BANCA D'ITALIA
EUROSISTEMA

Rome, 9 April 2019

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS[1]

Q1 2019 and outlook for Q2 2019

Credit standards for new loans to firms were unchanged in the first quarter of 2019, while they tightened slightly for loans to **households for house purchase** (Figure 1.a). For the current quarter, banks expect credit standards for new loans to firms to remain unchanged and those for loans to households for house purchase to tighten slightly.

In the early months of the year the expansion of **credit demand** came to a halt for both **firms** and **households** (Figure 1.b). For firms, the expansionary contribution of fixed investment and of low interest rates was offset by greater recourse to alternative sources of funding. Looking forward, firms' demand for loans is expected to weaken in the current quarter, while that of households should strengthen.

[1] Ten of the main Italian banking groups took part in the survey, which ended on 19 March 2019. A more detailed analysis of these results will be included in the Bank of Italy's next Economic Bulletin, which will be published on 18 April 2019.

The results for the euro area are available on the ECB's website (www.ecb.europa.eu).

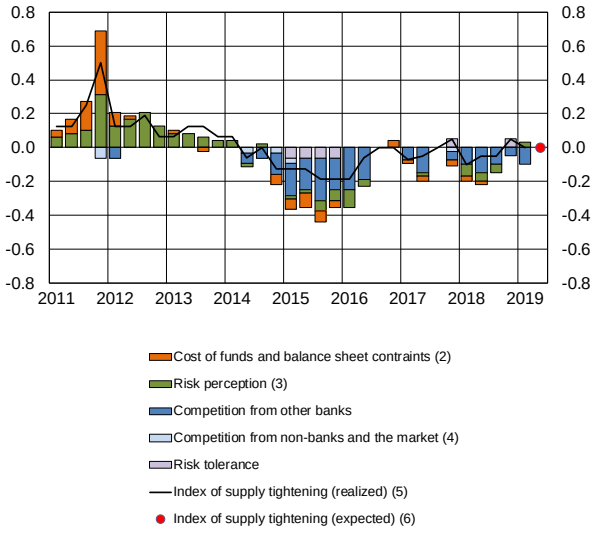
Figure 1

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

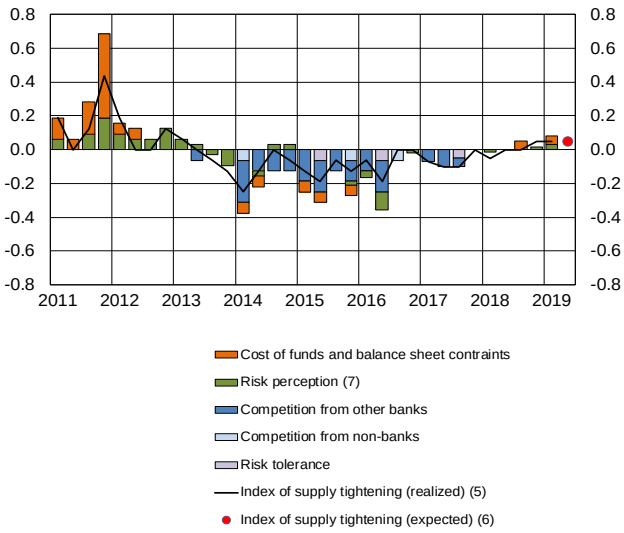
(a) Credit supply

Tightening (+)/easing (-)

Firms



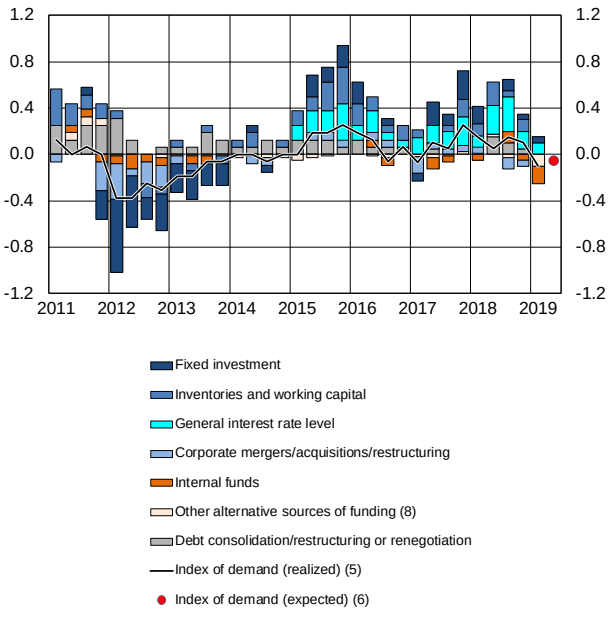
Households for house purchase



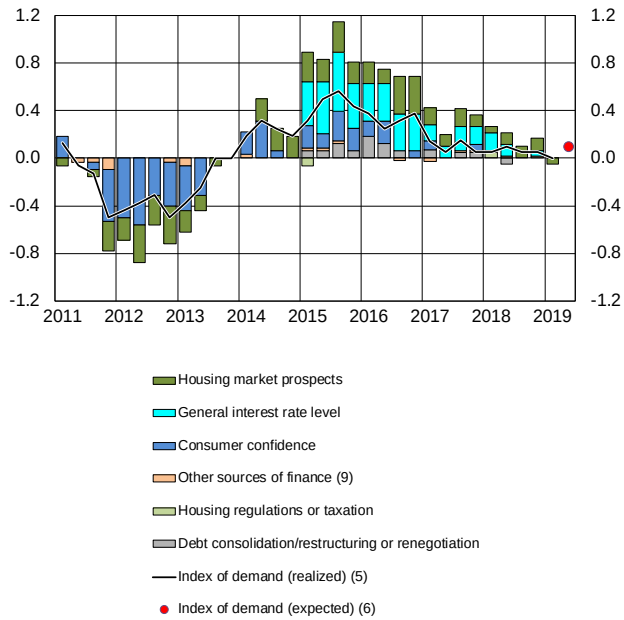
(b) Credit demand

Expansion (+)/restriction (-)

Firms



Households for house purchase



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. – (6) Forecasts prepared in the previous quarter. – (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.