



31 July 2025

AUSTRALIAN PRIVATE CREDIT BULLETIN

Steady as she goes

- The stock of outstanding private credit grew by 0.6% in June, matching an upwardly revised gain of 0.6% in May. Annual credit growth ticked down slightly to 6.8%.
- Housing credit continued to expand at a 0.5% monthly pace, with investor credit grows at a slightly firmer pace than owner-occupiers.
- Reactions to RBA rate cuts to date are relatively muted in this set of stock data. New information on new housing finance approvals, due in a couple weeks' time, will provide more clues on this front.
- Business credit growth continued to moderate from earlier strength, with the 0.5% increase in June, seeing the annual pace drop from 9.6%yr to 9.0%yr.
- Personal credit was the main surprise, posting its largest monthly increase since December 2007, at 0.8%. Whether this signals a genuine lift in net spending, via credit cards, remains to be confirmed in forthcoming official consumer spending data.

Private sector credit, June 2025

Item	mth%		yr%	
	May	Jun	May	Jun
Total credit	0.6	0.6	6.9	6.8
Business	0.7	0.5	9.6	9.0
Other personal	0.6	0.8	3.0	3.7
Housing, total	0.5	0.5	5.8	5.9
Owner-occupier	0.5	0.5	5.7	5.8
Investor	0.6	0.6	6.1	6.3

Source: ABS, Westpac Economics.

June:
+0.6%mth,
+6.8%yr

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Credit growth sustains gradual uptrend



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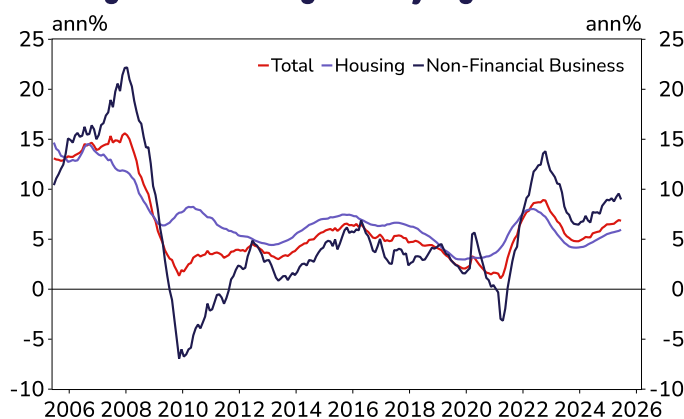
Growth in private sector credit growth came in a little firmer than we were expecting, up 0.6% in June versus Westpac's forecast and market consensus for a 0.5% gain. This leaves annual growth up 6.8%yr, a touch lower than May's cycle-high of 6.9%yr. This broadly confirms that credit growth continues to follow a fairly steady growth trend against a backdrop of gradual RBA rate cuts.

Across the major private credit components:

- **Housing credit** (63% of total private credit) once again posted a 0.5% rise, as it has done since September 2024. This monthly pace is slightly higher versus this time last year, resulting in annual growth ticking up to 5.9%yr (and nearly rounded up), the highest thus far in the cycle. Investor credit is growing at a marginally higher pace than owner-occupiers, up 0.6% (6.3%yr) and 0.5% (5.8%yr) in June respectively, with the former nearing its 2022 cycle peak (6.6%yr).
- As far as reactions to RBA rate cuts are concerned, we will receive information on the flow of housing finance approvals with the Q2 Lending Indicators due August 13. The recent up-tick in finance enquiries in June, following the late-May RBA rate cut, suggests we may be in store for a lift. Today's data on the stock of outstanding housing credit, though, remains consistent with a steady and gradual uptrend to date.
- **Business credit** (33% of total private credit) growth continued to moderate after a recent run of bumper results, from a 1.0% bounce in April, to a revised 0.7% gain in May, now to a 0.5% lift in June. The annual pace has now dropped to 9.0%yr, broadly in line with the results seen over Jan-Apr.
- **Other personal credit** (4% of total private credit) growth meanwhile continued to advance, rising 0.8% in June. This is the largest monthly increase since December 2007, which together with the recent run of solid gains, could be signalling an increase in credit card spending. However, we caution that these signals are yet to be fully corroborated by [consumer sentiment](#) and [card activity](#). We will learn more as official data on consumption continues to roll in.

On the medium-term outlook, we suspect that a continued, gradual easing cycle from the RBA – with forecast rate cuts coming in August, November, February and May – should continue to open up borrowing capacity for many households. The nascent recovery in real incomes thus far is an encouraging sign for household finances, but given the weak starting point after years of declines, an uphill battle remains.

Annual growth trending steadily higher



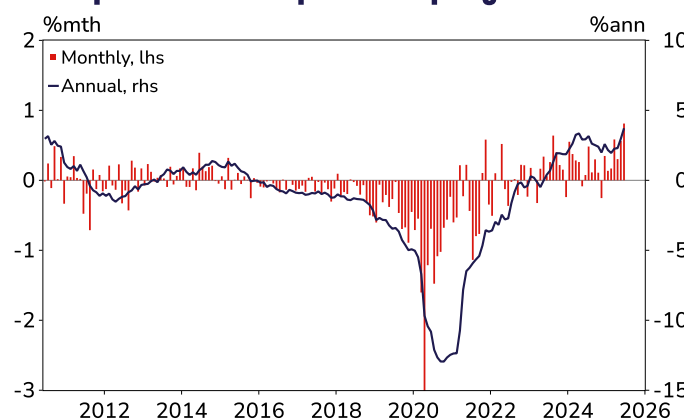
Source: RBA, Macrobond, Westpac Economics

Components: housing stable, business moderates



Source: RBA, Macrobond, Westpac Economics

Other personal credit posts bumper gain





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