



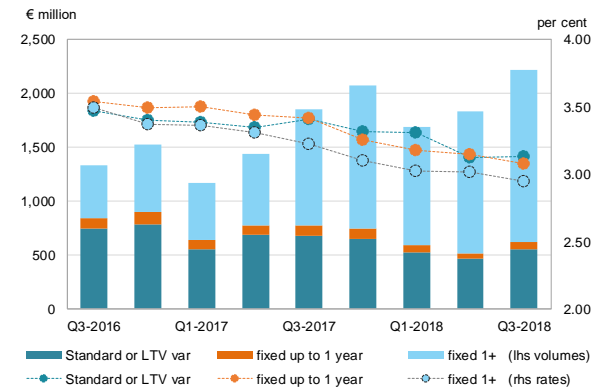
Retail Interest Rates – September 2018

9 November 2018

Key Developments in Loans

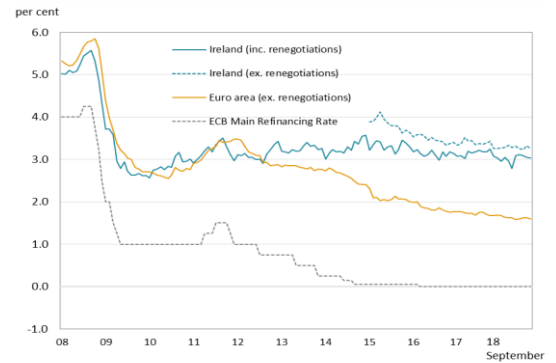
- Quarterly data¹ for Q3 2018 show **standard variable rates for new PDH mortgage drawdowns** remained unchanged over the quarter. Rates fell by 27 basis points over the past year, standing at 3.13 per cent at end Q3 2018 (Chart 1). Half of new PDH mortgage drawdowns in Q3 2018 were fixed for more than 3 years.
- Monthly data for September 2018 show a **weighted average interest rate on new variable rate mortgage agreements*** of 3.24 per cent (Chart 2), a decrease of 8 basis points on the previous month. New business rates averaged 3.28 per cent over the year to date.
- Ireland continued to have the highest **average interest rate*** across the euro area on all **new mortgages agreed** in September, at 3.08 per cent. The rate varied considerably across countries, with the average for the euro area being 1.76 per cent (Chart 3).
- Fixed-rate mortgages** accounted for 64 per cent of **new agreements** over the three months to September 2018, compared with 81 per cent of new agreements over the same period in the euro area. The **average fixed rate*** for the year to date stands at 3.04 per cent.
- There was a 23 per cent increase in new mortgage agreements* in the 12 months to September 2018. **The volume of new mortgage agreements*** amounted to €691 million in September 2018, bringing new agreements to €7.5 billion over the past twelve months.

Chart 1: PDH mortgage interest rates and volumes²



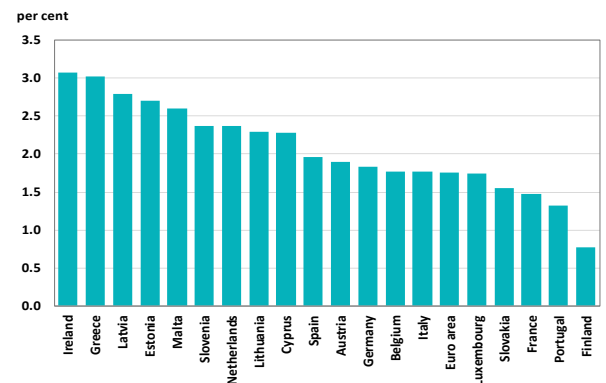
Source: Retail Interest Rates [Table B.3.1](#)

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



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

Chart 3: Average interest rates on all new mortgage agreements (excluding renegotiations) across Euro area countries, September 2018



Sources: Retail Interest Rates [SDW](#)

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.

*Rates quoted exclude renegotiations unless otherwise stated

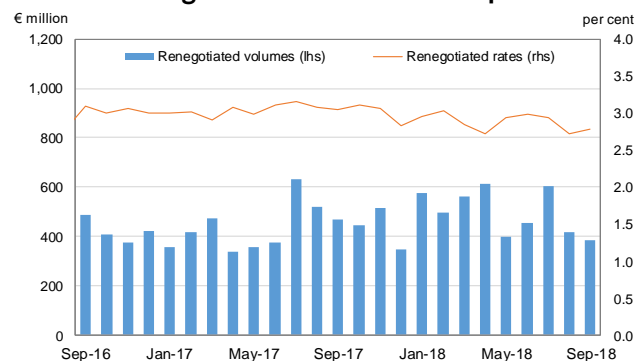
- **Variable mortgage rates for new BTL mortgage drawdowns** averaged 4.74 per cent in Q3 2018, an increase of 1 basis point from Q3 2017. Fixed rate BTL mortgages decreased by 3 basis points to 4.81 per cent over the same period.
- **Total renegotiated mortgages** amounted to €383 million in September 2018 (Chart 4), with fixed rate products accounting for 64 per cent of renegotiations. The weighted average interest rate for renegotiated mortgages was 2.78 per cent in September.
- **New business rates for NFC loans under €1 million**, which includes the majority of SME loans, recorded a weighted average interest rate of 4.31 per cent in September 2018, an increase of 14 basis points on the previous month.

Key Developments in Deposits

- **Interest rates on new household term deposits** remained low in September, at 0.04 per cent (Chart 5). This represented a 3 basis point decline over the last twelve months. Equivalent euro area rates experienced a decline of 5 basis points over the same period, but remain marginally higher at 0.33 per cent.
- **New business NFC term deposits** have increased by 6 basis points in the last twelve months to 0.07 per cent in September 2018. Corresponding NFC term deposit rates for the euro area increased by 1 basis point over the same period, to stand at 0.10 per cent in September (Chart 5).
- **The household loan to deposit spread** stood at 403 basis points in September (Chart 6)³, a decrease of 7 basis points on the previous month.

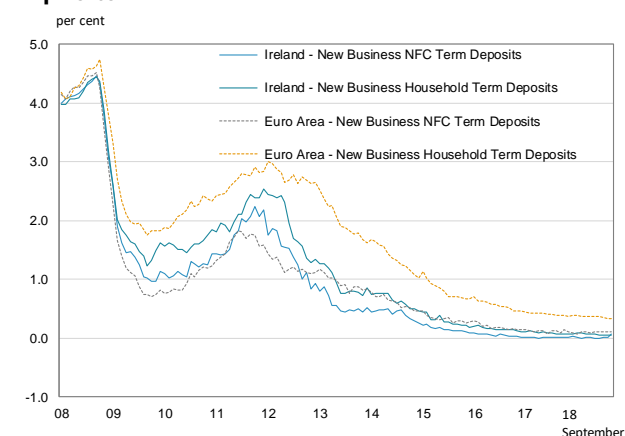
³ The loan to deposit spread is the difference between new business term deposits and the weighted average rate on new business loans

Chart 4: Renegotiated loans for house purchase



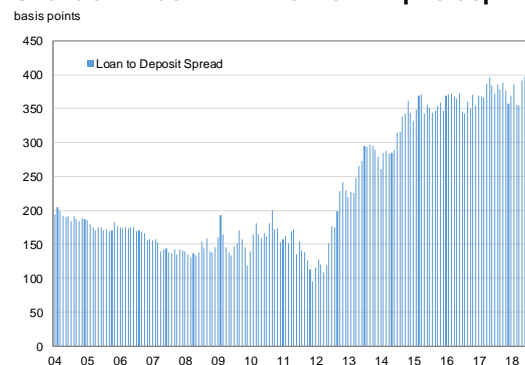
Source: Retail Interest Rates [Table B.2.2](#)

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](#)

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](#).