

Rome, 18 October 2016

THE EURO AREA BANK LENDING SURVEY

MAIN RESULTS FOR ITALIAN BANKS¹

Q3 2016 and outlook for Q4 2016

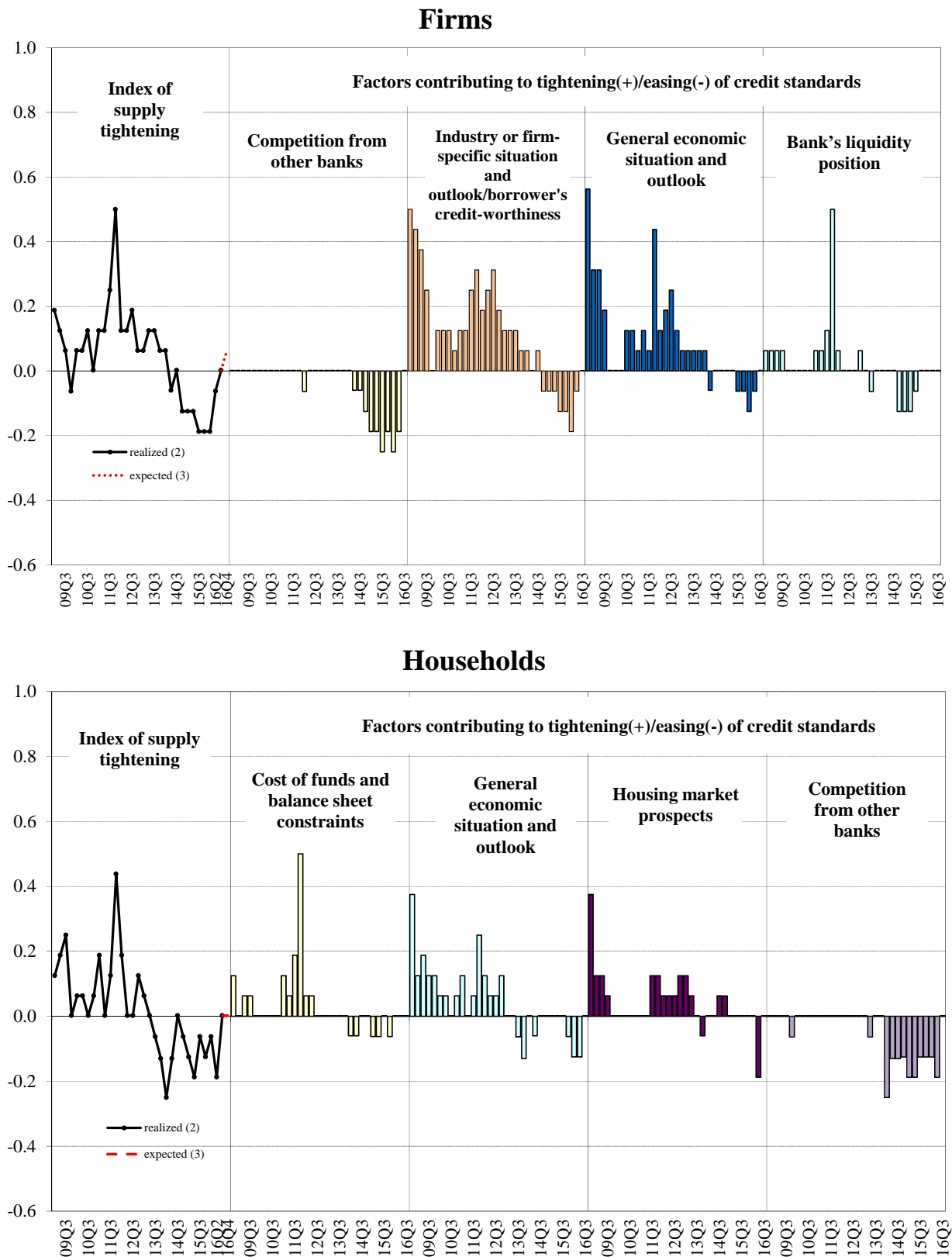
Credit standards on loans to firms remained unchanged in the third quarter of 2016 (Figure 1). Interest rate margins on average loans to firms and households continued to narrow. For this quarter banks expect supply conditions to remain broadly unchanged.

The growth in demand for loans has come to a halt for firms but has continued to rise for households (Figure 2). Looking ahead, demand from firms is expected to remain unchanged while that of households is likely to increase further.

¹ Eight of the main Italian banking groups took part in the survey, which ended on 4 October 2016. The results for the euro area are available on the ECB's website at www.ecb.int. A more extensive discussion of these results will be included in the Bank of Italy's *Economic Bulletin*, No.1, 2017, to be published in January 2017.

Figure 1

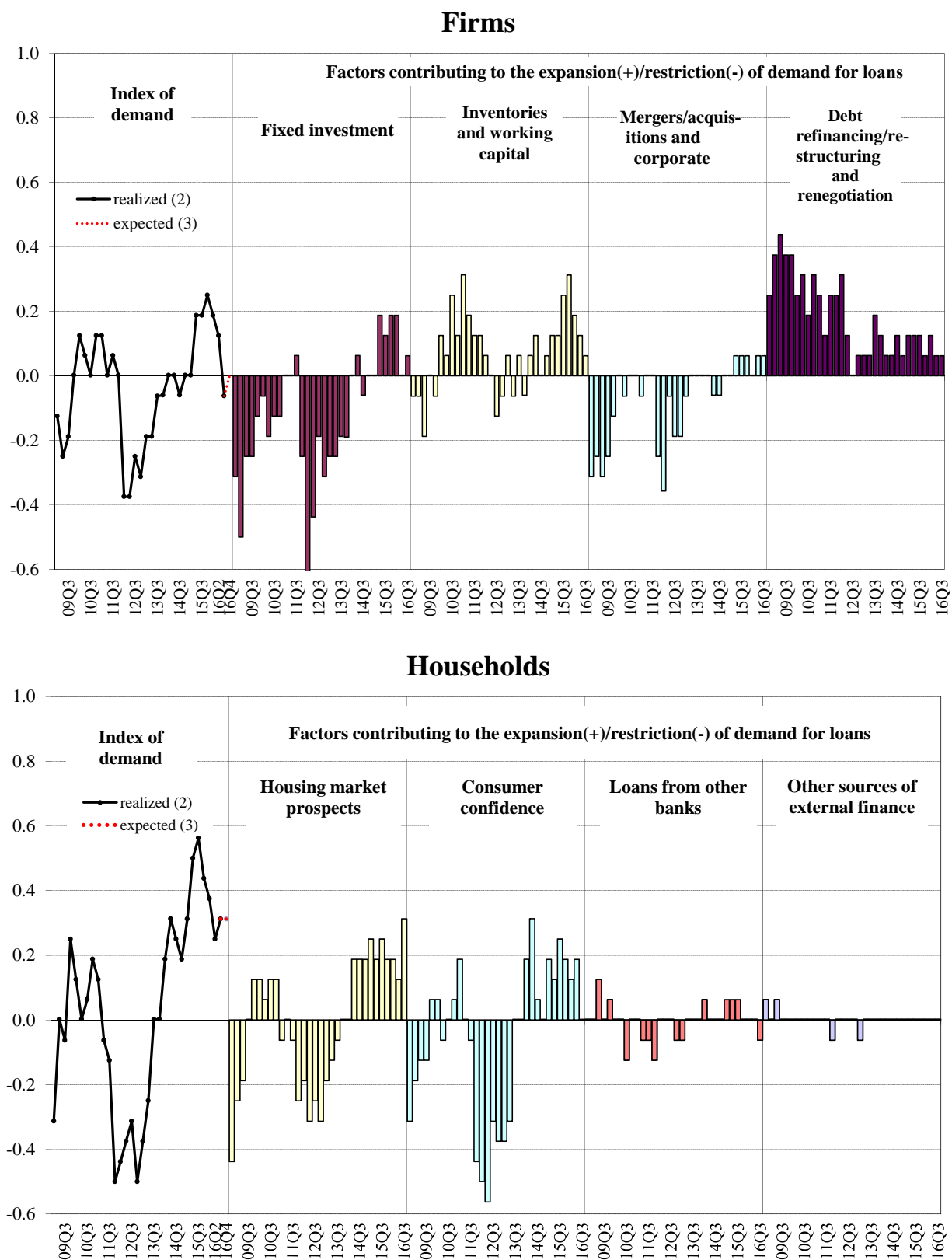
Supply conditions and main contributing factors (1)



(1) Positive values indicate supply restriction compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 1 = tightened considerably, 0.5 = tightened somewhat, 0 = basically unchanged, -0.5 = eased somewhat, -1 = eased considerably. The range of variation of the index is from -1 to 1. – (2) Refers to the quarter ending at the time of the survey. – (3) Forecasts made in the preceding quarter.

Figure 2

Trends in credit demand and main contributing factors (1)



(1) Positive values indicate demand expansion compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 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) Refers to the quarter ending at the time of the survey. – (3) Forecasts made in the preceding quarter.