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Credit and mortgage advances

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Low growth in household credit and mortgage balances continues

Growth in South African private sector credit balances, comprising the corporate and household sector, remained relatively low up to the end of October 2013. Year-on-year (y/y) growth in aggregate private sector credit balances was virtually unchanged at 7,6% by end-October compared with 7,5% y/y by end-September. Whereas year-on-year growth in household credit balances tapered of further, growth in corporate balances was somewhat higher.

The value of outstanding credit balances in the household sector, which include instalment sales, leasing finance, mortgage loans, overdrafts, credit card debt, and general loans and advances (mainly personal loans and micro finance), recorded growth of 7,2% y/y at end-October, down from 7,5% y/y at the end of the preceding month. The continued downward trend in household credit balances since peaking in November last year is largely the result of a slowdown in growth in the component of unsecured credit balances over this period.

Outstanding household secured credit balances, comprising instalment sales, leasing finance and mortgage loans, saw growth of 4,9% y/y in the first ten months of the year, which came on the back of a slowdown in growth in instalment sales balances and continued low growth in household mortgage balances up to end-October. Household secured credit balances had a share of 76,6% in total household credit at the end of October.

Growth in the value of household unsecured credit balances, consisting of general loans and advances, credit card debt and overdrafts, dropped further to 15,2% y/y at end-October, which was less than half the growth rate of 31,6% y/y in November 2012. This slowdown in growth in unsecured credit balances was largely driven by the component of general loans and advances, which saw growth of 10,4% y/y up to October, down from a high of 35,4% at the end of September last year.

Private sector mortgage balances, which include both commercial and residential mortgage loans, recorded growth of 2,4% y/y at end-October, unchanged from September. Growth in the value of outstanding household mortgage balances was marginally lower at 2,6% y/y in the ten-month period up to end-October. The share of household mortgage balances in total household credit balances was 59,8% at the end of October.

Factors that will continue to drive trends in household credit, including household mortgage credit, are conditions in and prospects for the economy (economic growth, employment, inflation and interest rates), household finances (income, consumption, saving, debt and credit risk profiles) and consumer confidence. Against the background of recent trends in and the outlook regarding these factors, single-digit year-on-year growth in both the outstanding balances of total household credit and household mortgages is forecast up to the end of 2013 and in 2014.

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
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	2 506.2	8.9	1 332.3	8.7	53.2	1 097.5	1.6	802.8	2.7	73.2	60.3
July 2013	2 499.2	7.4	1 339.4	8.7	53.6	1 097.5	1.8	803.5	2.7	73.2	60.0
August 2013	2 538.0	8.1	1 343.5	8.2	52.9	1 103.6	2.0	806.1	2.6	73.0	60.0
September 2013	2 552.6	7.5	1 345.1	7.5	52.7	1 108.4	2.4	807.6	2.7	72.9	60.0
October 2013	2 552.7	7.6	1 352.5	7.2	53.0	1 112.0	2.4	809.3	2.6	72.8	59.8

¹Comprising corporate and household credit

²Comprising commercial and residential mortgages

Source: SARB

