

## Eurozone lending growth weakens in September

Monetary developments provide a cautious note to the eurozone outlook as money growth and lending to the private sector both slow. Next month's figures should show if this was a one-off blip or not



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The slowdown in M3 money supply from 5.8 to 5.5% year-on-year in September is not necessarily very alarming. The indicator had seen strong growth over recent months, which was also found in the narrow money aggregate M1, a clear green shoot for a growth pickup in the middle of next year. A one-month blip is not necessarily alarming, but in the light of an already weak economy should be treated with caution.

More concerning is the weakness in private sector lending growth, which declined slightly from 3.8 to 3.7% in September mainly due to a decline in the growth rate of non-financial corporate lending. This drop from 4.3 to 3.7% represents a weakening of the credit impulse and could reflect reluctance in borrowing among businesses as concerns about the economy become widespread.

Next month should show whether this was a one-off blip or whether uncertainty is starting to have more of a material impact on lending demand. That would add to concerns about a

prolonged slow growth environment or perhaps even worse.

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