

Rome, 22 October 2019

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS¹

Q3 2019 and outlook for Q4 2019

Credit standards for new loans, both to firms and to households for house purchase, eased slightly in the third quarter of 2019 (Figure 1.a). For the current quarter, banks expect credit standards to remain unchanged for loans to households for house purchase and to continue easing moderately for loans to firms.

Credit demand from firms contracted moderately, mainly owing to the diminished borrowing needs for both the financing of fixed investment and spending on inventories and working capital (Figure 1.b). The demand for loans to households for house purchase increased slightly, driven by the positive contribution of the residential housing market prospects and the low level of interest rates. Going forward, firms' demand for loans is expected to remain unchanged, that of households to strengthen further.

¹ Ten of the main Italian banking groups took part in the survey, which ended on 30 September 2019. A more detailed analysis of these results will be included in the Bank of Italy's next Economic Bulletin, to be published in January 2020.

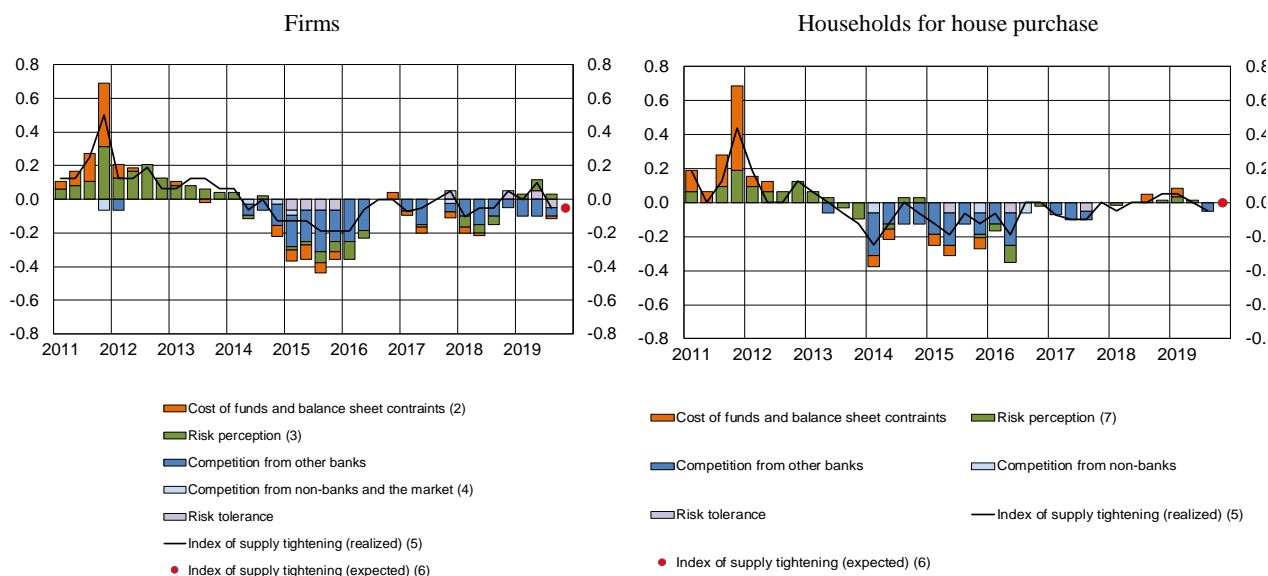
The results for the euro area are available on the ECB's website (www.ecb.europa.eu).

Figure 1

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

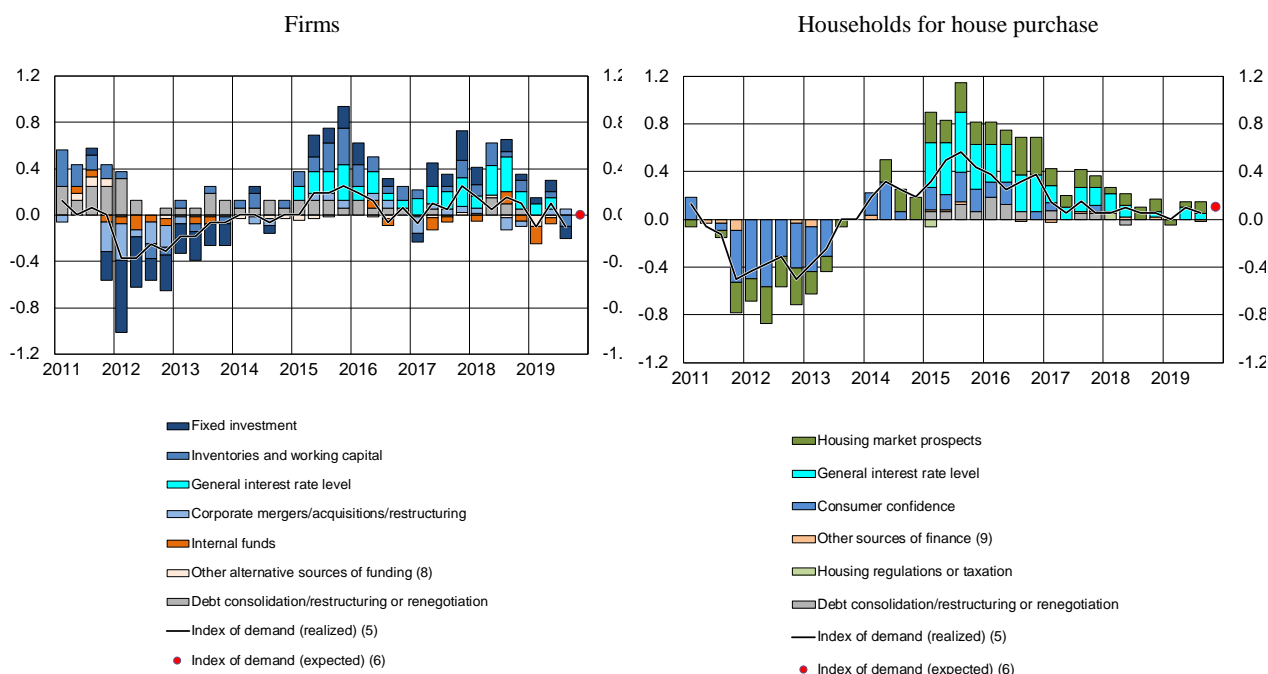
(a) Credit supply

Tightening (+)/easing (-)



(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.