

## Eurozone lending growth accelerates at start of 2018

Adjusted loan growth increased to 3.4% YoY for businesses and was stable at 2.9% YoY for households in January, confirming the positive investment outlook for the first half of the year



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ECB President Mario Draghi boasted of improved borrowing conditions at yesterday's hearing in the European Parliament and today's numbers back that up. It comes as no surprise that loan growth for businesses is up in the Eurozone. Surveys have been indicating supply constraints for a while now. As capacity utilisation is well above its long-term average, demand for loans has increased markedly since early 2017. All in all, this makes for a rosy outlook for Eurozone investment.

Loans to households were stable in January as lending growth for house purchases decreased slightly last month, from 3.5% in December to 3.3% in January. This is the same annual growth rate as seen in June 2017 and indicates that after steady increases over 2017, loan growth for house purchases has plateaued for the moment. This comes on the back of sharp increases in house prices, which were 4.3% higher than at the peak of 2008 in Q3. Loan growth for consumer credit did increase in January and made up for slowing house loan growth.

So even though according to the ECB's bank lending survey, banks have been slightly tightening bank credit standards for enterprises again in Q1, it does not seem that financial conditions have tightened enough to impact lending for the moment.

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