

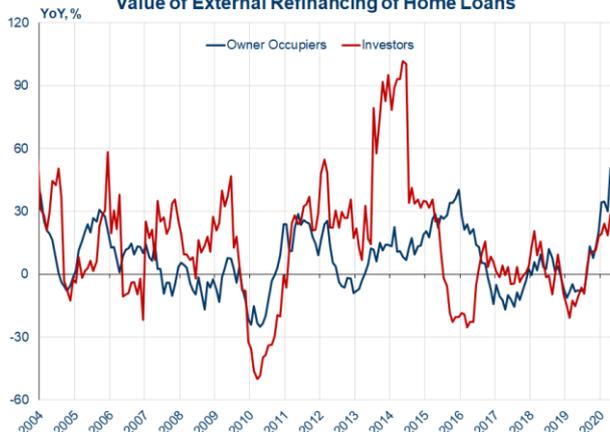
**Value of New Loans**

The value of new loan commitments for housing (excl. refinancing) fell by 4.8% in April 2020, half of what was expected by market participants (10%).

Seasonally Adjusted Ex Refinancing (%)	MoM	YoY
Owner Occupier	-5.0	14.8
Investor	-4.2	2.4
Total	-4.8	11.2

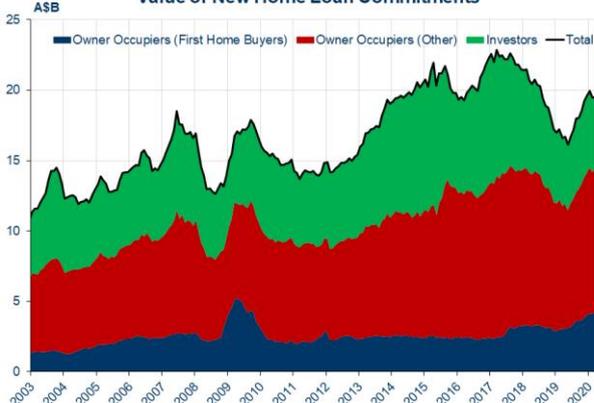
The April fall was moderated by the processing of a backlog of loan applications from March due to a surge in demand for refinancing and mortgage holidays. External refinancing rose by 11.4% MoM, to be up 42.5% YoY.

**Value of External Refinancing of Home Loans**



In spite of the positive surprise, the fall in commitments was the sharpest in around five years for both investor and owner-occupied home loans. First home buyer loan commitments fell 1.9%.

**Value of New Home Loan Commitments**



**Number of New Loans**

The number of loan commitments by owner occupiers declined by 4.4%. It was led by a 6.3% fall in loans for purchase of established houses, with loans for newly built dwellings hardly changed. According to the ABS, some commitments for the purchase of existing houses might have been incorrectly reported as being for the purchase of new dwellings.

Owner Occupier Ex Refinancing (%)	MoM	YoY
Construction	2.9	1.6
Newly Built	-0.1	21.6
Purchase of Established Houses	-6.3	-5.0

The fall in loans for house purchase was partly offset by a 2.9% rise in construction lending.

**Personal Loans**

The value of personal loans fell by 24.8%, dragged down by a 37.8% drop in car loans. Travel and holiday loans almost vanished. At the same time, commitments for personal investment (excl. mortgages) surged by 54.5%.

**States**

A fall in home loan commitments was recorded in all states but Victoria, where annual growth in commitments accelerated, led by construction loans.

Owner Occupier Ex Refinancing (%)	MoM	YoY
Western Australia	-18.1	-4.8
New South Wales	-1.5	29.1
Victoria	3.0	22.4
Queensland	-19.3	-4.2
South Australia	-5.1	-1.4
Tasmania	-8.0	-1.0

Queensland and Western Australia posted the sharpest falls, yet in both states loan commitments for construction and new house purchases were higher than a year ago.

**Comment**

The April housing finance report was distorted by a backlog of loan applications submitted before the introduction of the major restrictions, and so it was another set of (partly) old news. The full impact of the escalation of the COVID-19 crisis will be reflected in the upcoming reports. Given the scale of the damage of the COVID-19 crisis to labour market, wages and confidence, medium-term rebound in housing loan growth is unlikely.

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