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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 are distorted for a 12-month period.

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Credit and mortgage advances

30 March 2017

Household credit and mortgage balances growth slowing down further

Growth in the value of outstanding credit balances in the South African household sector slowed down further to 0,4% year-on-year (y/y) to R1 501,7 billion up to the end of February 2017. The current downward trend in credit balances growth came against the background of a slowdown in growth in secured credit balances, whereas the component of unsecured credit balances is contracting as a result of specific data distortions (see explanatory note).

The value of household secured credit balances (R1 150,2 billion and 76,6 % of total household credit balances at end-February) increased by 2,1% y/y at the end of February, down from 4,1% y/y at end-February last year. The continued slowdown in growth in secured balances was the result of declining growth in household mortgage balances (see below), whereas instalment sales balances (21,4% of total household secured balances), contracted for the eight consecutive month up to end-February.

The value of household unsecured credit balances (R351,5 billion and 23,4% of total household credit balances in February) contracted by 4,1% y/y up the end of February, with year-on-year growth on a declining trend since April last year as a result of data distortions. The component of general loans and advances balances (58% of total household unsecured credit balances and largely consisting of personal loans and micro finance) contracted by 8,5% y/y at end-February, mainly driven by developments related to African Bank (see explanatory note).

The value of outstanding household mortgage balances (R900,6 billion and 78,3% of total household secured credit balances at end-February) showed growth of 2,8% y/y up to the end of February. The continued low and declining mortgage balances growth is the result of financial strain experienced by many households and a low level of 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.

Against the background of trends in and the outlook for the economy, household finances and consumer confidence, growth in household credit balances, including mortgage balances, is expected to remain much subdued 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
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	3 222.6	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
November 2016	3 223.5	4.6	1 482.4	0.7	46.0	1 290.1	5.0	890.6	3.1	69.0	60.1
December 2016	3 252.3	5.1	1 485.8	0.7	45.7	1 293.1	5.2	891.7	3.2	69.0	60.0
January 2017	3 275.7	5.5	1 494.3	0.6	45.6	1 293.9	5.0	894.1	3.0	69.1	59.8
February 2017	3 309.6	5.3	1 501.7	0.4	45.4	1 300.4	4.5	900.6	2.8	69.3	60.0

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



