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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.

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Credit and mortgage advances

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Household credit and mortgage balances growth remaining subdued

The value of outstanding credit balances in the South African household sector continued to show relatively low growth in the first nine months of 2017, rising by 3,3% year-on-year (y/y) to a level of R1 522,6 billion.

Household secured credit balances (R1 170,2 billion and 76,9 % of total credit balances) increased by 3,3 % y/y in the 9-month period up to the end of September this year. This year-on-year growth in secured credit balances was the result of trends in household mortgage balances (see below), with growth in instalment sales balances (21,7% of total household secured balances and mainly related to vehicle finance) recorded at 4,4% y/y up to end-September.

Unsecured credit balances in the household sector (R352,3 billion and 23,1% of total credit balances) increased by 3,5% y/y in the period January to September this year. General loans and advances balances (58,5% of total unsecured credit balances and largely related to personal loans and micro finance) showed growth of 3,4% y/y up to the end of September.

The value of outstanding private sector mortgage balances (R1 334,3 billion and 39,2% of total private sector credit balances of R3 402,7 billion), which includes both corporate and household mortgage balances, increased by 4,4% y/y in the first nine months of the year. Corporate mortgage balances (R420,1 billion and 31,5% of total private sector mortgage balances) increased 7,5% y/y in the period January to September. Growth in outstanding household mortgage balances (R914,2 billion, with a share of 78,1% in total household secured credit balances and 68,5% in total private sector mortgage balances) remained in line with that since the start of the year, coming in at 3% y/y up to 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.

Against the background of expected low economic growth of only 0,6% this year, the headline consumer price inflation rate forecast to average 5,2% for the full year, interest rates to remain unchanged, a low level of consumer confidence, the general state of household finances, trends in consumer credit risk profiles and banks' risk appetites and lending criteria, growth in household credit balances, including mortgage balances, is forecast to remain around current levels up to the end of the 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
Oct 2016	3 219.7	6.3	1 478.6	1.0	45.9	1 284.7	5.4	889.8	3.4	69.3	60.2
Nov 2016	3 223.5	4.6	1 482.4	0.7	46.0	1 290.1	5.0	890.6	3.1	69.0	60.1
Dec 2016	3 252.3	5.1	1 485.8	0.7	45.7	1 293.1	5.2	891.6	3.2	69.0	60.0
Jan 2017	3 275.7	5.5	1 494.3	0.6	45.6	1 293.9	5.0	894.1	3.0	69.1	59.8
Feb 2017	3 310.5	5.3	1 501.7	0.4	45.4	1 300.4	4.5	900.6	2.8	69.3	60.0
Mar 2017	3 331.0	5.0	1 505.3	0.6	45.2	1 305.0	4.6	901.9	3.0	69.1	59.9
Apr 2017	3 324.2	5.9	1 505.2	2.9	45.3	1 305.5	4.3	902.3	3.1	69.1	59.9
May 2017	3 351.6	6.7	1 509.9	2.9	45.1	1 312.6	4.6	905.5	3.1	69.0	60.0
Jun 2017	3 348.3	6.2	1 511.8	2.9	45.2	1 316.2	4.5	907.4	3.1	68.9	60.0
Jul 2017	3 353.4	5.7	1 514.8	3.3	45.2	1 322.4	4.7	910.3	3.0	68.8	60.1
Aug 2017	3 366.2	6.0	1 520.2	3.4	45.2	1 328.0	4.7	913.1	3.1	68.8	60.1
Sep 2017	3 402.7	5.6	1 522.6	3.3	44.7	1 334.3	4.4	914.2	3.0	68.5	60.0

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



