ABSA

Home Loans

Contents

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Housing review

Third quarter 2015

- The South African economy expanded at a seasonally adjusted, annualised rate of 1,3% in the first quarter of 2015, down from 4,1% in the fourth quarter of last year. The markedly lower first-quarter growth was the result of a contraction of 2,4% in real annualised manufacturing output, driven by subdued levels of domestic demand and widespread power cuts, while agricultural production contracted by a real annualised 16,6% in the first quarter as a result of severe drought conditions in some parts of the country that had a major negative effect on field crops. Real GDP growth is forecast at 2% in 2015 and 2,2% in 2016.

- After bottoming at just below 4% year-on-year (y/y) in February this year, headline consumer price inflation rebounded to 4,7% y/y in June, mainly as a result of sharply higher domestic fuel prices due to international oil price and $/R exchange rate movements. The headline inflation rate averaged 4,3% y/y in the first half of the year, with an annual average of 5% expected, rising to 6,3% in 2016. Interest rates are forecast rise further over the next 18 months in an attempt to contain inflationary pressures.

- The household sector appears to have experienced increased levels of financial pressure up to mid-2015. Employment growth is forecast to remain relatively low in 2015-16, with growth in real household disposable income and consumption expenditure to stay closely correlated in view of an expected ongoing low level of savings. The ratio of household debt to disposable income ratio is projected to remain relatively high in the rest of the year and in 2016.

- The gradual slowdown in nominal year-on-year growth in the average value of homes in the middle segment of the market, which commenced in the fourth quarter of last year, continued in the second quarter of this year. Declining real year-on-year house price growth came on the back of slower nominal price growth and rising inflation in the second quarter. Price growth in the affordable and luxury housing segments also tapered off in the second quarter of the year. The widespread slowdown in house price growth up to mid-2015 came against the background of economic developments and trends in household finances and consumer confidence.

- House price growth has softened since late 2014 and is forecast to remain in single digits in 2015 and 2016. Price growth is set to be lower this year compared with the past two years against the background of trends in and the outlook for key macroeconomic and household sector-related factors. Based on the current forecasts for nominal house price growth and consumer price inflation, marginal real price inflation is projected for this year and next year.

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Economic overview

The global economy

Global real economic growth was hampered by a contraction in output in the United States, continued weak economic activity in the Eurozone and a slowdown in levels of activity in emerging market and developing countries in the early stages of the year.

Factors that impacted the world economy and financial market sentiment in the first half of the year include an increase in international oil prices, contributing to a bottoming out of inflation in some countries, downward pressure on other commodity prices, Chinese economic and stock market woes, and the Greek debt situation.

The South African economy

The South African economy expanded at a seasonally adjusted, annualised rate of 1,3% in the first quarter of 2015, down from 4,1% in the fourth quarter of last year. The markedly lower first-quarter growth was the result of a contraction of 2,4% in real annualised manufacturing output, driven by subdued levels of domestic demand and widespread power cuts, while agricultural production contracted by a real annualised 16,6% in the first quarter as a result of severe drought conditions in some parts of the country that had a major negative effect on field crops.

After bottoming at just below 4% year-on-year (y/y) in February this year, headline consumer price inflation rebounded to 4,7% y/y in June, mainly as a result of sharply higher domestic fuel prices due to international oil price and $/R exchange rate movements. The headline inflation rate averaged 4,3% y/y in the first half of the year. Underlying core inflation, i.e. headline inflation excluding the more volatile components of food, non-alcoholic beverages, petrol and energy, averaged 5,7 y/y in the past six months to June.

Interest rates remained unchanged for 12 months before being raised by 25 basis points in July this year on the back of driving factors such as inflationary pressures and expected higher interest rates in the US later this year. The repurchase rate, or repo rate, which is the key monetary policy interest rate and the rate at which commercial banks borrow money from the Reserve Bank, is currently at 6% per annum, with commercial banks' prime lending and variable mortgage interest base rates for extending credit to the public at a level of 9,5% per annum.

Household sector overview

The household sector appears to have experienced increased levels of financial pressure up to mid-2015. Although consumer price inflation bottomed in the first quarter and was on an upward trend in the second quarter, interest rates remained unchanged at relatively low historical levels in the first half of the year. First-quarter employment growth remained subdued, with growth in real household disposable income and consumption expenditure improving somewhat on the back of low inflation. With low household savings, a debt-to-income ratio of still above the 78% level and the percentage of credit-active consumers rising further, growth in household credit balances remained in single digits up to mid-year. Against the background of these developments, consumer confidence dropped sharply in the second quarter of the year.

Growth in real household disposable income, i.e. after-tax, inflation-adjusted income, improved to an annualised rate of 2,6% in the first quarter of the year from 1,9% in the fourth quarter of last year, mainly as a result of lower inflation over this period. According to Andrew Levy Employment publications, the nominal wage settlement rate measured 7,8% in the first half of 2015 (8,1% in 2014), which was well above the average headline consumer price inflation rate of 4,3% y/y over the same period.

Growth in real household consumption expenditure increased from an annualised rate of 1,6% in the final quarter of 2014 to 2,8% in the first quarter this year, driven by higher real disposable income growth and lower inflation. However, the close correlation between growth in real household disposable income and growth in consumption expenditure continued up to the first quarter of 2015 and is related to the severe lack of household savings, as well as consumers' limited financial ability to access credit for consumption purposes. This is a reflection of households' reliance on mainly income and credit to fund consumption expenditure in the absence of sufficient savings.

The ratio of net household savings to disposable income, in negative territory since 2006, measured -2,3% in the first quarter of 2015, which was much in line with a ratio of -2,2% in the fourth quarter of last year. Net household savings are calculated from gross savings, adjusted for depreciation write-offs on the value of physical assets held by households, such as residential buildings and vehicles.

Year-on-year growth in the value of outstanding household credit balances, comprising instalment sales credit, leasing finance, mortgage loans, credit card debt, overdrafts and general loans and advances (mainly personal and micro loans), has been below the 4% level since August last year. Growth in the value of outstanding household secured credit balances (instalment sales credit, leasing finance and mortgage loans) was 2,9% y/y at the end of June, largely driven by continued subdued growth of below 3% y/y in household mortgage balances (more than 77% of secured balances) and declining growth in instalment sales balances (more than 22% of secured balances). Growth in the value of outstanding household unsecured credit balances (credit card debt, overdrafts and general loans and advances) was 5,5 y/y in the first six months of the year, which was largely driven by the component of general loans and advances (60,7% of household unsecured credit balances and mainly consisting of personal loans and microfinance) with growth of about 4,9 y/y up to June. Factors such as the National Credit Act (NCA), banks' risk appetite and lending criteria, consumers' credit-risk profiles and consumer confidence affect the availability and accessibility of and demand for credit by households.

The ratio of household debt to disposable income remained relatively high at 78,4% in the first quarter of 2015 (78% in the preceding quarter). The debt ratio is calculated as the total amount of outstanding household debt expressed as a percentage of the total annual disposable income of households, i.e. after deductions for tax, social contributions and transfers.

Due to some interest rate hikes during 2014 and a slightly higher debt ratio, the household debt service-cost ratio increased further to 9,4% in the first quarter of the year after rising throughout last year. This ratio is the interest component of debt repayments expressed as a percentage of disposable income and took account of the debt-to-income ratio and the average lending rate paid on debt during a specific period. Based on the abovementioned debt-to-income and debt service-cost ratios, the average interest rate charged in the first quarter of 2015 to service household debt was 11,99% per annum, which was 2,74 percentage points above the ruling average prime interest rate of 9,25% per annum over this period. The premium currently paid by consumers on total outstanding debt, i.e. secured and unsecured debt, of above the prime lending rate is the result of the state of consumer finances, credit-risk profiles, and banks' risk appetite and lending criteria against the background of expected future interest rate movements.

Since the first quarter of 2014 statistics on consumer credit-risk profiles, published by the National Credit Regulator (NCR), reflect changes to credit regulations announced in late 2013 to make provision for a credit amnesty process, which came into effect on 1 April 2014. The shift in the data in the first quarter of last year occurred as a result of credit bureaus implementing the changed regulations as from that quarter. The credit amnesty process involves the continuous removal of adverse credit information kept by credit bureaus with regard to consumers who have repaid their debt. The amnesty, however, does not relieve consumers from the obligation to repay outstanding debt. The trends in consumer credit-risk profiles were as follows in the first quarter of 2015:

- A total of 10,41 million credit-active consumers, or 45% of a total of 23,11 million, had impaired credit records, up from 10,26 million (44,9%) in the fourth quarter of 2014. In mid-2007 a total of 36,4% credit-active consumers had impaired credit records.
- A total number of 12,70 million (55%) credit-active consumers were in good standing, up from 12,58 million (55,1%) in the fourth quarter of last year. As much as 63,6% of credit-active consumers were in good standing in mid-2007.
- A total number of 82,04 million consumer credit accounts were active, of which 59,66 million (72,7%) were in good standing and 22,38 million (27,3%) were impaired.

Consumers' credit-risk profiles are reflected in banks' risk appetite and lending criteria, impacting their access to credit and growth in household consumption expenditure against the background of a continued low level of savings.

Consumer financial vulnerability, as measured by the Bureau of Market Research (BMR), was marginally better in the first quarter of 2015 compared with the final quarter of 2014. At an overall Consumer Financial Vulnerability Index (CFVI) reading of 52,7 in the first quarter (51,2 in the preceding quarter), consumers remained financially mildly exposed. An index reading of 50-59,9 in the CFVI and its sub-indices indicates that consumers are financially mildly exposed. An index reading of 40-49,9 indicates that consumers are financially very exposed, whereas an index reading of 60-79,9 indicates that consumers are financially very secure. The sub-components of the CFVI were measured as follows in the first quarter of 2015:

- Income vulnerability: At 52,1 index points, consumers were mildly exposed.
- Expenditure vulnerability: At 56,7 index points, consumers were mildly exposed.
- Savings vulnerability: At 52,7 index points, consumers were mildly exposed.
- Debt service vulnerability: At 49,9 index points, consumers were very exposed.

According to Statistics South Africa's *Quarterly Labour Force Survey*, a total of 15,657 million people were employed in the formal and informal sectors of the economy in the second quarter of 2015. A total of 198 000, or 1,3%, more people were employed by the second quarter of the year compared with the first quarter. The unemployment rate was 25% in the second quarter, with a total of 5,23 million people being unemployed in the quarter.

Consumer confidence, as measured by the Bureau for Economic Research (BER), dropped to -15 index points in the second quarter of 2015 – its lowest level in 14½ years. Consumer confidence is measured by expectations regarding the outlook for the domestic economy, household finances and durable consumption expenditure. Consumer confidence remains an important factor with regard to the demand for credit, which is crucial for household consumption expenditure, especially the durable component thereof.

Property sector overview

Based on statistics supplied by Lightstone, there were around 6,1 million residential properties in South Africa with a total value of R4,34 trillion in the first quarter of 2015. Of the more than 6 million properties, about 2,11 million with a total value of R2,28 trillion were bonded and 3,99 million with a total value of R2,06 trillion were non-bonded (see relevant table at the back of the report).

Residential building activity has not performed particularly well in the first five months of 2015 compared with a year ago and remained largely subdued along the lines of the past 5-6 years against the background of economic, household finance and confidence factors. The planning phase, as reflected by the number of building plans approved, contracted somewhat up to May this year, whereas the construction phase, i.e. housing reported as being completed, showed some single-digit growth over the same period. There are, however, divergent trends at segment level that influenced the year-on-year growth in both the planning and construction phases.

The number of new housing units for which building plans were approved was marginally down by less than 1% y/y to almost 23 700 units in January to May. This was the net result of growth of just below 4% y/y in the segments for houses larger than 80m² and flats and townhouses, whereas the segment for houses smaller than 80m² showed a contraction of 8,6% y/y in the number of plans approved in the five-month period.

The number of new housing units constructed showed growth of 6,2% y/y to 15 500 units in the first five months of the year, which was largely driven by the two categories of houses, which each recorded growth in excess of 20% y/y. However, the segment of flats and townhouses posted a major contraction of more than 22% y/y in January to May.

Building confidence, based on the BER's building confidence index, declined somewhat further in the second quarter of 2015 from the first quarter, but remained above the neutral level of 50 with a reading of 53. The decline in overall building confidence mainly resulted from lower levels of confidence in the sectors of building material retailers and contractors as a result of subdued residential and non-residential building activity. The building confidence index measures prevailing business conditions in the building industry sub-sectors of architects, quantity surveyors, main building contractors, sub-contractors, manufacturers of building materials and retailers of building materials and hardware.

The variable mortgage interest rate remained stable at 9,25% per annum up to July this year when a rate hike of 25 basis points occurred. The impact of changes in the mortgage interest rate is reflected in the relevant tables at the back of the report, presenting monthly mortgage repayments for various loan amounts at various interest rates, as well as mortgage loan amounts based on various fixed monthly repayments at various interest rates. These calculations are based on a 20-year repayment term.

The residential mortgage market continued to show subdued growth up to the end of June this year, impacted by trends in the economy, household finances, consumer credit-risk profiles, banks' risk appetite and lending criteria and consumer confidence. Growth in the value of outstanding household mortgage balances remained low at just below the 3% level at the end of the first half of 2015. Outstanding mortgage balances are the net result of property transactions, mortgage finance paid out, capital and normal monthly repayments on mortgage loans as well as loans fully paid up.

According to the PayProp Rental Index for the first quarter of 2015, residential rental growth was between 5% and 6% in the quarter. The national average rental amount came to around R6 350 a month in the first quarter and has been above the R6 000 level for a full 12-month period. At a provincial level, the average rental was the highest in Gauteng, at R6 946 a month in the first quarter of the year, with rentals in the rest of the provinces ranging between R6 200 and R6 800 per month, except in North West, the Free State and the Eastern Cape where rentals ranged between R4 400 and R4 900 per month in the first quarter.

PayPorp calculated that the gross yield on rental property has remained relatively stable at around 7% between the first quarter of last year and the same quarter this year, with the net yield, i.e. after deduction of all costs such as commissions, rates and taxes and maintenance, declining from above 5% in early 2014 to below 5% in the first quarter of 2015. This is an indication that the cost of owning and maintaining a property is rising at a faster rate than rentals.

Based on Absa's house price data, nominal and real year-on-year house price growth was somewhat lower in most segments of the market in the second quarter of 2015 compared with the first quarter, driven by broad economic conditions impacting the household sector and which eventually become evident in the property market.

House prices

The gradual slowdown in nominal year-on-year growth in the average value of homes in the middle segment of the market, which commenced in the fourth quarter of last year, continued in the second quarter of this year. Declining real year-on-year house price growth came on the back of slower nominal price growth and rising inflation in the second quarter. Price growth in the affordable and luxury housing segments also tapered off in the second quarter of the year. The widespread slowdown in house price growth up to mid-2015 came against the background of economic developments and trends in household finances and consumer confidence.

The nominal price of a property refers to the price at which it was valued or transacted on the open market, i.e. market price, selling or purchase price and is reflected in a valuation, an offer to purchase, an application for mortgage finance and the transfer documents at registration.

The real price of a property is the nominal price adjusted for the effect of inflation, and is calculated to determine if the value of a property has increased at a rate above or below the inflation rate. In addition to the nominal price, real property price trends are thus important from a property investment point of view.

The residential property price trends presented in this report are based on the value of properties for which Absa received and approved applications for mortgage finance. As a result, price movements may reflect changed market strategies and lending criteria implemented by the bank, impacting differently on the various segments of housing analysed. Real price calculations are based on nominal prices deflated by the headline consumer price index. All price data series are seasonally adjusted and smoothed in an attempt to exclude the distorting effect of seasonal factors and outliers, which may have the effect of recent price data and growth rates differing from previously published figures.

Affordable housing

After rising by 9,2% y/y in the first quarter of 2015, the average nominal price of affordable housing (homes of $40m^2$ – $79m^2$ and priced up to R575 000 in 2015) increased by a still respectable 8,6% y/y to just more than R400 000 in the second quarter of the year. Real price inflation came to 3,9% y/y in the second quarter, down from 4,8% y/y in the first quarter.

Middle-segment housing

The average nominal price of a home in the middle segment of the market (homes of 80m² — 400m² and priced at R4,2 million or less in 2015) increased at a slower pace of 6,7% y/y to a level of R1 348 000 in the second quarter of the year from 7,7% y/y in the first quarter. Real price inflation in middle-segment housing dropped to 2% in the second quarter from 3,5% y/y in the first quarter.

The following price changes occurred in the three middle-segment categories in the second quarter of 2015:

- Small houses (80m² — 140m²): 1,9% y/y nominal and -2,5% y/y real.
- Medium-sized houses (141m² — 220m²): 6,1% y/y nominal and 1,4% y/y real.
- Large houses (221m² — 400m²): 4,3% y/y nominal and -0,2% y/y real.

Luxury housing

The average price of luxury housing (homes priced at between R4,2 million and R15,5 million in 2015), rising by double-digit growth since the third quarter of 2014, increased by a nominal 10,8% y/y to a level of about R5 914 000 in the second quarter of 2015 (11,9% y/y in the first quarter). In real terms, the average price in this category of housing was up by 5,9% y/y in the second quarter after real growth of 7,4% y/y in the preceding quarter.

As the sample size of luxury-segment housing is relatively small, a number of transactions of a higher value could have contributed to the strong price growth in recent quarters.

Regional house prices

The performance of the residential property market at geographical level is affected by national macroeconomic trends. However, regional property markets may react differently to these developments at macro level as a result of additional area-specific factors, such as location, physical infrastructure, sectoral economic composition and the level and extent of economic growth and development. These factors may affect property demand and supply conditions, market activity, buying patterns, transaction volumes and price levels and growth at regional level.

House price growth varied across the provinces and major metropolitan areas, with prices declining in some regions while rising in others in nominal and real terms in the second quarter of the year compared with a year ago.

The coastal areas performed relatively well in terms of year-on-year house price growth in the second quarter of the year, with a contraction in prices only evident along the KwaZulu-Natal South Coast. The coastal property market, normally having a relatively large investment and leisure focus, experienced significant downward price pressure in recent years against the background of financial strain in the household sector. However, a further improvement in market conditions along the coast is evident in view of still excellent buying opportunities in certain areas.

New and existing housing

The average price of a new home increased marginally by only 0,4% y/y in the second quarter of 2015, with real price deflation of 4% y/y that was recorded. The average price of a new home came to R1 793 200 in the second quarter.

The average price of an existing house increased by a nominal 7,1% y/y to R1 322 600 in the second quarter, which resulted in real year-on-year price growth of 2,4%. As a result, it was around R470 600, or 26,2%, cheaper to have bought an existing house than to have had a new one built in the second quarter of 2015.

Building costs

Building costs continued to increase at a rate above inflation, impacting prices of newly built homes and the cost of renovations and alterations to existing homes. The cost of having a new house built increased by 6,2% y/y in the second quarter of 2015, down from an increase of 9,6% y/y in the first quarter.

Factors impacting building costs include building material costs; equipment costs; transport costs; labour costs; developer and contractor profit margins; and the cost of developing land for residential purposes, which is impacted by aspects such as finance costs, land values, the cost of rezoning, the cost of preparing land for construction and holding costs in general.

Land values

Growth in the nominal value of vacant residential stands in the middle and luxury segments of the housing market for which Absa received applications and approved mortgage finance, slowed down to 1,1% to an average of about R592 000 in the second quarter of 2015, after rising by 9,4% y/y in the first quarter. In real terms residential land values were down by 3,3% y/y in the second quarter, after rising by 5,1% y/y in the preceding quarter.

The ratio of the average price of land for new middle-segment and luxury housing to the total value of a new residential property in these segments of the market was 25,6% in the second quarter of 2015, with this ratio averaging 27% since 2012.

Residential land values reflect the all-important factors of location, the availability of suitable land for development, the availability of municipal services such as electricity, water, sewerage and refuse removal, the availability, condition and accessibility of transport infrastructure and the proximity to places of work, schools, shopping centres, medical facilities, etc.

Affordability of housing

The affordability of housing continued to gradually deteriorate up to the first quarter of 2015, as reflected by the ratios of house prices and mortgage repayments to household disposable income. This was the net result of nominal house price growth of 7,7% y/y and nominal disposable income growth of 5,6% y/y in the quarter, while the mortgage interest rate was unchanged at 9,25% per annum in the first quarter.

Apart from trends in house prices and the mortgage interest rate, households' ability to afford housing is also influenced by other factors such as employment, income, savings, living costs, debt levels, credit-risk profiles (as reflected by the state of consumer credit records), National Credit Act stipulations and banks' risk appetite and lending criteria in the case of applications for mortgage finance to acquire property.

A downward/upward trend in the abovementioned two housing affordability ratios implies that house prices and mortgage repayments are rising at a slower/faster pace than household disposable income. The result is that housing is in effect becoming more/less affordable.

Outlook

The global economy

Based on projections by the International Monetary Fund (IMF), the world economy is to grow at 3,3% in 2015 and 3,8% in 2016, with growth still remaining uneven across the major economies and geographical regions. The prospect is for growth in advanced economies to improve gradually in 2015 from last year as a result of the supporting effect of lower oil prices, but the outlook for growth in emerging and developing countries is down from 2014 on the back of country-related aspects and the impact of lower commodity prices. Oil prices have rebounded since late January, with the risk of rising inflation in especially oil-importing countries, which will impact monetary policy and economic growth.

Growth in advanced economies is forecast by the IMF at 2,1% in 2015, marginally up from 1,8% in 2014, with growth expected to rise to 2,4% in 2016, with the following outlook for growth in the major advanced economies:

- US economic growth is projected at 2,5% in 2015, much on par with growth of 2,4% registered in 2014. A further uptick in growth to 3% is forecast for 2016. Monetary policy normalisation in the US is expected to start before year-end, implying higher interest rates from their current low levels. The Federal Reserve has, however, indicated on more than one occasion that interest rate hikes will be gradual and mainly driven by trends in key economic data.
- Economic growth in the Eurozone is forecast to improve to 1,5% in 2015 from 0,8% in 2014, with growth expected to rise somewhat further to 1,7% in 2016. The quantitative easing (QE) measures imposed by the European Central Bank earlier in the year will to a large extent be the main driver of economic growth in Europe over the 12-12 months. Despite a deal being reached between the European Union and Greece on structural reforms and financial aid to alleviate the country's dire sovereign debt situation, this issue remains a concern over the medium to longer term.
- Economic growth in the UK is forecast to slow down from 2,9% in 2014 to 2,4% in 2015 and 2,2% in 2016, with the looming prospect of rising interest rates in the not too distant future.
- The Japanese economy is projected to grow by 0,8% in 2015 after contracting marginally by 0,1% in 2014. Growth in 2016 is forecast at 1,2%, with earlier quantitative and qualitative easing (QQE) by the Bank of Japan and lower commodity prices to provide some support to economic activity in the rest of the year and during next year.

Economic growth in emerging and developing countries is forecast to be somewhat lower at 4,2% in 2015 from 4,6% last year, mainly as a result of lower commodity prices and slowing growth in China. Growth of 4,7% is projected for 2016. The growth prospects are as follows for some prominent economies in this group of countries:

- Chinese economic growth is expected to slow down from 7,4% in 2014 to 6,8% and 6,3% in 2015 and 2016 respectively. Chinese authorities have on more than one occasion announced stimulatory measures to support growth.
- Economic growth in India is forecast to remain steady at a healthy 7,5% in both 2015 and 2016, driven by policy reforms, lower commodity prices and rising levels of investment.
- The Russian economy is projected to contract by 3,4% in 2015 on the back of economic sanctions due to its alleged involvement in the conflict in Ukraine. Growth is expected to be only marginally positive by 0,2% in 2016.
- In sub-Saharan Africa economic growth is forecast to slow down from 5% in 2014 to 4,4% in 2015, largely driven by lower commodity prices, tightening global financial conditions, lower growth in trading-partner countries and the after-effect of the Ebola epidemic in some West African countries. Economic growth in the region is forecast to rebound to 5% in 2016.

The South African economy

The South African economy is forecast to grow by a real 2% in 2015 and 2,2% in 2016 on the back of global growth and domestic production and demand conditions. However, continued severe electricity supply constraints remain a significant risk to the performance of the economy, with higher inflation and interest rates in the rest of the year and in 2016 to affect economic growth.

After bottoming at below 4% y/y in February, headline consumer price inflation is forecast to rise to above 7% y/y in the first quarter of 2016 before slowing down to just below the upper limit of the inflation target range of 3%-6% by the end of next year. Inflation will be driven by factors such as food price inflation, electricity prices, the $/R exchange rate and oil prices, which will impact fuel price trends. The headline inflation rate is projected to average 5% in 2015 and 6,3% in 2016.

The forecast is for domestic interest rates to be hiked again later this year and through 2016 on the back of continued inflationary pressures and expected rising interest rates in especially the US over the next 12-18 months. Against this background domestic interest rates are forecast to be hiked by a further 25 basis points later this year and by a cumulative 75 basis points in 2016, which will bring commercial banks' prime lending and variable mortgage interest rates on which credit extension to consumers and businesses is based to a level of 9,75% per annum at year-end and 10,5% per annum by the end of next year.

The household sector

The state of and trends in household finances will continue to be driven by factors such as economic growth, employment, income growth, debt levels, inflation and interest rate trends. Economic and employment growth is forecast to remain relatively subdued in 2015-16, with growth in real household disposable income and consumption expenditure to stay closely correlated in view of an expected ongoing low level of savings. The ratio of household consumption expenditure to GDP is forecast at around 61% over the forecast period, reflecting the significant importance of the consumer sector in economic activity. The ratio of household debt to disposable income ratio is projected to remain relatively high at above 78% in the rest of the year and in next year. Consumers' credit-risk profiles will remain key to the accessibility of and growth in household credit, which will impact consumption expenditure in view of a severe lack of household savings.

The property market

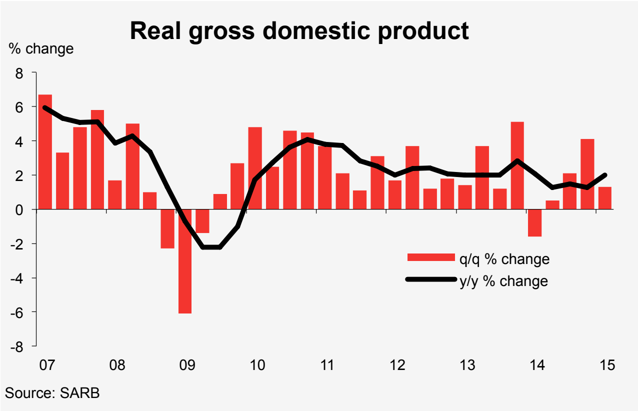
Factors that will drive the residential property market include macroeconomic trends, household finances and consumer confidence, which will affect the affordability of housing and the accessibility of and demand for mortgage finance. These factors will be reflected in trends in property demand and supply conditions, residential building activity, property prices, market activity, buying patterns, transaction volumes, growth in mortgage advances and home loan repayment patterns.

House price growth has softened since late 2014 and is forecast to remain in single digits in 2015 and 2016. Price growth is set to be lower this year compared with the past two years against the background of trends in and the outlook for key macroeconomic and household sector-related factors. Based on the current forecasts for nominal house price growth and consumer price inflation, marginal real price inflation is projected for this year and next year.

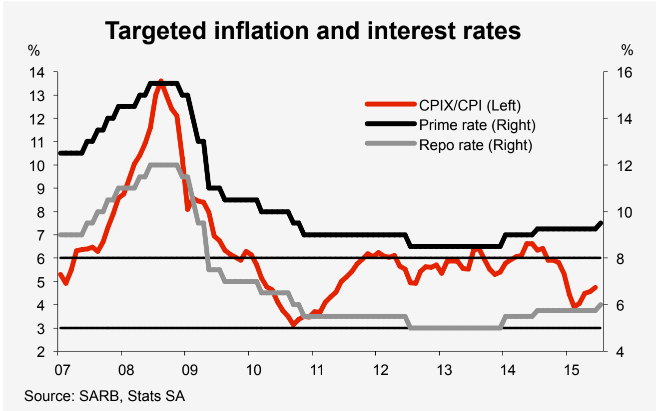
Growth in outstanding household mortgage balances, which has been below the 3% level since the start of 2013, is not forecast to show a significant improvement over the next 12-18 months against the background of expectations regarding interest rates, economic growth, the general state of household finances, credit-risk profiles and the level of consumer confidence.

In view of the abovementioned trends and prospects regarding the economy, the household sector and the property market in general, the subdued level of residential building activity of the past 5-6 years will probably continue over the forecast period, with some activity levels contracting and building confidence declining in the first half of the year.

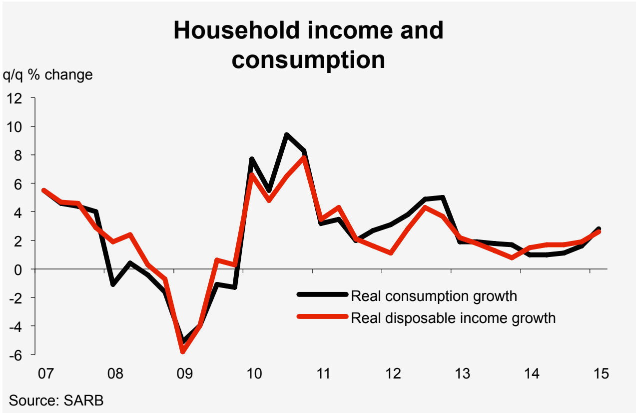
Graphs



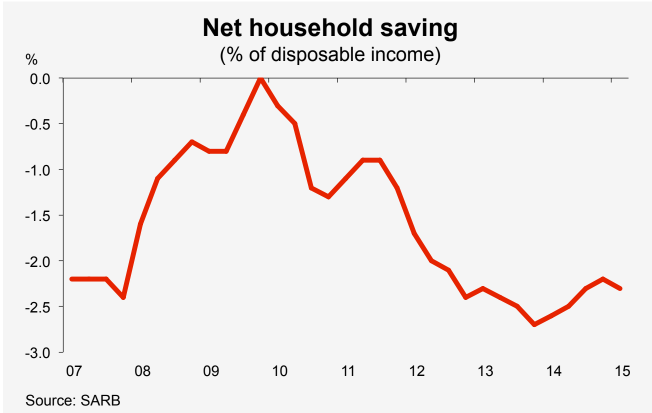
Real gross domestic product
% change
8
6
4
2
0
-2
-4
-6
-8
07
08
09
10
11
12
13
14
15
q/q % change
y/y % change
Source: SARB



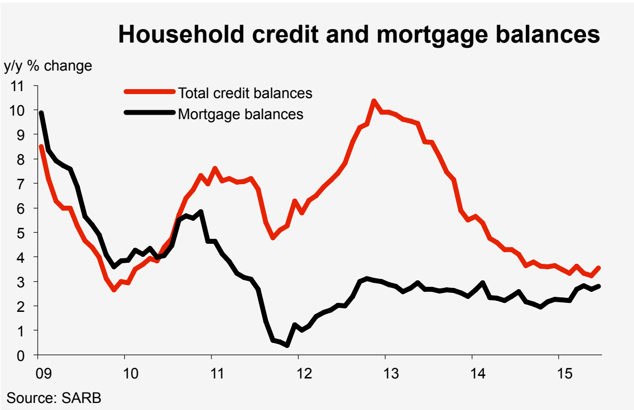
Targeted inflation and interest rates
%
%
14
13
12
11
10
9
8
7
6
5
4
3
2
16
14
12
10
8
6
4
07
08
09
10
11
12
13
14
15
CPIX/CPI (Left)
Prime rate (Right)
Repo rate (Right)
Source: SARB, Stats SA



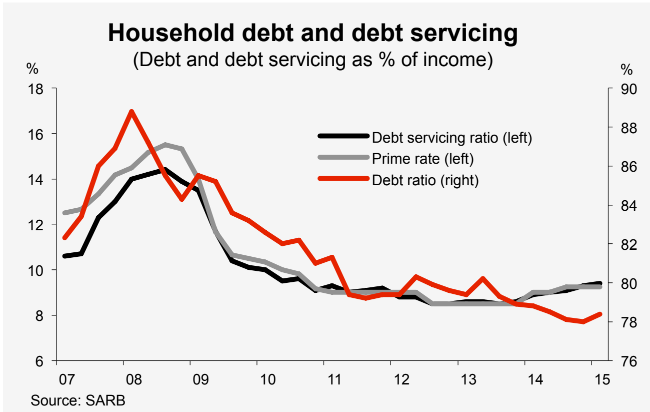
Household income and consumption
q/q % change
12
10
8
6
4
2
0
-2
-4
-6
07
08
09
10
11
12
13
14
15
Real consumption growth
Real disposable income growth
Source: SARB



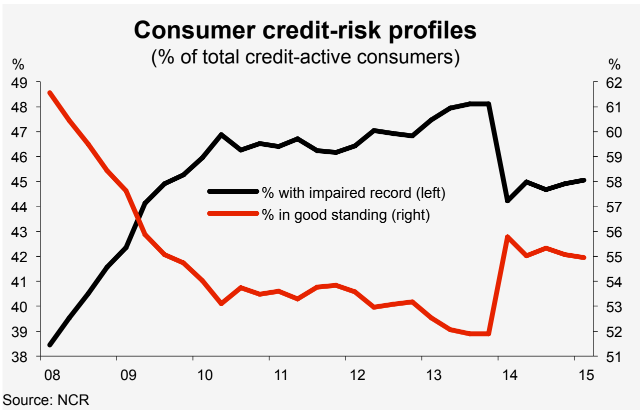
Net household saving
(% of disposable income)
%
0.0
-0.5
-1.0
-1.5
-2.0
-2.5
-3.0
07
08
09
10
11
12
13
14
15
Source: SARB



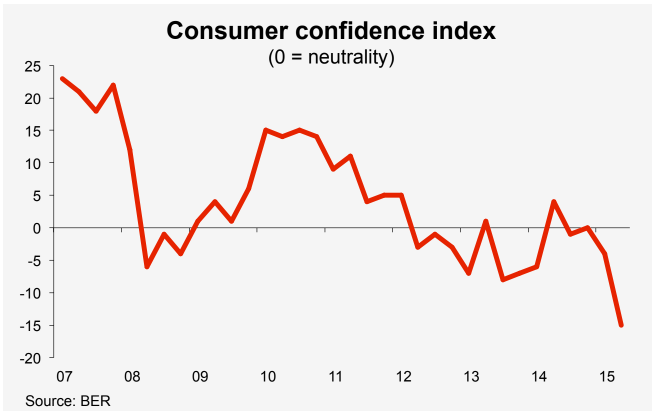
Household credit and mortgage balances
y/y % change
11
10
9
8
7
6
5
4
3
2
1
0
09
10
11
12
13
14
15
Total credit balances
Mortgage balances
Source: SARB



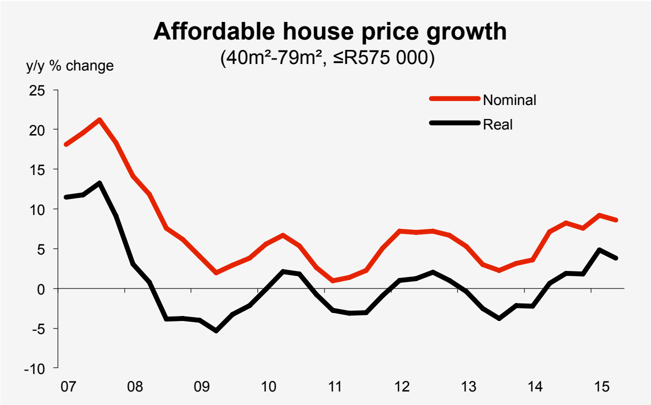
Household debt and debt servicing
(Debt and debt servicing as % of income)
%
%
18
16
14
12
10
8
6
90
88
86
84
82
80
78
76
07
08
09
10
11
12
13
14
15
Debt servicing ratio (left)
Prime rate (left)
Debt ratio (right)
Source: SARB

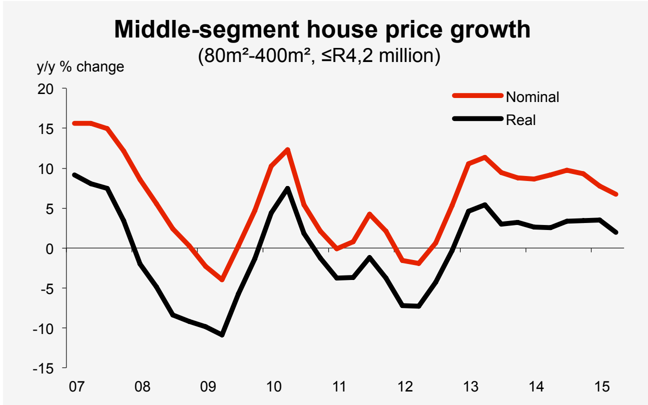


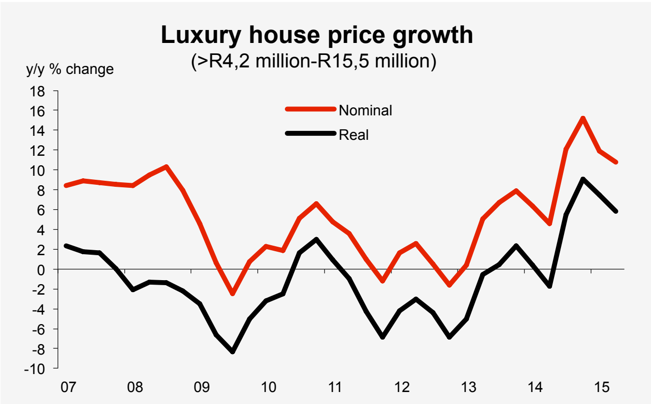
Consumer credit-risk profiles
(% of total credit-active consumers)
%
%
49
48
47
46
45
44
43
42
41
40
39
38
62
61
60
59
58
57
56
55
54
53
52
51
08
09
10
11
12
13
14
15
% with impaired record (left)
% in good standing (right)
Source: NCR

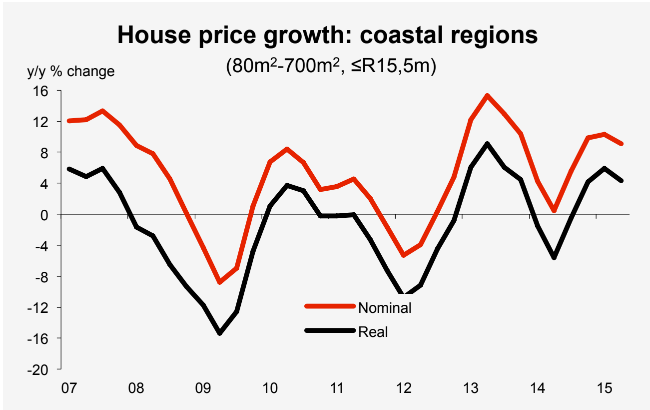


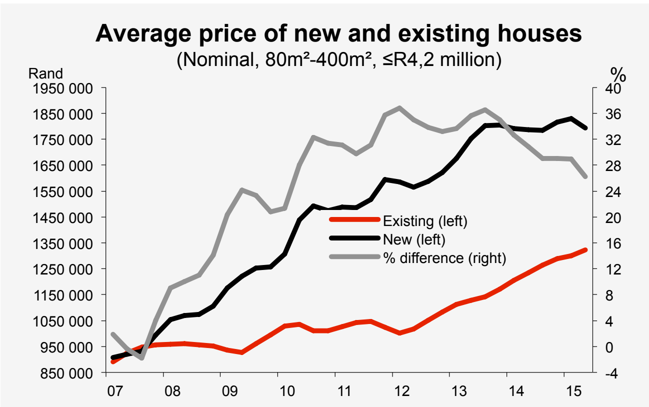
Consumer confidence index
(0 = neutrality)
25
20
15
10
5
0
-5
-10
-15
-20
07
08
09
10
11
12
13
14
15
Source: BER

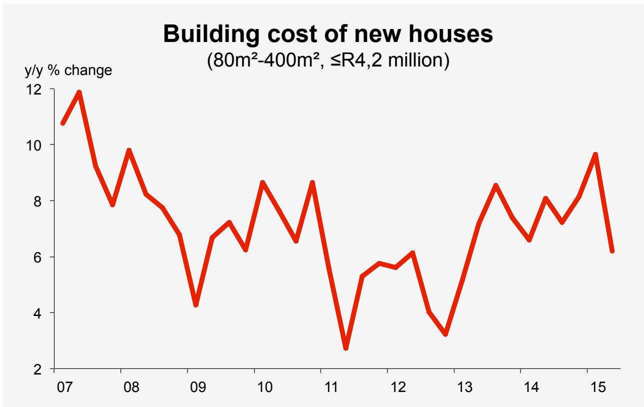

Affordable house price growth
(40m²-79m², ≤R575 000)
y/y % change
25 20 15 10 5 0 -5 -10
07 08 09 10 11 12 13 14 15
Nominal
Real

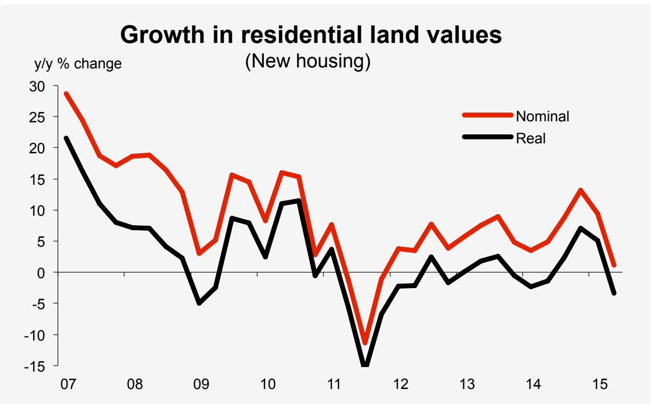

Middle-segment house price growth
(80m²-400m², ≤R4,2 million)
y/y % change
20 15 10 5 0 -5 -10 -15
07 08 09 10 11 12 13 14 15
Nominal
Real

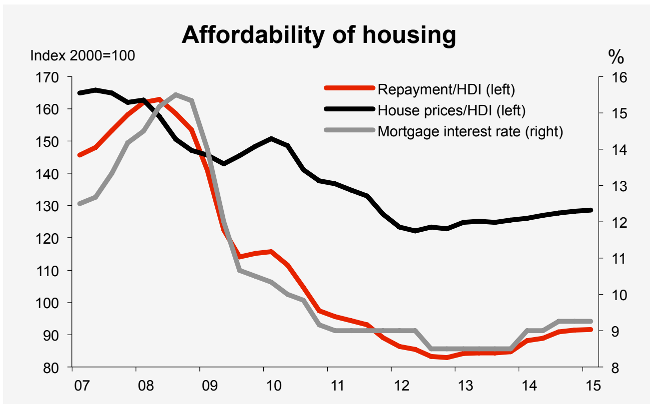

Luxury house price growth
(>R4,2 million-R15,5 million)
y/y % change
18 16 14 12 10 8 6 4 2 0 -2 -4 -6 -8 -10
07 08 09 10 11 12 13 14 15
Nominal
Real


House price growth: coastal regions
(80m²-700m², ≤R15,5m)
y/y % change
16 12 8 4 0 -4 -8 -12 -16 -20
07 08 09 10 11 12 13 14 15
Nominal
Real


Average price of new and existing houses
(Nominal, 80m²-400m², ≤R4,2 million)
Rand
%
1950 000 1850 000 1750 000 1650 000 1550 000 1450 000 1350 000 1250 000 1150 000 1050 000 950 000 850 000
40 36 32 28 24 20 16 12 8 4 0 -4
07 08 09 10 11 12 13 14 15
Existing (left)
New (left)
% difference (right)


Building cost of new houses
(80m²-400m², ≤R4,2 million)
y/y % change
12 10 8 6 4 2
07 08 09 10 11 12 13 14 15


Growth in residential land values
(New housing)
y/y % change
30 25 20 15 10 5 0 -5 -10 -15
07 08 09 10 11 12 13 14 15
Nominal
Real


Affordability of housing
Index 2000=100
%
170 160 150 140 130 120 110 100 90 80
16 15 14 13 12 11 10 9 8
07 08 09 10 11 12 13 14 15
Repayment/HDI (left)
House prices/HDI (left)
Mortgage interest rate (right)

Statistics

Residential property stock[1]						
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	% share[2]
Number of properties						
Total number	6 034 525	6 046 532	6 059 277	6 073 729	6 097 525	100.0
Bonded	2 125 360	2 119 914	2 112 264	2 109 406	2 105 475	34.5
Non-bonded	3 909 165	3 926 618	3 947 013	3 964 323	3 992 050	65.5
Freehold properties (excluding estate properties)	5 004 898	5 012 929	5 020 512	5 029 706	5 044 570	82.7
Bonded	1 500 969	1 495 858	1 488 080	1 484 266	1 478 563	29.3
Non-bonded	3 503 929	3 517 071	3 532 432	3 545 440	3 566 007	70.7
Sectional title properties (excluding estate properties)	716 716	719 220	722 868	726 554	731 428	12.0
Bonded	426 948	427 001	426 926	427 577	428 544	58.6
Non-bonded	289 768	292 219	295 942	298 977	302 884	41.4
Estate properties[3]	312 911	314 383	315 897	317 469	321 527	5.3
Bonded	196 977	197 212	197 278	197 624	198 639	61.8
Non-bonded	115 934	117 171	118 619	119 845	122 888	38.2
Property value (R billion)						
Total value	4 049	4 123	4 196	4 268	4 341	100.0
Bonded	2 169	2 199	2 224	2 252	2 279	52.5
Non-bonded	1 879	1 924	1 972	2 016	2 063	47.5
Freehold properties (excluding estate properties)	2 839	2 888	2 935	2 983	3 033	69.9
Bonded	1 447	1 464	1 479	1 494	1 511	49.8
Non-bonded	1 391	1 423	1 457	1 489	1 521	50.2
Sectional title properties (excluding estate properties)	606	619	632	645	658	15.2
Bonded	351	357	363	369	374	56.8
Non-bonded	255	262	270	277	284	43.2
Estate properties[3]	603	616	628	639	651	15.0
Bonded	370	377	383	388	394	60.5
Non-bonded	233	239	245	251	257	39.5

[1]Housing and vacant land, excluding housing on agricultural smallholdings and farms
[2]Latest available quarter. Percentage share may not add up due to rounding
[3]Freehold properties, sectional title properties and vacant land
Historical data may be revised due to the inclusion of lagged information and the re-estimation of property values
Source: Lightstone

Monthly mortgage repayment

Rand, calculated over a period of 20 years

Mortgage	Repayment at a mortgage rate of													
amount	9.00%	9.25%	9.50%	9.75%	10.0%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%	11.75%	12.00%	12.25%
100 000	900	916	932	949	965	982	998	1 015	1 032	1 049	1 066	1 084	1 101	1 119
200 000	1 799	1 832	1 864	1 897	1 930	1 963	1 997	2 030	2 064	2 099	2 133	2 167	2 202	2 237
300 000	2 699	2 748	2 796	2 846	2 895	2 945	2 995	3 046	3 097	3 148	3 199	3 251	3 303	3 356
400 000	3 599	3 663	3 729	3 794	3 860	3 927	3 994	4 061	4 129	4 197	4 266	4 335	4 404	4 474
500 000	4 499	4 579	4 661	4 743	4 825	4 908	4 992	5 076	5 161	5 246	5 332	5 419	5 505	5 593
600 000	5 398	5 495	5 593	5 691	5 790	5 890	5 990	6 091	6 193	6 296	6 399	6 502	6 607	6 711
700 000	6 298	6 411	6 525	6 640	6 755	6 872	6 989	7 107	7 225	7 345	7 465	7 586	7 708	7 830
800 000	7 198	7 327	7 457	7 588	7 720	7 853	7 987	8 122	8 258	8 394	8 531	8 670	8 809	8 949
900 000	8 098	8 243	8 389	8 537	8 685	8 835	8 985	9 137	9 290	9 443	9 598	9 753	9 910	10 067
1 000 000	8 997	9 159	9 321	9 485	9 650	9 816	9 984	10 152	10 322	10 493	10 664	10 837	11 011	11 186
1 500 000	13 496	13 738	13 982	14 228	14 475	14 725	14 976	15 228	15 483	15 739	15 996	16 256	16 516	16 778
2 000 000	17 995	18 317	18 643	18 970	19 300	19 633	19 968	20 305	20 644	20 985	21 329	21 674	22 022	22 371
2 500 000	22 493	22 897	23 303	23 713	24 126	24 541	24 959	25 381	25 805	26 231	26 661	27 093	27 527	27 964

Mortgage amount at fixed monthly repayment

Rand, calculated over a period of 20 years

Mortgage	Mortgage amount at a mortgage rate of													
repayment	9.00%	9.25%	9.50%	9.75%	10.0%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%	11.75%	12.00%	12.25%
1 000	111 145	109 186	107 281	105 428	103 625	101 870	100 162	98 500	96 882	95 306	93 771	92 276	90 819	89 400
2 000	222 290	218 372	214 562	210 856	207 249	203 740	200 325	197 000	193 763	190 611	187 542	184 552	181 639	178 801
3 000	333 435	327 559	321 843	316 283	310 874	305 610	300 487	295 500	290 645	285 917	281 313	276 828	272 458	268 201
4 000	444 580	436 745	429 124	421 711	414 498	407 480	400 649	394 000	387 526	381 222	375 083	369 103	363 278	357 601
5 000	555 725	545 931	536 405	527 139	518 123	509 350	500 811	492 500	484 408	476 528	468 854	461 379	454 097	447 001
6 000	666 870	655 117	643 686	632 567	621 748	611 220	600 974	591 000	581 289	571 834	562 625	553 655	544 916	536 402
7 000	778 015	764 303	750 967	737 994	725 372	713 090	701 136	689 500	678 171	667 139	656 396	645 931	635 736	625 802
8 000	889 160	873 489	858 248	843 422	828 997	814 960	801 298	788 000	775 052	762 445	750 167	738 207	726 555	715 202
9 000	1 000 305	982 676	965 529	948 850	932 622	916 830	901 460	886 500	871 934	857 751	843 938	830 483	817 375	804 603
10 000	1 111 450	1 091 862	1 072 810	1 054 278	1 036 246	1 018 700	1 001 623	984 999	968 815	953 056	937 708	922 759	908 194	894 003
15 000	1 667 174	1 637 793	1 609 216	1 581 416	1 554 369	1 528 050	1 502 434	1 477 499	1 453 223	1 429 584	1 406 563	1 384 138	1 362 291	1 341 004
20 000	2 222 899	2 183 724	2 145 621	2 108 555	2 072 492	2 037 400	2 003 245	1 969 999	1 937 631	1 906 112	1 875 417	1 845 517	1 816 388	1 788 006
25 000	2 778 624	2 729 654	2 682 026	2 635 694	2 590 615	2 546 750	2 504 057	2 462 499	2 422 038	2 382 641	2 344 271	2 306 896	2 270 485	2 235 007

Average nominal house prices

	2011 Rand	2012 Rand	2013 Rand	2014 Rand	2014 Q2 Rand	2014 Q3 Rand	2014 Q4 Rand	2015 Q1 Rand	2015 Q2 Rand	2015 Q2 q/q %Δ	2015 Q2 y/y %Δ
National											
Middle segment (80m²-400m², ≤R4,2m)	1 054 551	1 061 029	1 167 327	1 275 254	1 263 164	1 290 186	1 314 428	1 328 764	1 347 801	1.4	6.7
Small (80m²-140m², ≤R4,2m)	736 951	701 356	751 672	826 248	820 601	833 840	861 956	860 136	836 541	-2.7	1.9
Medium (141m²-220m², ≤R4,2m)	987 018	1 018 110	1 078 719	1 159 009	1 146 915	1 168 139	1 191 004	1 199 848	1 216 671	1.4	6.1
Large (221m²-400m², ≤R4,2m)	1 487 306	1 519 950	1 672 605	1 803 447	1 799 673	1 822 764	1 833 596	1 842 794	1 877 851	1.9	4.3
New (80m²-400m², ≤R4,2m)	1 521 377	1 589 473	1 758 584	1 794 000	1 786 105	1 783 320	1 816 128	1 830 386	1 793 199	-2.0	0.4
Existing (80m²-400m², ≤R4,2m)	1 034 838	1 038 087	1 138 773	1 248 342	1 234 779	1 265 022	1 288 258	1 300 696	1 322 600	1.7	7.1
Affordable (40m²-79m², ≤R575 000)	315 632	337 119	348 778	371 752	368 995	376 162	382 401	392 500	400 868	2.1	8.6
Luxury (R4,2m-R15,5m)	4 770 531	4 804 706	5 057 237	5 541 063	5 338 276	5 706 327	5 883 220	5 846 052	5 914 049	1.2	10.8
Provinces											
Eastern Cape	895 434	907 228	961 697	1 009 970	1 023 874	996 750	984 701	1 037 822	1 143 691	10.2	11.7
Free State	893 443	870 297	942 530	1 055 654	1 074 853	1 033 200	1 089 126	1 102 019	1 079 919	-2.0	0.5
Gauteng	1 116 912	1 102 832	1 203 212	1 319 485	1 301 037	1 336 064	1 372 234	1 384 730	1 421 015	2.6	9.2
KwaZulu-Natal	966 444	936 264	1 083 758	1 180 930	1 163 722	1 186 281	1 203 664	1 179 208	1 207 467	2.4	3.8
Limpopo	879 009	935 288	1 015 953	1 062 945	1 069 141	1 071 980	1 069 303	1 100 621	1 166 103	5.9	9.1
Mpumalanga	903 350	929 448	1 031 954	1 094 862	1 105 550	1 105 076	1 089 927	1 066 936	1 048 829	-1.7	-5.1
North West	844 787	871 836	919 699	954 793	955 143	962 093	940 530	927 589	939 946	1.3	-1.6
Northern Cape	774 591	868 056	995 900	1 082 924	1 087 503	1 081 768	1 075 675	1 052 896	1 071 589	1.8	-1.5
Western Cape	1 158 489	1 194 249	1 297 055	1 440 475	1 410 887	1 473 950	1 518 295	1 529 231	1 501 260	-1.8	6.4
Metropolitan regions											
PE/Uitenhage (Eastern Cape)	869 562	861 550	901 176	908 178	903 127	901 062	914 315	942 046	978 589	3.9	8.4
East London (Eastern Cape)	1 001 023	1 055 189	1 158 544	1 181 422	1 204 277	1 114 308	1 163 091	1 286 922	1 344 509	4.5	11.6
Bloemfontein (Free State)	1 108 989	1 104 869	1 205 959	1 412 036	1 437 026	1 464 654	1 405 848	1 386 296	1 390 223	0.3	-3.3
Greater Johannesburg (Gauteng)	1 161 839	1 132 429	1 211 241	1 336 886	1 319 603	1 360 678	1 384 236	1 370 870	1 430 591	4.4	8.4
Johannesburg Central & South	903 194	867 094	865 261	989 515	1 003 919	1 006 422	980 234	948 752	995 665	4.9	-0.8
Johannesburg North & West	1 409 375	1 425 046	1 500 350	1 678 395	1 687 233	1 710 197	1 690 635	1 724 718	1 801 602	4.5	6.8
East Rand	1 023 303	1 016 394	1 104 866	1 165 490	1 151 894	1 185 251	1 206 580	1 207 832	1 224 661	1.4	6.3
Pretoria (Gauteng)	1 182 929	1 184 264	1 311 805	1 461 013	1 450 289	1 488 387	1 513 180	1 546 627	1 556 824	0.7	7.3
Durban/Pinetown (KwaZulu-Natal)	1 022 709	1 000 570	1 092 206	1 159 380	1 152 252	1 163 006	1 184 558	1 172 115	1 229 460	4.9	6.7
Cape Town (Western Cape)	1 182 426	1 237 378	1 340 003	1 514 468	1 479 748	1 546 121	1 602 745	1 617 551	1 600 555	-1.1	8.2
Coastal regions											
South Africa	1 232 273	1 219 061	1 373 650	1 442 687	1 393 345	1 465 863	1 526 410	1 528 149	1 520 406	-0.5	9.1
Western Cape	1 316 731	1 313 486	1 462 103	1 585 670	1 518 913	1 617 319	1 706 530	1 728 094	1 682 693	-2.6	10.8
West Coast	1 334 582	1 235 534	1 396 356	1 468 575	1 403 157	1 464 510	1 641 476	1 821 871	1 712 022	-6.0	22.0
Cape Peninsula and False Bay	1 271 126	1 310 504	1 486 196	1 614 855	1 544 153	1 645 240	1 699 398	1 682 572	1 681 139	-0.1	8.9
Southern Cape	1 428 664	1 354 643	1 443 678	1 576 241	1 510 190	1 616 275	1 741 404	1 767 139	1 672 068	-5.4	10.7
Eastern Cape	1 081 810	1 109 871	1 099 425	1 162 498	1 135 108	1 209 894	1 198 948	1 205 526	1 305 102	8.3	15.0
KwaZulu-Natal	1 276 315	1 187 054	1 473 253	1 428 101	1 397 919	1 367 507	1 430 122	1 411 196	1 471 744	4.3	5.3
South Coast	1 020 603	1 003 240	1 082 696	1 072 126	1 091 260	1 044 067	1 024 386	1 190 625	1 390 245	16.8	27.4
North Coast	1 405 018	1 310 305	1 664 255	1 631 516	1 627 914	1 631 050	1 620 310	1 508 032	1 507 179	-0.1	-7.4

House prices are based on the total smoothed purchase price of houses (including all improvements) in respect of which loan applications were approved by Absa Bank.
House prices for the provinces and metropolitan regions are smoothed for all houses between 80m² and 400m², up to R4,2 million in 2015.
House prices for the coastal regions are smoothed for all houses between 80m² and 700m², up to R15,5 million in 2015.

Average nominal house prices by middle-segment category in the second quarter of 2015

	Small: 80m² - 140m² Price Rand	Small q/q %Δ	Small y/y %Δ	Medium: 141m² - 220m² Price Rand	Medium q/q %Δ	Medium y/y %Δ	Large: 221m² - 400m² Price Rand	Large q/q %Δ	Large y/y %Δ
National and provinces									
South Africa	836 541	-2.7	1.9	1 216 671	1.4	6.1	1 877 851	1.9	4.3
Eastern Cape	650 906	-2.1	-3.7	1 006 063	4.0	6.1	1 776 369	8.8	12.8
Free State	945 868	11.3	26.7	832 531	-3.3	-9.9	1 400 628	-3.3	-0.8
Gauteng	807 831	-5.0	-5.4	1 218 336	-0.4	7.3	1 897 571	-0.3	1.5
KwaZulu-Natal	795 150	2.2	16.8	1 115 557	3.0	5.5	1 835 444	6.7	12.8
Mpumalanga	665 204	-8.6	-16.0	1 016 858	-1.8	-0.9	1 418 236	0.4	-1.6
North West	667 238	6.4	1.6	873 439	-1.0	-3.4	1 310 911	2.8	-2.2
Northern Cape	700 081	-1.0	8.3	1 050 768	3.7	-6.4	1 592 521	-4.2	4.8
Limpopo	687 128	4.9	-4.3	1 147 284	10.6	19.2	1 729 319	18.3	20.9
Western Cape	1 027 975	-3.4	10.8	1 443 777	-0.3	6.9	2 188 447	0.1	7.0
Metropolitan regions									
PE/Uitenhage (Eastern Cape)	637 859	1.2	-1.8	807 635	-7.8	-1.6	1 806 134	16.6	21.4
East London (Eastern Cape)	748 891	-0.9	-7.0	1 283 560	14.5	23.2	1 948 477	0.0	3.1
Bloemfontein (Free State)	1 109 408	7.0	10.7	1 237 837	4.6	2.3	1 709 680	-1.8	-5.3
Greater Johannesburg (Gauteng)	834 268	-4.4	-10.3	1 239 137	1.8	4.7	1 960 817	1.1	4.5
Johannesburg Central & South	585 003	1.0	-7.4	967 167	0.9	6.4	1 694 925	10.0	11.7
Johannesburg North & West	962 786	2.8	13.0	1 637 942	6.3	14.9	2 234 477	0.5	3.3
East Rand	853 545	-13.5	-18.2	1 045 410	-0.1	-3.9	1 633 246	-0.1	3.8
Pretoria (Gauteng)	756 844	-7.7	-3.8	1 329 943	-0.2	9.3	2 015 704	-1.8	0.0
Durban/Pinetown (KwaZulu-Natal)	825 490	-0.8	14.8	1 194 988	6.0	18.3	1 914 652	12.0	14.7
Cape Town (Western Cape)	1 114 016	-3.2	12.6	1 600 455	2.4	9.2	2 389 030	1.8	8.5

House prices are based on the total smoothed purchase price of houses (including all improvements) between 80m² and 400m², up to R4,2 million, in respect of which loan applications

Key variables and projections

Annual averages

		2009	2010	2011	2012	2013	2014	2015	2016
World									
Gross domestic product	Real % Δ	2.7	-0.4	5.2	3.9	3.4	3.4	3.3	3.8
Advanced economies	Real % Δ	0.1	-3.4	3.0	1.7	1.4	1.8	2.1	2.4
Emerging market and developing economies	Real % Δ	5.9	3.1	7.5	6.3	5.0	4.6	4.2	4.7
South Africa									
Gross domestic product	Real % Δ	-1.5	3.0	3.2	2.2	2.2	1.5	2.0	2.2
$/R exchange rate	Rand per US$	8.44	7.32	7.25	8.21	9.65	10.84	12.30	13.21
Headline consumer price inflation rate	%	7.1	4.3	5.0	5.7	5.8	6.1	5.0	6.3
Mortgage interest rate (end of period)	%	10.50	9.00	9.00	8.50	8.50	9.25	9.75	10.50
Household disposable income	Real % Δ	-2.1	3.7	4.6	2.4	2.5	1.5	2.2	3.0
Household final consumption expenditure	Real % Δ	-2.6	3.9	4.9	3.4	2.9	1.4	1.8	2.2
Household final consumption expenditure	% of GDP	59.5	59.0	59.4	60.0	60.6	60.6	60.5	61.0
Household saving to disposable income	%	-0.5	-0.8	-1.1	-2.1	-2.5	-2.4	-2.1	-1.3
Household debt to disposable income	%	84.4	81.9	79.8	79.8	79.5	78.3	78.5	78.3
House prices (80m²-400m², ≤R4m)	Nominal % Δ	-0.4	7.4	1.8	0.6	10.0	9.2	6.0	6.5
House prices (80m²-400m², ≤R4m)	Real % Δ	-7.0	3.0	-3.1	-4.8	4.0	3.0	1.0	0.2

Source: IMF, SARB, Stats SA, Absa