



## Retail Interest Rates – August 2020

07 October 2020

### Key Developments in Loans

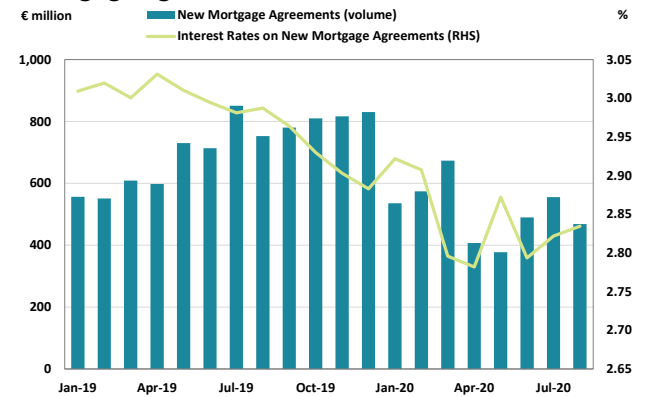
- The **weighted average interest rate on new mortgages agreed<sup>1</sup>** in Ireland stood at 2.83 per cent in August, up 1 basis point on the previous month (Table 1 and Chart 1). The average for the euro area was unchanged at 1.35 per cent in August, although the rate varied considerably across countries. Ireland had the third highest mortgage interest rate across the euro area in August (Chart 2).
- The **weighted average interest rate on new fixed rate mortgage agreements** declined by 1 basis point over the month to 2.66 per cent in August, a new series low.
- For **new variable rate mortgage agreements**, the **weighted average interest rate** stood at 3.46 per cent in August, up 2 basis points on the previous month.
- The **volume of new mortgage agreements** amounted to €468 million in August 2020 (Chart 1), a decrease of 38 per cent on August 2019. New mortgage agreements were also lower on the previous month, down 16 per cent.
- €368 million was agreed in **fixed rate mortgages**, and €100 million in **variable rate mortgages** in August.
- **Fixed rate mortgages** (including renegotiations) accounted for 77 per cent of **all new agreements** in the three months to August. This compares with 84 per cent of new agreements for the same period in the euro area.
- **Renegotiated mortgages** amounted to €226 million in August, down 10 per cent on the previous month (Chart 3). The weighted average interest rate for all renegotiated mortgages was 2.82 per cent in August 2020.

**Table 1: Weighted average interest rates for house purchase (excluding renegotiations), August 2020**

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New mortgage agreements	2.83	1	-16	468
<i>of which</i>				
- fixed rate mortgage agreements	2.66	-1	-23	368
- variable rate mortgage agreements	3.46	2	15	100
New mortgage agreements - Euro area average	1.35	0	-13	55,553

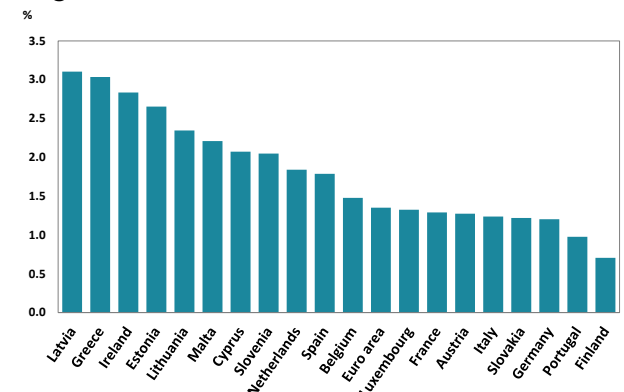
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

**Chart 1: Volume and interest rate of new mortgage agreements**



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, August 2020**



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

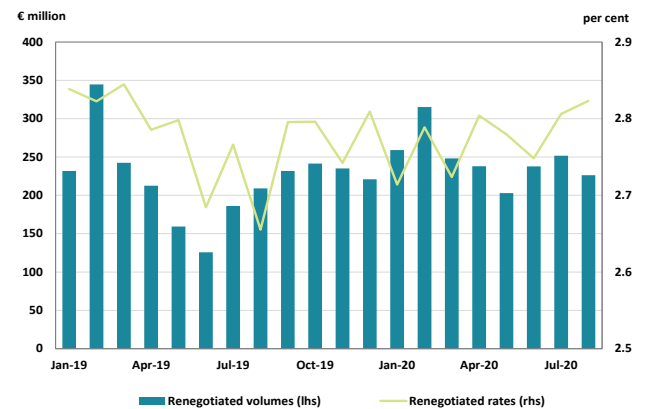
<sup>1</sup> Rates and volumes quoted on this page exclude renegotiations unless otherwise stated.

- **New consumer lending** agreements (including renegotiations) stood at €178 million in August 2020, a decrease of 12 per cent on the previous year (Chart 4). The average interest rate was 7.33 per cent in August, the equivalent euro area rate stood at 5.36 per cent.
- **Total NFC lending** declined in August to €1,066 million, a decrease of 22 per cent on August the previous year (Chart 5).
- **Interest rates on new NFC loans of up to €250k**, which typically include SME loans, recorded a weighted average interest rate of 5.03 per cent in August, while the equivalent euro area rate stood at 1.90 per cent. The volume of new lending in Ireland stood at €125 million in August, €44 million (or 26 per cent) lower than in August 2019 (Chart 5).
- **For new NFC loans over €250k and up to €1 million**, the volume of new lending amounted to €134 million in August. The weighted average interest rate stood at 3.19 per cent in August, the equivalent euro area rate was 1.51 per cent.
- **For new NFC loans over €1 million**, which represents 76 per cent of total new NFC loans, the volume of new lending amounted to €808 million in August, a decrease of 25 per cent on August 2019. The weighted average interest rate stood at 2.39 per cent in August, compared to 1.27 per cent in the euro area.

#### Key Developments in Deposits

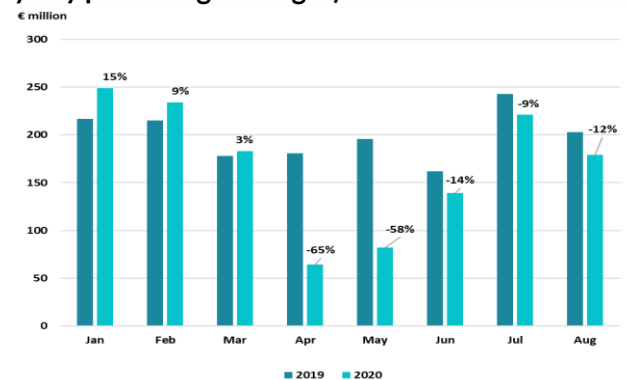
- **Interest rates on new household term deposits** remained at 0.02 per cent in August. The equivalent euro area rate was 0.23 per cent.
- Interest rates on **new business NFC term deposits** in Ireland stood at -0.16 per cent in August, down 3 basis points on the month. Corresponding NFC term deposit rates for the euro area stood at -0.19 per cent.

Chart 3: Renegotiated loans for house purchase



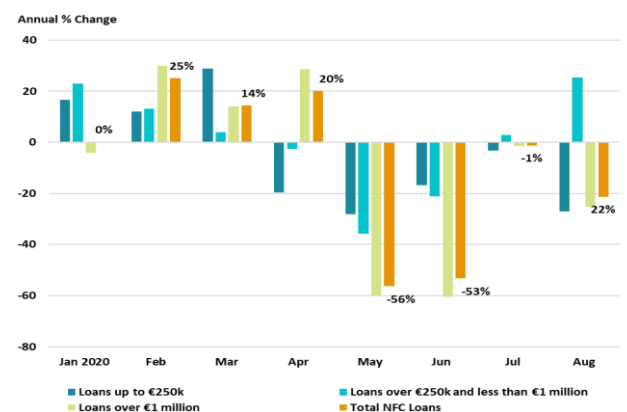
Source: Retail Interest Rates [Table B.2.2](#)

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 categories



Sources: 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 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](#).