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**Explanatory 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 from April 2016 to March 2017.

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## Credit and mortgage advances

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### Continued moderate growth in household credit and mortgage balances

Growth in the value of outstanding credit balances in the South African household sector, which amounted to R1 610,2 billion at the end of October this year, remained on a gradual rising trend from 3,7% year-on-year (y/y) at end-January to 5,2% y/y at end-October. While growth in household secured credit balances was on a slight upward trend up to October, it was the component of unsecured credit balances that showed a noticeable rising trend in growth over the 10-month period.

The value of household secured credit balances (R1 229 billion and 76,3% of total household credit balances), which includes mortgage, leasing and instalment sales balances, increased by 4,4% y/y up to end-October from 4,5% y/y at end-September and 3,9% y/y at end-January this year. Growth in mortgage balances was largely stable up to end-October compared with preceding months, whereas growth in instalment sales balances (R273,8 billion and 22,3% of total household secured credit balances) remained relatively strong at 6,9% y/y in the period January to October.

Growth in household unsecured credit balances (R381,2 billion and 23,7% of total household credit balances) accelerated further to 8% y/y up to end-October from 3,2% y/y in January. Growth in all three components of unsecured credit balances, i.e. general loans and advances, credit cards and overdrafts, remained on a marked upward trend since the start of the year.

Outstanding private sector mortgage balances (R1 398,6 billion and 38,9% of total private sector credit balances of R3 592 billion), which include both corporate and household mortgage balances, was unchanged 4,4% y/y for the third consecutive month up to end-October. Growth in corporate mortgage balances (R445,2 billion and 31,8% of total private sector mortgage balances) was steady at 5,7% y/y at the end of October compared with 5,8% y/y at end-August and 5,6% y/y at end-September.

Growth in outstanding household mortgage balances (R953,4 billion, with a share of 77,6% in total household secured credit balances and 68,2% in total private sector mortgage balances) was steady at 3,8% y/y up to end-October from 3,7% y/y at end-August and 3,9% y/y at end-September. 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.

Growth in household credit balances, including mortgage balances, are forecast to remain much in line with current growth up to the end of the year and into 2019 on the back of trends in trends in and prospects for the economy, household finances and consumer confidence. The level of consumer confidence deteriorated sharply to only 7 index points in the third quarter of 2018 after jumping to an all-time high of 26 index points in the first quarter of the year, with the drop in confidence in the third quarter the result of significantly lower levels of confidence regarding the outlook for the economy and household finances.

## 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
Nov 2017	3 432.5	6.5	1 538.4	3.8	44.8	1 346.6	4.4	922.4	3.6	68.5	60.0
Dec 2017	3 470.6	6.7	1 542.8	3.8	44.5	1 348.1	4.2	923.2	3.5	68.5	59.8
Jan 2018	3 457.8	5.6	1 549.5	3.7	44.8	1 353.0	4.6	925.1	3.5	68.4	59.7
Feb 2018	3 501.0	5.8	1 560.6	3.9	44.6	1 361.1	4.7	929.9	3.3	68.3	59.6
Mar 2018	3 530.0	6.0	1 564.6	3.9	44.3	1 364.6	4.6	929.9	3.1	68.1	59.4
Apr 2018	3 492.6	5.1	1 566.8	4.1	44.9	1 368.7	4.8	932.1	3.3	68.1	59.5
May 2018	3 503.9	4.5	1 574.0	4.2	44.9	1 374.4	4.7	935.5	3.3	68.1	59.4
Jun 2018	3 538.5	5.7	1 579.8	4.5	44.6	1 379.0	4.8	939.7	3.6	68.1	59.5
Jul 2018	3 533.8	5.4	1 587.5	4.8	44.9	1 384.8	4.7	944.2	3.7	68.2	59.5
Aug 2018	3 593.0	6.7	1 593.2	4.8	44.3	1 385.9	4.4	946.7	3.7	68.3	59.4
Sep 2018	3 613.1	6.3	1 599.9	5.1	44.3	1 393.1	4.4	949.6	3.9	68.2	59.4
Oct 2018	3 592.0	5.8	1 610.2	5.2	44.8	1 398.6	4.4	953.4	3.8	68.2	59.2

<sup>1</sup>End of period

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

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

Source: SARB





