

Luxembourg, 9 June 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 April 2023.

### **Representative interest rates on new contracts<sup>1</sup> – loans and deposits – concluded with households**

The variable<sup>2</sup> interest rate on mortgage loans granted to households has increased by 50 basis points on a monthly basis to reach 4.11% in April 2023 compared to 3.61% in March 2023 and the volume of these newly granted loans has decreased by 65 million euros to reach 163 million euros in April compared to 228 million in March. On a yearly basis, the interest rate has increased by 280 basis points whereas the volume of newly granted loans has decreased by 104 million euros.

The fixed<sup>3</sup> interest rate on mortgage loans granted to households decreased by 4 basis points on a monthly basis between March and April to reach 3.89% in April 2023 while the volume of these newly granted loans has decreased by 132 million euros between the two months to reach 224 million euros. On a yearly basis, this interest rate has increased by 204 basis points whereas the volume of newly granted loans has decreased by 195 million euros.

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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.

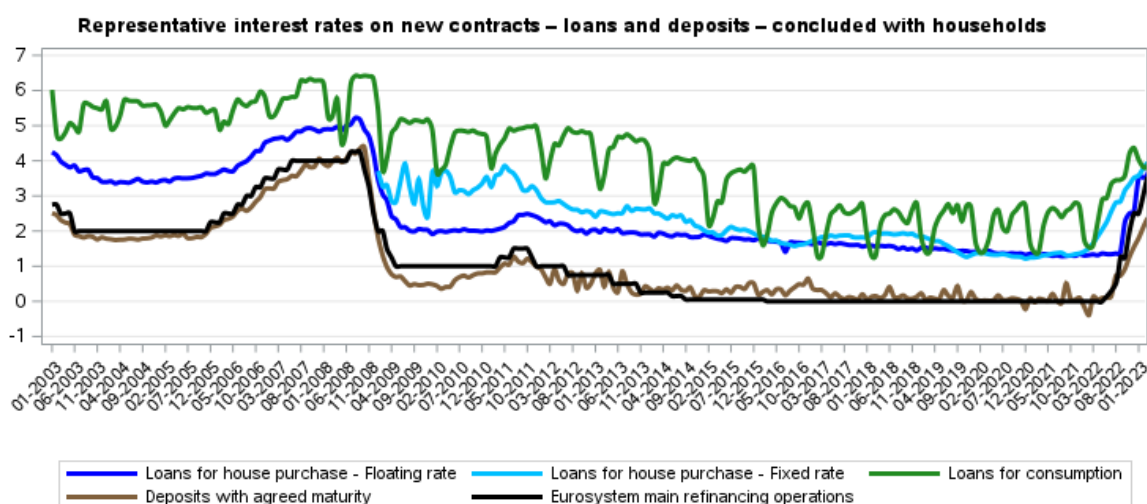
2 Variable interest rate or rate with an initial fixation period inferior or equal to 1 year.

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 have decreased by 4 basis points to reach 3.90% in April 2023. The monthly volume of these newly granted loans has decreased by 120 million on a monthly basis to reach 182 million euros in April 2023. On a yearly basis, this rate has increased by 201 basis points while the amount of newly granted loans has decreased by 159 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 47 basis points on a monthly basis between March and April to reach 4.31% in April 2023. The volume of newly granted loans has decreased by 39 million euros to reach 21 million in April compared to 60 million in March. On a yearly basis, the interest rate has increased by 206 basis points whereas the volume of new lending has decreased by 8 million euros.

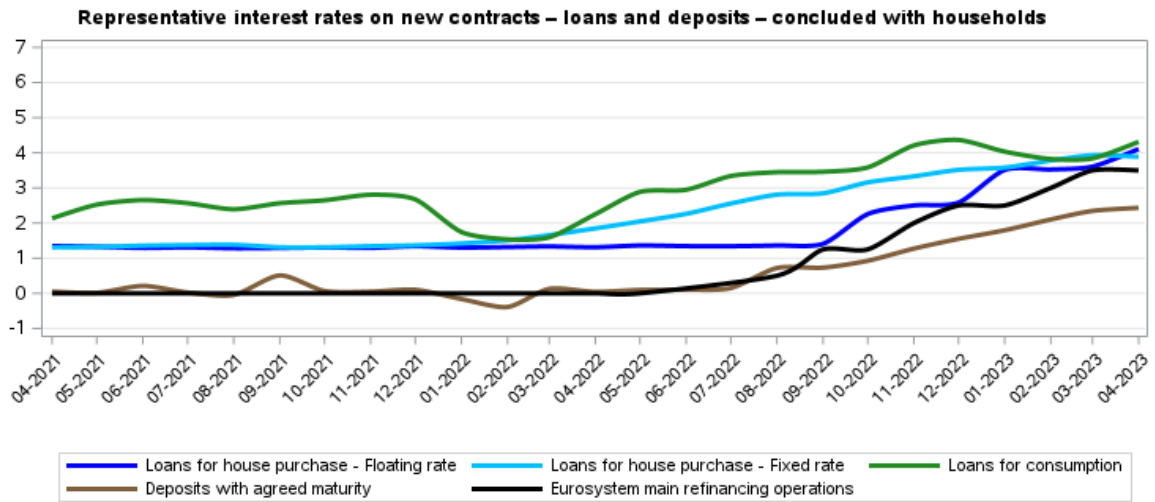
The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has reached 243 basis points in April 2023 from 235 basis points in March 2023. On a yearly basis, this rate has increased by 239 basis points.



Source : BCL

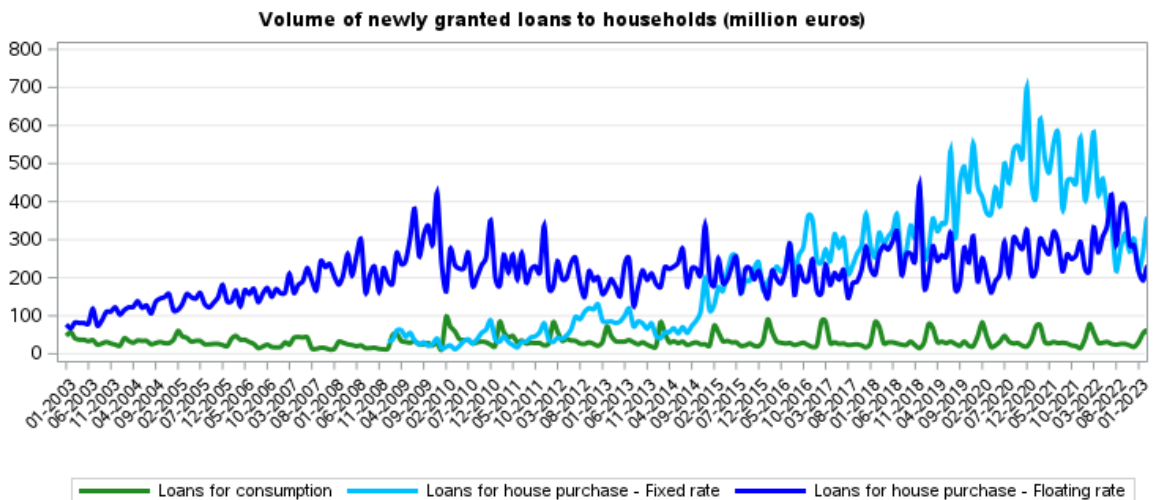
1) These statistics are computed based on a sample of 54 reporting banks.

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

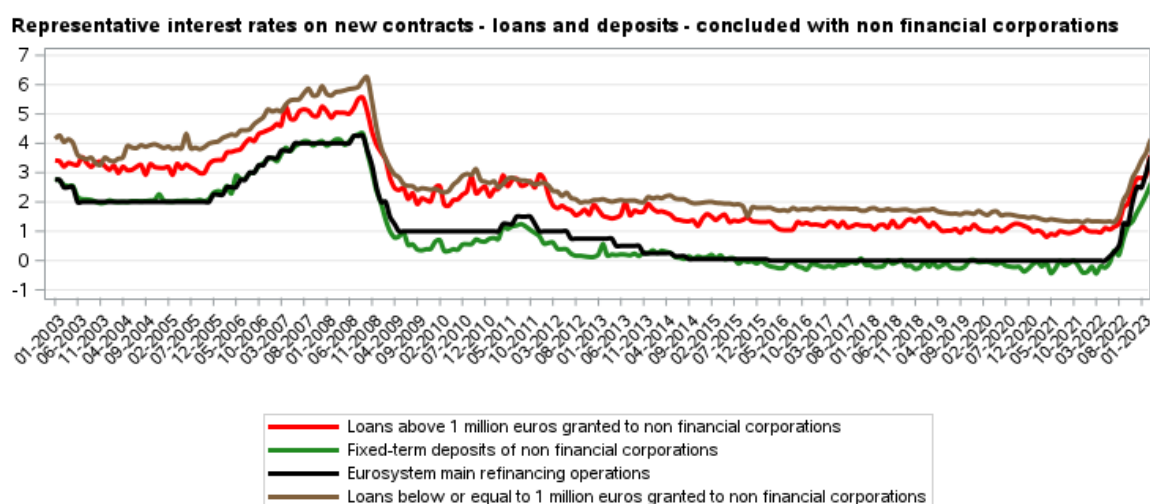
1) These statistics are computed based on a sample of 54 reporting banks.

### Representative interest rates on new contracts<sup>1</sup> – 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 18 basis points in April 2023 to 4.27%, compared to 4.09% in March, and the volume has decreased by 173 million euros to reach 518 million in April from 691 million in March. On a yearly basis, this interest rate has increased by 294 basis points and the volume of newly granted loans has decreased by 291 million euros.

The variable interest rate on loans above 1 million euros granted to NFCs has decreased by 53 basis points on a monthly basis to 3.01% during the last reference period, compared to 3.54% in March. The volume of newly granted loans has decreased by 1 131 million euros to reach 2 357 million euros in April compared to 3 488 in March. On a yearly basis, this interest rate has increased by 205 basis points and the volume of newly granted loans has decreased by 981 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has increased by 28 basis points on a monthly basis between March and April to reach 2.86% in April 2023. On a yearly basis, this interest rate has increased by 305 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](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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