

Luxembourg, 18 August 2023

Interest rates

The Banque centrale du Luxembourg (BCL) informs that, based on preliminary data, the main interest rates applied by Luxembourg's credit institutions to euro area households and non-financial corporations (NFCs) for their loan and deposit operations have on average evolved as follows in June 2023.

Representative interest rates on new contracts¹ – loans and deposits – concluded with households

The variable² interest rate on mortgage loans granted to households has increased by 4 basis points on a monthly basis to reach 4.42% in June 2023 compared to 4.38% in May 2023 and the volume of these newly granted loans has increased by 5 million euros to reach 221 million euros in June compared to 216 million in May. On a yearly basis, the interest rate has increased by 308 basis points whereas the volume of newly granted loans has decreased by 116 million euros.

The fixed³ interest rate on mortgage loans granted to households decreased by 6 basis points on a monthly basis between May and June to reach 3.79% in June 2023 while the volume of these newly granted loans has increased by 10 million euros between the two months to reach 286 million euros. On a yearly basis, this interest rate increased by 153 basis points whereas the volume of newly granted loans has decreased by 96 million euros.

1 New contracts refer to any new agreement concluded between the household or the non-financial corporation and the reporting agent. New contracts include all financial contracts which mention for the first time the interest rate pertaining to the deposit or credit and all renegotiations of existing deposits or credits.

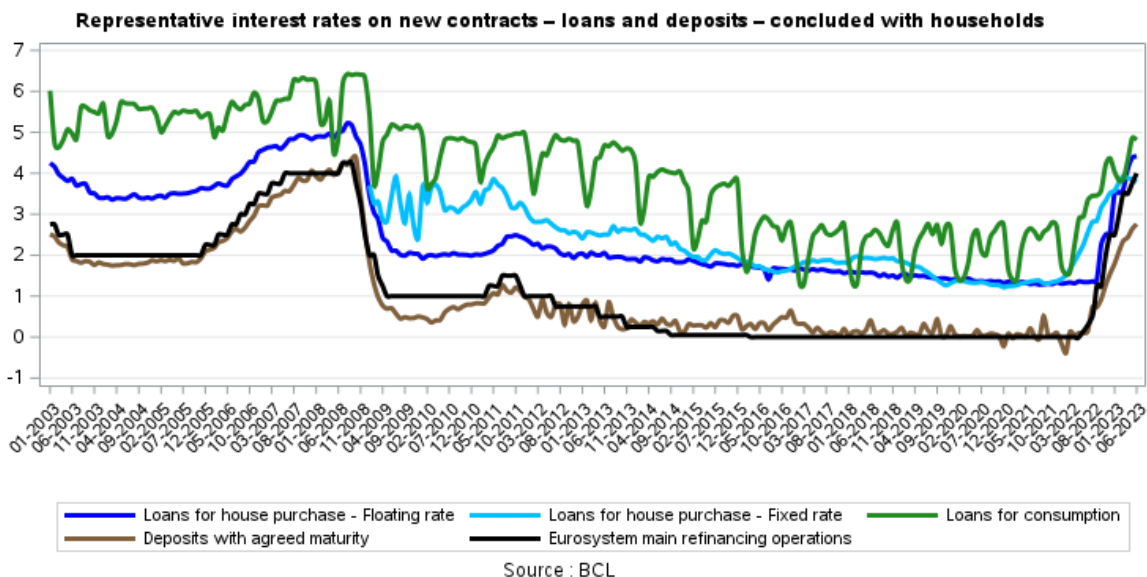
2 Variable interest rate or rate with an initial fixation period inferior or equal to 1 year.

3 Fixed interest rate weighted by the amounts of contracts for all mortgage loans granted, whatever the initial rate fixation period (above 1 year). This series has been published by the BCL since February 2009 only for methodological reasons linked to the identification of reporting agents.

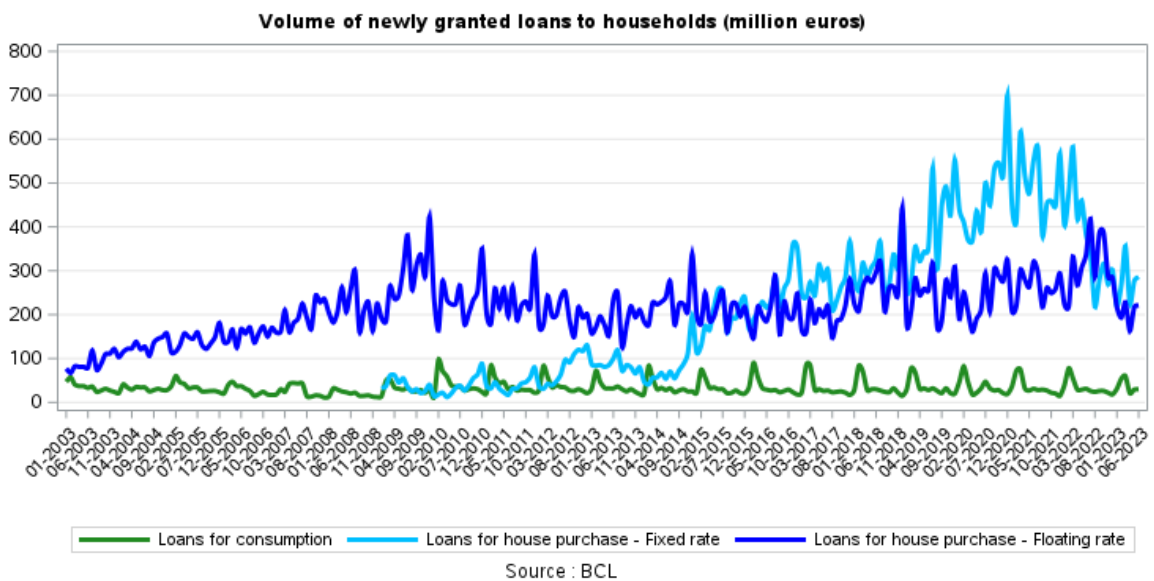
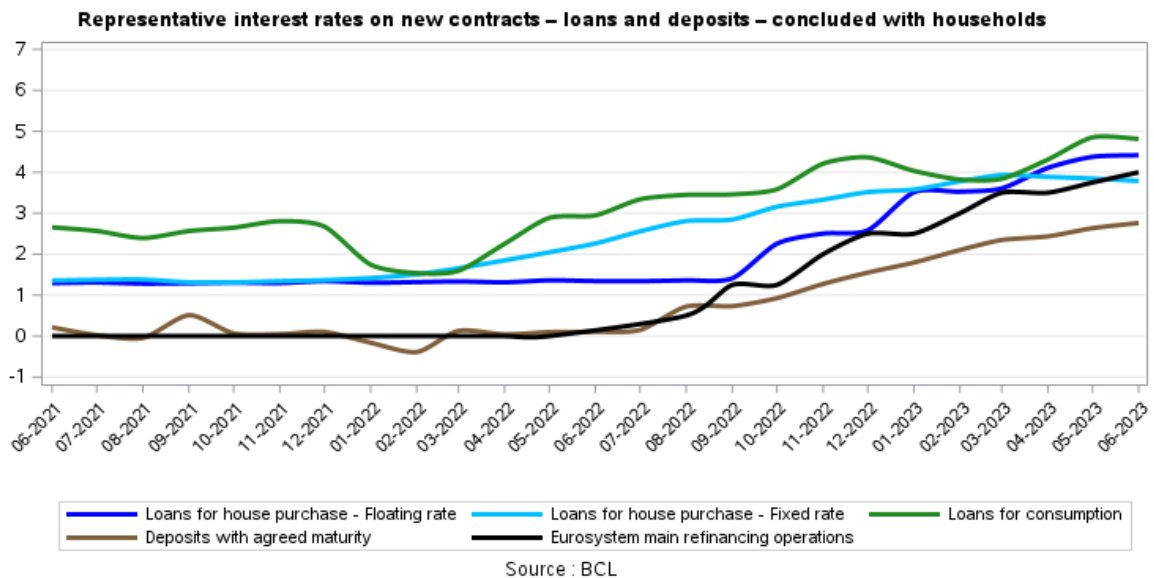
On longer maturities, real estate loans with an initial rate fixation period over 10 years decreased by 7 basis points to reach 3.73% in June 2023. The monthly volume of these newly granted loans decreased by 2 million on a monthly basis to reach 225 million euros in June 2023. On a yearly basis, this rate increased by 143 basis points while the amount of newly granted loans decreased by 81 million euros. It is important to mention that this fixed rate includes all initial fixation periods above 10 years and is computed based on a sample of banks. The indicated rate is an average rate weighted on the volumes of granted loans. Furthermore, fixed rates with initial fixation periods on loans with very long maturities, like e.g. 30 years, can be significantly higher than this average rate mentioned above.

The interest rate on consumer loans that have an initial fixation period above 1 year and below or equal to 5 years has decreased by 4 basis points on a monthly basis between May and June to reach 4.81% in June 2023. The volume of newly granted loans has increased by 1 million euros to reach 30 million euros in June compared to 29 million in May. On a yearly basis, the interest rate has increased by 186 basis points whereas the volume of new lending has decreased by 1 million euros.

The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has reached 276 basis points in June 2023 from 263 basis points in May 2023. On a yearly basis, this rate has increased by 265 basis points.



The following graph provides a detailed overview of the evolution of interest rates over the past two years.

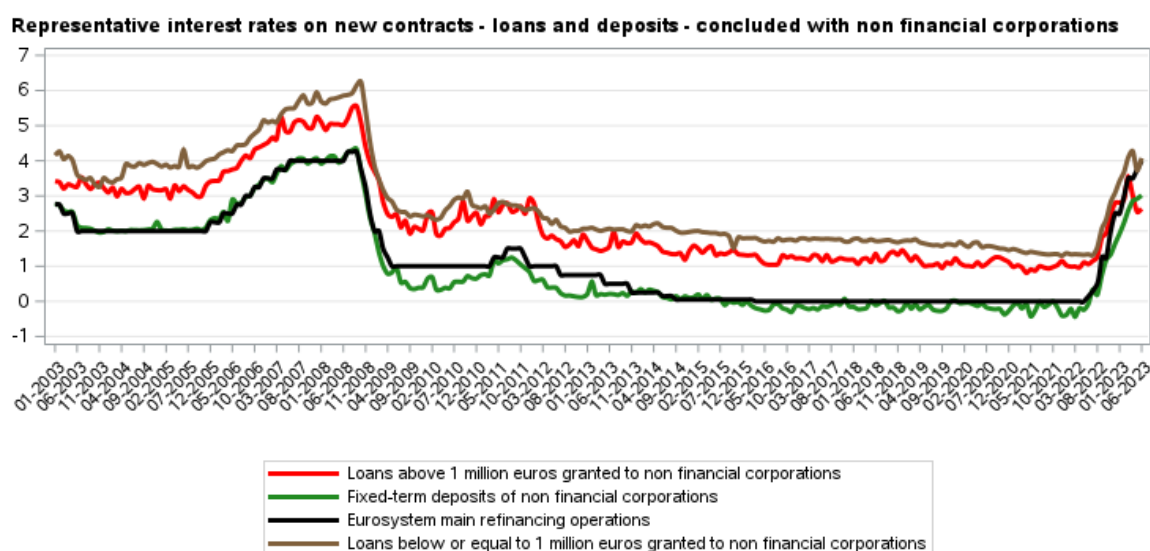


Representative interest rates on new contracts¹ – loans and deposits – concluded with non-financial corporations (NFCs)

The variable interest rate on loans below or equal to 1 million euros granted to NFCs increased by 35 basis points in June 2023 to 4.08%, compared to 3.73% in May, and the volume has increased by 11 million euros to reach 132 million in June from 121 million euros in May. On a yearly basis, this interest rate has increased by 274 basis points and the volume of newly granted loans has decreased by 633 million euros.

The variable interest rate on loans above 1 million euros granted to NFCs has increased by 9 basis points on a monthly basis to 2.64% during the last reference period, compared to 2.55% in May. The volume of newly granted loans has increased by 251 million euros to reach 1 818 million euros in June compared to 1 567 in May. On a yearly basis, this interest rate has increased by 158 basis points and the volume of newly granted loans has decreased by 1 861 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has increased by 10 basis points on a monthly basis between May and June to reach 3.02% in June 2023. On a yearly basis, this interest rate has increased by 309 basis points.



Source : BCL

The tables pertaining to interest rates applied to credit institutions can be consulted and/or downloaded on the BCL’s website on the following pages:

http://www.bcl.lu/en/statistics/series_statistiques_luxembourg/03_Capital_markets/index.html

Weighting method

The interest rates applied to new contracts are weighted within the categories of instruments concerned by the amounts of individual contracts. This results from the compilation of national aggregates carried out by reporting credit institutions and by the BCL.

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