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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 were distorted for a 12-month period.

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Credit and mortgage advances

30 May 2017

Household credit and mortgage balances growth remaining subdued

The value of outstanding credit balances in the South African household sector showed growth of 2,9% year-on-year (y/y) to a level of R1 505,5 billion at the end of the first four months of 2017. The above-mentioned household credit balances growth was the combined result of continued low growth of less than 2,5% y/y in secured credit balances and growth of below 5% y/y in unsecured credit balances over this period.

The value of household secured credit balances (R1 152,4 billion and 76,5 % of total household credit balances) increased by 2,3% y/y up to the end of April, unchanged from end-March, but down from 3,6% y/y at end-April last year. The ongoing low year-on-year growth in secured credit balances is driven by the components of household mortgage balances (see below) and instalment sales balances (21,5% of total household secured balances), which contracted by 0,3% y/y in the four months up to end-April.

Unsecured household credit balances (R353,1 billion and 23,5% of total household credit balances) showed growth of 4,8% y/y at the end of April this year, after a period of year-on-year contraction in the twelve months since April last year as a result of data distortions related to Africa Bank (see explanatory note in this regard). The component of general loans and advances balances (58,5% of total household unsecured credit balances and largely consisting of personal loans and micro finance) increased by 5,5% y/y at end-April, after contracting by an average of 7,2% y/y over the 12-month period from April last year up to March this year on the back of the above-mentioned African Bank-related data distortions.

Growth in the value of outstanding private sector mortgage balances (R1 305,5 billion and 39,3% of total private sector credit balances of R3 324,6 billion), comprising both corporate and household mortgage balances, was recorded at 4,3% y/y at the end of April this year. Corporate mortgage balances (R403,2 billion and 30,9% of total private sector mortgage balances) showed growth of 7,1% y/y in the four months up to end-April. Outstanding household mortgage balances (R902,3 billion and 78,3% of total household secured credit balances and 69,1% of total private sector mortgage balances) increased by 3,1% y/y up to the end of April. 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 forecast is for growth in household credit balances, as well as growth in household mortgage balances, to remain at relatively low levels in the rest of the year, driven by developments in and the outlook for the economy, household sector finances, consumer confidence and the residential property market.

Credit and mortgage balances¹

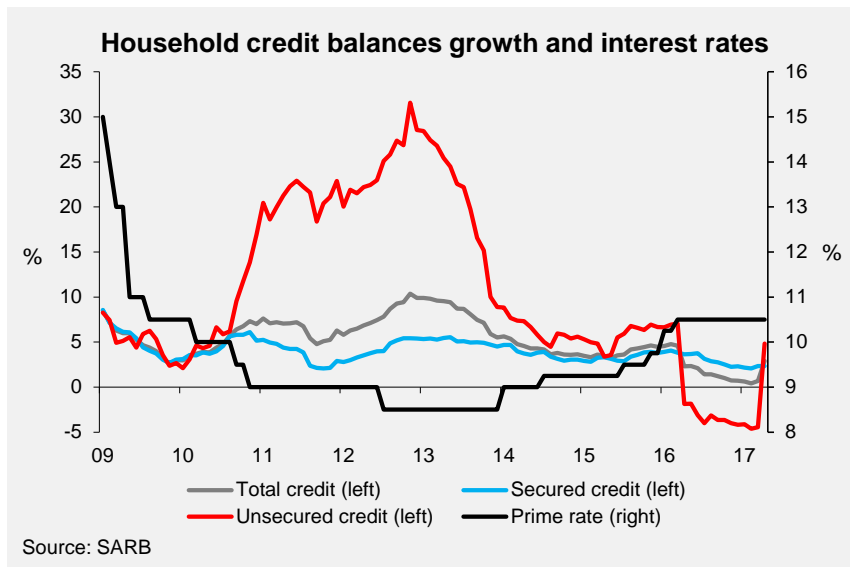
Period	Private sector credit balances ²		Household credit balances			Total mortgage balances ³		Household mortgage balances			
	R billion	y/y % change	R billion	y/y % change	% of private sector credit balances	R billion	y/y % change	R billion	y/y % change	% of total mortgage balances	% of total household credit balances
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	3 331.3	5.0	1 505.7	0.7	45.2	1 305.0	4.6	901.8	3.0	69.1	59.9
April 2017	3 324.6	5.9	1 505.5	2.9	45.3	1 305.5	4.3	902.3	3.1	69.1	59.9

¹End of period

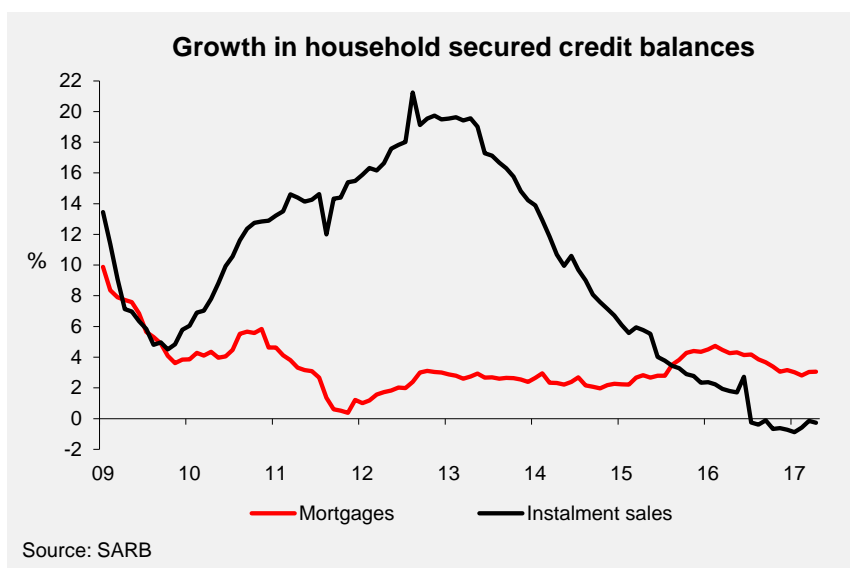
²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



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