Key Developments in Loans

- The volume of new mortgage agreements\(^1\) amounted to €490 million in June 2020 (Chart 2), a decrease of 31 per cent on the same month of 2019. However, an increase of 30 per cent was registered when compared with the three-year low recorded in the previous month.
- €387 million was agreed in new fixed rate mortgages, a decrease of 27 per cent on June the previous year. New variable rate mortgage agreements declined by 43 per cent to €103 million in June (Table 1).
- Fixed rate mortgages (including renegotiations) accounted for three-quarters of all new agreements in the three months to June. This compares with 83 per cent of new agreements for the same period in the euro area.
- The weighted average interest rate on new mortgages agreed in Ireland stood at 2.79 per cent in June, down 8 basis points on the previous month (Table 1 & Chart 2). The average for the euro area stood at 1.33 per cent in June, although the rate varied considerably across countries. Ireland had the fourth highest mortgage interest rates across the euro area in June (Chart 1).
- The weighted average interest rate on new fixed rate mortgage agreements declined by 6 basis points to 2.68 per cent in June 2020, the lowest rate since the series began.
- New variable rate mortgage weighted average interest rates stood at 3.20 per cent in June, down 17 basis points on the previous month. With lower volumes of agreed variable rate mortgages, the interest rate series can be volatile as rates are weighted by volumes.
- Renegotiated mortgages amounted to €238 million in June, up 17 per cent on the previous month (Chart 3). Fixed rate products accounted for 70 per cent of renegotiations. The weighted average interest rate for all renegotiated mortgages was 2.75 per cent in June 2020.

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

<table>
<thead>
<tr>
<th></th>
<th>Interest Rate (%)</th>
<th>M-o-M Change (bps)</th>
<th>Y-o-Y Change (bps)</th>
<th>Volume (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New mortgage agreements</td>
<td>2.79</td>
<td>-8</td>
<td>-20</td>
<td>490</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- fixed rate mortgage agreements</td>
<td>2.68</td>
<td>-6</td>
<td>-23</td>
<td>387</td>
</tr>
<tr>
<td>- variable rate mortgage agreements</td>
<td>3.20</td>
<td>-17</td>
<td>-5</td>
<td>103</td>
</tr>
</tbody>
</table>

New mortgage agreements - Euro area average 1.33 1 -27 56,763

\(^1\) Rates and volumes quoted on this page exclude renegotiations unless otherwise stated.
Retail Interest Rates – June 2020

- New consumer lending agreements (including renegotiations) stood at €139 million in June 2020, an increase of 70 per cent on the previous month, although lending remains lower in year-on-year terms (Chart 4). The average interest rate was 7.61 per cent in June; the equivalent euro area rate stood at 5.06 per cent.
- Table B.2.1 has been expanded to provide more granular information on NFC loans agreements. The three NFC loan agreements categories include; up to €250k, over €250k and up to €1 million, and over €1 million.
- Interest rates on new NFC loans of up to €250k, which typically include SME loans, recorded a weighted average interest rate of 5.37 per cent in June 2020, the equivalent euro area rate stood at 1.77 per cent. The volume of new lending stood at €132 million in June, €28 million (or 17 per cent) lower than in June 2019 (Chart 5).
- For new NFC loans over €250k and up to €1 million, the volume of new lending amounted to €130 million in June, €34 million (or 21 per cent) lower than in June 2019. The weighted average interest rate stood at 2.89 per cent in June, the equivalent euro area rate was 1.44 per cent.
- For new NFC loans over €1 million, which represent 70 per cent of new NFC loans, the volume of new lending amounted to €608 million in June, sharply lower (60 per cent) than the €1,539 million in June 2019. The weighted average interest rate stood at 2.08 per cent in June, compared to 1.25 per cent in the euro area.

Key Developments in Deposits
- Interest rates on new household term deposits remained at 0.02 per cent in June. Equivalent euro area rates were 0.27 per cent.
- Interest rates on new business NFC term deposits in Ireland stood at -0.07 per cent. Corresponding NFC term deposit rates for the euro area stood at -0.10 per cent.
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.