

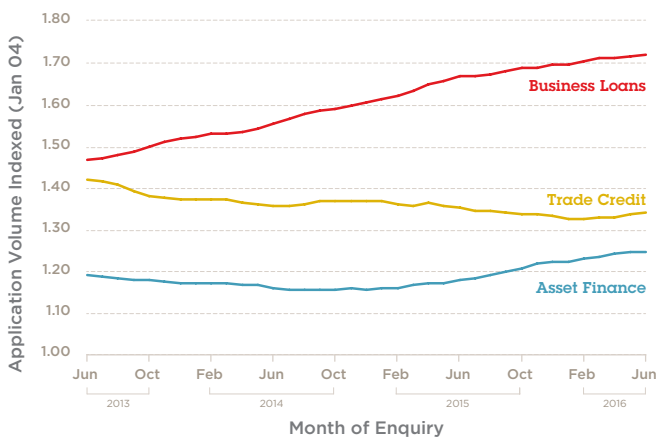
# VEDA QUARTERLY BUSINESS CREDIT DEMAND INDEX

April - June 2016

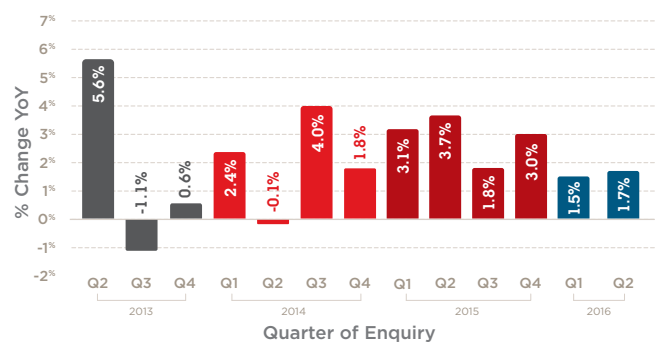


Growth in business credit demand undeterred by federal election

**Commercial Credit Demand Index by Type**  
12 MONTH ROLLING AVERAGE



**Commercial Credit Demand Index**  
QUARTERLY YOY%



\* Veda recomputes the entire index over its lifetime every quarter so there will be a slight adjustment to the above historical figures. Veda normalises the data for a like-for-like comparison.

Overall business credit applications **rise**



Growth in asset finance **+3.2%**

&

business loan applications **+1.6%**

Annual rate of change in trade credit applications **improved**



(VS JUNE QUARTER 2015)

SYDNEY, AUSTRALIA:  
FRIDAY, 8 JULY 2016

Released today, the **Veda Quarterly Business Credit Demand Index**, measuring applications for business loans, trade credit and asset finance **rose** at an annual rate of



reflecting **steady growth** despite the federal election.

The latest credit data showed a continuation in the trend of **weaker** overall **business credit** demand in the mining jurisdictions





The Veda **Business Credit Demand Index** has historically proven to be a lead indicator of how the overall economy is performing. The **modest increase** in the annual rate of growth in **business credit applications** illustrated by Veda's data suggests a cautiously optimistic economic outlook.

Given the historical relationship between the Veda Business Credit Demand Index and growth in real GDP, Veda's latest business credit data for the June quarter indicates a **continued easing of growth** in the Australian economy from the 3.1% growth in GDP recorded by the ABS in the March quarter.



"The steady growth in business credit applications was encouraging, particularly in the face of a long and uncertain election campaign period. Historically we have seen a slowdown in business credit demand in the lead up to an election, followed by a rebound when the newly elected government has been established. The fact that this election cycle did not negatively impact credit demand growth is a good sign, and indicates that the next quarter could be strong."

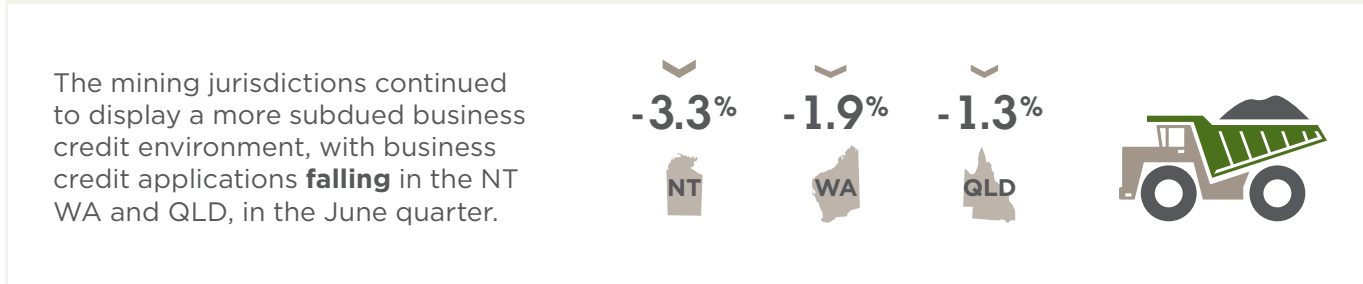
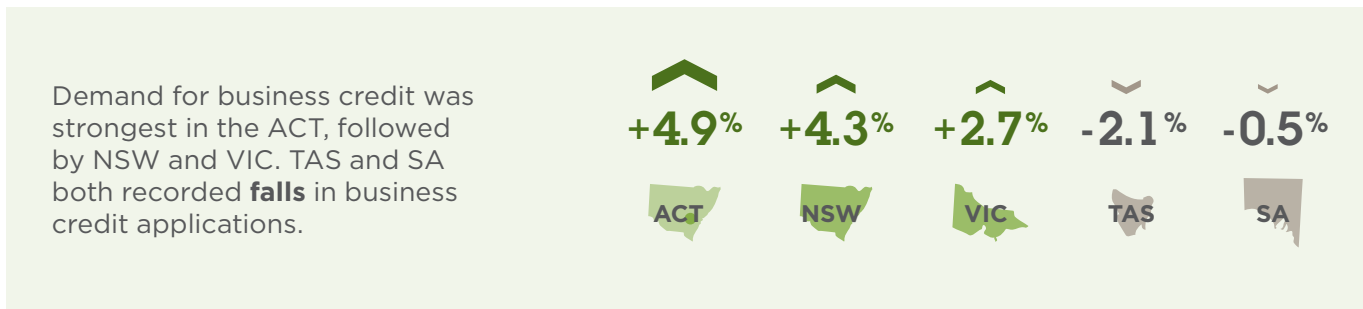
**Moses Samaha**  
Veda's General Manager,  
Commercial and Property Solutions



 **Business credit applications**

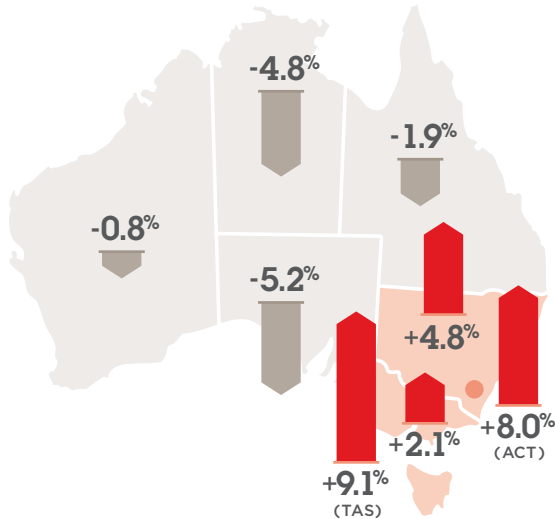
Growth in **overall business credit** applications **rose modestly.**

 **+1.7%** IN JUNE QUARTER 2016



**Business loan applications**

**Business loan applications** growth eased  $\rightarrow$  **+1.6%** IN THE JUNE QUARTER



TAS once again recorded the strongest rate of growth, followed by the ACT, NSW, and VIC, which all saw positive growth in business loan applications. SA continued to show a fall.

**All of the mining jurisdictions recorded falls** in business loan applications, with the NT seeing the largest fall, followed by QLD and WA.

Well below an annual rate of growth of 21.4% recorded in the June quarter of 2015.

Within business loans:



**Lending proposals**

**+6.8%** eased



**Credit cards**

**-2.5%** eased



**Mortgage applications**

**+1.3%** remained subdued

IN THE JUNE QUARTER



“Banks and other business lenders are predominantly taking a **conservative view** when it comes to extending credit, particularly in the **property and construction space.**”

“The general nervousness around these industries is reflected in the **flat commercial mortgage application figures**, which have seen a **significant decline** since the high of a year ago.”



**Moses Samaha**  
Veda's General Manager,  
Commercial and Property Solutions



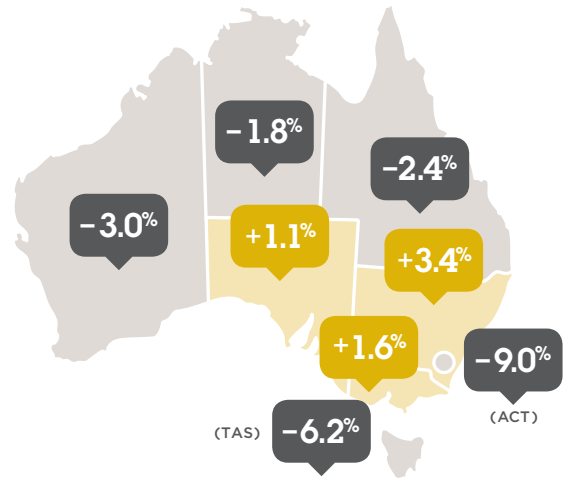
**Trade credit applications**

**Trade credit applications recovered**  
IN THE JUNE QUARTER

**+0.5%**

Up from -1.7% in the previous quarter

This recovery was driven by NSW, Victoria and SA, where the annual rate of growth in trade credit applications **remained positive**, despite slowing from the previous quarter.



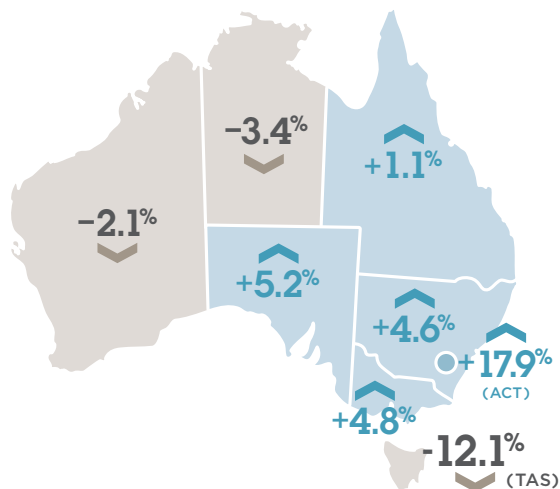
The incremental recovery in trade credit applications largely reflects movements in the main category of **30 day accounts (-1.4%)**, which has shown **an improvement from an annual rate of decline** of -1.7% in the March quarter of 2016. A rise was also seen in **7 day accounts (+2.6%)** in the June quarter.

**Asset finance applications**

Growth in **asset finance** experienced **steady growth**

**+3.2%**

IN THE JUNE QUARTER



“**Moderate growth** in asset finance is expected in the lead up to end of the fiscal year. Some businesses may have accelerated their spending to ensure it occurred in FY16, which could have helped drive asset finance growth.

Similarly, the growth may have been **aided by small businesses** wanting to take advantage of the accelerated depreciation rules for assets under \$20,000, which was implemented as part of last year’s federal budget and ended on 30 June this year.”

**Moses Samaha**  
Veda’s General Manager,  
Commercial and Property Solutions



There were substantial differences in the volume of demand for asset finance by account type. Applications for hire purchase **fell significantly** for the second consecutive quarter and weighed heavily on the overall result for asset finance applications.

**-16.7%**



In contrast, there was healthy demand for other account types within asset finance.



**Personal  
loans**

**+13.2%**



**Leasing**

**+12.0%**



**Commercial  
rental**

**+18.8%**



**Bill of sale**

**+17.1%**

IN JUNE QUARTER 2016

For more information  
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### About Veda

Veda is a data analytics company and the leading provider of credit information and analysis in Australia and New Zealand. From its core credit bureau business established in 1967, Veda has expanded to deliver a suite of credit and other analytical products targeted to consumers and specific industry segments.

Veda's customers use data intelligence provided by Veda to make decisions on credit risk, verify identity and employee background, reduce identity theft and fraud, and undertake digital marketing strategies.

In February 2016, Equifax Inc., a global leader in information solutions, closed its acquisition of Veda. Equifax powers the financial future of individuals and organisations around the world, using its strength of unique trusted data, technology and innovative analytics. Together, Veda and Equifax offer their customers world-leading insights and knowledge to help them make informed decisions.

[www.veda.com.au](http://www.veda.com.au)

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