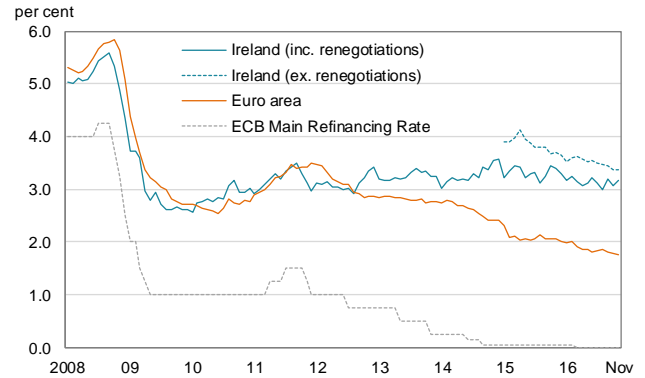


Retail Interest Rates – November 2016

Key Developments in Loans

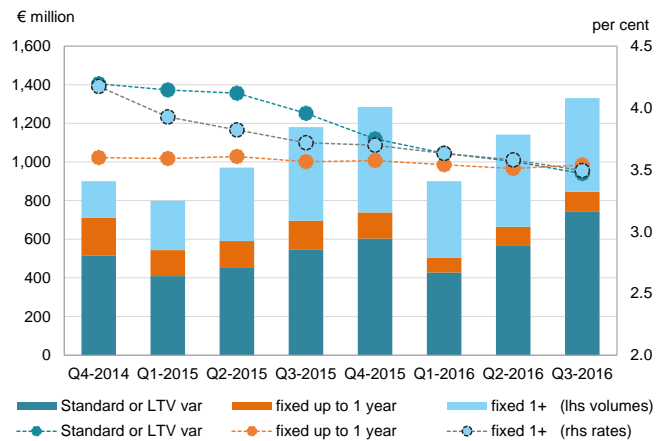
- The weighted average interest rate on new mortgage agreements (excluding renegotiations) stood at 3.38 per cent in November. This represents a decline of 28 basis points over the past twelve months. The equivalent euro area rate was 1.72 per cent.
- The volume of new mortgage agreements (excluding renegotiations) amounted to €548 million in November, bringing new agreements to €4.9 billion over the past twelve months.
- New variable rate mortgages¹, which stood at 3.38 per cent in November (Chart 1), accounted for two-thirds of all new agreements in Ireland over the past year. The equivalent euro area share of variable rate mortgages is less than one quarter.
- Supplementary quarterly data² show that the most pronounced fall in PDH mortgages was observed for standard variable rate mortgages, which fell by 49 basis points to 3.47 per cent over the year to Q3 2016 (Chart 2). Fixed rate PDH mortgage rates also declined, with rates fixed for 1-3 years falling by 23 basis points over the same period.
- The share of fixed rate PDH mortgages in new mortgage draw-downs declined over 2016, but remains at just over a third of all new PDH mortgages.
- New variable BTL mortgage rates declined by 20 basis points over the year to Q3 2016 (Chart 3), to stand

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



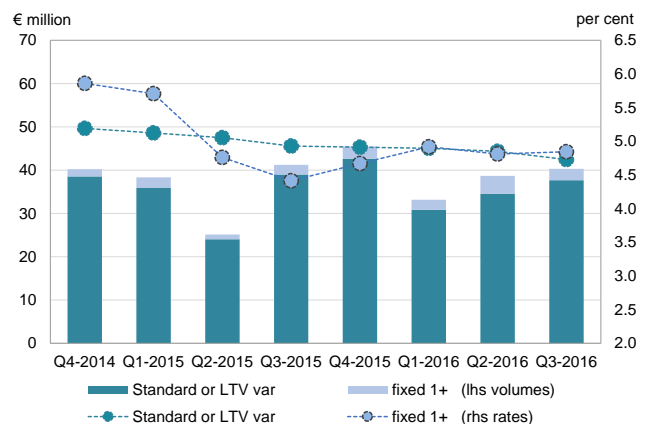
Source: Retail Interest Rates Table B.2.1 and SDW

Chart 2: PDH mortgage interest rates and volumes³



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 Include up to 1 year initial rate fixation loans. Excluding renegotiations.

² Quarterly data provide further breakdown by mortgage product and property type.

³ Refers to the volume of new business mortgages drawn down over the respective quarter. See Note 1.

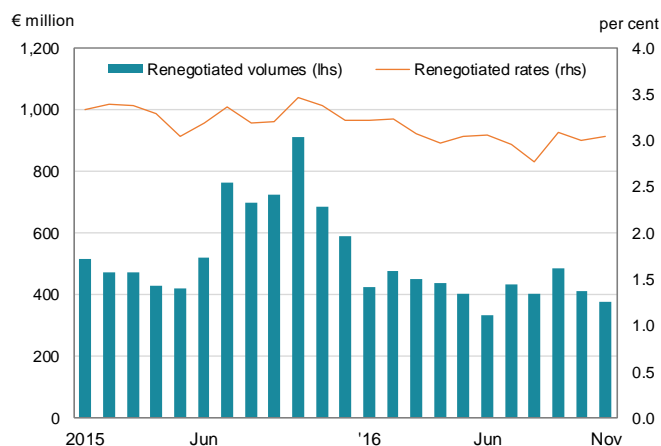
at 4.73 per cent. Fixed rate BTL mortgages, however, rose over the period, increasing by 43 basis points to 4.84 per cent. The majority of BTL lending is at variable rates, accounting for over 90 per cent of new draw-downs in Q3.

- **Renegotiated mortgages** totalled €373 million in November (Chart 4), with variable rate products accounting for the majority of renegotiations. The weighted average interest rate for renegotiated mortgages was 3.05 per cent in November.

Key Developments in Deposits

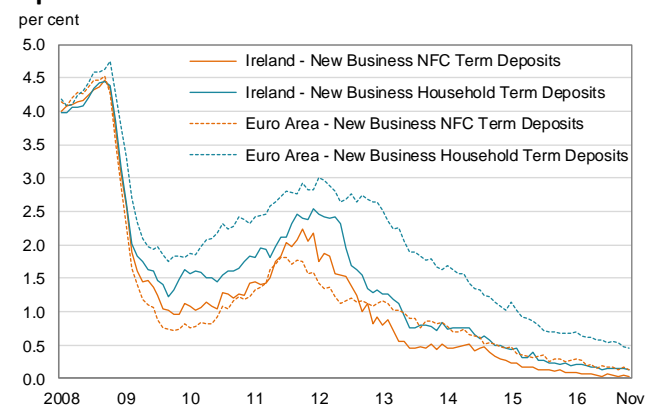
- **Interest rates on new household term deposits** remained subdued in November 2016, at 0.13 per cent (Chart 5). This represented a 5 basis points decline over the last twelve months for depositors. While equivalent euro area rates had a slightly larger decline of 21 basis points over the same period, they remain higher at 0.46 per cent.
- **New business NFC term deposits** fell by 6 basis point over the last twelve months to stand at 0.03 per cent in November. Corresponding NFC term deposits for the euro area fell by 12 basis points over the same period, but recorded a slightly higher rate of 0.14 per cent during the same month (Chart 5).
- **The loan to deposit spread has fallen 5 basis points since the beginning of the year**, and stood at 370 basis points in November (Chart 6).⁴ The recent decline relates to falling variable rates for household loans.

Chart 4: Renegotiated loans for house purchase



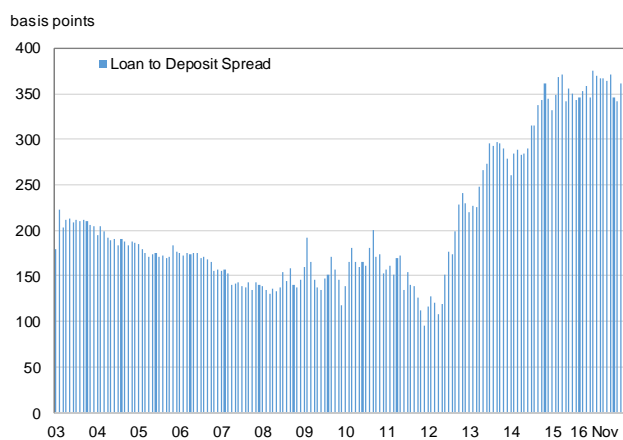
Source: Retail Interest Rates [Table B.2.2](#)

Chart 5: Interest rates on household & NFC term deposits



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

Chart 6: Loan-to-Deposit spread



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

⁴ 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](#).