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Note: The value of and growth in outstanding credit balances, especially unsecured credit, were affected by the inclusion of data related to African Bank as from April 2016. As a result, year-on-year growth in household credit balances and some of its unsecured components may be distorted for a 12-month period.

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## Credit and mortgage advances

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### Household credit balances growth slowing down further

Growth in outstanding credit balances in the South African household sector dropped to 1,4% year-on-year (y/y) at the end of July 2016, which was the lowest year-on-year growth on record in the past 15 years. This low growth is *inter alia* the result of data distortions related to developments regarding unsecured credit balances (see explanatory note). The value of household credit balances amounted to R1 465,9 billion at end-July.

The value of household secured credit balances (R1 128,6 billion and 77% of total household credit balances) registered growth of 3,1% y/y up to July (3,8% y/y in June). This was the combined result of growth in household mortgage balances (see below) as well as growth in instalment sales balances, which was in negative territory to the tune of -0,3% y/y at the end of July.

The value of household unsecured credit balances was virtually unchanged at R337,2 billion (23% of total household credit balances) at the end of July compared with end-June. Unsecured credit balances contracted by 4% y/y as a result of the abovementioned data distortions. The pace of contraction in general loans and advances (mainly personal loans and micro finance) accelerated further to 7,3% y/y up to the end of July.

Growth in total private sector mortgage balances (R1 262,6 billion and 39,8% of total private sector credit balances of R3 172,1 billion), consisting of household and corporate mortgages, slowed down to 5,7% y/y at end-July from 6% y/y at end-June. Corporate mortgage balances growth came in at 9,4% y/y at end-July compared with growth of 10,6% y/y at the end of June. Growth in household mortgage balances was fairly stable since April, with growth of 4,2% y/y up to the end of July. Household mortgage balances amounted to R883,9 billion at end-July, which came to 70% of total mortgage balances, 60,3% of total household credit balances and 27,9% of total private sector credit balances. 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.

The household sector is expected to face continued financial strain in the rest of the year and into 2017, mainly driven by a poorly performing economy, inflationary pressures and expected higher interest rates in coming months. These developments will further dampen levels of confidence, which will contribute to continued subdued growth in household credit extension.

### 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
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	3 006.6	8.4	1 455.9	4.3	48.4	1 213.6	6.0	855.8	3.8	70.5	58.8
October 2015	3 028.6	8.9	1 463.8	4.5	48.3	1 219.1	6.0	860.5	4.3	70.6	58.8
November 2015	3 081.7	9.5	1 471.5	4.6	47.8	1 228.9	6.3	864.2	4.4	70.3	58.7
December 2015	3 094.4	10.2	1 475.1	4.5	47.7	1 229.0	6.2	864.4	4.4	70.3	58.6
January 2016	3 104.4	8.5	1 485.1	4.6	47.8	1 232.0	6.0	867.8	4.5	70.4	58.4
February 2016	3 144.2	9.0	1 495.4	4.8	47.6	1 244.0	6.3	876.0	4.7	70.4	58.6
March 2016	3 173.2	8.7	1 495.7	4.6	47.1	1 247.9	6.2	875.3	4.5	70.1	58.5
April 2016	3 139.4	7.1	1 462.9	2.3	46.6	1 252.0	6.1	875.5	4.3	69.9	59.8
May 2016	3 142.3	6.6	1 467.2	2.4	46.7	1 254.6	6.0	878.4	4.3	70.0	59.9
June 2016	3 154.1	7.2	1 469.0	2.1	46.6	1 260.0	6.0	879.9	4.1	69.8	59.9
July 2016	3 172.1	6.8	1 465.9	1.4	46.2	1 262.6	5.7	883.6	4.2	70.0	60.3

<sup>1</sup>End of period

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

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

Source: SARB



