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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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Subdued household credit and mortgage balances growth in Q1 2018

The value of outstanding credit balances in the South African household sector (R1 564,1 billion at the end of March) showed growth of 3,9% year-on-year (y/y) up to the end of the first quarter of 2018. Year-on-year growth in secured credit balances was marginally lower at end-March, whereas growth in unsecured credit balances accelerated somewhat up to the end of the first quarter.

Household secured credit balances, consisting of mortgage and instalment sales balances, increased by 3,7% y/y to R1 195,7 billion (76,4% of total household credit balances) in the first three months of the year. Mortgage balances growth slowed down further on a year-on-year basis up to end-March (see below), whereas growth in instalment sales balances was unchanged at 6% y/y at the end of March from end-February.

Growth in the value of household unsecured credit balances (R368,4 billion and 23,6% of total household credit balances) accelerated further to 4,5% y/y up to end-March (3% y/y at end-January and 4,1% y/y at end-February this year). General loans and advances balances (mainly consisting of personal loans and micro finance and with a share of 58,6% in unsecured balances), increased by 4,5% y/y to R215,7 billion up to the end of March after showing growth of 4,4% y/y at end-February.

The value of outstanding private sector mortgage balances (R1 364,5 billion and 38,7% of total private sector credit balances of R3 529,6 billion), which includes both corporate and household mortgage balances, increased by 4,6% y/y up to the end of March. Growth in corporate mortgage balances (R434,6 billion and 31,9% of total private sector mortgage balances) was unchanged 7,8% y/y at end-March from end-February. Growth in outstanding household mortgage balances (R929,9 billion, with a share of 77,8% in total household secured credit balances and 68,2% in total private sector mortgage balances) remained on a gradual downward trend to 3,1% y/y up to end-March this year after reaching a level of 3,6% y/y at the end of November last year. 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.

Although lending rates were lowered by 25 basis points in late March, consumer finances will be adversely affected by factors such as higher taxes and some major fuel price hikes. Growth in household credit balances, including mortgage balances, is forecast to remain in single-digit territory in the rest 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
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	1 512.0	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	3 399.8	5.5	1 522.6	3.3	44.8	1 334.3	4.4	914.2	3.0	68.5	60.0
Oct 2017	3 394.5	5.4	1 529.9	3.5	45.1	1 340.2	4.3	918.9	3.3	68.6	60.1
Nov 2017	3 432.5	6.5	1 538.4	3.8	44.8	1 346.6	4.4	922.4	3.6	68.5	60.0
Dec 2017	3 471.0	6.7	1 542.8	3.8	44.4	1 348.1	4.2	923.2	3.5	68.5	59.8
Jan 2018	3 457.2	5.5	1 548.9	3.7	44.8	1 353.0	4.6	925.1	3.5	68.4	59.7
Feb 2018	3 500.6	5.7	1 560.1	3.9	44.6	1 361.1	4.7	929.9	3.3	68.3	59.6
Mar 2018	3 529.6	6.0	1 564.1	3.9	44.3	1 364.5	4.6	929.9	3.1	68.1	59.5

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



