

Snap | 27 September 2017

## Eurozone bank lending growth increases, but only just

Bank lending in the Eurozone continues to recover cautiously.



Lending growth to households was stable at 2.7% YoY in August, while lending to non-financial corporations increased from 2.4% to 2.5% YoY. This is far from a lending boom but does provide soft support to economic growth in months ahead. While growth rates are still well below the pre-crisis averages of the 2000s, lending continues to improve. The pace of recovery of bank lending has fallen since the start of last year and August was no exception. Lending to households was stable as the pace of growth in consumer credit remained at 6.7% YoY. Growth in lending for house purchases did increase from 3.1% to 3.4% YoY, which indicates a further recovery of the Eurozone housing market.

The modest increase in loans to non-financial corporates is a positive sign for the investment recovery. Still, with an economy performing above trend, capacity utilisation nearing peaks seen in the 1990s and low interest rates, a stronger appetite for investment could be expected. The money supply grew faster than in July as M3 was back at 5% growth YoY. This was mainly because of improvements in the narrower M1, increasing from 9.1% to 9.5%. All in all, the monetary developments in the Eurozone remain accommodative, without causing a bank lending boom so far.

## Author

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.