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(Co. Reg. No.200816326W)

DATE: 01 AUGUST 2011

TITLE: BANK LENDING UP, HOME LOANS ROBUST



SINGAPORE - Total bank lending in Singapore amounted to S\$374.3 billion last month, up 3 per cent from the previous month, according to data released yesterday by the Monetary Authority of Singapore (MAS).

On a year-on-year basis, total bank lending surged 26 per cent on the back of robust economic growth.

Housing loans rose 1.3 per cent to S\$121.3 billion last month from S\$119.7 billion in May. The MAS also, for the first time, provided additional data about home mortgages in its monthly statistical bulletin. The data revealed that the average loan-to-value ratio for housing loans by banks was

44.3 per cent in the second quarter, up from 44.1 per cent a quarter ago.

Commenting on the new data, Mr Song Seng Wun, regional economist of CIMB Research, said the loan-to-value ratio may look high but is "quite normal" for a country like Singapore with a high home ownership level.

He added: "Barring a severe global economic downturn, the risk of having people default on loans is small."

Of the outstanding housing loans, about S\$87.6 billion was for the purchase of owner-occupied property, compared with S\$36.9 billion for investment property.

The move to provide additional data may be aimed at increasing transparency in the housing market. "This is to increase transparency not just in terms of supply (figures) but financing (in order to) make sure that banks are prudent in their lending practices," said Mr Song.

Among the different bank lending segments, total bank loans to businesses registered an increase of 4 per cent month-on-month, rising to S\$209.4 billion last month. Within business loans, lending to manufacturing businesses rose 10 per cent month-on-month to hit S\$16.1 billion. In the consumer segment, bank lending grew 1.7 per cent to S\$165 billion.

SOURCE: TODAY ONLINE 31 JULY 2011

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