

## The start of Singapore's Circuit Breaker saw a big dent in April consumer loans growth.

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### Highlights

**April bank loans growth slowed to 2.0% yoy (slowest since July 2019) but actually declined for the second month by 0.4% mom (also lowest since July 2019). The main drag was from consumer loans** which continued to contract for the 12<sup>th</sup> straight month by 3.3% yoy in April (worst print from at least 2005) and by 0.9% mom (third consecutive month of mom contraction). With the start of the Circuit Breaker to combat Covid-19, this has exerted a significant dampening effect on private consumer spending and in turn consumer loans as well. This shows up very clearly in credit card loans that slumped for the third month by 13.1% yoy (-9.0% mom), share financial loans (-14.6% yoy), car loans (-3.0% yoy) and also housing and bridging loans (1.3% yoy).

**In contrast, April business loans declined 0.1% from March, but still grew from a year ago albeit a tad slower at 5.4% yoy (March: 5.5% yoy).** Within business loans, the affected segments that saw a decline in loan momentum from March were loans to professional and private individuals for business purposes (-3.9% mom), general commerce (-3.4% mom) and financial institutions (-1.9% mom). Notwithstanding the Budget initiatives to help businesses with credit financing and access such as the Enterprise Financing Scheme, Loan Insurance Scheme and the Temporary Bridging Loan Programme, the macroeconomic backdrop is bearish due to the Covid-19 double-whammy giving rise to both supply chain disruptions and also a demand shock amid the numerous lockdowns across the region and globally.

**Bank loans growth, especially consumer loans, is likely to moderate further in May given the extension of the Circuit Breaker.** Given the lifting of the Circuit Breaker from 2 June is gradual and sequential, the 2H recovery trajectory is likely to be still cautious and muted. While consumer loans may rebound, it will probably not normalise anytime soon. Bank loans growth for 2020 is tipped at a modest 2% yoy, but could have been worse if not for the Budget measures to ensure credit access for SMEs.

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### Macro Research

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