



Retail Interest Rates – February 2024

10 April 2024

Household Lending Interest Rates

- The **weighted average interest rate on new Irish mortgage agreements**¹ at end-February 2024 was 4.29 per cent (Chart 1), an increase of 2 basis points from the previous month and increase of 131 basis points annually. The equivalent euro area average dropped by 6 basis points to 3.91 per cent (Table 1). At end-February, the rate in Ireland exceeded the euro area average by 38 basis points (Chart 1), and was the 7th highest in the euro area, unchanged from January.
- The **weighted average interest rate on new fixed rate mortgage agreements**, which constitute 75 per cent of the volume of new mortgage agreements (93 per cent in February 2023), was 4.20 per cent in February. This is unchanged from January and an increase of 131 basis points on the same month in the previous year.
- The **total volume of pure new mortgage agreements** rose to €641 million in February, a 18 per cent increase from the previous month, and a decrease of 39 per cent annually (Chart 2).
- Renegotiated mortgages** totalled €174 million in February compared to €141 million recorded in the previous month. 58 per cent of renegotiated mortgages were within the fixed rate category in February, compared to 67 per cent in January. The weighted average interest rate on renegotiated fixed rate mortgages was 4.15 per cent in February 2024, up from 3.14 per cent in February 2023, while the equivalent rate for the variable renegotiated category stood at 4.34 per cent in February 2024.
- The interest rate on **new consumer loans** increased by 16 basis points to 7.52 per cent in February compared to the previous month. The total volume of new consumer loans was €248 million in February.

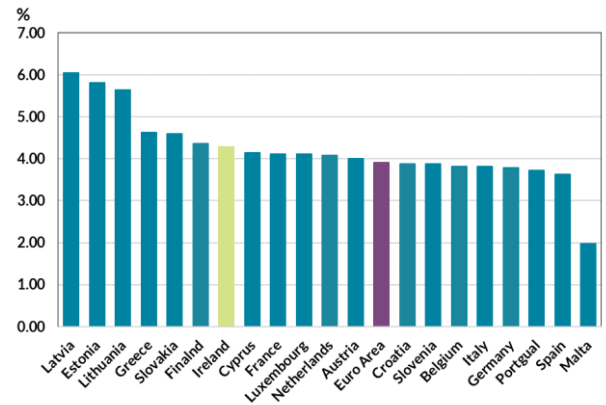
¹ Rates and volumes quoted on this page exclude renegotiations unless otherwise stated.

Table 1: Weighted average interest rates for house purchase (excluding renegotiations), February 2024

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New IE mortgage agreements	4.29	+2	+131	641
of which: · fixed rate	4.20	+7	+25	483
· variable rate	4.54	0	+131	158
New Euro area mortgage agreements	3.91	-6	+57	37,049

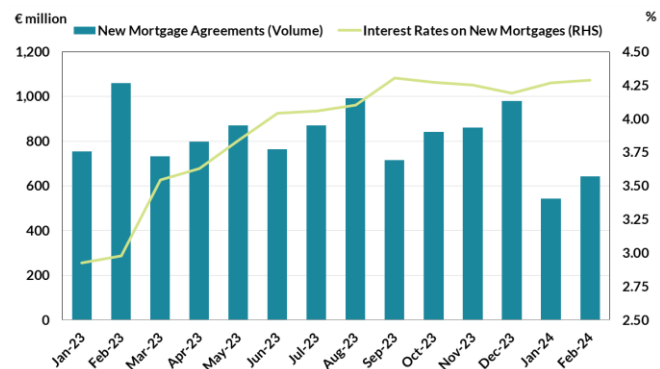
Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

Chart 1: Weighted average interest rates on new lending for house purchase across the euro area, February 2024



Source: Retail Interest Rates [Table B.2.1](#), and [ECB Data Portal](#)

Chart 2: Volume and interest rate of new mortgage agreements (excluding renegotiations)



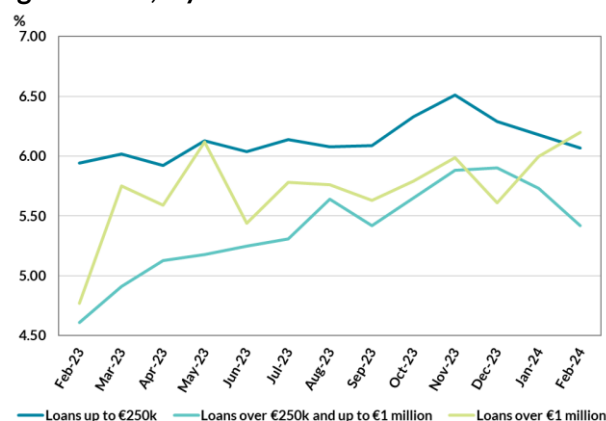
Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

- **New NFC loan agreements** decreased to €696 million in February from €840 million in January, and decreased 16 per cent from February 2023. The associated weighted average interest rate was 6.09 per cent in February, up 8 basis points from January, but up 119 points from last February. The equivalent rate in the euro area fell to 5.01 per cent in February.
- The volume of **new NFC loans of over €1 million**, which account for 68% of the volume of all new NFC loans, fell to €473 million in February, a decrease of 28 per cent compared to February 2023. The weighted average interest rate on this instrument category was 6.20 per cent in February (Chart 3). This reflects a year-on-year increase of 143 basis points.

Household and Non-Financial Corporations Deposit Rates

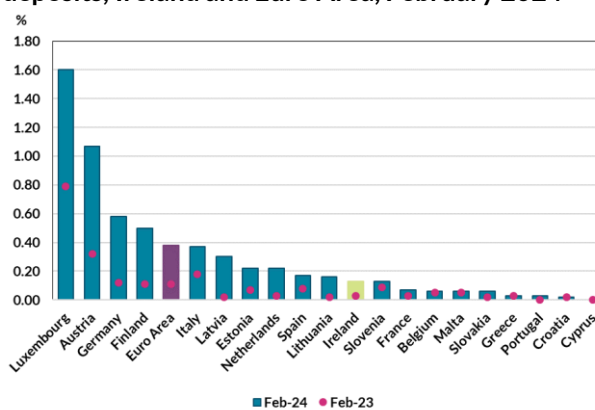
- Interest rates on **household overnight deposits** remained at 0.13 per cent in February 2024, the highest level since December 2016 (Chart 4). The weighted average interest rate on **new household deposits with agreed maturity** rose 8 basis points to 2.59 per cent in February (Chart 5). The level of new business in this category was €907 million, which is a 24 per cent decrease in month on month terms, but a 191 per cent increase from February 2023, albeit still well below historical levels seen pre-2021. The equivalent rate in the euro area was 3.17 per cent.
- Interest rates on **NFC overnight deposits** decreased to 0.11 per cent in February 2024. Interest rates on **new NFC deposits with agreed maturity** fell by 33 basis points to 3.45 per cent in February. The corresponding rate in the euro area was 3.63 per cent. The level of new business of new NFC term deposits was €2.6 billion in February, representing a month on month decrease of 2 per cent and a 22 per cent decrease from February 2023.

Chart 3: Interest rates of new NFC loan agreements, by loan size



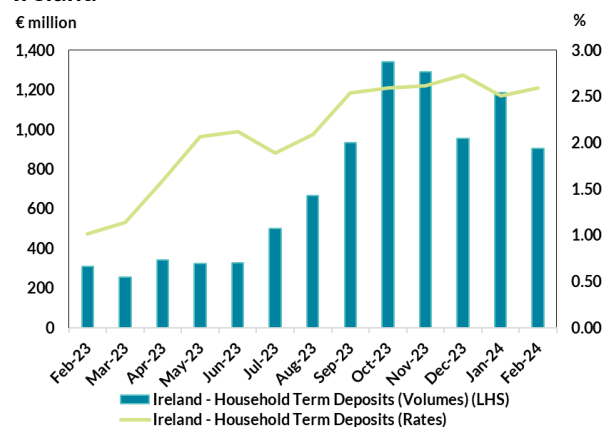
Sources: Retail Interest Rates [Table B.2.1](#)

Chart 4: Interest rates on household Overnight deposits; Ireland and Euro Area, February 2024



Sources: Retail Interest Rates [Table B.1.1](#), and [ECB Data Portal](#)

Chart 5: Term deposit interest rates & Volumes; Ireland



Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

Note 1:

Interest rates and new business volumes are collected from credit institutions with a significant level of lending or deposit business with households or non-financial corporations (NFCs). The sample is monitored to ensure compliance with ECB Regulation.

Monthly *Retail Interest Rate Statistics* in Tables B.1.1 to B.2.2 cover all euro-denominated lending to, and deposits from, households and NFCs in the euro area. New business is defined as any new agreement during the month between the customer and the credit institution. This agreement covers all financial contracts that specify the interest rate for the first time, including any renegotiation of existing business (excluding automatic renewals). These statistics are compiled under ECB Regulation and are comparable across the euro area.

Quarterly *Retail Interest Rate Statistics* in Table B.3.1 cover all euro and non-euro denominated mortgage lending in the Republic of Ireland only. New business refers to new mortgage lending drawdowns during the quarter, broken down by type of interest rate (i.e. fixed, tracker and SVR). These statistics are not compiled under ECB MFI interest rate Regulation.

Note 2:

There are a number of factors that can lead to differences between *Retail Interest Rate* statistics and interest rates advertised by resident credit institutions. These include renegotiated loans, the inclusion of home improvement loans, and the underlying statistical compilation methodology.

Note 3:

The retail interest rate statistics are compiled using a sampling method as outlined in the relevant ECB Regulation and Guideline. The

sampling methodology is refined and enhanced over time to maintain alignment with relevant international standards and maintain a quality sampling approach. In such situations, revised methodology will be applied to historic data to ensure a consistent and coherent compilation of data across time and to allow for time series analysis. The period of revisions will be determined by the impact, feasibility and cost of undertaking the revision. Occasions when methodological revision have occurred are:

- Enhancements to the calculation of the national weighted average interest rates and national total business volumes have been introduced in ECB Guideline (ECB/2014/15) on monetary and financial statistics. These enhancements introduced in the Guideline involve changes to the sampling methods. The changes made contribute to a further harmonization of the data compilation process thus improving cross-country data comparison. The changes apply for reference period December 2014. As a result of these enhancements, data have been recalculated, as per the requirements of Guideline ECB/2014/15, for previous reference periods.
- Changes applied to reduce the maximum grossing factor used in estimating total population data. The changes reduce the potential volatility caused by irregular high grossing factors. The impact of the change is largely confined to new business loans to NFCs, with some minor changes to new business consumer loans. The changes apply from reference period April 2021. Data for previous reporting periods have been recalculated back to February 2019.

Recent data is often provisional and may be subject to revision.

For further detail, please see the [Retail Interest Rates](#) webpage for:

- An extensive set of [Retail Interest Rate Tables](#);
- [Retail Interest Rate Statistics Explanatory Note](#);

Previous Interest Rate Statistical Releases can be found [here](#).

Note 4:

Statistical classification of sole proprietors

In line with their treatment in ESA 2010, the Central Bank has harmonised the treatment of sole proprietors as reported by reporting agents across various datasets. This has resulted in a movement of loans and deposits from the NFC to the Household sector. These amendments were made in February 2022 with respect to reference data from February 2021.

Specifically, these changes result in an increase in loan and deposit volume amounts reported vis-à-vis the household sector, and a decline in balances reported vis-à-vis the NFC sector. This applies to both outstanding and new lending volumes in Tables B.1.2 and Table B.2.1.

For lending rates, this change means that both the aggregate interest rates on NFC loan agreements and on non-mortgage household loans has slightly reduced. The reason for this is that, in general, loans to sole proprietors typically attract a higher average interest rate than NFC loans, and therefore excluding them from the NFC category results in a slight reduction in the aggregated NFC interest rate.

Additionally, the interest rate on loans to sole proprietors is typically lower than the average interest rate on non-mortgage household loans, and therefore including them results in a reduction in the aggregated interest rate on household loans ‘for other purposes’ in Table B.2.1, and on household ‘consumer loans and other loans’ in Table B.1.2.

Treatment of securitised loans

As a result of an update to the ECB Regulation on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2), there have been changes to how certain securitised loans are required to be classified for the purposes of statistical reporting. The following treatment, allowed under the previous Regulation ECB/2013/33, is no longer permitted: ‘MFIs [...] may be allowed by their NCB to exclude from the stocks [...] any loans disposed of by means of a securitisation in accordance with national practice [...]’.

The removal of this derogation from the updated Regulation ECB/2021/2 results in an increase in the reported volume of outstanding house purchase loans in Table B.1.2.