

MEDIA RELEASE

Business Credit Demand up 3% during the September 2022 quarter

Volumes trending upwards since early 2022

Equifax NZ Quarterly Business Credit Demand Index: September 2022

- Overall business credit enquiries up by +3.2% (vs September 2021 quarter)
- Business loan enquiries decreased by -3.8% (vs September 2021 quarter)
- Trade credit enquiries increased by +9.9% (vs September 2021 quarter)
- Asset finance enquiries up by +2.3% (vs September 2021 quarter)

Auckland, New Zealand, October 31st, 2022: After four consecutive quarters of downward trend, overall business credit demand was up 3.2% year-on-year in the September quarter. Business credit demand has been relatively soft since the August 2021 lockdown, however commercial lending appetite has been steadily improving since the start of 2022 and is slowly nudging towards pre-pandemic levels.

Released today by Equifax New Zealand a global data, analytics and technology company and the leading provider of credit information and analysis in New Zealand and Australia, the Business Credit Demand Index (BCDI) measures credit enquiry volumes for commercial products including asset finance, business loans and trade credit.

Trade Credit demand provided the strongest increase for the September quarter, up 9.9%. Asset Finance has also experienced an enquiry uplift, rising by 2.3% for the same period, continuing to be the most resilient credit type in the soft demand conditions of the last 12 months. Traditional business loan demand continues to languish in negative territory, down 3.8% year on year.

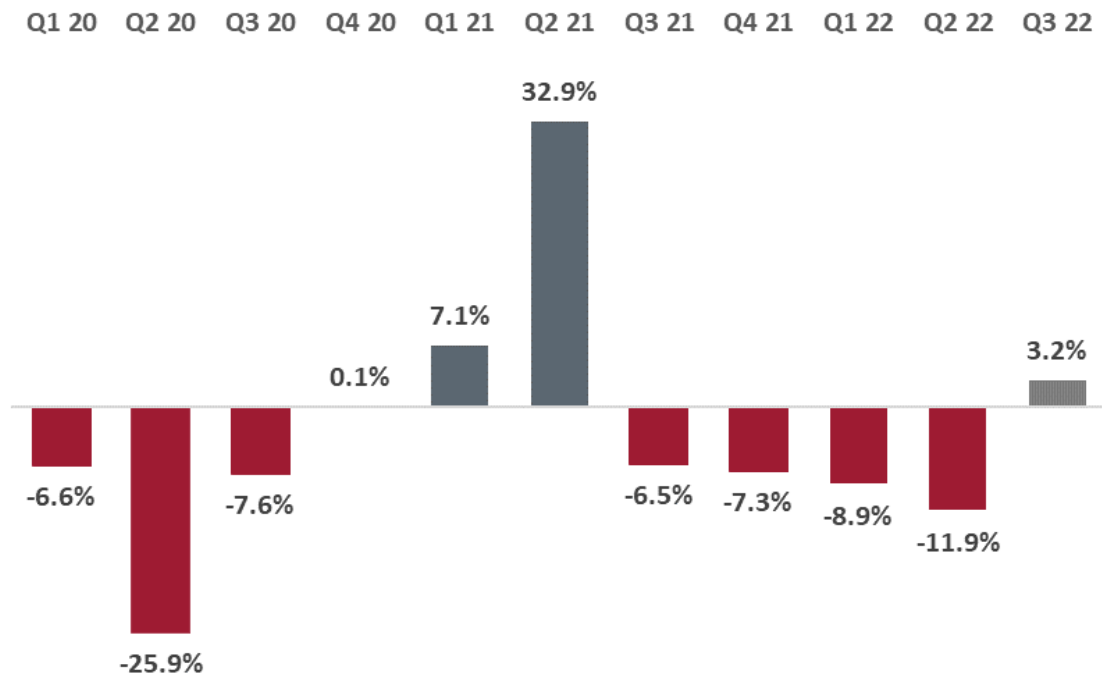
There were broad improvements in demand across most industry segments, with the strongest being Transport (up 20%), Administrative & Support Services (up 12.1%), Wholesale Trade (up 11.3%) and Manufacturing (up 10.8%). Discretionary and services sectors led the improvement, representing a better trend of economic activity; Accommodation & Food Services and Retail Trade sectors experienced an uplift in business lending demand of 9% and 7.6%, respectively for the September quarter.

“For both Trade Credit and Asset Finance lending, there have been increases across all key sectors in the September 2022 quarter,” said Equifax New Zealand Managing Director Angus Luffman. “While Trade Credit enquiry uplifts can be cyclical by nature, the opening up of international tourism will be positively influencing trends in hospitality and related discretionary sectors.”

“With unemployment remaining low at 3.3% and costs increasing, there remains significant constraints on maintaining BAU and growing business operations. Ultimately these factors are friction against maximising growth opportunities and meeting the demand resulting from the lifting of restrictions for incoming travellers during the quarter (September, 2022).

Business Credit demand in the Construction sector continued to strengthen, up 7.7% during the quarter. “Credit application volumes in the construction sector are just below pre-August 2021 lockdown levels and growth occurred across all three major credit types in the September 2022 quarter compared to the previous quarter: Business Loans +3.7%, Trade Credit +8.6%, Asset Finance +4.1%.”

CHART: Business Credit Demand Index, Year-on-Year Changes (%)



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NOTE TO EDITORS

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