



Retail Interest Rates – July 2021

08 September 2021

Key Developments in Loans

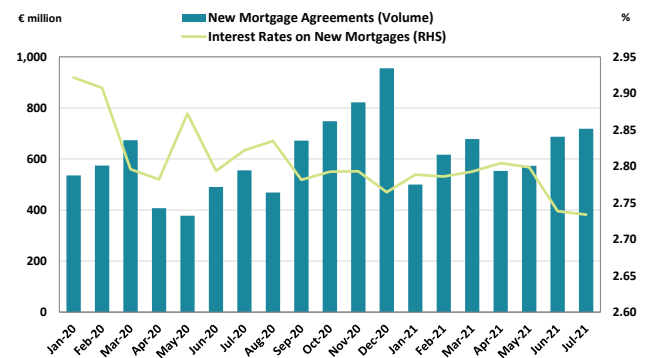
- The **weighted average interest rate on new Irish mortgage agreements**¹ was 2.73 per cent in July 2021, down 9 basis points on July 2020 (Table 1 & Chart 1). The average for the euro area stood at 1.28 per cent in July, although the rate varied considerably across countries (Chart 2).
- The **weighted average interest rate on new fixed rate mortgage agreements** was 2.62 per cent in July, a decrease of 5 basis points on July 2020. Fixed rate mortgages accounted for 83 per cent of new agreements over the month.
- For **new variable rate mortgage agreements**, the **weighted average interest rate** stood at 3.29 per cent in July. This was a decrease of 15 basis points on July 2020, however, volumes agreed remain quite volatile.
- The **volume of new mortgage agreements** amounted to €718 million in July 2021 (Chart 1). This represents an increase of 29 per cent on July 2020, when volumes had declined significantly following the onset of Covid-19, and a 5 per cent increase compared with June 2021.
- **Renegotiated mortgages** amounted to €324 million in July, an increase of 29 per cent on the previous year (Chart 3). The high volume of renegotiated mortgages in July is driven by a large volume of expiring fixed-term contracts, and subsequent renegotiations with one reporting institution. The weighted average interest rate for all renegotiated mortgages was 2.61 per cent in July.
- **New consumer lending agreements** (including renegotiations) stood at €195 million in July 2021 (Chart 4); a 4 per cent decrease on July 2020. The average interest rate on consumer loans was 6.69 per cent; the equivalent euro area rate stood at 5.25 per cent.

Table 1: Weighted average interest rates for house purchase (excluding renegotiations), July 2021

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New mortgage agreements	2.73	-1	-9	718
<i>of which</i>				
- fixed rate mortgage agreements	2.62	1	-5	599
- variable rate mortgage agreements	3.29	-11	-15	119
New mortgage agreements - Euro area average	1.28	1	-7	80,493

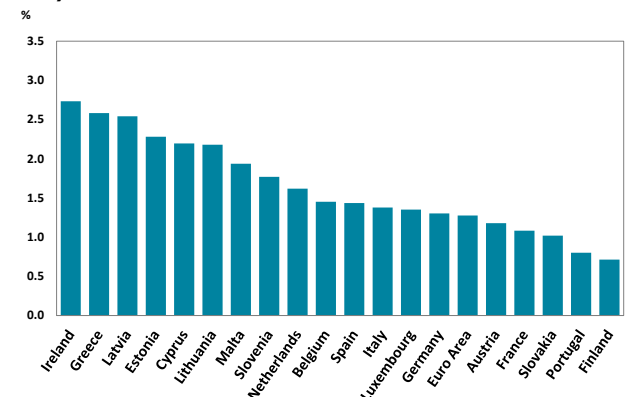
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

Chart 1: Volume and interest rate of new mortgage agreements (excluding renegotiations)



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

Chart 2: Weighted average interest rates on lending for house purchase across the euro area, July 2021



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

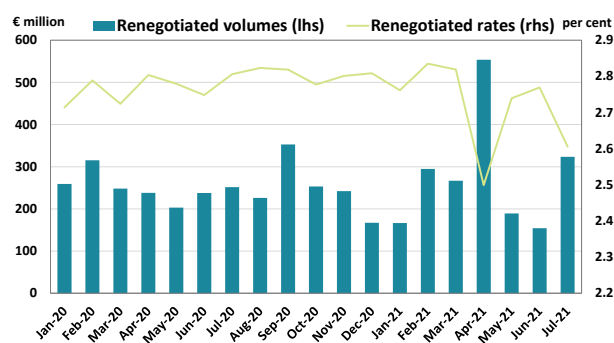
¹ Rates and volumes quoted on this page exclude renegotiations unless otherwise stated.

- **Total NFC loan agreements** were €1,826 million in July 2021, an increase of 56 per cent on July 2020 (Chart 5).
- There were €141 million in **NFC loan agreements of up to €250k** in July, which was €3 million (or 2 per cent) higher than in July 2020 (Chart 5). The weighted average interest rates on new NFC loans of up to €250k was 4.46 per cent. The equivalent euro area rate was 1.93 per cent.
- For **new NFC loans of over €250k and up to €1 million**, the volume of new lending amounted to €96 million in July. The weighted average interest rate stood at 3.25 per cent in July, with the equivalent euro area rate at 1.48 per cent.
- For **new NFC loans of over €1 million**, which represent the majority of new NFC loans, the volume of new lending amounted to €1,589 million in July, an increase of 71 per cent on July 2020. The weighted average interest rate stood at 2.68 per cent in July, compared to 1.25 per cent in the euro area.
- **NFC overdrafts** were 25 per cent lower in year-on-year terms in July, at €2,812 million². The weighted average interest rate stood at 3.90 per cent.

Key Developments in Deposits

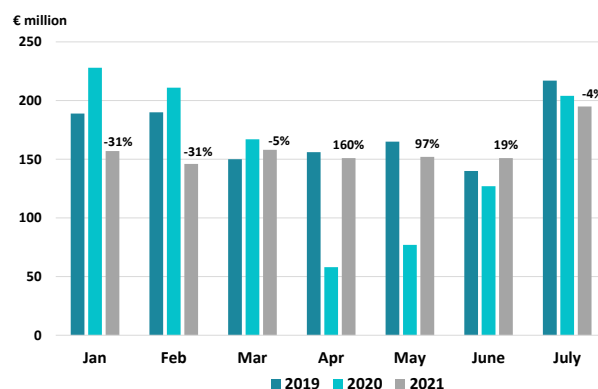
- Interest rates on **new household term deposits** stood at 0.10 per cent in July. The equivalent euro area rate was 0.23 per cent.
- Interest rates on **new NFC term deposits** in Ireland stood at -0.42 per cent in July. Corresponding NFC term deposit rates for the euro area stood at -0.30 per cent.

Chart 3: Renegotiated loans for house purchase



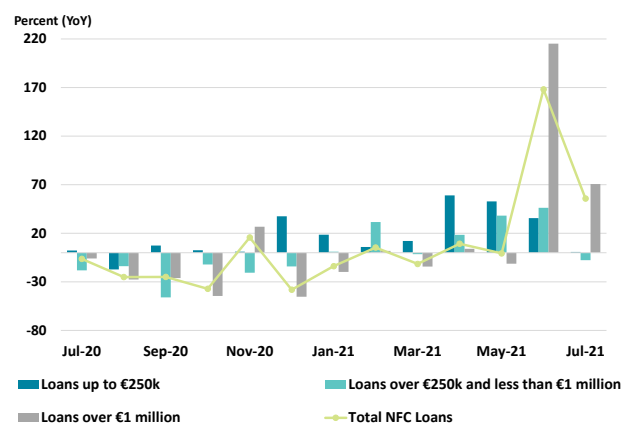
Source: Retail Interest Rates [Table B.2.2](#)

Chart 4: New consumer credit agreements (including y-o-y percentage changes)



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

Chart 5: Annual percentage change in new NFC loan agreements, by loan size



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

² Overdrafts include revolving loans and extended credit card debt.

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

² Overdrafts include revolving loans and extended credit card debt.

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 January 2019.

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](#).