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## Credit and mortgage advances

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### Household credit and mortgage balances growth remaining low

Year-on-year (y/y) growth in the value of outstanding credit balances in the South African household sector was recorded at 3,7% at the end of July 2015 and has been below the 4% level for the past twelve months.

Growth in the value of household secured credit balances (R1 094,2 billion and 75,7% of total household credit balances) was unchanged at 2,9% y/y at end-July from the end of June. Growth in instalment sales balances slowed down further to 3,8% y/y, whereas growth in mortgage balances remained stable.

Household unsecured credit balances (R351,3 billion and 24,3% of total household credit balances) recorded growth of 5,9% y/y at end-July, up from 5,5% y/y the end of June. The acceleration in growth in unsecured balances was the result of growth in general loans and advances (60,6% of household unsecured balances) rising to 5,6% y/y from 4,9% y/y at the end of June, while growth in overdraft balances (10,7% share) increased from 0,4% y/y at the end of June to 4,7% y/y at end-July.

Private sector mortgage balances, consisting of commercial and residential mortgages, recorded growth of 5% y/y at the end of July. The outstanding value of household mortgage balances increased to R848,2 billion up to July, showing growth of 2,8% y/y over the seven-month period. Year-on-year growth in this component of household credit balances is below the 3% level since January 2013, which is an indication of trends in household finances and consumer confidence.

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.

Macroeconomic developments and their impact on household finances and consumer confidence will remain key driving factors of household credit and its various components in the rest of the year. With interest rates forecast to rise again later this year and in 2016, which will impact the affordability of credit and add to consumers' financial strain, growth in household credit balances, including mortgage balances, is forecast to remain subdued over the next 12-18 months.

### Credit and mortgage balances<sup>1</sup>

Period	Private sector credit balances <sup>2</sup>		Household credit balances			Total mortgage balances <sup>3</sup>		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
July 2014	2 743.1	9.7	1 394.5	4.1	50.8	1 138.2	3.7	825.1	2.7	72.5	59.2
August 2014	2 758.1	8.7	1 391.6	3.6	50.5	1 141.8	3.5	823.6	2.2	72.1	59.2
September 2014	2 776.8	8.7	1 396.0	3.8	50.3	1 144.7	3.3	824.3	2.1	72.0	59.0
October 2014	2 784.6	9.0	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	2 862.3	9.1	1 420.1	3.5	49.6	1 162.6	4.7	830.4	2.2	71.4	58.5
February 2015	2 886.2	8.6	1 427.4	3.3	49.5	1 169.9	4.4	836.4	2.2	71.5	58.6
March 2015	2 918.1	8.7	1 430.0	3.6	49.0	1 174.9	4.7	837.8	2.7	71.3	58.6
April 2015	2 932.3	9.3	1 429.7	3.3	48.8	1 179.7	4.9	839.7	2.8	71.2	58.7
May 2015	2 947.8	9.3	1 433.5	3.2	48.6	1 183.6	4.8	842.1	2.7	71.1	58.7
June 2015	2 941.6	8.0	1 438.7	3.5	48.9	1 188.5	4.8	845.0	2.8	71.1	58.7
July 2015	2 970.9	8.3	1 445.5	3.7	48.7	1 194.6	5.0	848.1	2.8	71.0	58.7

<sup>1</sup>End of period

<sup>2</sup>Comprising corporate and household credit

<sup>3</sup>Comprising commercial and residential mortgages

Source: SARB

