

**Abstract**

In this paper, we employ panel co-integration techniques to identify and estimate homogeneous long-run equilibrium relations for money and credit for 10 euro area countries. Over the period 1999-2013, we do find evidence of such long-run relations when accounting for a structural break in 2008. While money and credit follow similar long run trends, the short and medium term relation between money and credit overhang is weak, throwing doubt on the hypothesis that money creating potential drives credit booms. Especially in current account deficit countries, we observe a sizable build-up of credit overhang prior to 2008. Positive (negative) credit overhang is strongly related to net foreign borrowing (lending).