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Credit and mortgage advances

30 March 2015

Low growth in household credit and mortgage balances continues

Growth in the total value of outstanding credit balances in the South African household sector slowed down further to 3,3% year-on-year (y/y) at the end of in February 2015 to its lowest level since January 2010. Growth in both household secured and unsecured credit balances was lower at end-February compared with the same month a year ago.

Household secured credit balances, with a value of R1 082,7 billion at end-February and 75,9% of total household credit balances, showed growth of 2,8% y/y at the end of February, marginally down from 2,9% y/y at end-January. Secured credit includes instalment sales, leasing finance and mortgage loans.

Growth in household unsecured credit balances, amounting to R344,7 billion at end-February and 24,1% of total household credit balances, was recorded at 5,0% y/y at the end of February (5,3% y/y at end-January). Unsecured credit consists of general loans and advances, credit card debt and overdrafts.

The value of total outstanding private sector mortgage balances, comprising of commercial and residential mortgage loans, recorded growth of 4,4% y/y at end-February, largely driven by continued double-digit growth in corporate mortgage balances (28,5% of total private sector mortgage balances), whereas growth in household mortgage balances remained relatively low.

Growth in outstanding household mortgage balances was unchanged at 2,2% y/y at end-February from the end of January. The value of outstanding mortgage balances is the net result of all property transactions related to mortgage loans, including additional capital amounts paid into mortgage accounts and extra monthly payments above normal mortgage repayments.

Factors related to the economy and household finances, impacting consumer confidence, will continue to drive the demand for and the accessibility and cost of mortgage finance and household credit in general. These factors include aspects such as economic growth, employment, interest rates, income growth, savings, consumer credit-risk profiles and banks' risk appetite and lending criteria. Consumer price inflation is forecast to rise to a level of above 6% by late 2015 and in 2016, with interest rates expected to be hiked in September this year and through next year, which will cause the cost of servicing household debt to rise further.

Credit and mortgage balances¹

Period	Private sector credit balances ²		Household credit balances			Total mortgage balances ³		Household mortgage balances			
	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
February 2014	2 656.6	8.7	1 381.5	5.4	52.0	1 120.2	2.8	818.3	2.9	73.0	59.2
March 2014	2 685.4	8.7	1 379.9	4.8	51.4	1 121.8	2.9	816.0	2.3	72.7	59.1
April 2014	2 683.2	8.3	1 383.6	4.6	51.6	1 124.6	3.0	816.7	2.3	72.6	59.0
May 2014	2 695.8	8.3	1 388.5	4.3	51.5	1 129.6	3.1	820.2	2.2	72.6	59.1
June 2014	2 724.0	8.6	1 389.6	4.3	51.0	1 134.5	3.4	822.0	2.4	72.5	59.2
July 2014	2 744.9	9.8	1 394.5	4.1	50.8	1 138.2	3.7	824.3	2.6	72.4	59.1
August 2014	2 760.0	8.8	1 391.6	3.6	50.4	1 141.8	3.5	823.6	2.2	72.1	59.2
September 2014	2 777.3	8.7	1 396.0	3.8	50.3	1 144.7	3.3	824.3	2.1	72.0	59.0
October 2014	2 785.5	9.1	1 401.4	3.6	50.3	1 150.3	3.4	825.2	2.0	71.7	58.9
November 2014	2 815.3	9.1	1 406.3	3.6	50.0	1 155.7	4.0	827.8	2.2	71.6	58.9
December 2014	2 810.2	8.5	1 411.9	3.6	50.2	1 157.7	4.3	828.3	2.3	71.5	58.7
January 2015	2 863.3	9.2	1 420.1	3.5	49.6	1 162.6	4.7	830.4	2.2	71.4	58.5
February 2015	2 887.1	8.7	1 427.4	3.3	49.4	1 169.9	4.4	836.4	2.2	71.5	58.6

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB

