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## Eurozone bank lending growth supports business investment

Bank lending growth to businesses continued to improve in September, which together with the modest bounce back in the monetary aggregates adds to a slightly more positive view on Eurozone GDP growth for the months ahead



Bank lending to non-financial corporates continued to accelerate and now stands at 4.3% year on year. The strengthening growth in lending to businesses is supportive of stronger investment in the months ahead. While growth in lending to the private sector in total was stable, this was mainly because of the declining growth in consumer credit. Growth in lending to households for house purchases was stable at 3.1% YoY.

The monetary aggregates show a picture of modest growth, impacted by the gradual tapering from the European Central Bank. M3 grew by 3.5% YoY, slightly higher than in August, while the narrow aggregate M1 bounced back from 6.4% to 6.8% in September. This adds to a modestly positive view on GDP growth in the months ahead despite several downside risks.

According to the ECB, bank lending survey for October, credit standards eased further in the third quarter. This was the case both for businesses and households for house purchases, while

consumer credit standards were broadly unchanged. At the same time, demand for loans also increased from both consumers and businesses, indicating that the environment for loan growth and investment remains quite favourable.

The survey suggests that the fourth quarter will remain accommodative to lending. With the current trend of stronger growth in lending to businesses coming through, this provides support for continued decent GDP growth towards the end of the year.

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