

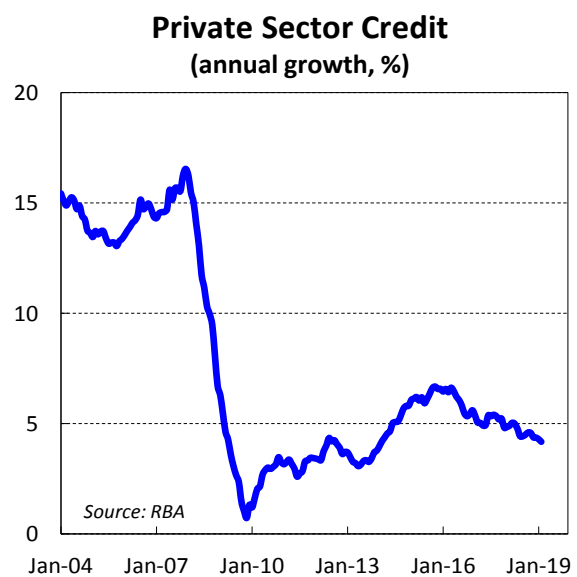
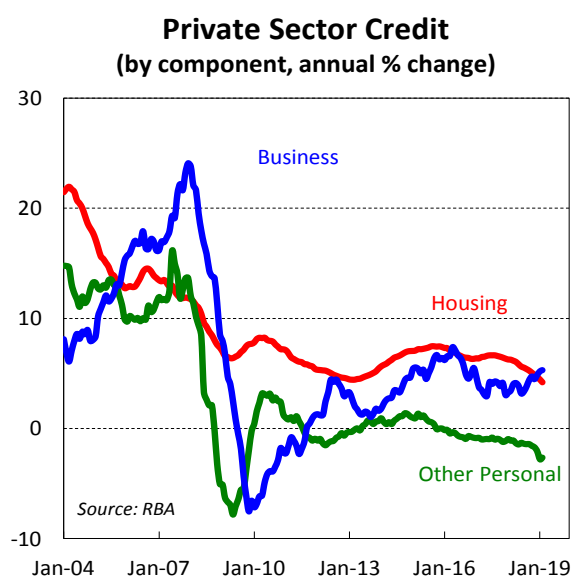
Friday, 29 March 2019



## Private Sector Credit

### Stabilising Signs?

- Private sector credit grew 0.3% in February, the strongest pace in three months. While the outcome was better than expected, it remains a subdued pace of growth. This ongoing weakness is reflected in an easing in the annual pace of growth from 4.3% in January to 4.2% in February, the softest pace in five years.
- In the sector breakdown, there were some slightly encouraging signs. Housing credit grew 0.3% in February, after 0.2% growth in January. It was driven by a pickup in owner-occupier housing credit from 0.3% in January to 0.4% in February. Growth in investor housing was flat in February. Annual growth in housing credit overall slowed from 4.4% to 4.2%, which was the weakest since this data series began in 1976.
- Business credit grew at 0.3%, a similar pace of growth of the past three months. The downwards shift in business confidence and conditions does not appear to be translating into a marked deterioration in business credit growth yet. The annual rate edged up from 5.2% to 5.3%, although this is sitting below the long-run average growth of 5.3%.
- Today's data could be a positive sign that economic conditions are not deteriorating further. It follows a loss of momentum in the domestic economy around the turn of the year. Nonetheless, the data is continuing to point to soft conditions, particularly within the household sector.



Private sector credit grew 0.3% in February, the strongest pace in three months. It was also above market expectations for 0.2% growth.

While the outcome was better than expected, it remains a subdued pace of growth. This ongoing weakness is further reflected in an easing in the annual pace from 4.3% in January to 4.2% in February, the softest pace in five years.

In the sector breakdown, there were some slightly encouraging signs. Housing credit grew 0.3% in February after 0.2% growth in January. It was driven by a pickup in owner-occupier housing credit from 0.3% in January to 0.4% in February. Growth in investor housing was flat in February. However, despite the signs of potential stabilisation, annual growth remained very weak. On a year ago, owner-occupier housing credit slipped from 6.2% in January to 5.9% in February. Annual growth in investor housing credit eased from 1.0% to 0.9%. Indeed, housing credit overall slowed from 4.4% to 4.2%, which was the weakest since this data series began in 1976.

Other personal credit continued to contract, falling 0.1% in February, although this was the smallest contraction in five months. The annual rate of decline eased from 2.8% to 2.7%.

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