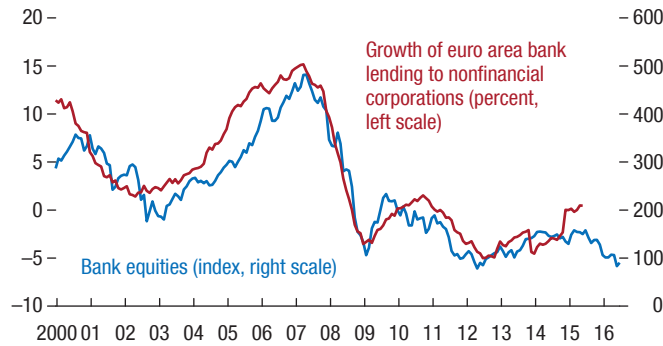


Figure 1.9. Effects on Credit Growth of Shocks to Equity Prices

A fall in bank equity prices could curb lending ...

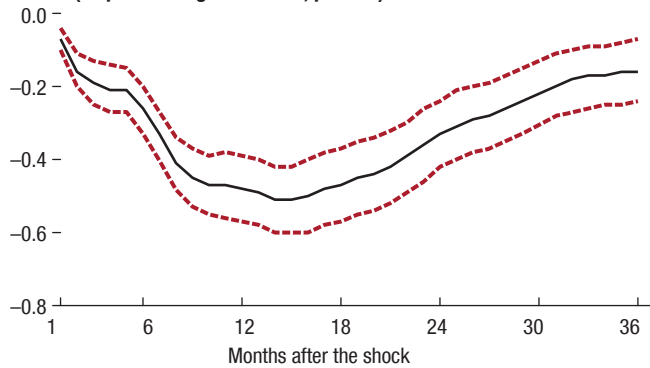
1. Euro Area Bank Equities and Lending to Nonfinancial Corporations



Sources: Bloomberg L.P.; Haver Analytics; and IMF staff estimates.
 Note: The series for lending has been shifted forward 12 months (e.g., the year 2000 reflects lending for 2001).

... for a prolonged period of time.

2. Corporate Credit Growth—Impulse Response to Negative Equity Shock (20 percent negative shock; percent)



Sources: Baker, Bloom, and Davis 2015; Bloomberg L.P.; Haver Analytics; and IMF staff estimates.

Note: The impulse responses are generalized (Pesaran and Shin 1997) so they do not depend on a specific ordering of the variables, and orthogonalization is not required. The responses are fully order invariant. The dashed lines show the 90 percent error bands.