

Luxembourg, 16 May 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 March 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 8 basis points on a monthly basis to reach 3.61% in March 2023 compared to 3.53% in February 2023 and the volume of these newly granted loans has increased by 35 million euros to reach 228 million euros in March compared to 193 million in February. On a yearly basis, the interest rate has increased by 228 basis points whereas the volume of newly granted loans has decreased by 104 million euros.

The fixed³ interest rate on mortgage loans granted to households increased by 15 basis points on a monthly basis between February and March to reach 3.93% in March 2023 while the volume of these newly granted loans has increased by 88 million euros between the two months to reach 356 million euros. On a yearly basis, this interest rate increased by 227 basis points whereas the volume of newly granted loans has decreased by 226 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.

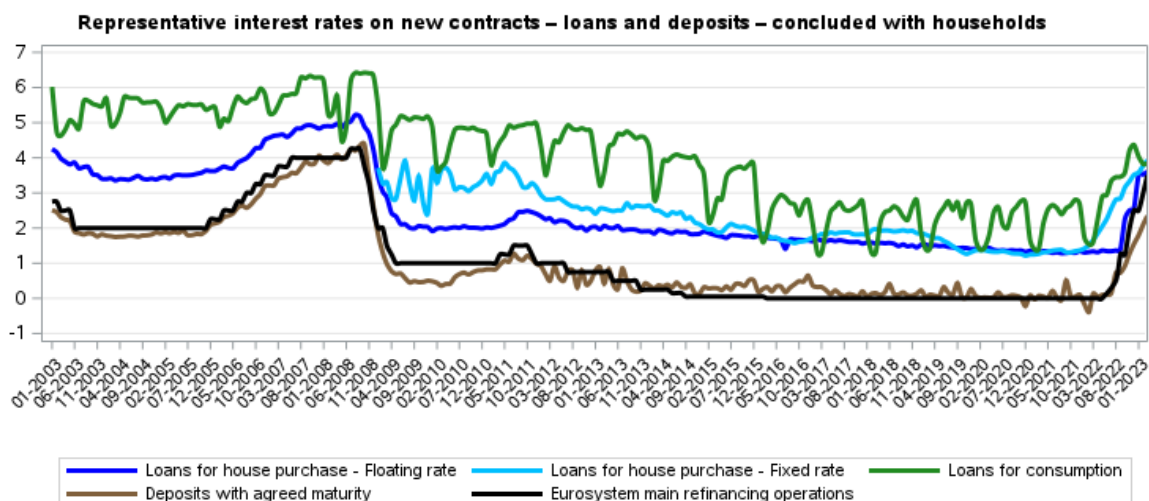
2 Variable interest rate or rate with an initial fixation period inferior or equal to 1 year.

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 increased by 16 basis points to reach 3.94% in March 2023. The monthly volume of these newly granted loans increased by 85 million on a monthly basis to reach 302 million euros in March 2023. On a yearly basis, this rate increased by 223 basis points while the amount of newly granted loans decreased by 154 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 increased by 2 basis points on a monthly basis between February and March to reach 3.84% in March 2023. The volume of newly granted loans has increased by 6 million euros to reach 60 million euros in March compared to 54 million in February. On a yearly basis, the interest rate has increased by 225 basis points whereas the volume of new lending has increased by 5 million euros.

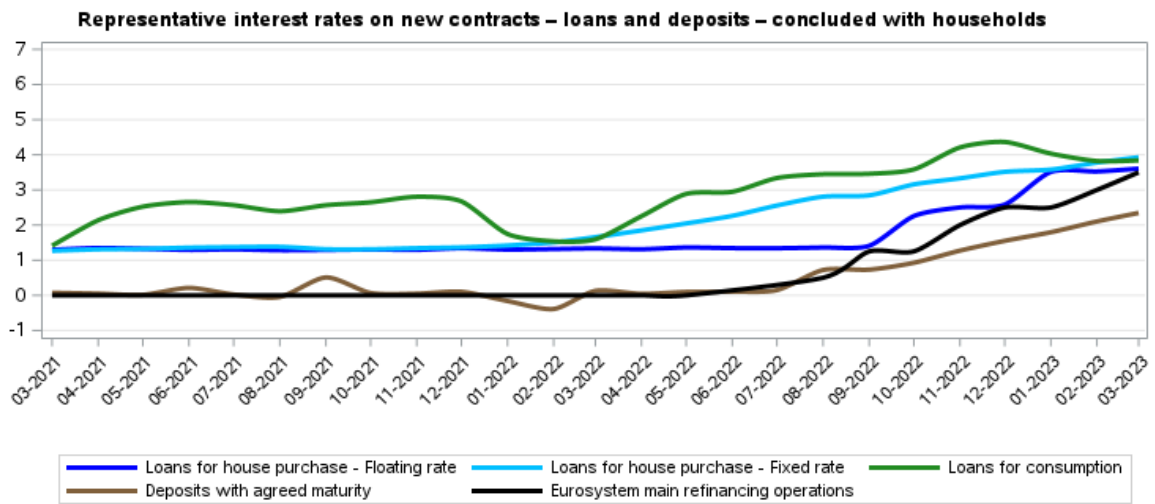
The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has reached 235 basis points in March 2023 from 210 basis points in February 2023. On a yearly basis, this rate has increased by 222 basis points.



Source : BCL

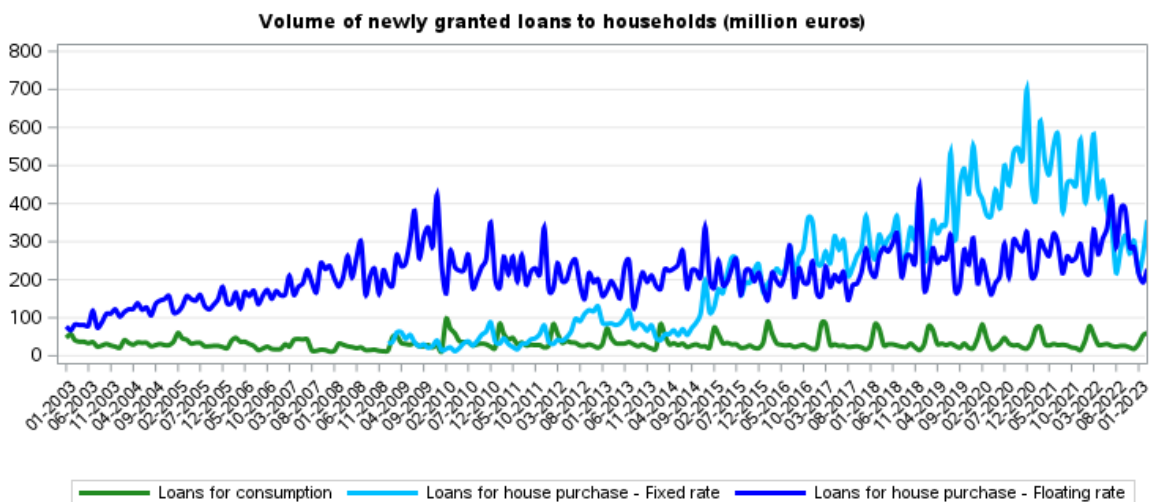
1) These statistics are computed based on a sample of 54 reporting banks.

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



Source : BCL

1) These statistics are computed based on a sample of 54 reporting banks.



Source : BCL

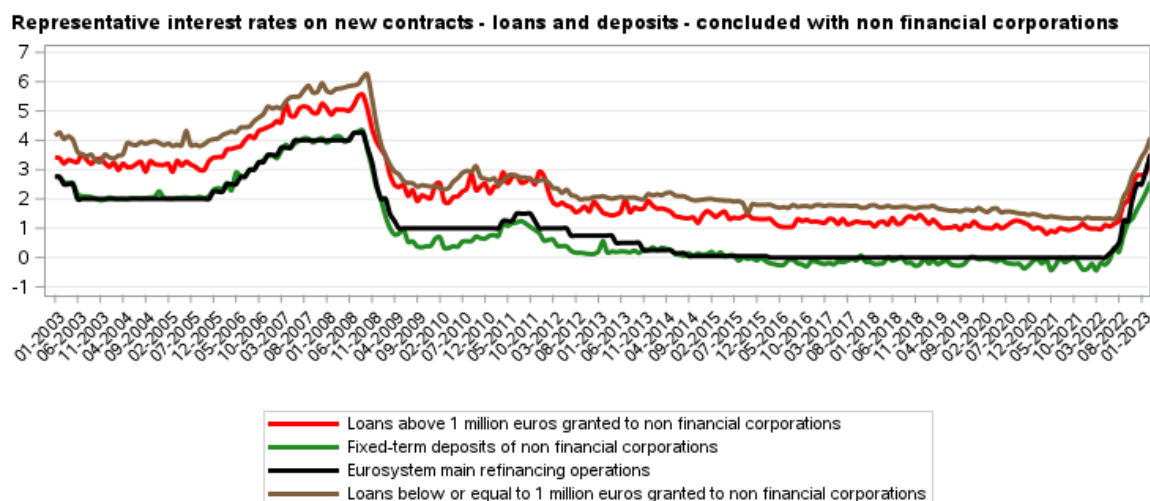
1) These statistics are computed based on a sample of 54 reporting banks.

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

The variable² interest rate on loans below or equal to 1 million euros granted to NFCs increased by 40 basis points in March 2023 to 4.09%, compared to 3.69% in February, and the volume has increased by 90 million euros to reach 691 million in March from 601 million euros in February. On a yearly basis, this interest rate has increased by 275 basis points and the volume of newly granted loans has decreased by 387 million euros.

The variable² interest rate on loans above 1 million euros granted to NFCs has increased by 63 basis points on a monthly basis to 3.54% during the last reference period, compared to 2.91% in February. The volume of newly granted loans has increased by 901 million euros to reach 3 489 million euros in March compared to 2 588 in February. On a yearly basis, this interest rate has increased by 255 basis points and the volume of newly granted loans has decreased by 984 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has increased by 33 basis points on a monthly basis between February and March to reach 2.58% in March 2023. On a yearly basis, this interest rate has increased by 302 basis points.



Source : BCL

1) These statistics are computed based on a sample of 54 reporting banks.

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.

Department International Relations and Communications
Section Communications

Tel. : (+352) 4774-4265 ou 4599

E-mail : press@bcl.lu

www.bcl.lu