

Bank lending momentum remained weak

Tuesday, 31 May 2016

- Total loans contracted for the 7th straight month in April, overtaking the Nov1999-Apr2000 period as the longest duration whereby loans growth fell on-year. However, the decline in April was a less severe 0.8% yoy in April, compared to -1.7% yoy in March, but still marked a marginal -0.001% mom.
- Business loans contracted 2.9% yoy (-0.005% mom), dragged down by general commerce (-20.9% yoy) which offset building/construction (+16.0% yoy), with the latter being likely supported by public construction projects. This suggested that private sector business sentiments remain very cautious at this juncture amid the weak external demand conditions and sluggish domestic growth environment.
- Consumer loans remained the key pillar of support and accelerated to +2.4% yoy (+0.4% mom), up from March print of +1.9% yoy. In particular, housing/bridging loans also picked up speed to +3.7% yoy in April. Car loans, on the other hand, continued to shrink by 4.8% yoy, but may start to see some respite with the recent easing of auto loan measures, albeit it remains a small segment (just 3%) of the consumer loan market.

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