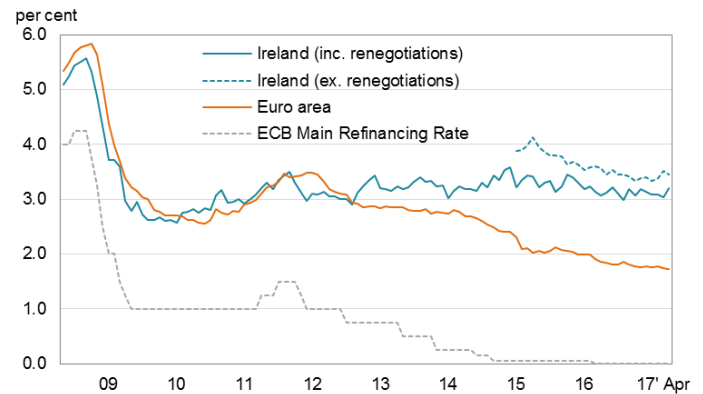


Retail Interest Rates – April 2017

Key Developments in Loans

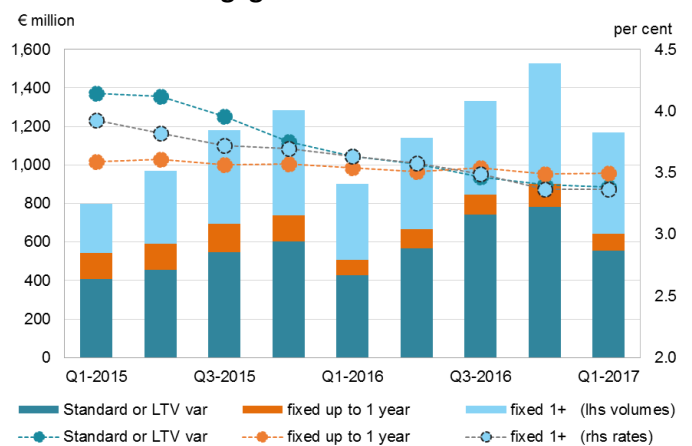
- The weighted average interest rate on new variable rate mortgage agreements (excluding renegotiations) stood at 3.45 per cent in April (Chart 1). The rate on all new agreements, fixed and variable, stood at 3.38 per cent. The equivalent euro area rate was 1.82 per cent.
- The volume of new mortgage agreements (excluding renegotiations) amounted to €421 million in April 2017, bringing new agreements to €5.3 billion over the past twelve months. This compares with new mortgage agreements of €4.4 billion in the twelve months to April 2016.
- Variable rate mortgages accounted for almost two-thirds of all new agreements in Ireland over the past year. The equivalent euro area share of variable rate mortgages is less than 20 per cent.
- Supplementary quarterly data¹ show a fall in PDH mortgage rates was observed for standard variable rate mortgages, which fell by 19 basis points to 3.38 per cent over the year to Q1 2017 (Chart 2). Fixed rate PDH mortgage rates also declined, with rates fixed for 1-3 years falling by 26 basis points over the same period.
- The share of fixed rate PDH mortgages in new mortgage draw-downs increased in the first quarter of 2017, accounting for 45 per cent of all new PDH mortgages in Q1 2017, compared to 41 per cent during 2016.

Chart 1: Interest rates on new floating rate loan agreements to households for house purchase



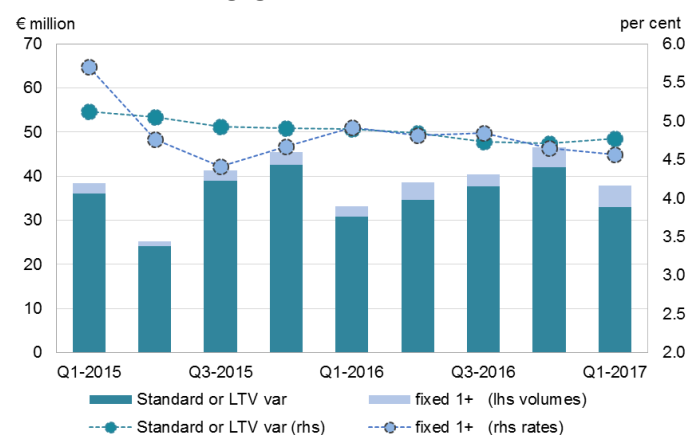
Source: Retail Interest Rates [Table B.2.1](#) and [SDW](#)

Chart 2: PDH mortgage interest rates and volumes²



Source: Retail Interest Rates [Table B.3.1](#)

Chart 3: BTL mortgage interest rates and volumes



Source: Retail Interest Rates [Table B.3.1](#)

¹ Quarterly data provide further breakdown by mortgage product and property type.

² Refers to the volume of new business mortgages drawn down over the respective quarter. See Note 1.

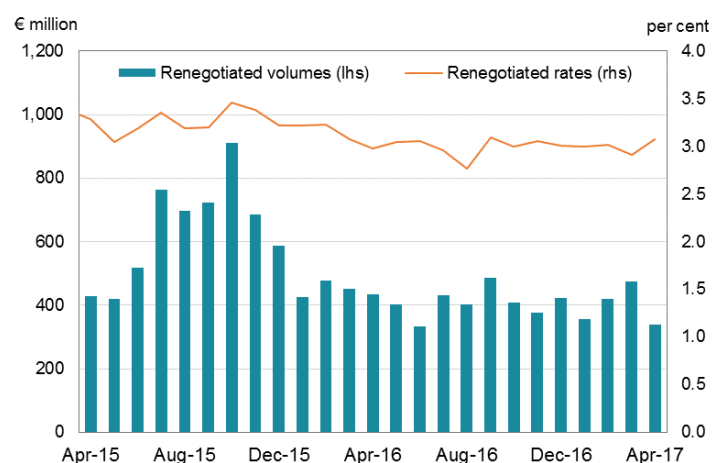
- **New variable BTL mortgage rates** declined by 8 basis points over the year to Q1 2017 (Chart 3), to stand at 4.77 per cent. Fixed rate BTL mortgages also declined over the same period, by 24 basis point, and stood at 4.57 per cent. The majority of BTL lending is at variable rates, accounting for almost 90 per cent of new draw-downs in Q1.
- **Renegotiated mortgages** totalled €337 million in April (Chart 4), with variable rate products accounting for 55 per cent of renegotiations. The weighted average interest rate for renegotiated mortgages was 3.07 per cent in April.

Key Developments in Deposits

- **Interest rates on new household term deposits** remained subdued in April, at 0.09 per cent (Chart 5). This represented an 8 basis points decline over the last twelve months. Equivalent euro area rates had a slightly larger decline of 14 basis points over the same period, but remain slightly higher at 0.42 per cent.
- **New business NFC term deposits** fell by 4 basis points over the last twelve months to stand at zero in April. Corresponding NFC term deposits for the euro area fell by 4 basis points over the same period, recording a rate of 0.12 per cent (Chart 5).
- **The loan to deposit spread** stood at 387 basis points in April (Chart 6)³, an increase of 21 basis points on the previous month, owing to higher lending rates.

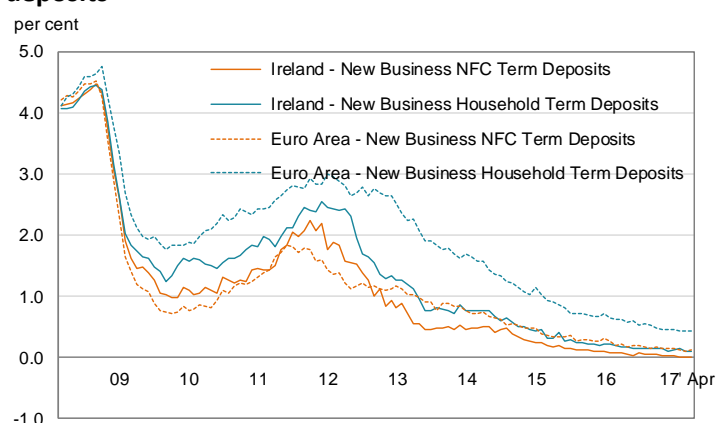
³ The loan to deposit spread is the difference between new business term deposits and the weighted average rate on new business loans to households for either house purchase or consumer purposes, with a floating or up to one year initial fixation rate.

Chart 4: Renegotiated loans for house purchase



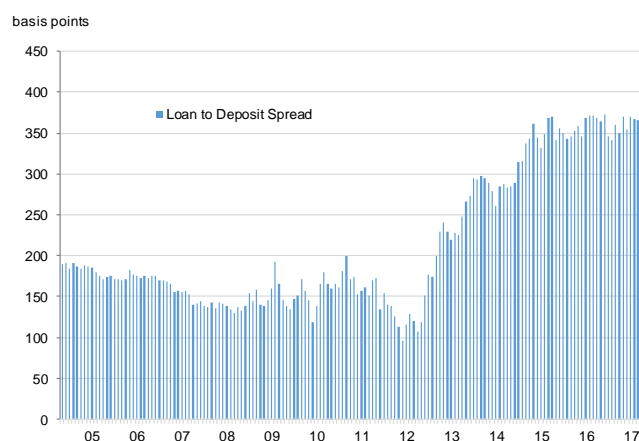
Source: Retail Interest Rates [Table B.2.2](#)

Chart 5: Interest rates on household & NFC term deposits



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

Chart 6: Loan-to-Deposit spread



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

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](#).