

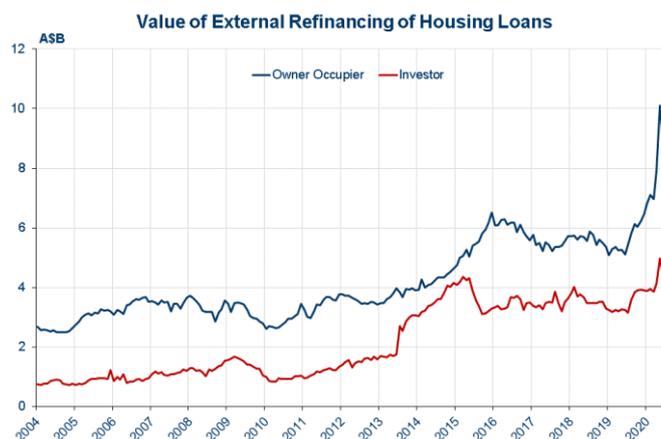
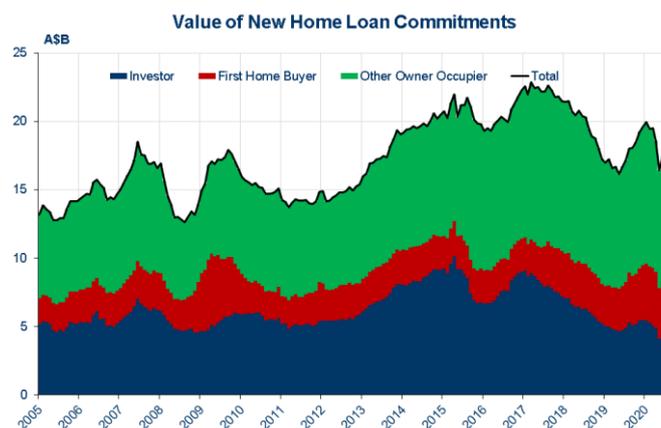
**Value of New Loans**

The value of new loan commitments for housing (excluding refinancing) unexpectedly rose by 6.2% in June 2020, which was the fastest pace since March 2009. This follows an 11.6% fall in May caused by a partial nationwide lockdown.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	5.5	8.7
Investor	8.1	-6.1
Total	6.2	4.5

According to the ABS, the June rebound in the value of new loan commitments reflects the easing of COVID-19 restrictions on home opens, auctions and mobility in May.

The rise was led by investment loans, though loan commitments for owner occupier housing also posted solid gains. Commitments rose by 3.3% for first home buyers and 6.5% for other owner occupier loans.



External refinancing retreated from all-time highs in May, yet remains elevated by historical standards.

**Number of New Loans**

The number of new loan commitments rose by 7.1% in June, led by loans for the purchase of established houses and, to a lesser extent, newly built dwellings. Commitments for construction loans continued to fall, reaching the lowest levels since January 2013.

Owner Occupier Ex Refinancing, %	MoM	YoY
Construction	-3.9	-5.1
Newly Built	4.4	21.6
Established Houses	9.7	-5.3

**New Personal Loans**

The value of fixed-term personal loan commitments continued to grow in June, albeit at a slower pace than in May. The rise was broad-based, driven by an ongoing solid rise in motor vehicle loans. Holiday and travel loan commitments almost doubled from May's all-time low (since 2002) but were down 90% YoY.

**States**

Housing loan commitments rose in all states but Victoria, which was re-opening at a relatively slow pace back in May. States experiencing a less severe public health crisis, including Western Australia, saw double-digit increases in loan commitments.

Owner Occupier Ex Refinancing, %	MoM	YoY
Western Australia	15.7	-0.7
New South Wales	9.5	16.8
Victoria	-8.6	2.8
Queensland	19.5	12.0
South Australia	10.6	5.4
Tasmania	13.6	-2.2

**Comment**

The June rise in housing loan commitments was mainly due to the re-opening of the Australian economy. Most of the pandemic-related fall has not been recovered.

Looking forward, record low interest rates and recent falls in house prices might be supportive of housing loan demand to some extent. However, the heightened degree of uncertainty, low population growth, as well as a stagnation in employment and wages, will continue to weigh on housing investment at least until the public health crisis is resolved.

**5 AUGUST 2020**

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