



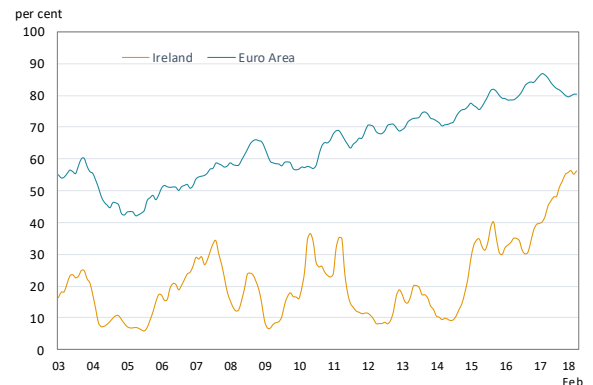
## Retail Interest Rates – February 2018

13 April 2018

### Key Developments in Loans

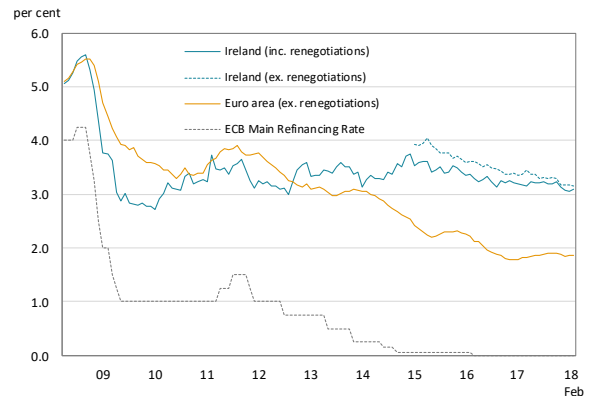
- **Fixed rate mortgages** accounted for 56 per cent of new agreements over the three months to February 2018. While recent months have seen the share of fixed rate mortgages stabilise, they continue to maintain their highest market share since the series began in 2003. For the euro area, fixed rate mortgages accounted for 80 per cent of new agreements over the same period (Chart 1).
- **The weighted average interest rate on new variable rate mortgage agreements** (excluding renegotiations) stood at 3.28 per cent in February (Chart 2). The rate on all new agreements, fixed and variable (excluding renegotiations), stood at 3.15 per cent. The equivalent average euro area rate was significantly lower at 1.80 per cent.
- This was a 33 per cent increase in new mortgage agreements in the 12 months to February 2018. **The volume of new mortgage agreements** (excluding renegotiations) amounted to €540 million in February 2018, bringing new agreements to €6.8 billion over the past twelve months.

**Chart 1: New mortgage agreements: Share of fixed rate mortgages (3-month rolling average)**



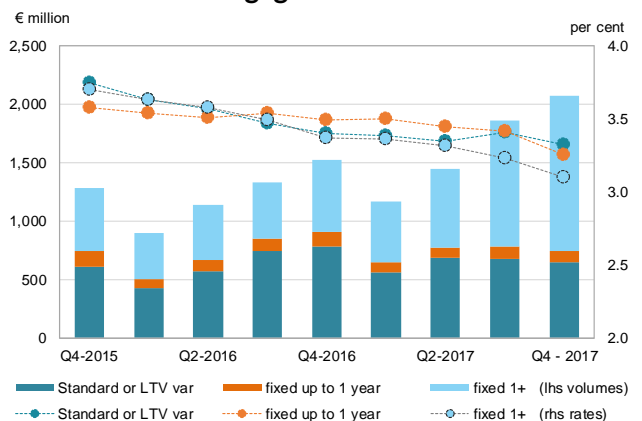
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

**Chart 2: Interest rates on new floating rate loan agreements to households for house purchase**



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

**Chart 3: PDH mortgage interest rates and volumes<sup>1</sup>**



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

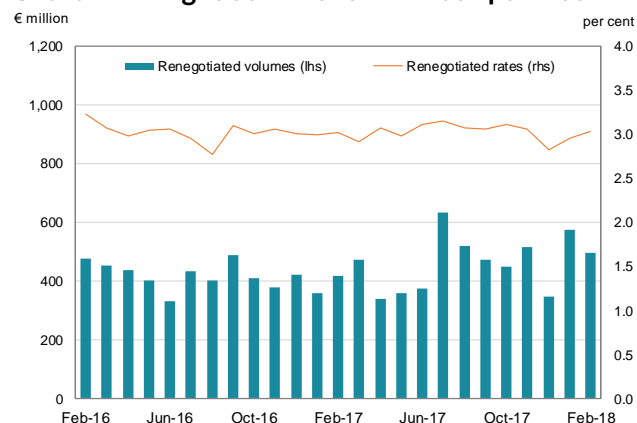
<sup>1</sup> Refers to the volume of new business mortgages drawn down over the respective quarter. See Note 1.

- **Total renegotiated mortgages** amounted to €496 million in February (Chart 4), with fixed rate products accounting for 57 per cent of renegotiations. The weighted average interest rate for renegotiated mortgages was 3.03 per cent in February.

### Key Developments in Deposits

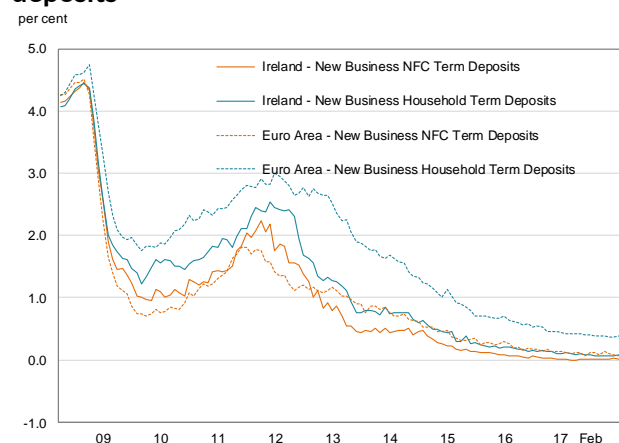
- **Interest rates on new household term deposits** remained low in February, at 0.09 per cent (Chart 5). This represented a 4 basis point decline over the last twelve months. Equivalent euro area rates experienced a decline of 6 basis points over the same period, but remain marginally higher at 0.37 per cent.
- **New business NFC term deposits** have fallen by 2 basis points in the last twelve months. Corresponding NFC term deposit rates for the euro area fell by 1 basis point over the same period, to 0.11 per cent in February (Chart 5).
- **The household loan to deposit spread** stood at 385 basis points in February (Chart 6)<sup>2</sup>, an increase of 16 basis points on the previous month, owing to an increase in the floating and up to 1 year fixed lending rates to households for house purchase and consumption.

**Chart 4: Renegotiated loans for house purchase**



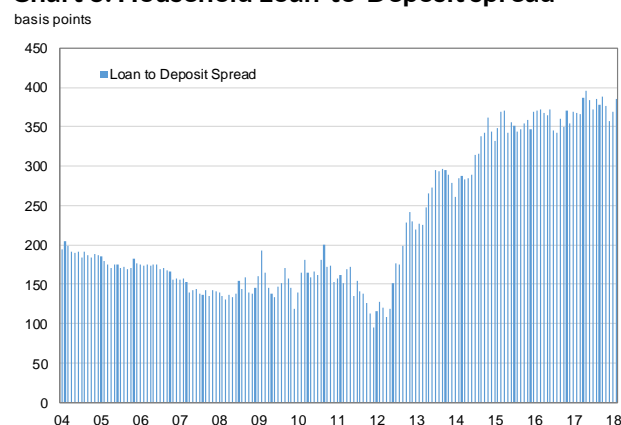
Source: Retail Interest Rates [Table B.2.2](#)

**Chart 5: Interest rates on household & NFC term deposits**



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

**Chart 6: Household Loan-to-Deposit spread**



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

<sup>2</sup> 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.

### 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](#).