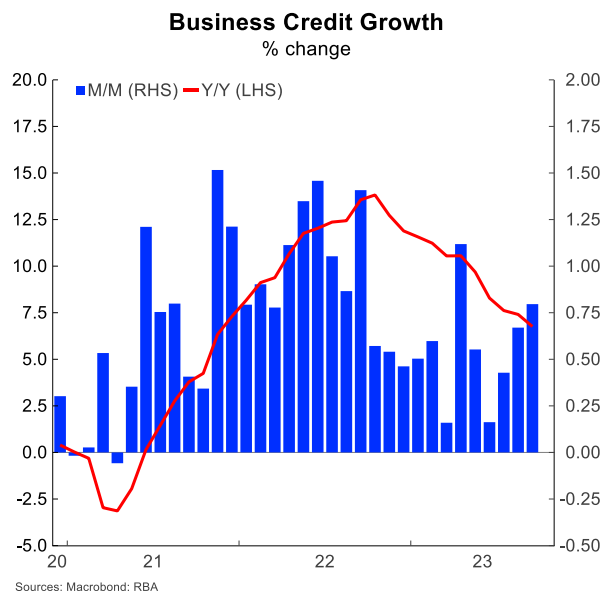
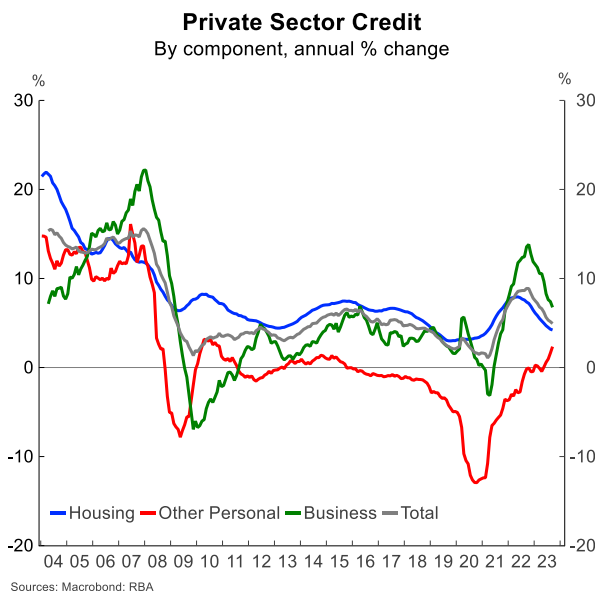


Private Sector Credit

Business Borrowing Building Momentum

- Private sector credit expanded 0.5% in September, accelerating on the 0.4% gain in August. This was the fastest monthly increase in private credit in five months. In annual terms, growth continued to moderate (4.9%) but remains around the average of the last 10 years.
- The solid result was underpinned by a robust acceleration in business credit, which expanded 0.8% in the month. This followed another strong reading of 0.7% over August. Over the past three months business credit growth has averaged 0.6%. This is a step down from the rapid growth recorded through much of 2022 but it is comfortably above the 10-year average of 0.4%.
- Business credit continues to be supported by resilient demand, elevated capacity utilisation and a catch-up in investment following the pandemic. Additionally, strong financial buffers accumulated during the pandemic are giving businesses a strong base to invest and grow.
- The underlying pulse of housing credit looks to have settled at a steady pace following a pull-back in recent quarters. Housing credit expanded 0.4% in September, following nine consecutive monthly readings of 0.3%. The current pace is solid given the sharp increase in interest rates.
- Demand for housing credit remains strongest for owner-occupiers, where credit grew 0.4% in September. This compares to investor credit growth which printed at 0.2%. Investor and owner-occupier credit accelerated in 3-month average terms, suggesting a slight uptick in momentum.
- Other personal credit (e.g. credit cards and personal loans) continued to expand at a solid clip, rising 2.3% over the year to September. This was the largest increase since November 2010. The increase could be an early sign that some households are turning to credit to help with budget challenges. But it could equally reflect the delayed delivery, and financing, of motor vehicles.



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