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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

29 November 2016

Continued declining household credit and mortgage balances growth

The first ten months of 2016 saw growth in outstanding credit balances in the South African household sector slowing down to a much subdued 1% year-on-year (y/y), with the value of these outstanding balances at R 1 478,6 billion at the end of October. The low growth in household credit balances is related to data distortions in respect of unsecured credit balances (see the explanatory note) as well as declining growth in secured credit balances.

The value of outstanding household secured credit balances (R1 136 billion and 76,8% of total household credit balances at the end of October) increased by 2,5% y/y in the 10-month period, after peaking at 4,1% y/y at the end of February this year. The downward trend in secured balances since early this year was the combined result of declining growth in household mortgage balances (see below) and instalment sales balances contracting by 0,7% y/y up to the end of October. Instalment sales balances are mainly related to the financing of vehicles, with new vehicle sales volumes declining by about 11% y/y in the period January to October.

Household unsecured credit balances (R342,6 billion and 23,2% of total household credit balances) dropped by 3,6% y/y up to the end of October. General loans and advances balances (58,7% of household unsecured credit balances and mainly consisting of personal loans and micro finance) contracted by 7% y/y in the 10-month period. The year-on-year contraction in general loans and advances balances is mainly the result of data distortions (see the explanatory note in this regard).

Total private sector mortgage balances (R1 284,7 billion and 39,9% of total private sector credit balances of R3 219,7 billion at end-October) recorded growth of 5,4% y/y in the ten months up to the end of October. This was the net result of growth of 10,2% y/y in corporate mortgage balances (30,7% of total private sector mortgage balances) and a downward trend in growth in household mortgage balances (69,3% of total private sector mortgage balances) in the 10-month period.

Growth in outstanding household mortgage balances slowed down to 3,4% y/y in the ten months to October this year. These credit balances, with a value of R889,8 billion, had a share of 69,3% in total private sector mortgage balances, 60,2% in total household credit balances and 27,6% in total private sector credit balances at end-October. 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.

Against the background of trends in and the outlook for the economy, household finances and consumer confidence, growth in household credit balances is expected to remain at a subdued level up to year-end and in 2017.

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
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
August 2016	3 176.2	6.2	1 470.3	1.4	46.3	1 268.0	5.4	885.4	3.9	69.8	60.2
September 2016	3 222.7	7.2	1 473.5	1.2	45.7	1 278.1	5.3	887.2	3.7	69.4	60.2
October 2016	3 219.7	6.3	1 478.6	1.0	45.9	1 284.7	5.4	889.8	3.4	69.3	60.2

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



