



30 September 2024

# AUSTRALIAN PRIVATE CREDIT BULLETIN

## Firm momentum maintained for another month

- In August total private sector credit increased by 0.5%*mth* and 5.7%*yr*, both growth rates unchanged from the prior month.
- Monthly growth in housing credit was unchanged, while other personal credit saw weaker growth, potentially reflecting the impact of recent tax cuts on repayments.
- Broadly similar private credit growth rates are expected to be maintained going forward.

### Private sector credit, August 2024

Item	mth%		ann%	
	Jul	Aug	Jul	Aug
Total credit	0.5	0.5	5.7	5.7
Business	0.5	0.7	7.7	7.7
Other personal	0.5	0.1	3.1	2.5
Housing, total	0.5	0.4	4.9	5.0
Owner-occupier housing	0.5	0.4	5.4	5.5
Investor housing	0.4	0.4	3.7	3.9

Source: ABS, Westpac Economics.

**August  
+0.5%*mth*,  
5.7%*yr***

# Firm and stable credit growth in August

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The RBA's private sector credit data did not bring any major surprises showing that the headline growth remained unchanged in August at 0.5%*mt*, a pace in line with the average over the last twelve months. After inching to a fourteen-month high of 5.7%*yr* in the prior month, the annual pace of growth was also unchanged.

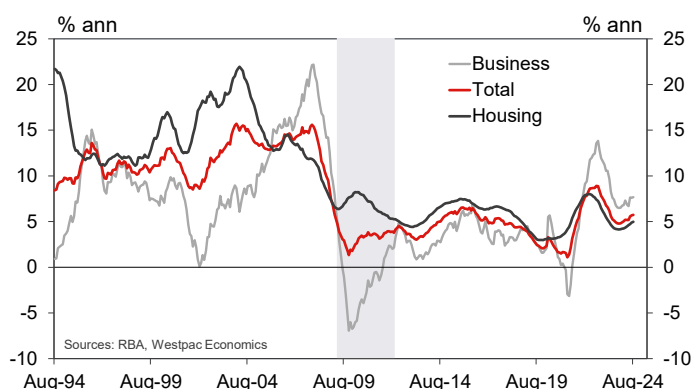
Looking at major components, at the headline level growth of housing credit was a touch softer vs July, at 0.4%*mt*, down from 0.5%*mt*. However, at two decimal places, the move was merely -1.5 basis point. But it was sufficient to push the annual pace up by 0.1ppt to a sixteen-month high of 5.0%*yr*. Within housing credit, both owner occupier and investor categories also recorded 0.4%*mt* increases, a similar rate to prior months for both series.

Growth in other personal credit category showed a more meaningful change in August, easing from 0.5%*mt* to 0.1%*mt*, the second lowest reading in 2024. While this series is usually more volatile, the change might reflect the impact of recent tax cuts on household budgets with some of the extra disposable income put towards debt repayments.

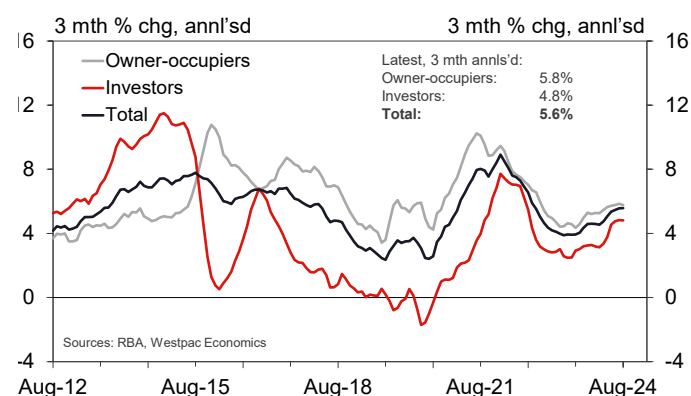
In contrast, business credit growth increased from 0.5%*mt* to 0.7%*mt*, a pace slightly exceeding its twelve month average. Nevertheless, the annual pace printed 7.7%*yr* for third consecutive month.

Stepping back, momentum in credit growth appears to be firm and stable. It is comfortably above the pre-pandemic levels when interest rates were significantly lower. However, against the backdrop of weak aggregate demand, it is still insufficient to generate a stronger GDP impulse. And with household and business sentiment surveys remaining subdued, a similar dynamic is expected to persist in the near term.

## Credit growth lifts a touch



## Housing credit: growth pulse ticks up to 5.6%





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