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## Credit and mortgage advances

29 October 2015

### Further uptick in household credit and mortgage balances growth

The first nine months of 2015 saw the value of outstanding credit balances in the South African household sector rising by 4,3% year-on-year (y/y). The further uptick in growth towards the end of September from the preceding month came on the back of faster growth in household secured credit balances, driven by higher growth in the component of mortgage balances, whereas growth in unsecured credit balances was somewhat lower at end-September from end-August.

Growth in the value of household secured credit balances (R1 102,5 billion and 75,7% of total household credit balances) increased to 3,6% y/y at end-September from 3,4% y/y at the end of August, driven by faster growth in mortgage balances on the back of some base effects. Growth in instalment sales balances, 22,1% of household secured balances and mainly related to vehicle finance, continued its declining trend to 3,3% y/y in the nine-month period up to the end of September, with growth at its lowest levels since July 2007. The downward trend in instalment sales balances growth remains firmly in line with new vehicle sales volumes which dropped by 4% y/y in the first nine months of the year.

Household unsecured credit balances (R353,4 billion and 24,3% of total household credit balances) registered growth of 6,6% y/y at end-September, down from 6,8% y/y at the end of August. The slightly lower growth in unsecured balances came on the back of slower growth in the components of credit cards (down to 7,1% y/y from 7,4% y/y at end-August) and overdrafts (down to 8,8% y/y from 10% y/y at end-August), whereas growth in general loans and advances remained unchanged at 6% y/y by end-September compared with end-August.

Private sector mortgage balances, comprising commercial and residential mortgages, recorded growth of 6% y/y at end-September compared with 5,3% y/y at the end of August this year. This was the result of higher growth in both abovementioned components of private sector mortgage balances. The value of outstanding household mortgage balances increased to R855,8 billion in the nine-month period from January to September, showing growth of 3,8% y/y over this period. The further increase in mortgage balances growth from 3,5% y/y at end-August was to some extent due to the base effects of declining growth in the outstanding balances in August and September 2014, which continued up to October last year. 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.

Despite the recent slightly rising trend in year-on-year growth in household credit and mortgage balances, developments in and the outlook for the economy, household finances and consumer confidence will remain key driving factors of the demand for and growth in household credit in the rest of the year and in 2016. Economic and employment growth is set to remain relatively low over this period, with expected inflationary pressures to contribute to further interest rate hikes up to end-2016. Should these expectations materialise, consumer finances and confidence will be adversely affected. Against this background, growth in household credit balances, including mortgages, is forecast to stay in single-digit territory in the rest of the year and during next year.

### 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
September 2014	2 774.4	8.6	1 396.0	3.8	50.3	1 144.7	3.3	824.3	2.1	72.0	59.0
October 2014	2 781.9	8.9	1 401.4	3.6	50.4	1 150.3	3.4	825.2	2.0	71.7	58.9
November 2014	2 813.5	9.1	1 406.3	3.6	50.0	1 155.7	4.0	827.8	2.2	71.6	58.9
December 2014	2 808.7	8.5	1 411.9	3.6	50.3	1 157.7	4.3	828.3	2.3	71.5	58.7
January 2015	2 860.3	9.0	1 420.1	3.5	49.6	1 162.6	4.7	830.4	2.2	71.4	58.5
February 2015	2 884.3	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	2 941.5	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	8.4	1 445.5	3.6	48.7	1 194.6	5.0	848.1	2.8	71.0	58.7
August 2015	2 992.0	8.6	1 449.7	4.2	48.5	1 202.7	5.3	852.5	3.5	70.9	58.8
September 2015	3 007.2	8.4	1 455.9	4.3	48.4	1 213.6	6.0	855.8	3.8	70.5	58.8

<sup>1</sup>End of period

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

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

Source: SARB

