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Credit and mortgage advances

30 April 2013

Marginally lower growth in credit and mortgage balances

Credit extension in the South African private sector (households and the corporate sector) showed growth of 7,8% year-on-year (y/y) in the first three months of 2013. This brought the value of outstanding credit balances in the private sector to an amount of R2 467,4 billion at the end of March. Growth in private sector credit extension was 7,9% y/y in February.

Growth in the value of outstanding credit balances in the household sector, comprising instalment sales, leasing finance, mortgage loans, overdrafts, credit card debt, and general loans and advances (mainly personal loans and micro finance) was lower at 9,6 y/y at the end of March compared with 9,8% y/y in February and a recent high of 10,4% y/y in November last year.

The components of household credit balances that continued to show relatively strong growth up to March, are unsecured credit (comprising personal loans, micro finance, credit card debt and overdrafts), growing at 26,7% y/y, and instalment sales credit, growing at 19,4% y/y. However, growth in both these two credit components has been slowing down over the past few months. Growth in unsecured credit peaked at 31,6% y/y in November last year and growth in instalment sales credit reached a high of 21,2% y/y in August 2012. Growth in outstanding household mortgage balances slowed down further up to March this year.

Outstanding private sector mortgage balances, which include both commercial and residential mortgage loans, recorded growth of only 1,6% y/y in March, unchanged from February, affected by a further contraction of 0,9% y/y in commercial mortgage balances and slower growth in household mortgage balances. Growth in the value of outstanding household mortgage balances was lower at 2,6% y/y in March from 2,8% y/y February. The share of household mortgage balances dropped to a level of 60,5% in March this year from around 70% in the period from mid-2009 up to mid-2010.

Growth in outstanding household credit balances is forecast to remain well in single digits in the rest of 2013 against the background of economic developments and prospects set to impact household finances and the demand for credit. Real growth in the country's gross domestic product is forecast at 2,7% in 2013, which will be marginally up from 2,5% in 2012. Growth in outstanding mortgage balances in the household sector is projected to remain low in view of property market conditions, while growth in instalment sales balances is forecast to reflect slower growth in vehicle sales this year compared with 2012. If sustained, the downward trend in growth in household unsecured credit balances may contribute to somewhat lower growth in household credit balances in coming months.

Credit and mortgage balances

| Month | ¹ Private sector credit balances, end of period | | Household credit balances end of period | | | ² Total mortgage balances, end of period | | Household mortgage balances end of period | | | |
|----------------|--|--------------|---|--------------|----------------------------|---|--------------|---|--------------|----------------------|-----------------------------|
| | R billion | y/y % change | R billion | y/y % change | % of private sector credit | R billion | y/y % change | R billion | y/y % change | % of total mortgages | % of total household credit |
| April 2012 | 2 269.8 | 7.3 | 1 207.8 | 6.8 | 53.2 | 1 073.2 | 2.4 | 776.9 | 1.7 | 72.4 | 64.3 |
| May 2012 | 2 280.5 | 8.3 | 1 216.4 | 7.1 | 53.3 | 1 076.5 | 2.2 | 779.5 | 1.8 | 72.4 | 64.1 |
| June 2012 | 2 301.0 | 8.7 | 1 225.6 | 7.4 | 53.3 | 1 080.3 | 2.2 | 781.9 | 2.0 | 72.4 | 63.8 |
| July 2012 | 2 326.6 | 8.3 | 1 232.5 | 7.8 | 53.0 | 1 078.4 | 1.9 | 782.5 | 2.0 | 72.6 | 63.5 |
| August 2012 | 2 347.5 | 7.9 | 1 242.2 | 8.7 | 52.9 | 1 081.9 | 2.1 | 785.6 | 2.4 | 72.6 | 63.2 |
| September 2012 | 2 374.5 | 9.0 | 1 251.6 | 9.3 | 52.7 | 1 082.4 | 1.7 | 786.7 | 3.0 | 72.7 | 62.9 |
| October 2012 | 2 371.0 | 8.3 | 1 262.2 | 9.4 | 53.2 | 1 085.7 | 1.9 | 788.5 | 3.1 | 72.6 | 62.5 |
| November 2012 | 2 410.1 | 9.6 | 1 281.9 | 10.4 | 53.2 | 1 088.6 | 2.0 | 790.1 | 3.0 | 72.6 | 61.6 |
| December 2012 | 2 438.2 | 10.1 | 1 291.1 | 9.9 | 53.0 | 1 089.0 | 1.9 | 790.9 | 3.0 | 72.6 | 61.3 |
| January 2013 | 2 424.1 | 8.6 | 1 299.2 | 9.9 | 53.6 | 1 088.1 | 1.8 | 791.2 | 2.9 | 72.7 | 60.9 |
| February 2013 | 2 443.3 | 7.9 | 1 311.0 | 9.8 | 53.7 | 1 089.6 | 1.6 | 794.8 | 2.8 | 72.9 | 60.6 |
| March 2013 | 2 467.4 | 7.8 | 1 317.0 | 9.6 | 53.4 | 1 090.5 | 1.6 | 797.4 | 2.6 | 73.1 | 60.5 |

¹Comprising corporate and household credit

²Comprising commercial and residential mortgages

Source: SARB

