

Rome, 22 January 2019

## The Euro Area Bank Lending Survey

### MAIN RESULTS FOR ITALIAN BANKS<sup>1</sup>

Q4 2018 and outlook for Q1 2019

**Credit standards for new loans to firms** and to **households for house purchase** tightened slightly in the fourth quarter of 2018 (Figure 1.a). For the current quarter, banks expect credit standards to remain unchanged overall.

**Credit demand by firms** continued to expand (Figure 1.b), driven in large part by low interest rates and by spending on inventory and working capital. The **demand by households for loans for house purchase** also increased moderately, mostly on account of the favourable outlook for the real estate market. Banks expect the demand for loans by firms to contract slightly this quarter and that by households to continue to expand.

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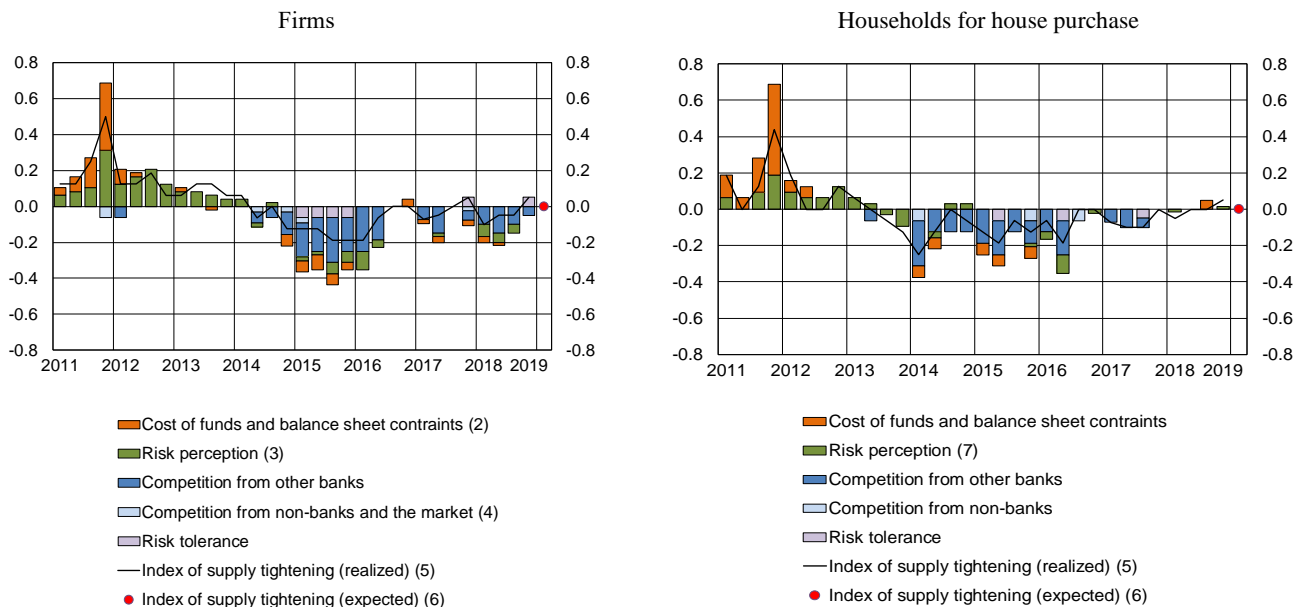
<sup>1</sup> Ten of the main Italian banking groups took part in the survey, which ended on 28 December 2018. A more detailed analysis of these results will be included in the Bank of Italy's next Economic Bulletin, which will be published in April 2019. The results for the euro area are available on the ECB's website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

Figure 1

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

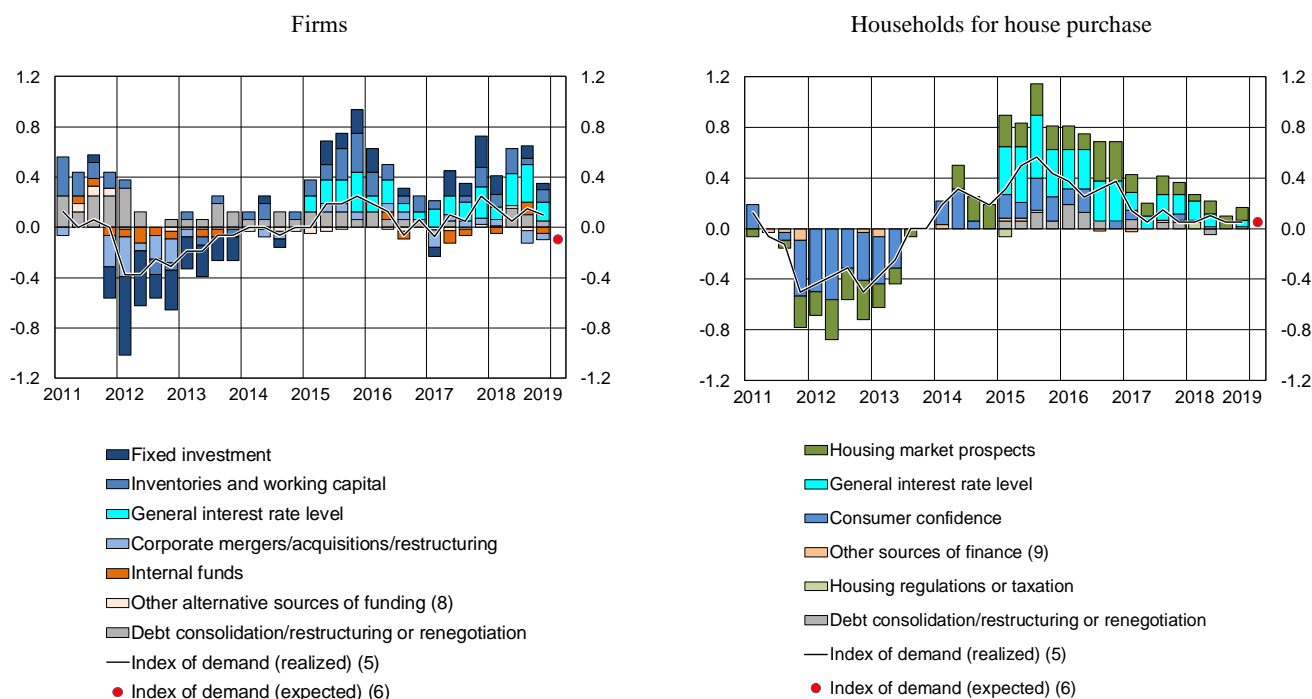
### (a) Credit supply

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. – (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.