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Credit and mortgage advances

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Continued low growth in household credit and mortgage balances

The first six months of 2015 saw growth in the value of outstanding credit balances in the South African household sector remaining low at a level of around 3,5% year-on-year (y/y) since August last year.

Growth in the value of household secured credit balances (R1 090,6 billion at end-June and 75,8% of total household credit balances) was down to 2,9% y/y from 3,2% y/y at the end of May. The somewhat slower growth was the result of instalment sales balances growing increasingly slower (4% y/y up to end-June), whereas growth in mortgage balances remained relatively stable from end-May.

Household unsecured credit balances (R348,2 billion and 24,2% of total household credit balances at end-June) recorded growth of 5,5% y/y at the end of the first six months of the year. Growth in general loans and advances (60,7% of household unsecured balances) measured 4,9% y/y at the end of June, up from 3,2% y/y at end-May. Overdraft balances (9,9% share) showed growth of 0,4% y/y at end-June from a contraction of 8,2% y/y at the end of May.

Private sector mortgage balances, which consist of commercial and residential mortgages, saw unchanged growth of 4,8% y/y up to June from end-May. The outstanding value of household mortgage balances increased to R845 billion in the first half of 2015, showing growth of 2,8% y/y recorded over the six-month period. Year-on-year growth in this component of household credit balances remained below 3% for the past 2½ years, largely reflecting conditions with regard to the state of household finances and consumer confidence.

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.

Trends in the economy, household finances and consumer confidence are key driving factors of the demand for and the accessibility and cost of mortgage finance and household credit in general. With interest rates forecast to rise further before the end of the year and in 2016, growth in household credit balances, including mortgage balances, is forecast to remain under pressure over the next 12-18 months.

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
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	2 722.5	8.6	1 389.6	4.3	51.0	1 134.5	3.4	822.0	2.4	72.5	59.2
July 2014	2 743.1	9.7	1 394.5	4.1	50.8	1 138.2	3.7	824.3	2.6	72.4	59.1
August 2014	2 758.1	8.7	1 391.6	3.6	50.5	1 141.8	3.5	823.6	2.2	72.1	59.2
September 2014	2 776.8	8.7	1 396.0	3.8	50.3	1 144.7	3.3	824.3	2.1	72.0	59.0
October 2014	2 784.6	9.0	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	2 810.2	8.5	1 411.9	3.6	50.2	1 157.7	4.3	828.3	2.3	71.5	58.7
January 2015	2 862.3	9.1	1 420.1	3.5	49.6	1 162.6	4.7	830.4	2.2	71.4	58.5
February 2015	2 886.2	8.6	1 427.4	3.3	49.5	1 169.9	4.4	836.4	2.2	71.5	58.6
March 2015	2 920.0	8.7	1 430.0	3.6	49.0	1 174.9	4.7	837.8	2.7	71.3	58.6
April 2015	2 934.1	9.3	1 429.7	3.3	48.7	1 179.7	4.9	839.7	2.8	71.2	58.7
May 2015	2 949.9	9.4	1 433.5	3.2	48.6	1 183.6	4.8	842.1	2.7	71.1	58.7
June 2015	2 944.1	8.1	1 438.7	3.5	48.9	1 188.5	4.8	845.0	2.8	71.1	58.7

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB

