



Retail Interest Rates – April 2020

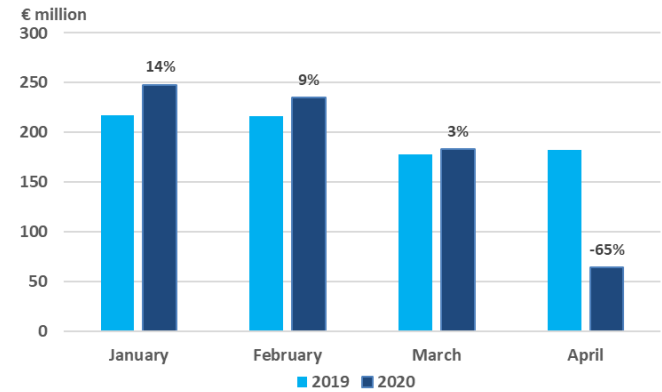
12 June 2020

This is the first release of the monthly Retail Interest Rate Statistics to capture a full month of data where the emergency COVID-19 containment measures were in effect.

Key Developments in Loans

- **New consumer lending agreements** (including renegotiations) amounted to €64 million in April 2020. This is the lowest level of new consumer loan agreements since the series began, after declining by €119 million compared to the previous month (Chart 1). The average interest rate was 7.16 per cent. The equivalent euro area rate stood at 5.18 per cent in April.
- **The volume of new mortgage agreements¹** amounted to €407 million in April 2020, a decrease of 40 per cent on March.
- Of this, €325 million was agreed in **new fixed rate mortgages**; a decrease of 36 per cent on the previous month. **New variable rate mortgage agreements** declined by 51 per cent to €82 million in April (Table 1 & Chart 2).
- **Fixed rate mortgages** (including renegotiations) accounted for 75 per cent of **all new agreements** in the three months to April. This compared with 82 per cent of new agreements for the same period in the euro area.
- The **weighted average interest rate on new mortgages agreed** in Ireland stood at 2.78 per cent in April, down 2 basis points on the previous month (Table 1). The average for the euro area stood at 1.29 per cent in April, although the rate varied considerably across countries. Ireland had the third highest mortgage interest rates across the euro area in April.
- The **weighted average interest rate on new fixed rate mortgage agreements** stood at 2.70 per cent in April 2020, a decrease of 2 basis points on March (Table 1 & Chart 3).
- **New variable rate mortgage weighted average interest rates** stood at 3.12 per cent in April 2020, up 8 basis points month-on-month. With lower volumes of agreed variable rate mortgages, the interest rate series can be volatile as rates are weighted by volumes.

Chart 1: Decline in new consumer credit agreements



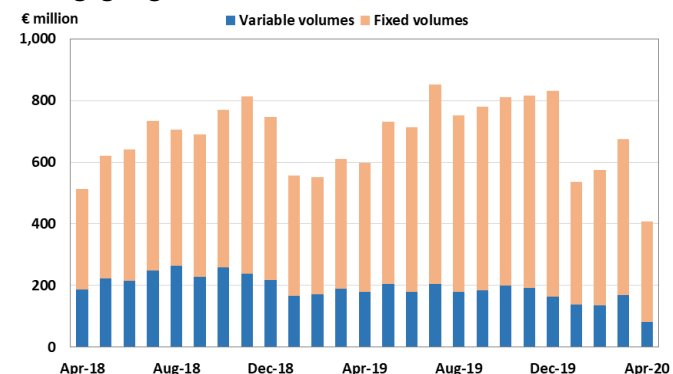
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

Table 1: Weighted average interest rates for house purchase (excluding renegotiations)

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New mortgage agreements	2.78	-2	-25	407
of which				
- fixed rate mortgage agreements	2.70	-2	-21	325
- variable rate mortgage agreements	3.12	8	-20	82
New mortgage agreements - Euro area average	1.29	-2	-41	48,716

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

Chart 2: Volume of new variable and fixed rate mortgage agreements



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

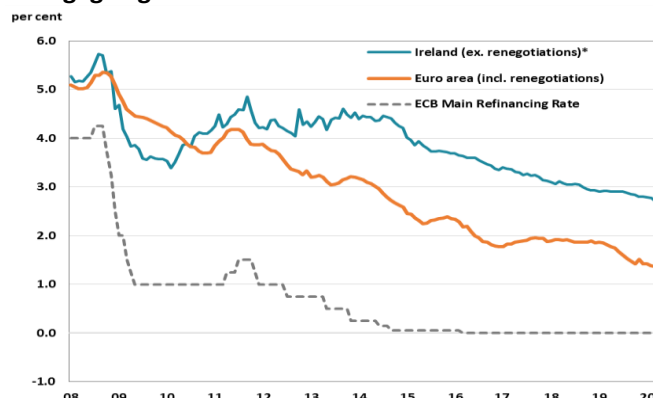
¹ Rates and volumes quoted on this page exclude renegotiations unless otherwise stated.

- **Renegotiated mortgages** amounted to €238 million in April (Chart 4). Fixed rate products accounted for 67 per cent of renegotiations. The weighted average interest rate for all renegotiated mortgages was 2.80 per cent in April 2020.
- **Interest rates on new NFC loans of under €1m**, which typically include SME loans, recorded a weighted average interest rate of 4.20 per cent in April 2020, up 7 basis points on the previous month. The volume of new lending was €234 million in April, €112 million lower than in the previous month. Smaller NFC loans, up to €250k, accounted for 80 per cent of this monthly decrease in lending.
- **For new NFC loans over €1m (floating rate and up to 1 year interest rate fixation)**, the volume of new lending amounted to €1.1 billion, down from €2 billion in March. The weighted average interest rate rose to 2.00 per cent in April, compared to the euro area average of 1.24 per cent.

Key Developments in Deposits

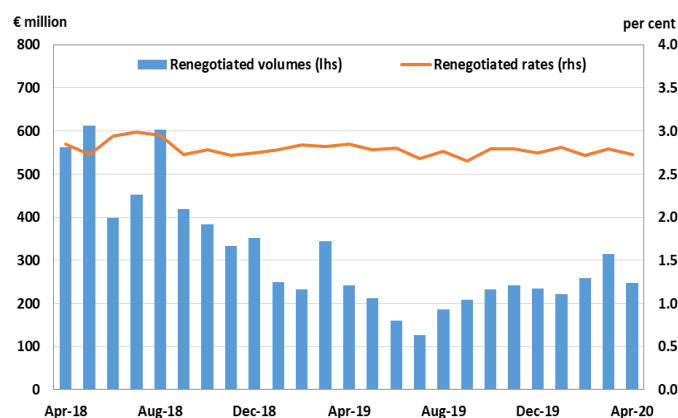
- **Interest rates on new household term deposits** stood at 0.02 per cent in April. Equivalent euro area rates were 0.26 per cent (Chart 5).
- Interest rates on **new business NFC term deposits** in Ireland were also unchanged in April, at -0.08 per cent. Corresponding NFC term deposit rates for the euro area stood at -0.05 per cent (Chart 5).

Chart 3: Average interest rates on new fixed rate mortgage agreements



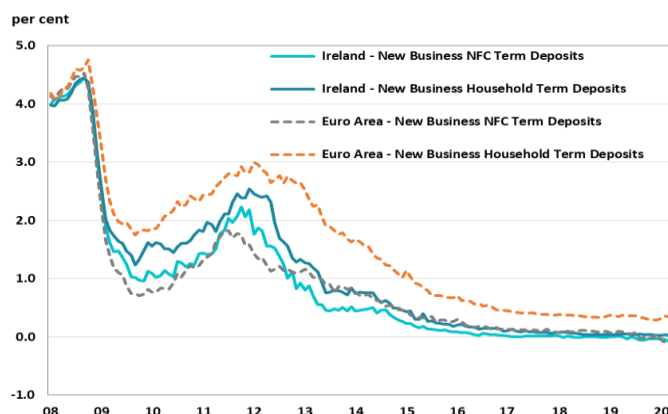
Note: * Prior to Dec 2014, the Irish rate includes renegotiations
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

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](#)

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](#).