



creditworks

June 2023 Month-End **Credit Insights**

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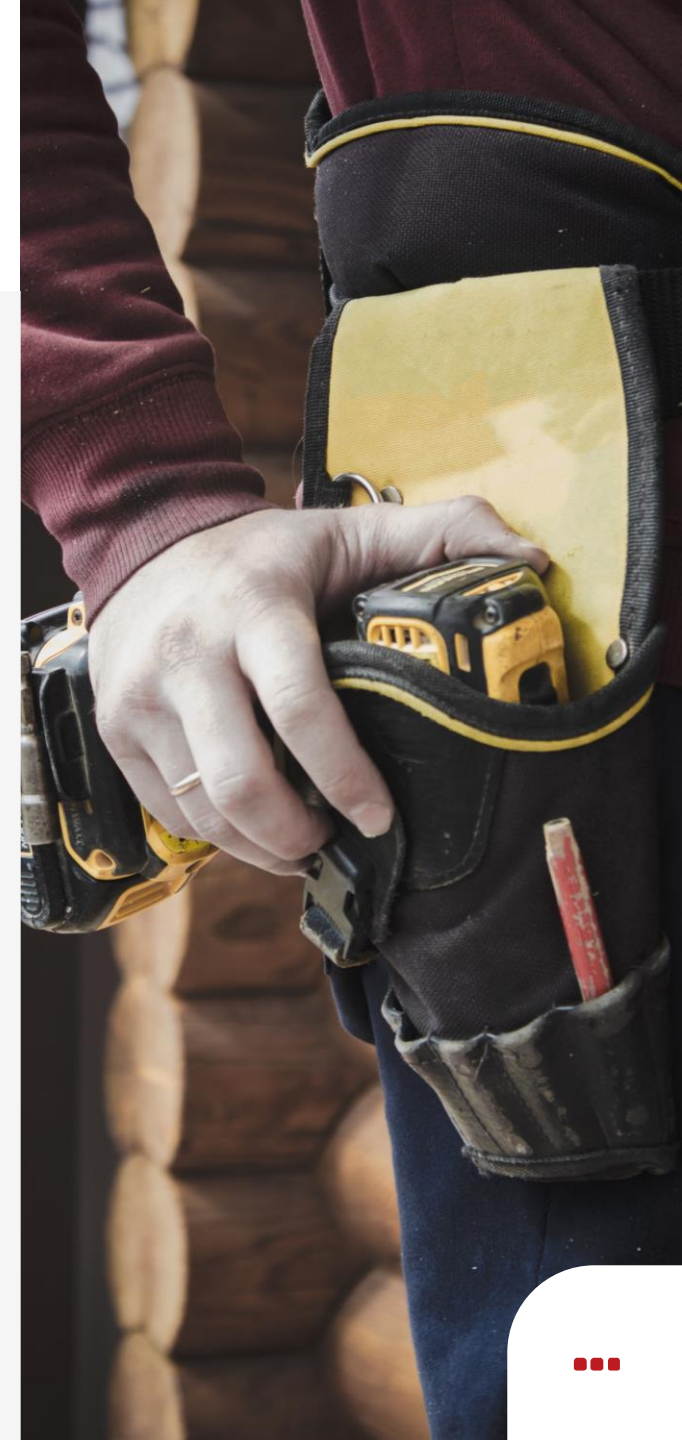
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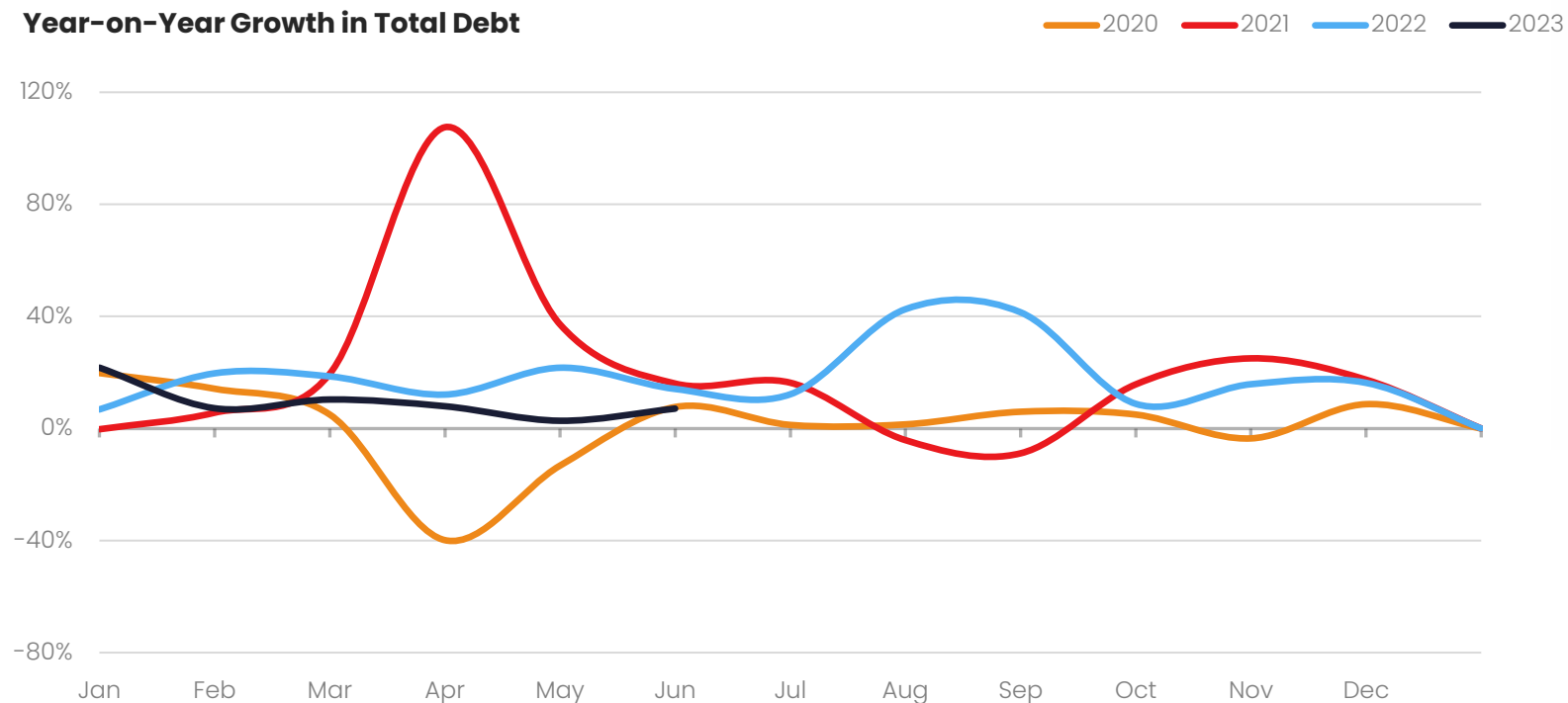


Key Credit Risk Insights.

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Growth in Total Debt has Slowed in 2023 but Remains Positive

Year-on-Year Growth in Total Debt



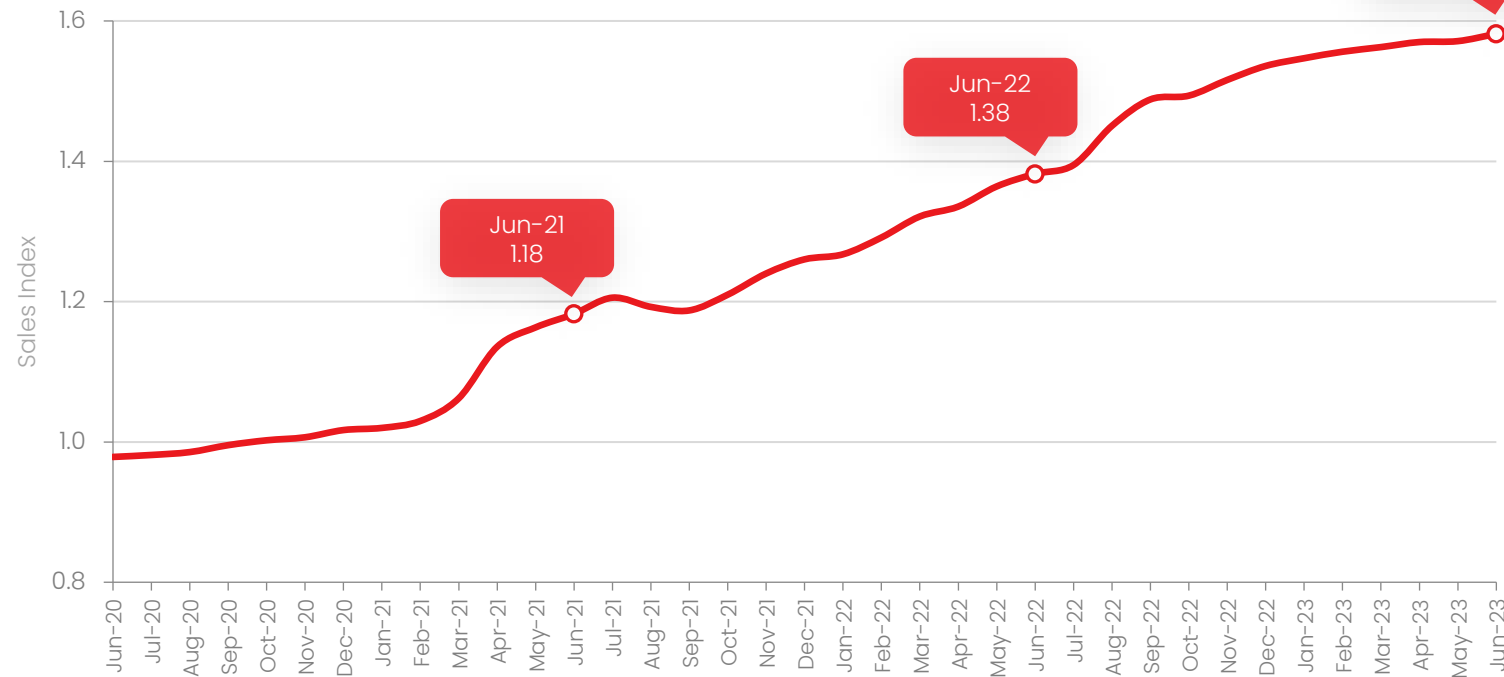
June 2023

↑ **7.1%**

Total Debt Balance increased 7.1% year-on-year in June 2023.

Growth in Gross Annual Sales Has Flattened

Annual Sales Index (Indexed to December 2019)



Month-on-Month

↑ **0.7%**

Annual Sales were up nominally in June 2023 compared to May 2023.

Year-on-Year

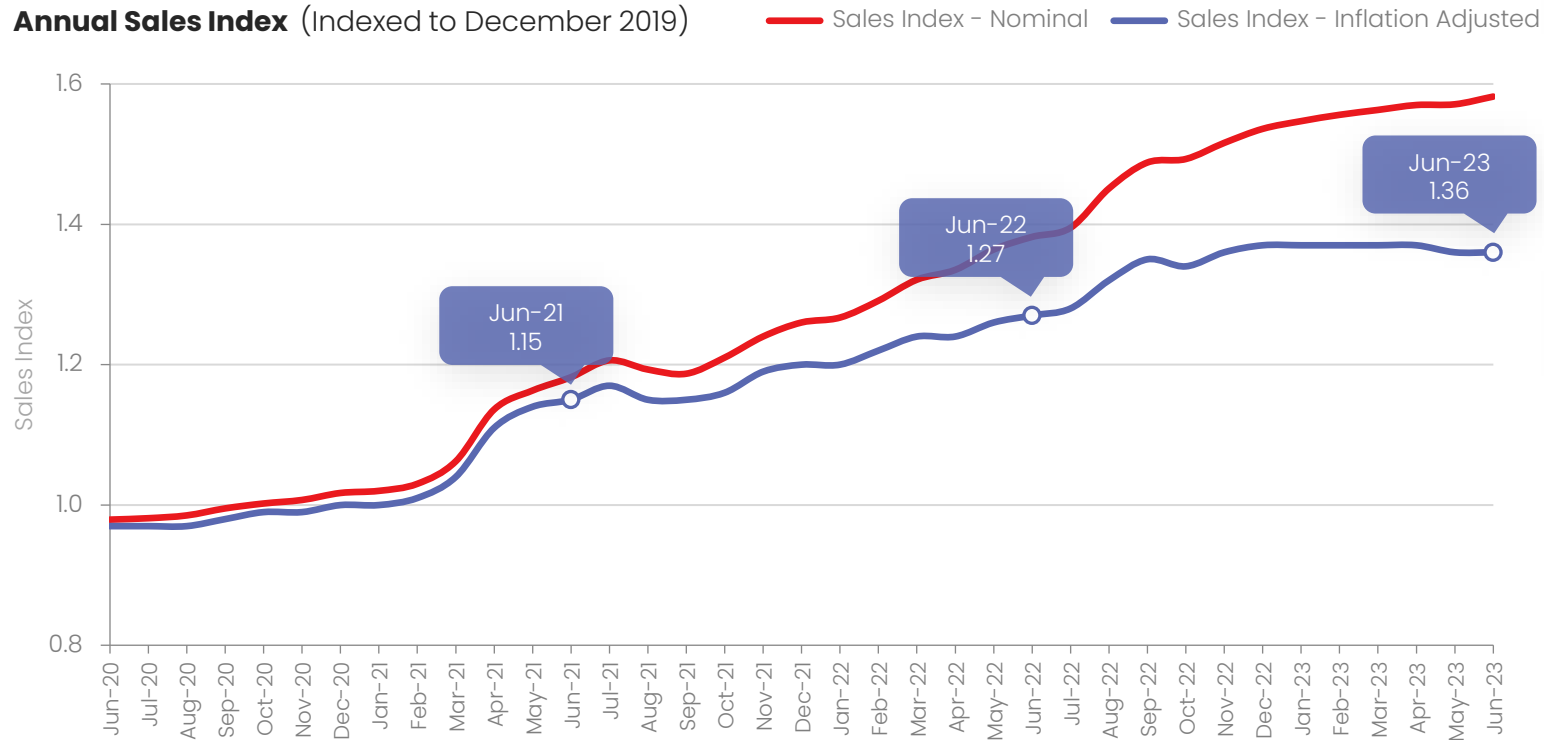
↑ **14.4%**

Annual sales were up 14.4% in June 2023 compared to June 2022.

Sales Growth After Adjusting For Inflation

(General CPI December 2019 = 1000)

Annual Sales Index (Indexed to December 2019)



Month-on-Month

↑ **0.2%**

Annual sales adjusted for inflation showed a small increase month-on-month.

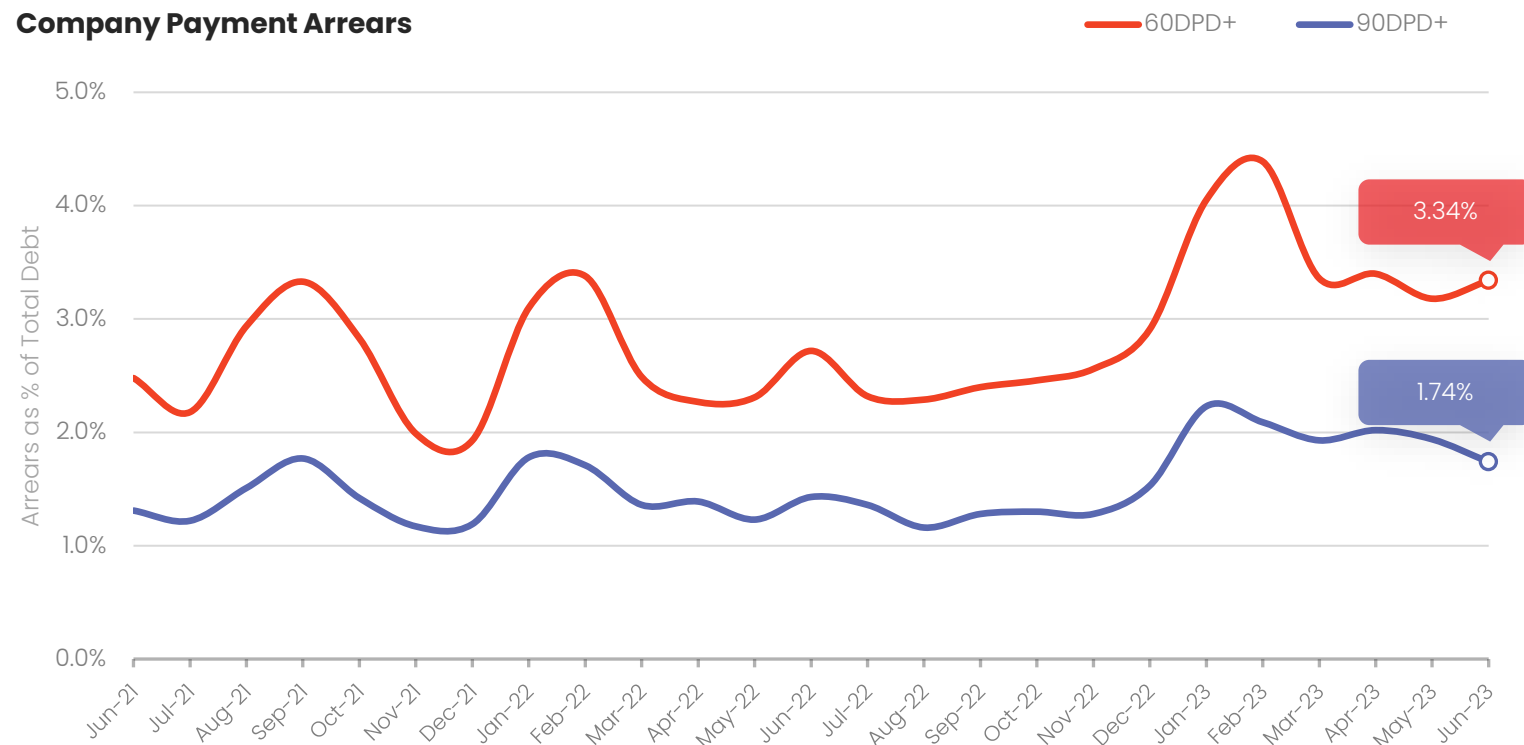
Year-on-Year

↑ **7.1%**

Adjusted annual sales were 7.1% higher in June 2023 vs. the year prior.

Company Debtor 60DPD+ Arrears Increase Marginally in June

Company Payment Arrears



60+DPD Arrears YoY

↑ **63bps**

60DPD+ arrears were 63bps higher in June 2023 compared to June 2022.

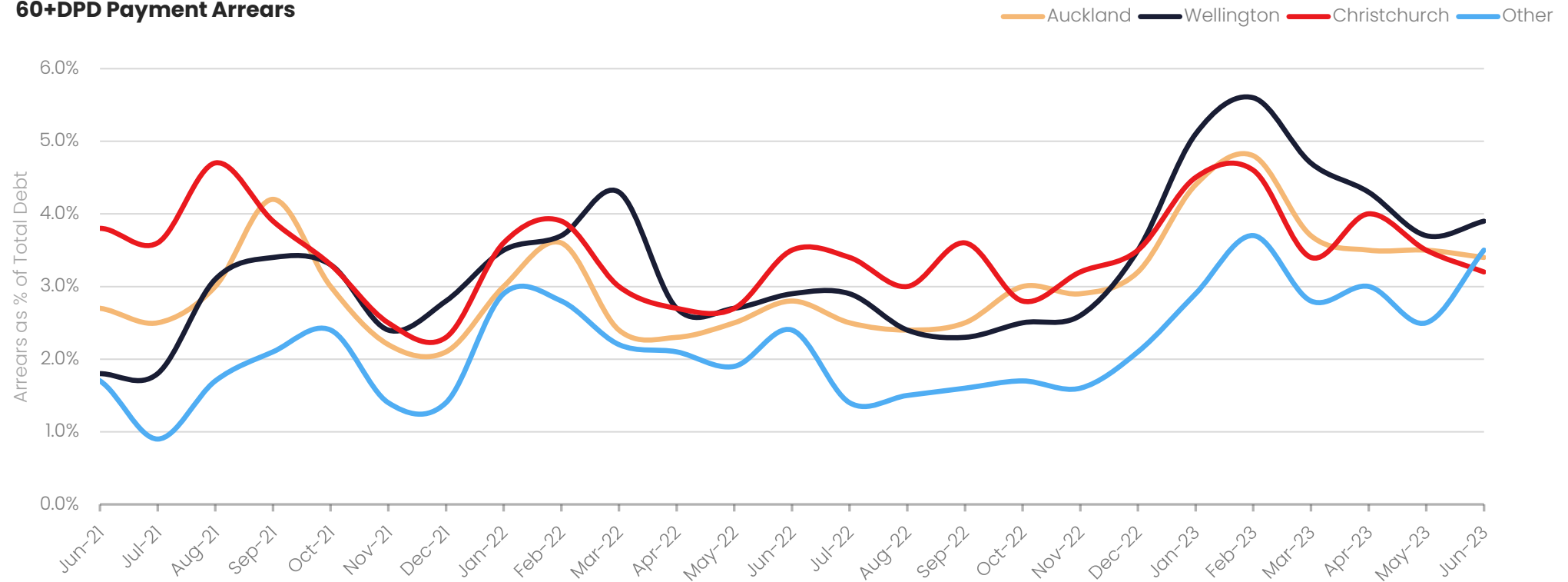
90+DPD Arrears YoY

↑ **30bps**

90DPD+ arrears were 30bps higher in June 2023 compared to June 2022.

60DPD+ Arrears Down in Auckland & Christchurch, Up Everywhere Else

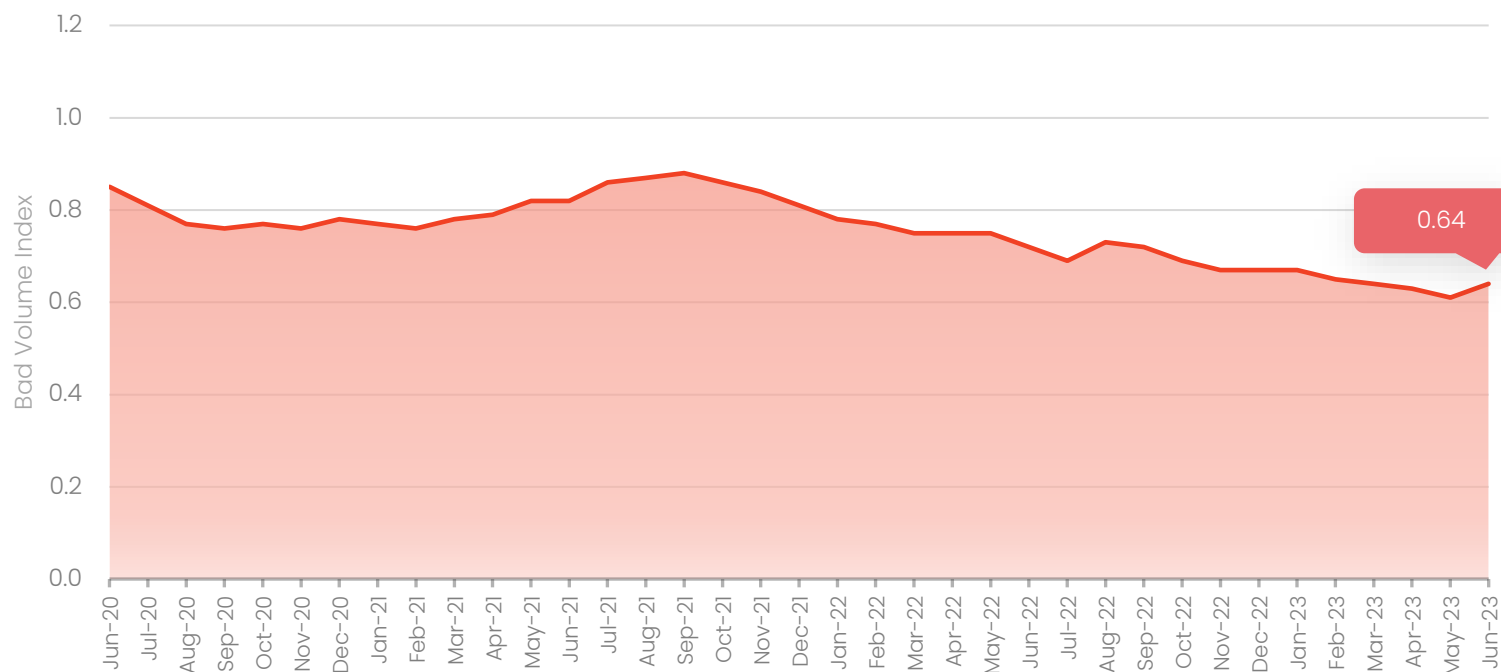
60+DPD Payment Arrears



The Annual Volume of 'Bad' Debtors Has Seen Slight Increase in June

(Default, Judgement, Administration, Receivership, Liquidation)

Annual Volume of 'Bad' Debtors Index (Indexed to December 2019)



Month-on-Month

↑ **5.0%**

Annual volume of debtors going bad increased 5.0% MoM in June 2023.

Year-on-Year

↓ **10.8%**

Annual volume of debtors going bad was down 10.8% YoY in June 2023.

Winding Up Applications

(As per the McDonald Vague Insolvency report June 2023)

Winding Up Applications



Winding-Up Applications

↑ **7.5%**

The annual volume of total Winding Up Applications (IRD and Company combined) was 7.5% higher in June 2023 vs. May 2023.





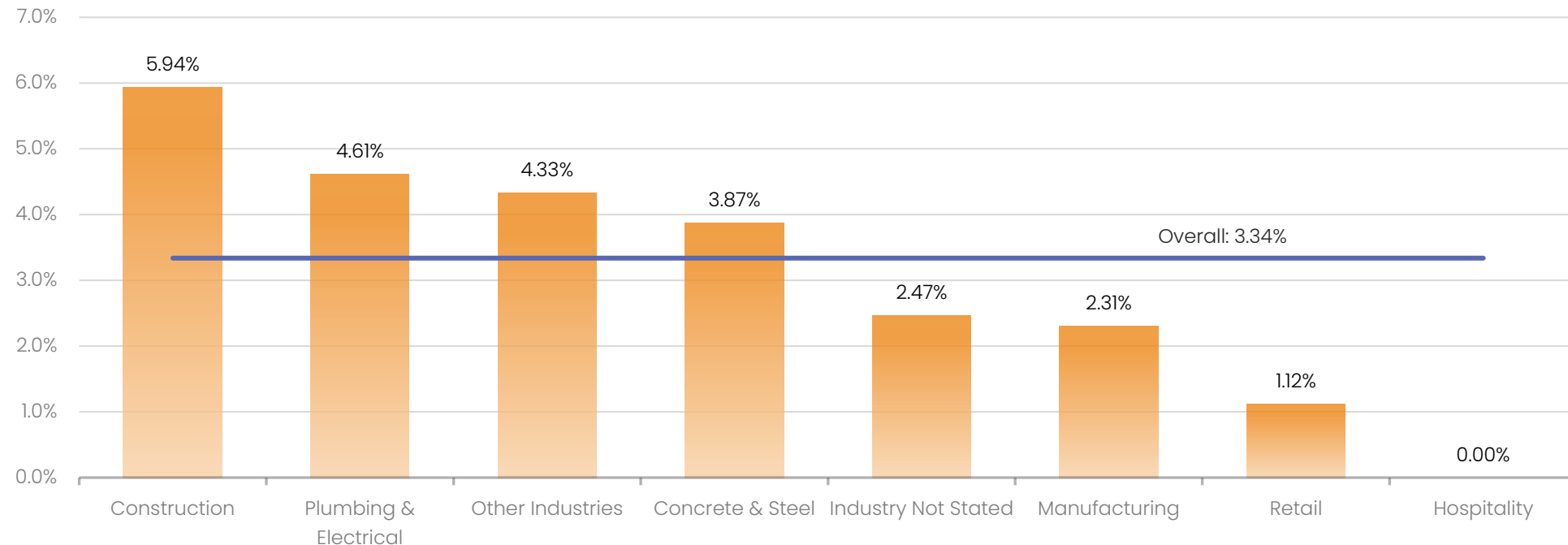
Debtor Industry Insights.

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Construction Industries Continue to Top Arrears Rates

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

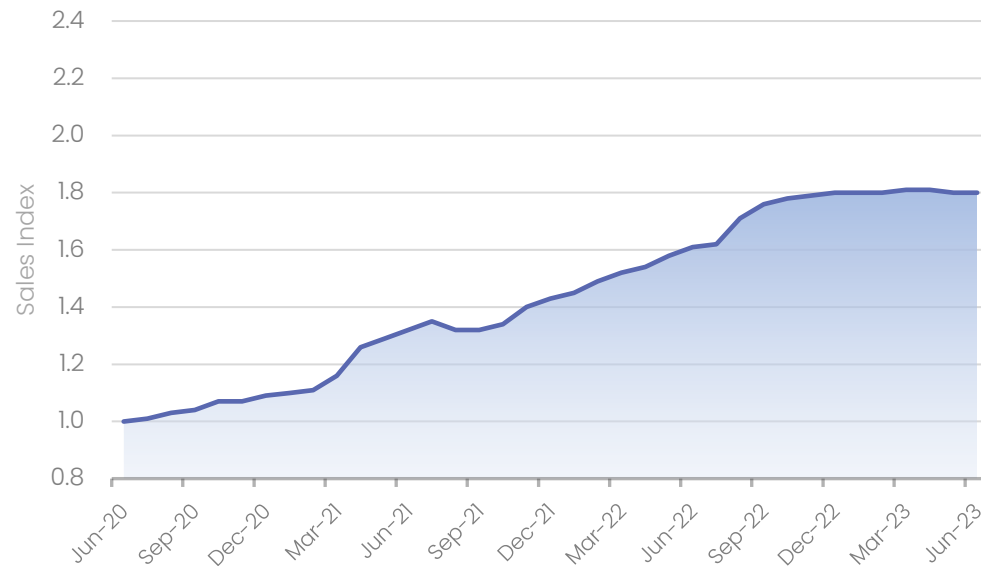
60+DPD Arrears by Industry as at June 2023



Construction Debtors: Sales Growth

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Annual Sales (Index: Dec-19)



Month-on-Month

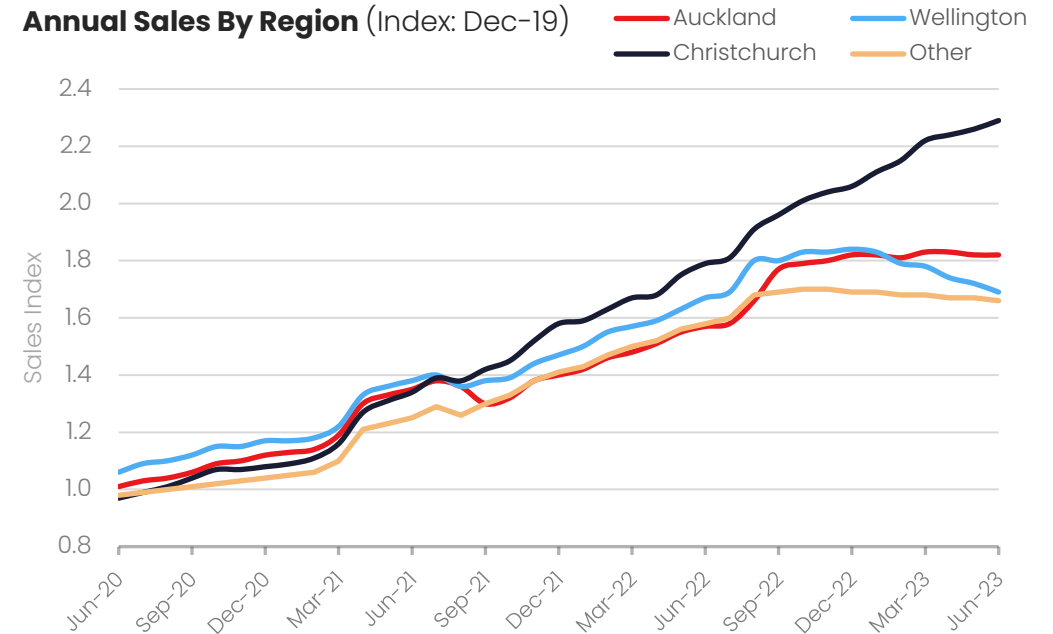
↓ **0.3%**

Year-on-Year

↑ **11.7%**

Annual sales growth for Construction debtors has been flat since November 2022.

Annual Sales By Region (Index: Dec-19)



Christchurch MoM

↑ **1.2%**

Everywhere Else MoM

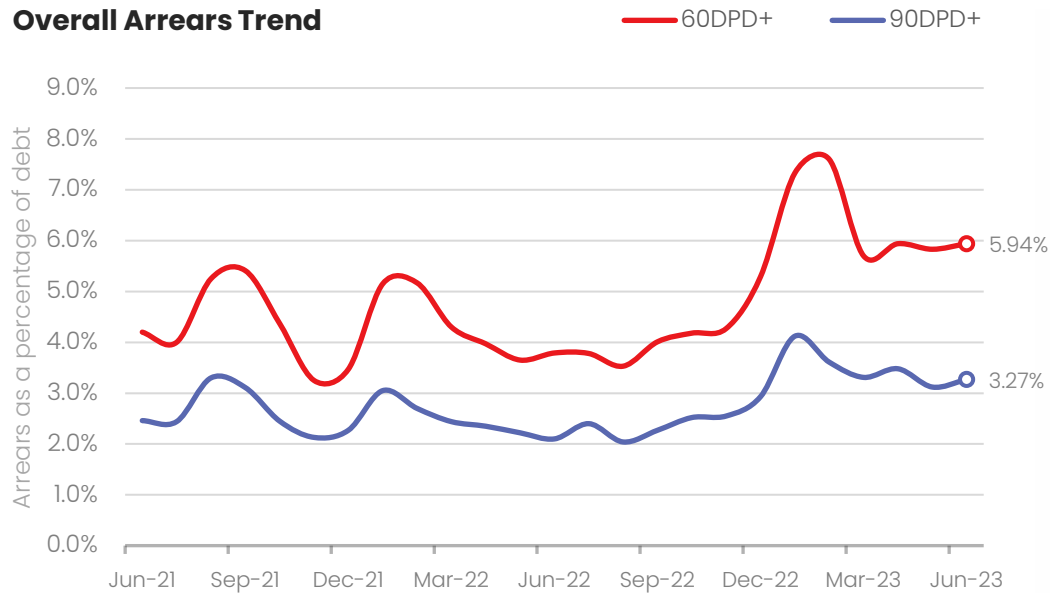
↓ **0.6%**

Overall annual Construction sales are being propped up by strong growth in Christchurch debtors.

Construction Debtors: Arrears

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Overall Arrears Trend



60DPD+ MoM

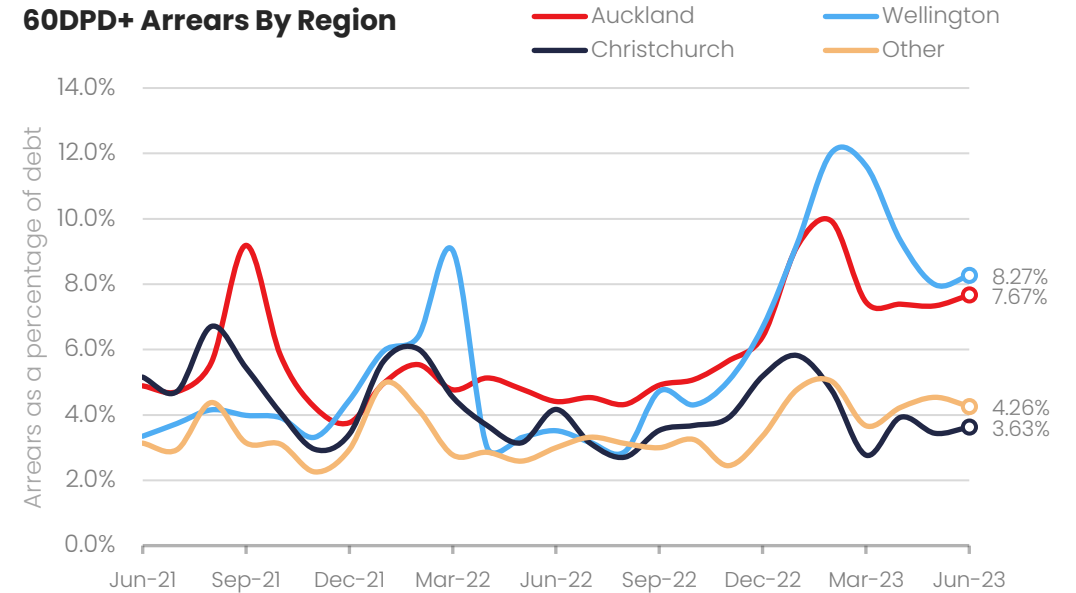
↑ 11bps

90DPD+ MoM

↑ 15bps

Both 60DPD+ and 90DPD+ increased in June 2023 and remain elevated YoY (up 215bps & 117bps respectively).

60DPD+ Arrears By Region

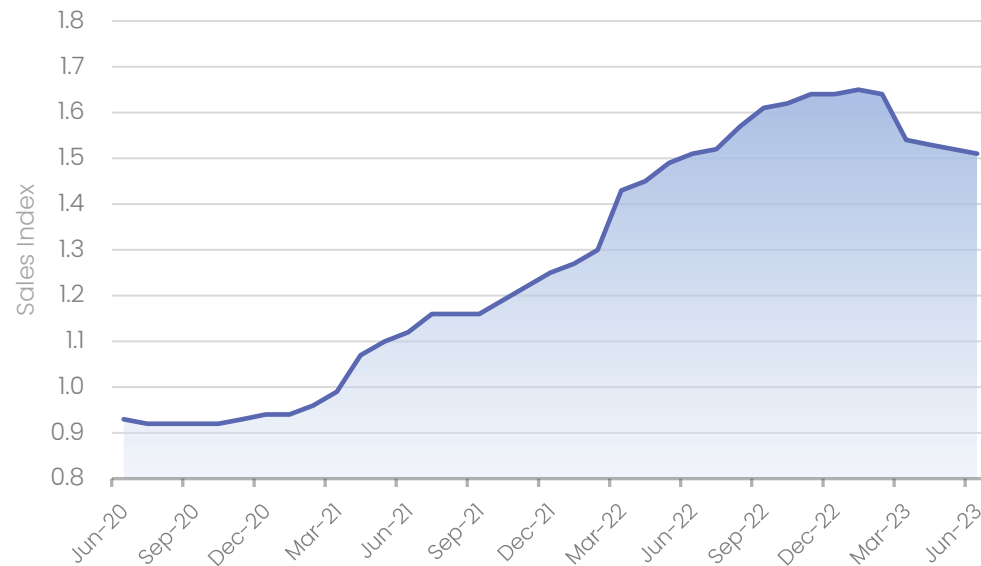


60DPD+ arrears trends show a bimodal picture across the regions, with 60DPD+ arrears significantly higher in Auckland and Wellington. 60DPD+ arrears for Christchurch based construction debtors continued to be low and relatively stable.

Manufacturing Debtors: Sales Growth

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Annual Sales (Index: Dec-19)



Month-on-Month

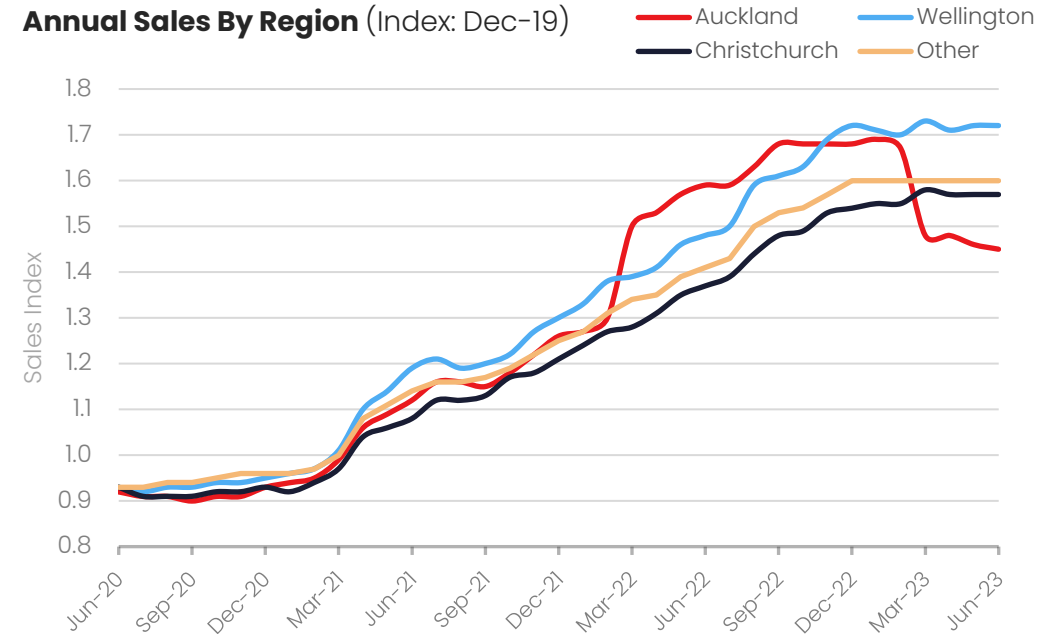
↓ **0.4%**

Year-on-Year

→ **0.0%**

The deterioration in annual sales growth continues in June 2023, down a further 0.4% MoM.

Annual Sales By Region (Index: Dec-19)



Auckland MoM

↓ **0.5%**

Everywhere Else MoM

↓ **0.3%**

Annual sales growth is slightly down across all regions, with Auckland based debtors slightly worse.

Manufacturing Debtors: Arrears

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Overall Arrears Trend



60DPD+ MoM

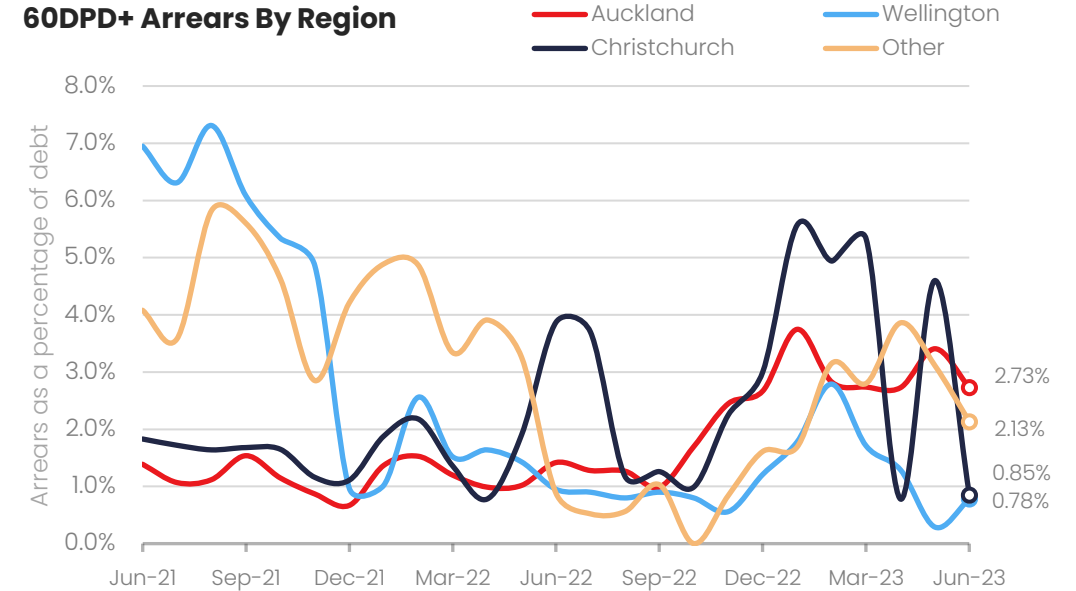
↓ **100bps**

90DPD+ MoM

↓ **67bps**

Both 60DPD+ and 90DPD+ arrears observed sharp decreases in June 2023.

60DPD+ Arrears By Region

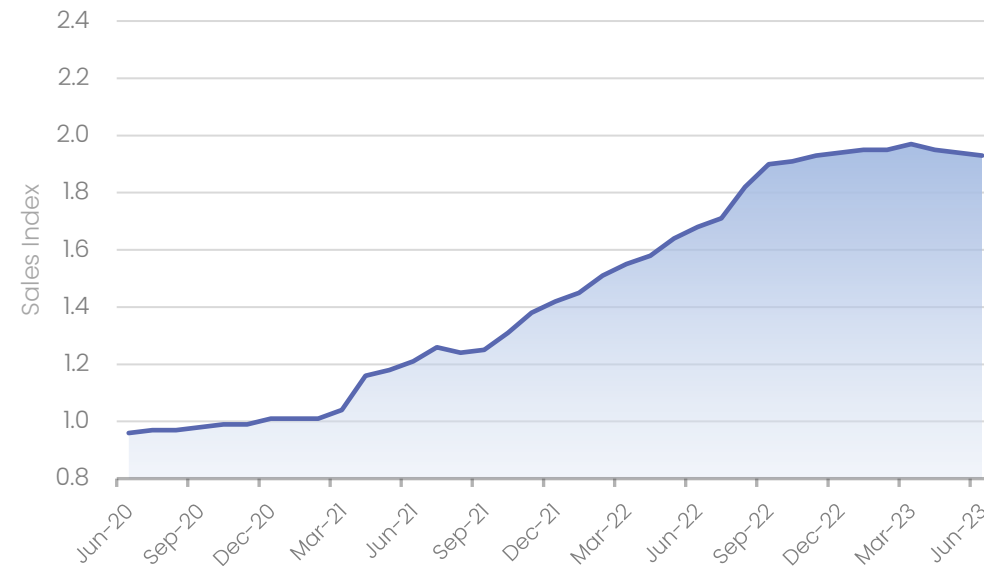


60DPD+ arrears improvement was seen across all regions, apart from Wellington (up 49bps). Wellington based debtors continue to exhibit low arrears despite the June 2023 increase.

Concrete & Steel Debtors: Sales Growth

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Annual Sales (Index: Dec-19)



Month-on-Month

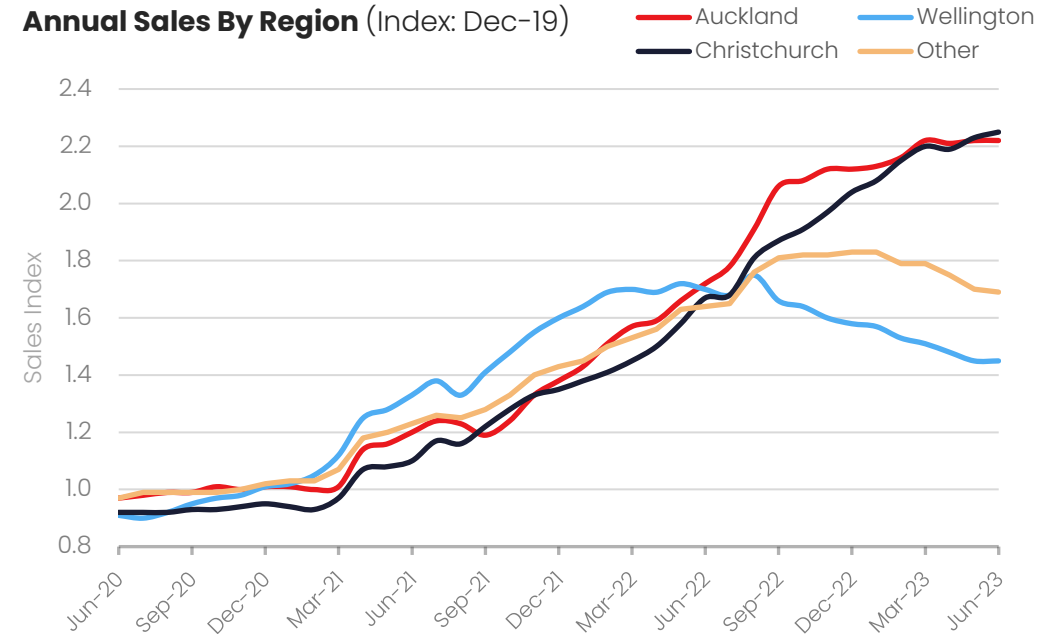
↓ **0.3%**

Year-on-Year

↑ **14.8%**

Growth in annual sales for Concrete & Steel debtors is softening and was down 0.3% a further MoM in June.

Annual Sales By Region (Index: Dec-19)



Auckland MoM

→ **0.0%**

Christchurch MoM

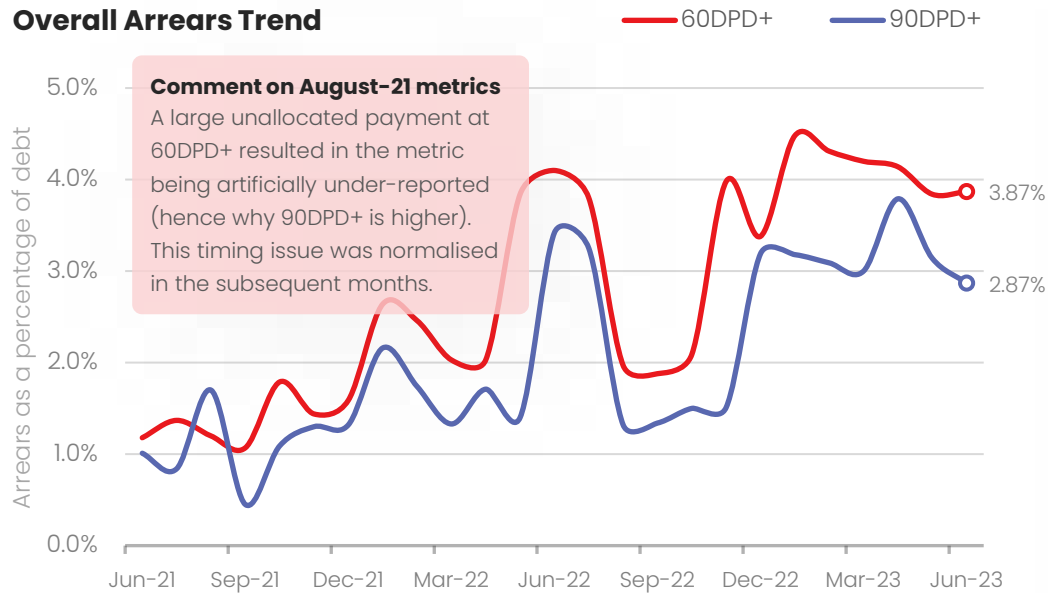
↑ **0.7%**

Annual sales growth has been bimodal for the regions. Auckland and Christchurch remain positive.

Concrete & Steel Debtors: Arrears

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Overall Arrears Trend



60DPD+ MoM

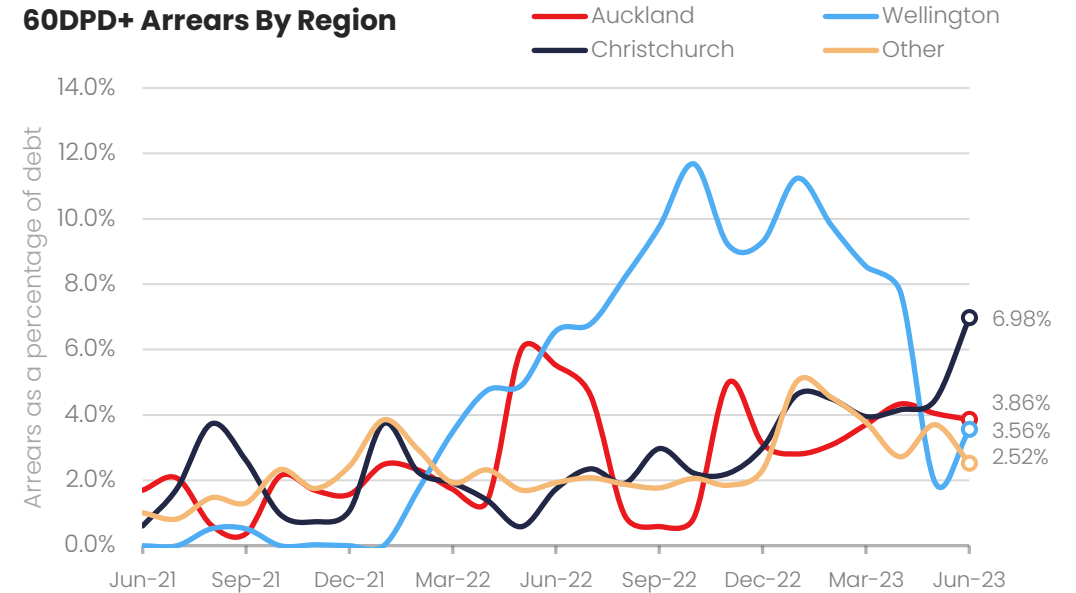
↑ **3bps**

90DPD+ MoM

↓ **27bps**

Small increase in 60DPD+ in June, however it remains 61bps below the Jan-23 peak and 23bps less than the same time last year.

60DPD+ Arrears By Region



A mixed bag with respect to MoM movements in 60DPD+ arrears in June-23. Sharp increases were observed in Wellington and Christchurch, with the latter now markedly higher compared to the rest of the country.

Plumbing & Electrical Debtors: Sales Growth

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Annual Sales (Index: Dec-19)



Month-on-Month

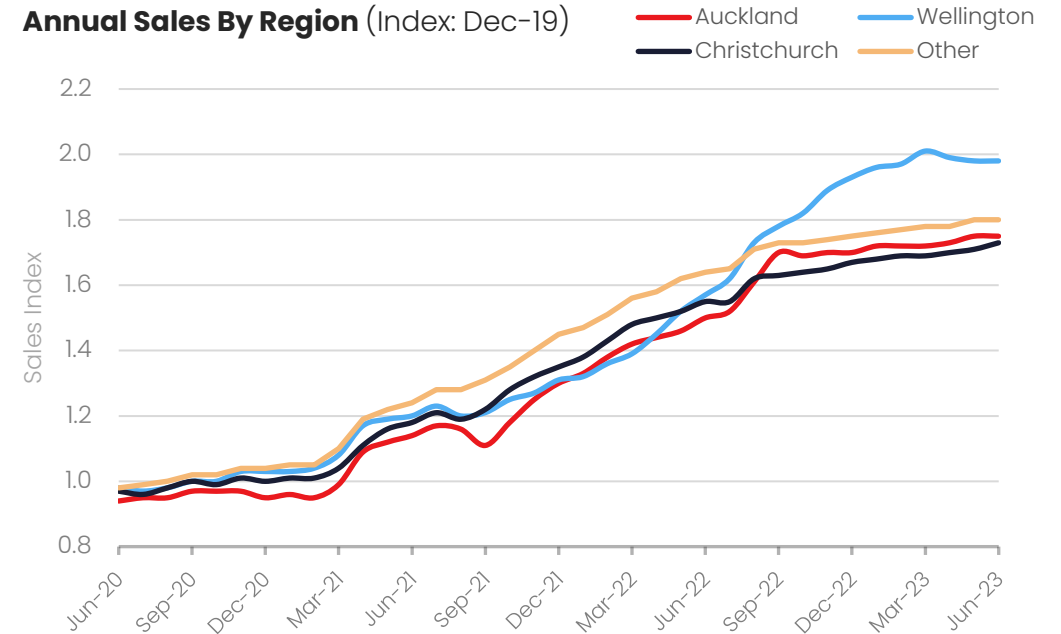
↑ **0.4%**

Year-on-Year

↑ **13.6%**

Growth in annual sales is subdued, but it remains positive, up 0.4% month-on-month in June-23.

Annual Sales By Region (Index: Dec-19)



Christchurch MoM

↑ **1.2%**

Everywhere Else MoM

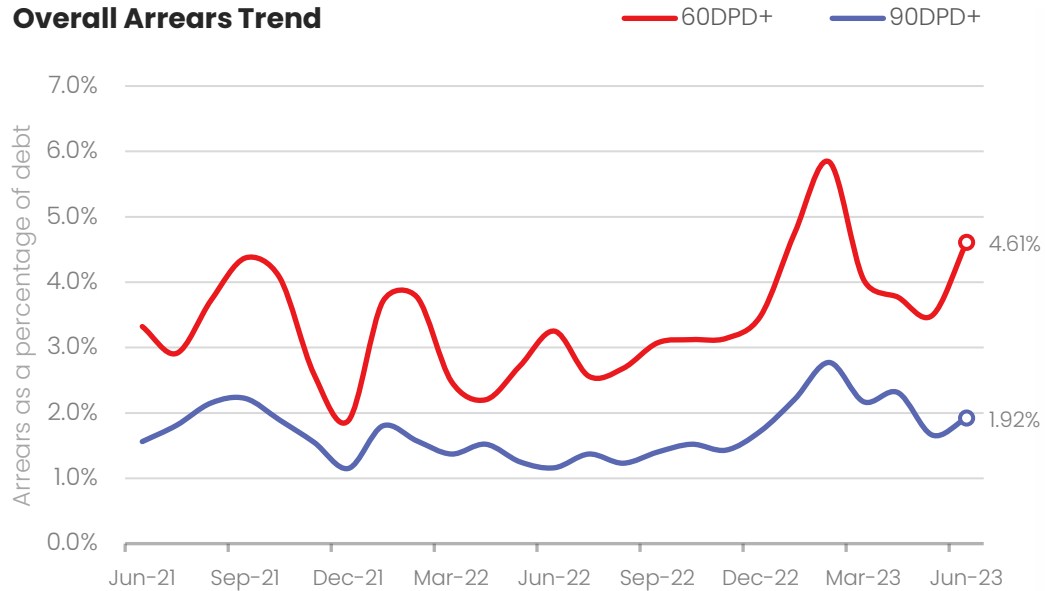
↑ **0.3%**

MoM growth in annual sales was highest in Christchurch for June-23. Growth in Wellington has begun to flatten after a strong period.

Plumbing & Electrical Debtors: Arrears

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Overall Arrears Trend



60DPD+ MoM

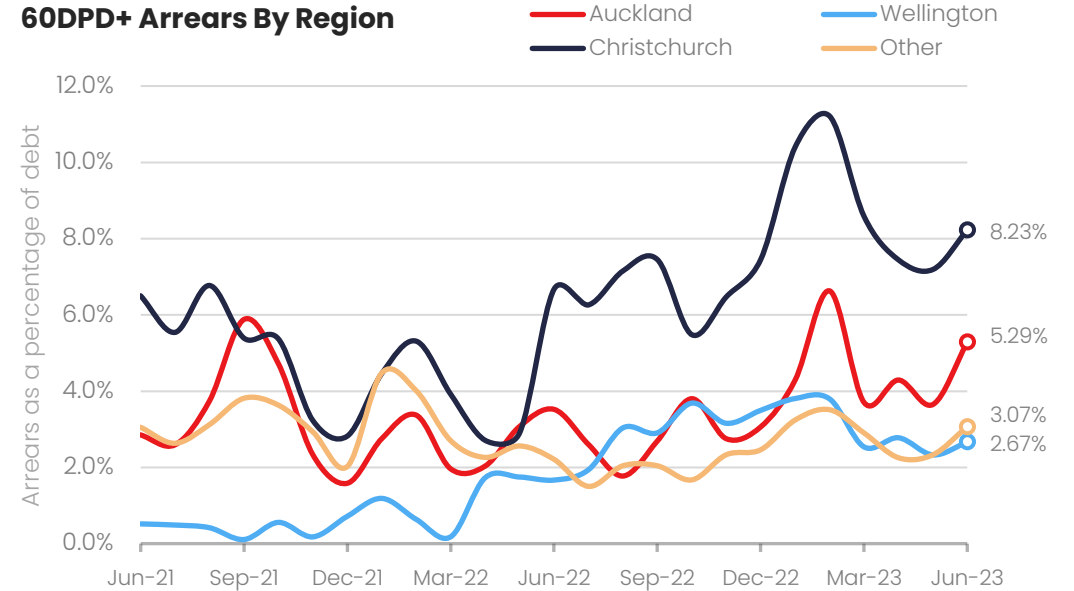
↑ **112bps**

90DPD+ MoM

↑ **26bps**

A marked increase in 60DPD+ arrears was seen in June-23, which are currently 136bps above the June-22 level.

60DPD+ Arrears By Region



The overall month-on-month increase in 60DPD+ arrears was driven by deterioration across all regions, with Auckland and Christchurch being the most prominent (up 164bps and 105bps, respectively).

Retail Debtors: Sales Growth

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Annual Sales (Index: Dec-19)



Month-on-Month

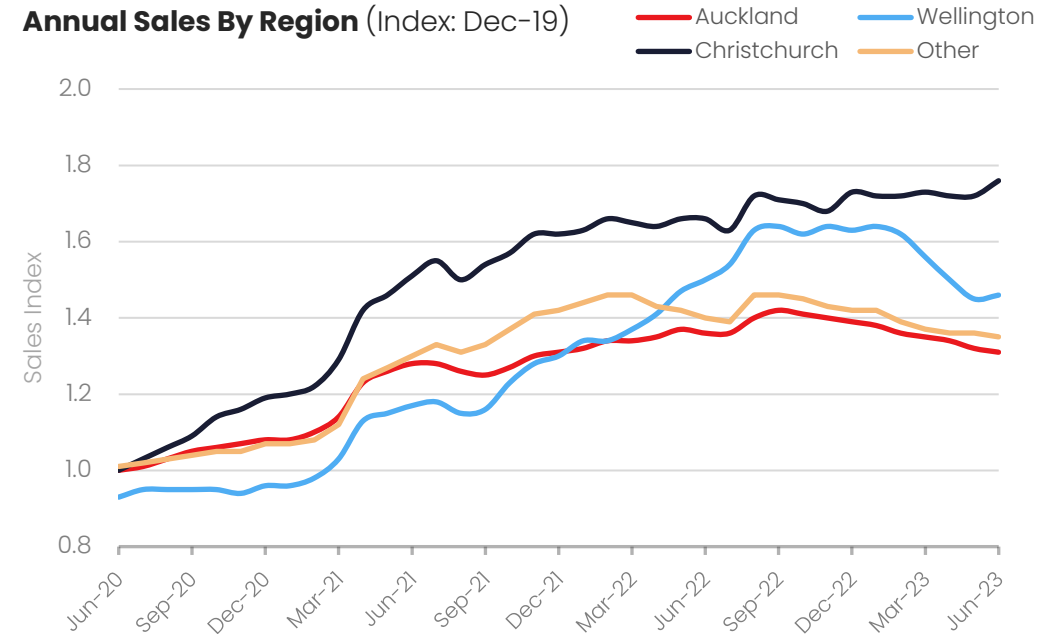
↓ **0.4%**

Year-on-Year

↓ **2.9%**

Annual sales growth under Retail debtors has turned over the past year and fell a further 0.4% in June.

Annual Sales By Region (Index: Dec-19)



Christchurch MoM

↑ **2.3%**

Everywhere Else MoM

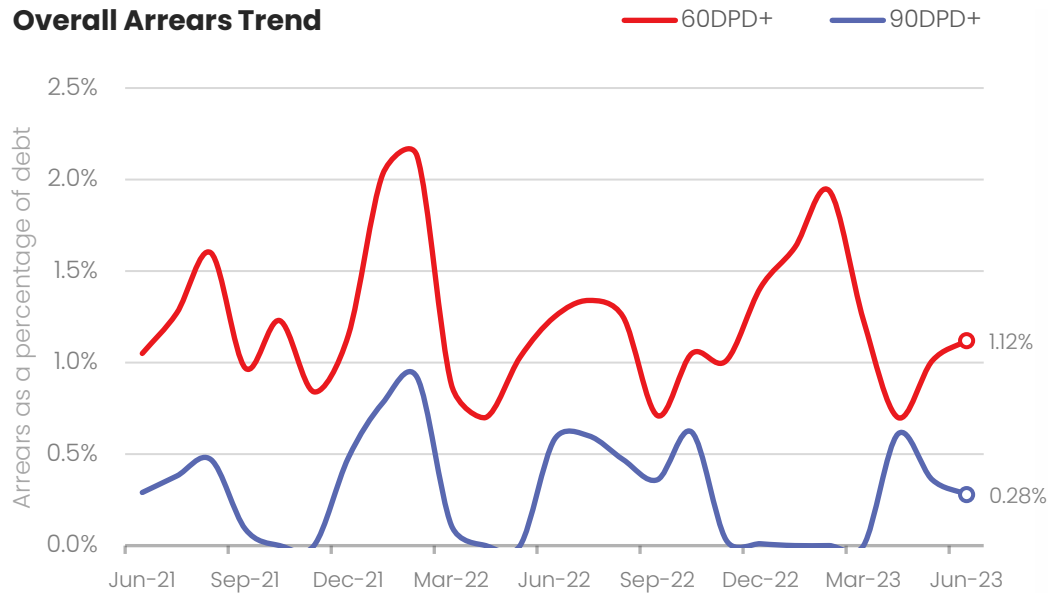
↓ **0.6%**

Sales growth for Christchurch based retail debtors is holding firm, up a further 2.3% MoM and 6.2% YoY.

Retail Debtors: Arrears

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Overall Arrears Trend



60DPD+ MoM

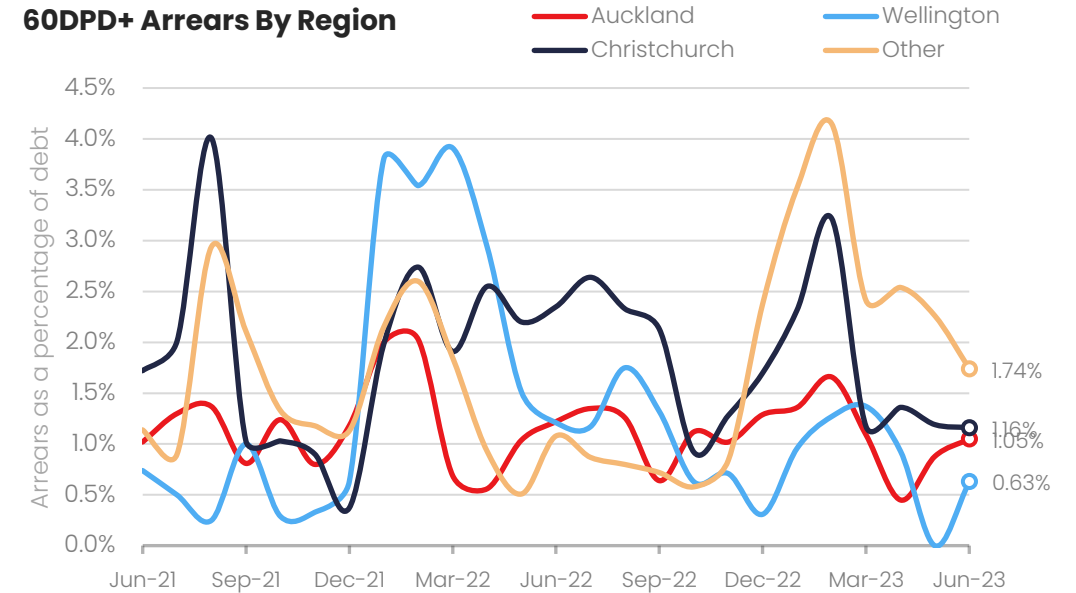
↑ **11bps**

90DPD+ MoM

↓ **8bps**

Only nominal month-on-month movements were observed for both 60DPD+ and 90DPD+ in June-23.

60DPD+ Arrears By Region

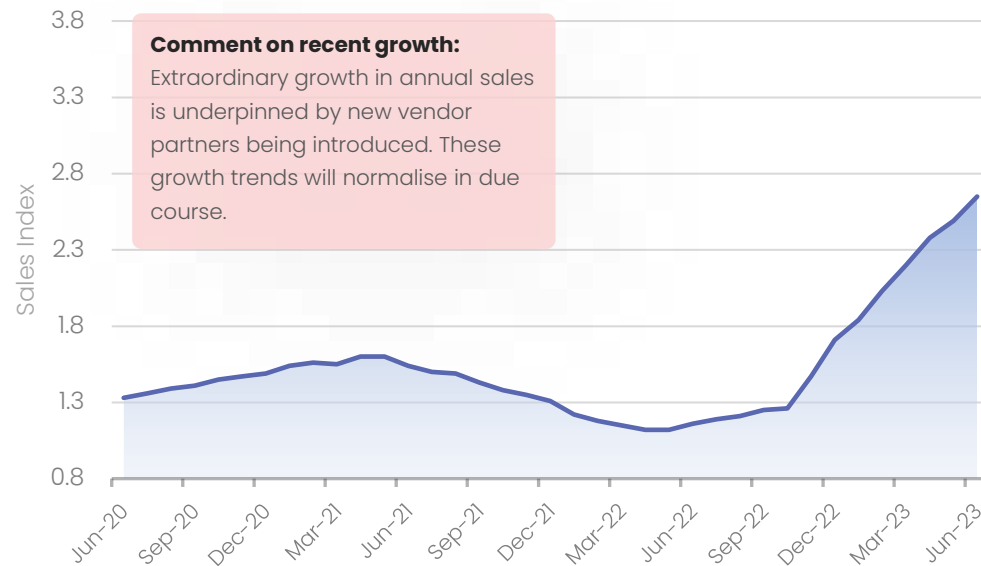


A mixed bag with respect to MoM movements in 60DPD+ arrears in June-23. Increases were observed in Wellington and Auckland, up 67bps and 18bps, respectively.

Hospitality Debtors: Sales Growth

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Annual Sales (Index: Dec-19)



Month-on-Month

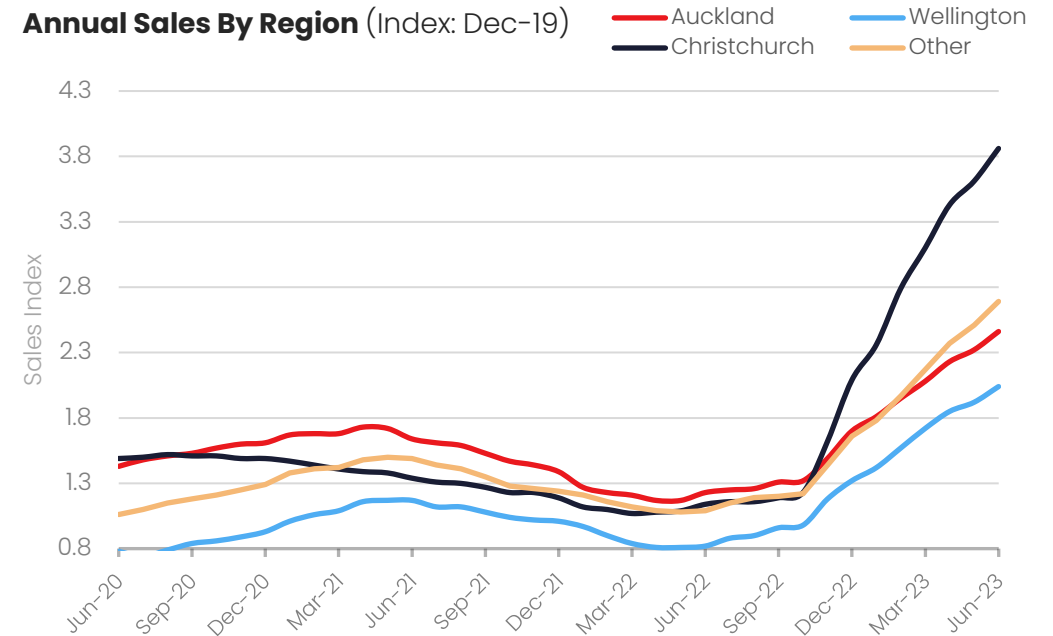
↑ **6.4%**

Year-on-Year

↑ **127.1%**

Growth in annual sales are currently skewed due to new vendor partners. This will normalise in due course.

Annual Sales By Region (Index: Dec-19)



Auckland MoM

↑ **6.0%**

Everywhere Else MoM

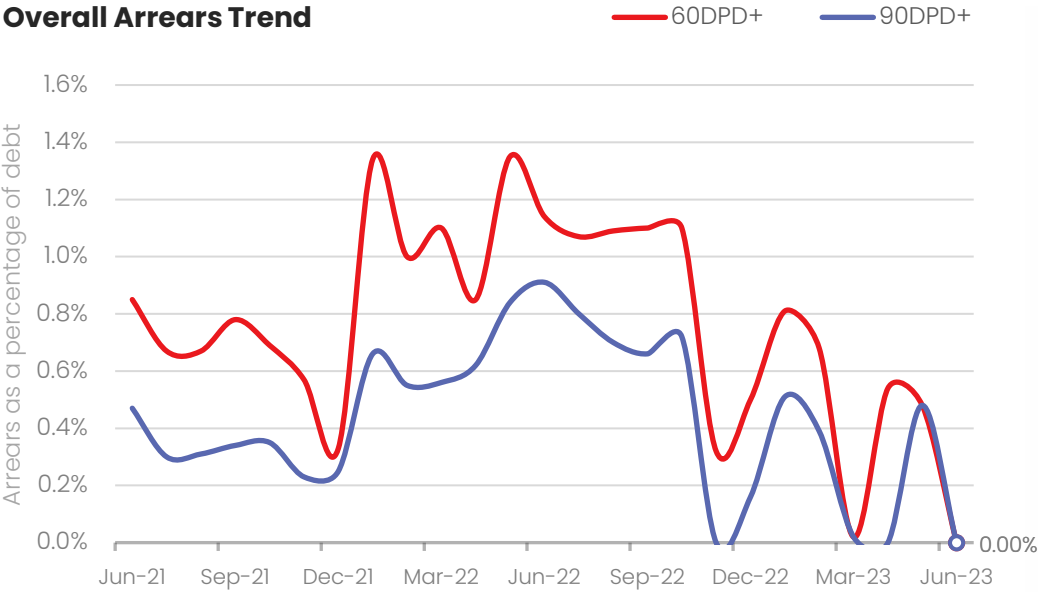
↑ **7.0%**

Growth in annual sales are currently skewed due to new vendor partners. This will normalise in due course.

Hospitality Debtors: Arrears

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Overall Arrears Trend



60DPD+ MoM



48bps

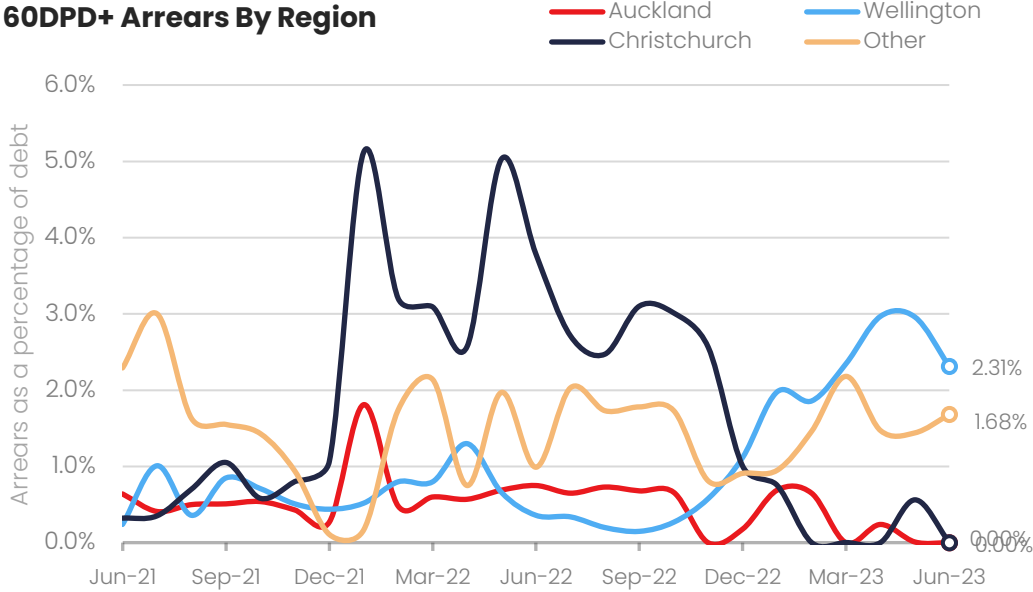
90DPD+ MoM



48bps

Comparison against the prior year is not possible at this point given the change in the overall profile.

60DPD+ Arrears By Region

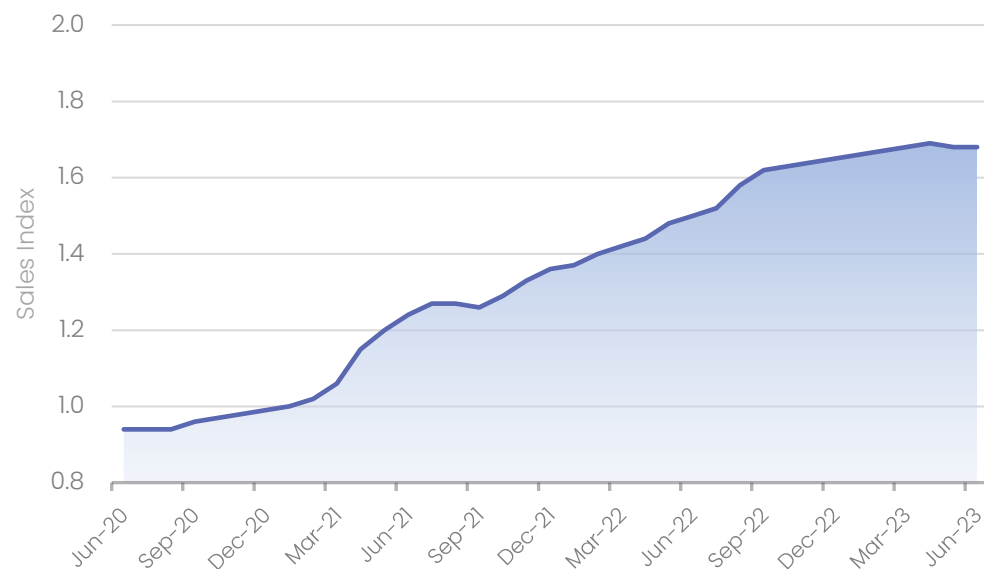


The June 2023 decrease in 60DPD+ arrears was underpinned by debtors based in Wellington and Christchurch, down 65bps and 56bps, respectively.

Aggregated Other Debtors: Sales Growth

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Annual Sales (Index: Dec-19)



Month-on-Month

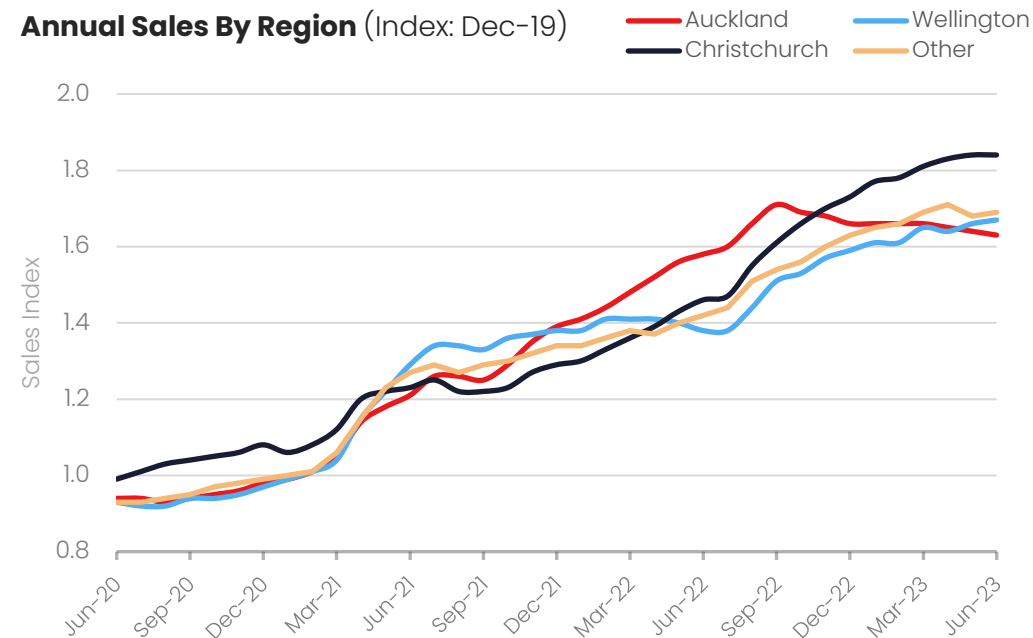
→ **0.0%**

Year-on-Year

↑ **11.8%**

Annual sales under 'Other' debtors has flattened since December-22 and were unchanged in June-23.

Annual Sales By Region (Index: Dec-19)



Christchurch MoM

↑ **0.5%**

Everywhere Else MoM

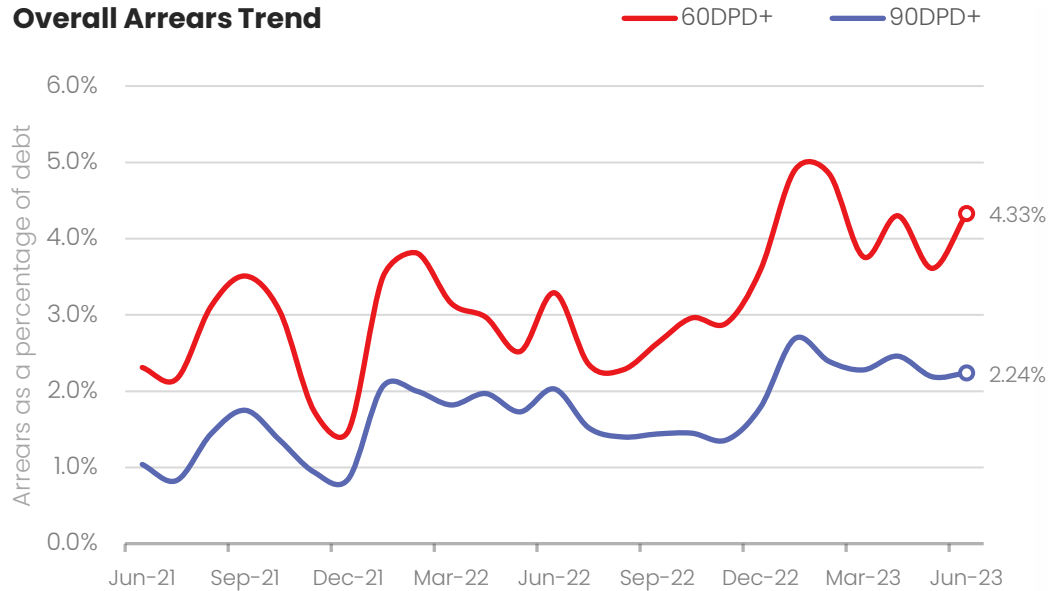
↓ **0.1%**

Annual sales for 'Other' debtors are strongest in Christchurch, however this is showing signs of flattening.

Aggregated Other Debtors: Arrears

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Overall Arrears Trend



60DPD+ MoM

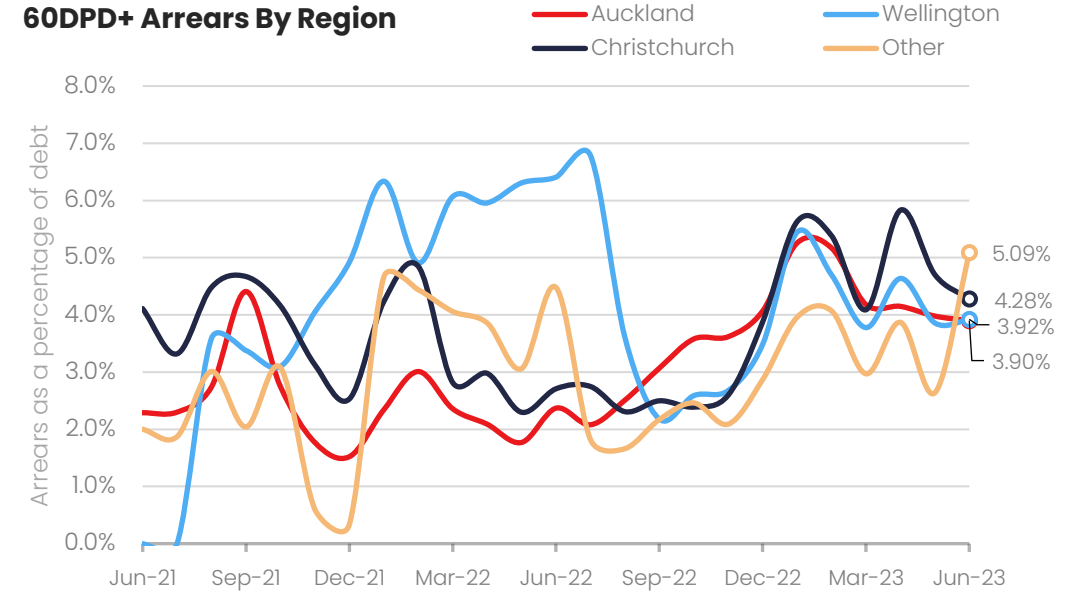
↑ 72bps

90DPD+ MoM

↑ 4bps

60DPD+ increased materially in June-23 and are 105bps higher than the same time last year. 90DPD+ have been stable.

60DPD+ Arrears By Region



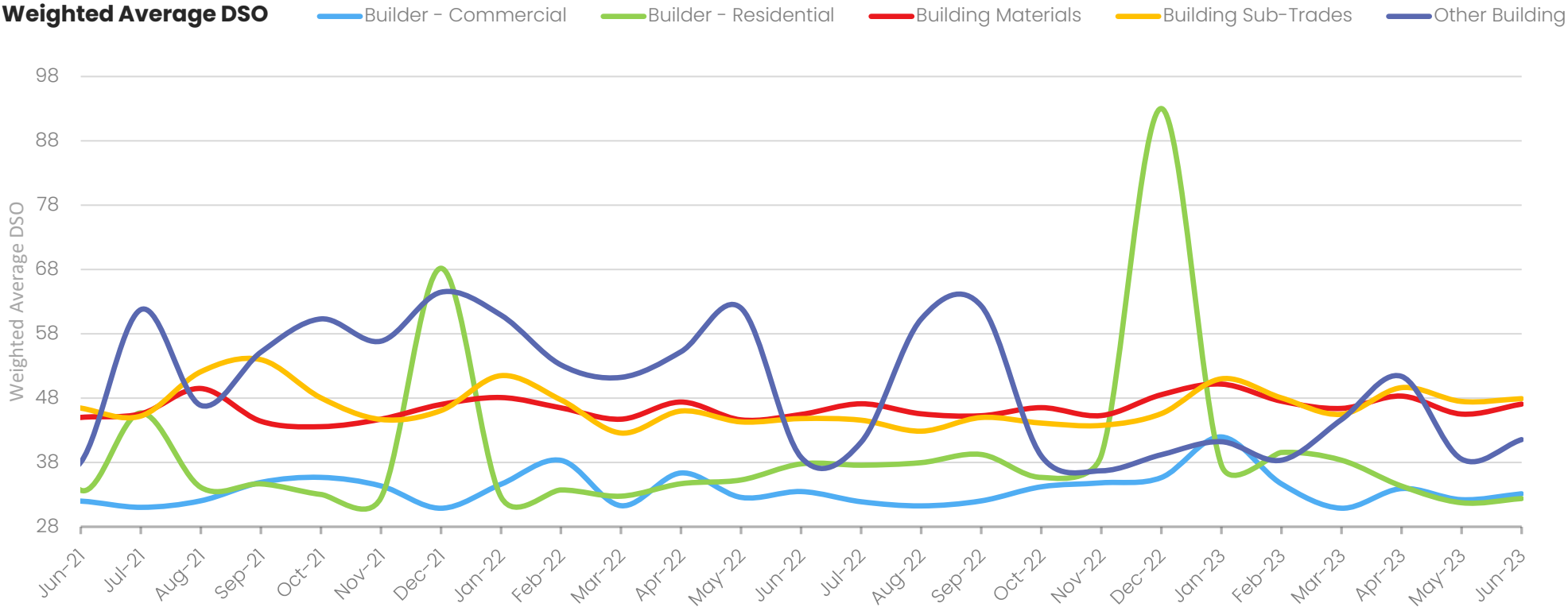
The increase in 60DPD+ arrears in June were underpinned debtors based outside of the main centers (i.e. "Other"), up 245bps month-on-month.



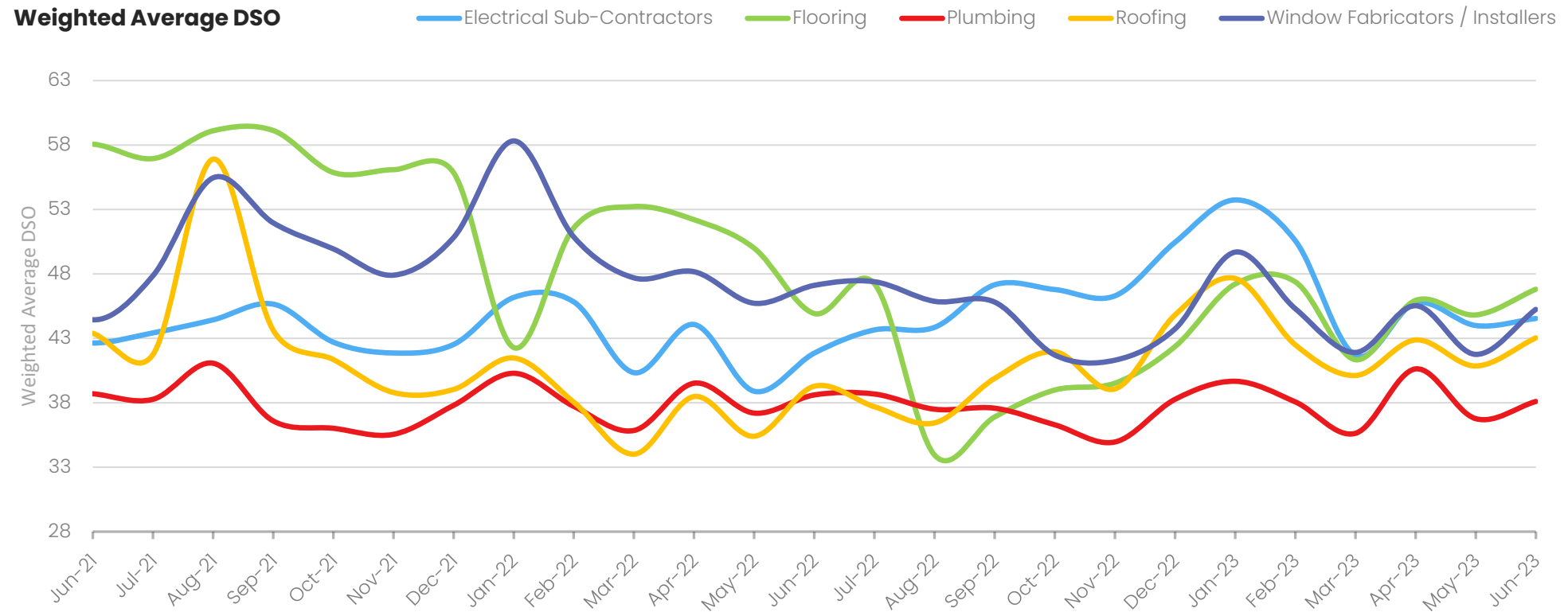
Vendor Industry DSO Insights.

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Days Sales Outstanding by Vendor Industry (1 of 6)

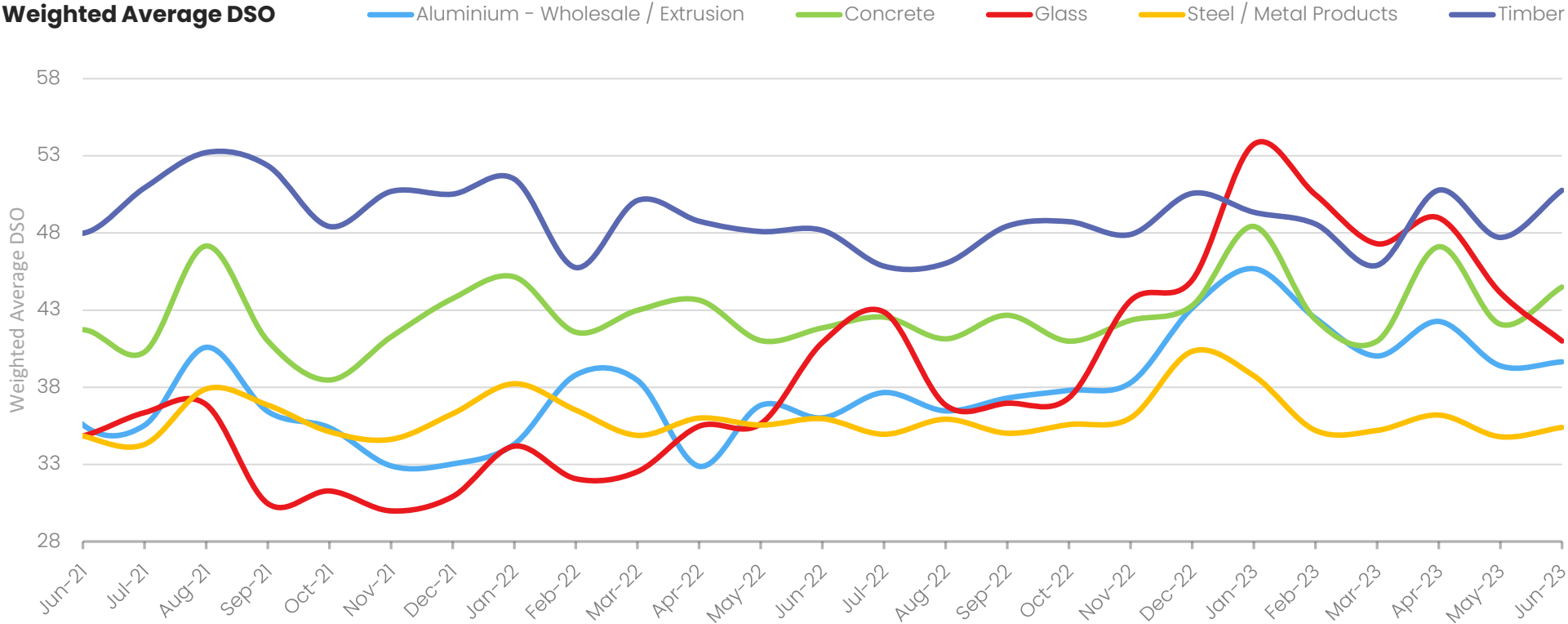


Days Sales Outstanding by Vendor Industry (2 of 6)

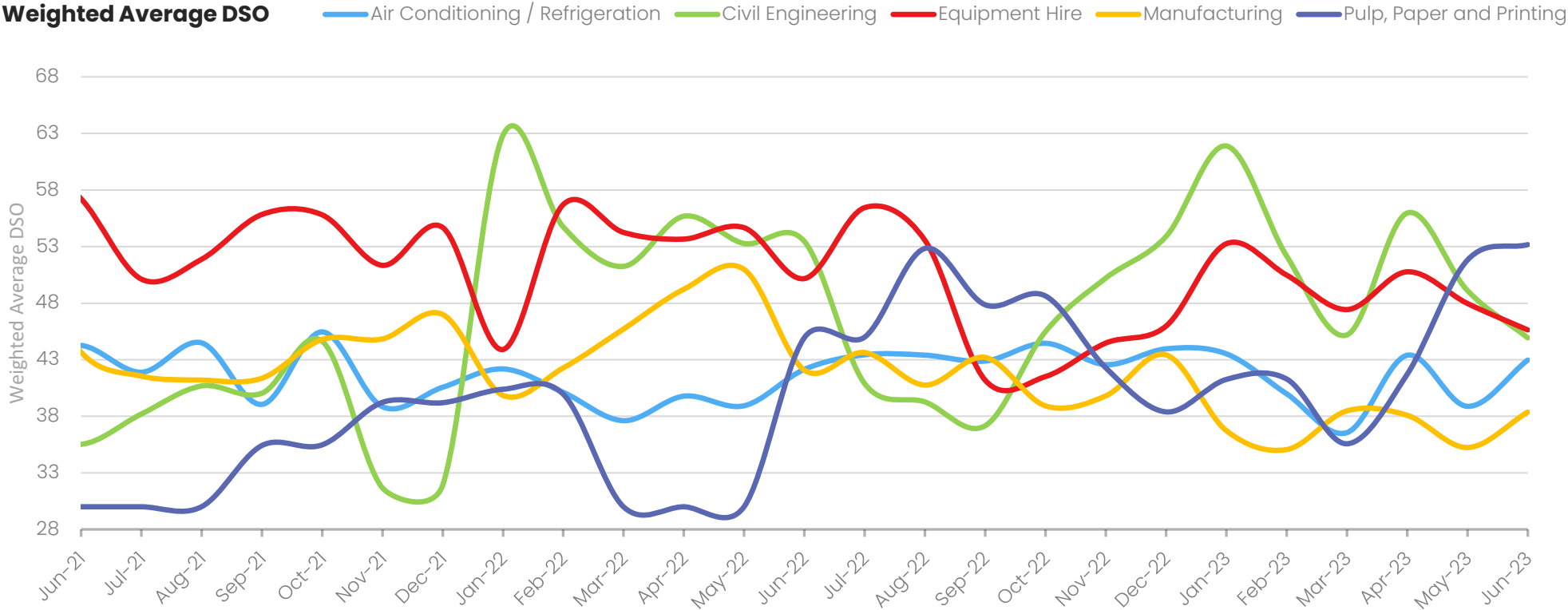


Days Sales Outstanding by Vendor Industry (3 of 6)

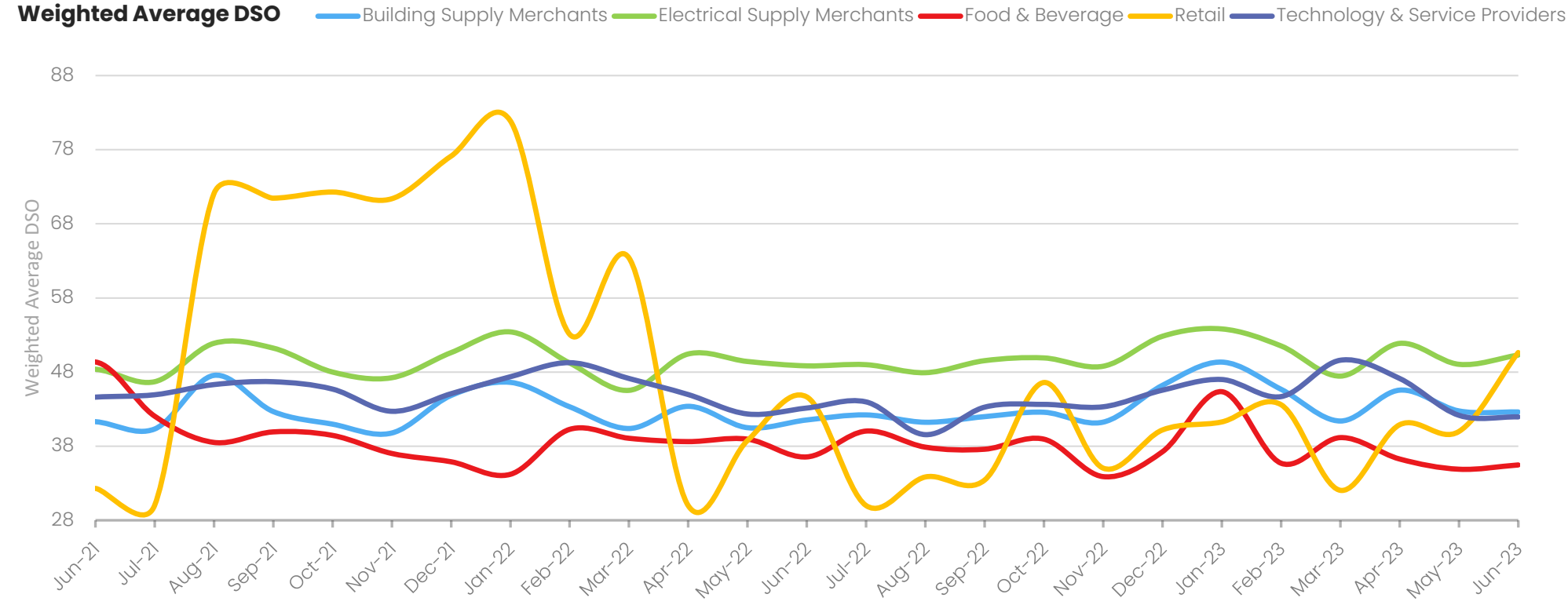
Weighted Average DSO



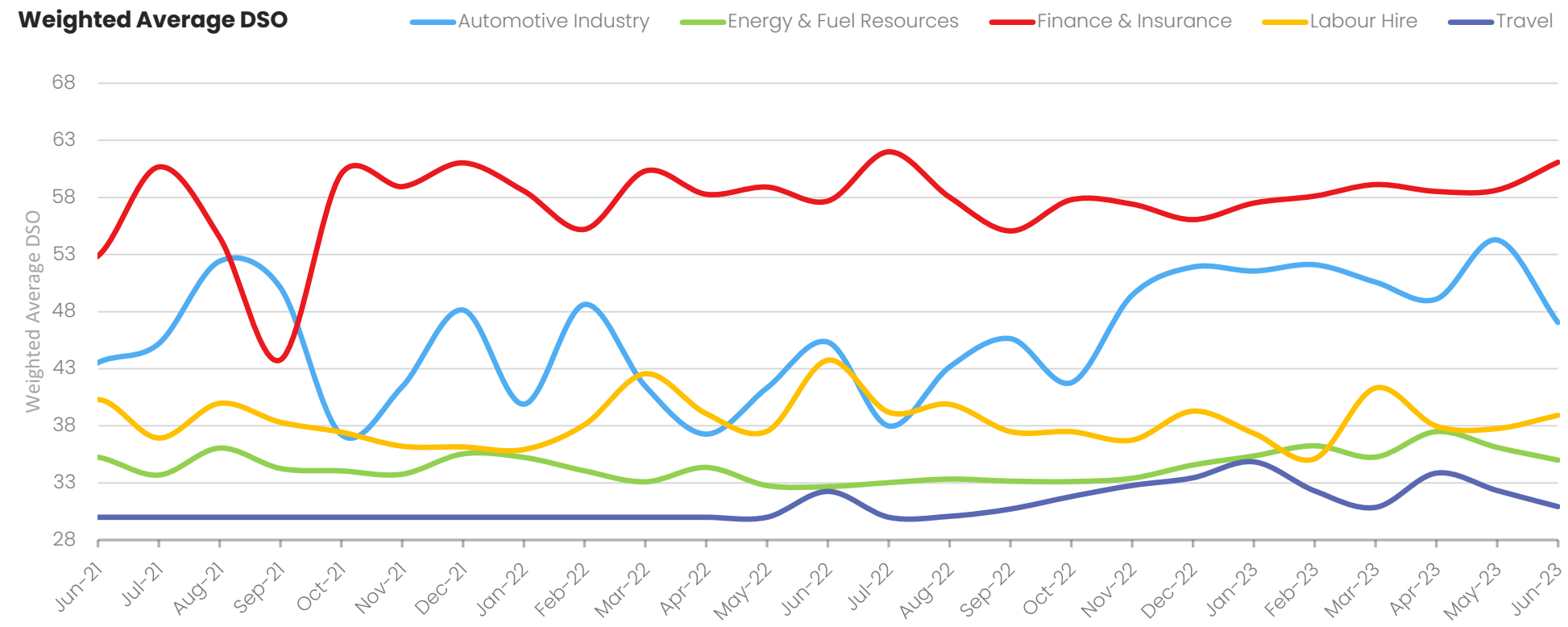
Days Sales Outstanding by Vendor Industry (4 of 6)



Days Sales Outstanding by Vendor Industry (5 of 6)



Days Sales Outstanding by Vendor Industry (6 of 6)

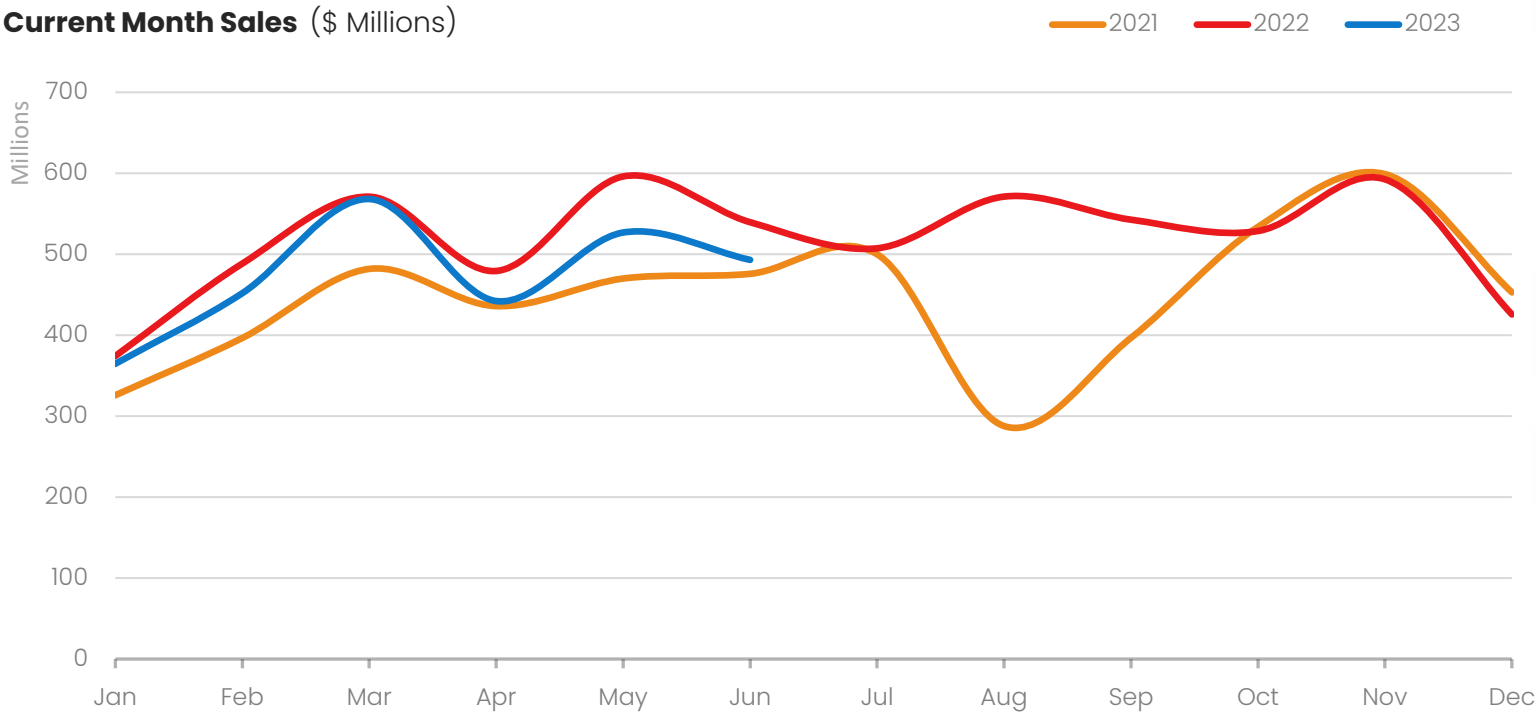




Building Merchant **Insights.**

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Building Merchant Current Month Sales



Month-on-Month

↓ **6.4%**

Monthly sales decreased by 6.4% from May 2023 to June 2023.

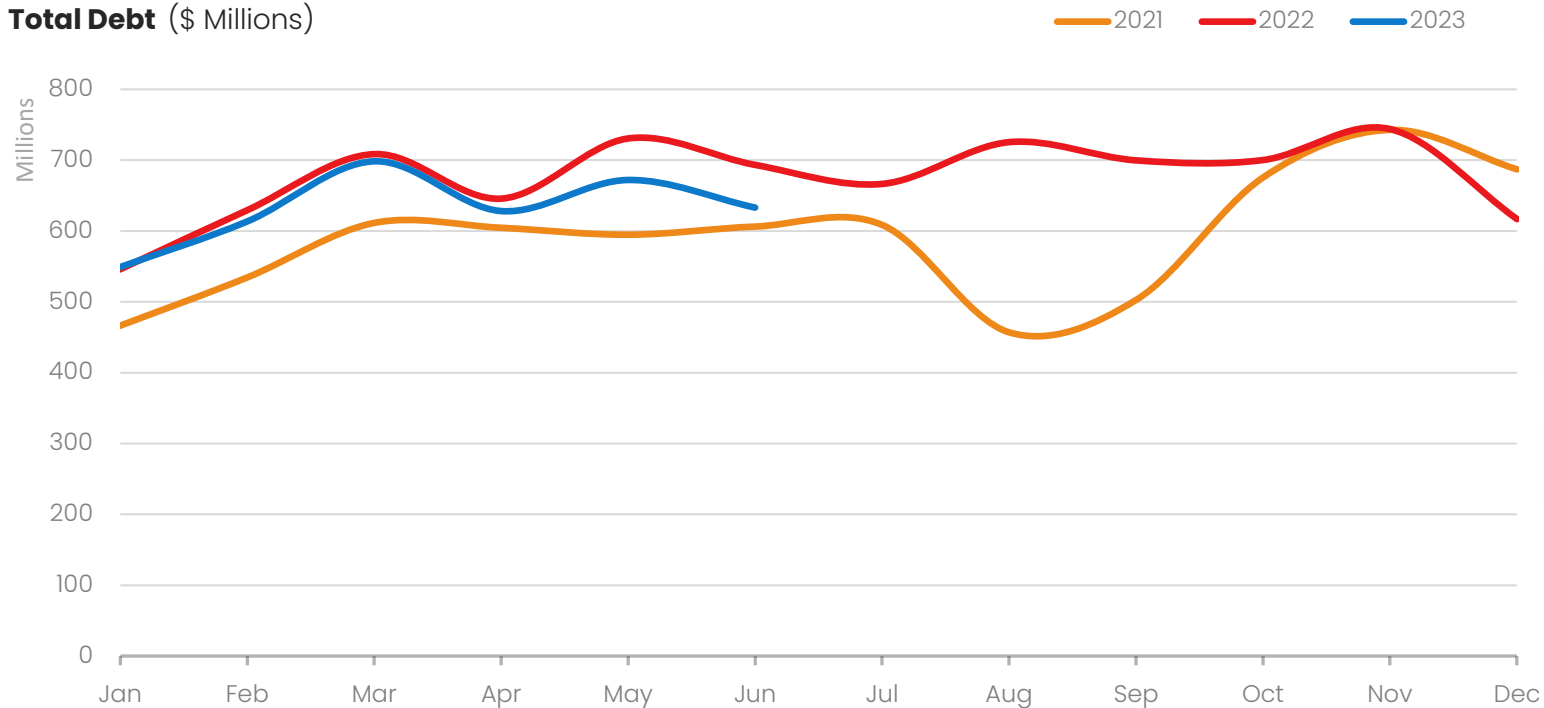
Year-on-Year

↓ **8.6%**

Monthly sales for June 2023 were 8.6% lower than June 2022.

Building Merchant Total Debt

Total Debt (\$ Millions)



Month-on-Month

↓ **5.8%**

Total Debt decreased by 5.8% from May 2023 to June 2023.

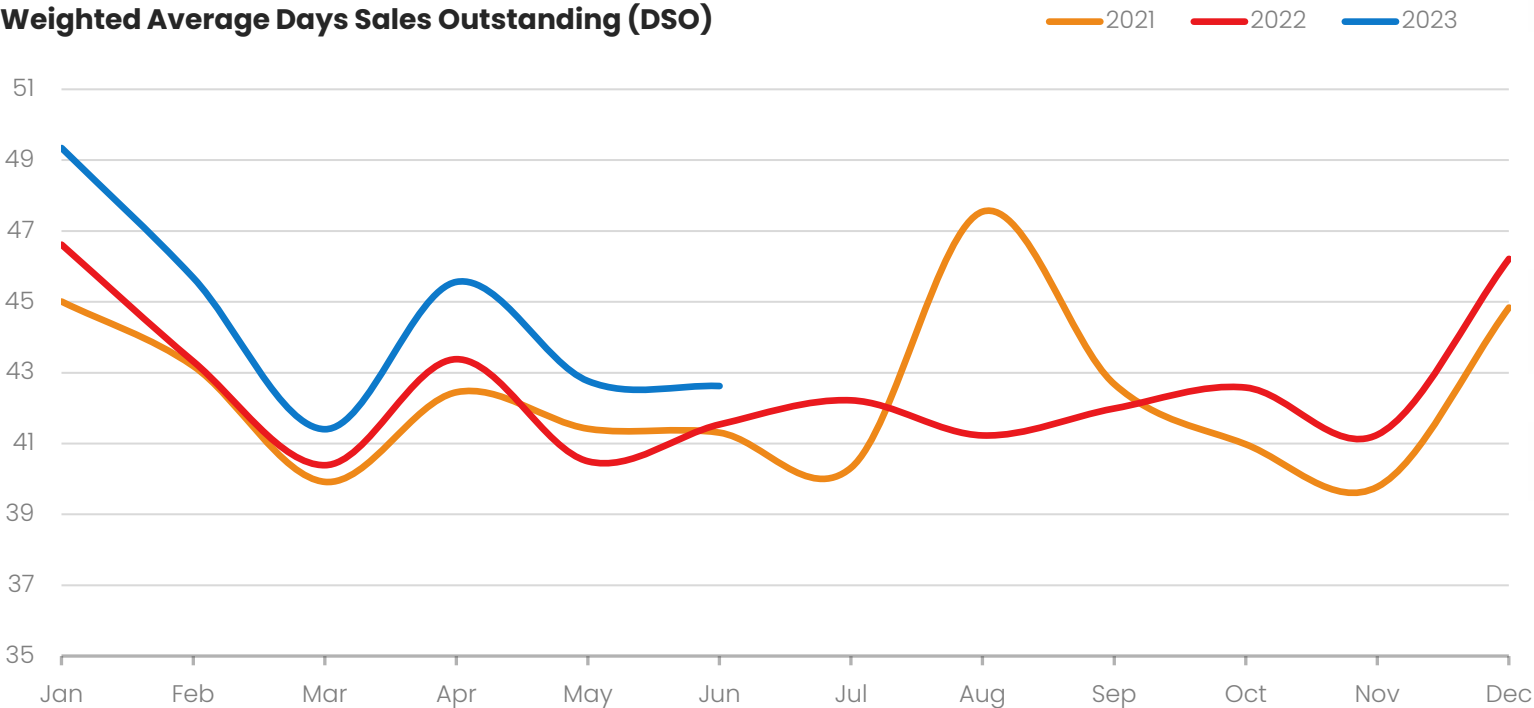
Year-on-Year

↓ **8.7%**

Total Debt was 8.7% lower in June 2023 compared to June 2022.

Building Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

➔ **0.0%**

Weighted average DSO was unchanged from May to June 2023.

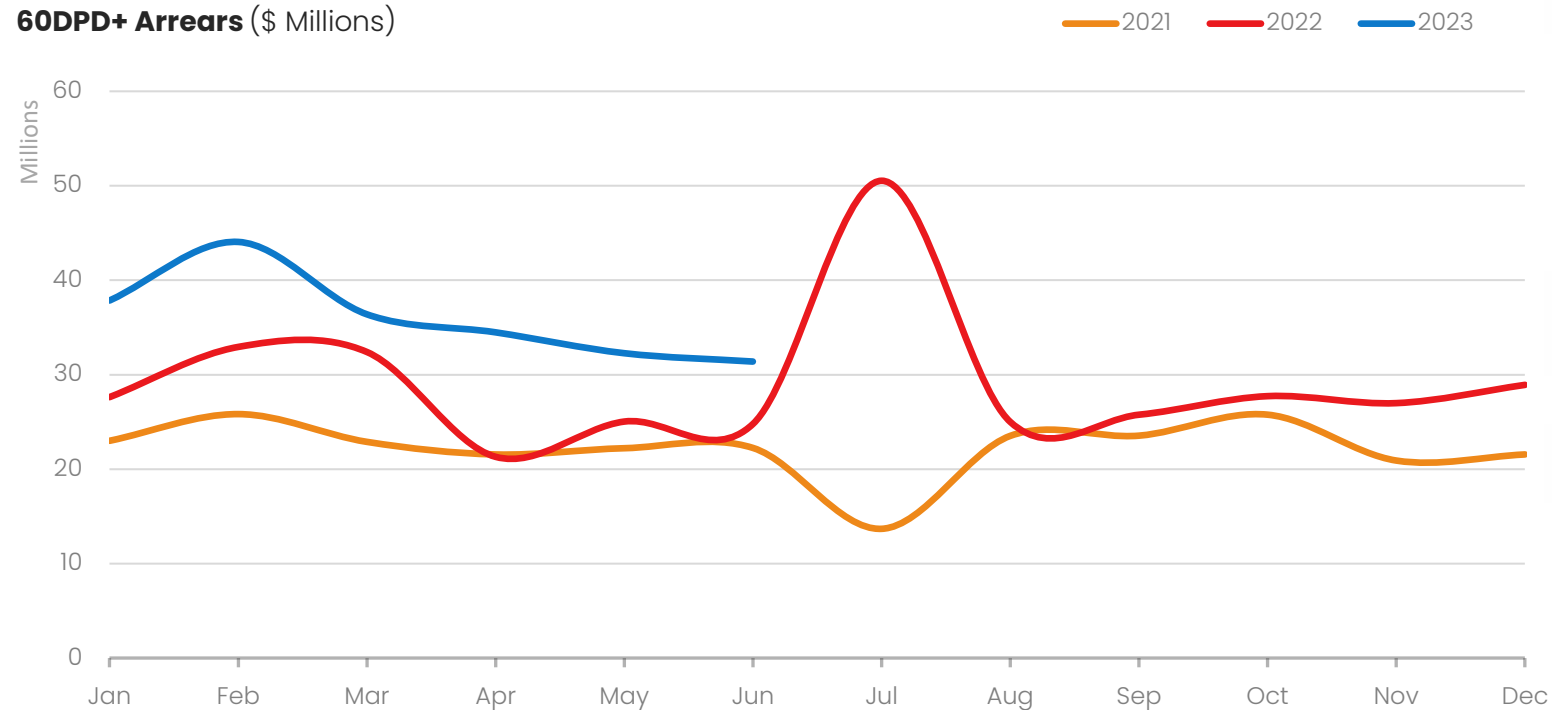
Year-on-Year

⬆ **2.6%**

Weighted average DSO was 2.6% higher in June 2023 vs June 2022.

Building Merchant Arrears in Dollars (60+DPD)

60DPD+ Arrears (\$ Millions)



Month-on-Month



2.7%

60DPD+ arrears were down 2.7% from May 2023 to June 2023.

Year-on-Year

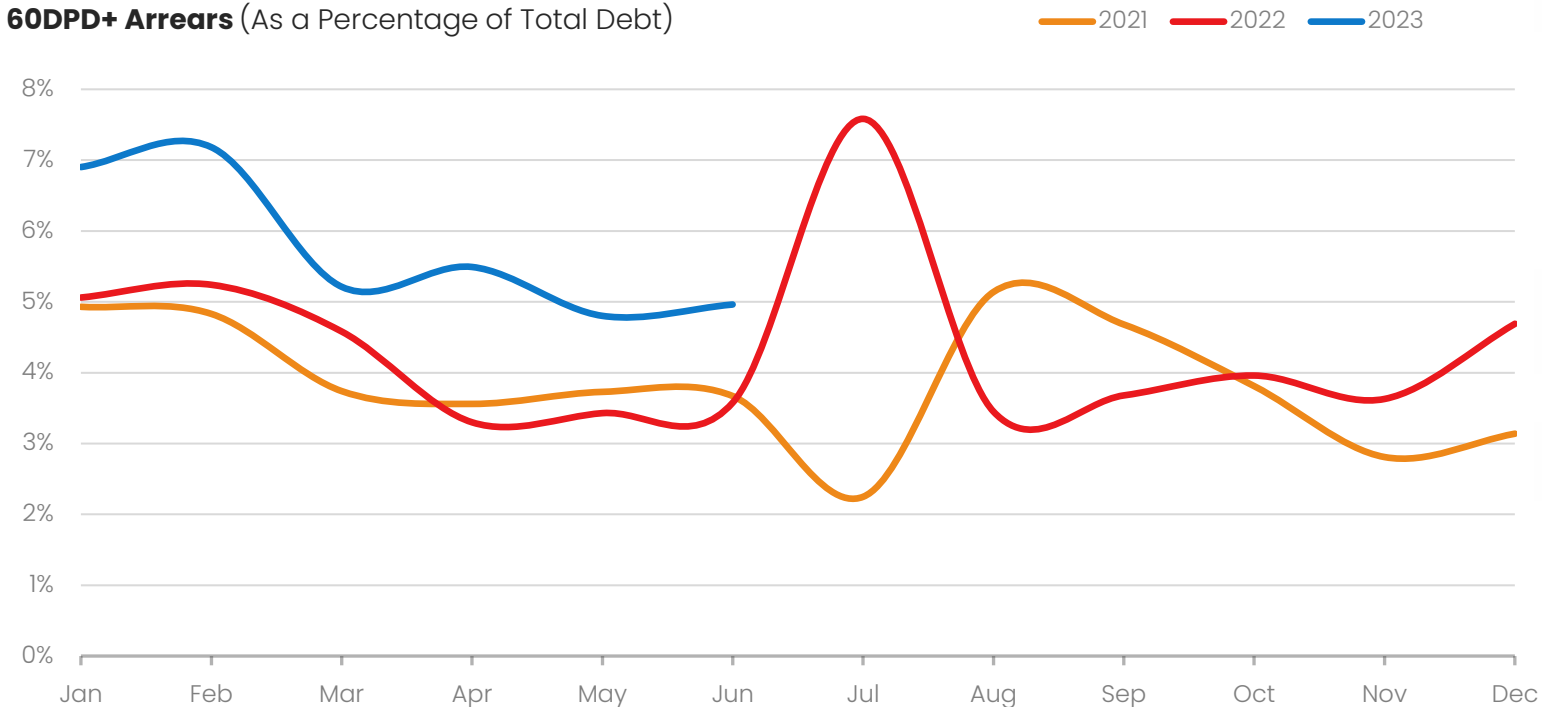


26.6%

60DPD+ arrears were up 26.6% from June 2022 to June 2023.

Building Merchant Arrears in Percentages (60+DPD)

60DPD+ Arrears (As a Percentage of Total Debt)



Month-on-Month

↑ **16bps**

60DPD+ arrears were 16bps higher in June 2023 compared to May 2023.

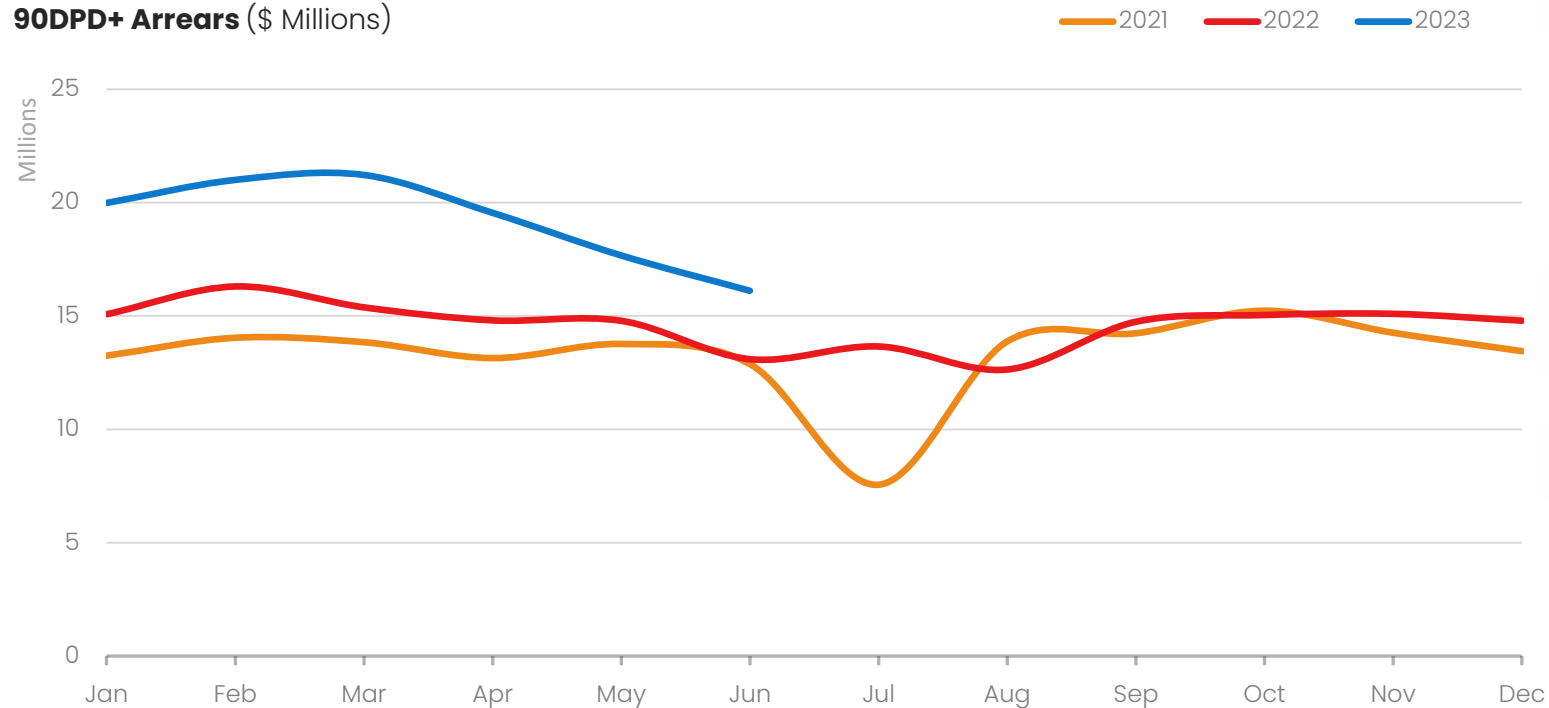
Year-on-Year

↑ **138bps**

60DPD+ arrears were 138bps higher in June 2023 compared to June 2022.

Building Merchant Arrears in Dollars (90+DPD)

90DPD+ Arrears (\$ Millions)



Month-on-Month

↓ **8.8%**

90DPD+ arrears were down 8.8% from May 2023 to June 2023.

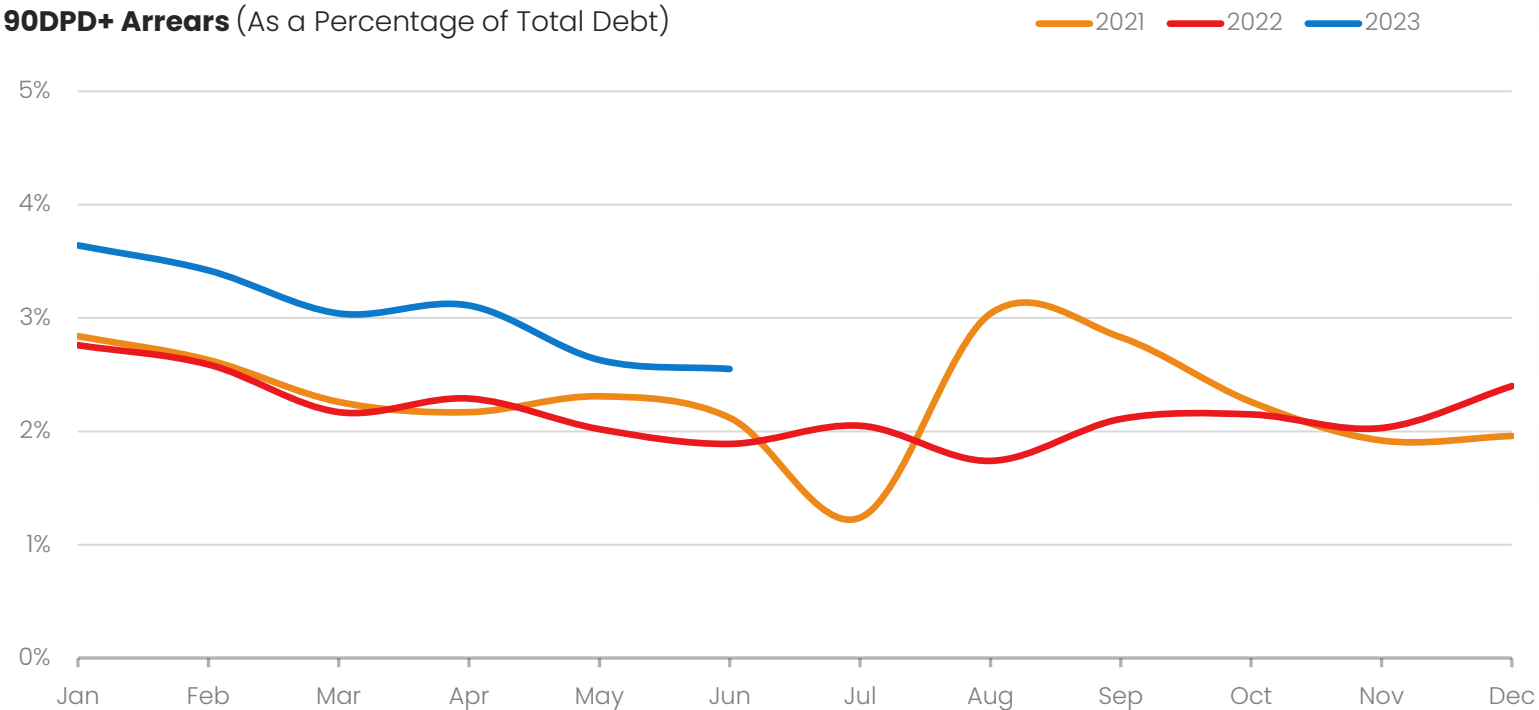
Year-on-Year

↑ **23.1%**

90DPD+ arrears were up 23.1% from June 2022 to June 2023.

Building Merchant Arrears in Percentages (90+DPD)

90DPD+ Arrears (As a Percentage of Total Debt)



Month-on-Month



8bps

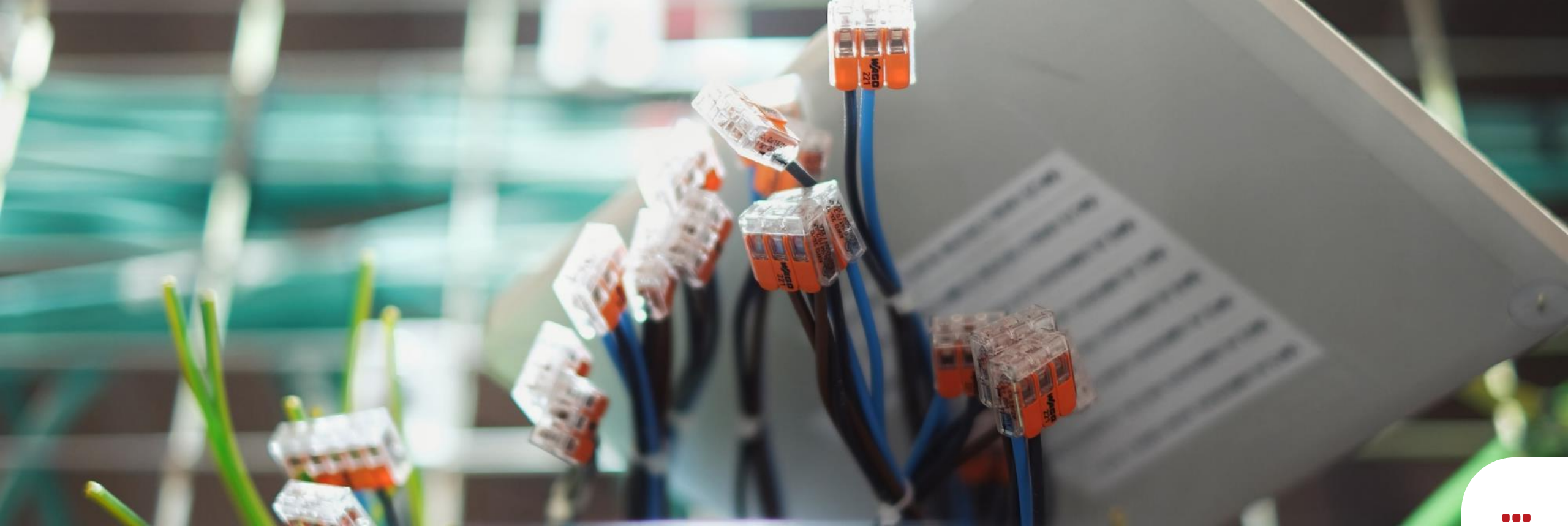
90DPD+ arrears were 8bps lower in June 2023 compared to May 2023.

Year-on-Year



66bps

90DPD+ arrears were 66bps higher in June 2023 compared to June 2022.

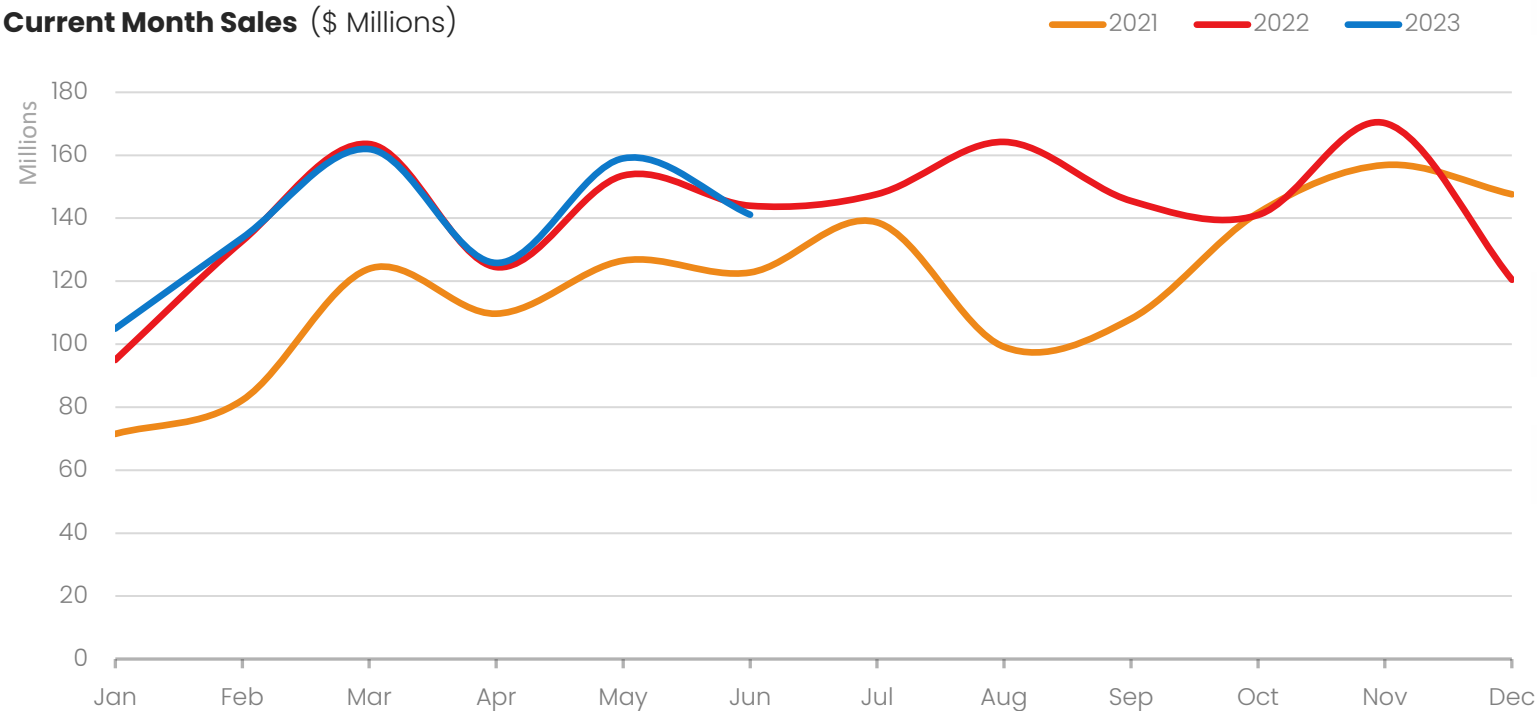


Electrical Merchant **Insights.**

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Electrical Merchant Current Month Sales

Current Month Sales (\$ Millions)



Month-on-Month

↓ **11.2%**

Monthly sales decreased by 11.2% from May 2023 to June 2023.

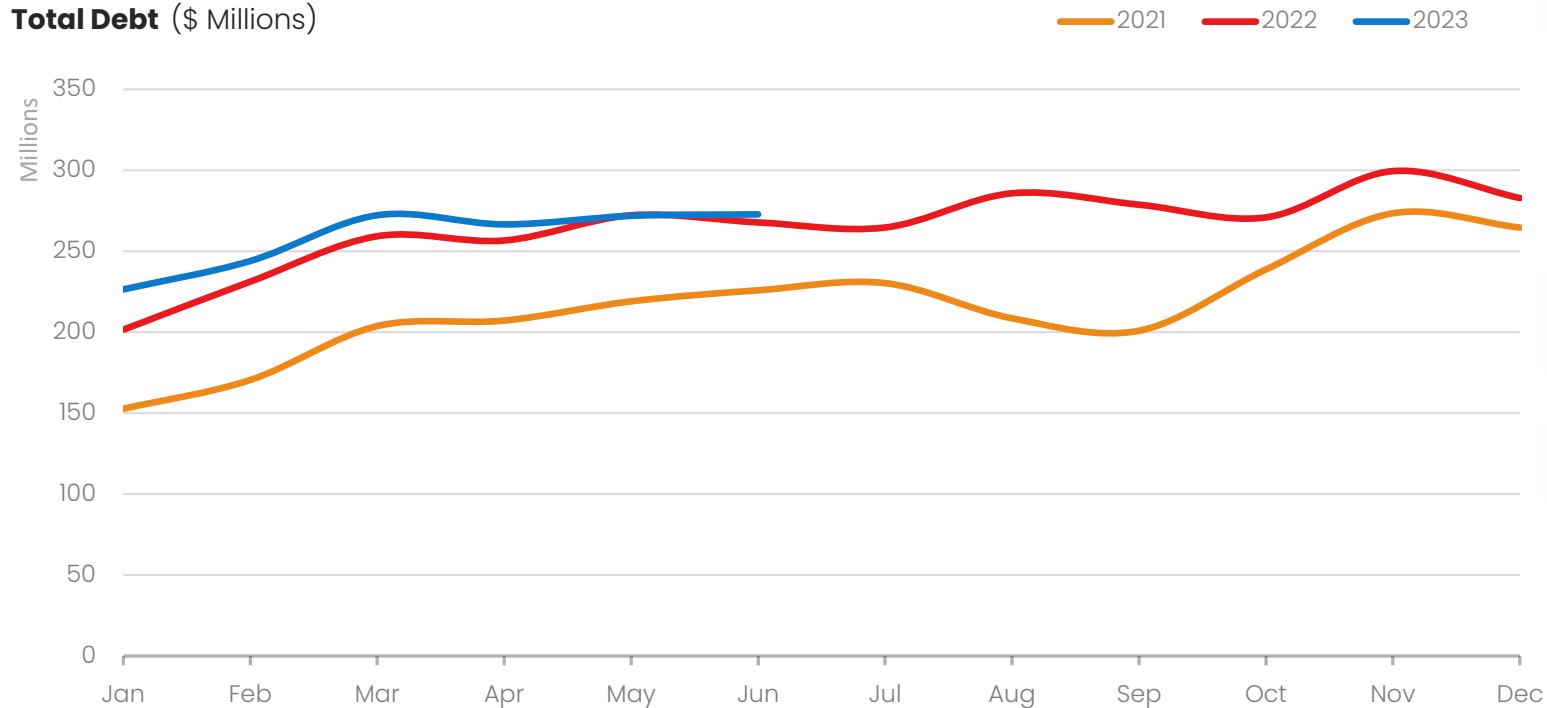
Year-on-Year

↓ **2.0%**

Monthly sales for June 2023 were 2.0% lower than June 2022.

Electrical Merchant Total Debt

Total Debt (\$ Millions)



Month-on-Month

↑ **0.3%**

Total Debt increased by 0.3% from May 2023 to June 2023.

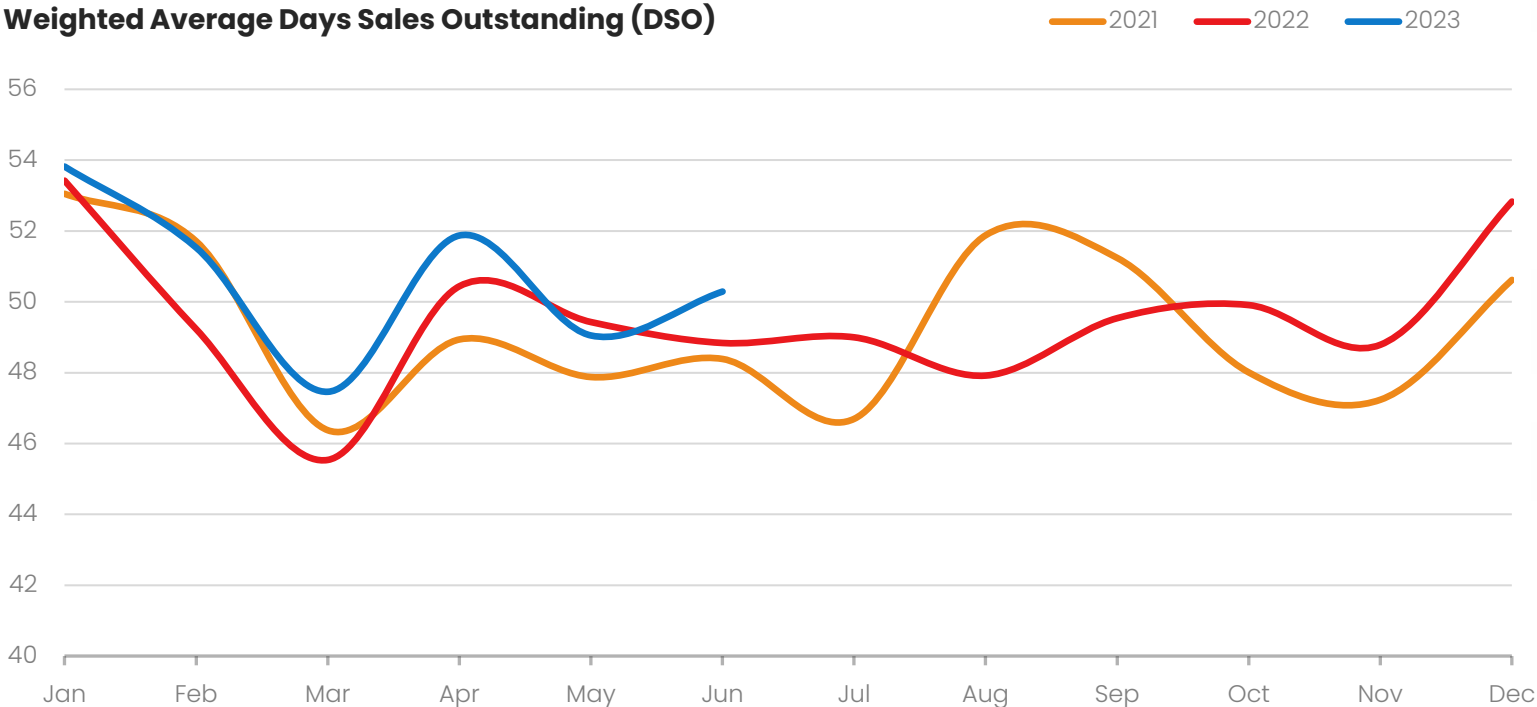
Year-on-Year

↑ **1.9%**

Total Debt was 1.9% higher in June 2023 compared to June 2022.

Electrical Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

 **2.6%**

Weighted average DSO increased by 2.6% from May to June 2023.

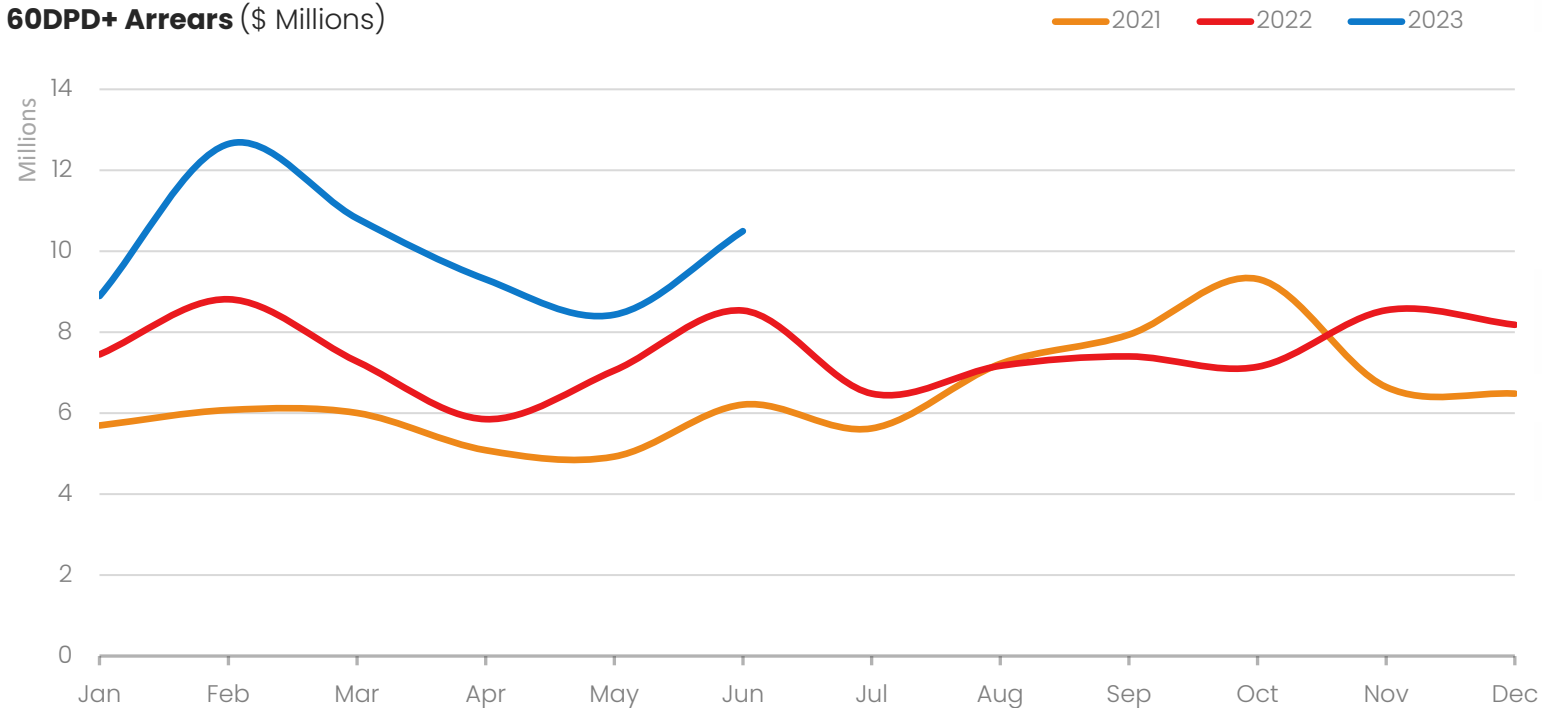
Year-on-Year

 **3.0%**

Weighted average DSO was 3.0% higher in June 2023 vs June 2022.

Electrical Merchant Arrears in Dollars (60+DPD)

60DPD+ Arrears (\$ Millions)



Month-on-Month

↑ **24.5%**

60DPD+ arrears were up 24.5% from May 2023 to June 2023.

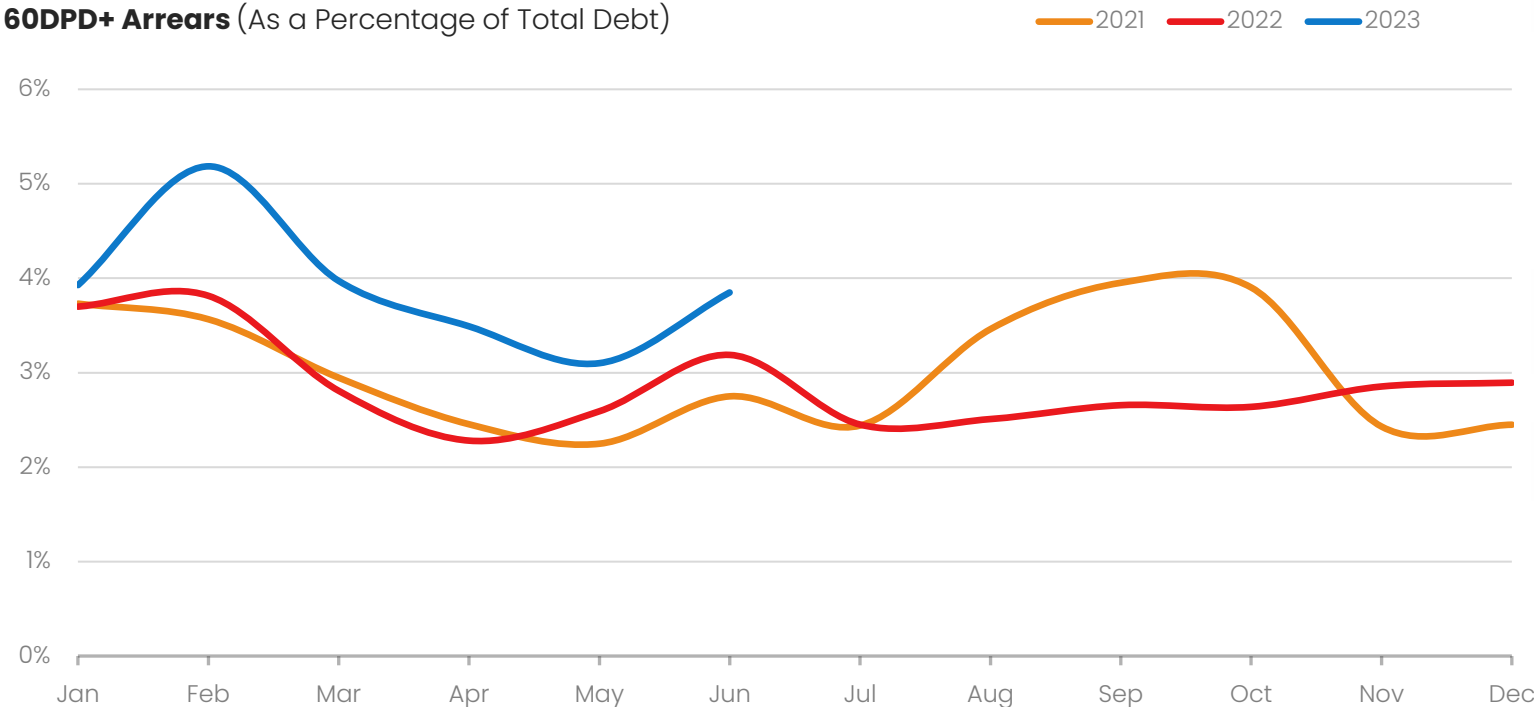
Year-on-Year

↑ **23.0%**

60DPD+ arrears were up 23.0% from June 2022 to June 2023.

Electrical Merchant Arrears in Percentages (60+DPD)

60DPD+ Arrears (As a Percentage of Total Debt)



Month-on-Month

↑ **75bps**

60DPD+ arrears were 75bps higher in June 2023 compared to May 2023.

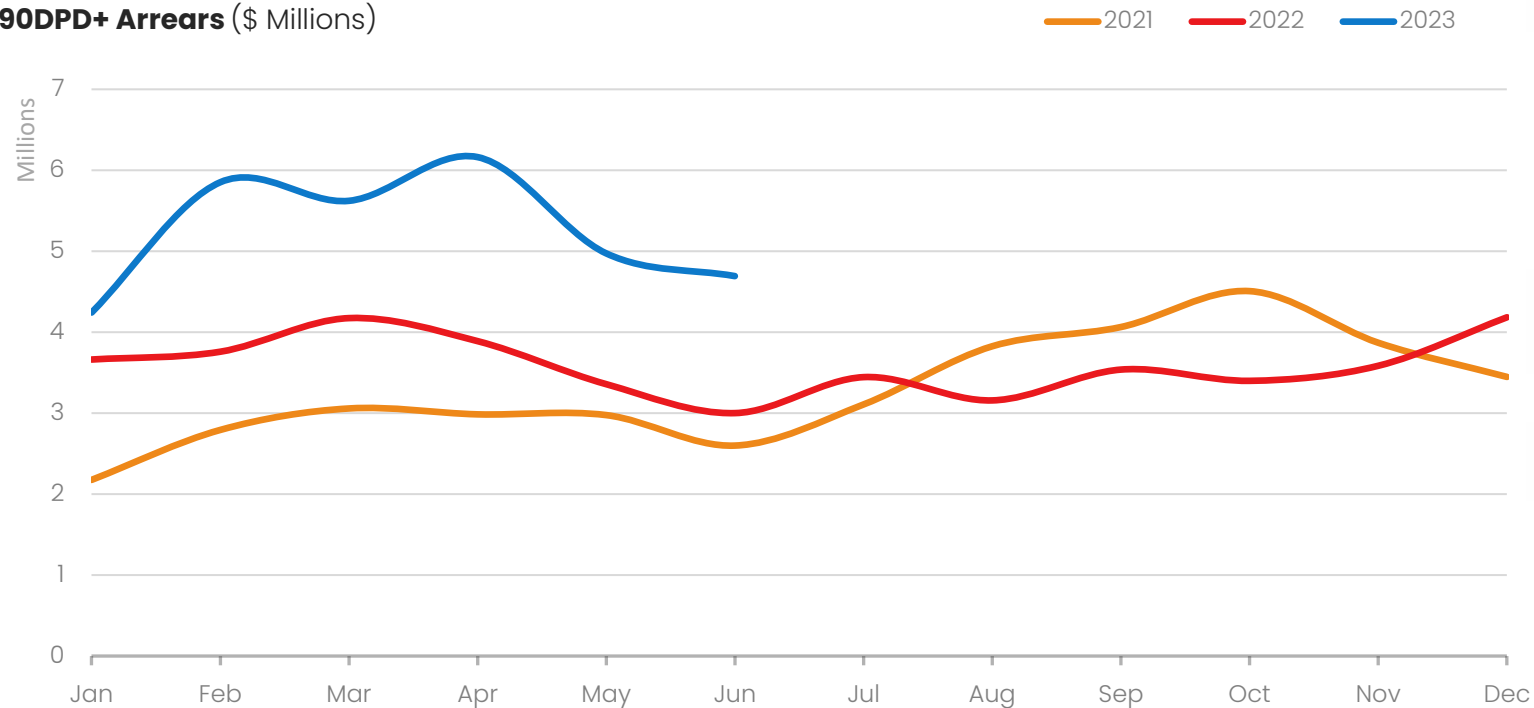
Year-on-Year

↑ **66bps**

60DPD+ arrears were 66bps higher in June 2023 compared to June 2022.

Electrical Merchant Arrears in Dollars (90+DPD)

90DPD+ Arrears (\$ Millions)



Month-on-Month

↓ **5.6%**

90DPD+ arrears were down 5.6% from May 2023 to June 2023.

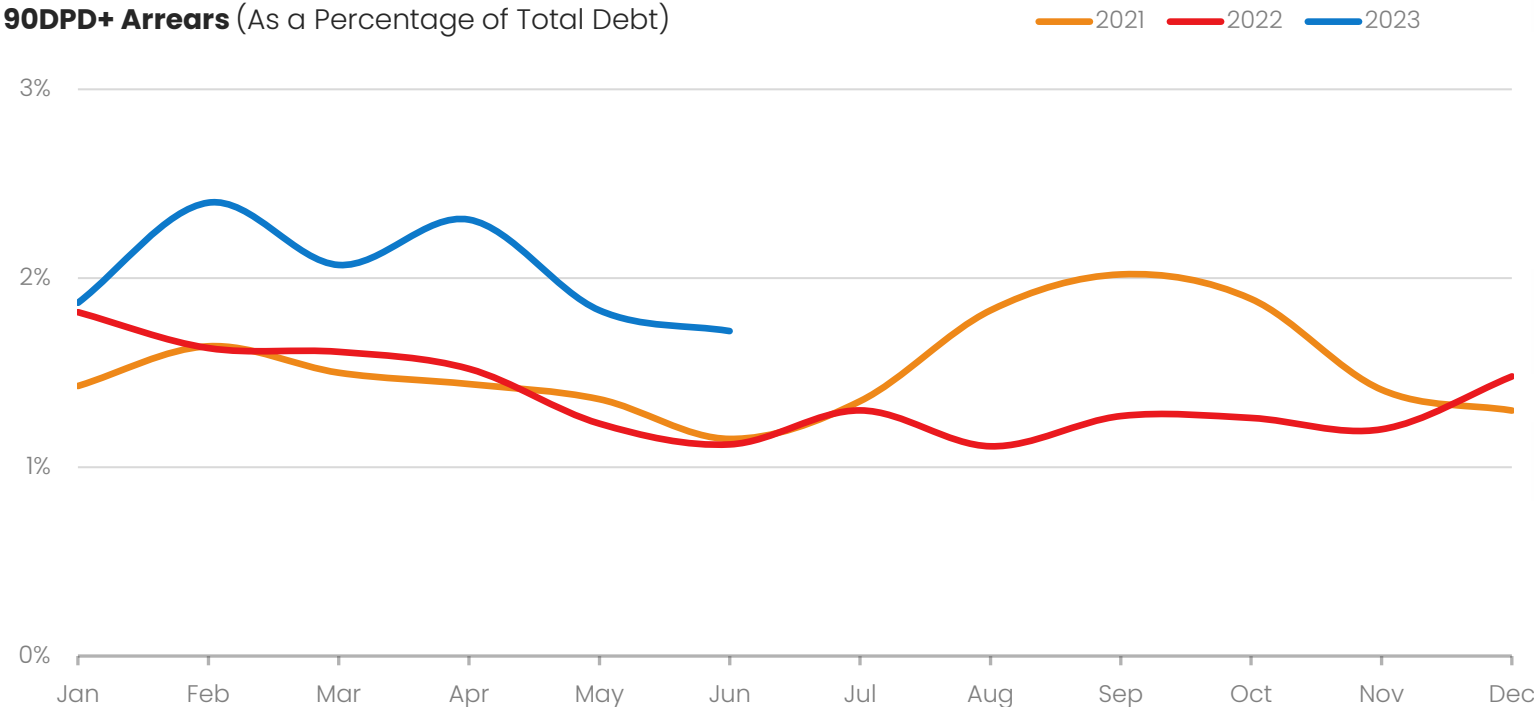
Year-on-Year

↑ **56.3%**

90DPD+ arrears were up 56.3% from June 2022 to June 2023.

Electrical Merchant Arrears in Percentages (90+DPD)

90DPD+ Arrears (As a Percentage of Total Debt)



Month-on-Month



11bps

90DPD+ arrears were 11bps lower in June 2023 compared to May 2023.

Year-on-Year



60bps

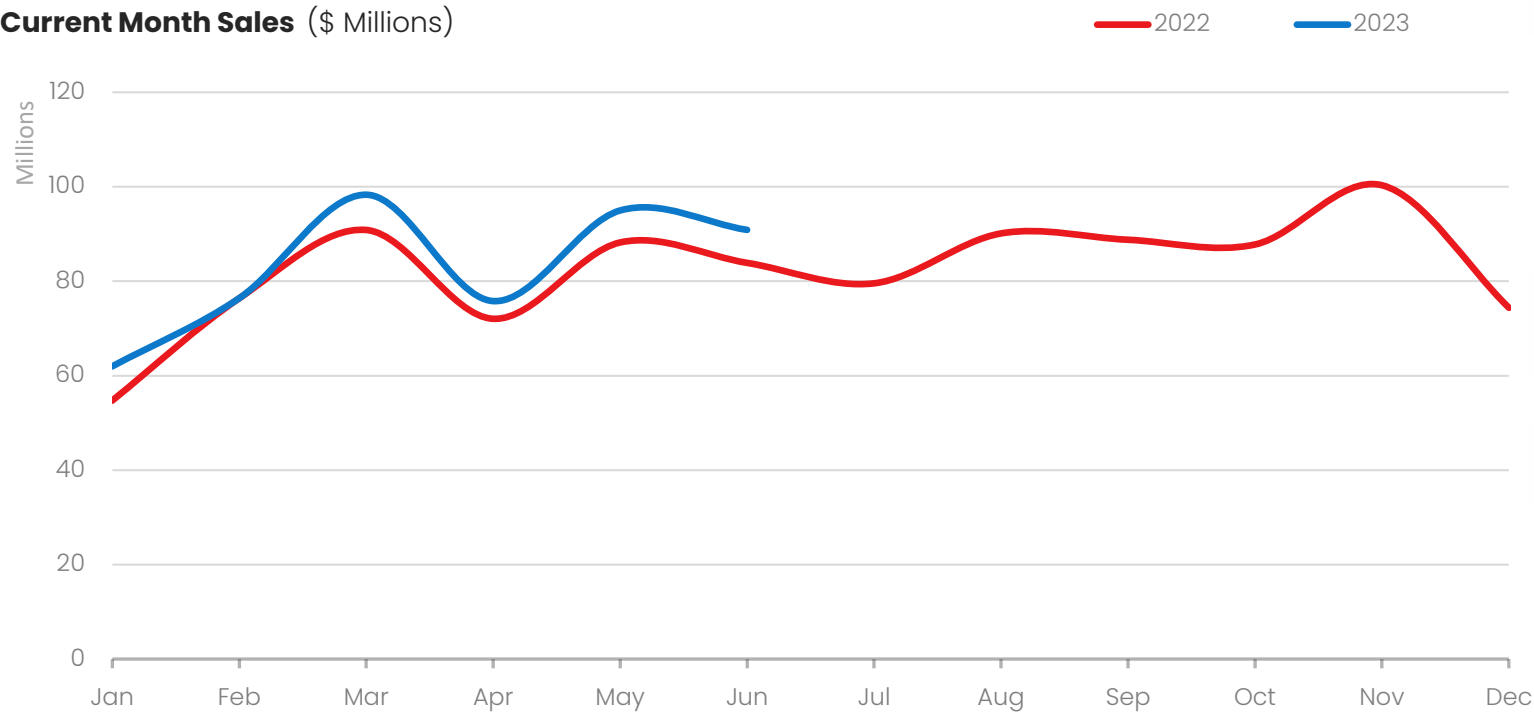
90DPD+ arrears were 60bps higher in June 2023 compared to June 2022.



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Plumbing Merchant Current Month Sales



Month-on-Month

↓ **4.3%**

Monthly sales decreased by 4.3% from May 2023 to June 2023.

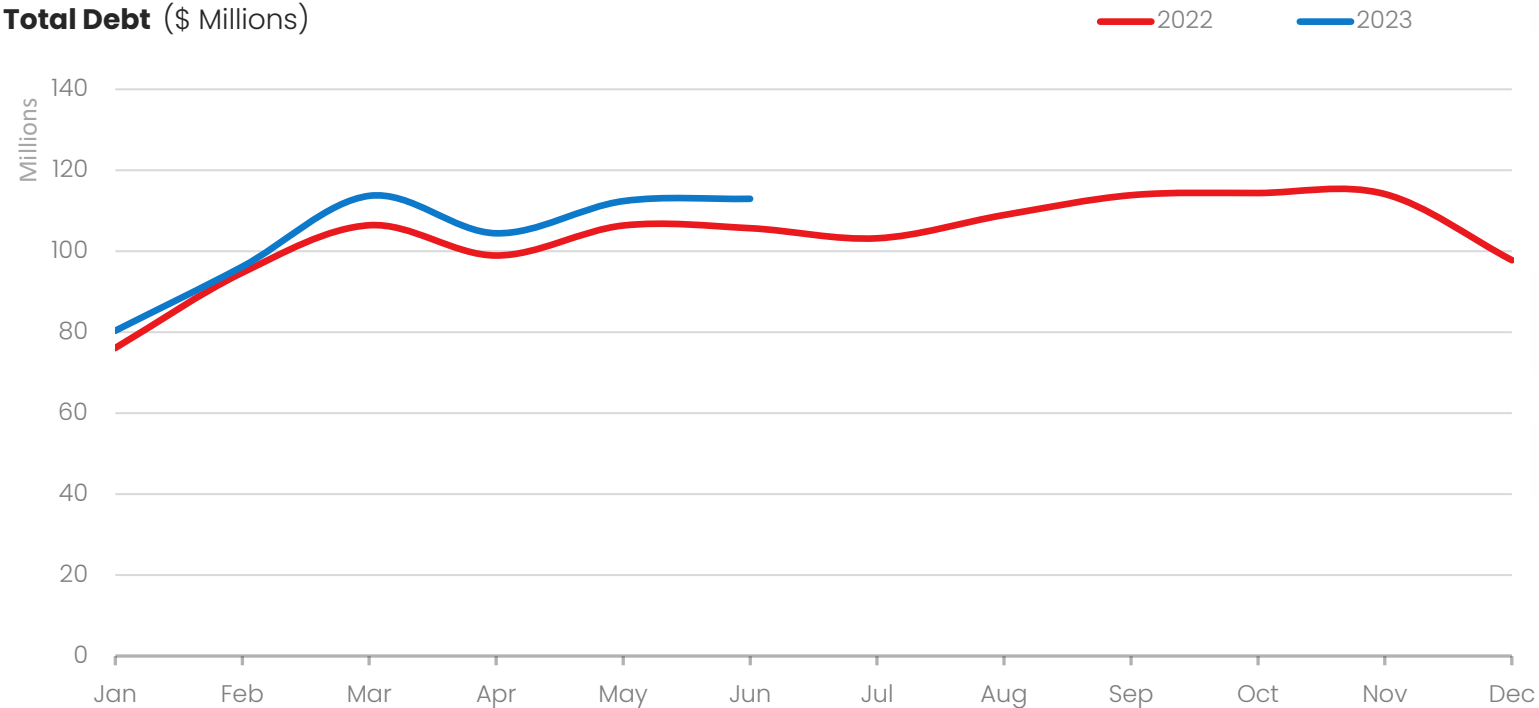
Year-on-Year

↑ **8.3%**

Monthly sales for June 2023 were 8.3% higher than June 2022.

Plumbing Merchant Total Debt

Total Debt (\$ Millions)



Month-on-Month

↑ **0.5%**

Total Debt increased by 0.5% from May 2023 to June 2023.

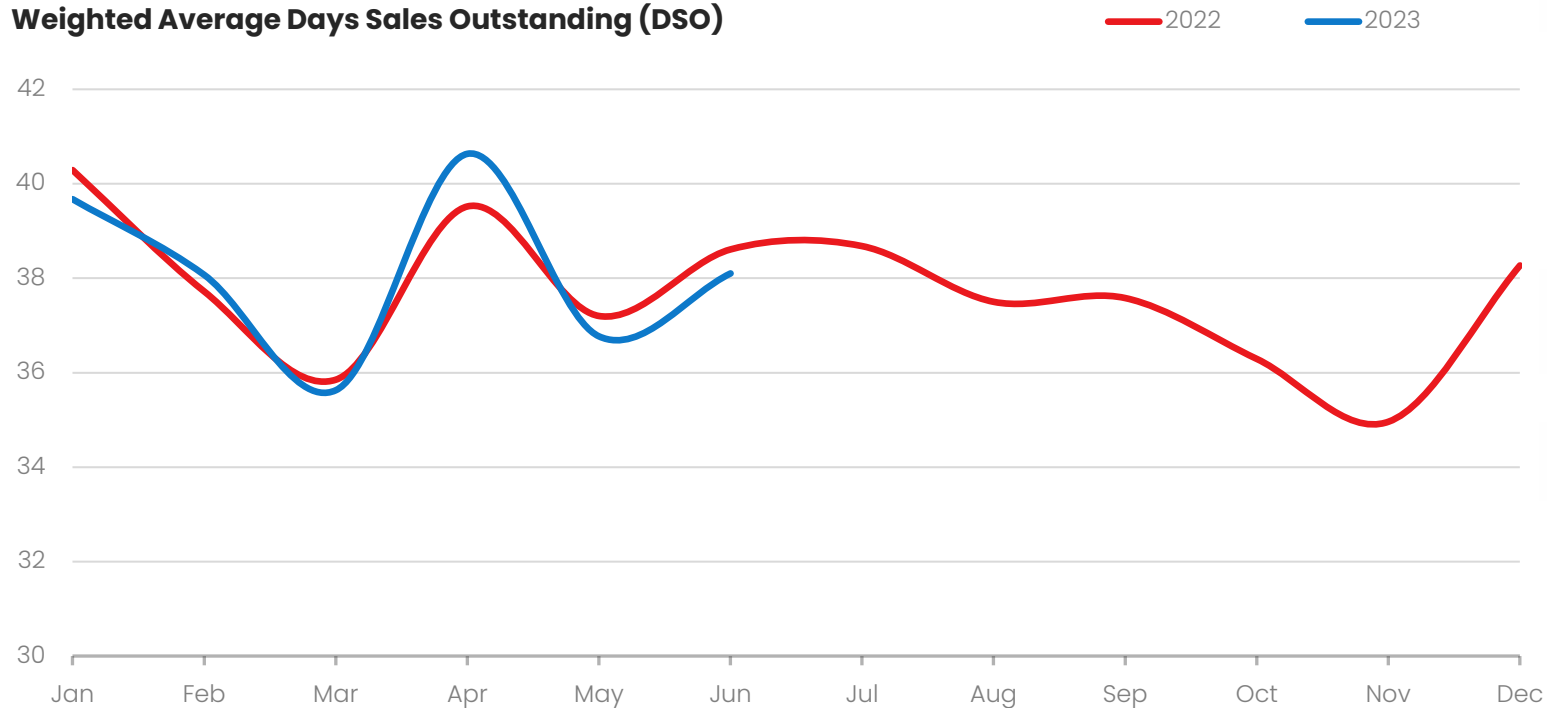
Year-on-Year

↑ **6.9%**

Total Debt was 6.9% higher in June 2023 compared to June 2022.

Plumbing Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

↑ **3.6%**

Weighted average DSO increased by 3.6% from May to June 2023.

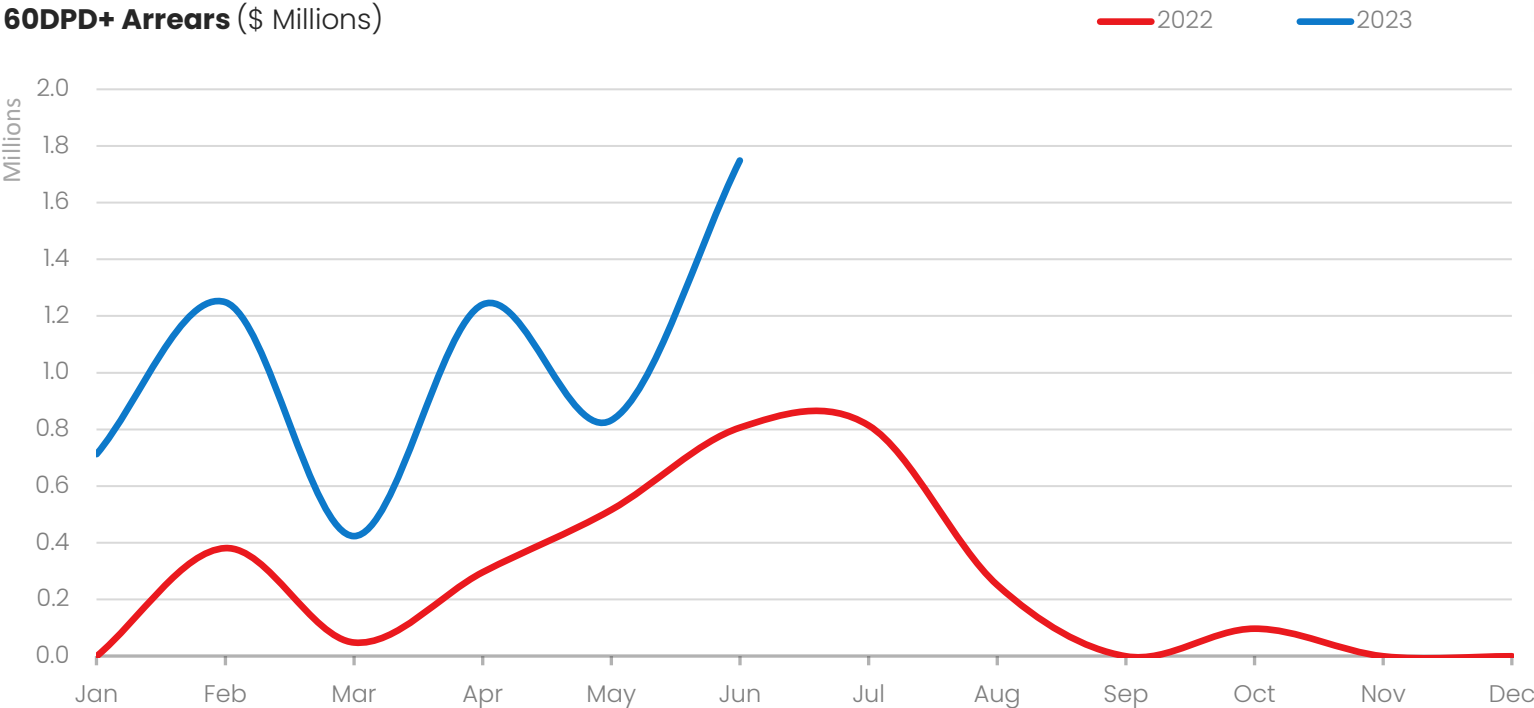
Year-on-Year

↓ **1.3%**

Weighted average DSO was 1.2% lower in June 2023 vs June 2022.

Plumbing Merchant Arrears in Dollars (60+DPD)

60DPD+ Arrears (\$ Millions)



Month-on-Month

 **110.2%**

60DPD+ arrears were up 110.2% from May 2023 to June 2023.

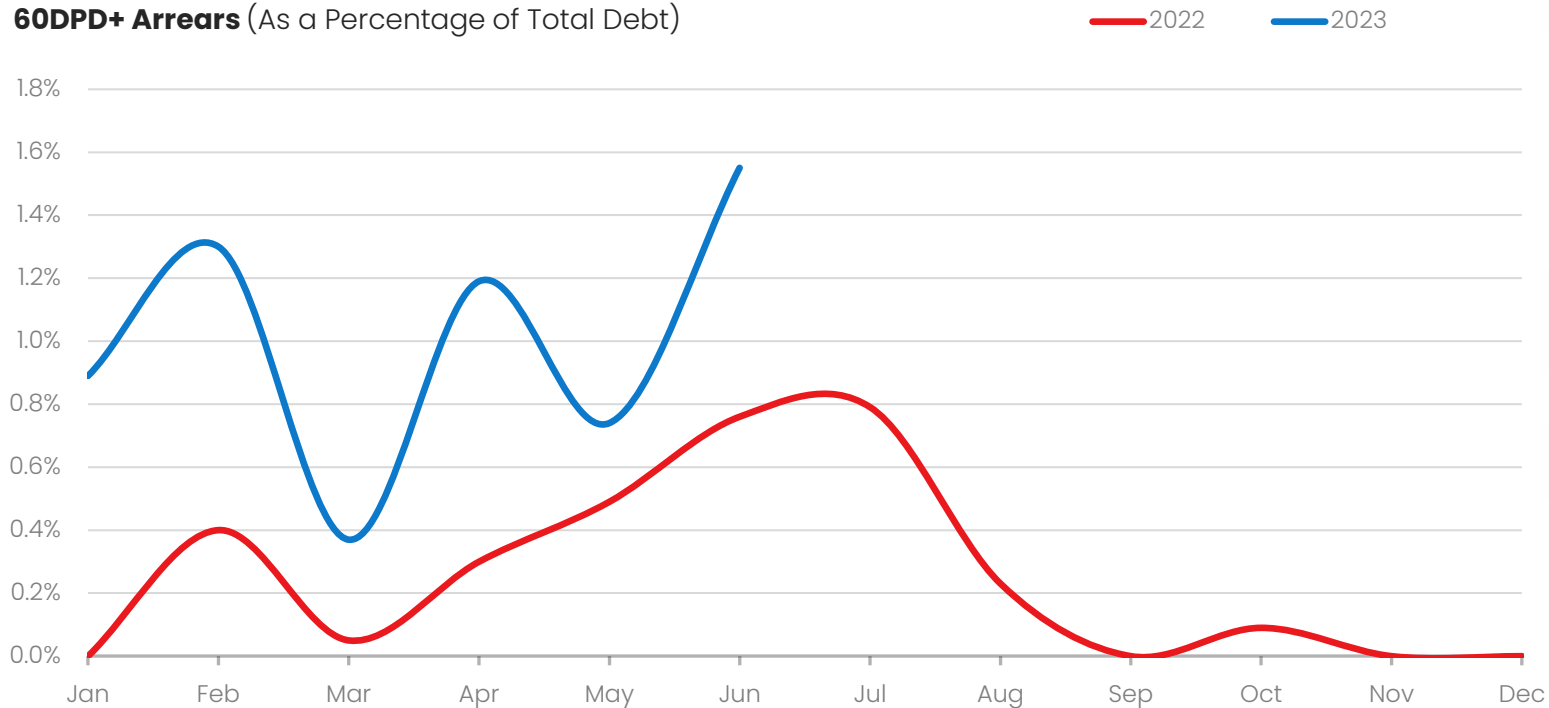
Year-on-Year

 **117.0%**

60DPD+ arrears were up 117.0% from June 2022 to June 2023.

Plumbing Merchant Arrears in Percentages (60+DPD)

60DPD+ Arrears (As a Percentage of Total Debt)



Month-on-Month

↑ **81bps**

60DPD+ arrears were 81bps higher in June 2023 compared to May 2023.

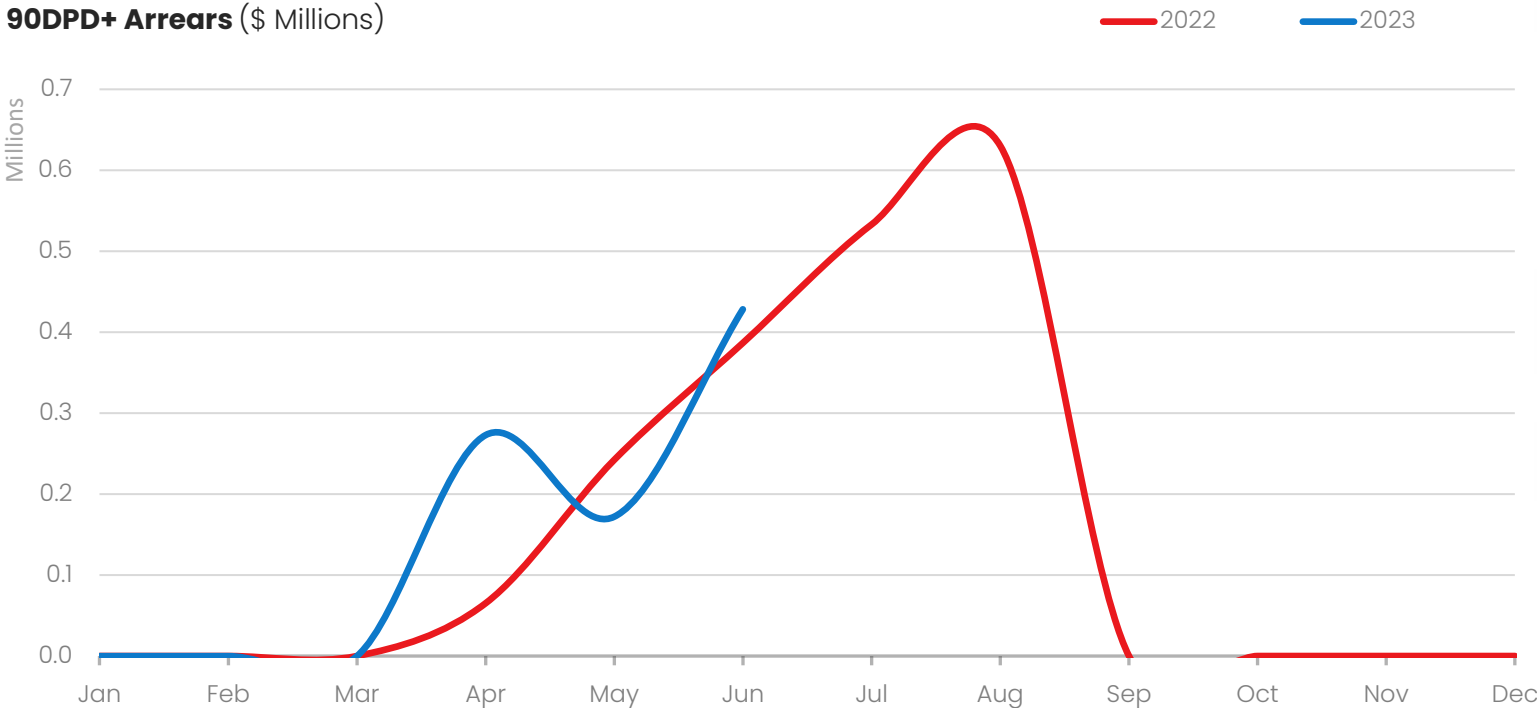
Year-on-Year

↑ **79bps**

60DPD+ arrears were 75bps higher in June 2023 compared to June 2022.

Plumbing Merchant Arrears in Dollars (90+DPD)

90DPD+ Arrears (\$ Millions)



Month-on-Month

↑ **149%**

90DPD+ arrears were up 149% from May 2023 to June 2023.

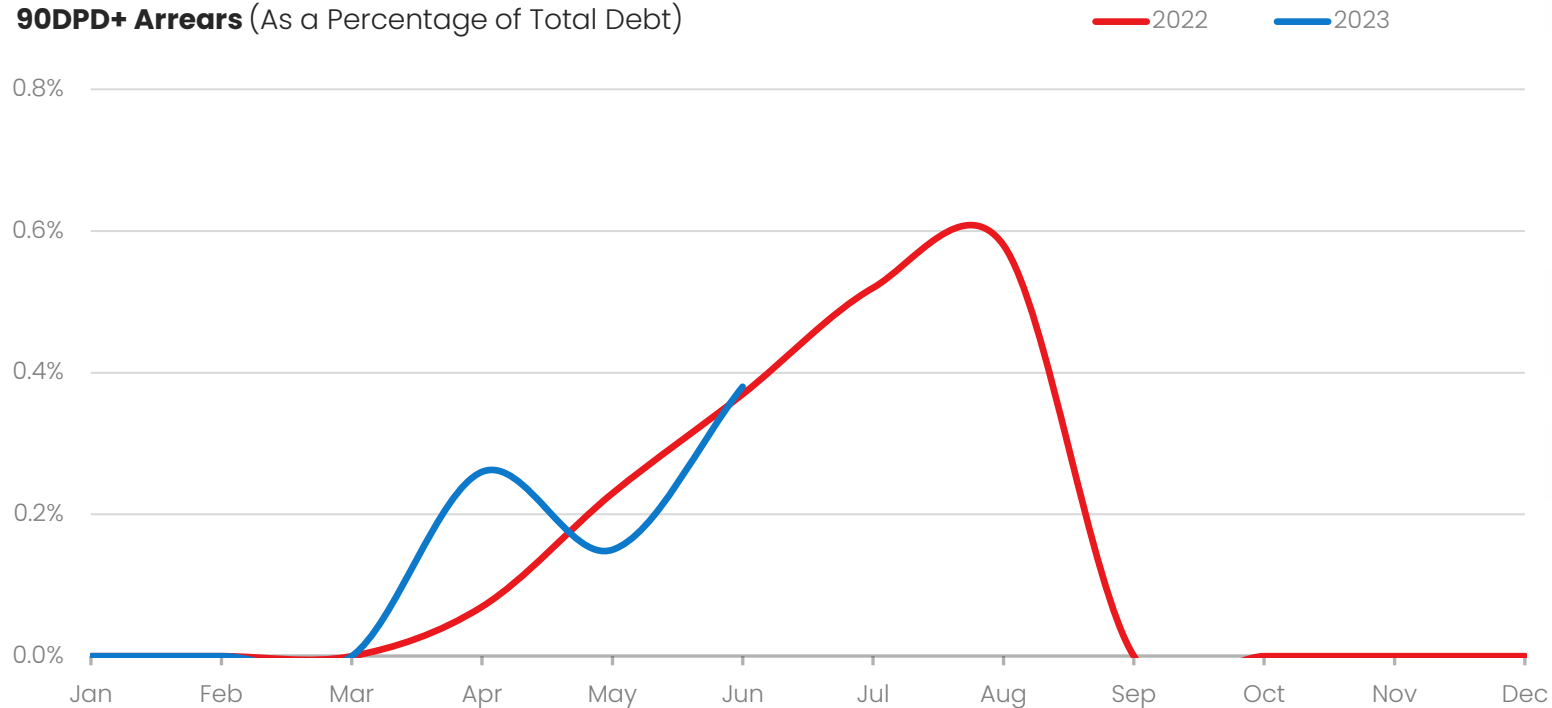
Year-on-Year

↑ **10.8%**

90DPD+ arrears were up 10.8% from June 2022 to June 2023.

Plumbing Merchant Arrears in Percentages (90+DPD)

90DPD+ Arrears (As a Percentage of Total Debt)



Month-on-Month

↑ **23bps**

90DPD+ arrears were 23bps higher in June 2023 compared to May 2023.

Year-on-Year

↑ **1bps**

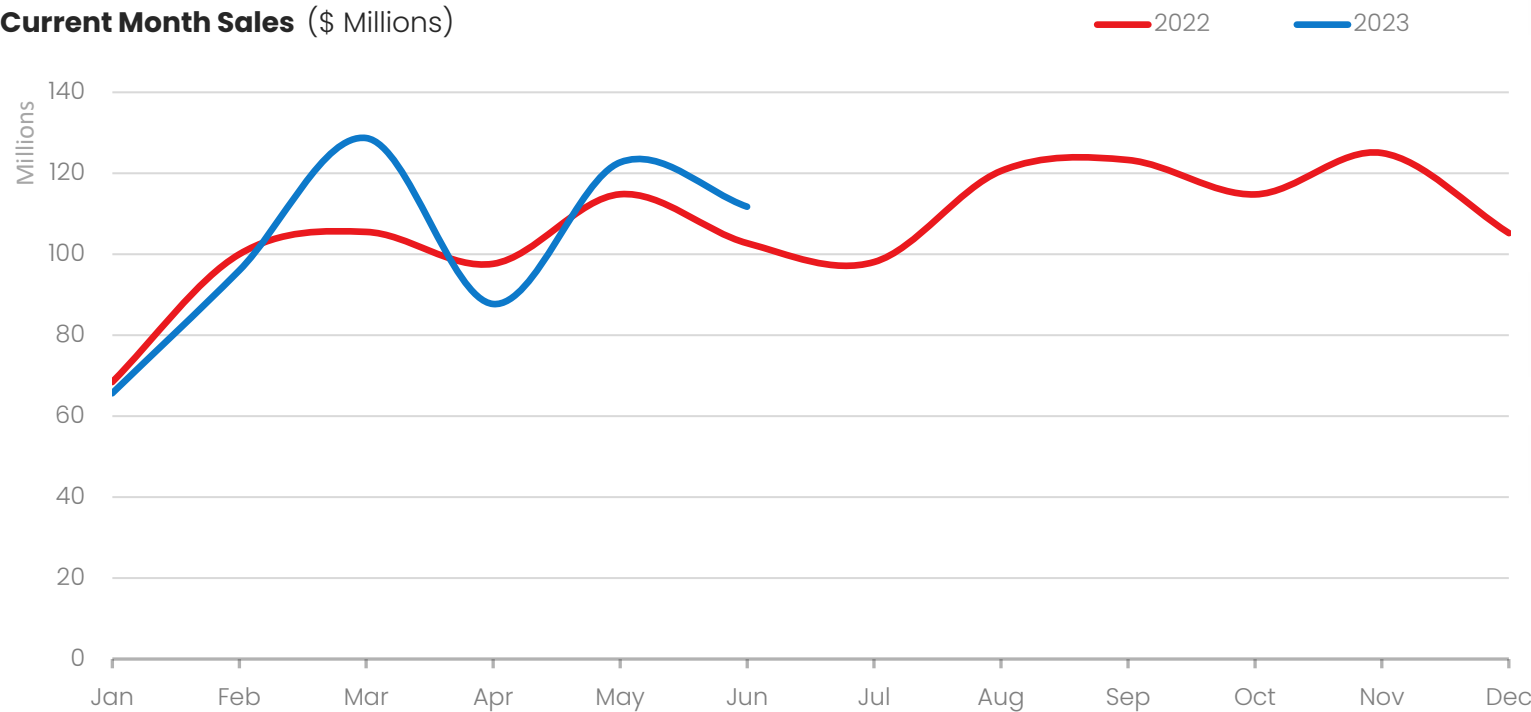
90DPD+ arrears were 1bp higher in June 2023 compared to June 2022.



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Concrete Merchant Current Month Sales



Month-on-Month

↓ **8.9%**

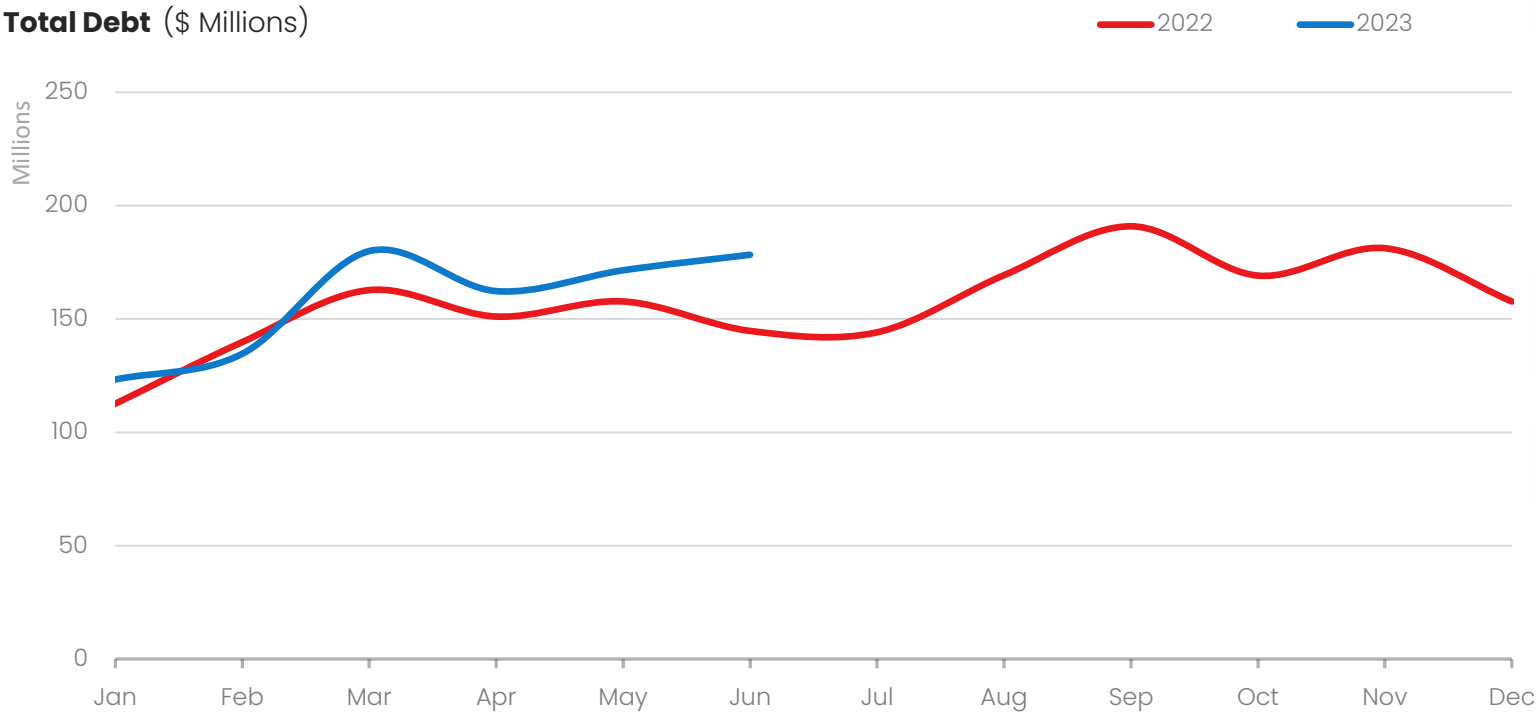
Monthly sales decreased by 8.9% from May 2023 to June 2023.

Year-on-Year

↑ **8.7%**

Monthly sales for June 2023 were 8.7% higher than June 2022.

Concrete Merchant Total Debt



Month-on-Month

↑ **4.0%**

Total Debt increased by 4.0% from May 2023 to June 2023.

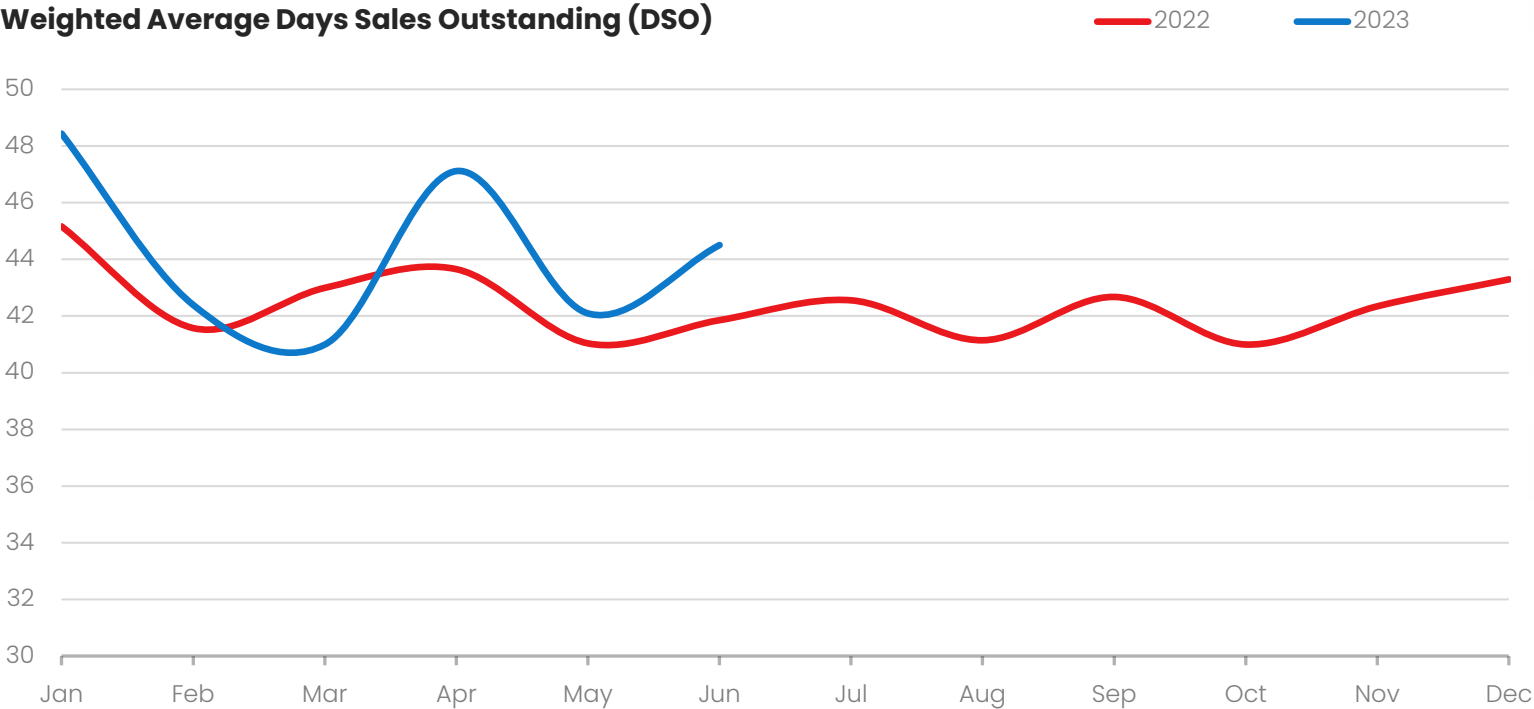
Year-on-Year

↑ **23.3%**

Total Debt was 23.3% higher in June 2023 compared to June 2022.

Concrete Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

↑ **5.7%**

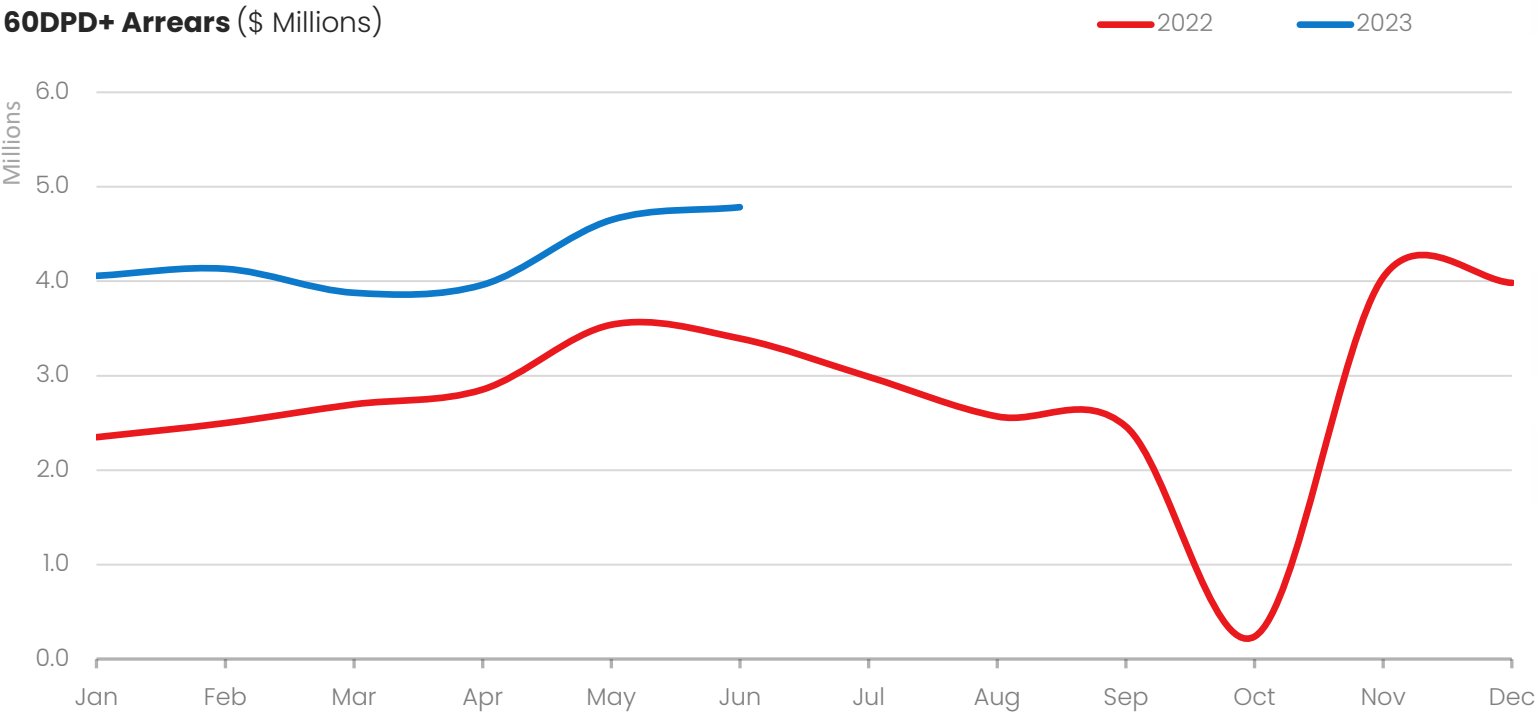
Weighted average DSO increased by 5.7% from May to June 2023.

Year-on-Year

↑ **6.3%**

Weighted average DSO was 6.3% higher in June 2023 vs June 2022.

Concrete Merchant Arrears in Dollars (60+DPD)



Month-on-Month

 **2.9%**

60DPD+ arrears were up 2.9% from May 2023 to June 2023.

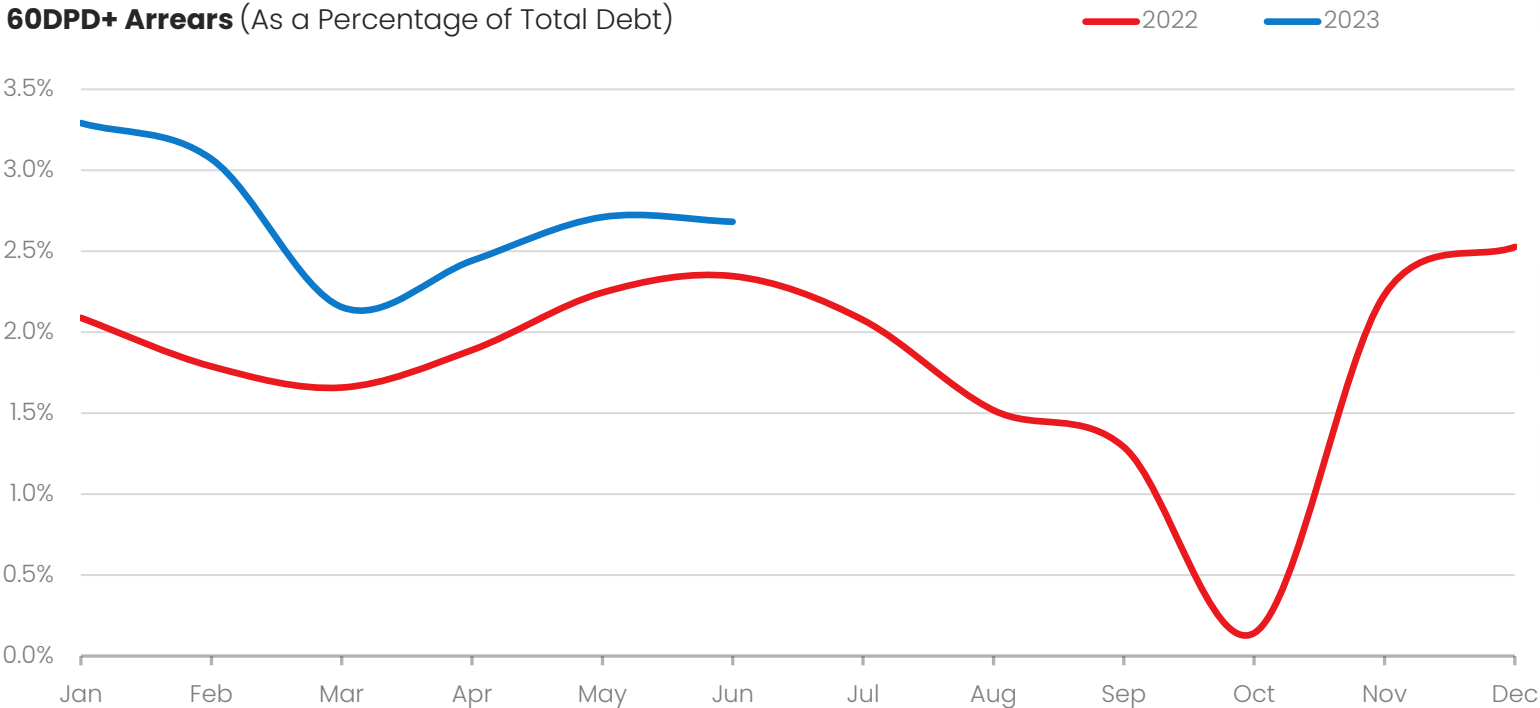
Year-on-Year

 **40.9%**

60DPD+ arrears were up 40.9% from June 2022 to June 2023.

Concrete Merchant Arrears in Percentages (60+DPD)

60DPD+ Arrears (As a Percentage of Total Debt)



Month-on-Month



3bps

60DPD+ arrears were 3bps lower in June 2023 compared to May 2023.

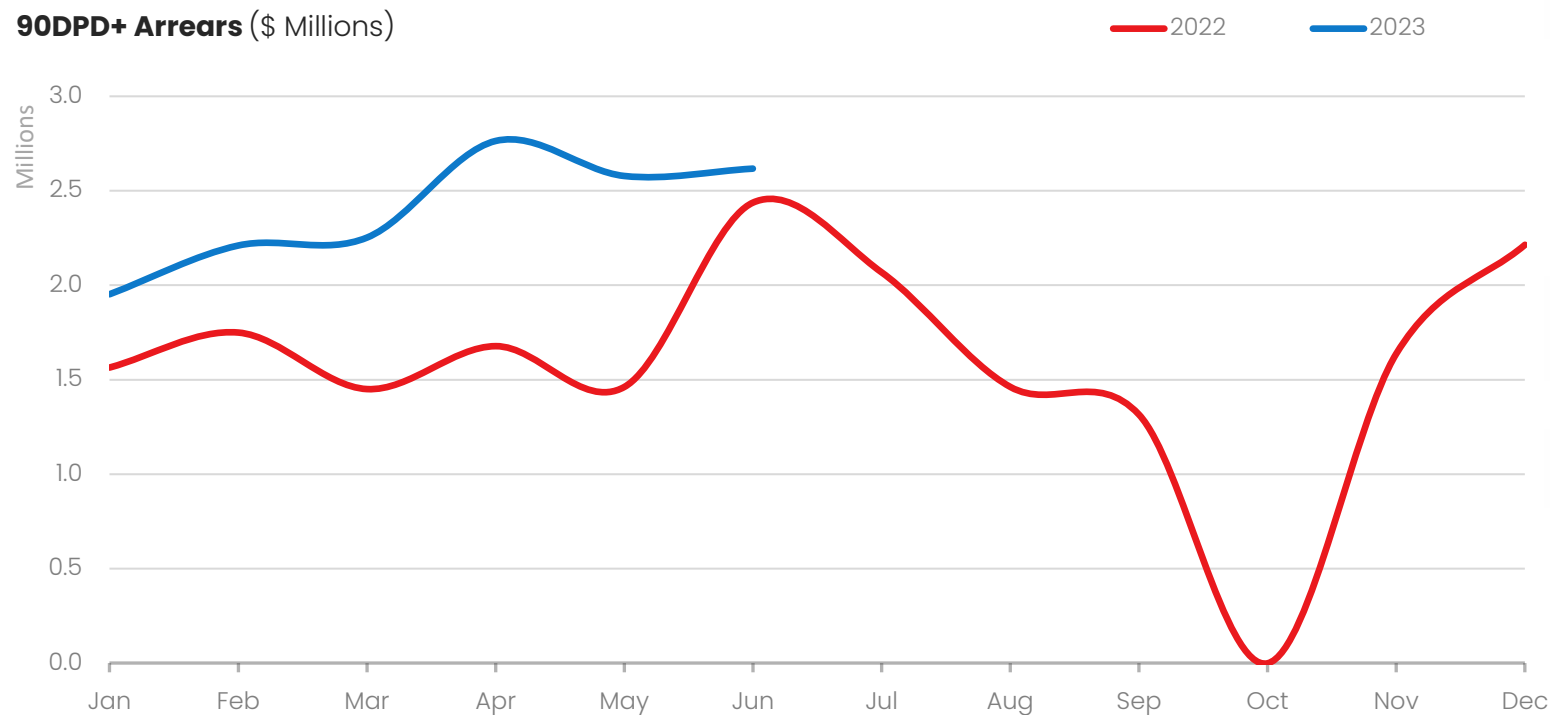
Year-on-Year



34bps

60DPD+ arrears were 34bps higher in June 2023 compared to June 2022.

Concrete Merchant Arrears in Dollars (90+DPD)



Month-on-Month

↑ **1.5%**

90DPD+ arrears were up 1.5% from May 2023 to June 2023.

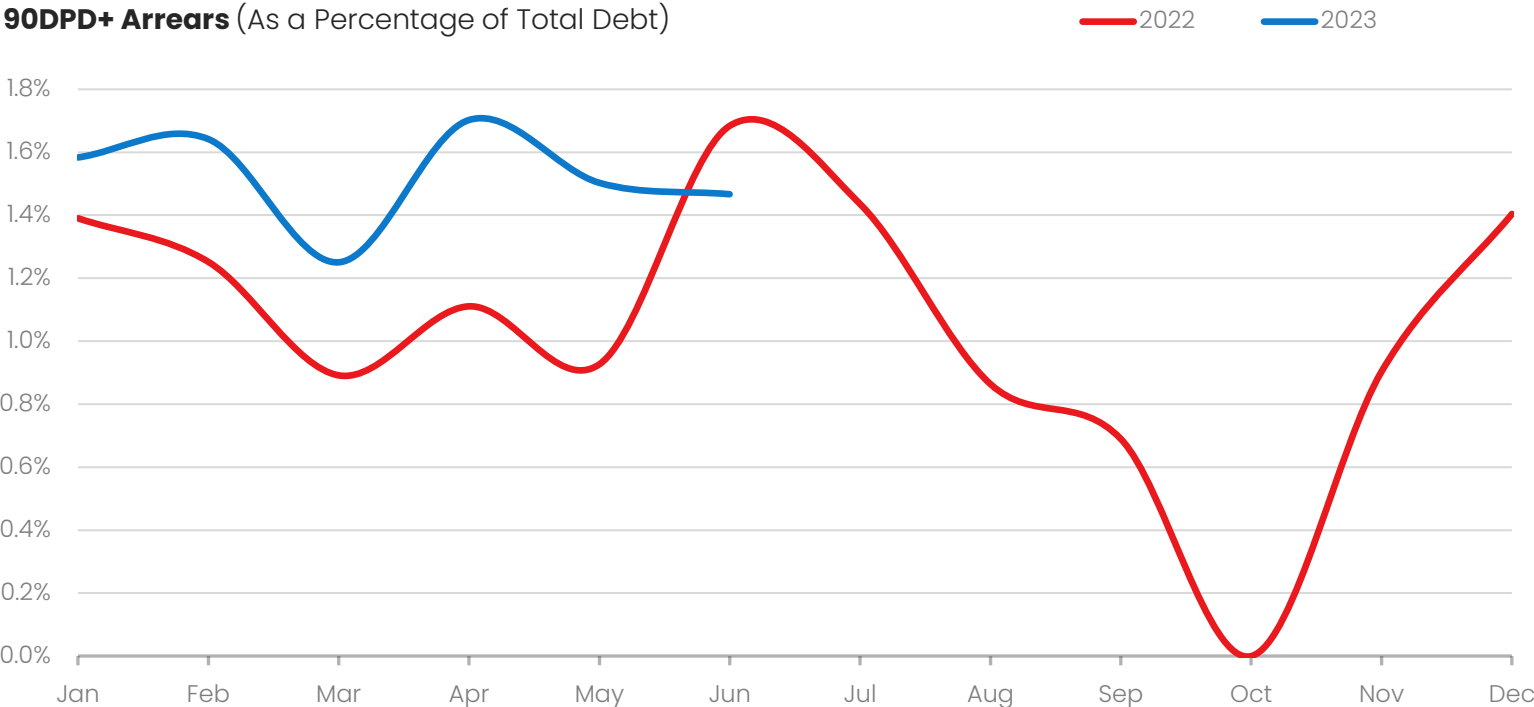
Year-on-Year

↑ **7.3%**

90DPD+ arrears were up 7.3% from June 2022 to June 2023.

Concrete Merchant Arrears in Percentages (90+DPD)

90DPD+ Arrears (As a Percentage of Total Debt)



Month-on-Month



4bps

90DPD+ arrears were 4bps lower in June 2023 compared to May 2023.

Year-on-Year



22bps

90DPD+ arrears were 22bp lower in June 2023 compared to June 2022.