

# Veda's Quarterly Consumer Credit Demand Index April – June 2012

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### Mortgage enquiries stabilise but consumer credit demand stays flat

- Mortgage enquiries stabilise after a rise in the March quarter
- Overall consumer credit demand remains flat year on year
- Auto loan applications reach their highest level since 2007

**Sydney, Australia, July, 2012-** The results of Veda's Consumer Credit Demand Index for the second quarter of 2012 show that overall consumer credit demand has flattened (+0.1%), but this is an improvement from more severe weakness seen in the March quarter (-4.4%).

Overall consumer credit demand fell slightly in the June quarter, and was flat over the financial year ended 30 June. The June quarter result was driven by a drop in credit card applications, partially offset by a small rise in personal loan applications.

**Personal loan** applications in comparison to last year's June quarter, showed modest to no change over the year in NSW (+1.5%), VIC (+1.4%), QLD (-0.4%), SA (-0.7%) and TAS (0.0%). However, personal loan applications continue to show solid growth in the mining states NT (+5.1%), and WA (+6.7%). Personal loan applications have edged ahead of credit card applications while the out-performance of personal loans relative to credit cards is being seen right across age groups.

**Auto loan** applications saw a notable increase in June quarter up +16% year on year, and the highest recorded number of applications since 2007. This is consistent with recent data from the Federal Chamber of Automotive Industries (FCAI) which showed June 2012 to be the best month on record for vehicle sales.

**Credit card applications** remain soft in all states. Over the past year, credit card applications have risen in only in ACT (+3.1%), WA (+1.3%), and VIC (+0.7%). Weakness is evident in NSW (-2.5%), QLD (-2.6%), and SA (-0.8%) with TAS (-8.2%) continuing to see a sharp decline in credit card applications over the past year.

"Whilst the Credit Demand Index was relatively flat for the quarter, consumer credit demand showed some real strength from the middle of May through to the end of the quarter. This strength coincided with the RBA rate cuts and the recent pre June 30 family assistance payments." says Angus Luffman, head of consumer risk at Veda.

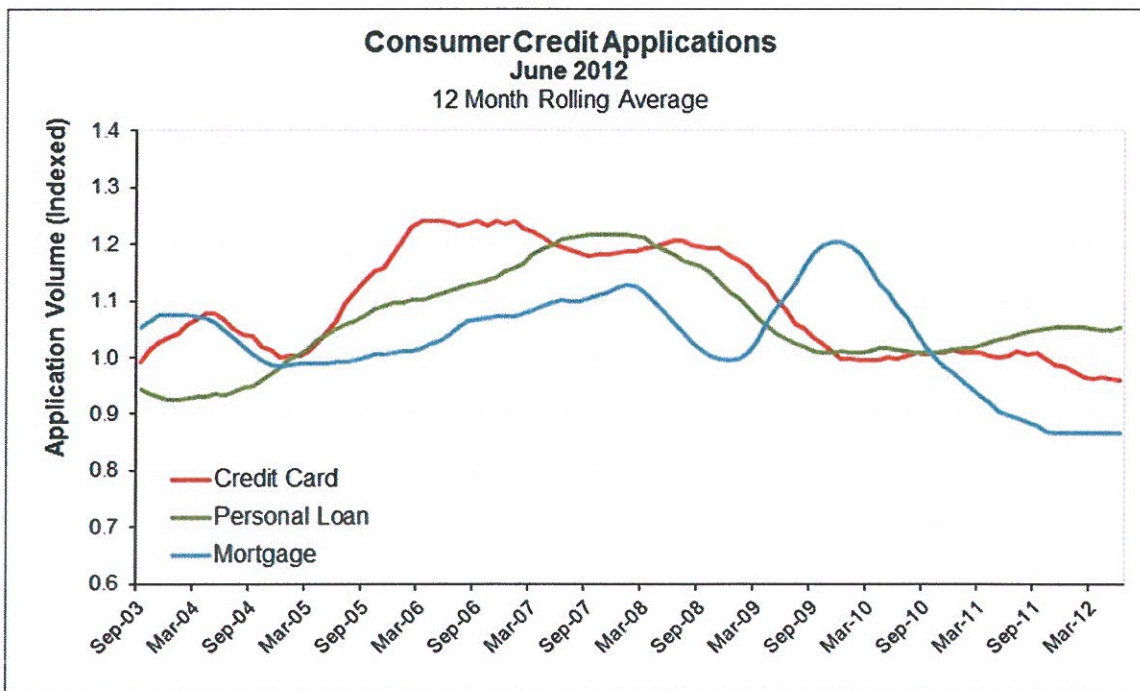
**Mortgage enquiries** were up (+0.7%) for the quarter building on the small rise (+0.2%) seen in the March quarter. Whilst still at historically low levels, the last two quarters results confirm that mortgage enquiries are stabilising.

The data shows mortgage enquiries continued positive growth for the quarter in WA (+5.6%), QLD (+3.5%) and the NT (+3.6%). Mortgage enquiries have remained broadly flat for the quarter over the past year in NSW, VIC and SA.

“Mortgage enquiries are a good lead indicator of housing demand. This stabilisation in mortgage enquiries suggests housing turnover is also stabilising. Lower interest rates and an improving housing affordability index align with the observed stabilisation in enquiries, after many quarters decline.” Luffman added.

**The RBA’s cuts** in May and June appear to have helped lift consumer sentiment close to a neutral level. However, fears about the global and domestic economic situation, in addition to share market declines and labour market uncertainty means that consumers remain cautious about credit.

Luffman continues: “Household assistance payments and similar stimulus from Government are known to support consumer spending but invariably also lead to an increase in credit demand in the near term. We are already seeing some effect from this household stimulus in the June numbers with an 8.7% lift in credit card enquiries and 9.8% increase in personal loan enquiries compared to May, and a 6.6% increase in personal loan enquiries compared to June 2011.”



<b>TABLE 1: CHANGES IN CONSUMER CREDIT DEMAND</b>		
	% Year on Year (Q2 2012 vs Q2 2011)	% Quarter on Quarter (Q2 2012 vs Q1 2012)
Overall Credit Demand	0.1%	-0.5%
Credit Card Applications	-1.2%	-2.4%
Personal Loan Applications	1.4%	1.4%
Mortgage Applications	0.7%	4.8%

<b>TABLE 2: CHANGES IN CONSUMER CREDIT CARD DEMAND</b>		
	% Year on Year (Q2 2012 vs Q2 2011)	% Quarter on Quarter (Q2 2012 vs Q1 2012)
ACT	3.1%	4.0%
NSW	-2.5%	-1.8%
NT	-0.4%	-5.4%
QLD	-2.6%	-7.1%
SA	-0.8%	-0.5%
TAS	-8.2%	-4.7%
VIC	0.7%	-1.1%
WA	1.3%	0.1%

<b>TABLE 3: CHANGES IN PERSONAL LOAN DEMAND</b>		
	% Year on Year (Q2 2012 vs Q2 2011)	% Quarter on Quarter (Q2 2012 vs Q1 2012)
ACT	0.3%	6.1%
NSW	1.5%	2.4%
NT	5.1%	2.5%
QLD	-0.4%	0.4%
SA	-0.7%	-0.6%
TAS	0.0%	5.2%
VIC	1.4%	1.6%
WA	6.7%	-0.1%

<b>TABLE 4: CHANGES IN MORTGAGE DEMAND</b>		
	% Year on Year (Q2 2012 vs Q2 2011)	% Quarter on Quarter (Q2 2012 vs Q1 2012)
ACT	-1.0%	4.0%
NSW	-2.1%	5.4%
NT	3.6%	-4.6%
QLD	3.5%	-2.2%
SA	-1.0%	4.9%
TAS	-7.0%	-0.2%
VIC	0.7%	9.8%
WA	5.6%	4.5%



## About Veda

Veda is Asia Pacific's leading data intelligence and insights company and has been at the forefront of the information services industry for many decades.

Veda is built on the largest, most comprehensive and current data source in Australia and New Zealand. We hold more fit-for-purpose credit data than any other organisation in Australia and New Zealand. With information on over 16.5m credit active people and 4.7m companies and businesses in Australia; and information on over 3.2m credit active people and 0.8m companies and businesses in New Zealand. The breadth and depth of our data, and the knowledge it delivers help customers take a proactive and informed approach in making decisions.

Veda serves a diverse range of markets including large financial institutions, small to medium sized enterprises, and consumers. We provide services in areas of Consumer Credit Risk, Commercial Credit Risk, Credit Analytics, Data Solutions, Fraud and Electronic Verification, Insurance, Automotive, Customer Location Services and Commercial Information Brokerage.

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