

Rome, 24 April 2018

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS¹

Q1 2018 and outlook for Q2 2018

In the first quarter of 2018 **credit supply standards for new lending to firms and to households for house purchase** eased slightly (Figure 1.a). Banks expect this trend to continue for the current quarter.

Credit demand by **firms** registered a further increase, driven mainly by the need to fund fixed investment, inventories and working capital, and by still very low interest rates; demand for **house purchase loans by households** also expanded moderately, primarily reflecting the low cost of borrowing (Figure 1.b). Banks expect demand to strengthen further this quarter as well.

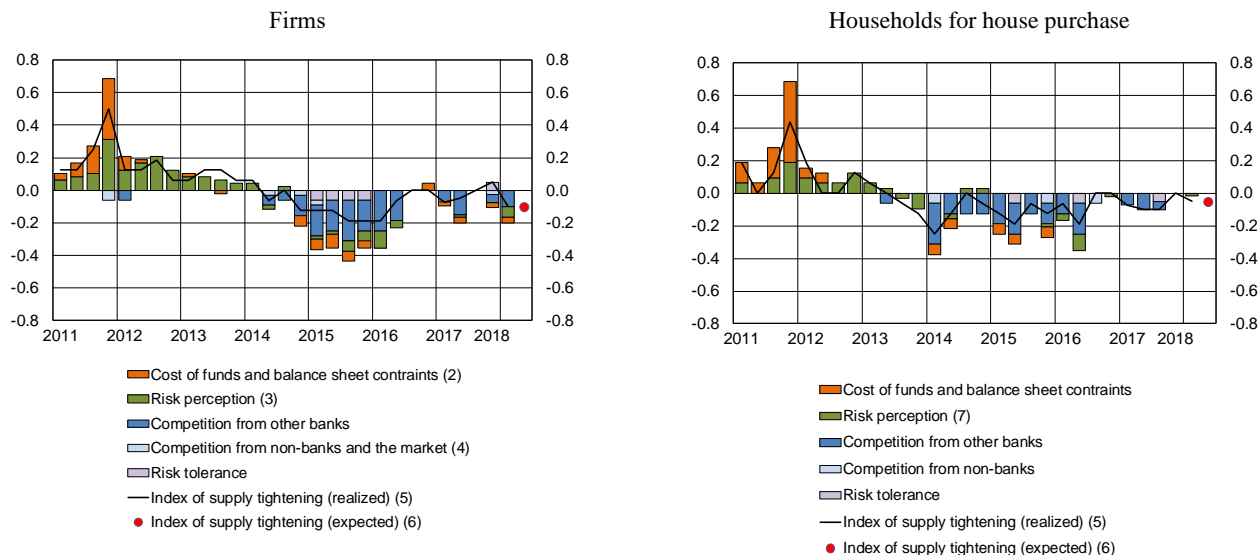
¹ Ten of the main Italian banking groups took part in the survey, which ended on 3 April 2018. A more extensive discussion of these results will be included in the Bank of Italy's next *Economic Bulletin*, which will be published in July 2018. The results for the euro area are available at the page of the survey on the ECB's website (www.ecb.europa.eu).

Figure 1

Supply conditions and trends in credit demand in Italy (1)

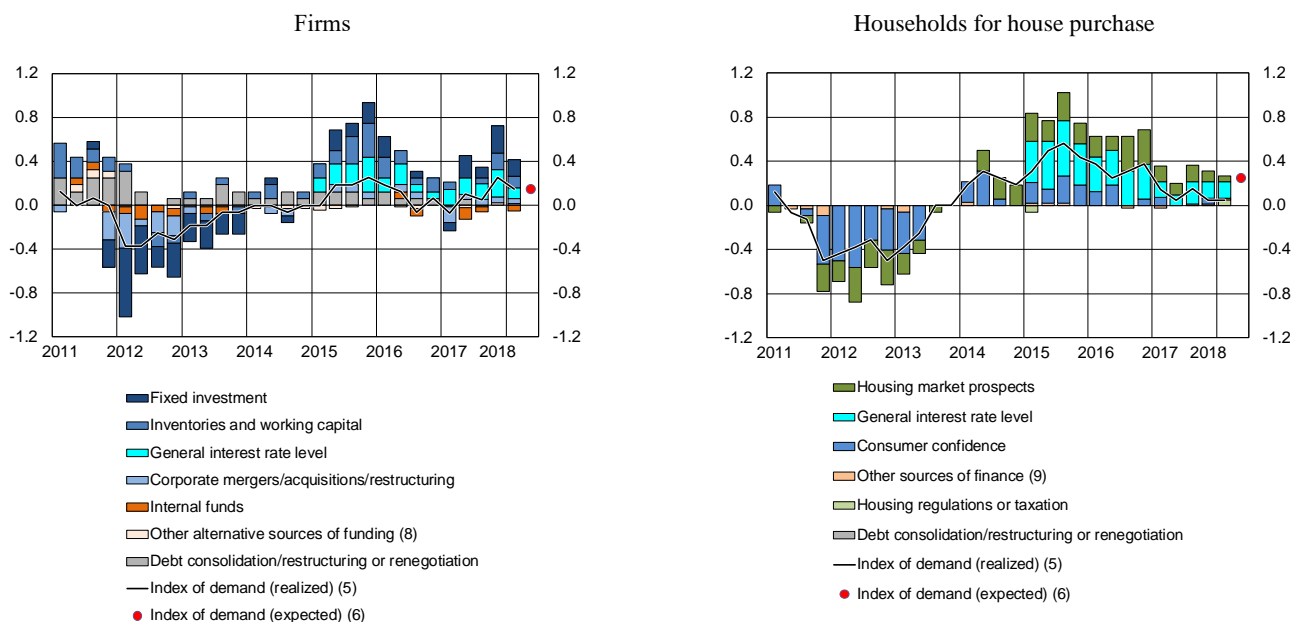
(a) Credit supply

Tightening (+)/easing (-)



(b) Credit demand

Expansion (+)/restriction (-)



Note: (1) For the general indices, positive values indicate supply restriction/demand expansion compared with the previous quarter; for the factors, positive values indicate a contribution to supply restriction/demand expansion compared with the previous quarter. The diffusion indices are constructed on the basis of the following weighting scheme: for supply conditions, 1=tightened considerably, 0.5=tightened somewhat, 0=basically unchanged, -0.5=decreased somewhat, -1=decreased considerably; for demand, 1=increased considerably, 0.5=increased somewhat, 0=basically unchanged, -0.5=decreased somewhat, -1=decreased considerably. The range of variation of the index is from -1 to 1. – (2) Average of the following factors: bank's capital position; bank's ability to access market financing; and bank's liquidity position. – (3) Average of the following factors: general economic situation and outlook; industry- or firm-specific situation and outlook; and risks associated with collateral. – (4) Average of the following factors: competition from non-banks and competition from other financing sources. – (5) Refers to the quarter ending at the time of the survey; right-hand scale. – (6) Forecasts prepared in the previous quarter; right-hand scale. – (7) Average of the following factors: general economic situation and outlook; housing market prospects; and borrowers' creditworthiness. – (8) Average of the following factors: loans granted by other banks; loans granted by non-banks; issues/redemptions of debt securities; and issues/redemptions of equity. – (9) Average of the following factors: self-financing of house purchase with savings; loans granted by other banks; and other sources of external funding.