

# VEDA QUARTERLY BUSINESS CREDIT DEMAND INDEX

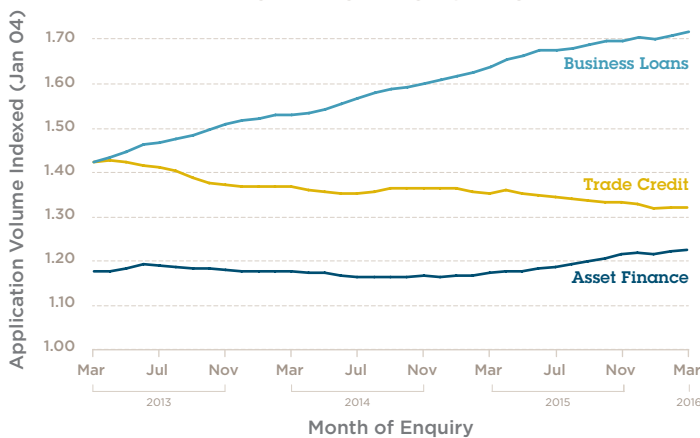
January - March 2016



Business credit demand sees moderate growth after slow start to 2016

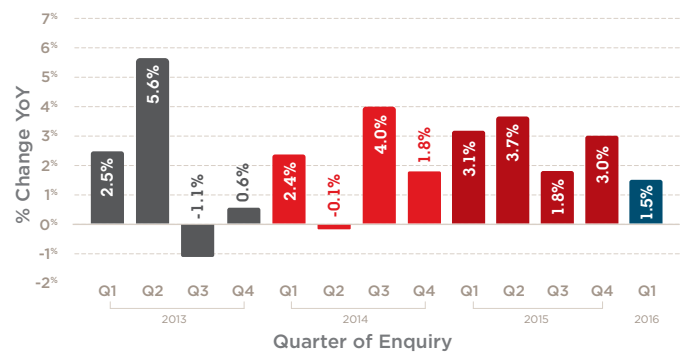
## Commercial Credit Demand Index by Type

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



(VS MARCH QUARTER 2015)

Growth in asset finance



Business loan applications slows



(VS MARCH QUARTER 2015)

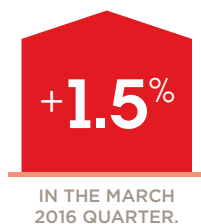
Annual rate of fall in trade credit applications eases to



(VS MARCH QUARTER 2015)

SYDNEY, AUSTRALIA: WEDNESDAY 13 APRIL 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:



This outcome was softer than that seen in the December 2015 quarter, when the rate of growth was:

**3.0%**

The decline in growth rate quarter-on-quarter was driven by slow growth in **asset finance applications** and **business loans**, along with continued deterioration of **trade credit applications**.

**Asset finance applications**



**+3.3%**

**business loans**



**+3.2%**

**trade credit applications**



**-1.7%**

The latest credit data also showed a continuation of the trend of weaker **overall demand for business credit in the mining jurisdictions (-1.7%)** compared with the non-mining jurisdictions (+3.1%).



The **Veda Business Credit Demand Index** has historically proven to be a lead indicator of how the overall economy is performing. Veda's data indicates a **slowing annual rate of growth** in business credit applications which suggests **caution** around the economic outlook.

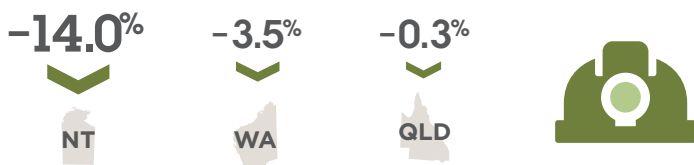
Given the historical relationship between the Veda Business Credit Demand Index and growth in real GDP, Veda's latest business credit data for the March quarter indicates a slight easing of growth in the Australian economy from the 3.0% recorded in the December 2015 quarter.



**Growth in overall business credit applications eased** in the March quarter (+1.5%). Demand for business credit was strongest in NSW, followed by Tasmania, Victoria, the ACT and SA.



**Overall business credit applications fell** in all mining jurisdictions, led by NT.



"The considerable dip experienced across the board in January may have been impacted by media coverage reporting an **anticipated global economic downturn**, which led to poor global sentiment.

Locally, a major Australian retailer publicly announced that it had entered external administration in early January. The job losses and direct impact on trade creditors **may have effected general business and consumer sentiment** and contributed to the January downturn in business credit demand.

The story is **far more positive** if we look exclusively at the annual growth rate in February and March, when it averaged 4.1%. Yet this bounce back was not enough to compensate for the poor start to the quarter".



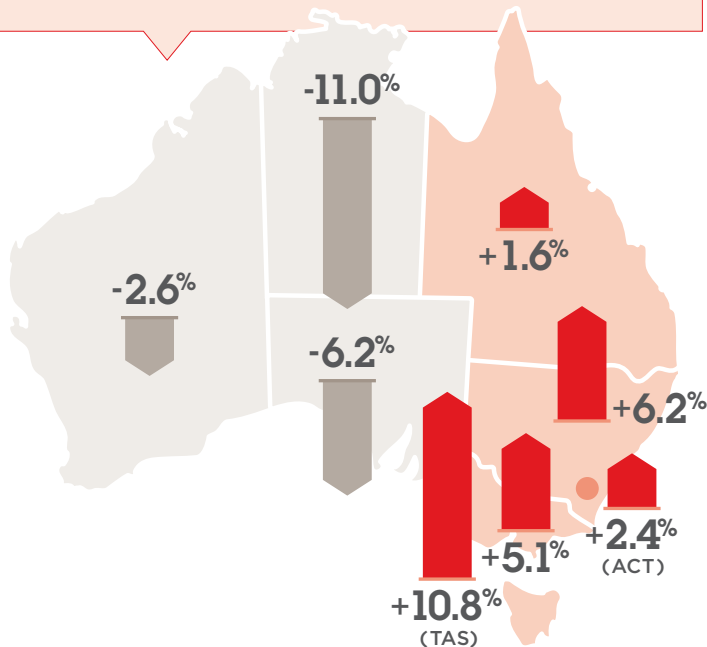
**Moses Samaha**  
Veda's General Manager,  
Commercial and Property Solutions



## Business loan applications

**Business loan application growth slowed** in the March quarter (+3.2%). **Tasmania** recorded the strongest rate of growth, followed by **NSW, Victoria** and the **ACT**. **Queensland** was the only mining state to experience positive growth in business loan applications.

The **NT** saw the most significant fall in growth rate, followed by **SA** and **WA**.



"There is a marked split between the **positive growth of credit card** applications and lending proposals, and the continued poor performance of commercial mortgage applications. The steep decrease in mortgage applications is certainly driving the overall slowdown in business loan application growth".

### Moses Samaha

Veda's General Manager,  
Commercial and Property Solutions

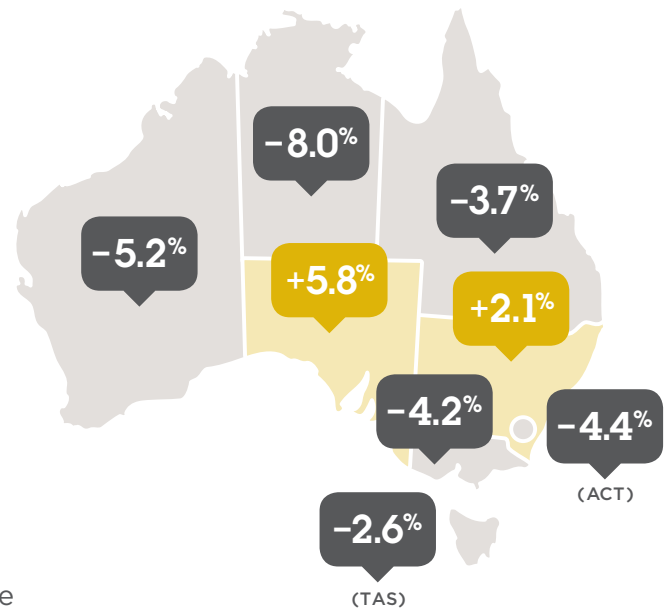


Within business loans, **credit cards experienced strong growth (13.6%)**, while growth in lending proposals (9.4%) also remained solid in the March quarter. However, **mortgage applications (-1.2%) weakened** for the third consecutive quarter and are **now down considerably** from an annual rate of growth of 21.4% recorded in the June quarter of 2015.



## Trade credit applications

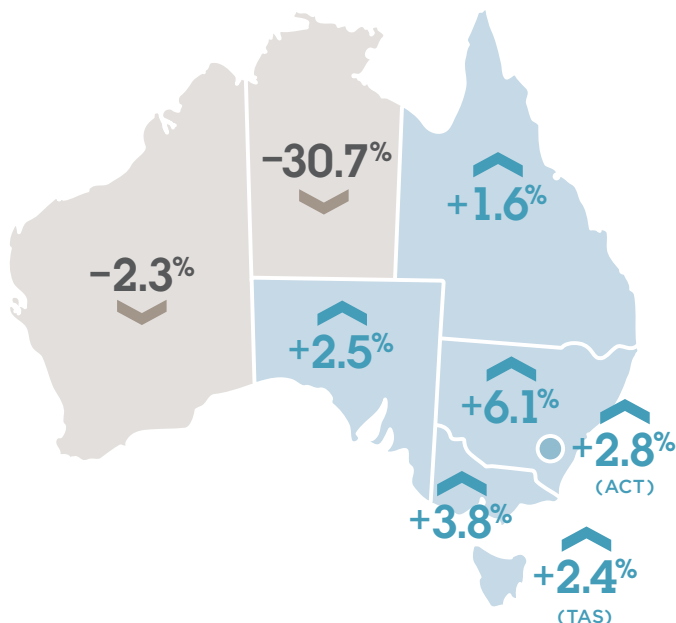
Trade credit applications continued to fall in the March quarter (-1.7%); however, the rate of decline has eased from the December 2015 quarter. Trade credit applications have recorded a fall over the past 12 months in Tasmania, Queensland, Victoria, the ACT, WA and the NT. Only NSW and SA recorded a rise in trade credit applications.



The stabilising in the annual rate of decline in trade credit applications largely reflects movements in the main category of 30 day accounts (-1.7%), which has shown an improvement from an annual rate of decline of 4.7% in the previous quarter.



## Asset finance applications



Growth in asset finance applications slowed significantly in the March quarter (+3.3%), following a strong December quarter (+8.8%). The deterioration in asset finance applications was seen across both the mining and non-mining jurisdictions in the March quarter.

The strongest growth in asset finance applications was recorded in **NSW**, followed by **Victoria**, the **ACT**, **SA** and **Tasmania**. The mining jurisdictions saw weaker conditions for asset finance, with **Queensland** showing weak positive growth, and **WA** and the **NT** experiencing falls.



Applications for **hire purchase** (-5.5%) and **commercial rental** (+0.3%) eased significantly in the March quarter and were the main drivers of the deterioration in asset finance applications growth overall. This was in contrast to growth in **personal loans** (+11.3%) and **leasing** (+10.3%), both of which remained strong.

For more  
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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.

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**NOTE TO EDITORS** The *Veda Quarterly Business Credit Demand Index* measures the volume of credit applications that go through the Veda Commercial Bureau by credit providers such as financial institutions and major corporations in Australia. Based on this it is a good measure of intentions to acquire credit by businesses. This differs to other market measures published by the RBA/ABS, which measure new and cumulative dollar amounts that are actually approved by financial institutions.

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