



## Retail Interest Rates – May 2024

10 July 2024

### Household Lending Interest Rates

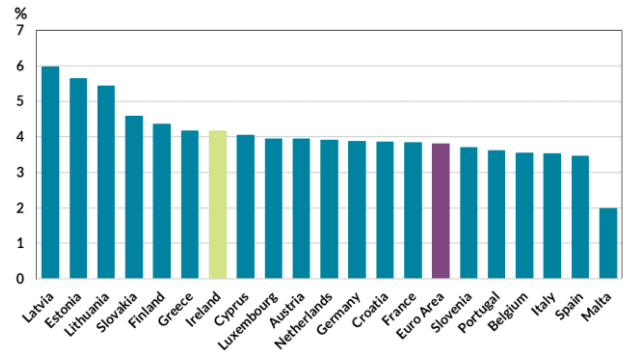
- The **weighted average interest rate on new Irish mortgage agreements**<sup>1</sup> decreased 7 basis points from 4.24 per cent in April to 4.17 per cent at end-May 2024 (Chart 1), the lowest it has been since August 2023, but 33 basis points higher than in May 2023. The equivalent euro area average remained at 3.8 per cent (Table 1). At end-May, the rate in Ireland exceeded the euro area average by 37 basis points (Chart 1), and was tied for 6<sup>th</sup> highest in the euro area (7<sup>th</sup> at end-April).
- The **weighted average interest rate on new fixed rate mortgage agreements**, which constitute 66 per cent of the volume of new mortgage agreements (70 per cent in April 2024, 86 per cent in May 2023), was 4.02 per cent in May. This is a decrease of 11 basis point from April and an increase of 24 basis points over the previous year.
- **The total volume of pure new mortgage agreements** rose to €821 million in May, an 18.5 per cent increase from the previous month, and a decrease of 5.5 per cent annually (Chart 2).
- **Renegotiated mortgages** totalled €209 million in May compared to €126 million recorded in the previous month. 67 per cent of renegotiated mortgages were within the fixed rate category in May, compared to 58 per cent in April. The weighted average interest rate on renegotiated fixed rate mortgages was 3.87 per cent in May 2024, up from 3.55 per cent in May 2023, while the equivalent rate for the variable renegotiated category stood at 4.02 per cent in May 2024, up 32 basis points from 3.70 per cent in May 2023.
- The interest rate on **new consumer loans** increased to 7.93 per cent in May, 17 basis points higher than the equivalent rate in the previous month. The total volume of new consumer loans was €234 million in May.

**Table 1: Weighted average interest rates for house purchase (excluding renegotiations), May 2024**

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New IE mortgage agreements	4.17	-7	+33	821
of which: · fixed rate	4.02	-11	+24	545
· variable rate	4.47	-6	+25	275
New Euro Area mortgage	3.80	0	+9	45,749

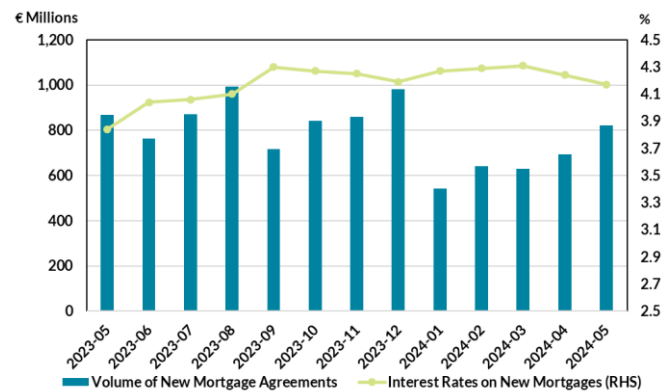
Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

**Chart 1: Weighted average interest rates on new lending for house purchase across the euro area, May 2024**



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.

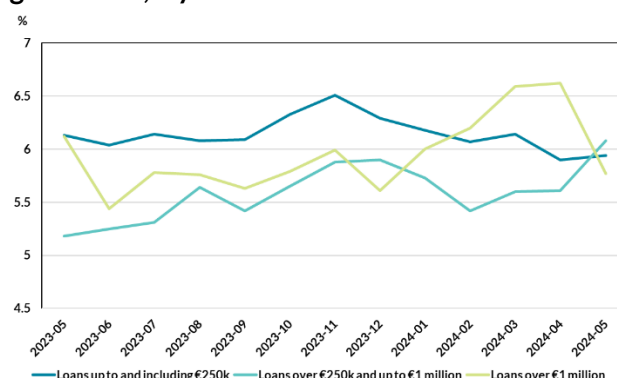
### Non-Financial Corporations Lending Interest Rates

- **New NFC loan agreements** decreased to €1 billion in May from €1.4 billion in April, and decreased 24 per cent from May 2023. The associated weighted average interest rate was 5.83 per cent in May, down 62 basis points from April, and down 22 basis points from last May. The equivalent rate in the euro area fell 9 basis points to 5 per cent in May.
- The volume of **new NFC loans of over €1 million**, which account for 75% of the volume of all new NFC loans, fell to €763 million in May, a decrease of 32 per cent compared to April 2024. The weighted average interest rate on this instrument category was 5.77 per cent in May (Chart 3). This reflects a year-on-year decrease of 35 basis points.

### Household and Non-Financial Corporations Deposit Rates

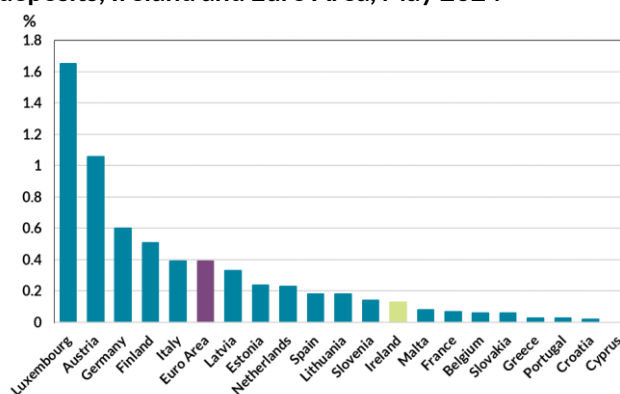
- Interest rates on **household overnight deposits** remained at 0.13 per cent in May 2024 (Chart 4) for the fifth consecutive month. The weighted average interest rate on **new household deposits with agreed maturity** rose 3 basis points to 2.68 per cent in May (Chart 5), the 6<sup>th</sup> lowest in the euro area. The level of new business in this category was €1 billion, which is a 9 per cent decrease in month on month terms, but a 211 per cent increase from May 2023. This is the fifth month over the previous year with greater than €1 billion of new business in this category following a multi-year period of lower volumes.
- Interest rates on **NFC overnight deposits** increased to 0.14 per cent in May 2024. Interest rates on **new NFC deposits with agreed maturity** increased by 8 basis points month-over-month to 3.54 per cent in May. The corresponding rate in the euro area was 0.92 per cent. The level of new business of new NFC term deposits was €4 billion in May, representing a month on month increase of 14 per cent and an 81 per cent increase from May 2023.

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



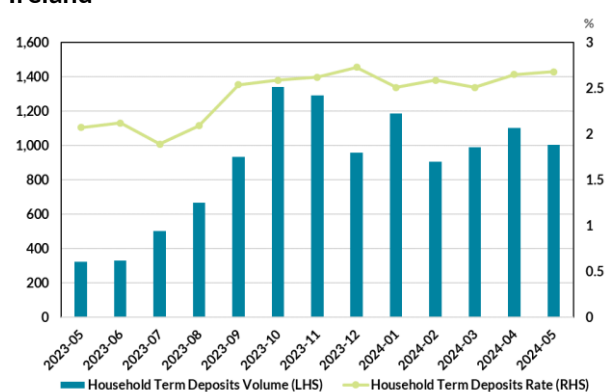
Sources: Retail Interest Rates [Table B.2.1](#)

Chart 4: Interest rates on household Overnight deposits; Ireland and Euro Area, May 2024



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 February 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 February 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.