

## KEY POINTS

### Personal finance commitments

- The seasonally adjusted series for the value of total personal finance commitments increased 1.2% in June 2010 to be 1.0% lower than a year ago.
- Fixed lending commitments rose 3.7%, while revolving credit commitments fell 1.1% in June 2010.

### Commercial finance commitments

- The seasonally adjusted series for the value of total commercial finance commitments decreased 8.9% in June to be 2.3% lower than a year ago.
- Revolving credit commitments fell 10.6% and fixed lending commitments fell 8.1% in June.

### Lease finance commitments

- The total value of lease finance commitments fell by 6.0% in June (seasonally adjusted), to be 10.1% higher than at the same time last year.

### Owner occupied housing commitments

- The seasonally adjusted series for owner-occupied housing commitments fell 1.0% in June to be 22.4% lower than at the same time last year.

## Policy implications

- The rise in the seasonally adjusted value of personal finance commitments, by 1.2%, in June, is a modestly positive sign that consumers will sustain spending as the labour market remains solid and unemployment remains low. The potential for higher interest rates later this year and ongoing concerns around the global environment will likely mean that growth in spending will be only modest.
- Weakness across commercial, housing and lease finance add to a picture of a fairly modest level of growth in the economy over the next few quarter.
- This data along with recent soft housing finance and retail turnover data give the RBA Board room to wait before making any further moves to raise the official cash rate.

# Lending Finance – June 2010

ECONOMIC ALERT

11 August 2010

**Chart: Annual growth in the value of personal finance and commercial finance commitments**

