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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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Continued low growth in household credit and mortgage balances

Outstanding credit balances in the South African household sector increased by 3,3% year-on-year (y/y) to a level of R1 514,8 billion in the seven months up to the end of July 2017 on the back of trends in secured and unsecured credit balances.

Household secured credit balances (R1 163,9 billion and 76,8 % of total credit balances) increased by 3,1 % y/y up to the end of July, up from 2,5% y/y at end-June. This year-on-year growth in secured credit balances was the result of ongoing relatively low growth in household mortgage balances (see below), with instalment sales balances (21,6% of total household secured balances and largely related to vehicle finance) rising by 3,9% y/y in the 7-month period up to end-July.

Unsecured credit balances in the household sector (R350,9 billion and 23,2% of total credit balances) increased 4,1 % y/y in the period January to July this year. General loans and advances balances (58,9% of total unsecured credit balances and largely consisting of personal loans and micro finance) showed growth of 4,8 % y/y up to the end of July.

The value of outstanding private sector mortgage balances (R1 322,4 billion and 39,4% of total private sector credit balances of R3 353,4 billion), which includes both corporate and household mortgage balances, increased by 4,7 % y/y in the first seven months of the year. Corporate mortgage balances (R412,2 billion and 31,2% of total private sector mortgage balances) showed growth of 8,7% y/y in January to July. Growth in outstanding household mortgage balances (R910,3 billion, with a share of 78,2% in total household secured credit balances and 68,8% in total private sector mortgage balances) was largely stable 3,0 y/y up to end-July. 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.

The South African economic performance is much under pressure, with the economy in a technical recession after two consecutive quarters of a contraction in real gross domestic product and a forecast of full-year growth of only 0,3%. Interest rates have been cut by 25 basis points in July on the back of an improved inflation outlook and persistent low economic growth, with a further rate cut of 25 basis points expected in September. Due to consumer financial strain and a low level of confidence, growth in household credit balances, including mortgage balances, is forecast to remain subdued in the rest of 2017.

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
Aug 2016	3 176.2	6.2	1 470.3	1.4	46.3	1 268.0	5.4	885.4	3.9	69.8	60.2
Sep 2016	3 222.6	7.2	1 473.5	1.2	45.7	1 278.1	5.3	887.2	3.7	69.4	60.2
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	1 505.4	0.7	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	3 348.4	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

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



