Market Insights

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Mortgage Arrears Data June 2022: S&P

Nation-wide:

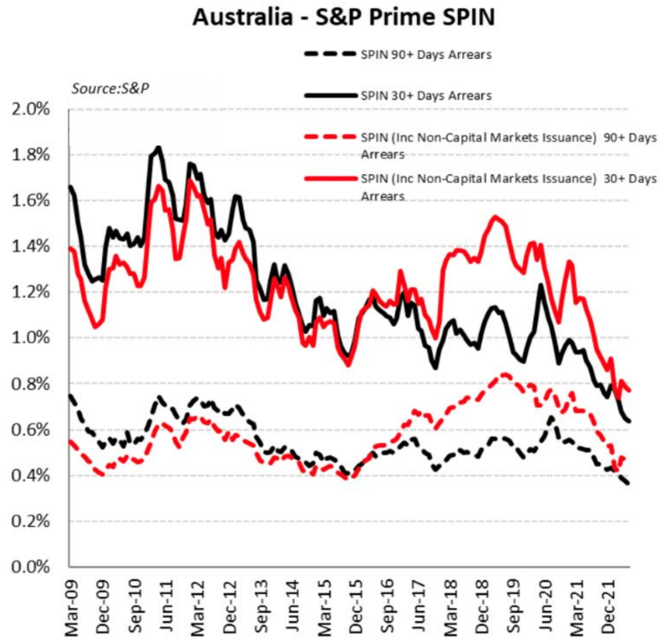
- June SPIN data released by S&P has shown 30+ day arrears has decreased 1bps to 0.64%. Similarly, arrears for 60-90 days have also declined 2bps to 0.36%.

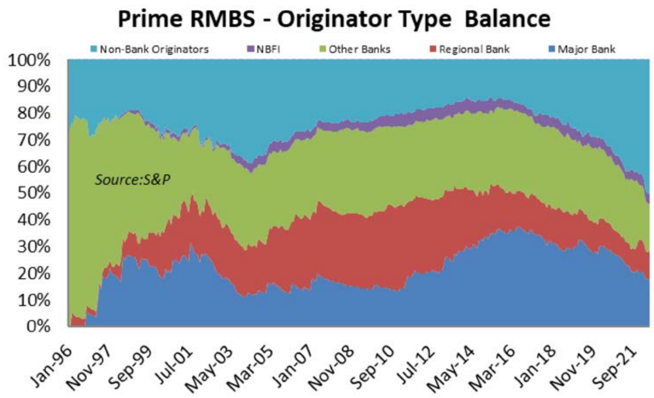
- However, S&P states that the arrears data is yet to reveal the cumulative effect of May-September increases in the interest rate to its current level of 2.35%, noting that it usually takes a few months for indicators to show up in arrears.

- Over the month of June, the underlying balance across all mortgages decreased by 0.24bn to 79.8bn. With respect to documentation type, prime full-doc arrears decreased by 1bps to 0.61% whilst low-doc loans decreased from 3.78% to 3.38% with 90+ day delinquencies decreased 20bps to 2.17%.

- Additionally, major banks lost a considerable portion of the Prime RMBS market since their peak in 2017, due to an increasingly popular trend of borrowers seeking non-bank originators.

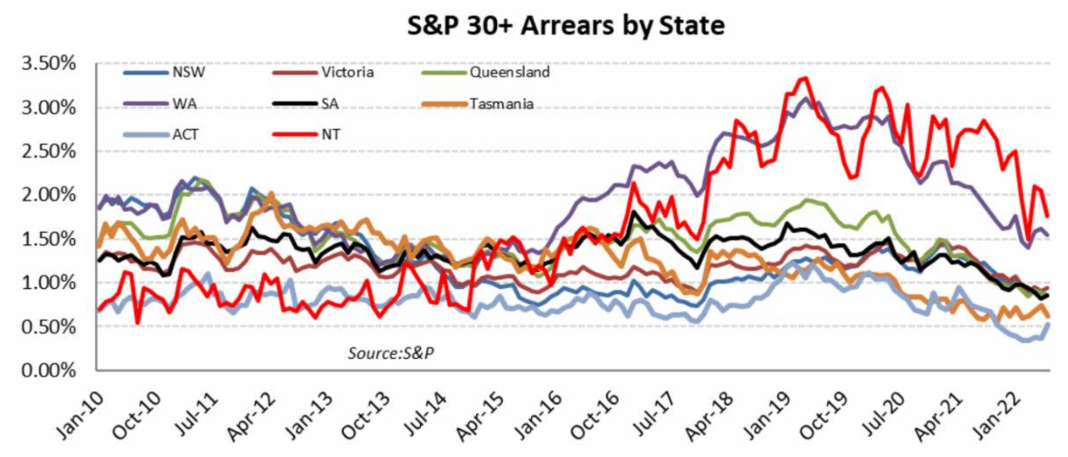
- As such, this is indicated by majority of other originators remaining at similar market share levels, overshadowed by the transfer between non-bank originators and major banks.





State-wide:

- Currently, state arrears (for data including repo) showed that NT has the highest level of delinquencies decreased at 1.79% decreasing by 29bps over the month. WA decreased 7bps to 1.55%, SA increased 3bps to 0.85%, QLD decreased 3bps to 0.86%, VIC increased 3bps to 0.94% and NSW decreased 4bps to 0.85%.



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KEY POINTS	SUMMARY

Australian Housing Finance Drops

- Owner-occupied: -7%mth, -15.9%yr; Investors: -11.2%mth, flat% yr (ex refi).
- Total value approvals: -8.5%mth, -11.3%yr (ex refi).
- Housing finance approvals fell sharply in July, an 8.5% drop following a 4.4% drop in June.
- August updates show total turnover value nationally is down 24% for year to date.
- Housing finance detail showed a broad-based decline running slightly faster for investors (-11.2%) and first home buyers (-9.5%) than for upgrading owner occupiers (-6.3%).

Housing Finance: July 2022

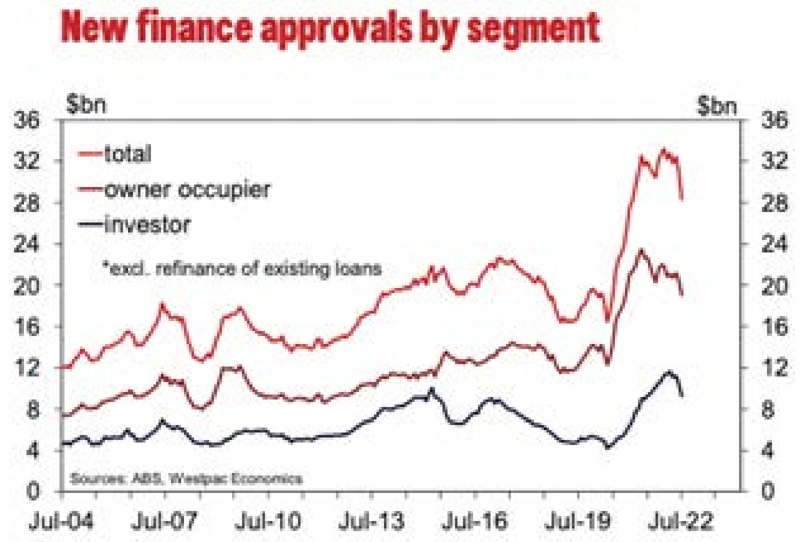
Housing finance: July 2022

Source: Westpac

		%chg mth		% chg yr	
	latest	Jun	Jul	Jun	Jul
Owner-occupiers ('000s)	29.4	-2.6	-5.8	-19.2	-21.4
Owner-occupiers ($bn)	19.1	-3.3	-7.0	-9.6	-15.9
Investors ($bn)	9.3	-6.3	-11.2	17.3	0.0
Total housing finance ($bn)	**28.4**	**-4.4**	**-8.5**	**-2.0**	**-11.3**
Refinance ($bn)	17.9	6.2	-1.2	17.8	7.5
Total incl. refinance ($bn)	**46.3**	**-0.7**	**-5.8**	**4.5**	**-4.8**
Other indicators^	avg^	Apr	May	Jun	Jul^
Auction clearance rate %	64.6	62.9	60.1	57.7	59.3

* unless specified, all figures exclude refinance. Where specified, refinance is 'external' only, i.e. with a new lender; ^ seasonally adjusted by Westpac; avg is last 10yrs
Sources: ABS, CoreLogic, APM, Westpac Economics

New Finance Approvals by Segment



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