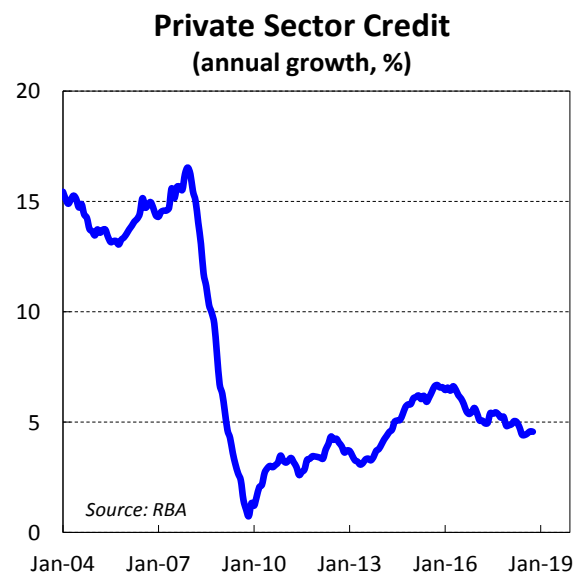
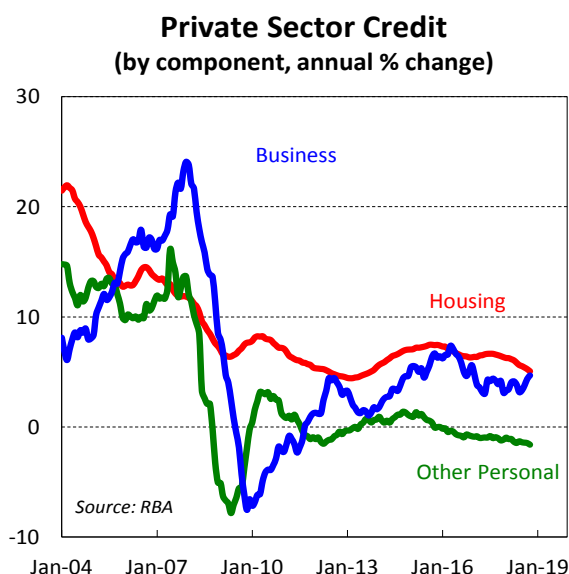


Private Sector Credit

Further Bright Signs for Businesses

- Private sector credit grew at 0.4% in October, and has held at a pace of growth of between 0.4-0.5% over the past four months. The annual rate of growth held at 4.6% in October, unchanged from September.
- Business credit has picked up in recent months. In October, it grew at a rate of 0.6%. The annual pace edged up from 4.4% in September to 4.7% October, the strongest annual growth in nearly two years. The improvement adds to signs of strength in conditions among businesses after a healthy upgrade to business spending plans in capex data yesterday.
- The picture remains soft for lending to other sectors. Housing credit is continuing to moderate, growing by 0.3% in October. The annual rate eased to its weakest in five years. Weakness was driven by credit for investor housing, which had no growth in October. Credit conditions for investors have tightened to a greater extent, however, credit to owner occupiers have also been impacted. Owner-occupier housing credit grew at 0.4% in October, the weakest since May 2015.
- Other personal credit remained weak, falling 0.2% in October, and has been in decline for four consecutive months. The annual rate of contraction weakened to -1.6%, the softest pace since late 2009.
- Headwinds for credit growth remain given the prospect of tighter lending conditions. However, the improvement in business credit in recent months is encouraging.



Private sector credit grew at 0.4% in October, and has held at a pace of growth of between 0.4-

0.5% over the past four months. The annual rate of growth held at 4.6% in October, unchanged from September.

While overall credit growth appeared stable, there continued to be some interesting trends in the breakdown.

Business credit has picked up in recent months. In October, it grew at a rate of 0.6% for the second consecutive month. Meanwhile, the annual pace edged up from 4.4% in September to 4.7% in October, the strongest annual growth in nearly two years. The improvement adds to signs of strength in conditions among businesses after a healthy upgrade to business spending plans in capex data yesterday. Additionally, business surveys continue to point to above-average conditions.

In contrast, housing credit is continuing to moderate. Credit to the housing sector grew by 0.3% in October. The annual rate eased from 5.2% in September to 5.1% in October, the weakest in five years. Once again, weakness was driven by credit for investor housing, which ground to a halt in October. The annual rate of growth slipped to 1.3%, a new recorded low. Credit conditions for investors have tightened to a greater extent, however, credit to owner occupiers have also been impacted. Owner-occupier housing credit grew at 0.4% in October, the weakest since May 2015. Annual growth eased from 7.3% in September to 7.0% in October.

Other personal credit remained weak, falling 0.2% in October, and has been in decline for four consecutive months. The annual rate of contraction weakened to -1.6%, the softest pace since late 2009.

Implications

Headwinds for credit growth remain given the prospect of tighter lending conditions. However, the improvement in business credit in recent months is encouraging and adds to signs that business conditions remain buoyant.

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The Detail

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