



## Retail Interest Rates – November 2023

10 January 2024

### Household Lending Interest Rates

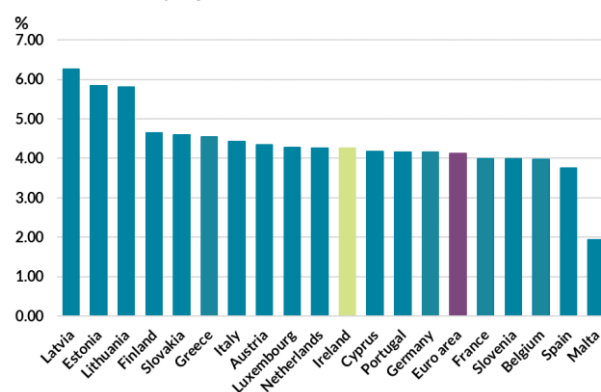
- The **weighted average interest rate on new Irish mortgage agreements**<sup>1</sup> at end-November 2023 was 4.25 per cent (Chart 1), a decrease of 2 basis points compared to the previous month and up 168 basis points in annual terms. The equivalent euro area average rose by 6 basis points to 4.13 per cent (Table 1). At end-November, the rate in Ireland exceeded the euro area average by 12 basis points (Chart 1).
- The **weighted average interest rate on new fixed rate mortgage agreements**, which constitute the majority (81%) of the volume of new mortgage agreements, was 4.20 per cent in November. This is a decrease of 3 basis point from October and 172 basis points over the previous 12 months.
- The **total volume of pure new mortgage agreements** amounted to €860 million in November, a 2 per cent increase from the previous month, and a decrease of 40 per cent annually (Chart 2).
- Renegotiated mortgages** totalled €223 million in November compared to €207 million recorded in the previous month. 79% of renegotiated mortgages were within the fixed rate category in November, compared to 85% in October. The weighted average interest rate on renegotiated fixed rate mortgages was 4.15 per cent in November.
- The interest rate on **new consumer loans** increased by 12 basis points to 7.76 per cent in November compared to the previous month. The total volume of new consumer loans was €193 million in November, an increase of 11 per cent from November 2022.

**Table 1: Weighted average interest rates for house purchase (excluding renegotiations), November 2023**

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New mortgage agreements	4.25	-2	168	860
of which				
- fixed rate mortgage agreements	4.20	-3	172	697
- variable rate mortgage agreements	4.47	1	60	163
New mortgage agreements - Euro area	4.13	6	128	40,058

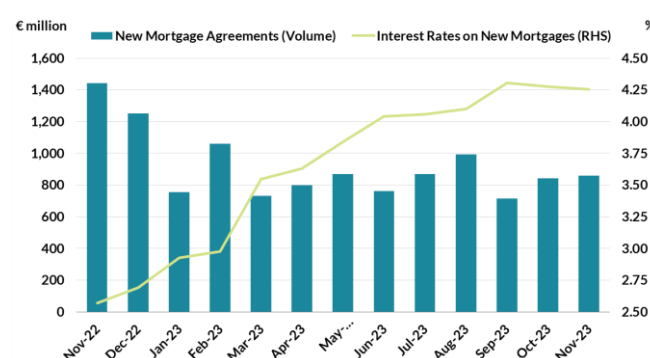
Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

**Chart 1: Weighted average interest rates on new lending for house purchase across the euro area, November 2023**



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

**Chart 2: Volume and interest rate of new mortgage agreements (excluding renegotiations)**



Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

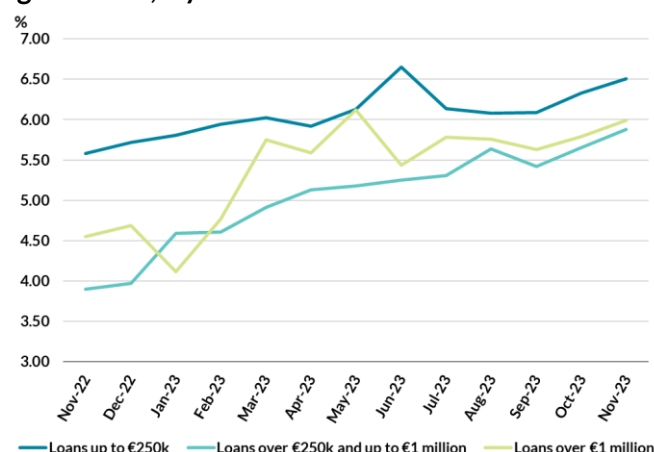
<sup>1</sup> Rates and volumes quoted on this page exclude renegotiations unless otherwise stated.

- **New NFC loan agreements** increased slightly to €1.19 billion in November from €1.14 billion in October, and decreased 10 per cent from November 2022. The weighted average interest rate was 6.04 per cent in November, up 146 basis points from last November. The equivalent rate in the euro area fell to 5.18 per cent in November.
- The volume of **new NFC loans of over €1 million**, which account for 84% of the volume of all new NFC loans, rose to just over €1 billion in November, a decrease of 10 per cent compared to November 2022. The weighted average interest rate on this instrument category was 5.99 per cent in November (Chart 3). This reflects a year-on-year increase of 144 basis points.

#### Household and Non-Financial Corporations Deposit Rates

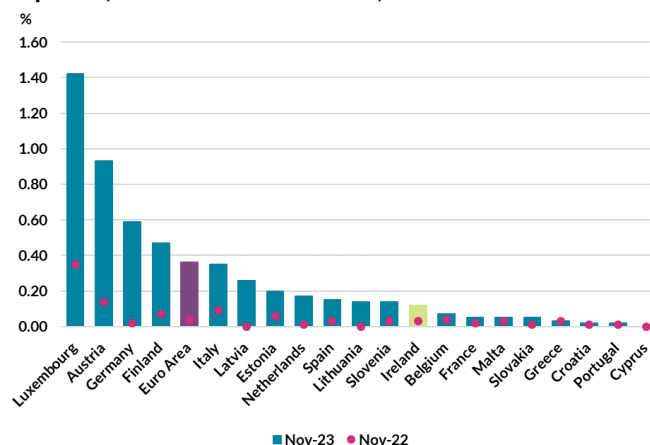
- Interest rates on **household overnight deposits** remained at 0.12 per cent in November 2023, the highest level since November 2016 (Chart 4). The weighted average interest rate on **new household deposits with agreed maturity** rose 3 basis points to 2.62 per cent in November in Ireland and now stands at the highest level recorded since January 2009 (Chart 5). The level of new business in this category was €1.29 billion, which is a 4% decrease in month on month terms, but a 480% increase from November 2022, albeit still well below historical levels seen pre-2021. The equivalent rate in the euro area was 3.33 per cent.
- Interest rates on **NFC overnight deposits** increased to 0.12 per cent in November 2023. Interest rates on **new NFC deposits with agreed maturity** fell to 3.50 per cent in November. The corresponding rate in the euro area was 3.71 per cent. The level of new business of new NFC term deposits was €3.4 billion in November, representing a month on month decrease of 6% but a 47% increase from November 2022.

**Chart 3: Interest rates of new NFC loan agreements, by loan size**



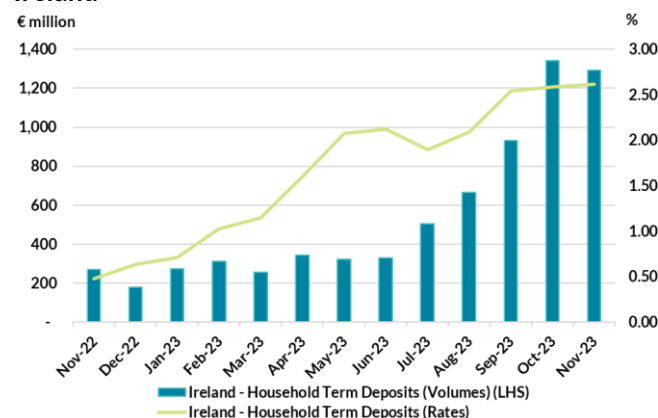
Sources: Retail Interest Rates [Table B.2.1](#)

**Chart 4: Interest rates on household Overnight deposits; Ireland and Euro Area, November 2023**



Sources: Retail Interest Rates [Table B.1.1](#), and [ECB Data Portal](#)

**Chart 5: Term deposit interest rates & Volumes; Ireland**



Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

### 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 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 is 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](#).

#### **Note 4:**

##### **Statistical classification of sole proprietors**

In line with their treatment in ESA 2010, the Central Bank has harmonised the treatment of sole proprietors as reported by reporting agents across various datasets. This has resulted in a movement of loans and deposits from the NFC to the Household sector. These amendments were made in February 2022 with respect to reference data from January 2021.

Specifically, these changes result in an increase in loan and deposit volume amounts reported vis-à-vis the household sector, and a decline in balances reported vis-à-vis the NFC sector. This applies to both outstanding and new lending volumes in Tables B.1.2 and Table B.2.1.

For lending rates, this change means that both the aggregate interest rates on NFC loan agreements and on non-mortgage household loans has slightly reduced. The reason for this is that, in general, loans to sole proprietors typically attract a higher average interest rate than NFC loans, and therefore excluding them from the NFC category results in a slight reduction in the aggregated NFC interest rate.

Additionally, the interest rate on loans to sole proprietors is typically lower than the average interest rate on non-mortgage household loans, and therefore including them results in a reduction in the aggregated interest rate on household loans 'for other purposes' in Table B.2.1, and on household 'consumer loans and other loans' in Table B.1.2.

##### **Treatment of securitised loans**

As a result of an update to the ECB Regulation on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2), there have been changes to how certain securitised loans are required to be classified for the purposes of statistical reporting. The following treatment, allowed under the previous Regulation ECB/2013/33, is no longer permitted: 'MFIs [...] may be allowed by their NCB to exclude from the stocks [...] any loans disposed of by means of a securitisation in accordance with national practice [...]'.

The removal of this derogation from the updated Regulation ECB/2021/2 results in an increase in the reported volume of outstanding house purchase loans in Table B.1.2.