



**EQUIFAX**<sup>®</sup>



*Nga Maramatanga*

**End of August 2024 Credit Insights**



# Economic Overview

## GDP

Quarterly Quarterly  
Q1 2024 Q4 2023



+0.2% -0.1%

Next update  
19 Sep 2024

## Official Cash Rate

As at  
July 2024



5.25%

Next update  
15 Sep 2024

## Consumer Price Index

As at  
June 2024



+3.3%

Down from 4.0% in March 2024  
Next update 16 October 2024

## Consumer Confidence

As at  
July 2024



92.2 Aug 2024

87.9 Jul 2024

## Unemployment Rate

As at  
July 2024



4.6%

Up from 4.4% from June 2024  
Next update 6 Nov 2024

## Business Confidence

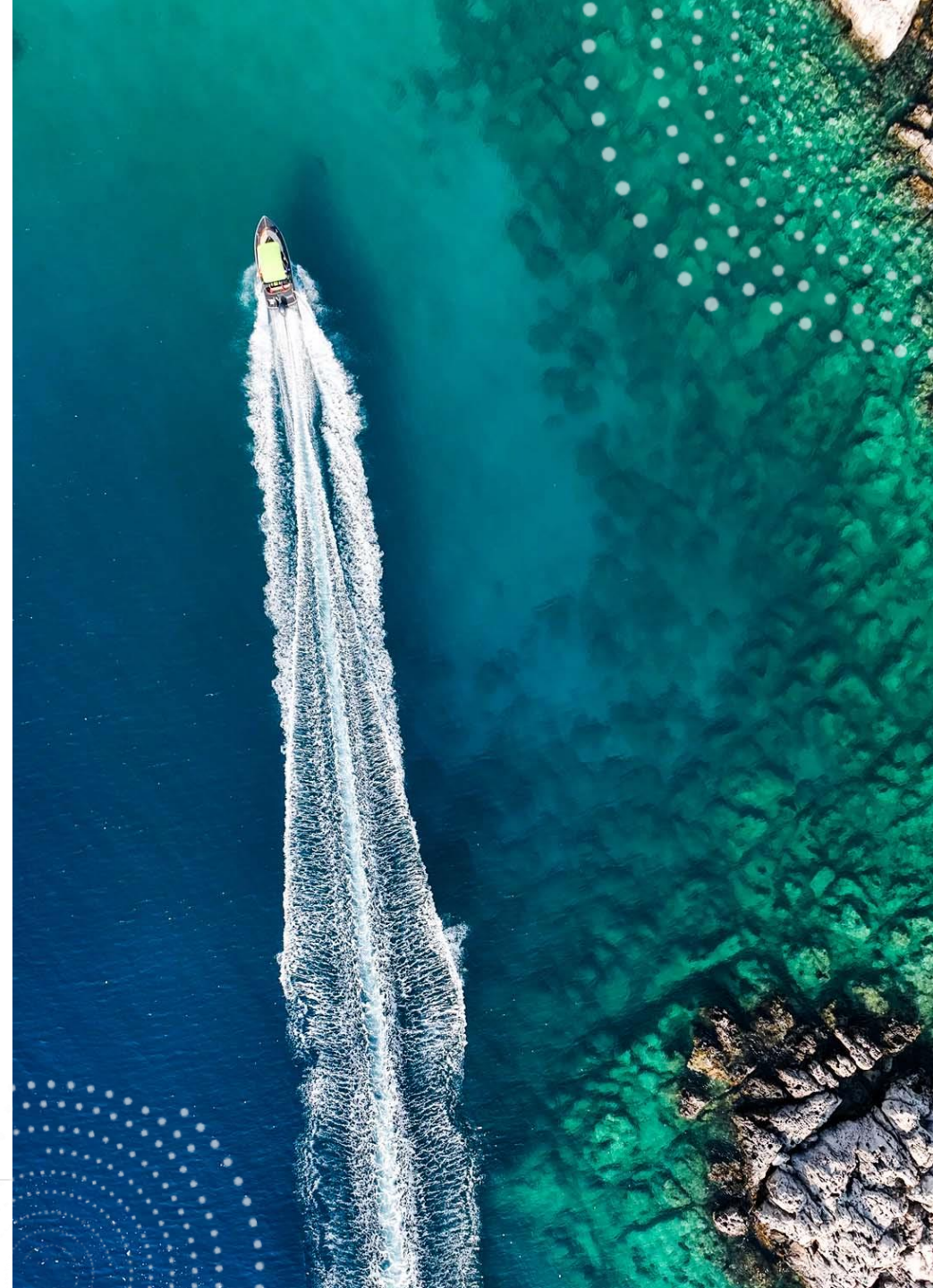
As at  
Sep 2024



51 Sep 2024

27.1 Jul 2024

Source: StatsNZ, RBNZ, ANZ-Roy Morgan Consumer Confidence Survey, ANZ Business Outlook survey





# Consumer Credit

General highlights and credit health



## Consumer confidence grows in August, marking the second consecutive month of this improving trend despite the unemployment rate growing

### Consumer confidence up in August, yet overall sentiment remains behind the 10-year average<sup>#1</sup>

Overall consumer confidence rose to 92.2 in August 2024 (up from 87.9 in July), as the official cash rate was reduced 25bps to 5.25% in August. Current consumer confidence levels, though improving in recent times are still well below the 10-year average of 109, driven by forward looking indicators. Though household inflation increased marginally to 3.8% <sup>#5</sup> in August, ANZ estimates overall consumer price inflation to be around 2.3% by the end of September.

### The fall in card spending weakens marginally <sup>#2</sup>

The latest monthly electronic card spending data from Stats NZ showed a fall of 0.1% through July 2024 (seasonally adjusted), which was down 4.9% compared to the same time last year (even before accounting for inflation and population growth). With households spending less on durables and discretionary spending categories such as clothing and categories related to the housing market, the pinch remains on wallets as kiwis continue to manage card spend <sup>#3</sup>.

### Inflation returning to RBNZ's 1 to 3% target band<sup>#4</sup>

New Zealand's annual consumer price inflation is returning to within the Monetary Policy Committee's 1 to 3 percent target band, as signalled by the central bank's trimming of the OCR to 5.25%, the first reduction in more than four years. Surveyed inflation expectations, firms' pricing behaviour, headline inflation, and a variety of core inflation measures are moving consistent with low and stable inflation. Imported inflation into New Zealand has declined; now more consistent with pre-pandemic levels. Services inflation remains elevated but is also expected to continue to decline, both at home and abroad, in line with increased spare economic capacity. Consumer price inflation in New Zealand is expected to remain near the target mid-point over the foreseeable future.

### Continuing unemployment looms<sup>#5</sup>

August's unemployment figures revealed an increase of 33,000 New Zealanders without work than this time last year, as the rate of unemployment reached a three-year high of 4.6%. People aged between 15 and 24 make up almost half of the newly unemployed, with roles becoming increasingly difficult to secure for this cohort.



# 30DPD+ arrears remained at similar levels across all products in July 2024 as the previous month.

30DPD+ Home Loan arrears have proven to be relatively stable around the 0.6% mark through 2024, this trend continues in July with the rate stabilizing around same levels observed last month. The long-term position remains elevated, up +10bps relative to the levels seen in July 2023 and up +25bps in July 2022 economic conditions grew tougher.

July 2024 saw a -9bps month-over-month decreases in Auto Loan accounts in at least 30 days in arrears. The long-term position remains elevated, but movements have been tempered in the first half of 2024 (down from 4.04% at the end of January 2024).

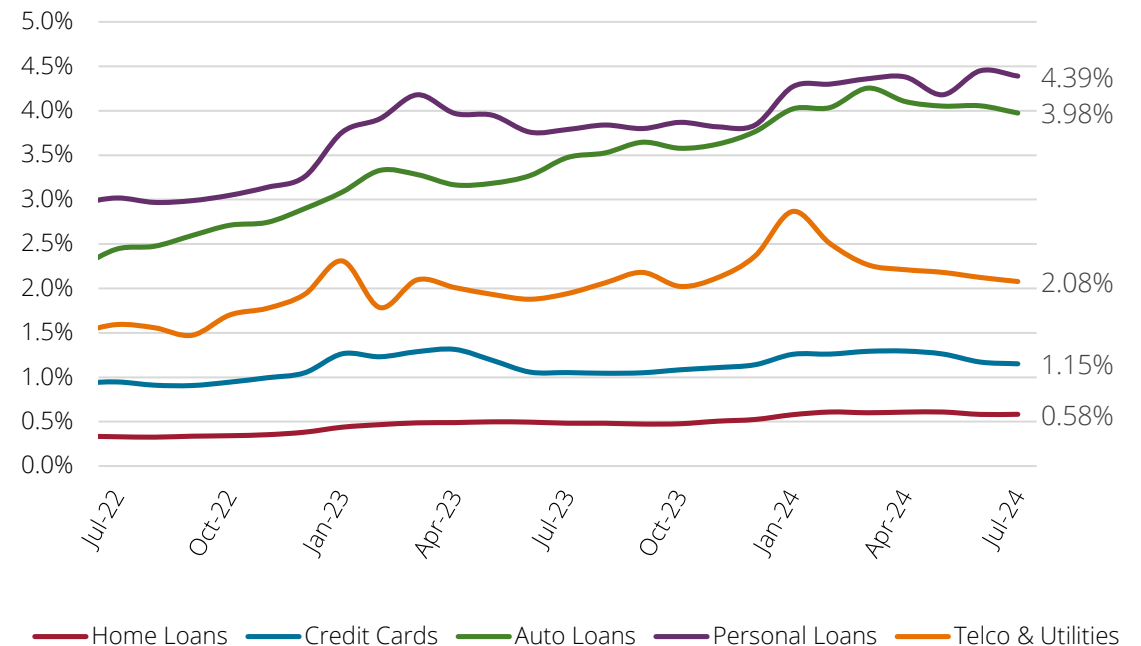
30DPD+ arrears in the market for Personal Loans remained flat month-over-month in July, however, Non-Big 5 30+ arrears increased 21bps

30DPD+ Credit Card arrears saw a -2bps improvement through July 2024, continuing a short downwards trend observed in Q2 2024.

30DPD+ arrears for Telco & Utilities accounts saw a -4bps improvement through July 2024.

## Consumer Credit Arrears Trends (30DPD+)

Percentage of Accounts in Arrears







# Personal Loans hardships continue to remain stable over the last two months, while Home Loan and Credit Cards hardships increase in July 2024

## Hardship Volumes on Bureau

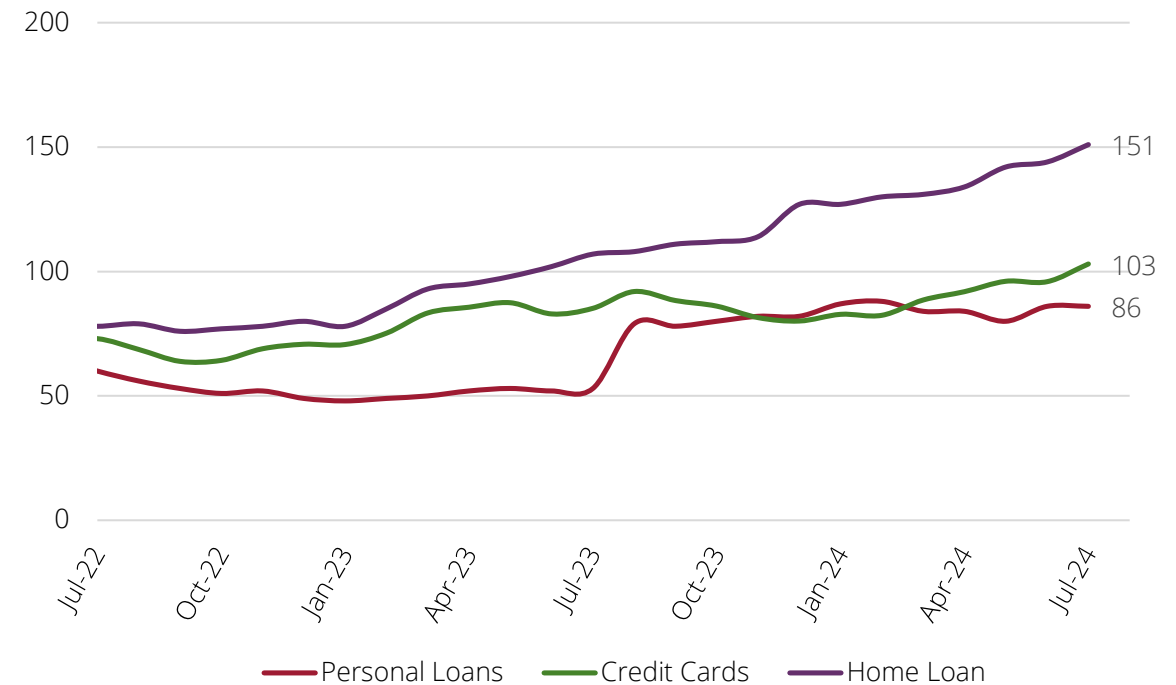
The volume of Home Loans in hardship increased by 5% in July 2024 vs. June 2024, as hardship rates continue to increase. Home Loan hardship volumes are currently +40.8% higher compared to the same time last year.

The number of Personal Loan accounts in hardship were down marginally by 0.2% through July 2024. However, the level remains very elevated compared to the same time last year (+59.2%). Much like the trends seen in arrears, the year-on-year increase in Personal Loan hardship volumes has been underpinned by 'Non-Big 5' portfolios (up +121.6%).

Similarly, Credit Card hardships also increased 7.8% in July 2024 vs. prior month. The movement since the beginning of the year is also notable, up +21.4% mainly due to 'Non-Big 5' portfolios (+36.4%).

## Hardship Volume Index by Product

Indexed, February 2021



# Home Loans

Demand & Credit Health Insights





# An overview of the New Zealand Property Market

Powered by  VALOCITY

## Overall property values have stagnated nationally

The Valocity Value Index shows that annual property value growth continues to be in positive (up +1.7% or \$16,000) at the end of August. Property values reached a short-term peak in March 2024 and have been tapering off since. Currently the quarterly change in property values are down -1.5% compared to 3 months ago.

## A look at property values across the regions

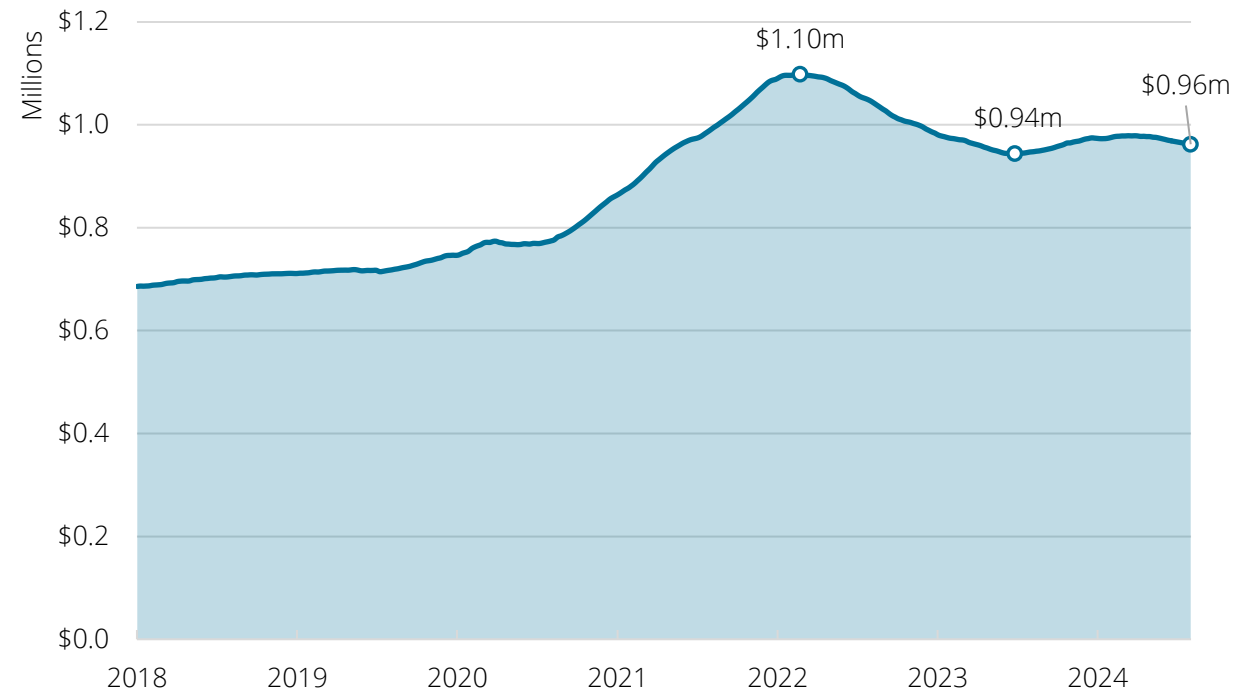
Decline in values over the past three months were seen across 10 regions, same as the previous month. Generally, the better performing regions have been concentrated to the South Island.

The national decline in values in August was largely driven by property values in the greater Wellington region seeing another decline (-2.5%) followed by reduction in home values in Auckland (-2.4%) and Hawkes Bay (-2.2%).

Canterbury and Manawatu-Whanganui regions remain the most stable in values across all regions. While home values reduced in the short term, property values have improved year on year.

## Valocity Value Index – Nationwide

National Average Property Value







# An overview of the New Zealand Property Market

Powered by  VALOCITY

## Property Market Activity

The median sales price for Q2 2024 is currently \$750,000, down from \$770,000 in Q1 2024 and a far cry from the low \$900,000 range at the Q4 2021 peak, reflecting the affordability pressures from higher interest rates and cost-of-living.

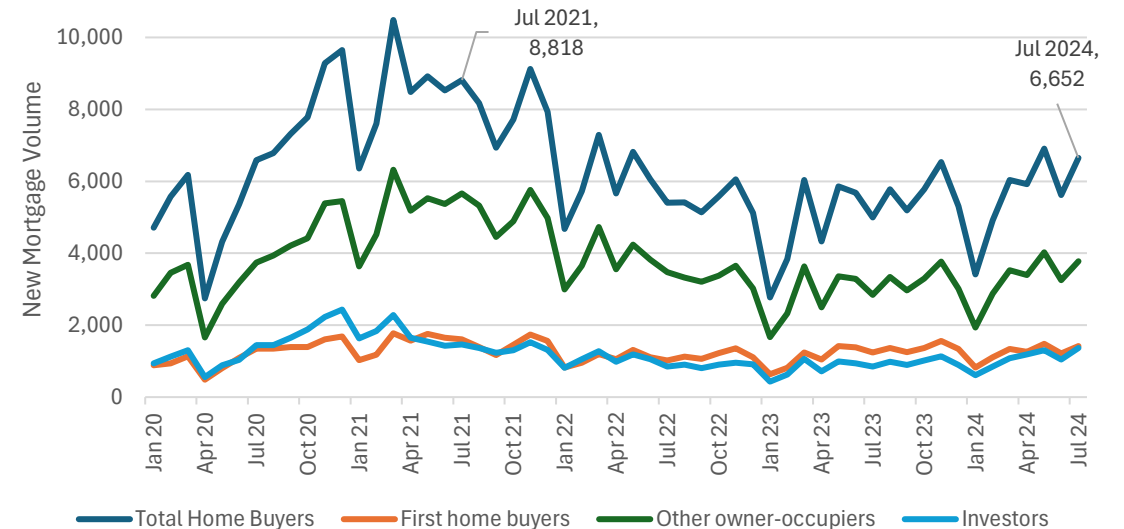
The amendments to the Brightline Test became effective on July 1<sup>st</sup>. It's too early to view the full impact, but the expectation that owners will be encouraged to realise gains in the near term due to less tax burden is supported by a noticeable increase in listings reported in recent weeks. This will likely further effect market equilibrium and limit price growth.

First-home buyers have represented 41.7% of all mortgage registrations in Q2 2024 to date, down from 43.0% in the preceding quarter. The government's withdrawal of the First Home Grant will likely hamper some FHB activity, but it is too early to see the full impact of this policy change.

It's still too early to understand the impact of the debt-to-income ratio introduction and contemporaneous loosening of LVRs, but it is expected only the latter will have any immediate impact to market activity.

## New Residential Mortgage Lending#1

Monthly number of opened accounts by borrower type

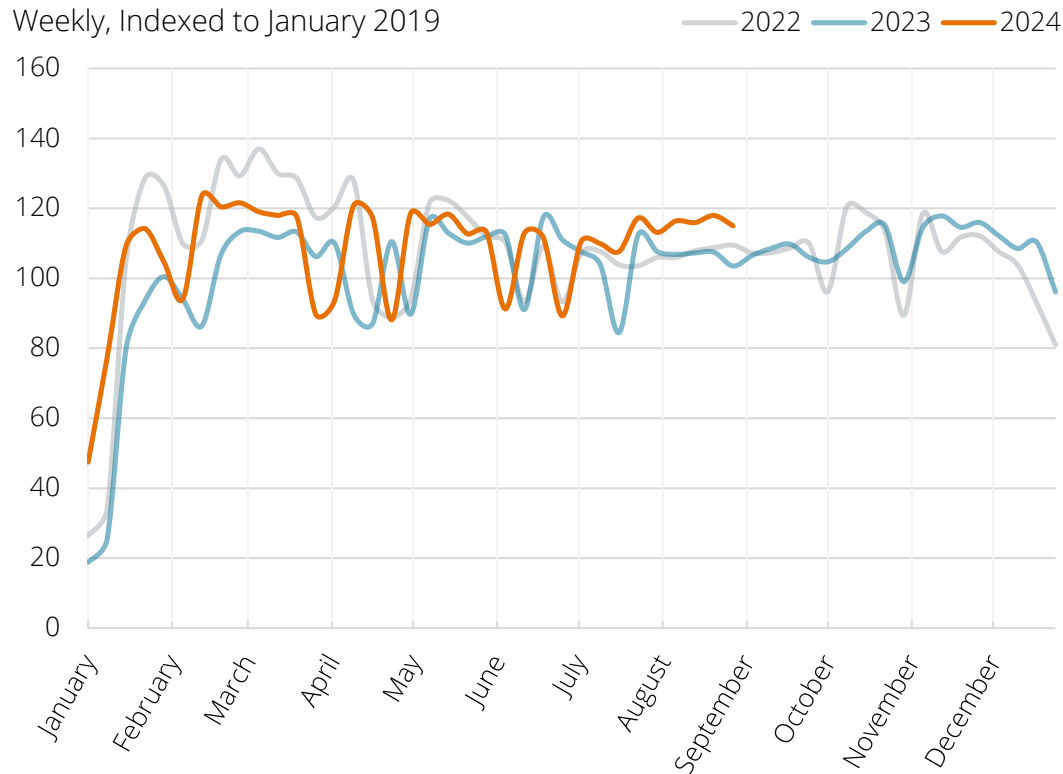


The number of total New Residential mortgages in July 2024 is 25% below levels observed in July 2021, owing to the tougher economic conditions faced in the market. Increased activity from investors since March 2024 till date, with current levels 31% higher than the same period in 2023.



# Home Loan enquiry volumes remain +8.9% higher in 2024 YTD enquiries vs. the same period last year, but the pace is waning.

## Home Loans – Weekly Enquiry Volume



Home Loan enquiries remain +8.9% higher in 2024 year-to-date compared to the same period last year. Recent demand in July and August 2024 has been 9.5% higher than volumes observed last year.

As shown on the following page, the long-term trend in Home Loan enquiries have remained steady since late February 2024, largely echoing the trends seen in property values. Demand levels observed in July 2024 are an improvement on 2023 volumes, however the recovery rate is slowing in recent months as the stresses in market continue to remain elevated.

Close attention will be given to the recent loosening of regulatory settings in the coming months (DTI, LVR, and CCCFA) and their subsequent impacts on Home Loans enquiries, but it is unlikely that we will return to enquiry levels seen in 2021.

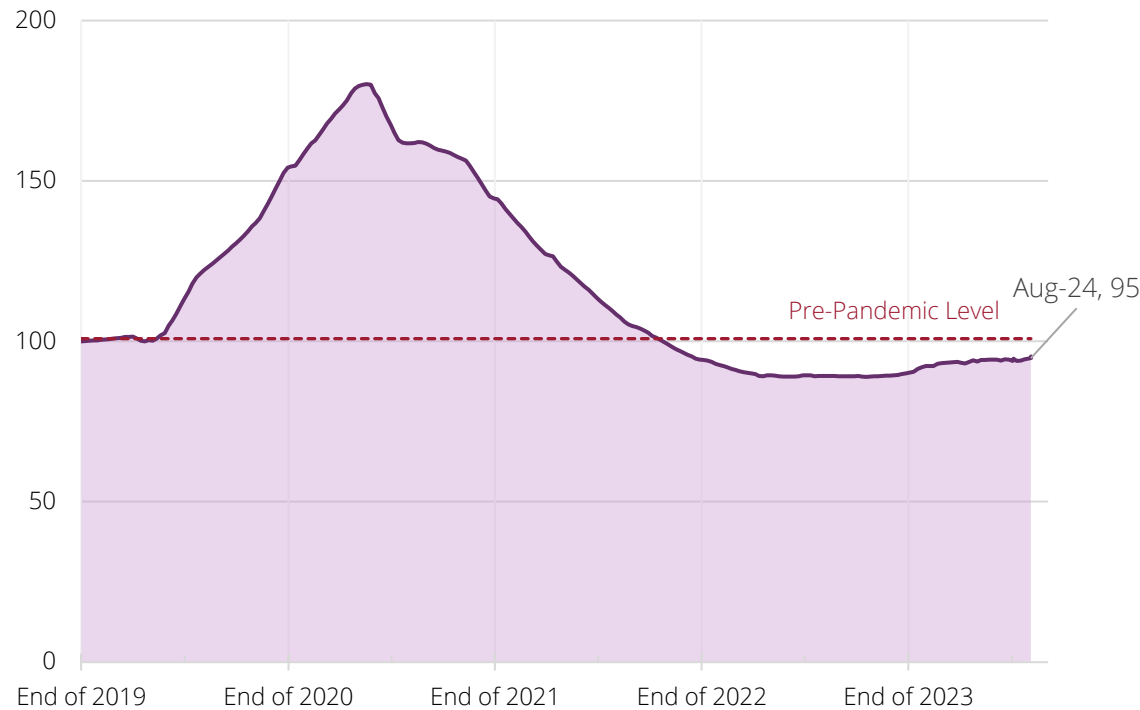
Also shown on the following page are the year-on-year growth rates in enquiries by region (2024 year-to-date vs. the same period in 2023). Here we see the strongest performing regions are mostly in the South Island (like property values).



# Year-on-year growth in Home Loan enquiries is generally strongest across the South Island.

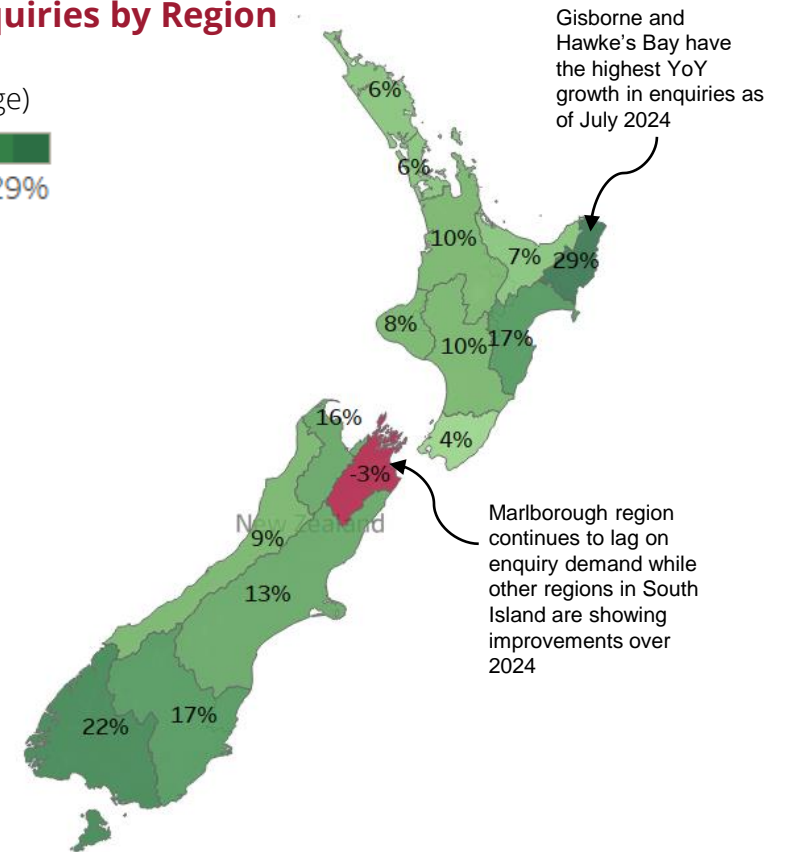
## Home Loans - Long Term Demand Trend

Rolling Sum of Last 52 Weeks Enquiries, Indexed to December 2019



## Growth in Enquiries by Region

2024 YTD vs. 2023  
(Percentage Change)



Gisborne and Hawke's Bay have the highest YoY growth in enquiries as of July 2024

Marlborough region continues to lag on enquiry demand while other regions in South Island are showing improvements over 2024

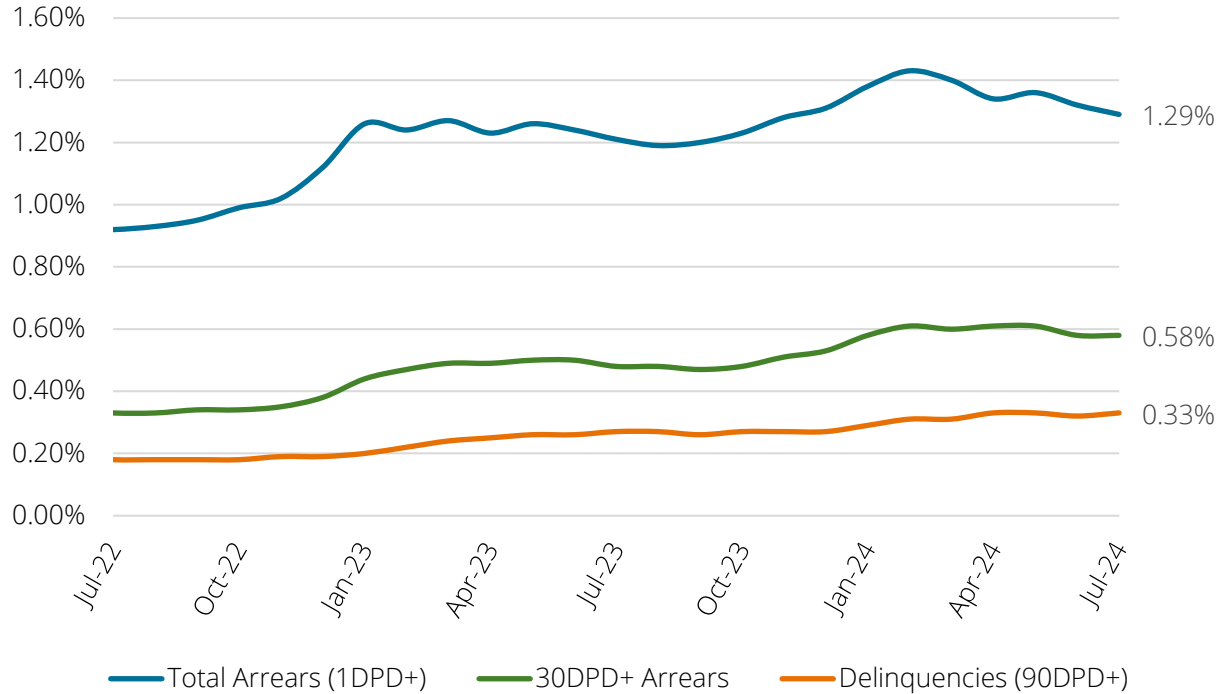




# 30DPD+ arrears and Late-Stage arrears were stable through July 2024, but arrears rate continue to increase compared to last year

## Home Loans – Overall Arrears

Percentage of Accounts in Arrears



## 30DPD+ Arrears

Month-on-Month Change: 0bps

Year-on-Year Change: +9bps

30DPD+ arrears have proven to be relatively stable around the 0.60% mark through 2024, with July levels remaining unchanged vs prior month. The long-term position remains elevated, up +10bps relative to the levels seen in July 2023 and up +25bps in July 2022 as the market rolls into tighter economic conditions.

## Delinquent Accounts (90DPD+)

Month-on-Month Change: 0bp

Year-on-Year Change: +5bps

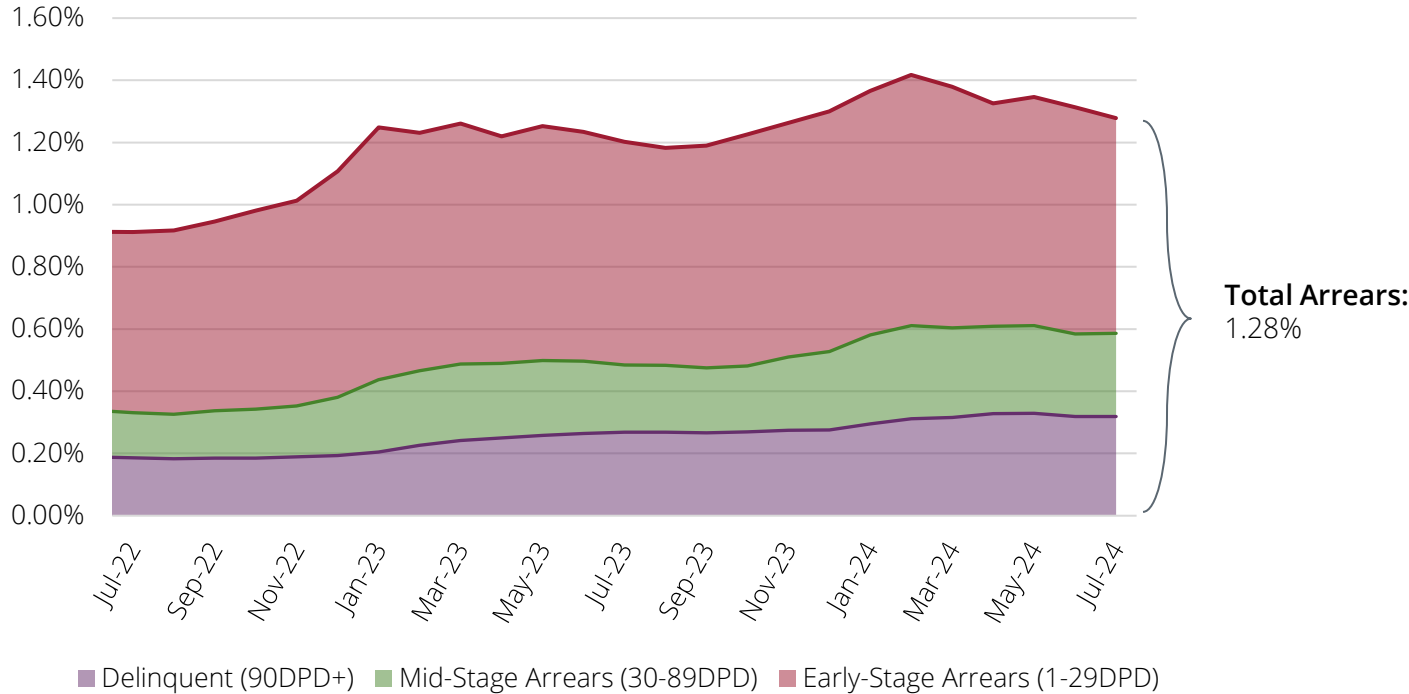
Late-stage arrears also continue to experience headwinds over the long-run up 5bps from July 2023 and MoM trends remained unchanged vs. July 2024.



# The 'Big 5' Home Loan portfolios observed a slight month on month reduction (-3bps) in total arrears through July 2024.

## Big 5 Home Loan Arrears – Breakdown by Stage

Percentage of Accounts in Arrears (Stacked)



### Early-Stage Arrears (1-29DPD)

Month-on-Month Change: -4bp

Year-on-Year Change: -3bp

### Mid-Stage Arrears (30-59DPD)

Month-on-Month Change: 0bps

Year-on-Year Change: +5bps

### Delinquent Accounts (90DPD+)

Month-on-Month Change: 0bp

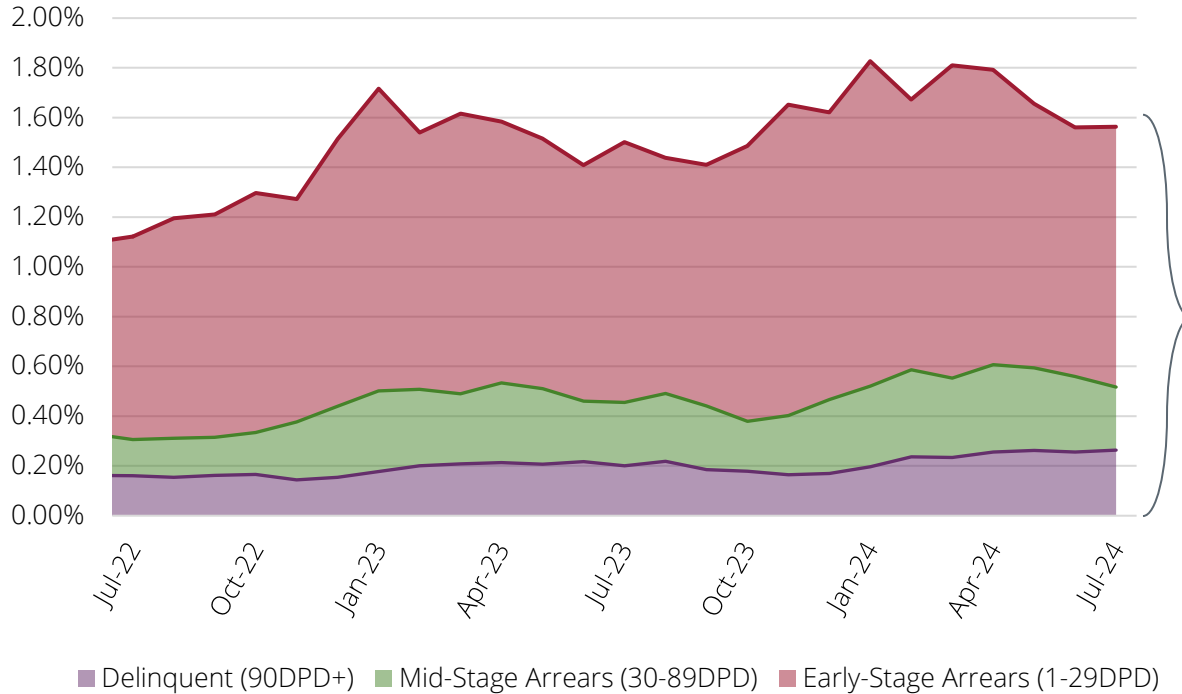
Year-on-Year Change: +5bps



# Total Home Loan arrears for the 'Non-Big 5' segment remained flat vs. June 2024, though YoY position increased by 6bps

## Non-Big 5 Home Loan Arrears – Breakdown by Stage

Percentage of Accounts in Arrears (Stacked)



Total Arrears:  
1.56%

### Early-Stage Arrears (1-29DPD)

Month-on-Month Change: +5bps

Year-on-Year Change: 0bps

### Mid-Stage Arrears (30-59DPD)

Month-on-Month Change: -5bps

Year-on-Year Change: 0bps

### Delinquent Accounts (90DPD+)

Month-on-Month Change: 0bps

Year-on-Year Change: +6bps



# Auto Loans

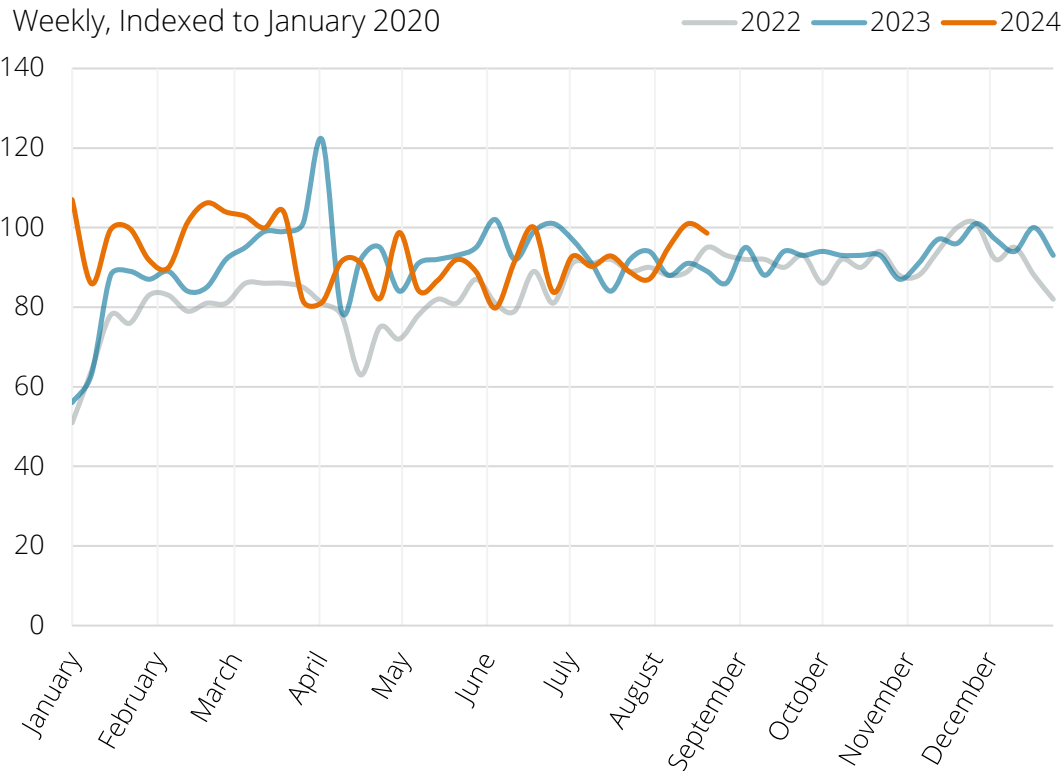
Demand & Credit Health Insights





# Auto Loan demand improved slightly in July, with **year-to-date enquiries in 2024** up 4.5% compared to **the same period in 2023**.

## Auto Loans – Weekly Enquiry Volume

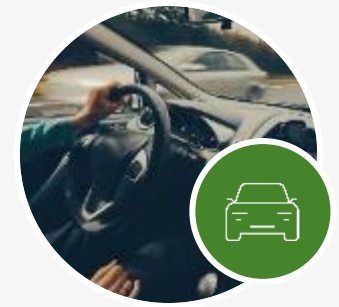


A small rebound in new vehicle registrations for August driven by an increase in rental vehicle registrations as preparations for the upcoming tourism season pushed new vehicle registrations to a 2.1% lift year-on-year.

- **New Vehicles:** Overall, 9990 new vehicles were registered in August. The figure is up 5.6% on last month's data and comes close to meeting the current monthly registration average.
- **Used Vehicles:** August saw more than 8,000 used vehicles registered, the highest rate in several months.

### Enquiry volume trend

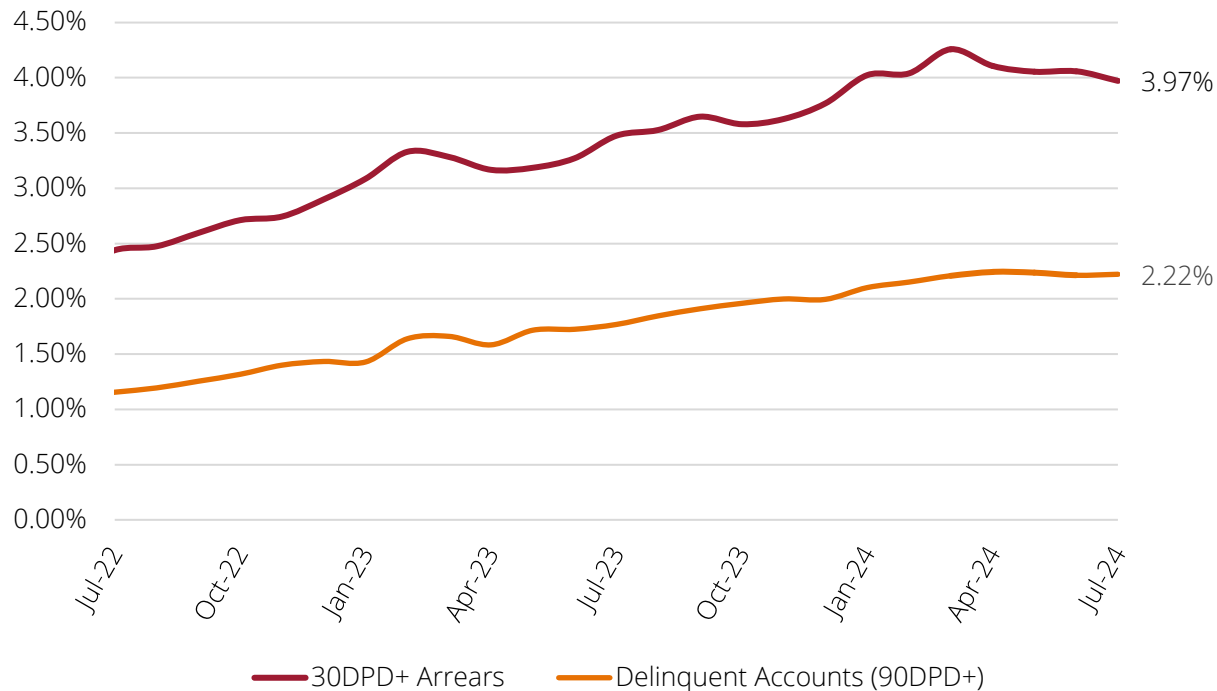
On a year-to-date basis, enquiry volumes in 2024 improved by 4.5% compared the same period in 2023. In the short term, month on month activity has also improved by 4% in July 2024 vs June 2024. Many auto-lender inquiries are quotation inquiries which will be excluded from this analysis. Conversion rates of quotation to confirmation have dropped significantly from pre-pandemic levels.



# Arrears for Auto Loans are beginning to level off after a long period of deterioration since the Pandemic.

## Auto Loans – Overall Arrears

Percentage of Accounts in Arrears\*



## 30DPD+ Arrears

Month-on-Month Change: **-6bps**

Year-on-Year Change: **+50bps**

July 2024 saw a -6bps month-over-month decreases in Auto Loan accounts in at least 30 days in arrears. The long-term position remains elevated, but movements have softened over the first half of 2024 (down from 4.04% at the end of January 2024).

## Delinquent Accounts (90DPD+)

Month-on-Month Change: **+1bps**

Year-on-Year Change: **+45bps**

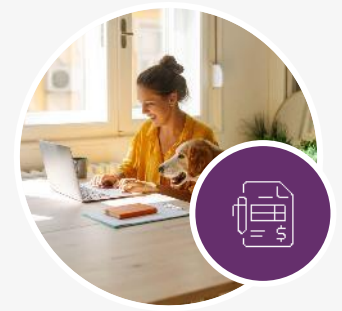
July 2024 saw another small month-on-month increase in late-stage arrears. The long-term upward trend remains elevated and is consistent with overseas markets.



# Personal Loans

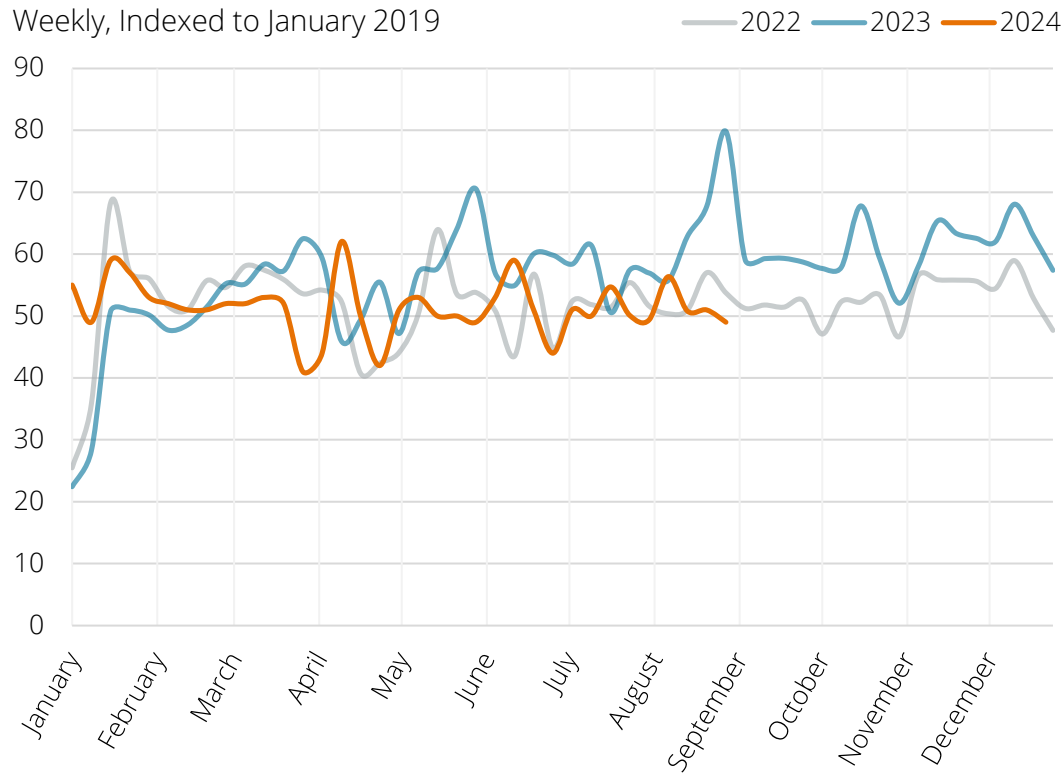
Demand & Credit Health Insights





# 2024 YTD Personal Loan enquiries continue to soften, as consumer confidence improves marginally over August 2024

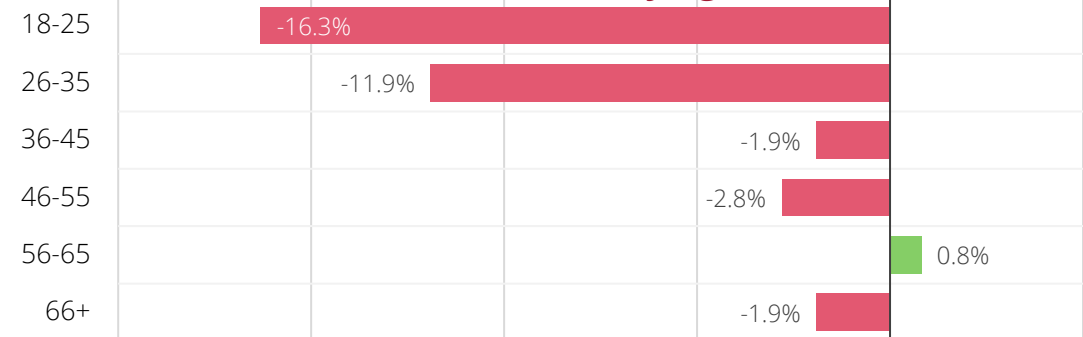
## Personal Loans – Weekly Enquiry Volume

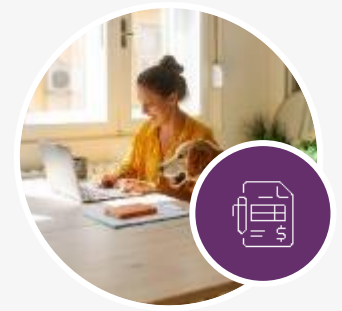


Despite overall consumer confidence level increasing in August 2024, personal loan demand continues to weaken. Year-to-date enquiries until August 2024 are now 7% lower than the same period last year, with this metric falling significantly (-17.7%) in July and August 2024 vs. same months in 2023.

Younger borrowers continue to be impacted the most, potentially a reflection of their higher levels of underemployment. Enquiries for borrowers aged between 18-25 are down -16.3% in 2024 year-to-date versus the same time last year, while 26-35-year-olds are down -11.9% over the same period. As of July 2024, only the 56-65 years old cohort has seen a marginal improvement in demand.

## Personal Loans – 2024 YTD vs. 2023 by Age

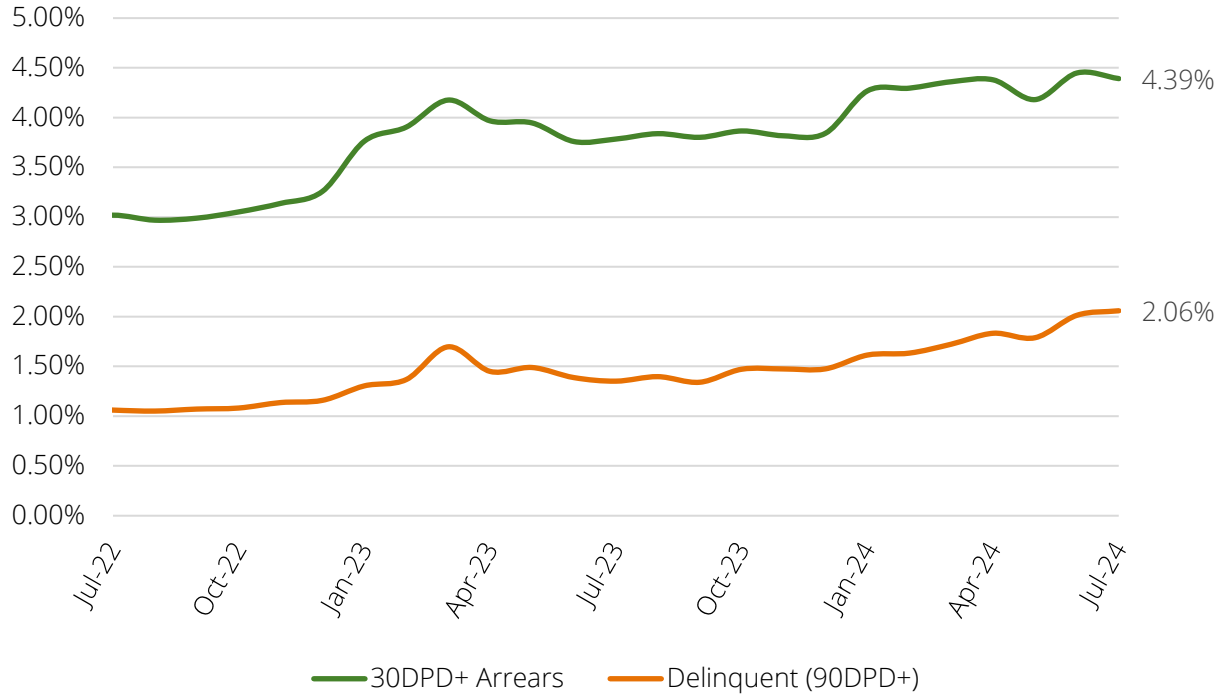




# Personal Loans **30DPD+** arrears remained flat month-on-month while **late-stage** arrears increased over July 2024.

## Personal Loans – Breakdown of Overall Arrears by Stage

Percentage of Accounts in Arrears



### 30DPD+ Arrears

Month-on-Month Change: **0bps**

Year-on-Year Change: **+66bps**

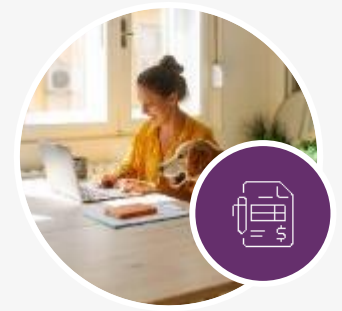
30DPD+ arrears for Personal Loans remained unchanged month-on-month improvement through July 2024, due to rising 30+ arrears rates in the Non-Big 5 segment. In the long term, current position is up +66bps compared to July 2023, the overall arrears being driven up by the Non-Big 5 segment once again.

### Delinquent Accounts (90DPD+)

Month-on-Month Change **+5bps**

Year-on-Year Change: **+31bps**

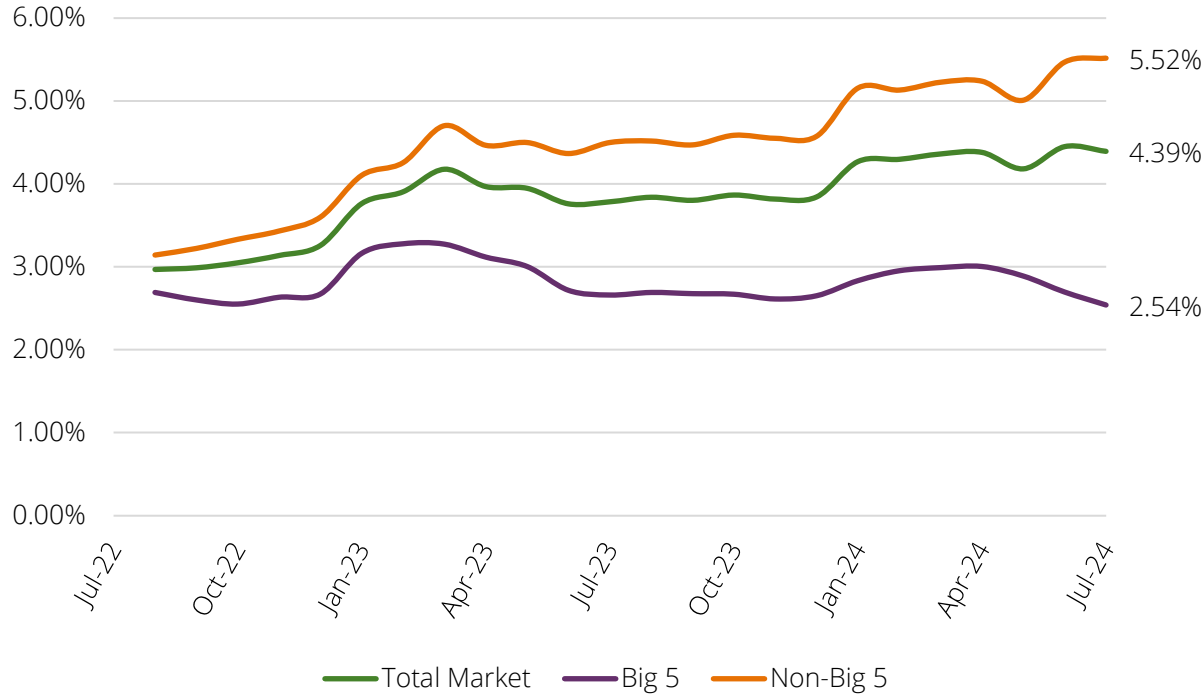
Similarly, June 2024 saw a +5bps month-on-month increase in delinquent Personal Loans, once again on an upward trend after a brief respite in May 2024.



# 'Big 5' Personal Loan 30DPD+ arrears decreased moderately in July 2024, conversely, 'Non-Big 5' arrears increased.

## Personal Loans – 30DPD+ Arrears by Lender Cohort

Percentage of Accounts in Arrears



### 'Big 5' 30DPD+ Arrears

Month-on-Month Change: **-16bps**

Year-on-Year Change: **-12bps**

Total arrears for the 'Big-5' cohort saw a significant -74bps improvement through July 2024 and significantly down -74bps vs. July 2023.

### 'Non-Big 5' 30DPD+ Arrears

Month-on-Month Change: **+21bps**

Year-on-Year Change: **+118bps**

Despite the recent improvement in 'Non-Big 5' 30DPD+ arrears, the current position remains elevated by +118bps compared to the same time last year. Month on Month increase in arrears rate increasing by 21bps are indicative of tough market conditions



# Credit Cards

## Demand & Credit Health Insights

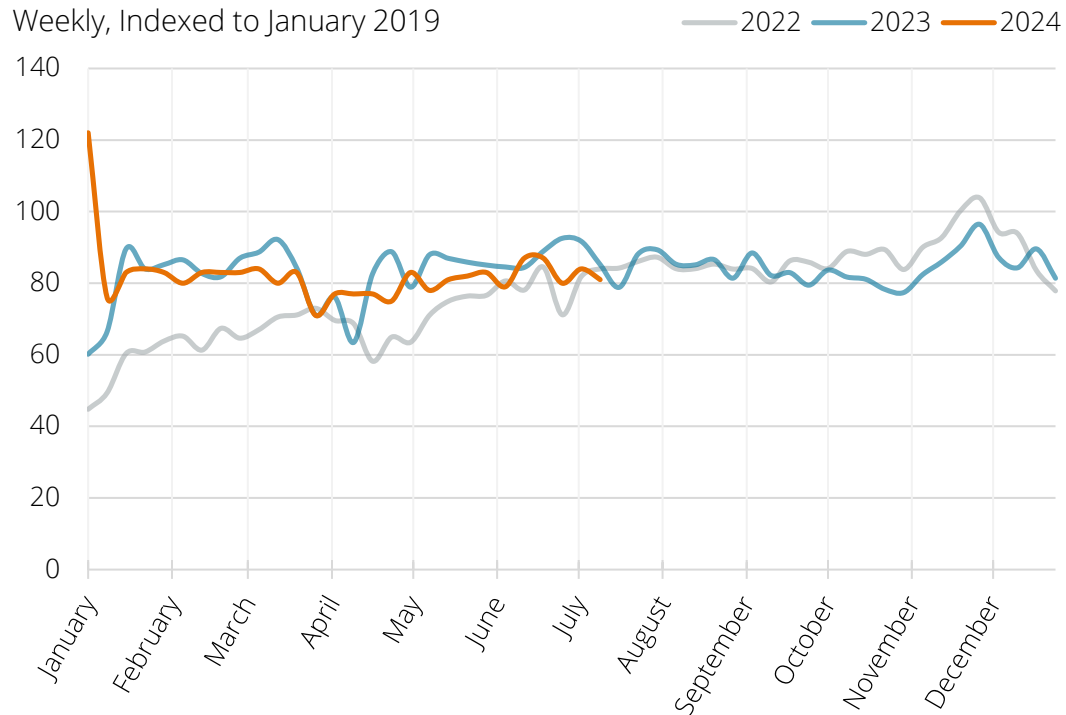






# Credit Card demand for **2024 year-to-date** is only slightly below **2023**, but that is skewed by early-year volumes.

## Credit Cards – Weekly Enquiry Volume



2024 year-to-date enquiries are down slightly compared to the same period last year (-1.3%). However, this is slightly misleading as the current year is skewed by strong demand in the opening week. Since that point, enquiry volumes have progressively gotten softer compared to 2023 (currently down -3.5%).

As shown on the following page, as of end of August 2024, the long-term trend in Credit Card demand is 11bps above the lows seen through 2022. With consumer confidence improving slightly through August 2024, and with official cash rate reducing 0.25%, it is likely that this statistic improves in the near future.

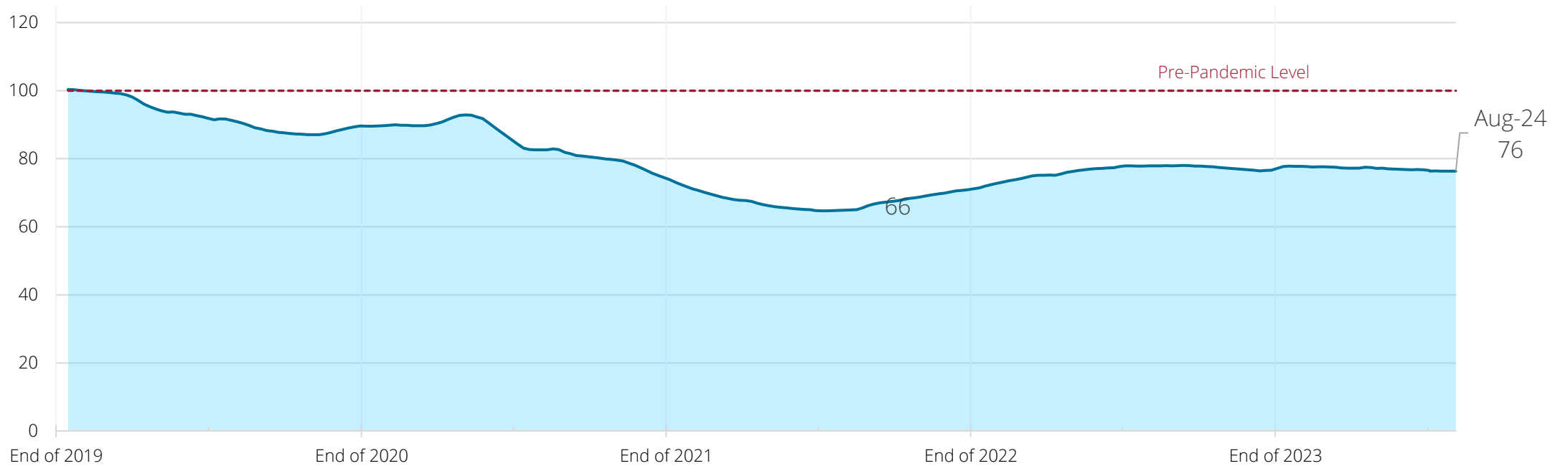
Against a backdrop of electronic card transactions edging lower by 0.1% month-on-month on a seasonally adjusted basis, flagging demand for card products is a flow-through effect. Consumers spent less on durables, hospitality and apparel. Increased fuel spend and consumables has not negated the overall decline.



# Long-term stability remains in Credit Card demand, with a slight softening through the peak winter months

## Credit Cards - Long Term Demand Trend

Rolling Sum of Last 52 Weeks Enquiries, Indexed to December 2019

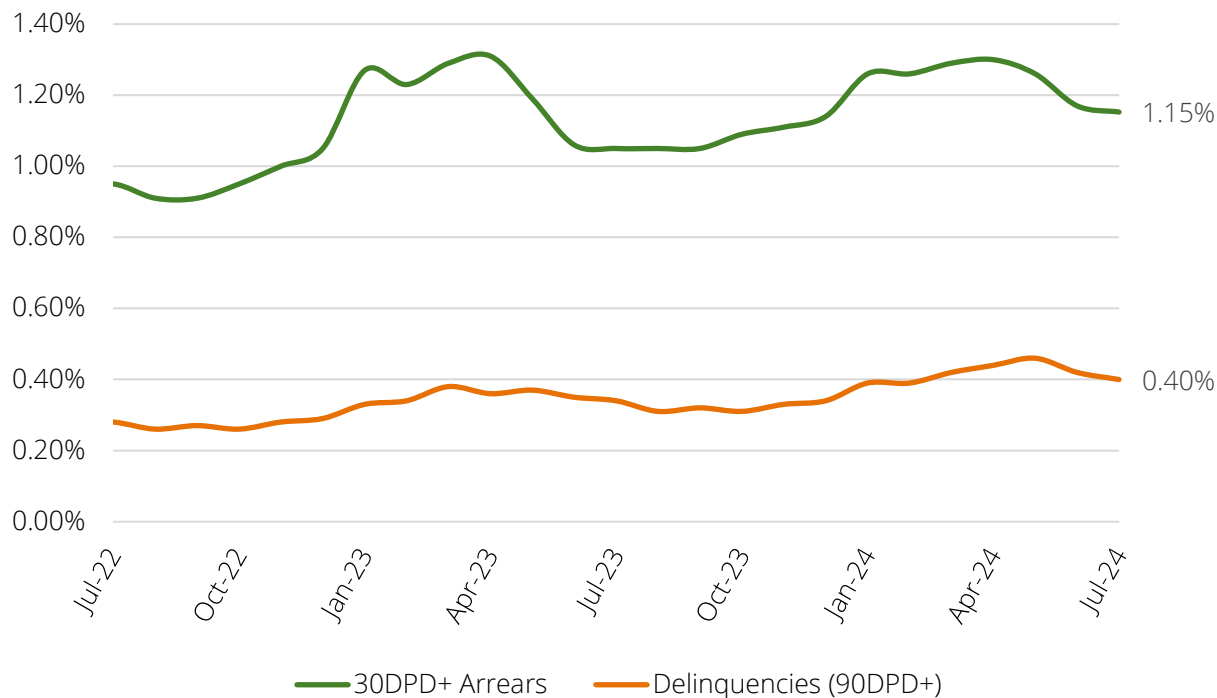




# Both **30DPD+ arrears** and **late-stage delinquencies** saw small improvement in July 2024 but are still higher year-on-year.

## Credit Cards – Overall Arrears

Percentage of Accounts in Arrears



## 30DPD+ Arrears

Month-on-Month Change: **-2bps**

Year-on-Year Change: **+10bps**

30DPD+ credit card arrears saw a slight -2bps improvement through July 2024, continuing the short downwards trend observed over Q2 2024.

## Delinquent Accounts (90DPD+)

Month-on-Month Change: **-2bps**

Year-on-Year Change: **+6bps**

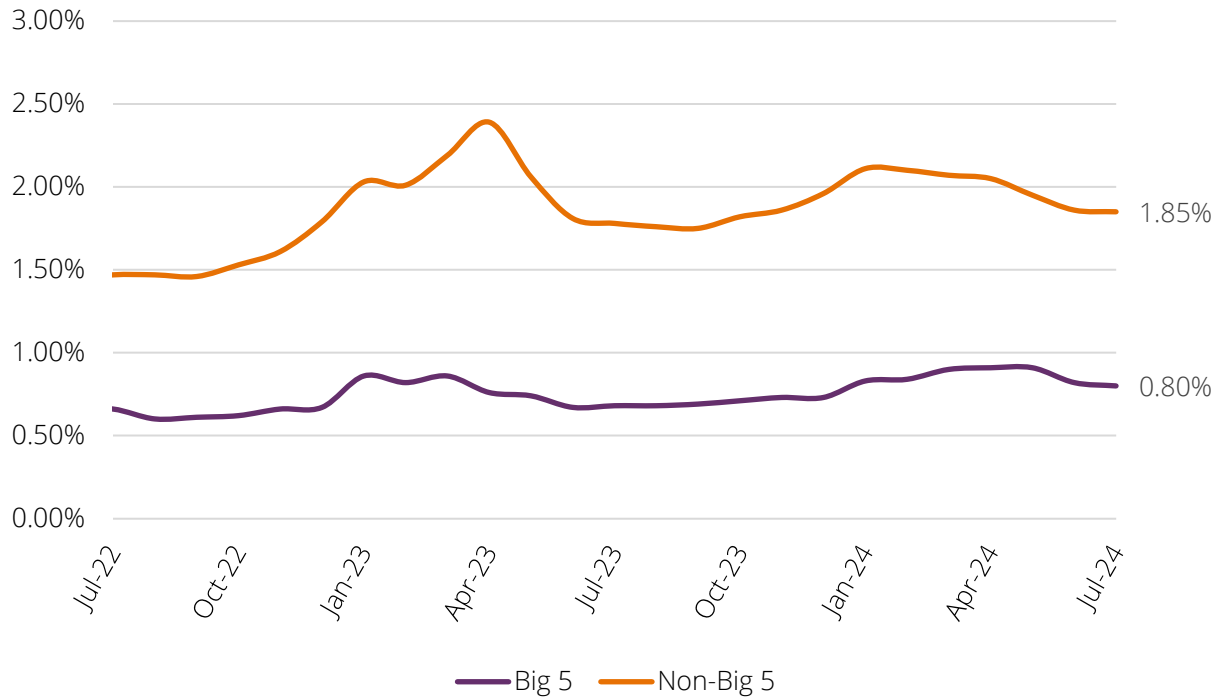
Arrears rates of delinquent credit card accounts (90DPD+ arrears) continues to fall in July 2024. This reducing trend has continued for the 3<sup>rd</sup> continuous month now after a long upward trend persisted since Q3 2023 until May 2024. Current arrears levels of delinquent accounts are marginally up +6bps on the same time last year



# July 2024 saw improvement in 30DPD+ arrears for both the 'Big 5' and 'Non-Big 5' Credit Card portfolios compared to prior month.

## Credit Cards – 30DPD+ Arrears by Lender Cohort

Percentage of Accounts in Arrears (1DPD+)



### 'Big 5' Arrears (30DPD+)

Month-on-Month Change: **-2bps**

Year-on-Year Change: **+12bps**

Total arrears for the 'Big 5' cohort increased slightly, seeing a 12bp increase YTD July 2024 vs. last year.

### 'Non-Big 5' Arrears (30DPD+)

Month-on-Month Change: **-1bps**

Year-on-Year Change: **+7bps**

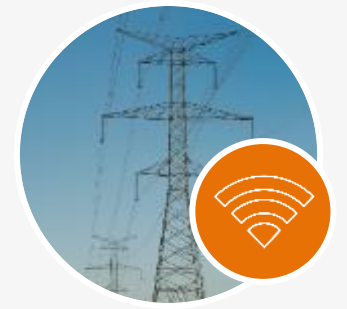
'Non-Big 5' arrears increased slightly by 7bps YTD July 2024 vs. last year. In the short term, early stage arrears in the non big 5 segment increased 14bps vs. June 2023 driving up total arrears in the segment.

# Telco & Utilities

Credit Health Insights



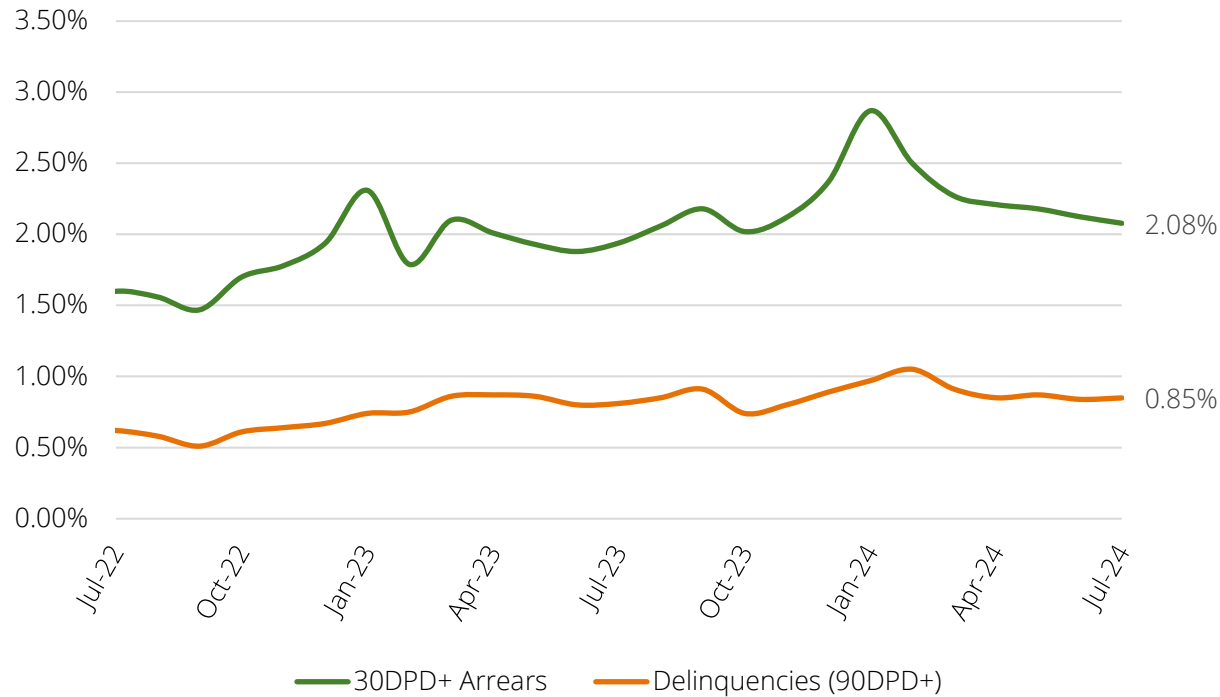




# 30DPD+ Arrears improved slightly month on month and **Late-Stages** observe a slight uptick in July 2024

## Telco & Utilities – Overall Arrears

Percentage of Accounts in Arrears



## 30DPD+ Arrears

Month-on-Month Change: **-4bps**

Year-on-Year Change: **+14bps**

## Delinquent Accounts (90DPD+)

Month-on-Month Change: **+1bps**

Year-on-Year Change: **+4bps**

# Global Credit Trends

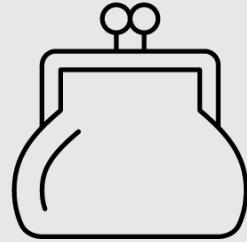
Credit Insights from Australia



# Market context

July 2024

# 3.8%



## Annual Consumer price Index

Monthly CPI rose 3.5% compared to July last year. Housing being one of the most significant increase at 5.5%. Rental market remain tight with rents increasing 7.4% for the year

July 2024

# 4.2%



## Unemployment rate

Signals of tightening job market with unemployment rate increasing 0.5% from 12 months ago. Job vacancies also fell 17.7% lower than July last year.

Aug 2024



# 4.35%

## Official cash rate

expected to remain stable while inflation continues to exceed target rates

March 2024



# 0.9%

## Household saving ratio

fell from 1.6% to 0.9% in the March quarter. Already at its lowest since the pandemic, this ongoing decline in savings is expected to worsen if inflation remain at current levels

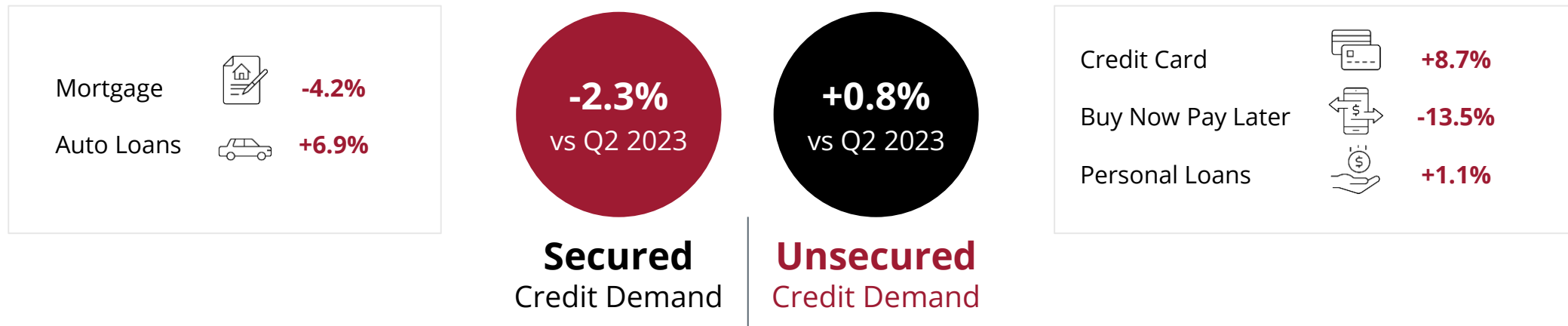
# Summary

**Slow down in secured credit growth expected to continue.** Mortgage demand fell at similar levels compared to last quarter, decreasing by 4.2% compared to last year. This continued to slow secured credit demand lower than last year levels. This trend is expected to continue as sustained interest rates are keeping new mortgage loans at bay and significantly less refinance activity compared to last year. Consumers slow down in spending, bringing mild growth in personal loans demand of 1.1% Q2 2023.

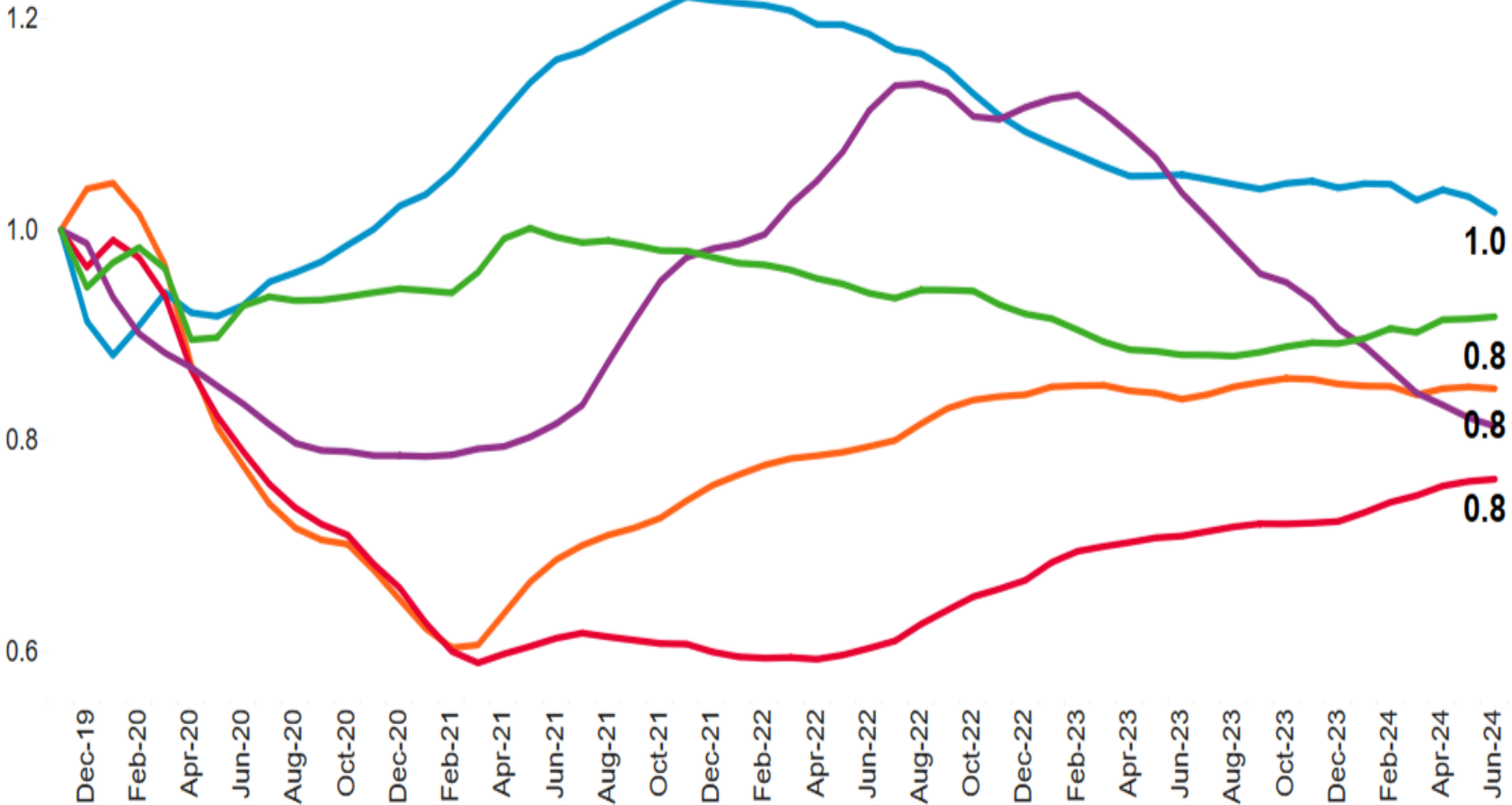
**Arrears are still increasing but gradual.** Mortgage arrears remain below pre-pandemic levels despite persistently high inflation and the absence of interest rate relief. The slow increase in mortgage arrears reflect resilience demonstrated by Australian consumers over the past two years. If unemployment rises further, mortgage arrears are expected to increase more rapidly in the coming months.

**Dampened credit card growth compared to last quarter as consumers tighten discretionary spend.** Some consumers reaching out for new credit cards to cope with higher cost of living at a slower pace compared to last quarter, credit card demand grew 8.7% for 2024Q2 compared to last year.






## Quarterly Demand Change | Q2 2024



# Consumer Credit Demand Index Indexed to Nov 2019



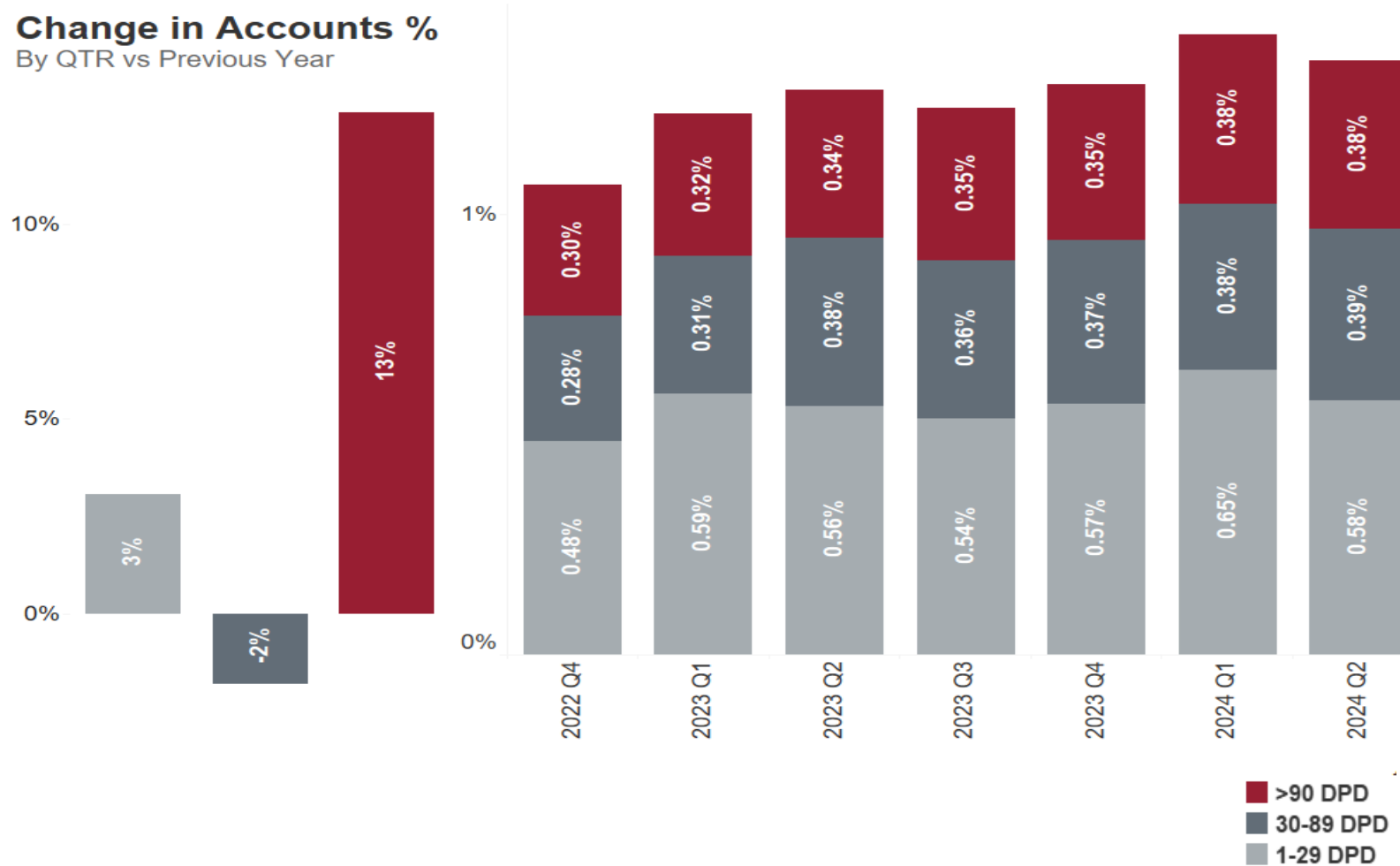
## Quarterly Demand Change (vs Same Qtr 2023)

- 
Mortgage  
**-4.2%**
- 
Credit Card  
**8.7%**
- 
Buy Now Pay Later  
**-13.5%**
- 
Personal Loan  
**1.1%**
- 
Auto Loans  
**6.9%**



# Arrears: Mortgages vs Same Quarter 2023

**Change in Accounts %**  
By QTR vs Previous Year



Note: All CCR providers have supplied RHI up to May 2024

**ARREARS** | % Accounts >90 DPD increased **+0.05% YoY**

**Late arrears continued to rise against last year** in a gradual manner and remained below pre covid levels given heightened cost of living pressures

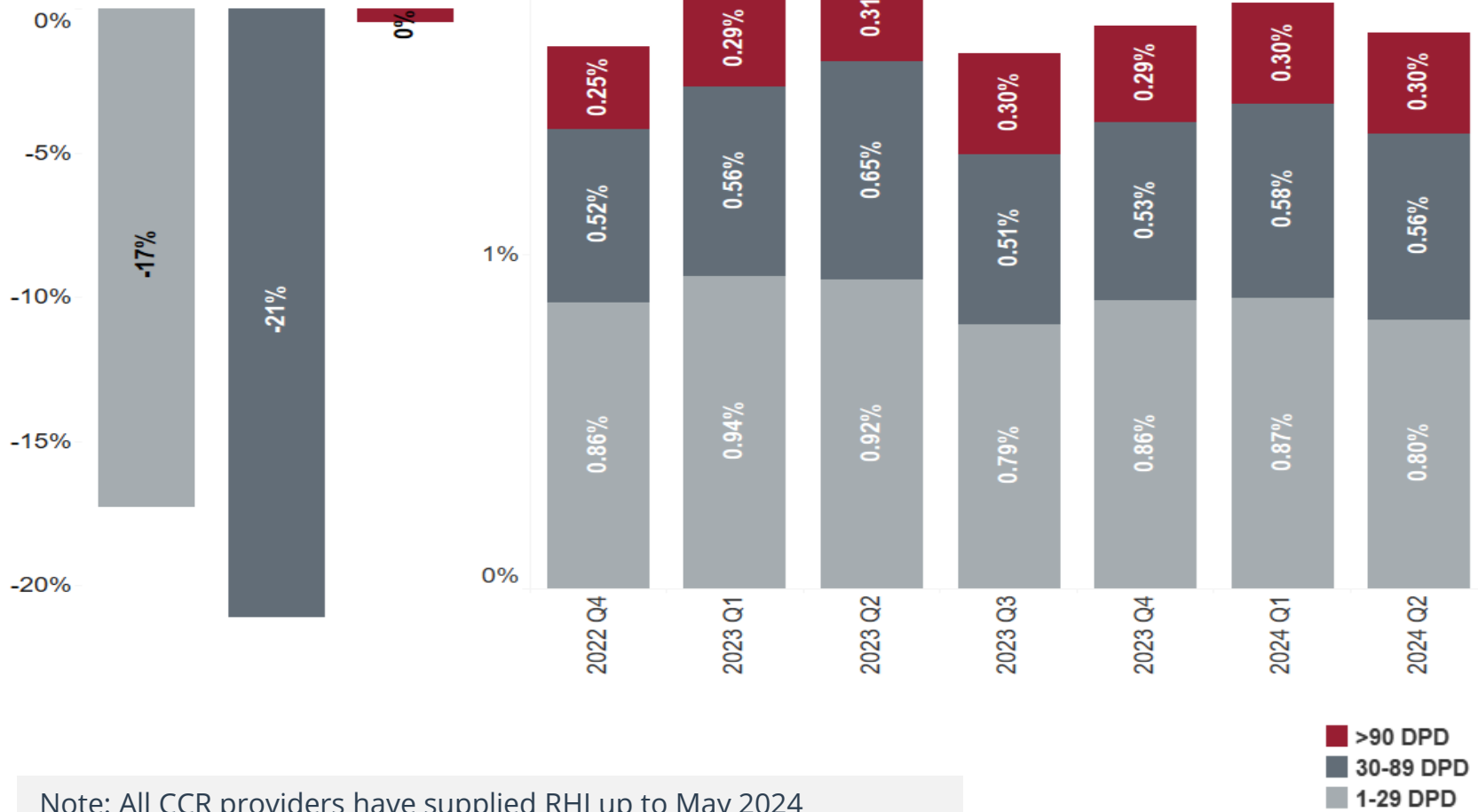
**Weakening resilience amongst higher risk profile consumers.**

Arrears amongst consumers categorised as Average\* in credit risk has been rising more rapidly over the past 4 quarters. This cohort rose 32 basis points from 2023Q3 to 2.82% as at 2024Q2. Significantly higher than +6 basis points for overall consumers

\* Average category refers to consumers with onscore of 459 - 660

# Arrears: Credit Card vs Same Quarter 2023

## Change in Accounts % By QTR vs Previous Year



Note: All CCR providers have supplied RHI up to May 2024

**ARREARS**

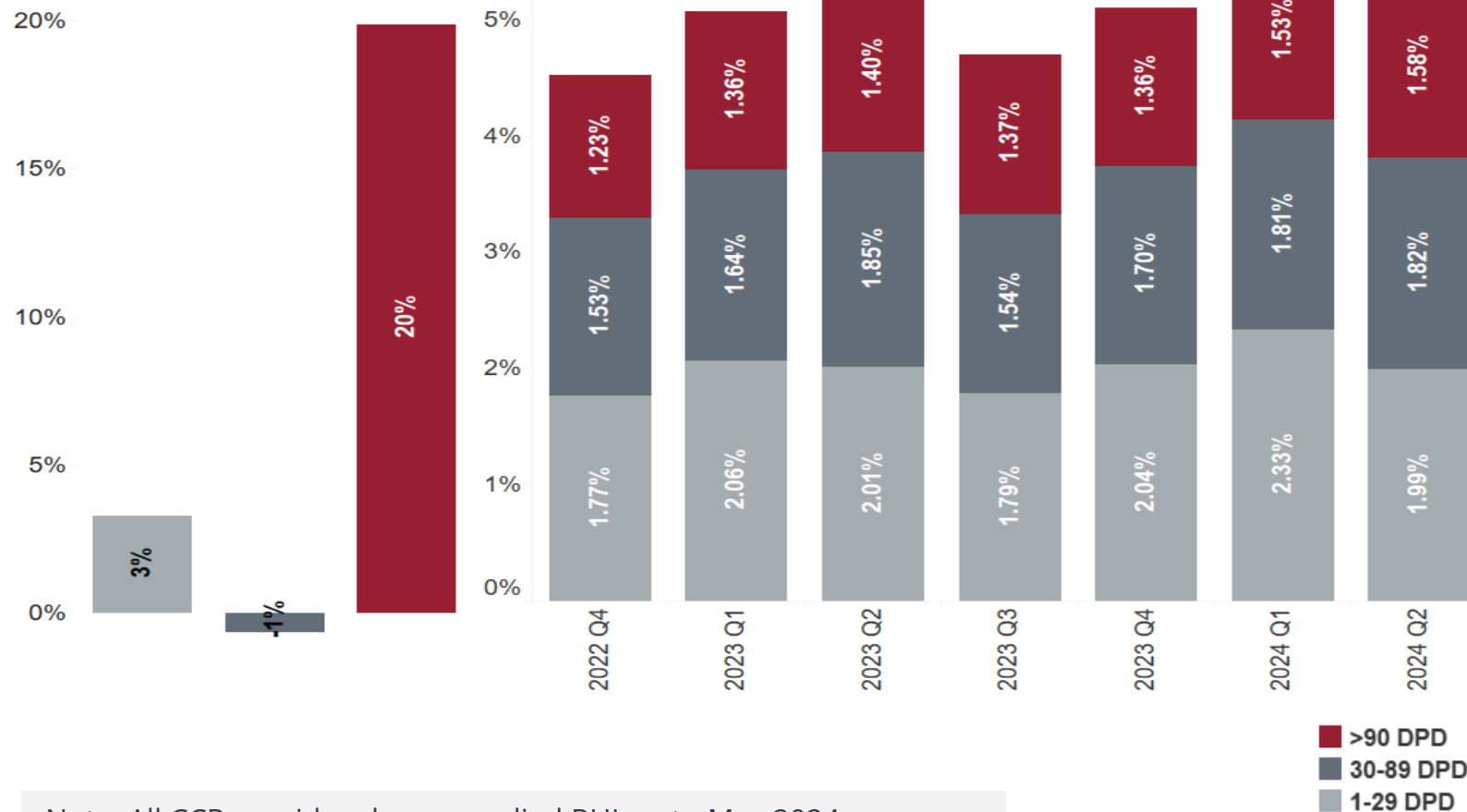
% Accounts  
>90 DPD  
**Stable YoY**

**Little consumer stress through currently active credit card account holders as overall card arrears improved for the quarter against last year.**

Early arrears improved from 0.65% to 0.56% whilst late arrears remain relatively stable in comparison to last quarter

# Arrears: Personal Loan vs Same Quarter 2023

**Change in Accounts %**  
By QTR vs Previous Year



Note: All CCR providers have supplied RHI up to May 2024

**ARREARS**

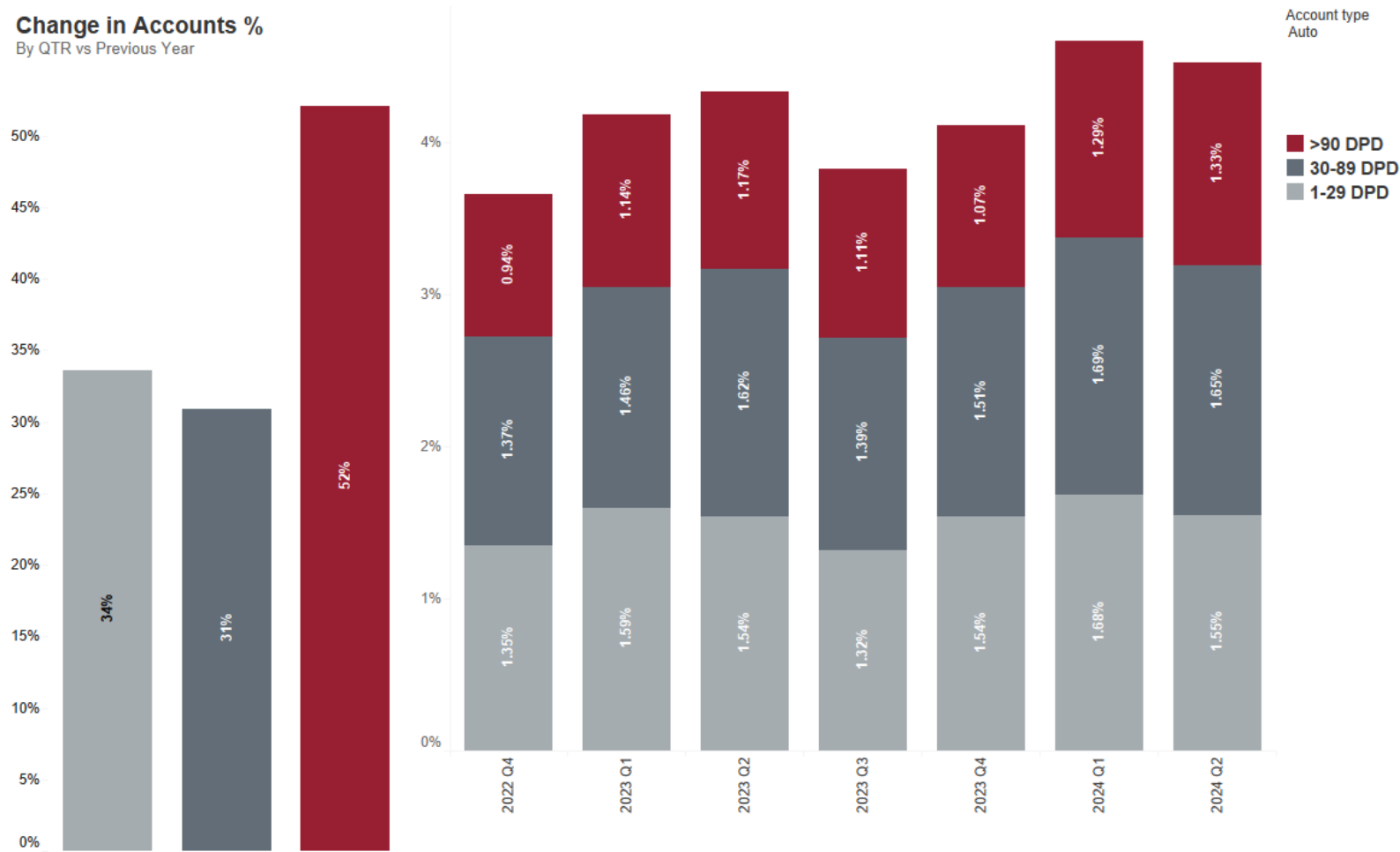
% Accounts >90 DPD Increased **0.18% YoY**

**Significant increase in nominal personal loan account in late arrears.** Additional 20% in accounts compared to Q2 last year.


**Nominal growth in arrears.** Late arrears rate of 1.58% has returned to pre pandemic levels. However, given consistent growth in the portfolio over the past 2 years, this represent a **52%** increase in nominal number of accounts in arrears

# Arrears: Auto Loans vs Same Quarter 2023

Change in Accounts %  
By QTR vs Previous Year



**ARREARS** | % Accounts >90 DPD increased **0.08% YoY**



**Some relief in auto loan early arrears after 12 months of YOY increases**

Late arrears as proportion of all accounts increased from 1.17% to 1.25% compared to last year. Mostly driven by gen Y car owners. This segment displayed growth of 10 basis points since 2023Q2

Note: All CCR providers have supplied RHI up to May 2024

# Want to know more?

Contact us to discover more market insights or to harness the power of data to make better decisions.



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