

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).

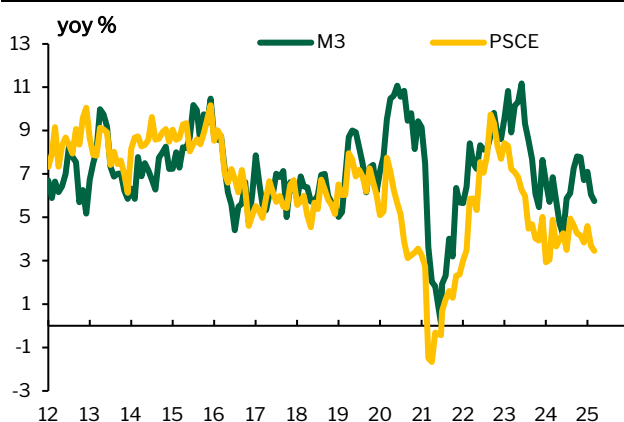
Table 1: Money supply and bank credit extension

	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

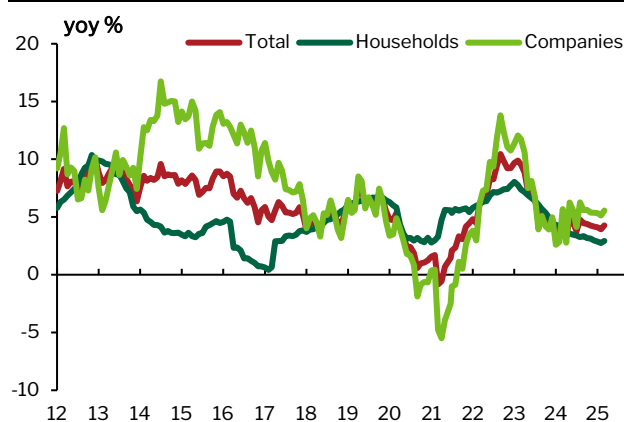
- Growth in **private sector credit extension (PSCE)** slowed further in March to 3.5% from 3.7% in February. The moderation can be attributed to the **bills and investments** category, which contracted 6.3% yoy. Compared to a month ago, bills and investments rose by 1.8%, following a notable 9.2% decline 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

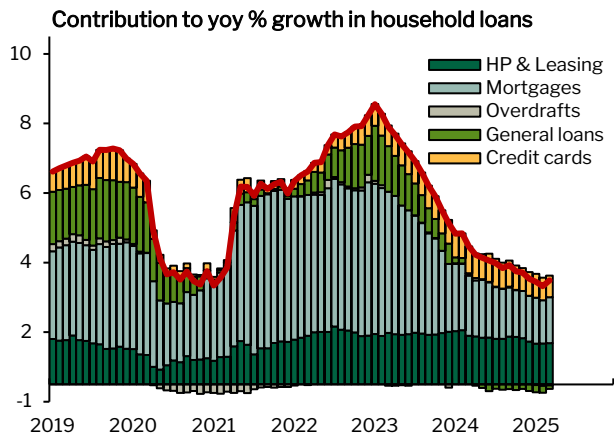
Chart 2: Household and corporate loans



Source: SARB, Nedbank calculations

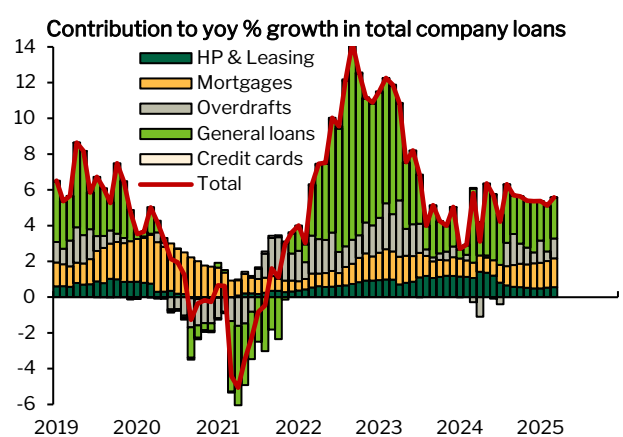
- Corporate credit growth** picked up to 5.6% yoy from 5.1%, supported by a notable increment in overdrafts. Overdrafts jumped to 10.3% from growth of only 4.9% in February. Commercial mortgages, instalment sales, and leasing finance also edged higher. However, credit card usage by companies dropped 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

GROUP ECONOMIC UNIT

Crystal Huntley
Nicky Weimar

+27 10 221 5468
+27 10 234 8357

crystalhu@nedbank.co.za
nickywe@nedbank.co.za

DISCLAIMER

The information furnished in this report (the "report"), which information may include opinions, estimates, indicative rates, terms, price quotations and projections, reflects the existing judgment of the author(s) and the prevailing market conditions as at the date of this report, which judgment and conditions are subject to change without notice, modification or amendment. This report does not necessarily reflect the opinion of Nedbank Limited ("Nedbank"). The information herein has been obtained from various sources, the accuracy and/or completeness of which Nedbank does not guarantee and for which Nedbank accepts no liability.

Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration. The information contained in this publication may include results of analyses from a quantitative model which represent potential future events that may or may not be realised, and is not a complete analysis of every material fact representing any product. Any estimates included herein constitute Nedbank's judgment as of the date hereof and are subject to change without any notice. Nedbank and/or its affiliates may make a market in these instruments for our customers and for our own account. Accordingly, Nedbank's may have a position in any such instrument at any time.

Nedbank recommends that independent tax, accounting, legal and financial advice be sought should any party seek to place any reliance on the information contained herein. This report is intended for use by professional and business investors only. It may not be considered as advice, recommendation or an offer to enter into or conclude any transactions. This report has been prepared for general dissemination and information purposes only and may not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. Any additional information relative to any financial instruments and/or financial products reviewed in this report is available upon request.

All rights reserved. Any unauthorised use or disclosure of this report is prohibited. This report may not be reproduced without the prior written consent of Nedbank. The information contained in this note is intended solely for the recipient and may not be distributed by the recipient.

All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of Nedbank or its affiliates.