

Snap | 28 March 2019

## Eurozone loan growth recovers but remains unsupportive of growth in February

While the recovery of bank lending growth does come as a relief, the credit impulse continues to be on a declining trend. This signals little support to a possible GDP growth recovery in the months ahead



Source: Shutterstock

The February monetary developments came as a relief. After a sudden drop in bank lending growth to non-financial corporates in January, growth picked up from 3.4% to 3.7% year on year. Growth in consumer borrowing picked up slightly from 3.2% to 3.3% YoY too.

The broad monetary aggregate M3 jumped from 3.8% to 4.3% and M1 - a better leading indicator for the economy, increased to 6.6%.

Fears of lower business confidence causing a squeeze in borrowing, therefore, seem to be somewhat overdrawn, but the credit impulse does continue to slow as growth in bank lending has plateaued. This means that lending isn't supportive of a pickup in growth in the months ahead.

Earlier this month, the ECB seemed to jump the gun a little with the decision to lengthen their forward guidance and announce new targeted longer-term refinancing operations (TLTROs).

The ECB moved quickly to try and avoid a prolonged slowdown, but the jury is still out to whether the slowdown is just temporary or not. Today's monetary data is somewhat a mixed bag for the growth outlook, but at least brings some reassurances as January's lending growth deterioration halted in February.

### Author

#### **Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto: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 [www.ing.com](http://www.ing.com).