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Credit and mortgage advances

30 September 2013

Continued low growth in household credit and mortgage balances

Year-on-year (y/y) growth of 8,2% was recorded in outstanding credit balances in the South African private sector (households and the corporate sector) by end-August 2013, up from 7,4% y/y at the end of July. This higher year-on-year growth in private sector credit balances was mainly the result of improved growth in corporate mortgage and unsecured credit balances up to end-August, whereas growth in household credit balances was somewhat lower from end-July.

The household sector saw outstanding credit balances, which include instalment sales, leasing finance, mortgage loans, overdrafts, credit card debt, and general loans and advances (mainly personal loans and micro finance), growing by 8,2% y/y to R1 344,5 billion up to end-August from 8,7% y/y at the end of July, largely driven by lower growth in the component of unsecured credit balances (see below).

Growth in household secured credit balances (instalment sales, leasing finance and mortgage loans) was unchanged at 5,1% y/y for the third consecutive month in August. At R1 029,3 billion, the share of household secured credit balances in total household credit came to 76,6% at end-August.

The component of household unsecured credit balances (general loans and advances, credit card debt and overdrafts) recorded lower growth of 20% y/y at the end of August this year from 22,2% y/y at end-July. The slowdown in growth in unsecured credit balances was mainly the result of lower growth of 17% y/y in the component of general loans and advances at the end of August compared with 20,2% y/y at end-July. Outstanding balances of household general loans and advances were down by R1,9 billion at the end of August compared with end-July, which contributed to the value of total household outstanding unsecured credit balances declining to R315,2 billion (23,4% of total household credit balances) at end-August from R315,9 billion at end-July.

Outstanding private sector mortgage balances, which include both commercial and residential mortgage loans, recorded growth of 2,1% y/y at end-August from 1,8% y/y at the end of July. This uptick in year-on-year growth was mainly the result of improved growth in outstanding corporate mortgage balances. Growth in the value of outstanding household mortgage balances, however, remained unchanged at 2,7% y/y at the end of August, with the share of household mortgage balances in total household credit balances at 60% at end-August.

Growth in household credit, including growth household mortgage finance, will be driven by conditions in and prospects for the economy, the residential property market, household finances and consumer confidence. In view of these factors, single-digit year-on-year growth in both the outstanding balances of total household credit and household mortgages is forecast for the full year of 2013.

Credit and mortgage balances

| Month | Private sector credit balances ¹ , end of period | | Household credit balances end of period | | | Total mortgage balances ² , end of period | | Household mortgage balances end of period | | | |
|----------------|---|--------------|---|--------------|-------------------------------------|--|--------------|---|--------------|------------------------------|--------------------------------------|
| | 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 |
| | | | | | | | | | | | |
| September 2012 | 2 375.5 | 9.1 | 1 251.6 | 9.3 | 52.7 | 1 082.5 | 1.7 | 786.7 | 3.0 | 72.7 | 62.9 |
| October 2012 | 2 372.0 | 8.4 | 1 262.2 | 9.4 | 53.2 | 1 085.8 | 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 | 2 468.6 | 7.8 | 1 317.2 | 9.6 | 53.4 | 1 090.5 | 1.6 | 797.4 | 2.6 | 73.1 | 60.5 |
| April 2013 | 2 477.0 | 9.1 | 1 323.0 | 9.5 | 53.4 | 1 092.1 | 1.8 | 798.2 | 2.7 | 73.1 | 60.3 |
| May 2013 | 2 486.9 | 9.1 | 1 331.2 | 9.4 | 53.5 | 1 095.7 | 1.8 | 802.3 | 2.9 | 73.2 | 60.3 |
| June 2013 | 2 506.1 | 8.9 | 1 332.3 | 8.7 | 53.2 | 1 097.5 | 1.6 | 802.8 | 2.7 | 73.2 | 60.3 |
| July 2013 | 2 499.1 | 7.4 | 1 339.4 | 8.7 | 53.6 | 1 097.5 | 1.8 | 803.5 | 2.7 | 73.2 | 60.0 |
| August 2013 | 2 539.0 | 8.2 | 1 344.5 | 8.2 | 53.0 | 1 104.6 | 2.1 | 807.1 | 2.7 | 73.1 | 60.0 |

¹Comprising corporate and household credit

²Comprising commercial and residential mortgages

Source: SARB

