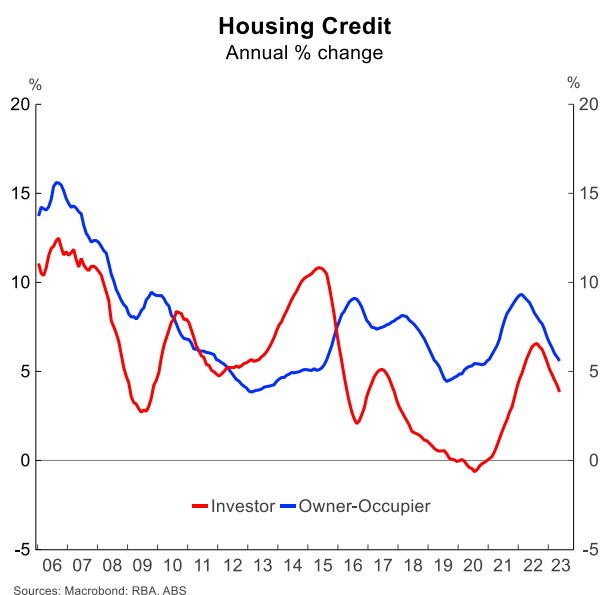
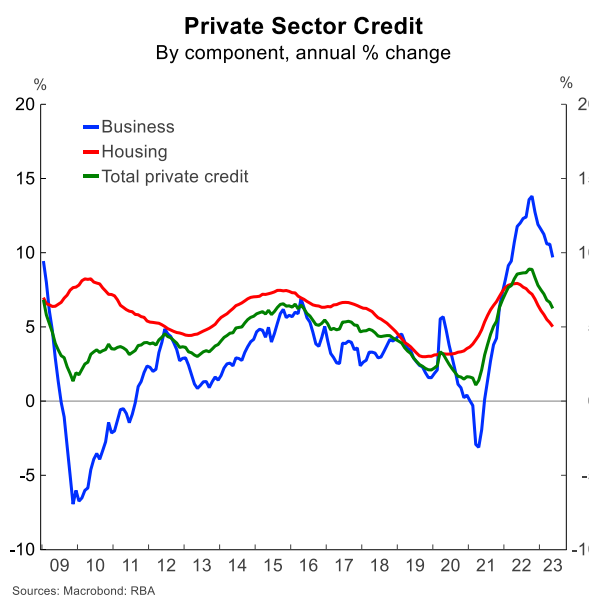


Private Sector Credit

Growth Slows After April Bump

- Private sector credit growth slowed in May, returning to its average monthly pace over the past eight months. Credit expanded 0.4%, down from 0.6% in April. Since October, monthly credit has expanded by 0.4% in each month, except March (0.2%) and April (0.6%).
- In annual terms, credit grew 6.2%, down from 6.7% in April. Annual growth continues to slow as stronger growth rates from the start of 2022 fall out of the calculation. This will likely continue.
- Business credit growth decelerated in the month. After spiking to 1.0% in April, growth slowed to 0.5% in May. Going forward, business credit growth is likely to weaken in line with slowing consumer demand and economic growth. However, growth may receive some support from still elevated capacity utilisation. Additionally, credit growth could be robust in June as businesses bring-forward spending to the make the most of expiring tax incentives.
- Annual business credit growth fell below 10% for the first time since March 2022, at 9.7%.
- Housing credit continued to expand at a steady but subdued pace, in line with a stabilisation in the housing market. Credit grew 0.3% in May and has grown by this rate for five of the past six months. Owner-occupier credit expanded 0.4%, while investor housing credit was 0.2% higher.
- In annual terms, housing credit growth continues to slow. Credit to owner-occupiers slowed to 5.6% in May, from a peak of 9.3% in this cycle. Investor credit is also down in annual terms, from a peak of 6.6% to 3.8% in May.



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