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AUSTRALIAN PRIVATE CREDIT BULLETIN

Softer month but credit pulse still lifting slightly

- Private credit increased 0.5%*mth* in November, a touch softer than the 0.6%*mth* gain in October.
- The monthly shift centred on a milder gain in business credit and a dip in 'other personal' credit with no change in the steady pace of housing credit growth.
- Despite the softer month, annual growth in total credit continue to move slightly higher, lifting from 6.1%*yr* to 6.2%*yr*. The annualised pace over the last six months is closer to 7%*yr*, although that is affected by some 'lumpiness' in business credit which is leading the pick-up (tracking at 8.5%*yr*).
- Private credit growth is expected to face more headwinds in the coming months including from a slowing in housing markets and a more uncertain business environment.

Private sector credit, November 2024

Item	mth%		ann%	
	Oct	Nov	Oct	Nov
Total credit	0.6	0.5	6.1	6.2
Business	1.0	0.7	8.3	8.5
Other personal	0.1	-0.2	2.4	2.1
Housing, total	0.5	0.5	5.2	5.4
Owner-occupier housing	0.5	0.5	5.6	5.7
Investor housing	0.5	0.5	4.4	4.7

Source: ABS, Westpac Economics.

**November
+0.5%*mth*,
6.2%*yr***

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Slight lift in credit growth but headwinds forming



Matthew Hassan
Head of Australian Macro-Forecasting

Private sector credit rose by 0.5%*mt* in November, a touch slower than the 0.6%*mt* gain in October and directly in line with both Westpac and the market consensus forecast. Business credit continues to lead month-to-month shifts. Stepping back from these, the picture is of a broad-based but very gentle lift in credit growth centred on business credit.

Across the major components:

- housing credit (63% of total private credit), rose 0.5%*mt*, unchanged from October and September;
- business credit (33% of total private credit) rose 0.7%*mt*, down from the strong 1% gain in October and back in line with the average pace over the previous nine months; and
- other personal credit (4% of total private credit) dipped -0.2%*mt*.

While the latest monthly gain is in line with the average for the year to date, there has been a slight lift in momentum over the course of 2024 - gains tracking a 6.9% annual pace over the last six months compared to a 6.1% annual pace in the first half of the year.

That lift has been slightly more pronounced for business credit growth which continues to track a faster pace than housing and personal credit. Within housing, investor housing credit has seen more of a lift over the year but is coming from a slower starting point growth-wise.

Looking ahead, credit growth is set to face headwinds going into 2025 with a slowing in housing markets expected to extent into the first half of next year and more uncertainty around the business environment.

Private Sector Credit Growth



Source: RBA, Macrobond, Westpac Economics

Housing Credit Growth



Source: RBA, Macrobond, Westpac Economics



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