

# Money Supply and Credit

ECONOMICS | SOUTH AFRICA



## Money supply and credit ended the year on a weaker note.

- Annual growth in broad money supply (**M3**) moderated further to a four-month low of 6.7% in December from 7.8% in November. During the month, M3 recorded no growth as the rise in net foreign assets (+R64.2 billion) and net claims on the private sector (+R27 billion) was offset by sharp declines in net claims on the government sector (-R48.5 billion) and net other assets and liabilities (-R25.5 billion).

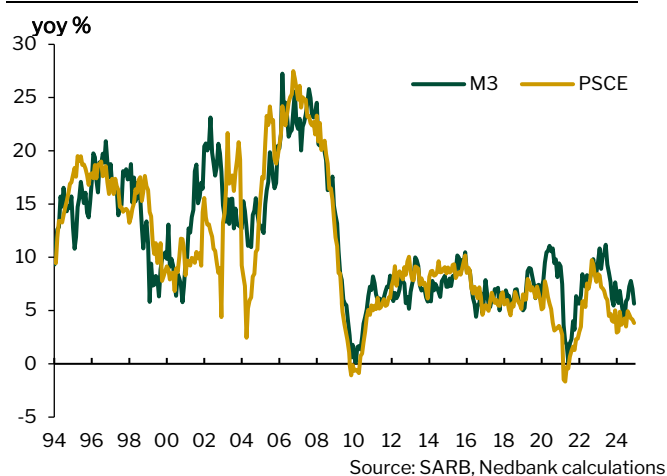
**Table 1: Money supply and bank credit extension**

	Dec-24		Nov-24	Forecasts (yoy %)	
	yoy %	mom %	yoy %	Nedbank	Market
M3 unadjusted	6.7	0.3	7.8	7.7	7.6
Private sector credit extension	3.8	0.6	4.2	4.2	4.1
Total loans & advances	4.2	0.6	4.3	4.7	n/a
Households	3.0	0.0	3.1	3.3	n/a
Companies	5.4	1.2	5.4	6.1	n/a

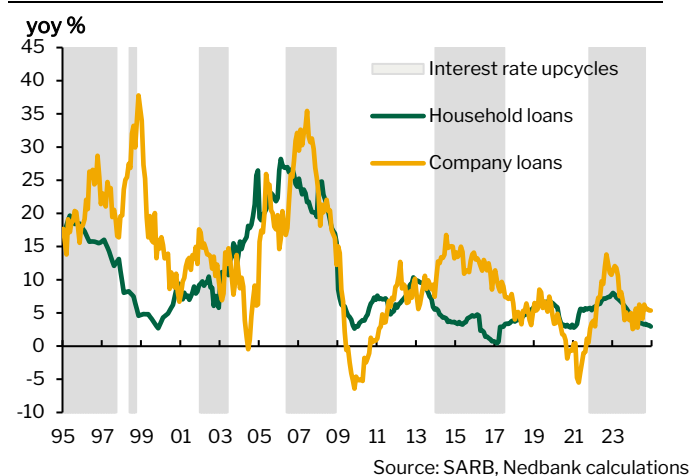
Source: SARB, Nedbank GEU, Refinitiv

- Growth in **private sector credit extension (PSCE)** slowed to 3.8% yoy, the lowest since July. This was against our forecast for an unchanged 4.2% and the market's 4.1%. The slowdown was almost broad-based, but the most significant drag came from the **bills and investments** category, which contracted by 0.1% yoy following a 3% growth. All the other categories also remained weak, with annual growth in 'other loans and advances' and 'instalment sales and leasing finance' softening further. However, mortgage growth increased slightly to 3.2% after remaining steady at 3.1% for three consecutive months.
- Loans and advances**, which excludes bills and investments, slowed to 4.2% yoy from 4.3% as growth in household loans softened further and that of companies was steady. **Household loans** eased to 3%, the weakest since February 2021, suggesting that consumers remain cautious about taking additional debt despite some improvement in household finances and falling interest rates. Annual growth in home loans was steady at 2.3% for the third straight month. Instalment sales and leasing finance eased further in line with softer vehicle sales. Overdrafts recorded no growth, while the slump in personal loans deepened, falling by 1.5% after contracting 1%. However, growth in credit card usage edged up to 8.9% in December after slowing gradually to 8.6% in November from a peak of 10.7% in June.

**Chart 1: Trends in M3 and PSCE.**



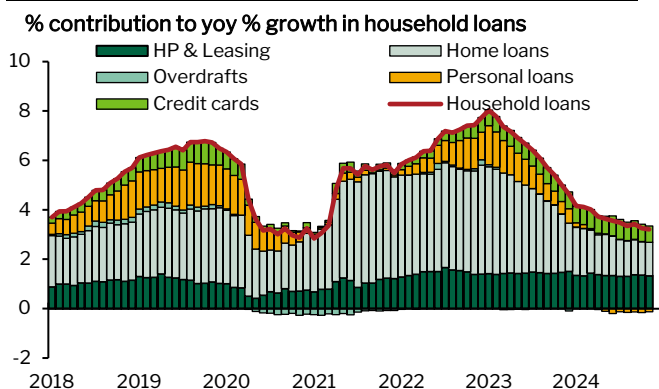
**Chart 2: Household and company loans**



- Corporate credit growth** was unchanged at 5.4% yoy. Growth in general loans, which is usually used to finance capital spending, edged higher in December after slowing down in November. Growth in commercial mortgages also continued to improve, increasing to 5.3%, up from 3.2% in June. In contrast, growth in overdrafts and credit cards slowed.

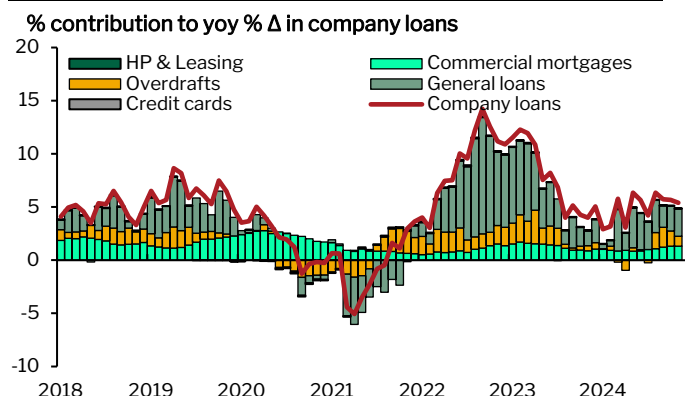
- Growth in household and corporate credit averaged 3.5% and 4.8%, respectively, in 2024, down from 6.4% and 7.5% in 2023.

**Chart 3: Contribution to household credit.**



Source: SARB, Nedbank calculations

**Chart 4: Contribution to household credit.**



Source: SARB, Nedbank calculations

- Growth in credit demand is expected to improve in 2025. Falling interest rates, subdued inflation and slightly better growth prospects will boost consumer finances, confidence and spending, which will lift borrowing. Access to the two-pot retirement savings will also provide additional support to household finances. At the same time, commercial banks will probably start to loosen lending criteria, given some improvement in household balance sheets. However, the upside will partly be contained by slower employment growth, and that interest rate will probably settle at a higher level as the SARB will be cautious of cutting aggressively due to increased global uncertainties that could impact the inflation outlook. On the corporate side, credit demand will also accelerate, as improving domestic demand, easing operating costs, and increasing profits will prompt the private sector to increase capital spending. Renewable energy projects will also support credit demand, albeit at a reduced scale than in the past two years. Altogether, we expect **credit growth to end 2025 at around 5.5%**.

**Table 2: The breakdown of loans and advances**

yoy % change	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	2023	2024
<b>Households</b>										<b>AVG</b>	<b>AVG</b>
Instalment sales & leasing finance	7.5	7.3	7.3	7.1	7.1	7.4	7.3	7.1	6.5	8.1	7.4
Home loans	2.8	2.8	2.7	2.5	2.5	2.4	2.3	2.3	2.3	5.7	2.7
Overdrafts	3.2	1.3	0.8	0.7	0.4	1.1	0.4	-0.1	0.0	-0.1	1.0
Personal loans	-0.3	-0.8	-1.5	-0.9	-1.2	-1.0	-1.2	-1.0	-1.5	6.9	-0.6
Credit cards	9.5	9.5	10.7	10.6	9.8	9.9	9.1	8.6	8.9	9.0	9.6
<b>Total</b>	<b>3.6</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>	<b>3.0</b>	<b>6.4</b>	<b>3.5</b>
<b>Companies</b>											
Instalment sales & leasing finance	15.4	14.8	13.3	8.9	7.4	6.6	6.2	5.8	5.4	11.6	10.2
Commercial mortgages	3.4	3.2	3.2	3.7	4.0	4.6	4.9	4.9	5.3	4.8	4.0
Overdrafts	-10.4	1.1	-0.8	-4.0	12.3	15.8	10.5	8.9	5.9	12.6	3.3
General loans	3.4	7.5	6.8	5.2	6.1	4.0	5.0	4.9	5.3	7.3	4.8
Credit cards	12.9	11.5	9.3	8.9	8.4	2.1	2.4	5.4	3.9	9.3	7.8
<b>Total</b>	<b>2.8</b>	<b>6.2</b>	<b>5.6</b>	<b>4.1</b>	<b>6.3</b>	<b>5.6</b>	<b>5.6</b>	<b>5.4</b>	<b>5.4</b>	<b>7.5</b>	<b>4.8</b>
<b>Total</b>											
Instalment sales & leasing finance	10.0	9.7	9.2	7.7	7.2	7.1	6.9	6.6	6.1	9.2	8.3
Mortgages	3.0	2.9	2.9	2.9	3.0	3.1	3.1	3.1	3.2	5.4	3.1
Overdrafts	-8.4	1.2	-0.6	-3.3	10.3	13.4	8.8	7.4	5.0	10.3	2.9
General loans	2.6	5.7	5.1	3.9	4.6	3.0	3.7	3.7	3.9	7.2	3.7
Credit cards	9.6	9.6	10.6	10.5	9.8	9.5	8.8	8.4	8.6	9.0	9.6
<b>Total loans &amp; advances</b>	<b>3.2</b>	<b>4.9</b>	<b>4.5</b>	<b>3.8</b>	<b>4.8</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.2</b>	<b>7.0</b>	<b>4.2</b>

Source: SARB

## GROUP ECONOMIC UNIT

Johannes (Matimba) Khosa  
Nicky Weimar

+27 10 234 8359  
+27 10 234 8357

[johanneskh@nedbank.co.za](mailto:johanneskh@nedbank.co.za)  
[nickywe@nedbank.co.za](mailto: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.