Money Supply and Credit

ECONOMICS | SOUTH AFRICA

Lending by households and corporates rose in March.

- Broad money supply (M3) growth slowed to 5.8% yoy in March, the lowest growth rate since April 2024, from 6.1% in February. The latest reading is below our forecast of 6.2% and the market consensus of 6.0%. Over the month, M3 increased by 1.6% after contracting by 0.7% as increases in net claims on the private sector (R87.2 billion) and net claims on the government sector (R64.9 billion) offset contractions in net foreign assets (-R36.9 billion) and net other assets (-R28.6 billion).

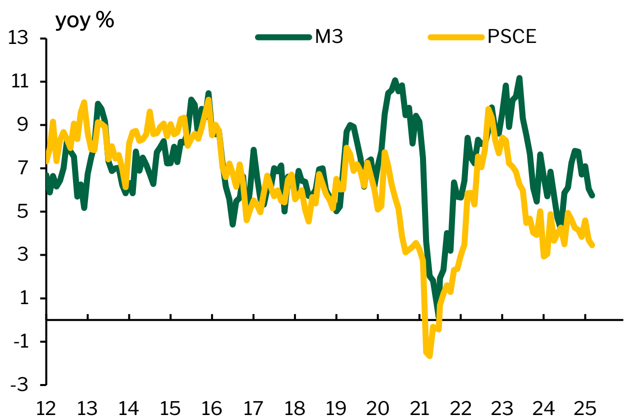
Table 1: Money supply and bank credit extension

	March-25		Feb-25	Forecasts (yoy %)	
	yoy %	mom %	yoy %	Nedbank	Market
M3 unadjusted	5.8	1.6	6.1	6.2	6.0
Private sector credit extension	3.5	1.8	3.7	3.1	2.7
Total loans & advances	4.3	1.8	3.9	3.3	n/a
Households	2.9	0.0	2.7	3.0	n/a
Companies	5.6	3.6	5.1	3.5	n/a

Source: SARB, Nedbank GEU, Refinitiv

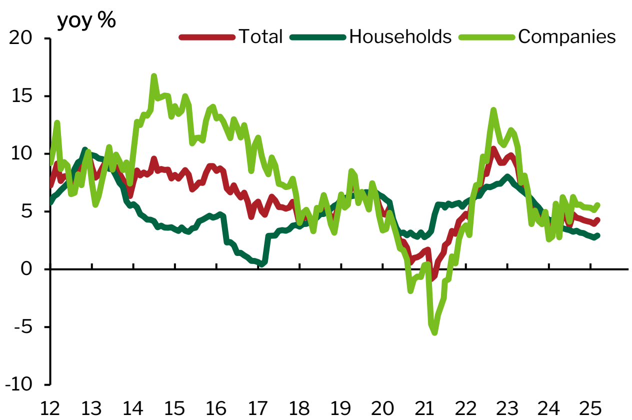
- Growth in private sector credit extension (PSCE) slowed further in March to 3.5% from 3.7% in February. The moderation can be attributed to the bills and investments category, which contracted 6.3% yoy. Compared to a month ago, bills and investments rose by 1.8%, following a notable 9.2% decline in February. All the other credit categories were mixed. Leasing finance remained robust (21.3% yoy from 21.7%) while instalment sales (5.9% from 5.7%), mortgages (3.5% from 3.2%), and other loans and advances (4.4% from 4.0%) increased marginally.
- Growth in loans and advances, which excludes bills and investments, jumped to 4.3% yoy from 3.9%, with credit in both the household and corporate sectors rising. Household loans improved to 2.9% yoy from 2.7%. The subdued increase mirrors the more cautious attitude adopted by consumers in the context of heightened uncertainty despite lower interest rates and higher real incomes. Home loan growth was up a smidge (2.3% from 2.1%), and overdrafts and personal loans contracted by less than in the previous month. Instalment sales and leasing finance maintained its growth rate of 6.2% while credit card usage eased to its lowest yoy rate since January 2022, when it grew by 7.6%.

Chart 1: Trends in M3 and PSCE



Source: SARB, Nedbank calculations

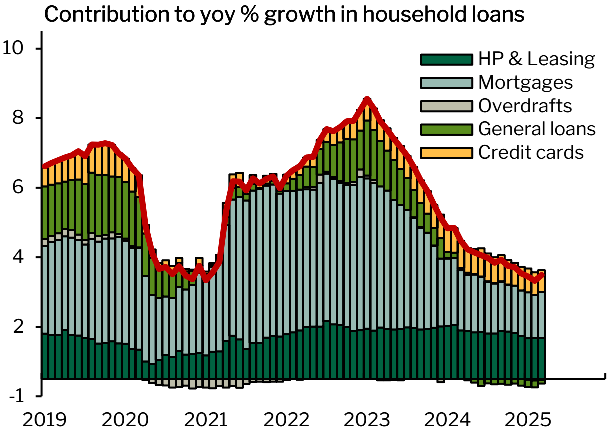
Chart 2: Household and corporate loans



Source: SARB, Nedbank calculations

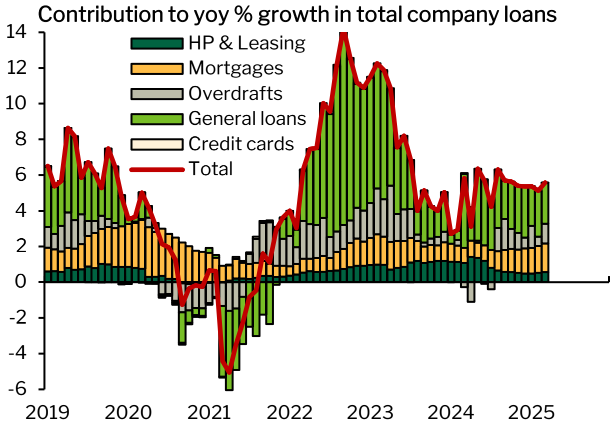
- Corporate credit growth picked up to 5.6% yoy from 5.1%, supported by a notable increment in overdrafts. Overdrafts jumped to 10.3% from growth of only 4.9% in February. Commercial mortgages, instalment sales, and leasing finance also edged higher. However, credit card usage by companies dropped noticeably to 2.5% from 11.1%. General loans slowed by a smaller margin, easing to 4.3% from 4.8%.

Chart 3: Breakdown of household loans



Source: SARB, Nedbank calculations

Chart 4: Breakdown of company loans



Source: SARB, Nedbank calculations

- Credit growth remained weak and patchy at the start of 2025. On the household front, consumers appear apprehensive about taking on additional debt despite the easing in interest rates and lower inflation. While the repo rate has eased notably from its peak of 8.25%, it is still trending 125 basis points above its pre-pandemic level of 6.25%, indicating that rates remain quite restrictive. Nonetheless, lower inflation and an improved growth and employment outlook should bolster consumer confidence, allow lenders to ease credit standards, and thus encourage growth in the coming months. On the corporate front, credit growth is set to remain modest amid spare capacity and heightened levels of uncertainty. However, conditions will likely recover more meaningfully later in the year as improved growth outcomes boost confidence and bolster private-sector investment.

Table 2: The breakdown of loans and advances

yoy % change	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Households											
Instalment sales & leasing finance	7.3	7.3	7.1	7.1	7.4	7.3	7.1	6.5	6.2	6.2	6.2
Home loans	2.8	2.7	2.5	2.5	2.4	2.3	2.3	2.3	2.3	2.1	2.3
Overdrafts	1.3	0.8	0.7	0.4	1.1	0.4	-0.1	0.0	-1.0	-2.1	-1.5
Personal loans	-0.8	-1.5	-0.9	-1.2	-1.0	-1.2	-1.0	-1.5	-1.6	-1.5	-0.8
Credit cards	9.5	10.7	10.6	9.8	9.9	9.1	8.6	8.9	8.8	8.4	7.9
Total	**3.6**	**3.5**	**3.4**	**3.3**	**3.3**	**3.2**	**3.1**	**3.0**	**2.9**	**2.7**	**2.9**
Companies											
Instalment sales & leasing finance	14.8	13.3	8.9	7.4	6.6	6.2	5.8	5.4	5.4	5.8	6.2
Commercial mortgages	3.2	3.2	3.7	4.0	4.6	4.9	4.9	5.3	5.3	5.5	6.1
Overdrafts	1.1	-0.8	-4.0	12.3	15.8	10.5	8.9	5.9	11.5	4.9	10.3
General loans	7.5	6.8	5.2	6.1	4.0	5.0	4.9	5.3	4.2	4.8	4.3
Credit cards	11.5	9.3	8.9	8.4	2.1	2.4	5.4	3.9	8.2	11.1	2.5
Total	**6.2**	**5.6**	**4.1**	**6.3**	**5.6**	**5.6**	**5.4**	**5.4**	**5.3**	**5.1**	**5.6**
Total											
Instalment sales & leasing finance	9.7	9.2	7.7	7.2	7.1	6.9	6.6	6.1	5.9	6.1	6.2
Mortgages	2.9	2.9	2.9	3.0	3.1	3.1	3.1	3.2	3.2	3.2	3.5
Overdrafts	1.2	-0.6	-3.3	10.3	13.4	8.8	7.4	5.0	9.4	3.8	8.3
General loans	5.7	5.1	3.9	4.6	3.0	3.7	3.7	3.9	3.0	3.5	3.3
Credit cards	9.6	10.6	10.5	9.8	9.5	8.8	8.4	8.6	8.8	8.5	7.7
Total loans & advances	**4.9**	**4.5**	**3.8**	**4.8**	**4.5**	**4.4**	**4.3**	**4.2**	**4.1**	**3.9**	**4.3**

Source: SARB

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