



31 March 2026

# AUSTRALIAN PRIVATE CREDIT BULLETIN

## Momentum maintained

- Private sector credit growth picked up in February, rising from 0.5 to 0.6%*mth*, consistent with both our expectations and the consensus. Year-ended growth also edged higher to 7.8%*yr*, marking the peak of the current cycle.
- Housing credit growth remained steady at 0.6%*mth*. The composition of growth saw little change, with the owner occupier category up 0.5%*mth* for the thirteenth consecutive month, and investor credit rising 0.7%*mth* – just below January’s rate but consistent with the 2025 average.
- Following a couple of volatile readings late last year, other personal credit rose by 0.4%*mth*, closely matching the 2025 average pace. This suggests a return to a steadier upward trend.
- Business credit increased 0.8%*mth*, up from 0.5%*mth* in January, though showing little change compared with last year.

### Private sector credit, February 2026

Item	% <i>mth</i>		% <i>yr</i>	
	Jan	Feb	Jan	Feb
Total credit	0.5	0.6	7.7	7.8
Business	0.5	0.8	9.4	9.5
Other personal	0.2	0.4	4.1	4.3
Housing, total	0.6	0.6	7.0	7.1
Owner-occupier	0.5	0.5	6.1	6.1
Investor	0.8	0.7	8.9	9.2

Source: ABS, Westpac Economics.

**February:  
+0.6%*mth*,  
+7.8%*yr***

# Firm growth before the inflationary shock



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Senior Economist

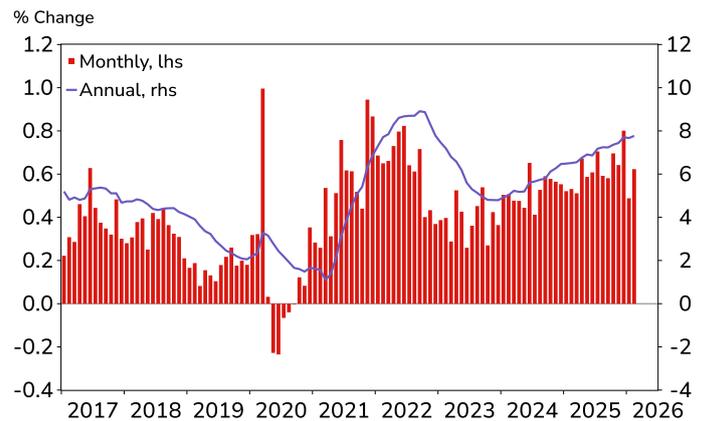
The latest private sector credit data contained few surprises. Despite the RBA rate hike in early February growth momentum remained strong in the month. Total credit rose 0.6%*month*, in line with our and consensus expectations. This pace exceeded January's 0.5% increase, matching the average rate of growth seen in 2025. The annual growth rate rose to 7.8%*year*, setting a new high for the current cycle.

- Housing credit (62% of total credit stock) rose by 0.6%*month*, a rate recorded six times in the past seven months. While house price growth has recently softened it remains firm, despite changing expectations for interest rates and weaker consumer sentiment. Against the backdrop of ongoing housing supply shortages, housing credit continues to be well supported.
- The breakdown of housing credit showed that previous trends persisted in February, with stable growth in owner occupier credit and stronger growth among investors. Owner occupier credit posted a thirteenth consecutive 0.5%*month* increase. Investor credit growth edged lower to 0.7%*month*. To two decimal places, it was 0.74%, very close to the rounding range for 0.8%*month*.
- Other personal credit (4% of total private credit) increased by 0.4%*month*, up from a 0.2%*month* pace in January.
- Business credit growth (33% of total private credit) rebounded from January's 0.5%*month*, climbing back to 0.8%*month* – in line with last year's average. Having approached 10%*year* around the middle of last year, year-ended growth appears to have stabilised at around 9.5%*year*.

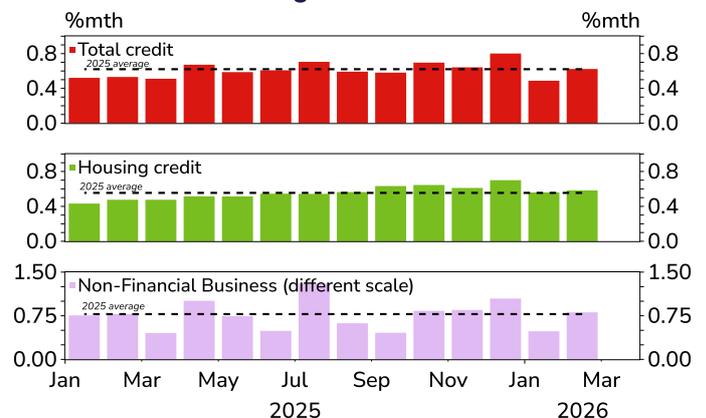
From March onwards, risks to credit growth are skewed to the downside. The ongoing conflict in the Middle East, together with the global energy price shock and supply chain disruptions, will significantly impact the Australian economy. We anticipate a combination of high inflation, slower GDP growth and softer labour market conditions – all negative for the credit growth outlook. The additional layer of economic uncertainty will also deter some potential borrowers.

Perhaps most importantly, we now expect RBA to lift the cash rate at the next three policy meetings, aiming to rein in domestic demand growth and bring inflationary pressures down. While credit growth was surprisingly resilient in recent years, that policy outcome seems unlikely without at least some moderation in credit growth.

## Private Sector Credit Growth



## Private sector credit growth



## Housing Credit Growth



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