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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

30 May 2018

### Slight uptick in household credit and mortgage balances growth

Growth in the value of outstanding credit balances in the South African household sector (R1 566,8 billion) was marginally higher at 4,1% year-on-year (y/y) up to the end of April 2018 from 3,9% y/y at end-March. Secured credit balances growth remained relatively stable, whereas growth in unsecured credit balances accelerated somewhat further up to end-April.

Household secured credit balances (mortgage and instalment sales balances) increased by 3,8% y/y to R1 196,2 billion (76,3% of total household credit balances) in the first four months of the year. Mortgage balances growth was much in line with that of the past few months (see below), with growth in instalment sales balances at 5,7% y/y at end-April.

Growth in the value of household unsecured credit balances (R370,6 billion and 23,7% of total household credit balances) accelerated further to 5,1% y/y up to end-April from a recent low of 3,1% y/y at the end of December last year. General loans and advances balances (mainly comprising personal loans and micro finance and with a share of 58,6% in unsecured balances), increased by 5,3% y/y to R217,1 billion up to the end of April, with growth in this component of unsecured credit balances on a rising trend since bottoming at 2,7% y/y a few months ago in December last year.

Outstanding private sector mortgage balances (R1 368,7 billion and 39,2% of total private sector credit balances of R3 492,6 billion), which include both corporate and household mortgage balances, showed growth of 4,8% y/y up to the end of April. Corporate mortgage balances (R436,6 billion and 31,9% of total private sector mortgage balances) increased by 8,3% y/y up to end-April from 7,8% y/y at end-March. Outstanding household mortgage balances (R932,1 billion, with a share of 77,9% in total household secured credit balances and 68,1% in total private sector mortgage balances) recorded growth of 3,3% y/y at end-April (3,1% y/y at end-March). 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 trends in and prospects for the economy, household sector finances and consumer confidence, growth in household credit balances is forecast at just above 4% by year-end, with household mortgage balances projected to grow by almost 4% this year.

## Credit and mortgage balances<sup>1</sup>

| Period   | Private sector credit balances <sup>2</sup> |              | Household credit balances |              |                                     | Total mortgage balances <sup>3</sup> |              | 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 |
| 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 | 3 457.8                                     | 5.6          | 1 549.5                   | 3.7          | 44.8                                | 1 353.0                              | 4.6          | 925.1                       | 3.5          | 68.4                         | 59.7                                 |
| Feb 2018 | 3 501.0                                     | 5.8          | 1 560.6                   | 3.9          | 44.6                                | 1 361.1                              | 4.7          | 929.9                       | 3.3          | 68.3                         | 59.6                                 |
| Mar 2018 | 3 530.1                                     | 6.0          | 1 564.5                   | 3.9          | 44.3                                | 1 364.5                              | 4.6          | 929.9                       | 3.1          | 68.1                         | 59.4                                 |
| Apr 2018 | 3 492.6                                     | 5.1          | 1 566.8                   | 4.1          | 44.9                                | 1 368.7                              | 4.8          | 932.1                       | 3.3          | 68.1                         | 59.5                                 |

<sup>1</sup>End of period

<sup>2</sup>Comprising corporate and household credit

<sup>3</sup>Comprising commercial and residential mortgages

Source: SARB



