher real house price growth), and this is despite supply of new residential stock having been far more severely constrained since the end of the boom years.

Although gradually easing higher through 2012/13, the level of residential building completions remains at levels comparable with the late-1990s, and around half of those levels reached at the height of the building boom in 2007.

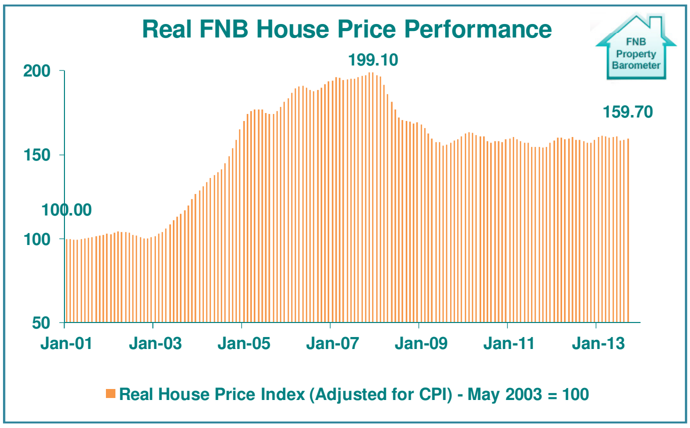


All-in-all, therefore, at a glance there is little indication of crazy behavior or major imbalances in the residential market at present.

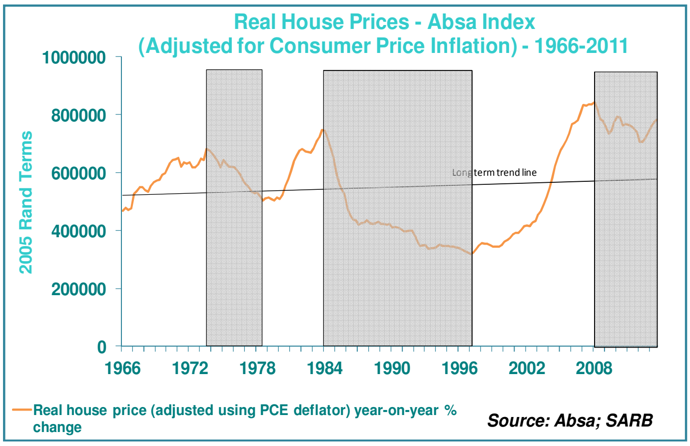
- ***But all of the above still does not mean that current price levels are appropriate or sustainable***

All of the above indicators, however, do not stop us from still believing that the housing market may still be "overvalued", or due for further "downward correction". While there may currently be little sign of major speculative and 2nd property buying, another question that needs to be raised is whether house prices have fully "corrected" after last decade's boom market which, while based on solid economic fundamentals at its inception, later on arguably experienced a customary "overshoot" as well?

What we know is that, according to the FNB House Price Index, there has indeed been a very significant downward correction in prices, to the tune of -19.8% in real terms (prices adjusted for CPI inflation).



However, what we also know is that real house prices are still 59.7% higher than at the beginning of 2001, according to the FNB Index, while according to the Absa House Price Index with its longer history, we also know that real price levels remain relatively high by recorded historic standards dating back to 1966.



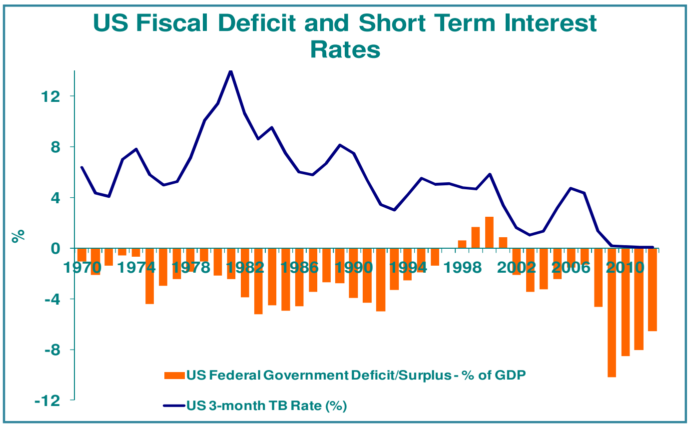
But this doesn't necessarily mean much either, as one could argue that real prices in the 1990s were "inappropriately low", reflecting extremely poor economic conditions prior to 1994 due to the dire political situation and a myriad of boycotts, sanctions and disinvestment drives. Then, of course, there were the extremely high interest rates up until 1998. With a move to CPI inflation targeting, announced in 1999, there was no longer a need for such high interest rates, given that CPI inflation had experienced a long term decline from its 1986 peak.

When both the economy and interest rates had turned "for the better", an upward "correction" in house prices was due, and indeed it happened. This, we acknowledge, but are of the opinion that a part of the boom represented an "overshoot" of prices past where fundamentals dictated they should peak.

- ***A well balanced market being propped up by an unbalanced world,…***

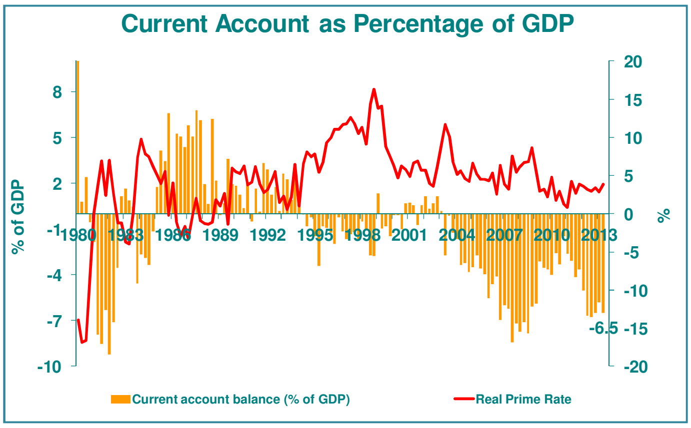
And what of current economic fundamentals. As things currently stand, we are of the opinion that it is a set of "weak fundamentals and unsustainable imbalances" that currently underpin the housing market. While we know that imbalances can often continue for many years, ultimately they must cease. ***This is perhaps where the concerns relating to the current residential price levels should be.***

Last month, one of the economic highlights was the end of the stand-off in the US Congress regarding the lifting of the US government debt ceiling. A resolution was reached, but it served to highlight the ongoing dire debt situation of the world's largest economy. The US has been a major source of support for the world and SA economy with its zero interest rate policy and wide fiscal deficits, and then various rounds of "quantitative easing" to boot.

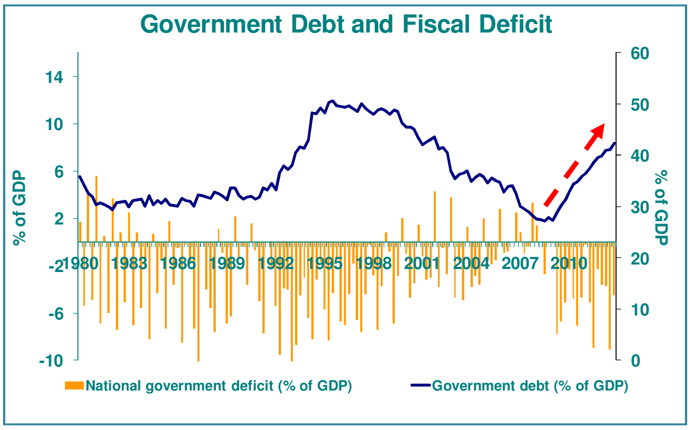


It is accepted that these measures, designed to keep the US living beyond its means in order to keep economic growth going, cannot continue indefinitely. Indeed, there also exists much debate around the timing of the Federal Reserve's withdrawal of stimulus. Such a stimulus withdrawal is the 1st obvious potential negative for the SA economy and thus its property market.

It goes further to SA monetary and fiscal stimulus too. Here at home, the SARB (South African Reserve Bank) keeps interest rates at abnormally low levels, with a negative real repo rate, and allows domestic expenditure to far exceed national income, translating into a wide current account deficit.

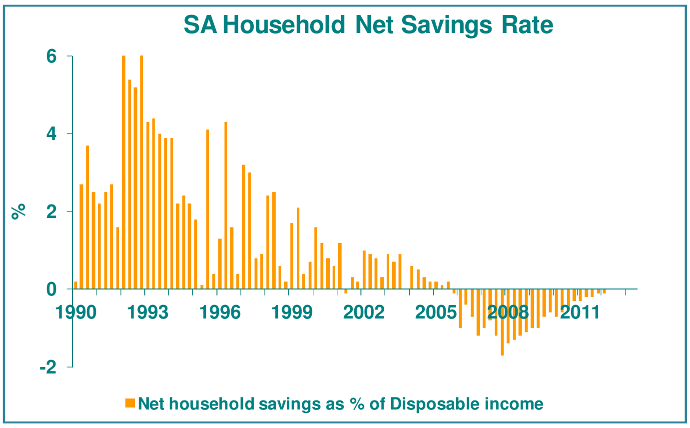


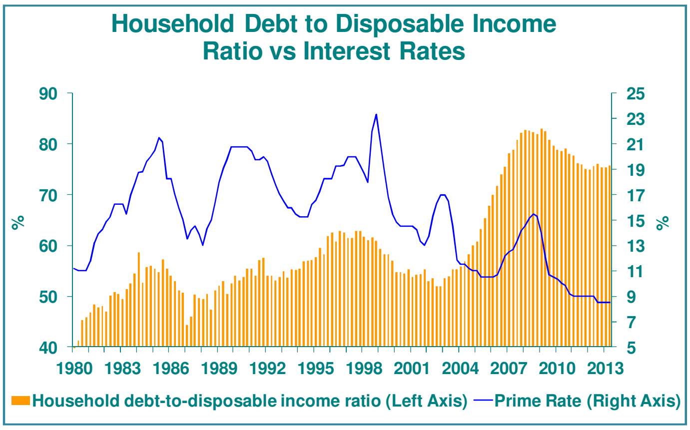
This, one would think, is something the SARB would be keen to reverse at some point when appropriate, so as to avoid future exchange rate and foreign debt crises. Such a reversal, too, could be a temporary negative (but nevertheless essential) for the SA economy and property. Government, too, will have to play its part by halting the trend towards a higher government debt-to-GDP ratio at some stage.



….and a highly constrained household sector, cushioned only by abnormally low interest rates

And then finally to the domestic household sector, where net savings appears to have settled at around zero, and the household debt-to-disposable income ratio appears anchored at levels not far below all time highs of 83% back in 2008. This high level of indebtedness constrains the potential growth rate in residential mortgage lending in future when interest rates "normalize" (rise from levels we currently deem to be abnormally low), and keeps the household sector vulnerable to such future interest rate hikes.





- ***In conclusion. In a well balanced residential market propped up by a very unbalanced economy, "Fireworks" would be inappropriate***

. Very fragile economic pillars currently support South Africa's residential property market. We do not believe that they can continue to do so indefinitely, and thus remain of the opinion that further real house price decline is "required" during the process in which the economy restores its big imbalances, and prior to the next major property super-cycle upswing.

There has been some talk of housing market bubbles forming in countries such as The US of late. As previously mentioned, it's always tough to determine for sure whether "bubbles" are forming or whether markets are "overvalued" given economic fundamentals.

But as house price growth accelerates once more in South Africa, we should be on the look-out for any re-emergence of "over-exuberant" behavior on a large scale, because such behavior can "end in tears" when slowdowns ultimately come. Domestic house prices remain high in real terms ever since last decade's boom. Therefore, sharp price growth from current levels would arguably be inappropriate, and could be "misaligned" with what is a very weak domestic economy and a highly-indebted household sector.

Right now, however, we must emphasise that we can see little sign of widespread exuberance in the residential property market. Rather, it really appears to be a case of a currently well-balanced residential property market, largely free of irrational-looking behavior.

However, it is a market propped up by a very weak and unbalanced economy. And should there be noticeable further acceleration in house price growth and residential mortgage lending in the near term, it could become a sign of a market starting to move in a direction out of line with those economic fundamentals

ADDENDUM - NOTES:

Note on The FNB Average House Price Index: *Although also working on the average price principle (as opposed to median or repeat sales), the FNB House Price Index differs from a simple average house price index in that it could probably be termed a "fixed weight" average house price index.*

One of the practical problems we have found with house price indices is that relative short term activity shifts up and down the price ladder can lead to an average or median price index rising or declining where there was not necessarily "genuine" capital growth on homes. For example, if "suburban segment volumes remain unchanged from one month to the next, but former Black Township (the cheapest areas on average) transaction volumes hypothetically double, the overall national average price could conceivably decline due to this relative activity shift.

This challenge of activity shifts between segments is faced by all constructors of house price indices. In an attempt to reduce this effect, we decided to fix the weightings of the FNB House Price Index's sub-segments in the overall national index. This, at best, can only be a partial solution, as activity shifts can still take place between smaller segments within the sub-segments. However, it does improve the situation.

With our 2013 re-weighting exercise, we have begun to segment not only according to room number, but also to segment according to building size within the normal segments by room number, in order to further reduce the impact of activity shifts on average price estimates.

The FNB House Price Index's main segments are now as follows:

• *The weightings of the sub-segments are determined by their relative transaction volumes over the past 5 years, and will now change very slowly over time by applying a 5-year moving average to each new price data point. The sub-segments are:*

- *Sectional Title:*
  - *Less than 2 bedroom – Large*
  - *Less than 2 bedroom – Medium*
  - *Less than 2 bedroom – Small*

  - *2 Bedroom – Large*
  - *2 bedroom – Medium*
  - *2 bedroom – Small*

  - *3 Bedroom and More - Large*
  - *3 Bedroom and More - Medium*
  - *3 Bedroom and More - Small*

- *Full Title:*
  - *2 Bedrooms and Less - Large*
  - *2 Bedrooms and Less - Medium*
  - *2 Bedrooms and Less - Small*

  - *3 Bedroom - Large*
  - *3 Bedroom - Medium*
  - *3 Bedroom - Small*

  - *4 Bedrooms and More - Large*
  - *4 Bedrooms and More - Medium*
  - *4 Bedrooms and More – Small*

The size cut-offs for "small", medium" and "large" differ per room number sub-segment. "Large" would refer to the largest one-third of homes within a particular room number segment over the past 5 year period, "Medium" to the middle one-third, and "Small" to the smallest one-third of homes within that segment.

- *The Index is constructed using transaction price data from homes financed by FNB.*
- *The minimum size cut-off for full title stands is 200 square metres, and the maximum size is 4000 square metres*
- *The maximum price cut-off is R10m, and the lower price cut-off is R20,000 (largely to eliminate major outliers and glaring inputting errors).*
- *The index is very lightly smoothed using a Hodrick-Prescott smoothing function with a Lambda of 5.*

Note on the FNB Valuers' Market Strength Index: **When an FNB valuer values a property, he/she is required to provide a rating of demand as well as supply for property in the specific area. The demand and supply rating categories are a simple "good (100)", "average (50)", and "weak (0)". From all of these ratings we compile an aggregate demand and an aggregate supply rating, which are expressed on a scale of 0 to 100. After aggregating the individual demand and supply ratings, we subtract the aggregate supply rating from the demand rating, add 100 to the difference, and divide by 2, so that the FNB Valuers' Residential Market Strength Index is also depicted on a scale of 0 to 100 with 50 being the point where supply and demand are equal.*

Property and Mortgage Market Summary

END OF PERIOD	2010	2011	2012	Q4-2012	Q1-2013	Q2-2013	Q3-2013	Jul-13	Aug-13	Sep-13	Oct-13
Residential Property Prices											
FNB National Average House Price (Rand)	757 982	779 285	834 954	846 993	865 861	886 930	899 420	894 335	898 988	904 936	911 424
y/y % change	*4.4*	*2.8*	*7.1*	*7.3*	*6.7*	*6.0*	*6.5*	*6.0*	*6.4*	*7.0*	*7.8*
m/m seasonally-adjusted % change								*0.72*	*0.87*	*0.98*	*1.05*
FNB Valuers Demand Strength Index	48. 09	47. 75	49. 24	49. 12	49. 11	49. 56	50. 63	50. 17	50. 64	51. 09	51. 55
y/y % change	*0.9*	*-0.7*	*3.1*	*3.0*	*2.0*	*1.2*	*3.0*	*2.0*	*3.0*	*4.0*	*4.9*
m/m % change								*0.71*	*0.92*	*0.90*	*0.90*
FNB Valuers Supply Strength Index	55. 54	57. 91	57. 47	57. 75	57. 65	56. 91	56. 35	56. 451	56. 341	56. 246	56. 139
y/y % change	*1.0*	*4.3*	*-0.7*	*-1.1*	*-1.1*	*-1.6*	*-2.0*	*-1.8*	*-1.9*	*-2.2*	*-2.6*
m/m % change								*-0.29*	*-0.20*	*-0.17*	*-0.19*
FNB Valuers Market Strength Index	46. 28	44. 92	45. 88	45. 69	45. 73	46. 33	47. 14	46. 86	47. 15	47. 42	47. 71
y/y % change	*-0.1*	*-2.9*	*2.1*	*2.3*	*1.8*	*1.7*	*2.9*	*2.2*	*2.8*	*3.5*	*4.3*
m/m % change								*0.56*	*0.61*	*0.59*	*0.60*
Major Metro Areas Average House Price (Rand)	913 820	949 239	982 006	1 001 832	1 017 232	1 035 070					
y/y % change	*6.4*	*3.9*	*3.5*	*4.4*	*5.4*	*6.3*					
- Upper Income Area Average House Price (Rand)	1 824 287	1 893 423	1 937 201	1 985 222	2 019 135	2 052 954					
y/y % change	*7.0*	*3.8*	*2.3*	*4.2*	*6.0*	*7.2*					
- Middle Income Area Average House Price (Rand)	1 065 283	1 106 892	1 157 044	1 181 620	1 205 957	1 232 488					
y/y % change	*7.0*	*3.9*	*4.5*	*5.0*	*6.0*	*7.4*					
- Lower Income Area Average House Price (Rand)	690 175	716 659	742 513	754 851	763 315	775 158					
y/y % change	*5.8*	*3.8*	*3.6*	*4.2*	*4.6*	*5.0*					
- Affordable Area Average House Price (Rand)	355 651	374 834	389 548	397 424	405 101	413 043					
y/y % change	*7.9*	*5.4*	*3.9*	*4.6*	*5.7*	*6.8*					
- Major 3 Provinces' Former Black Township Average House Price (Ran	237 770	255 709	261 969	266 535	273 090	281 953					
y/y % change	*15.7*	*7.5*	*2.4*	*3.4*	*5.7*	*8.4*					
- Coastal Holiday Towns Average House Price (Rand)	828 173	792 054	800 383	798 798	805 835	818 777					
y/y % change	*-1.1*	*-4.4*	*1.1*	*1.2*	*1.1*	*1.7*					
FNB Estate Agent Survey											
Level of Residential Demand Activity (Scale 1 to 10)	5. 94	5. 8	5. 98	5.8 9	6.5 7	6.3 3	5.9 1				
y/y % change	*13.6*	*-2.3*	*3.1*	*4.1*	*8.6*	*7.8*	*-3.3*				
First time buyers as a percentage of total buyers (%)	17.0	23.0	23.0	21.0	24.0	22.0	20.0				
Buy-to-let as a percentage of total buyers (%)	7.5	8.0	9.3	7.0	8.0	8.0	7.0				
Average time of properties on the market (Weeks and Days)	15.1	17.3	16.0	15.4	17.2	17.1	14.5				
Percentage of properties sold at less than asking price (%)	79.5	88.3	86.0	85.0	89.0	90.0	88.0				
Percentage of properties on the market for 3 months or more (%)	73.0	80.5	77.5	79.0	75.0	74.0	75.0				
Residential Building Sector											
Number of units' plans passed	47 912	52 824	49 818	13 336	11 832	13 772		3 726	4 613		
y/y % change	*-13.6*	*10.3*	*-5.7*	*14.3*	*5.5*	*15.8*		*-6.8*	*0.5*		
Square metres' worth of plans passed	5 909 929	6 248 810	6 246 167	1 665 923	1 520 260	1 798 633		559 959	630 699		
y/y % change	*-5.3*	*5.7*	*-0.0*	*13.3*	*11.0*	*18.8*		*1.5*	*3.5*		
Average size of units' plans passed (square metres)	123.3	118.3	125.4	124.9	128.5	130.6		150	137		
Number of units completed	40 679	40 507	42 981	12 102	10 462	10 417		3 595	3 044		
y/y % change	*-28.6*	*-0.4*	*6.1*	*14.8*	*10.1*	*0.8*		*-7.5*	*-23.4*		
Square metres' worth of buildings completed	4816578.0	4676203.0	4813662.0	1325600.0	1123559.0	1243478.0		449 869	417 861		
y/y % change	*-28.3*	*-2.9*	*2.9*	*5.0*	*2.3*	*9.8*		*4.5*	*-7.7*		
Average size of units' completed (square metres)	118.4	115.4	112.0	109.5	107.4	119.4		125.14	137.27		

Property and Mortgage Market Summary

END OF PERIOD	2010	2011	2012	Q4-2012	Q1-2013	Q2-2013	Q3-2013	Jul-13	Aug-13	Sep-13	Oct-13
Mortgage Market											
New residential loans and re-advances granted (R'm)				44 282	42 255	49 349					
y/y % change				*10.4*	*7.0*	*14.2*					
Residential re-advances granted (R'm)				2 108	1 974	2 487					
y/y % change				*-22.8*	*-2.0*	*23.1*					
Total residential mortgage loans outstanding - Banks (R'm)	806 804 118	816 577 655	826 765 341	826 765 341	829 260 720	832 446 791		833 215 087	834 952 833		
y/y % change	*4. 1*	*1. 2*	*1. 2*	*1. 2*	*1.*	*1. 3*		*1.4*	*1.4*		
Key Economic Indicators											
Real Gross Domestic Product (R'm at 2000 prices)	1 842 054	1 905 735	1 954 303	1 969 183	1 973 552	1 988 372					
y/y % change	*3.1*	*3.5*	*2.5*	*2.5*	*1.9*	*2.0*					
Real Residential Fixed Investment (R'm)	25 997	24 078	24 836	24 720	24 676	24 736					
y/y % change	*-13.4*	*-7.4*	*3.1*	*3.0*	*0.1*	*-0.6*					
Prime Rate (%)	9. 8	9.	8. 8	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Yields on Government Bonds 10 years and Longer (%)	8.6	8.5	7.9	7.6	7.3	7.3	8.1	*8.0*	*8.4*	*8.2*	*7.9*
Currencies - USDZAR	7. 32	7. 27	8. 22	8. 697	8. 957	9. 491	9. 994	9. 91	10. 08	9. 99	9. 92
Currencies - EURZAR	9.69	10.10	10.55	11. 276	11. 825	12. 396	13. 231	12.97	13.42	13.33	13.53
CPI - y/y % change	*4. 3*	*5.*	*5. 7*	*5.6*	*5.7*	*5.7*	*6.2*	*6. 3*	*6. 4*	*6.*	
Gauteng pump price y/y%				*13.2*	*13.4*	*5.8*	*19.2*	*22.5*	*23.0*	*12.8*	*9.3*
FNBBER Consumer Confidence Index	14.5	7.3	-0.5	-3.0	-7.0	1.0	-8.0				
RMBBER Business Confidence Index	43	45	47	46.0	52.0	48.0	42.0				
SARB Composite Leading Business Cycle Indicator	100.	101. 4	100. 6	101. 4	102. 5	101. 1		100.6 5	101.3 7		
y/y % change	*16.0*	*1.4*	*-0.8*	*0.9*	*0.9*	*1.4*		*1.48*	*1.71*		
m/m % change								*0.22*	*0.72*		
Real Retail Sales (2008 Prices) - R'm	589 198	625 565	654 137	186 960	156 241	161 259		53 374	54 850		
y/y % change	*5.5*	*6.2*	*4.6*	*2.3*	*2.8*	*3.2*		*2.9*	*3.0*		
Manufacturing - Volume of Production (Index 2005=100)	100.	102. 74	105. 23	111. 1	99. 4	105. 6		111.8	110.1		
y/y % change	*4.7*	*2.7*	*2.4*	*3.3*	*-0.1*	*3.2*		*5.5*	*0.2*		
Mining - Volume of Production (Index 2005=100)	100. 01	99. 13	95. 98	93. 9	89. 4	98. 3		105.5	107.5		
y/y % change	*4.9*	*-0.9*	*-3.2*	*-6.7*	*3.1*	*-2.2*		*1.2*	*2.1*		
Vehicle Sales - Total (NAAMSA)	426 233	496 181	539 303	137 744	141 750	141 166		51 448	49 139	47 405	
y/y % change	*20.4*	*16.4*	*8.7*	*9.7*	*5.6*	*13.6*		*10.6*	*0.6*	*-0.5*	
Passenger Vehicle Sales - Total (NAAMSA)	279 238	329 829	364 767	94 184	95 008	93 409		34 282	32 657	33 708	
y/y % change	*24.2*	*18.1*	*10.6*	*15.7*	*5.1*	*14.1*		*9.2*	*-3.6*	*2.0*	