

## Eurozone bank lending growth rises but still lags pre-pandemic levels

The ECB's easing measures continue to have a modest effect on bank lending, with growth rising but still lagging behind pre-pandemic levels. This still translates into a modest increase in private investment this year



Bank lending growth in the eurozone increased again in February for both businesses and households. Growth rose from 1.3% in January to 1.5% in February for households and from 2% to 2.2% for businesses. This is historically still quite weak as it remains below the growth rates seen between 2017-19, but those growth rates could possibly be reached over the course of the year if financial conditions ease.

This shows that the impact of ECB easing continues to have the desired effect on the economy. With lending growth accelerating out of stagnation, this represents a careful improvement of monetary conditions. Given the pace, though, it is also clear that the ECB is still not stimulating the economy.

The modest pace of bank lending suggests that only a small acceleration of private investment can be expected for 2025. At the same time, massive public investment plans on defence and

German infrastructure are being floated, which can improve investment for the medium term. So, monetary transmission becomes less relevant for investment if sizable fiscal support does come through.

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