



30 August 2024

AUSTRALIAN PRIVATE CREDIT BULLETIN

Another slight lift but still neither here nor there

- Total private sector credit increased 0.5% in July, annual growth ticking up slightly to 5.7%yr.
- While the monthly and annual growth rate have ticked up ever so slightly its 'margin of error' stuff with the broad themes unchanged.
- Growth in both housing and business credit are ticking up slightly but not in a manner that suggests momentum is shifting materially.

Private sector credit, July 2024

Item	mth%		ann%	
	Jun	Jul	Jun	Jul
Total credit	0.6	0.5	5.6	5.7
Business	0.9	0.4	7.6	7.6
Other personal	0.2	0.5	2.9	3.1
Housing, total	0.4	0.5	4.7	4.9
Owner-occupier housing	0.5	0.5	5.3	5.4
Investor housing	0.4	0.4	3.6	3.7

Source: ABS, Westpac Economics.

**July +0.5%
5.7%yr**

Credit growth nudges up slightly



Matthew Hassan
Head of Australian Macro-Forecasting

Private sector credit grew by 0.5% in July to be up 5.7%yr. That was in line with expectations, the consensus forecast a 0.5% gain.

Performances were near identical across segments in the month, business credit growth every so slightly softer at 0.4%*mt* but coming off a 0.9%*mt* gain in June. Within housing, investor housing credit also recorded a slightly softer 0.4% gain. Everything else – owner occupier housing, total housing and personal credit – recorded 0.5%*mt* gains.

The pace of housing credit growth has quickened slightly over the last 3*mts*, tracking an annualised pace of 5.6% compared to the latest actual of 4.9%*yr*. Investors have driven most of that slight lift.

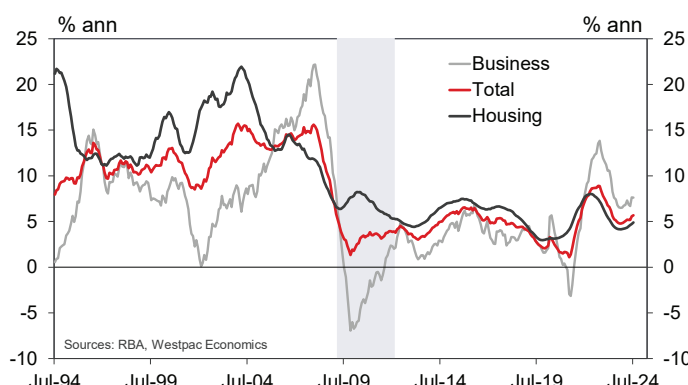
Business credit has been bumpier month to month meaning the higher frequency pulse for momentum is less reliable.

Stepping back, credit continues to expand at a relatively modest pace at just over 5.5%*yr*. Elevated interest rates and a sluggish economy are still restraining growth but with some offsetting support coming from the need to add to capacity, particularly in the business space.

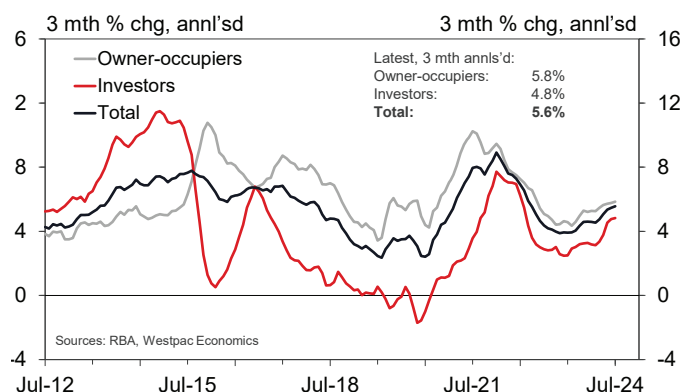
The post 2000 average for credit growth is 7.5%*yr*. Post -GFC average growth has been more subdued at 4.6%*yr*.

Credit growth should gain a little more traction going forward, 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 5.6%





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 / Fiji

Suva

1 Thomson Street
Suva, Fiji

Shamal Chand

Senior Economist
E: shamal.chand@westpac.com.au



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