

## 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.

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