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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

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Continued low household credit and mortgage balances growth

The value of outstanding credit balances in the South African household sector increased by 0,6% year-on-year (y/y) to R1 505,4 billion in the first quarter of 2017. This growth in household credit balances is the result of continued low growth in secured credit balances, whereas the component of unsecured credit balances contracted on the back of data distortions (see explanatory note).

The value of household secured credit balances (R1 152,7 billion and 76,6 % of total household credit balances) increased by 2,3% y/y up to the end of March this year (3,8% y/y at end-March last year). The continued low in growth in secured balances was the result of continued subdued growth in household mortgage balances (see below), whereas instalment sales balances (21,5% of total household secured balances), showed a marginal contraction of 0,2% y/y in the three months up to end-March.

The value of household unsecured credit balances (R352,7 billion and 23,4% of total household credit balances) contracted by 4,5% y/y in the first quarter, with this component of household credit balances contracting on a year-on-year basis since April last year as a result of data distortions. The component of general loans and advances balances (58,6% of total household unsecured credit balances and largely consisting of personal loans and micro finance) showed a contraction of 7,9% y/y at end-March, largely affected by data distortions related to African Bank (see explanatory note).

Growth in the value of outstanding private sector mortgage balances (R1 304,8 billion and 39,2% of total private sector credit balances), which include both corporate and household mortgage balances, came to 4,6% y/y at the end of March 2017. Corporate mortgage balances (R403,1 billion and 30,9% of total private sector mortgage balances) increased by 8,2% y/y in the first quarter of the year. Outstanding household mortgage balances (R901,6 billion and 78,2% of total household secured credit balances and 69,1% of total private sector mortgage balances) increased 3,0% y/y up to the end of March. 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 impact of the recent country credit downgrades on the economy and the household and business sectors is still very much uncertain and will only become evident over time. Growth in household credit balances, including mortgage balances, is expected to remain subdued in the rest of the year against the background of current trends in and prospects for the economy, household sector finances and consumer confidence.

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
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	891.6	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	3 310.5	5.3	1 501.7	0.4	45.4	1 300.4	4.5	900.6	2.8	69.3	60.0
March 2017	3 330.3	5.0	1 505.4	0.6	45.2	1 304.8	4.6	901.6	3.0	69.1	59.9

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



