



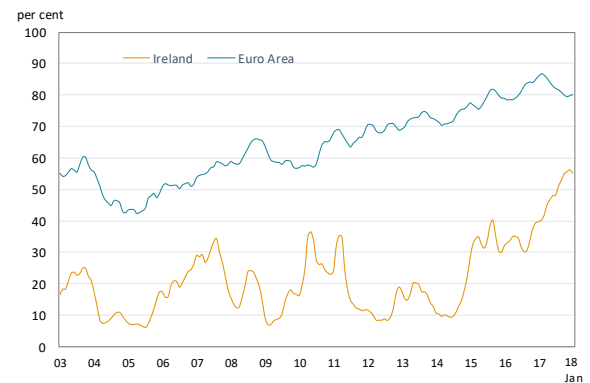
Retail Interest Rates – January 2018

09 March 2018

Key Developments in Loans

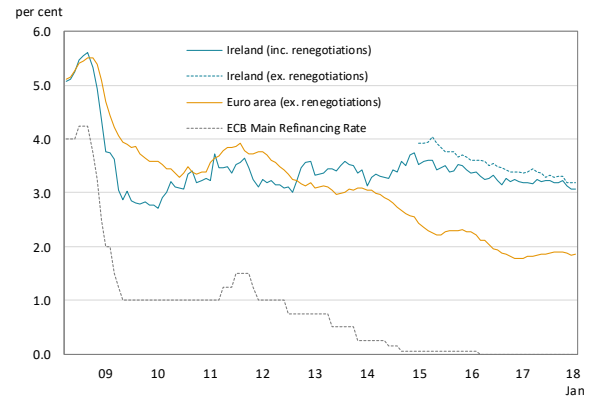
- **Fixed rate mortgages** accounted for 55 per cent of new agreements over the three months to January 2018. For the euro area, fixed rate mortgages accounted for 80 per cent of new agreements over the same period (Chart 1).
- **The weighted average interest rate on new variable rate mortgage agreements** (excluding renegotiations) stood at 3.28 per cent in January (Chart 2). The rate on all new agreements, fixed and variable (excluding renegotiations), stood at 3.18 per cent. The equivalent euro area rate was 1.80 per cent.
- **The volume of new mortgage agreements** (excluding renegotiations) amounted to €512 million in January 2018, bringing new agreements to €6.6 billion over the past twelve months. This compares with new mortgage agreements of €5.1 billion in the twelve months to January 2017.
- Quarterly data¹ show a decrease in **standard variable rates for new PDH mortgages** of 8 basis points over the past year. Rates stood at 3.32 per cent in Q4 2017 (Chart 3). Fixed rate PDH mortgage rates also recorded a decline, with rates fixed for 1-3 years falling by 19 basis points over the same period, to 3.08 per cent at the end of Q4 2017.
- **The share of fixed rate PDH mortgages (greater than 1 year) in new mortgage draw-downs** increased in Q4 2017, accounting for 64 per cent of new draw-downs, compared to 41 per cent during Q4 2016.

Chart 1: New mortgage agreements: Share of fixed rate mortgages (3-month rolling average)



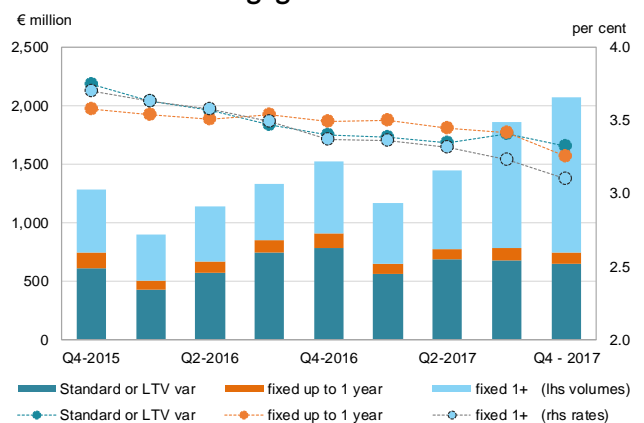
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

Chart 2: Interest rates on new floating rate loan agreements to households for house purchase



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

Chart 3: PDH mortgage interest rates and volumes²



Source: Retail Interest Rates [Table B.3.1](#)

¹ Quarterly data provide further breakdown by mortgage product and property type.

² Refers to the volume of new business mortgages drawn down over the respective quarter. See Note 1.

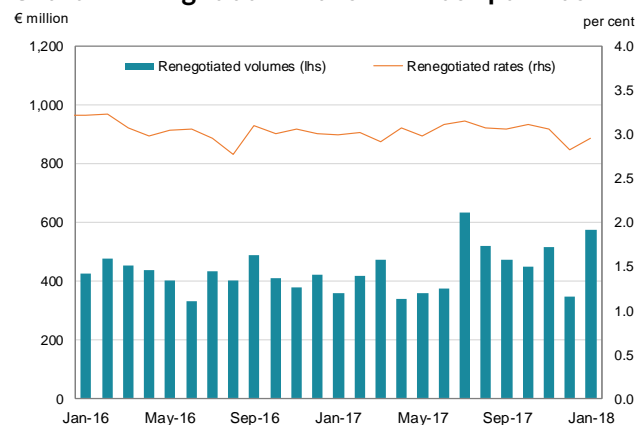
- **New variable BTL mortgage rates** averaged 4.70 per cent in Q4 2017, a decrease of 1 basis point from Q4 2016. Fixed rate BTL mortgages increased by 21 basis points to 4.86 per cent over the same period. The majority of BTL lending is at variable rates - these accounted for 85 per cent of new draw-downs in Q4 2017.
- **Total renegotiated mortgages** amounted to €574 million in January (Chart 4). The renegotiations concluded in January were split evenly between fixed and variable rates. The weighted average interest rate for renegotiated mortgages was 2.96 per cent in January.

Key Developments in Deposits

- **Interest rates on new household term deposits** remained low in January, at 0.08 per cent (Chart 5). This represented a 3 basis point decline over the last twelve months. Equivalent euro area rates experienced a decline of 5 basis points over the same period, but remain marginally higher at 0.39 per cent.
- **New business NFC term deposits** have remained broadly unchanged over the last twelve months, and stood at 0.01 per cent in January. Corresponding NFC term deposit rates for the euro area fell by 6 basis points over the same period, to 0.08 per cent in January (Chart 5).
- **The loan to deposit spread** stood at 369 basis points in January (Chart 6)³, an increase of 12 basis points on the previous month, owing to an increase in lending rates to households for purposes other than house purchase and consumption.

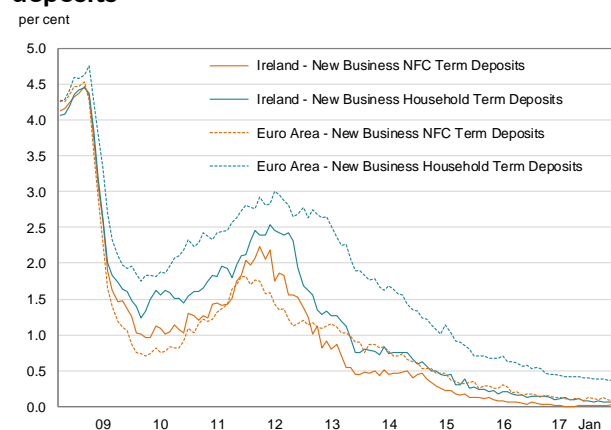
³ The loan to deposit spread is the difference between new business term deposits and the weighted average rate on new business loans

Chart 4: Renegotiated loans for house purchase



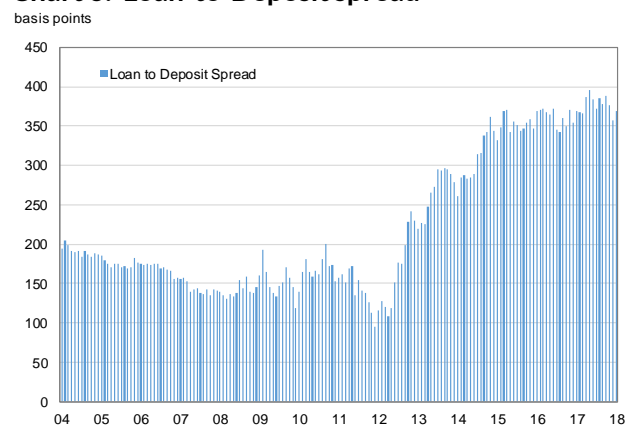
Source: Retail Interest Rates [Table B.2.2](#)

Chart 5: Interest rates on household & NFC term deposits



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

Chart 6: Loan-to-Deposit spread



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

to households for either house purchase or consumer purposes, with a floating or up to one-year initial fixation rate.

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:

In January 2015, a number of enhancements to the calculation of the national weighted average interest rates and national total business volumes were introduced under ECB Guideline

(ECB/2014/15). As a result of these enhancements, data have been recalculated for previous reference periods in order to ensure a consistent compilation of data across time.

Recent data are 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](#).