



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

28 June 2019

Marginal uptick in household credit and mortgage balances growth

Growth in the value of outstanding credit balances in the South African household sector (R1 669,6 billion) was only slightly higher at 6,1% year-on-year (y/y) at the end of May 2019 from 6% y/y at end-April when outstanding balances came to R1 660,9 billion.

Household secured credit balances (R1 261,8 billion and 75,6% of total household credit balances), which includes mortgage, leasing and instalment sales balances, increased at a rate of 4,9% y/y in the 5-month period up to end-May (5% y/y at end-April). Mortgage balances growth was somewhat higher at end-April from end-March (see below), whereas growth in instalment sales balances (R285,2 billion and 22,6% of total household secured credit balances) came to 7,5% y/y at end-May (8,3% y/y at end-April).

Growth in household unsecured credit balances (R407,9 billion and 24,4% of total household credit balances) was recorded at 9,8% y/y at end-May, up from 9,4% y/y at end-April. Growth in all three segments of unsecured balances accelerated somewhat up to end-May, with general loans and advances growth that came to 10,2% y/y (9,7% y/y at end-April), credit card balances rising by 9,9% y/y (9,7% y/y at end-April) and overdraft balances increasing by 7,6% y/y (7,3% y/y at end-April).

The value of outstanding private sector mortgage balances (R1 439,3 billion and 38,2% of total private sector credit balances of R3 772,3 billion), which include both corporate and household mortgage balances, was up by 4,7% y/y up to end-May. Growth in the value of outstanding household mortgage balances (R974,9 billion and 77,3% of total household secured credit balances and 67,7% of total private sector mortgage balances) came to 4,2% y/y at end-May, which was up from 4,0% y/y at end-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.

Based on current trends in and the short term outlook for the economy, household finances and consumer confidence, growth in household credit balances, including mortgage balances, is expected to largely remain in the rest of the year around levels seen in the first few months of the year. However, an expected cut of 25 basis points in lending rates at the next Monetary Policy Committee meeting in July will underpin the residential property market 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
Jun 2018	3 538.2	5.7	1 579.8	4.5	44.7	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	3 712.5	6.0	1 653.0	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
May 2019	3 772.3	7.7	1 669.6	6.1	44.3	1 439.3	4.7	974.9	4.2	67.7	58.4

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB





