



Compiled by
Jacques du Toit
Property Analyst
Absa Home Loans

15 Troye Street
Johannesburg, 2001
South Africa

PO Box 7735
Johannesburg, 2000
South Africa

T +27 (0)11 350 7246
jacques@absa.co.za
www.absa.co.za

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.

The information in this publication is derived from sources which are regarded as accurate and reliable, is of a general nature only, does not constitute advice and may not be applicable to all circumstances. Detailed advice should be obtained in individual cases. No responsibility for any error, omission or loss sustained by any person acting or refraining from acting as a result of this publication is accepted by Absa Bank Limited and/or the authors of the material.

Credit and mortgage advances

31 May 2019

Continued stable growth in household credit and mortgage balances

Growth in the value of outstanding credit balances in the South African household sector (R1 660,9 billion) remained relatively stable in the first four months of 2019, recorded at 6% year-on-year (y/y) at the end of April this year.

Household secured credit balances (R1 255,5 billion and 75,6% of total household credit balances), which includes mortgage, leasing and instalment sales balances, showed growth of 5% y/y in the 4-month period up to end-April (4,9% y/y at end-March). Mortgage balances growth was only marginally lower at end-April (see below), whereas growth in instalment sales balances (R284,1 billion and 22,6% of total household secured credit balances) improved to 8,3% y/y from 7,5% y/y at end-March.

Growth in household unsecured credit balances (R405,5 billion and 24,4% of total household credit balances) was recorded at 9,4% y/y at end-April. General loans and advances growth came to 9,7% y/y at the end of April, with credit card balances also rising by 9,7% y/y and overdraft balances increasing by 7,3% y/y.

The value of outstanding private sector mortgage balances (R1 431,2 billion and 38% of total private sector credit balances of R3 771 billion), which include both corporate and household mortgage balances, increased by an unchanged 4,6% y/y up to end-April. Growth in the value of outstanding household mortgage balances (R969,7 billion and 77,2% of total household secured credit balances and 67,8% of total private sector mortgage balances) came to 4% y/y at end-April, which was slightly down from 4,1% y/y at end-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.

Trends in household credit balances, including mortgage balances, will continue to be driven by developments in and prospects for the economy, household sector finances, consumer confidence and banks' risk appetites and lending criteria. Growth in household credit balances is forecast at 5,5% for the full year, with growth in household mortgage balances projected at 4,5% y/y by the end of the year. Interest rates are forecast to be cut by 25 basis points at the next Monetary Policy Committee meeting in July, which will be supportive of the residential property market regarding market activity, transaction volumes, property price growth and the demand for and growth in mortgage finance.

Credit and mortgage balances¹

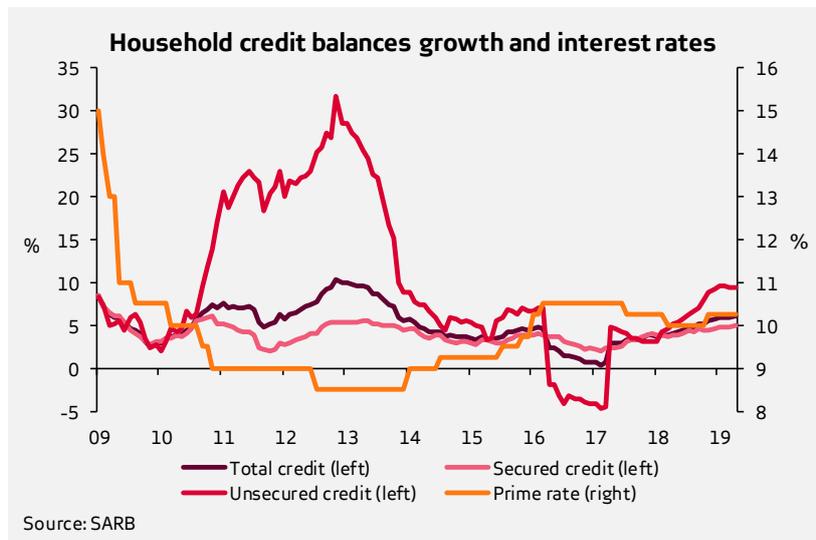
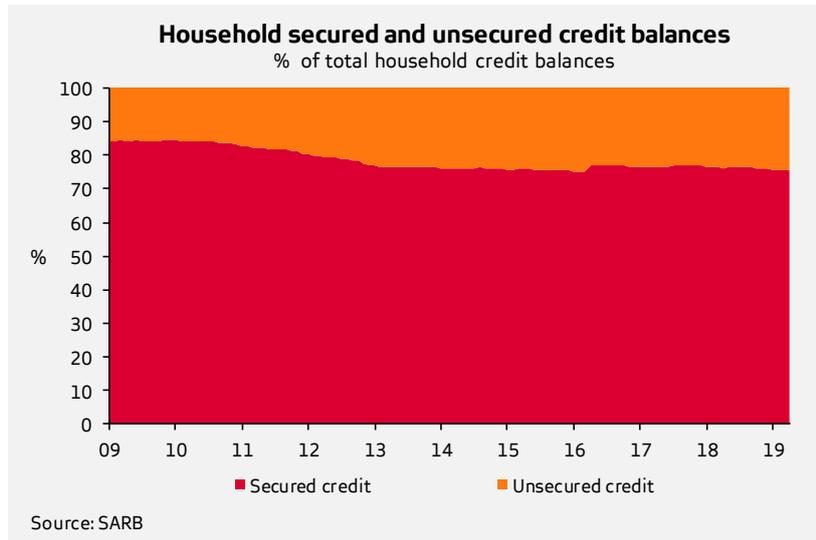
Period	Private sector credit balances ²		Household credit balances			Total mortgage balances ³		Household mortgage balances			
	R billion	y/y % change	R billion	y/y % change	% of private sector credit balances	R billion	y/y % change	R billion	y/y % change	% of total mortgage balances	% of total household credit balances
May 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	3 613.3	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
Nov 2018	3 623.3	5.6	1 623.2	5.5	44.8	1 407.4	4.5	958.8	3.9	68.1	59.1
Dec 2018	3 649.3	5.1	1 630.3	5.7	44.7	1 411.7	4.7	960.0	4.0	68.0	58.9
Jan 2019	3 683.5	6.5	1 641.5	5.9	44.6	1 414.8	4.6	962.6	4.1	68.0	58.6
Feb 2019	3 712.6	6.0	1 653.3	5.9	44.5	1 424.1	4.6	968.1	4.1	68.0	58.6
Mar 2019	3 743.6	6.0	1 657.7	6.0	44.3	1 427.3	4.6	968.3	4.1	67.8	58.4
Apr 2019	3 771.0	8.0	1 660.9	6.0	44.0	1 431.2	4.6	969.7	4.0	67.8	58.4

¹End of period

²Comprising corporate and household credit

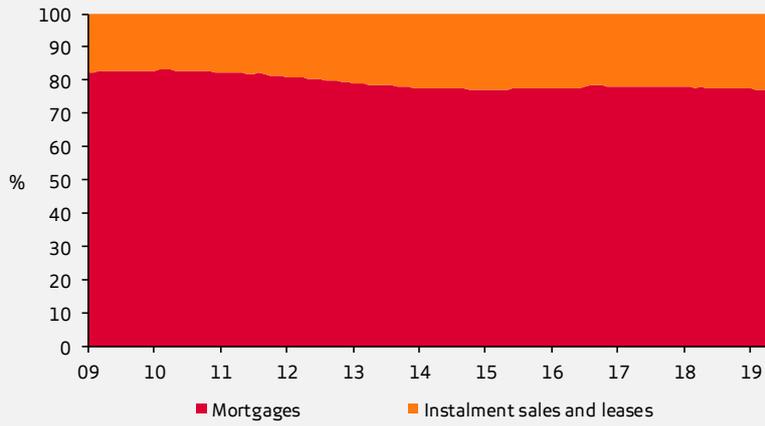
³Comprising commercial and residential mortgages

Source: SARB



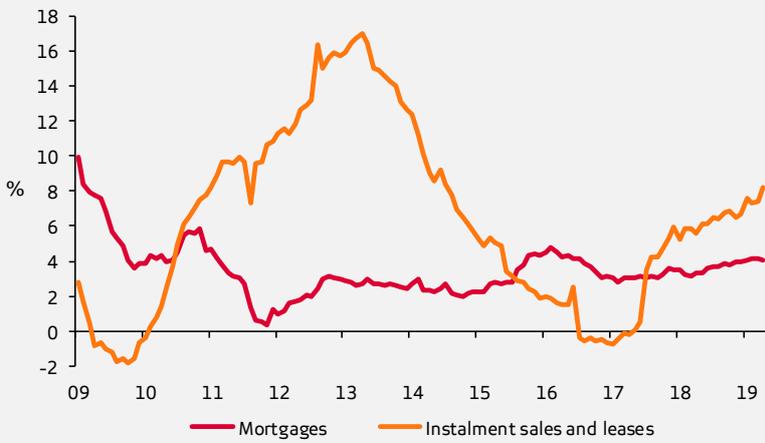
Household secured credit components

% of total household secured credit



Source: SARB

Growth in household secured credit balances



Source: SARB

Growth in mortgage balances



Source: SARB

