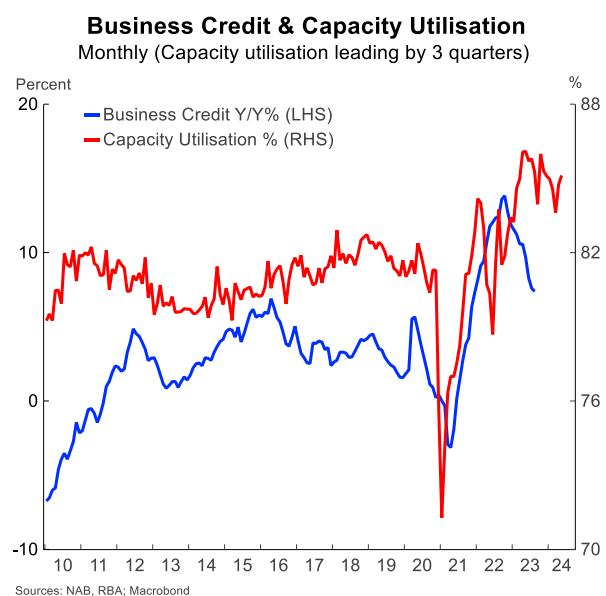
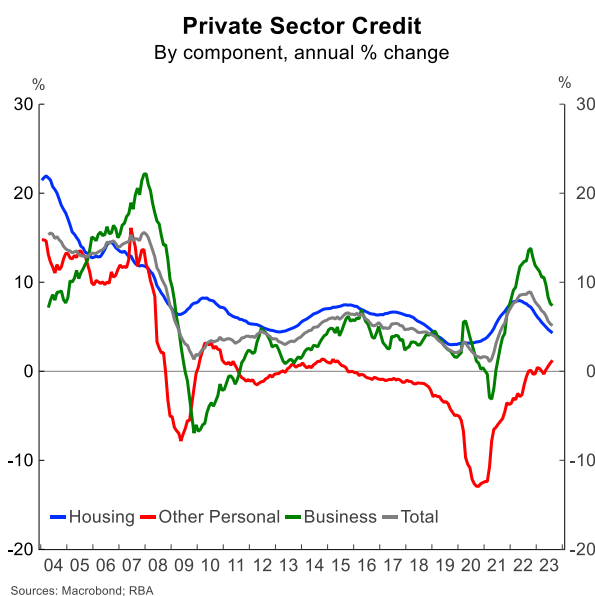


Friday, 29 September 2023

## Private Sector Credit Biz Resilient, Consumers Turning To Debt

- Private sector credit growth accelerated in August to 0.4%, a touch above the 0.3% recorded in June and July. The pick was driven by business and personal credit, with housing credit growth remaining soft. In annual terms, credit growth continued to moderate to 5.1% in August, but remains above the ten-year average rate of 4.9%.
- Business credit growth accelerated to 0.6% in August, from the weak 0.2% recorded in July following the expiry of generous government tax concession on 30 June. The resilience in business credit reflects the high level of capacity utilisation, robust business conditions and sound financial position in certain pockets. Business credit was 7.4% higher in annual terms, down from the cycle peak of 13.8% in October 2022, but well above the 10-year average of 4.5%.
- Housing credit remained soft, growing by 0.3% for the ninth consecutive month. Investor credit grew by 0.2%, a step down from the 0.3% rate recorded in July. Owner occupier credit growth was unchanged at 0.3%. In annual terms housing credit continued to moderate to 4.3%, which is below the ten-year average of 5.7% and the cycle peak in May 2022 of 7.9%.
- Personal credit, which includes credit cards and personal loans, rose 0.5% in August, with annual growth accelerating to 1.2% – the highest rate since March 2015. The pickup in personal credit, coupled with the fall in household deposits over the June quarter we saw yesterday, suggests that certain households are struggling with cost-of-living pressures and may be increasingly drawing on lines of credit to support spending.



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