



Money Supply and Bank Credit

ECONOMICS | SOUTH AFRICA

M3 and credit growth accelerate faster than expected in April.

- Growth in broad money supply (M3) quickened from 9% in March to 9.8% in April, higher than our and the market’s forecasts.
- Private sector credit extension (PSCE) also accelerated from 8.5% to 9.2%, against our and the market’s forecasts of moderation to 6% and 6.8%, respectively.
- Growth in loans and advances increased, with both corporate and household credit accelerating.
- We expect credit growth to hold up reasonably well, but the rate of increase will likely moderate as the base effect eases. The Iran war and its adverse consequences will likely subdue business confidence and dampen corporate credit. The previous rate cuts are still expected to sustain the gradual recovery in household credit, even though high fuel costs and moderate interest rate hikes will partly contain growth in spending and credit demand.

April 2026

Private Sector Credit Extension
(yoy %)

9.2%

Higher than expected

Key metrics:

yoy %		M3	PSCE
Outcome	Mar-26	9.0	8.5
	Apr-26	9.8	9.2
Forecasts	Nedbank	6.0	8.2
	Market	6.8	8.6

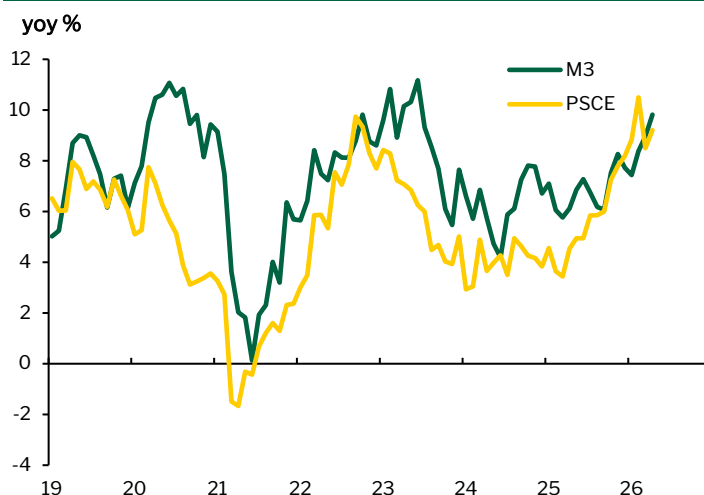
Source: SARB, Nedbank, Reuters Poll
Broad money supply =M3, Private sector credit extension=PSCE

Some details:

yoy %	Feb-26	Mar-26	Apr-26
PSCE	10.5	8.5	9.2
Bills & investments	33.8	22.6	16.3
Loans & advances	8.8	7.4	8.7
Households	4.3	4.5	4.6
Companies	13.2	10.2	12.5

Source: SARB

Money supply and private sector credit extension



Source: SARB

Quick insights

M3 increased by 1% mom in April, pushing the yoy growth rate up from 9% to 9.8%, the highest since June 2023. The monthly increase was driven by robust growth in net claims on the government sector (up R39.3 billion), net other assets and liabilities (R32.2 billion) and net claims on the private sector (up R19.1 billion). These outweighed a R29.7 billion decline in net foreign assets.

PSCE rose from 8.5% in March to 9.2% in April. Apart from investments and bills, all other components recorded faster yoy growth. Even though the yoy growth in the volatile bills and investments category moderated from March, it also remained robust at 16.3%. Annual growth in bank loans, excluding the highly volatile investment and bills category, increased from 7.4% to 8.7%, with both corporate and household credit accelerating from low bases.

Corporate demand accelerated from 10.2% to 12.5%. All the components, except overdrafts, expanded. Encouragingly, general loans rose from 14% to 19.1%, suggesting an improvement in fixed investment activity. Mortgages growth increased further, and credit cards usage remained robust. However, instalment sales and leasing finance eased for the fourth consecutive month, down slightly from 6.8% in March to 6.7% in April, while overdrafts contracted for the first time in 6 months, down by 1.3%.

Growth in household loans improved further from 4.5% to 4.6%. Previous interest rate cuts continued to support borrowing. All the subcategories, except overdrafts, expanded. Among the major categories, home loans rose further, albeit slowly, from 3.1% to 3.2%. Instalment sales and leasing finance also accelerated sharply from 9.8% to 10.2%,



benefiting from strong growth in new vehicle sales on the back of lower interest rates and attractive pricing on Chinese and Indian imports. Personal loans and credit cards remained robust. Unfortunately, overdrafts, which only account for 1.8% of total household loans, remained deep in contraction territory, but the rate of decline moderated from 6.4% to 6%.

Chart 1: Company and household loans

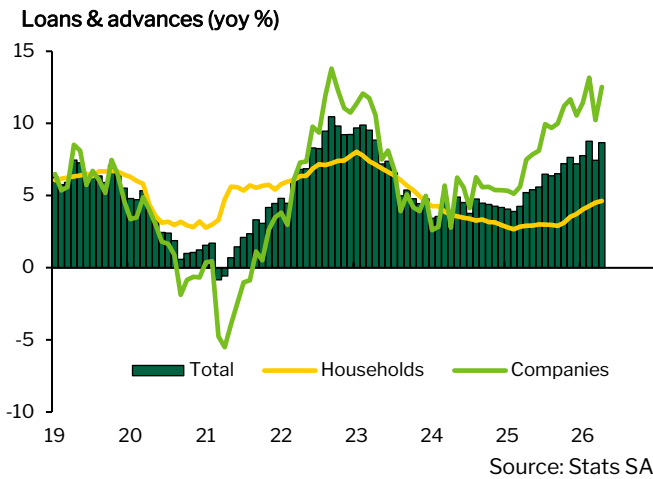
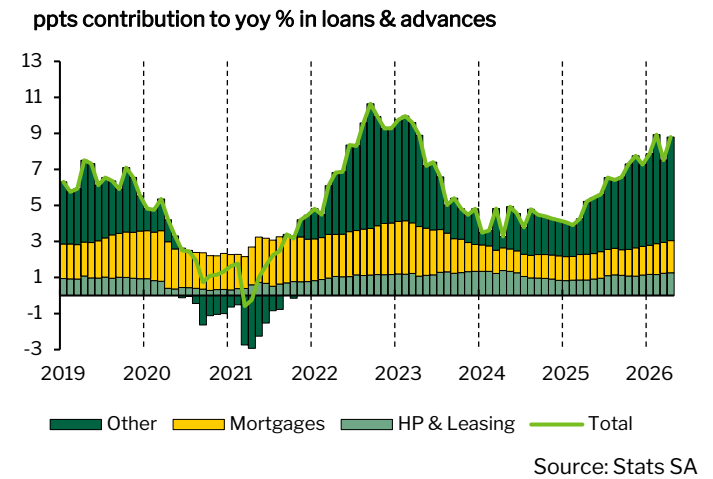


Chart 2: Product breakdown of total loans and advances



Outlook and implications

Credit growth is expected to remain relatively firm in the coming months. On the consumer side, earlier interest rate cuts will sustain spending and demand for general loans. Mortgage lending is likely to benefit from both lower borrowing costs and rising house prices, while vehicle finance should be underpinned by competitive pricing and the increased availability of low-cost imports from India and China. However, consumers may become somewhat more cautious amid heightened uncertainty surrounding the Iran conflict and the closure of the Strait of Hormuz. These developments have driven inflation higher, prompting the SARB to raise interest rates by 25 basis points yesterday, with another hike likely in July given the upside risks to the inflation outlook.

Corporate credit growth should also remain resilient as investment in renewable energy and structural reforms continue. Lower risk premiums are also anticipated to lead to a more meaningful acceleration in fixed investment, sustaining company loan growth. However, geopolitical uncertainties pose downside risks for export-orientated sectors.

Overall, we project growth in total loans and advances to end the year at 6.7%. Downside risks remain significant, as the fuel-price shock from the Iran war will weigh on economic activity.



Table 1: Breakdown of loans and advances

yoy %											2026			
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Households														
Instalment sales & leasing finance	6.2	6.2	6.7	6.8	7.2	7.2	6.6	7.3	7.8	8.1	8.9	9.0	9.8	10.2
Home loans	2.1	2.1	2.0	2.0	2.0	2.1	2.2	2.3	2.5	2.6	2.8	3.0	3.1	3.2
Overdrafts	-1.5	-1.4	-2.8	-2.4	-4.9	-8.2	-7.2	-7.9	-8.7	-8.0	-7.1	-7.7	-6.4	-6.0
Personal loans	-0.8	-0.6	-0.4	0.1	0.3	0.1	0.4	0.5	1.2	2.0	2.8	3.5	3.8	4.0
Credit cards	7.9	8.5	8.2	7.6	7.0	7.4	6.4	6.5	7.5	7.3	6.7	6.6	6.3	5.8
Total	2.8	2.9	2.9	3.0	3.0	3.0	2.9	3.1	3.5	3.7	4.0	4.3	4.5	4.6
Companies														
Instalment sales & leasing finance	6.2	6.1	6.4	7.1	9.3	10.3	11.2	8.9	7.6	8.2	7.4	7.1	6.8	6.7
Commercial mortgages	6.1	6.2	6.3	6.8	6.8	6.8	6.3	6.3	6.6	6.6	6.4	6.8	6.7	7.1
Overdrafts	10.3	12.6	6.9	7.1	4.3	-0.1	-0.3	1.7	3.1	5.2	7.0	7.9	3.0	-1.3
General loans	4.4	7.4	9.1	9.2	12.7	13.0	13.7	16.0	16.7	14.0	15.6	18.6	14.0	19.1
Credit cards	2.5	0.6	1.1	0.7	4.6	1.2	6.7	14.1	6.0	4.9	14.9	11.9	9.9	20.4
Total	5.6	7.5	7.9	8.1	9.9	9.7	10.0	11.2	11.7	10.5	11.4	13.2	10.2	12.5
Loans & advances														
Instalment sales & leasing finance	6.2	6.2	6.6	6.9	7.9	8.2	8.1	7.8	7.8	8.1	8.4	8.4	8.8	9.0
Mortgages	3.4	3.4	3.4	3.6	3.5	3.6	3.5	3.6	3.8	3.9	3.9	4.2	4.2	4.4
Overdrafts	8.3	10.3	5.3	5.6	2.9	-1.3	-1.3	0.2	1.3	3.1	4.8	5.5	1.6	-2.0
General loans	3.4	5.8	7.2	7.4	10.3	10.5	11.1	12.9	13.6	11.6	13.1	15.6	12.1	16.2
Credit cards	7.7	8.1	7.9	7.2	6.9	7.1	6.4	6.9	7.4	7.2	7.1	6.9	6.5	6.5
Total	4.2	5.2	5.4	5.6	6.5	6.4	6.5	7.2	7.6	7.2	7.8	8.8	7.4	8.7

Source: SARB, Nedbank calculations



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