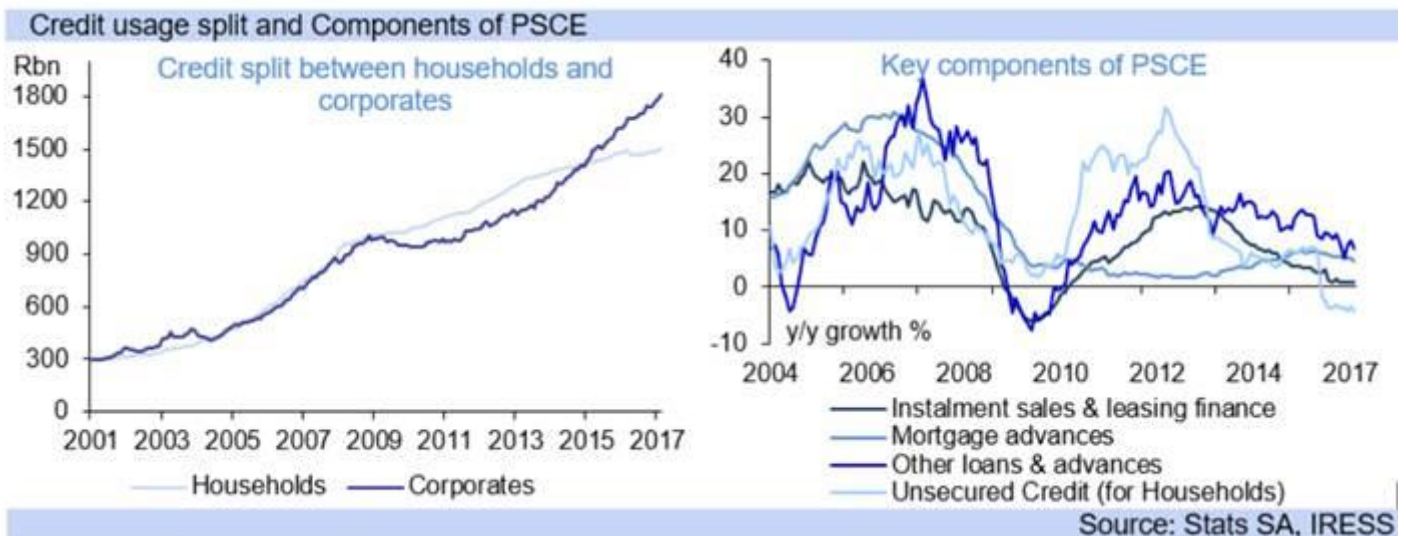


PSCE Update

31st May 2019

Growth in credit extension in April driven by deeper access of corporates to general loans and advances in a tough environment



- Domestic private sector credit extension (PSCE) rose to 8.0% y/y in April, from 6.0% y/y in March, largely driven by the growth of the category general loans and advances on the corporate side. Tough conditions persist in 2019 on fragile economic activity, with some corporates resorting to borrowings to fund operating costs.
- Private sector credit extension to corporates (which accounts for 56% of total credit extended to the private sector) came out 9.5% higher in April y/y, bringing the total figure to R2.1tr.

- Business confidence remains depressed, with corporates reported overdraft usage rising to 18.4% y/y in April, from 5.7% y/y in April 2018, while growth in general loans lifted to 8.5% y/y, the largest component of credit extended to corporates, from around 3% y/y on average over the past twelve months.
- Consumer confidence is relatively modest, and so is real disposable income growth with modest consumer price inflation this year.
- On the household side, reported consumers credit card usage rose to 9.7% y/y in April, on a steady upwards trend since 2016. Vehicle finance extended to consumers is reported to have also seen a lift in growth, at 8.2% y/y, over the period, while growth in mortgage advances has been stable around 4.0% y/y over the period (4.0% y/y April 2019).

Growth in the components of PSCE				
	Mar y/y %	m/m %	Apr y/y %	m/m %
Investment	8.8	-1.2	15.8	-1.5
Bills Discounted	-39.9	-2.0	-42.2	-0.6
Instalment sales	7.2	0.6	8.0	0.7
Leasing Finance	14.5	-0.1	35.4	17.4
Combined (instalment sales & leasing finance)	7.4	0.6	8.8	1.2
Mortgage Advances	4.6	0.2	4.6	0.3
Other loans & advances	6.7	1.9	9.8	1.5
Net credit extended to government	16.6	2.5	27.9	16.5
PSCE	6.0	0.8	8.0	0.7
Money Supply	6.9	2.8	8.8	1.4

Source: SARB