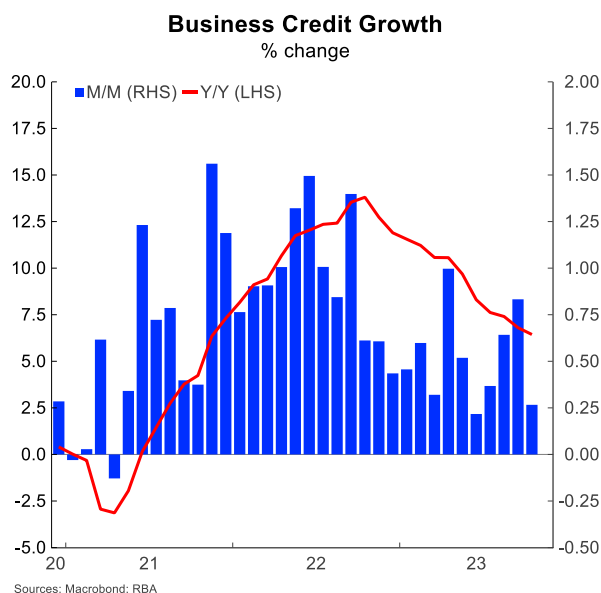
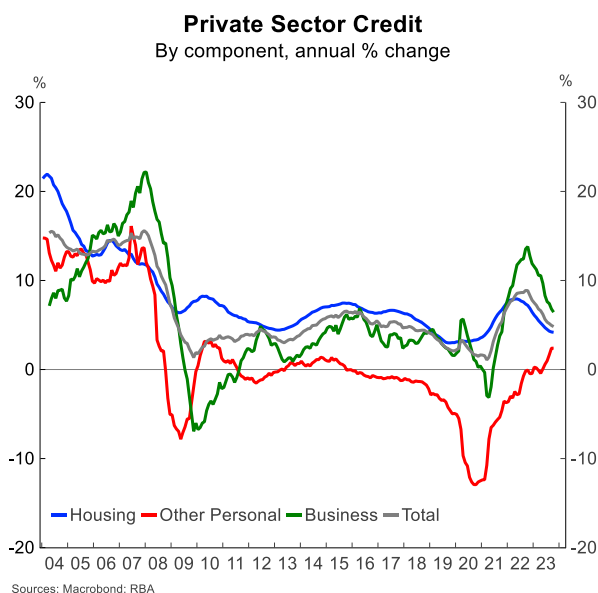


Private Sector Credit

Converging on a Consistent Rhythm

- Private sector credit expanded 0.3% in October, stepping down from the 0.5% increase in September. In annual terms, credit growth slowed from 5.0% to 4.8%. Overall, credit growth is running around long-run average levels after normalising from strong growth for much of 2022.
- A step down in the pace of business credit growth was evident in October. Business credit rose 0.3% in the month following monthly readings of 0.6% and 0.8% in August and September, respectively. Annual growth in business credit slowed to 6.4%, comfortably above average.
- Elevated capacity utilisation and resilient demand are incentivising businesses to invest, which has supported credit growth. Labour costs have also increased, nudging businesses towards productivity enhancements, including through higher investment.
- Housing credit has found a consistent rhythm, growing between 0.3% and 0.4% per month for the past 14 months. October was no exception, housing credit rose 0.4% to be 4.2% higher through the year, both numbers were unchanged from September.
- Owner-occupier and investor lending have settled at a similar tempo since the middle of the year. Owner-occupier credit rose 0.4% in October, while investor lending was up 0.3%. Over the past 12-months investor lending has lagged somewhat, reflecting greater sensitivity to higher interest rates.
- Strong demand for housing will likely keep the steady but moderate rate of housing credit growth well entrenched. The outlook for business credit growth is less clear. Strong incentives to invest will continue to provide a tailwind, but higher rates and a gradually slowing economy are expected to push in the opposite direction.



Contact Listing

Chief Economist

Besa Deda
dedab@banksa.com.au
+61 404 844 817

Senior Economist

Jarek Kowcza
jarek.kowcza@banksa.com.au
+61 481 476 436

Senior Economist

Pat Bustamante
pat.bustamante@banksa.com.au
+61 468 571 786

Economist

Jameson Coombs
jameson.coombs@banksa.com.au
+61 401 102 789

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