



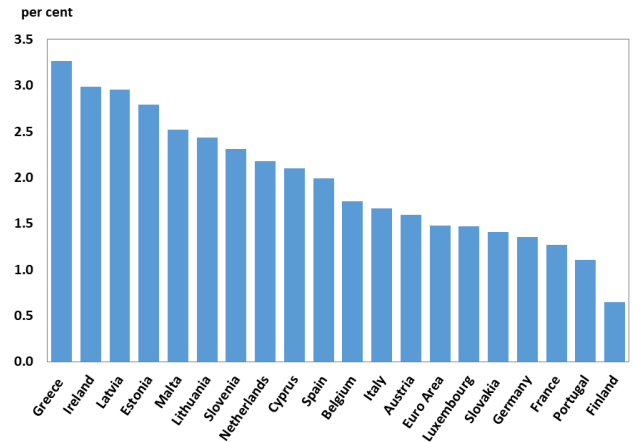
Retail Interest Rates – August 2019

11 October 2019

Key Developments in Loans

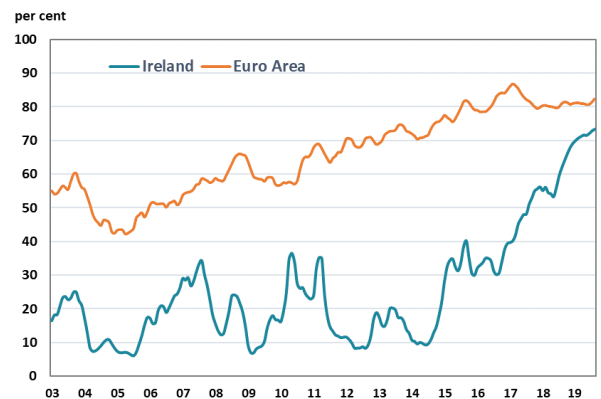
- The **volume of new mortgage agreements*** amounted to €753 million in August 2019, bringing new agreements to €5.4 billion for the first eight months of 2019; an increase of almost 12 per cent on the same period of 2018.
- The **weighted average interest rate on all new mortgages** agreed in Ireland stood at 2.99 per cent in August, down 2 basis points since the beginning of the year. The average rate for the euro area stood at 1.48 per cent, although the rate varied considerably across countries (Chart 1).
- **Fixed rate mortgages** continue to increase in popularity, accounting for €575 million or 76 per cent of **new mortgage agreements** in August. This brings Ireland closer to the euro area preference for fixed rate mortgages (Chart 2).
- The **weighted average interest rate on new fixed rate mortgage agreements** stood at 2.89 per cent in August (Chart 3). Fixed rates for new mortgage agreements have fallen by 16 basis points over the past twelve months.
- With fixed rate mortgage agreements accounting for an increasing share of the market, the **volume of new variable rate mortgage agreements** was down 32 per cent on August 2018; amounting to €178 million in August 2019. The **weighted average interest rate on new variable rate agreements** stood at 3.31 per cent in August.
- **Renegotiated mortgage agreements** amounted to €209 million in August (Chart 4), with fixed rate products accounting for 63 per cent of renegotiations. The **weighted average interest rate for all renegotiated mortgages** was 2.66 per cent in August.

Chart 1: Average interest rates on lending for house purchase across the euro area, August 2019



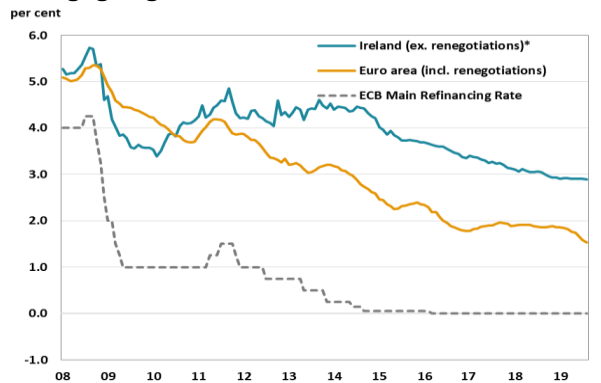
Source: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

Chart 2: New mortgage agreements: share of fixed rate mortgages (3-month rolling average)



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

Chart 3: Average interest rates on new fixed rate mortgage agreements



Note: **the Irish rate prior to Dec 2014, and the euro area rate includes renegotiations.

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

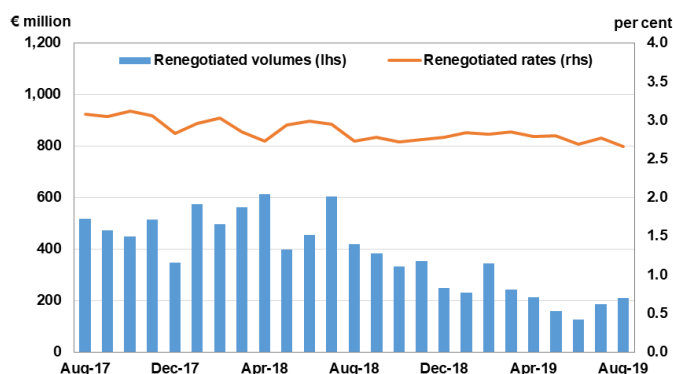
*Rates and volumes quoted on this page exclude renegotiations unless otherwise stated

- **Consumer lending** in August decreased by €37 million on the previous month, with €206 million recorded in new loan agreements. The average interest rate was 7.59 per cent, while the equivalent euro area rate stood at 5.79 per cent.
- **Interest rates on new NFC loans of under €1 million**, which typically include SME loans, recorded a weighted average interest rate of 5.08 per cent in August 2019, compared to 4.26 per cent a year previous.
- For **new NFC loans over €1 million** (floating rate and up to 1-year fixation), the weighted average interest rate in August was 2.25 per cent, and averaged 2.21 per cent over the last twelve months.

Key Developments in Deposits

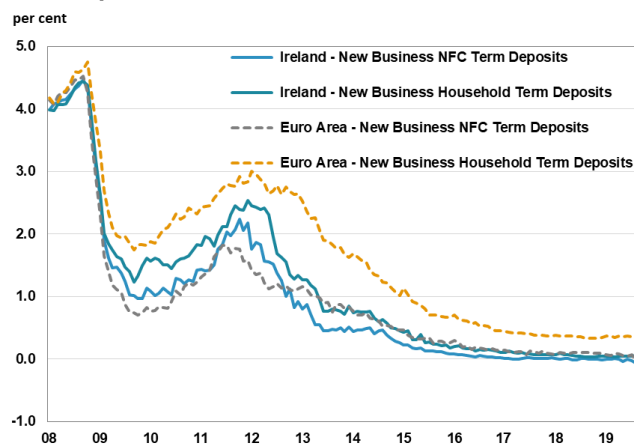
- **Interest rates on new household term deposits** remained close to zero in August, at 0.05 per cent (Chart 5). The equivalent euro area rate stood at 0.33 per cent.
- **New NFC term deposit rates** fell by seven basis points over the last twelve months and were negative in August at -0.06 per cent. Corresponding NFC term deposit rates for the euro area were also negative and stood at -0.02 per cent in August (Chart 5).

Chart 4: Renegotiated loans for house purchase



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

Chart 5: Interest rates on household & NFC term deposits



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

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 details, 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](#).