



Compiled by
Jacques du Toit
Property Analyst
Absa Home Loans

15 Troye Street
Johannesburg, 2001
South Africa

PO Box 7735
Johannesburg, 2000
South Africa

T +27 (0)11 350 7246
jacques@absa.co.za
www.absa.co.za

Explanatory 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.

The information in this publication is derived from sources which are regarded as accurate and reliable, is of a general nature only, does not constitute advice and may not be applicable to all circumstances. Detailed advice should be obtained in individual cases. No responsibility for any error, omission or loss sustained by any person acting or refraining from acting as a result of this publication is accepted by Absa Bank Limited and/or the authors of the material.

Credit and mortgage advances

30 January 2019

Growth in household credit balances accelerated in 2018 from 2017

The value of outstanding credit balances in the South African household sector increased by 5,7% to R1 630,2 billion in 2018 after rising by 3,8% in 2017. Growth in both secured and unsecured credit balances improved in 2018 from 2017.

Growth in the value of household secured credit balances (R1 240,3 billion and 76,1% of total household credit balances) increased to 4,6% in 2018 compared with growth of 4,1% in 2017. The uptick in growth in secured balances in 2018 came on the back of higher growth in household mortgage balances (see below), with instalment sales balances (22,5% of household secured balances and largely related to vehicle finance) growing by 6,8% last year compared with growth of 6,5% in 2017.

Household unsecured credit balances (R389,9 billion and 23,9% of total household credit balances) increased by 9,2% last year after rising by 3,1% in 2017. The component of general loans and advances (59,3% of household unsecured credit balances) accelerated by 10,6% in 2018 compared with growth of only 2,7% in 2017. Growth in outstanding credit card balances (29% share in household unsecured credit balances) increased to 7,6% last year from 3,8% in 2017. Overdraft credit balances (11,7% of unsecured balances) showed growth of 6,8% in 2018 after growing by 3,6% in 2017.

The value of outstanding household mortgage balances increased by 4% to R960 billion in the 12-month period up to end-December last year, compared with growth of 3,5% in 2017. The still relatively low mortgage balances growth in 2018 was related to trends in household finances and a continued subdued performance by the residential property market during the course of last year. Various property market indicators pointed to relatively tough conditions over the past twelve months, such as a declining trend in sentiment and properties remaining on the market for a longer period before being sold.

The South African economy is forecast to grow by 1,7% in 2019, after expanding by an estimated 0,7% in 2018. Headline consumer price inflation is projected to average 4,7% this year (4,6% in 2018), with interest rates currently expected to rise by another 25 basis points in the third quarter of the year to keep inflation under control. Banks' prime lending and variable mortgage interest rates are forecast to end the year at a level of 10,5% per annum. In view of these expectations, nominal house price growth is projected at 4,9% in 2019, with household mortgage balances expected to grow by about 5% 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
Jan 2018	3 458.2	5.6	1 549.5	3.7	44.8	1 353.0	4.6	925.1	3.5	68.4	59.7
Feb 2018	3 501.4	5.8	1 560.6	3.9	44.6	1 361.1	4.7	929.9	3.3	68.3	59.6
Mar 2018	3 530.5	6.0	1 564.6	3.9	44.3	1 364.6	4.6	929.9	3.1	68.1	59.4
Apr 2018	3 493.2	5.1	1 566.8	4.1	44.9	1 368.7	4.8	932.1	3.3	68.1	59.5
May 2018	3 503.9	4.5	1 574.0	4.2	44.9	1 374.4	4.7	935.5	3.3	68.1	59.4
Jun 2018	3 538.5	5.7	1 579.8	4.5	44.6	1 379.0	4.8	939.7	3.6	68.1	59.5
Jul 2018	3 533.8	5.4	1 587.5	4.8	44.9	1 384.8	4.7	944.2	3.7	68.2	59.5
Aug 2018	3 593.0	6.7	1 593.2	4.8	44.3	1 385.9	4.4	946.7	3.7	68.3	59.4
Sep 2018	3 613.3	6.3	1 599.9	5.1	44.3	1 393.1	4.4	949.6	3.9	68.2	59.4
Oct 2018	3 592.0	5.8	1 610.2	5.2	44.8	1 398.6	4.4	953.4	3.8	68.2	59.2
Nov 2018	3 623.3	5.6	1 623.2	5.5	44.8	1 407.4	4.5	958.8	3.9	68.1	59.1
Dec 2018	3 647.4	5.1	1 630.2	5.7	44.7	1 411.7	4.7	960.0	4.0	68.0	58.9

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB

Credit and mortgage balances¹

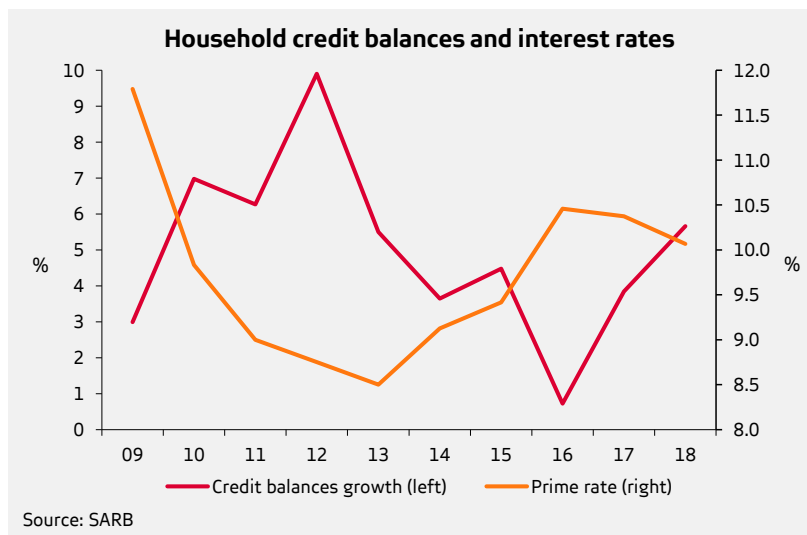
Period	Private sector credit balances ²		Household credit balances			Total mortgage balances ³		Household mortgage balances			
	R billion	y/y % change	R billion	y/y % change	% of private sector credit balances	R billion	y/y % change	R billion	y/y % change	% of total mortgage balances	% of total household credit balances
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	791.0	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	2 808.7	8.5	1 411.9	3.6	50.3	1 157.7	4.3	828.3	2.3	71.5	58.7
2015	3 094.4	10.2	1 475.1	4.5	47.7	1 229.0	6.2	864.4	4.4	70.3	58.6
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
2017	3 470.6	6.7	1 542.8	3.8	44.5	1 348.1	4.2	923.2	3.5	68.5	59.8
2018	3 647.4	5.1	1 630.2	5.7	44.7	1 411.7	4.7	960.0	4.0	68.0	58.9

¹End of period

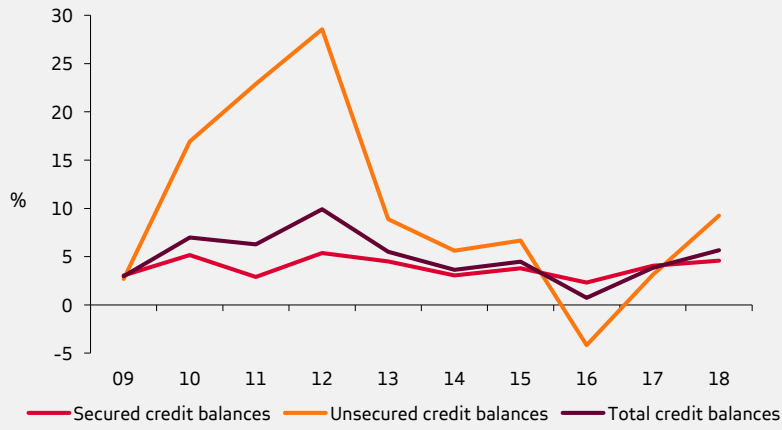
²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



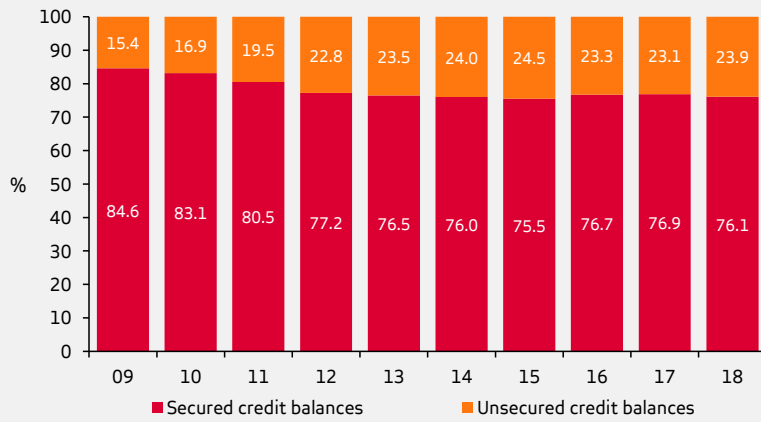
Growth in household credit balances



Source: SARB

Household credit components

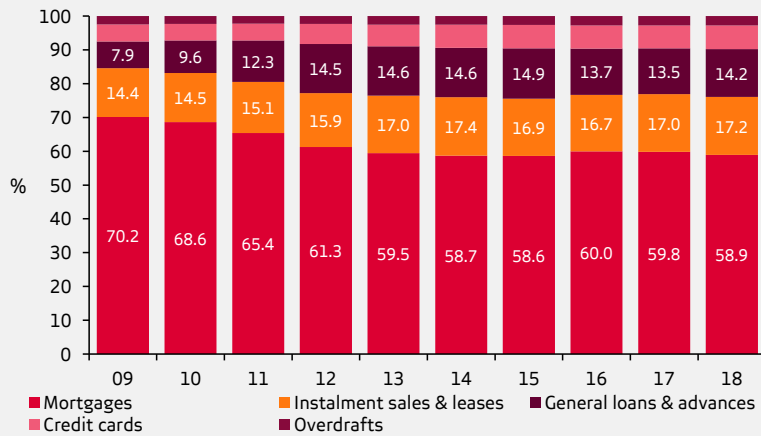
% of total household credit balances



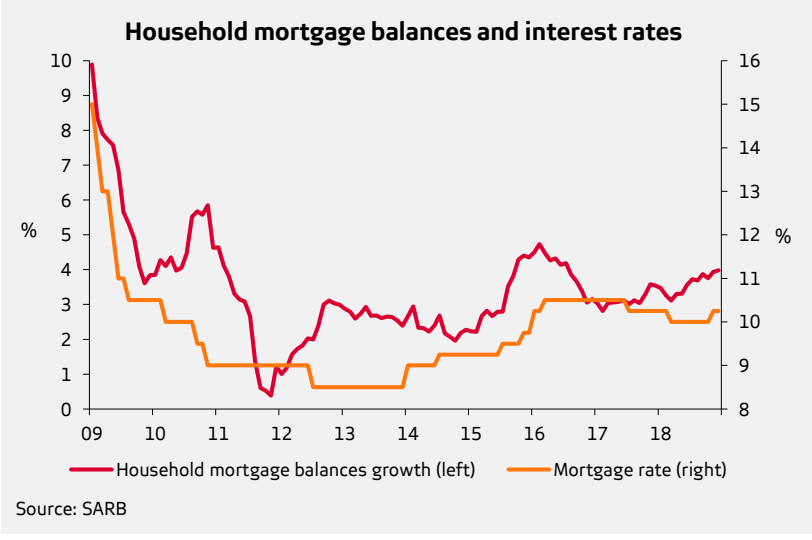
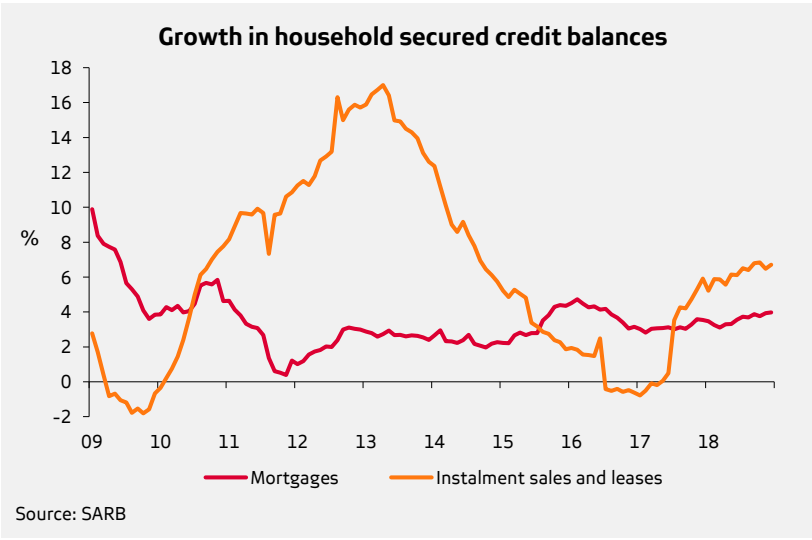
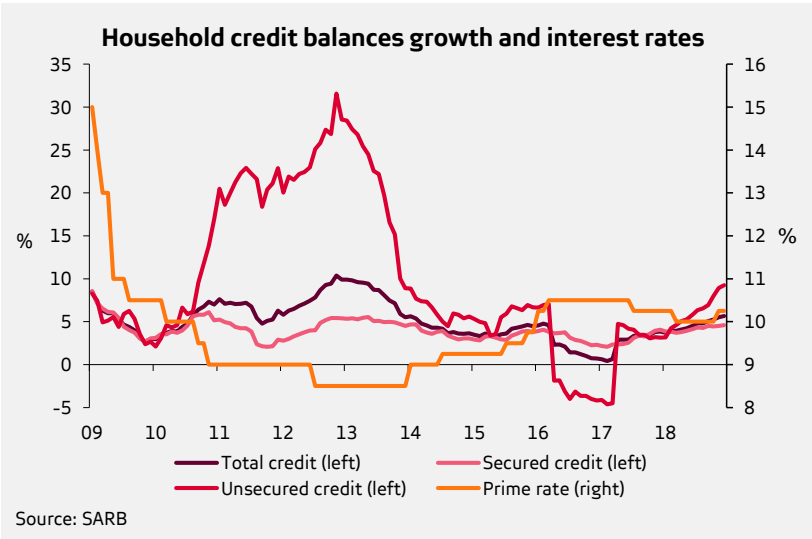
Source: SARB

Household credit components

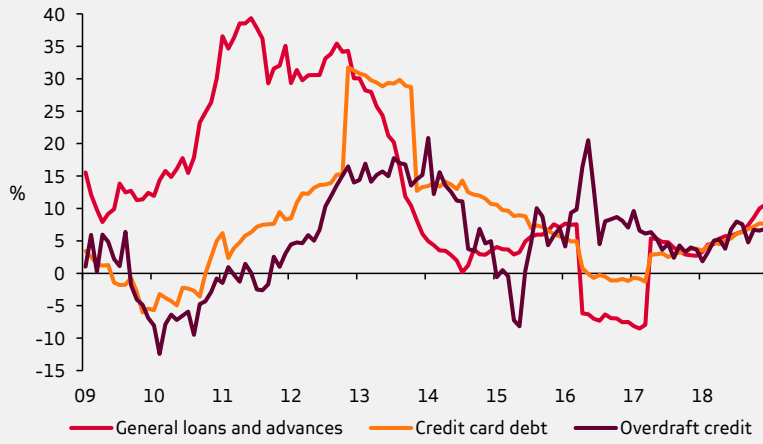
% of total household credit balances



Source: SARB



Growth in household unsecured credit balances



Source: SARB