

ABI MONTHLY REPORT¹ – June 2024

(Main evidence)

In the last months, there have been signs of a decrease in market rates compared to previous peak values, anticipating the recent decision by the ECB to reduce monetary policy rates by a quarter of a point.

MARKET RATES

In the first 13 days of June:

1. **The six-month BOT rate** was on average **3.61%**, down from **3.64% in May** and 45 basis points lower than the peak value recorded in October 2023.
2. **The 3-month Euribor rate** averaged **3.75%**, down from **3.81% in May** and 25 basis points lower than the peak value recorded in October 2023.
3. **The BTP rate** was on average **3.93%**, up from **3.85% in May** but **106 basis points lower** than the peak value recorded in **October 2023**.
4. **The 10-year IRS rate** (widely used in mortgages) averaged **2.82%**, up from **2.80% in May** and **69 basis points lower than the maximum** recorded in **October 2023**.

LENDING INTEREST RATES

5. In May 2024:

¹ The ABI monthly report makes available a series of quantitative information before any other survey regarding the same data. This is possible because the banks themselves have produced this information.

- **the average rate on new loans for house purchasing decreased to 3.61%**, compared to 3.67% in April and 4.42% in December 2023;
- **the average rate on new business loans decreased to 5.21%** compared to 5.30% in Aprile 2024 and 5.45% in December 2023;
- **the average rate on total loans** (therefore agreed upon over the years) **remained stable at 4.81%** (cf. Table 1).

INTEREST RATES ON FUNDING

6. The **interest rate on new deposits with agreed maturity** (i.e. certificates of deposit and time deposits) in May 2024 **was 3.51%**. In April 2024 this interest rate was higher than the euro area average (3.59% in Italy; 3.46% in euro area). **Compared to June 2022**, when the interest rate was 0.29% (the last month before the start of the official interest rate hikes) **the increase is equal to 322 basis points**.
7. **The yield on new fixed-rate bond issues in May 2024 is 3.52%** (1.31% in June 2022), with an increase of 221 basis points.
8. In May 2024, **the interest rate on total amounts of deposits** (current accounts, savings deposits and certificates of deposit), **is 1.04%** (same value of the previous month; 0.32% in June 2022).
9. **The interest rate on current account deposits is 0.57%** (same value of the previous month), taking into account that the current account allows the use of a multitude of services and does not have the function of investment (cf. Table 2).

SPREAD BETWEEN THE LENDING RATE

10. The **spread on new business** (calculated as the difference between the rates on new loans and new funding) with household and non-financial corporations **in Italy**, in May 2024, is **196 basis points**.

CUSTOMER FUNDING TREND

11. **Indirect funding**, i.e. investments in securities held by banks (both under management and held directly by customers) shows an **increase of about 214 billion between April 2023 and April 2024** (131 billion attributable to households, 19.6 to non-financial corporations and the remaining to other sectors, financial companies, insurance companies, public administration).
12. In May 2024 **medium- and long-term funding**, i.e. through bonds, increased over the last 12 months by **18.2%** (+21.7% in the previous month).
13. **Deposits**, in their various forms, remained essentially stable in May 2024, showing a year-on-year decline of -0.1% from -1.4% in April 2024.
14. In May 2024, **total funding** (deposits from resident customers and bonds) **increased by 1.9%** yoy continuing the positive trend observed since the beginning of the year (+1.1% in April 2024; cf. *Table 3*).

BANK LENDING

15. The decline in credit volumes is consistent with the slowdown in economic growth which contributes to depressing the demand for loans: in May 2024, **loans to households and non-financial corporations were down by 2.3%** compared to a year earlier, same decline observed in April 2024 when **loans to non-financial corporations were down yoy by 3.4% and those to households by 1.2%** (cf. *Table 4*).

CREDIT QUALITY

16. **In April 2024, net non-performing loans** (i.e., the total of bad loans, unlikely-to-pay exposures, and past due and/or overdrawn exposures, calculated net of write-downs and provisions already made by the banks) slightly increased to **31 billion euros** from 30.5 billion in December 2023 (31.2 billion in September 2023). Compared to their peak level of 196.3 billion reached in 2015, they have decreased by almost 166 billion.
17. **In April 2024, net non-performing loans represented 1.45% of total loans**. In December 2023, this ratio was 1.41% (1.42% in September 2023; 9.8% in 2015; cf. *Table 5*).

Table 1

Italy: bank interest rates on lending and benchmark yields (Monthly average - % figures)									
	Bank interest rates on loans in euro to households and non-financial corporations in Italy			Benchmark rate ECB ²	Interbank rates for the Eurozone		3-Month interbank rates		
	Total ¹ (amounts)				3-Month Euribor	10-year IRS	USA	Japan	UK
	Of which: to non-financial corporations (new business)	Of which: to households for the purchase of houses (new business)							
May-19	2,57	1,43	1,85	0,00	-0,31	0,44	2,53	0,05	0,80
May-20	2,40	1,21	1,33	0,00	-0,27	-0,12	0,40	-0,04	0,33
May-21	2,21	1,13	1,40	0,00	-0,54	0,14	0,15	-0,07	0,08
May-22	2,16	1,19	1,92	0,00	-0,39	1,76	1,47	-0,05	1,31
May-23	4,11	4,81	4,22	3,75	3,37	3,02	5,38	0,00	4,73
Jun-23	4,25	5,04	4,27	4,00	3,54	3,01	5,53	-0,02	5,09
Jul-23	4,43	5,09	4,19	4,00	3,67	3,11	5,58	0,00	5,49
Aug-23	4,48	5,01	4,29	4,25	3,78	3,17	5,64	0,00	5,53
Sep-23	4,61	5,35	4,21	4,50	3,88	3,24	5,66	0,00	5,52
Oct-23	4,71	5,46	4,35	4,50	3,97	3,41	5,66	0,02	5,40
Nov-23	4,76	5,59	4,50	4,50	3,97	3,10	5,64	-0,01	5,36
Dec-23	4,76	5,45	4,42	4,50	3,94	2,58	5,63	0,03	5,34
Jan-24	4,78	5,48	3,98	4,50	3,93	2,63	5,58	0,05	5,32
Feb-24	4,80	5,34	3,89	4,50	3,92	2,73	5,58	0,03	5,33
Mar-24	4,80	5,26	3,79	4,50	3,92	2,64	5,58	0,08	5,32
Apr-24	4,81	5,30	3,67	4,50	3,89	2,76	5,58	0,11	5,30
May-24	4,81	5,21	3,61	4,50	3,81	2,80	5,59	0,12	5,30

Notes: for bank rates, latest month of SI-ABI estimates.

(1) Weighted average rate

(2) End of period data

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy and SI-ABI

Table 2

Italy: interest rates on funding (Monthly average - % figures)													
	Bank interest rates: households and non-financial corporations							Gross yield of Government bonds in the secondary market			Yield at issue of postal funding		
	(ESCB harmonised statistics)							BOT	CCT	BTP	Deposits in euro	Average annual yield on 1 st year	Average annual yield on 5 th year
	Deposits in euro	Deposits in CA in euro	Bonds	Funding (deposits, repos and bonds) ¹	Deposits with agreed maturity	Bonds	Funding ²						
	(outstanding amounts)				new business								
May-19	0,38	0,05	2,37	0,63	0,82	1,08	0,79	-0,04	1,62	2,44	-	0,25	0,30
May-20	0,35	0,03	2,11	0,55	0,80	2,14	0,92	0,05	1,13	1,84	-	0,05	0,31
May-21	0,32	0,03	1,80	0,47	0,62	0,66	0,30	-0,52	-0,14	1,01	-	0,05	0,10
May-22	0,31	0,02	1,72	0,44	-0,04	2,85	0,92	-0,27	0,27	2,43	-	0,05	0,20
May-23	0,67	0,32	2,49	0,87	3,03	4,46	3,46	3,35	4,20	3,89	-	0,50	1,15
Jun-23	0,72	0,36	2,60	0,93	3,25	3,69	3,31	3,54	4,09	3,74	0,00	0,50	1,15
Jul-23	0,76	0,38	2,60	0,96	3,28	4,74	3,65	3,75	4,18	3,82	0,00	0,50	1,15
Aug-23	0,79	0,41	2,65	1,00	3,39	4,64	3,67	3,75	4,23	3,87	0,00	0,50	1,15
Sep-23	0,86	0,47	2,73	1,07	3,56	4,68	3,80	3,87	4,45	4,11	0,00	0,50	1,15
Oct-23	0,92	0,50	2,72	1,12	3,75	4,49	3,89	3,92	5,00	4,43	0,00	0,50	1,15
Nov-23	0,95	0,52	2,71	1,16	3,82	3,93	3,79	3,79	5,08	4,07	0,00	0,50	1,15
Dec-23	0,96	0,54	2,73	1,17	3,78	3,09	3,54	3,54	4,98	3,55	0,00	0,50	1,00
Jan-24	1,00	0,54	2,80	1,21	3,71	4,18	3,78	3,58	4,94	3,56	0,00	0,50	1,00
Feb-24	1,02	0,55	2,78	1,23	3,65	4,28	3,76	3,64	4,94	3,63	0,00	0,50	1,00
Mar-24	1,04	0,57	2,93	1,27	3,67	4,10	3,73	3,67	4,86	3,48	0,00	0,50	1,00
Apr-24	1,04	0,57	2,86	1,26	3,59	3,72	3,59	3,64	4,70	3,59	0,00	0,50	1,00
May-24	1,04	0,57	2,86	1,26	3,51	3,52	3,47	n.d.	n.d.	n.d.	0,00	0,50	1,00

Note: for banking rates latest available month for SI-ABI estimates.

(1) Weighted average rate (2) are included: deposits in CA, Deposits with agreed maturity, Deposits redeemable at notice, Repos, bonds

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy and SI-ABI

Table 3

Deposits and bonds from bank customers in Italy						
	Funding (deposits and bonds)		Resident customers' deposits¹		Bonds²	
	Billion €	yoy	Billion €	yoy	Billion €	yoy
May-19	1.765,6	2,1	1.526,2	3,8	239,5	-7,6
May-20	1.867,7	5,8	1.639,4	7,4	228,3	-4,7
May-21	1.984,1	6,2	1.774,5	8,2	209,6	-8,2
May-22	2.055,9	3,6	1.858,4	4,7	197,5	-5,8
May-23	2.003,3	-2,6	1.780,0	-4,2	223,3	13,1
Jun-23	1.993,0	-2,4	1.761,5	-4,3	231,5	15,1
Jul-23	1.982,9	-4,4	1.750,8	-6,5	232,1	15,9
Aug-23	1.985,1	-3,3	1.751,6	-5,5	233,4	16,4
Sep-23	2.013,7	-1,5	1.775,8	-3,5	237,9	16,3
Oct-23	1.984,6	-2,8	1.744,9	-4,9	239,6	16,5
Nov-23	1.985,9	-1,7	1.739,3	-4,0	246,6	18,6
Dec-23	2.041,2	-0,9	1.794,0	-3,0	247,2	18,3
Jan-24	2.016,3	0,5	1.765,4	-1,8	251,0	21,0
Feb-24	2.019,8	0,9	1.768,1	-1,1	251,7	17,9
Mar-24	2.025,2	1,3	1.767,0	-0,8	258,1	18,5
Apr-24	2.039,8	1,1	1.777,0	-1,4	262,9	21,7
May-24	2.041,7	1,9	1.777,7	-0,1	264,0	18,2

Notes: latest month of SI-ABI estimates.

(1) Deposits from ordinary private resident customers, excluding MFI and Central Public Authorities. It includes current accounts, preestablished term deposits, notice refundable deposits and repurchase agreements. The data are netted against operations with central counterparties, deposits with agreed maturity connected with receivables assignment transactions.

(2) Recorded at nominal value and expressed in euro, they include subordinated liabilities and do not include bonds purchased from banks. They refer to resident and non-resident customers.

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy and SI-ABI.

Table 4

Lending of the banks in Italy (except interbank) *						
	Total lending		Private sector *		of which: to households and non-financial corporation	
	Private sector and PA *					
	Billion €	yoy ⁽¹⁾	Billion €	yoy ⁽¹⁾	Billion €	yoy ⁽¹⁾
May-19	1.702,1	1,1	1.435,8	1,1	1.296,2	1,2
May-20	1.689,0	1,2	1.425,1	1,6	1.286,1	1,7
May-21	1.718,7	3,5	1.451,4	3,8	1.315,4	4,4
May-22	1.743,2	2,2	1.482,6	3,1	1.342,7	3,1
May-23	1.700,6	-1,4	1.448,9	-1,0	1.312,7	-0,9
Jun-23	1.697,0	-2,2	1.450,0	-1,6	1.311,3	-1,4
Jul-23	1.691,9	-2,7	1.446,7	-2,2	1.311,8	-2,0
Aug-23	1.675,5	-3,8	1.431,0	-3,3	1.297,8	-3,3
Sep-23	1.672,9	-3,9	1.428,1	-3,5	1.292,1	-3,7
Oct-23	1.664,9	-3,7	1.423,6	-3,1	1.291,9	-3,1
Nov-23	1.672,9	-3,5	1.430,8	-3,2	1.297,8	-3,0
Dec-23	1.676,8	-3,3	1.429,7	-2,8	1.288,2	-2,5
Jan-24	1.660,7	-3,1	1.419,2	-2,6	1.283,0	-2,6
Feb-24	1.652,6	-3,0	1.414,8	-2,5	1.281,1	-2,6
Mar-24	1.655,9	-2,9	1.418,1	-2,4	1.280,1	-2,6
Apr-24	1.647,2	-2,5	1.411,2	-2,2	1.277,4	-2,3
May-24	1.645,9	-2,8	1.410,0	-2,2	1.276,5	-2,3

Notes: latest month of SI-ABI estimates.

* Including gross bad loans and reverse repurchase agreements. Private sector: non-financial corporations, consumer and producer households, non-profit entities, other financial institutions, insurance companies and pension funds. The data are netted against central counterparties' operations.

(1) Variations calculated to include loans not recognised in the bank balance sheets in that they were securitised and are net of variations not related to the transactions (e.g. variations resulting from exchange rate fluctuations, value adjustments or reclassifications).

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy and SI-ABI.

Table 5

Net non-performing loans*		
	Amounts	As % of total loans
	(Billion €)	(% figures)
2019	69,8	3,31
2020	50,5	2,20
2021	40,1	1,67
2022	33,1	1,46
Mar-23	32,9	1,41
Jun-23	31,8	1,42
Sep-23	31,2	1,42
Dec-23	30,5	1,41
Mar-24	30,8	1,47
Apr-24	31,0	1,45

** include bad loans, unlikely-to-pay exposures, and past due and/or overdrawn exposures*

Source: Data processed by the Ufficio Analisi Economiche ABI on Bank of Italy quarterly data up to December 2023 and ABI estimates for April 2024