

Snap | 27 February 2018

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



Source: Shutterstock

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.

Author

Bert Colijn

Chief Economist, Netherlands

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>.