



Retail Interest Rates – December 2020

10 February 2021

Key Developments in Loans

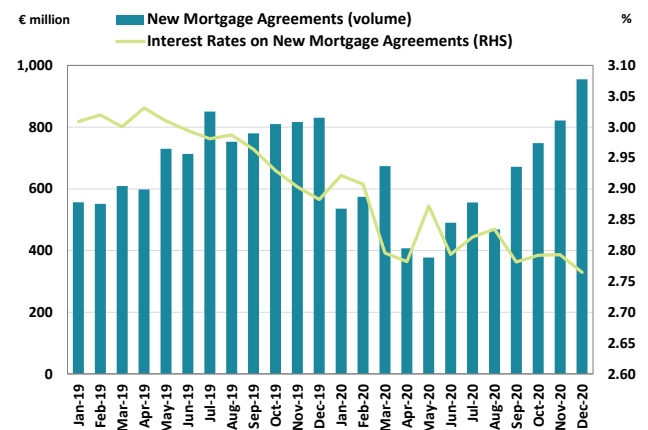
- The **weighted average interest rate on new Irish mortgage agreements¹** was 2.76 per cent in December 2020, down 12 basis points on December 2019 (Table 1 & Chart 1). The average for the euro area stood at 1.29 per cent in December, although the rate varied considerably across countries. Ireland had the second highest mortgage interest rates across the euro area (Chart 2).
- The **weighted average interest rate on new fixed rate mortgage agreements** remained at 2.67 per cent in December. Fixed rate mortgages accounted for over 80 per cent of new agreements over the month.
- For **new variable rate mortgage agreements**, the **weighted average interest rate** stood at 3.21 per cent in December, a decrease of 11 basis points from the previous month.
- The **volume of new mortgage agreements** amounted to €955 million in December 2020 (Chart 1), the highest monthly volume since the series began. This represents an increase of 15 per cent on December 2019 and 16 per cent when compared with the previous month. The high levels of agreements in December is in contrast to the low levels of activity seen over the Summer months. The volume of new mortgage agreements for June, July and August 2020 was 35 per cent lower than the corresponding period in 2019.
- **Renegotiated mortgages** amounted to €167 million in December, the lowest level of renegotiations since June 2019 (Chart 3). On a monthly basis, renegotiations declined by 31 per cent. The weighted average interest rate for all renegotiated mortgages was 2.81 per cent in December.
- **New consumer lending agreements** (including renegotiations) stood at €107 million in December 2020, a decrease of 25 per cent on the previous year (Chart 4).

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

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New mortgage agreements	2.76	-3	-12	955
<i>of which</i>				
- fixed rate mortgage agreements	2.67	0	-14	787
- variable rate mortgage agreements	3.21	-11	2	168
New mortgage agreements - Euro area average	1.29	-2	-8	71,402

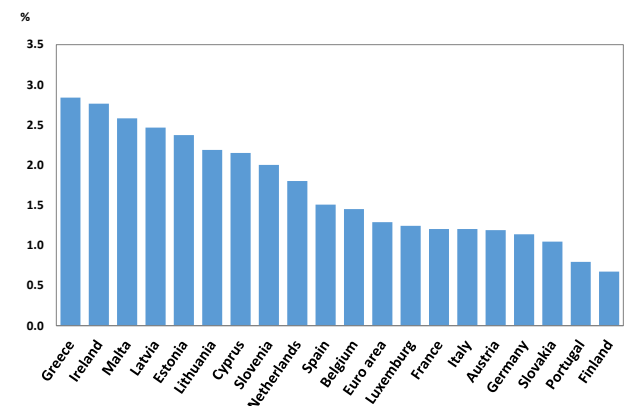
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

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, December 2020



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

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

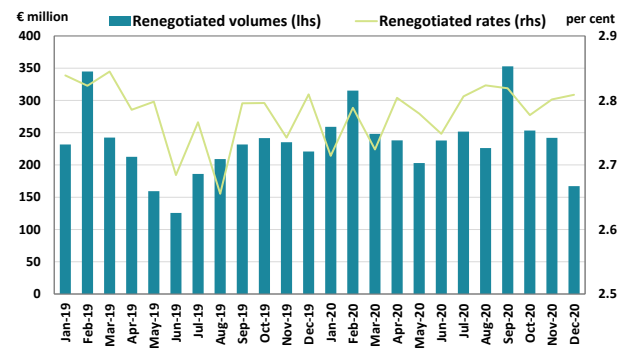
The average interest rate on consumer loans was 7.72 per cent; the equivalent euro area rate stood at 5.07 per cent.

- **Total NFC loan agreements** were €1,606 million in December, a decrease of 28 per cent on December 2019 (Chart 5).
- There were €211 million in **NFC loan agreements of up to €250k** in December, which was €49 million (or 30 per cent) higher than in December 2019 (Chart 5). The weighted average interest rates on new NFC loans of up to €250k was 4.84 per cent. The equivalent euro area rate was 1.99 per cent.
- For **new NFC loans of over €250k and up to €1 million**, the volume of new lending amounted to €170 million in December. The weighted average interest rate stood at 3.59 per cent in December, with the equivalent euro area rate at 1.52 per cent.
- For **new NFC loans of over €1 million, which represent 76 per cent of new NFC loans**, the volume of new lending amounted to €1,225 million in December, a decrease of 34 per cent on December 2019. The weighted average interest rate stood at 2.22 per cent in December, compared to 1.30 per cent in the euro area.
- **NFC overdrafts** were 17 per cent lower in year-on-year terms in December, at €2,843 million.² The weighted average interest rate stood at 4.04 per cent.

Key Developments in Deposits

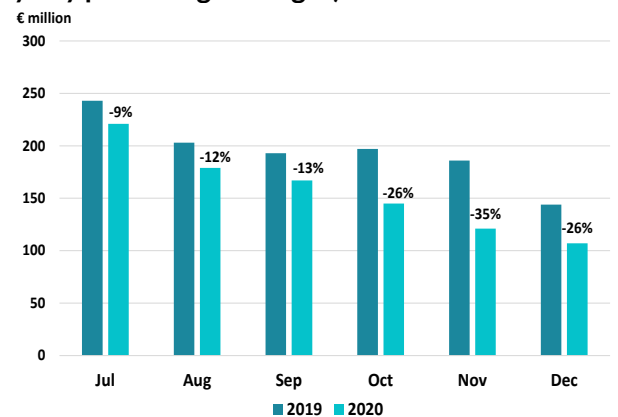
- **Interest rates on new household term deposits** remained at 0.02 per cent in December. The equivalent euro area rate was 0.22 per cent.
- Interest rates on **new NFC term deposits** in Ireland stood at -0.10 per cent in December, up 13 basis points on the previous month. Corresponding NFC term deposit rates for the euro area stood at -0.17 per cent.

Chart 3: Renegotiated loans for house purchase



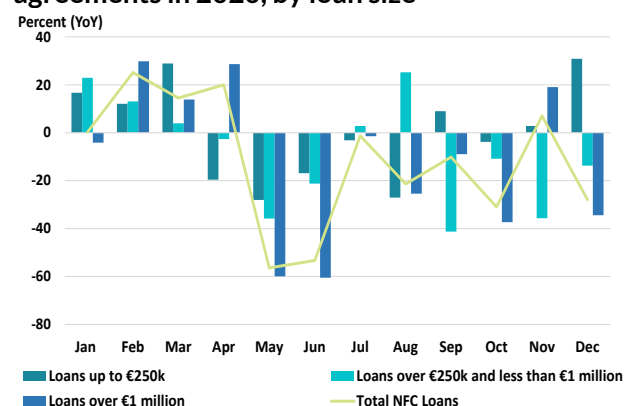
Source: Retail Interest Rates [Table B.2.2](#)

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 in 2020, 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:

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

²Overdrafts include revolving loans and extended credit card debt.

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](#).