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Credit and mortgage advances

30 January 2015

Low growth in household credit and mortgage balances in 2014

Growth in the total value of outstanding credit balances in the South African household sector slowed down to 3,4% year-on-year (y/y) at the end of December 2014 – its lowest level since early 2010. Growth in household unsecured credit balances dropped further to a level last seen around mid-2010, while growth in secured credit balances was largely stable at a low level in the last four months of 2014.

Household secured credit balances (R1 073,1 billion at end-December and 76,2% of total household credit balances) saw growth of 2,9% y/y at the end of December, unchanged from November and on par with growth since September last year. Secured credit includes instalment sales, leasing finance and mortgage loans.

Growth in household unsecured credit balances (amounting to R335,7 billion and 23,8% of total household credit balances) tapered off further to 4,7% y/y at the end of December 2014. The largest component of unsecured credit balances with a share of 60,4%, i.e. general loans and advances (largely personal loans and micro finance), registered growth of 2,1% y/y at end-December, which was the lowest annual growth in any year for more than ten years. Unsecured credit consists of general loans and advances, credit card debt and overdrafts.

The value of total outstanding private sector mortgage balances, including both commercial and residential mortgage loans, saw growth of 4,3% y/y at end-December, showing a gradual upward trend since a recent low in growth of 3,3% y/y at the end of September last year. This was the result of mainly accelerating year-on-year growth in corporate mortgage balances during this period, while growth in household mortgage balances remained muted.

Growth in outstanding household mortgage balances was only marginally up to 2,3% y/y at end-December last year from 2,2% y/y and 2,0% y/y at end-November and end-October respectively. 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.

Economic developments, and the consequential impact on household finances and consumer confidence, will remain important driving factors of household credit and its various components. Although economic growth is forecast to pick up in 2015 from last year, with inflation expected to be lower on the back of sharply lower international oil and domestic fuel prices, and interest rates projected to rise only later in the year, growth in household credit balances, including mortgage balances, is forecast to remain in single digits this year.

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
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
November 2014	2 815.3	9.1	1 406.3	3.6	50.0	1 155.7	4.0	827.8	2.2	71.6	58.9
December 2014	2 809.7	8.5	1 409.1	3.4	50.2	1 157.7	4.3	828.3	2.3	71.5	58.8

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB

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
2005	1 140.2	19.5	585.5	22.3	51.4	526.6	27.6	380.6	21.0	72.3	65.0
2006	1 434.9	25.8	726.3	24.0	50.6	684.6	30.0	485.0	27.4	70.9	66.8
2007	1 743.9	21.5	867.6	19.5	49.8	853.8	24.7	589.0	21.4	69.0	67.9
2008	1 981.9	13.6	1 003.4	15.6	50.6	966.9	13.2	698.3	18.6	72.2	69.6
2009	1 979.5	-0.1	1 033.4	3.0	52.2	1 001.9	3.6	725.1	3.8	72.4	70.2
2010	2 087.9	5.5	1 105.5	7.0	52.9	1 042.4	4.0	758.7	4.6	72.8	68.6
2011	2 216.7	6.2	1 174.8	6.3	53.0	1 068.6	2.5	768.0	1.2	71.9	65.4
2012	2 439.5	10.1	1 291.1	9.9	52.9	1 089.0	1.9	790.9	3.0	72.6	61.3
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
2014	2 809.7	8.5	1 409.1	3.4	50.2	1 157.7	4.3	828.3	2.3	71.5	58.8

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