



31 July 2024

AUSTRALIAN PRIVATE CREDIT BULLETIN

Business drives lift in June, likely noise

- Total private sector credit increased 0.6% in June, lifting annual growth to 5.6%yr.
- The stronger than expected result was driven by a 1% lift in business credit that is likely to be noise.
- Housing credit growth continues to show a slight lift towards 5.5%yr.

Private sector credit, June 2024

Item	mth%		ann%	
	May	Jun	May	Jun
Total credit	0.4	0.6	5.2	5.6
Business	0.4	1.0	6.7	7.7
Other personal	-0.1	0.2	2.7	2.8
Housing, total	0.4	0.4	4.6	4.7
Owner-occupier housing	0.5	0.5	5.2	5.3
Investor housing	0.4	0.4	3.5	3.6

Source: ABS, Westpac Economics.

June
+0.6% mth,
5.6% yr

Housing credit growth up slightly



Matthew Hassan
Head of Australian Macro-Forecasting

Private sector credit grew by 0.6% in June to be up 5.6%yr. That was stronger than expectations, the consensus forecast being for another 0.4% gain.

However, most of that upside surprise centred on business credit which can be lumpy. Abstracting from this, credit continues to expand at a modest pace around 5.5%yr. Elevated interest rates and a sluggish economy are restraining growth with some underlying offsetting support coming from the need to add to capacity.

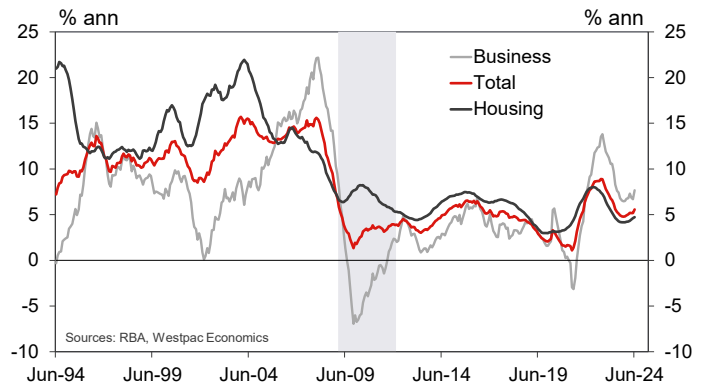
The post 2000 average for credit growth is 7.5%yr. Post -GFC average growth has been more subdued at 4.6%yr.

Total housing credit annual growth ticked up again to 4.7%yr, having started the year at 4.2%yr. Owner occupier housing credit growth nudged up from 5.2%yr to 5.3%yr. Investor housing credit growth nudged up from 3.5%yr to 3.6%yr.

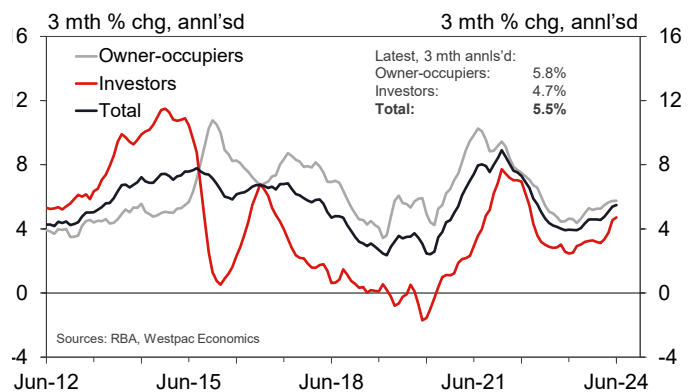
Business credit growth jumped from 6.7%yr to 7.7%yr. Some of this is likely noise, although the underlying trend is still tracking well above pre-COVID averages.

Credit growth should gradually regain traction from here, particularly as policy settings become less restrictive heading into 2025. Positive investment fundamentals will also be a factor with a solid up-trend in business investment expected to emerge in coming years.

Credit growth lifts a touch



Housing credit: growth pulse ticks up to 5.5%



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Authors

Westpac Economics / Australia

Sydney

Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis

Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan

Head of Macro-Forecasting
E: mhssan@westpac.com.au

Elliot Clarke

Head of International, Economics
E: eclake@westpac.com.au

Justin Smirk

M: +61 459 844 788
E: jsmirk@westpac.com.au

Pat Bustamante

Senior Economist
E: pat.bustamante@westpac.com.au

Ryan Wells

Economist
E: ryan.wells@westpac.com.au

Illiana Jain

Economist
E: illiana.jain@westpac.com.au

Jameson Coombs

Economist
E: jameson.coombs@westpac.com.au

Westpac Economics / New Zealand

Auckland

Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold

Chief Economist New Zealand

Michael Gordon

Senior Economist

Darren Gibbs

Senior Economist

Satish Ranchhod

Senior Economist

Paul Clark

Industry Economist

Westpac Economics / Global

London

Camomile Court,
23 Camomile St,
London EC3A 7LL
United Kingdom

Singapore

12 Marina View
#27-00,
Asia Square Tower 2
Singapore, 018961

New York

39th Floor
575 Fifth Avenue
New York, 10017 USA



 westpaciq.com.au

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