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## Credit and mortgage advances

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### Growth in household credit and mortgage balances slows down further

Growth in the total value of outstanding credit balances in the South African household sector came in lower at 3,6% year-on-year (y/y) at the end of October 2014 from 3,8% y/y at end-September. Growth in both household secured and unsecured credit balances was marginally lower at end-October, driven by a slower pace of growth in the largest components of secured and unsecured credit balances, i.e. mortgages and general loans and advances.

Household secured credit balances (R1 067,1 billion at end-October and 76,1% of total household credit balances) saw growth of 2,9% y/y at the end of October, down from 3,1% y/y at end-September and at its lowest level since January 2012. Secured credit includes instalment sales, leasing finance and mortgage loans.

Growth in household unsecured credit balances (amounting to R334,4 billion and 23,9% of total household credit balances) slowed down to 5,8% y/y at the end of October from 6% y/y at the end of September. The largest component of unsecured credit balances with a share of 60,6%, i.e. general loans and advances (largely personal loans and micro finance), recorded growth of 2,9% y/y at end-October this year, down from 3,7% y/y at the end of September. Unsecured credit consists of general loans and advances, credit card debt and overdrafts.

The value of outstanding private sector mortgage balances, which include both commercial and residential mortgage loans, posted growth of 3,4% y/y at end-October compared with 3,3% y/y at the end of the preceding month. Growth in outstanding household mortgage balances slowed down further to 2% y/y at end-October from 2,1% 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.

Trends in household credit and its components will continue to be driven by economic developments and the resultant impact on household finances and consumer confidence. The household sector is expected to continue to experience some financial pressure over the next twelve months as interest rates are forecast to rise further during the course of 2015. As a result, growth in household credit, including mortgage advances, is forecast to remain largely subdued in the remainder of the year-end and in 2015.

### Credit and mortgage balances<sup>1</sup>

Month	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
November 2013	2 579.7	7.0	1 357.5	5.9	52.6	1 111.6	2.1	810.1	2.5	72.9	59.7
December 2013	2 589.0	6.1	1 362.2	5.5	52.6	1 109.7	1.9	809.9	2.4	73.0	59.5
January 2014	2 623.1	8.2	1 372.5	5.6	52.3	1 110.6	2.1	812.3	2.7	73.1	59.2
February 2014	2 656.6	8.7	1 381.5	5.4	52.0	1 120.2	2.8	818.3	2.9	73.0	59.2
March 2014	2 685.4	8.7	1 379.9	4.8	51.4	1 121.8	2.9	816.0	2.3	72.7	59.1
April 2014	2 683.2	8.3	1 383.6	4.6	51.6	1 124.6	3.0	816.7	2.3	72.6	59.0
May 2014	2 695.8	8.3	1 388.5	4.3	51.5	1 129.6	3.1	820.2	2.2	72.6	59.1
June 2014	2 724.0	8.6	1 389.6	4.3	51.0	1 134.5	3.4	822.0	2.4	72.5	59.2
July 2014	2 744.9	9.8	1 394.5	4.1	50.8	1 138.2	3.7	824.3	2.6	72.4	59.1
August 2014	2 760.0	8.8	1 391.6	3.6	50.4	1 141.8	3.5	823.6	2.2	72.1	59.2
September 2014	2 777.3	8.7	1 396.0	3.8	50.3	1 144.7	3.3	824.3	2.1	72.0	59.0
October 2014	2 785.5	9.1	1 401.4	3.6	50.3	1 150.3	3.4	825.2	2.0	71.7	58.9

<sup>1</sup>End of period

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

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

Source: SARB

