

6th July 2020

Loans to individuals – France • May 2020

Housing credit flows resume in May

- The stability in May of the annual growth rate of loans to individuals (+5.2%, as in April) masks contrasting trends depending on the type of loan.
- The annual growth rate in consumer credit shrinks in May (-0.6%, down from +0.4% in April), meaning that over one year repayments exceed new loans.
- Conversely, flows of housing loans (seasonally adjusted) rise sharply in May after two months of virtual stability (+€7.2bn, up from -€0.2bn in April and +€0.4bn in March) and reach a high since May 2011.
- The production of new housing loans, which stands at €21.1 billion in May, is still driven by the renegotiations. Although their share in new loans is declining after the sharp rise in April, it remains at a high level (32% in May, after 47% in April).
- The average rate of new housing loans falls by 6 basis points in May (1.25%, after 1.31% in April and 1.19% in March). Excluding renegotiations, the interest rate stands at 1.17%, up by 1 basis point over one month.

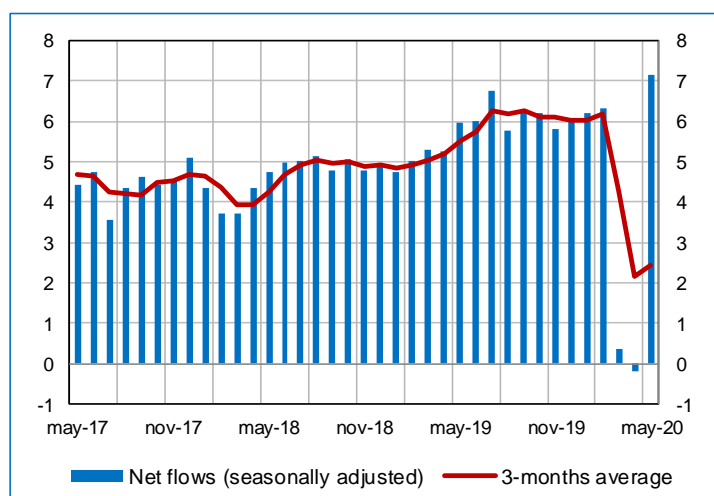
Outstanding amounts and annual growth rates (without seasonal adjustment)

(Outstanding amounts in € Bn, annual growth rate in %)

	End-of-month level		Annual growth rate	
	May-20	Mar-20	Apr-20	May-20
Total	1 310	6.1	5.2	5.2
<i>Lending for house purchase</i>	<i>1 095</i>	<i>6.6</i>	<i>6.0</i>	<i>6.1</i>
<i>Credit for consumption</i>	<i>182</i>	<i>3.5</i>	<i>0.4</i>	<i>-0.6</i>
<i>Other lending</i>	<i>34</i>	<i>5.6</i>	<i>7.8</i>	<i>9.1</i>

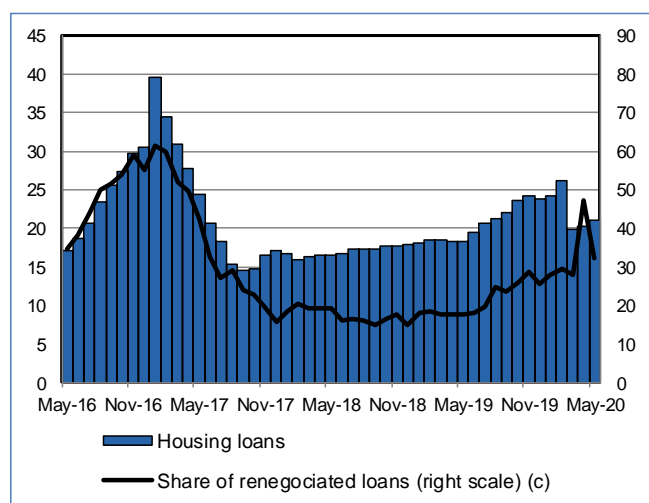
Monthly flows of housing loans (with seasonal adjustment)

(Changes in stocks in € Bn, adjusted for sales and securitization and write-offs/write-downs)



Share of renegotiation of new property loans

(New property loans seasonally adjusted, in € Bn and in %)





Production of new loans

(excluding overdrafts, monthly flows seasonally adjusted (a))

(in € Bn)	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
- loans for consumption purposes (b)	6.1	6.0	5.9	4.0	1.7	3.7
- housing loans	23.8	24.2	26.1	19.8	20.3	21.1
of which housing loans excluding renegotiations	17.7	17.4	18.5	14.3	10.7	14.3
- proportion of renegotiation (not seasonally adjusted) in % (c)	25.4	28.0	29.3	28.0	47.1	32.2

Interest rates on new loans (narrowly defined effective rate, monthly average)

(in %)	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20 (e)	May-20 (f)
- housing loans long term and fixed rates	1.17	1.17	1.19	1.19	1.31	1.25
- housing loans short term and floating rates	1.29	1.30	1.27	1.24	1.37	1.34
- housing loans excluding renegotiations	1.14	1.15	1.17	1.17	1.16	1.17
- loans for consumption purposes (b)	3.52	3.75	3.84	3.76	3.83	3.86
- overdrafts for individuals (d)	5.29	5.48	5.74	5.72	5.94	5.73

(a) Parameters for seasonal adjustment are updated each month, taking into account monthly data under review.

(b) Excluding revolving loans.

(c) Ratio of renegotiated loans on housing loans, both not seasonally adjusted

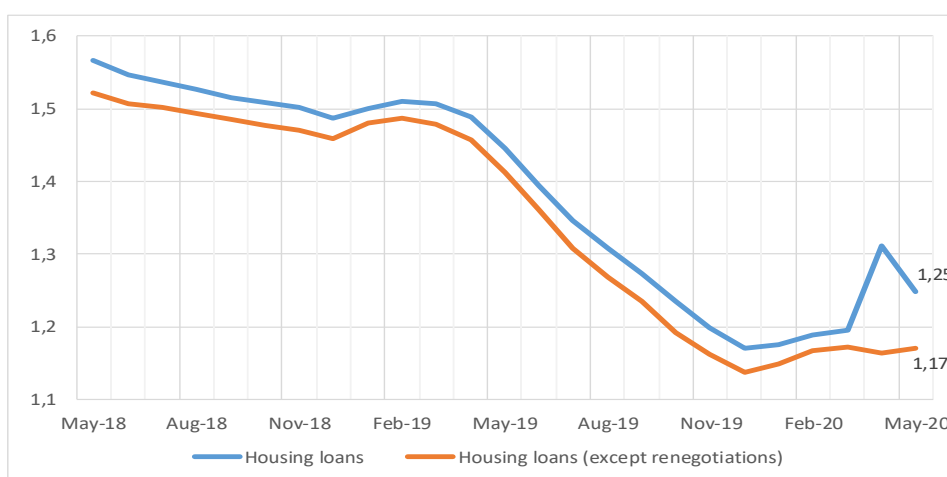
(d) Overdrafts: negative balance of ordinary accounts + commercial credits + factoring + cash credits without fixed repayment schedule (including mobilization of revolving loans).

(e) Revised data

(f) Provisional data

Interest rates on housing loans, all maturities

(Narrowly defined effective rate, average weighted by long and short term flows, in %)



Additional information

Only loans granted to individuals (households excluding sole proprietors and unincorporated partnerships) by resident monetary financial institutions are presented here.

The outstanding growth rates are calculated by correcting accounting modifications that do not reflect economic changes. In particular the accounting derecognition of loans from the MFI's statistical balance sheet due to their sale, securitization or write-offs/write-downs is corrected. Conversely, exchange rate effects are taken into account without any change.

Monthly growth rates are those of new loans agreed, i.e. disbursed. It should not be considered as an indication for identifying any inflection point in loans' granting policy, since a delay is observed between the acceptance of the loans and its effective disbursement.

The monthly growth rates are those of the loans originated. New loan production represents new loans granted, even when they are not yet actually disbursed to the borrower, in accordance with the Eurosystem's harmonised methodology, which aims to provide the public with an indicator that rapidly reflects changes in loan production. For this reason, the production of new loans differs from monthly changes in outstanding loans because the outstanding amounts are recorded after the actual disbursement of funds and take into account the amortisation of old loans.

The weighted average rates and new business volumes are calculated according to the harmonized definitions of the Eurosystem. Published rates are the narrowly defined effective rate (NDER). They correspond to the interest component of the Annual Percentage Rate of Charge (APRC). Renegotiated loans also include mortgage repurchases.

