

2 February 2018

Loans to individuals – France • December 2017

Housing loans : interest rates are at their lowest and the growth of stocks at its highest in six months

- The average interest rate on housing loans (long-term and fixed-rate) decreased slightly in December (1.61% down from 1.64% in November) and reached its lowest level in 6 months. Throughout the year, the average interest rate increased slightly about 10 basis points (1.5% in December 2016).
- In December 2017, the monthly change in stocks of housing loans rebounded (5.4 billion of euro after 4.2 billion in November 2017) reaching its highest in six months (5.2 billion in June 2017). Over the year, housing loans increased by 6.2%.
- In 2017, the production of new housing loans reached 272 billion euros up from 252 billion euros in 2016. This increase was driven by flows excluding renegotiations (160 billion euros in 2017, up from 137 billion in 2016). Conversely, renegotiations, still very high, decreased slightly (112 billion euros in 2017, down from 115 billion in 2016). After a peak in January 2017, these renegotiations kept decreasing.

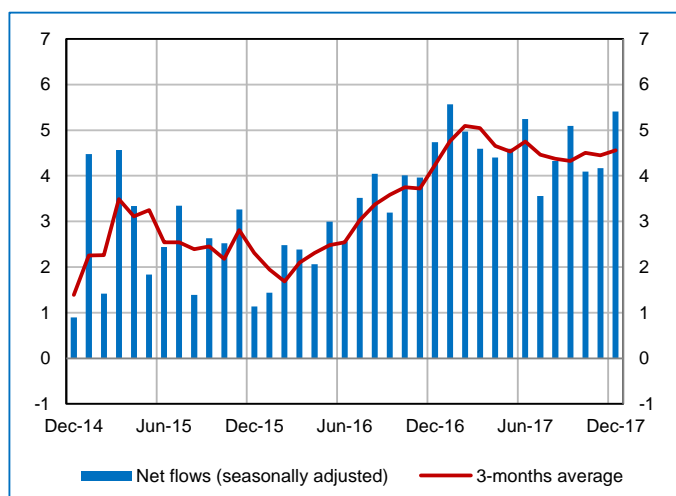
Outstanding amounts and annual growth rates (without seasonal adjustment)

(Outstanding amounts in € Bn, annual growth rate in %)

	End-of-month level	Annual growth rate		
	Dec-17	Oct-17	Nov-17	Dec-17
Total	1 160	6,4	6,4	6,3
<i>Lending for house purchase</i>	955	6,2	6,2	6,2
<i>Credit for consumption</i>	170	6,5	6,4	6,4
<i>Other lending</i>	35	9,9	9,8	8,4

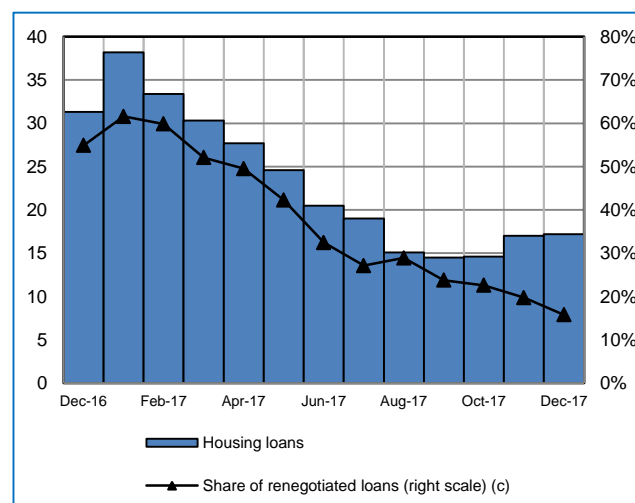
Monthly flows of housing loans (with seasonal adjustment)

(Changes in stocks in € Bn, adjusted for sales and securitization and write-offs/write-downs)



Share of renegotiation of new property loans

(New property loans seasonally adjusted, in € Bn and in %)





Production of new loans

(excluding overdrafts, monthly flows seasonally adjusted (a))

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
- loans for consumption purposes (b)	5.0	5.0	5.2	5.1	5.5	5.7
- housing loans	19.0	15.1	14.5	14.6	17.0	17.2
of which housing loans excluding renegotiations	13.9	10.7	11.0	11.3	13.7	14.5
- proportion of renegotiation (not seasonally adjusted) in % (c)	27.1	28.9	23.8	22.6	19.7	15.8

Interest rates on new loans (narrowly defined effective rate, monthly average)

(in %)	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17 (e)	Dec-17 (f)
- housing loans long term and fixed rates	1.62	1.66	1.65	1.67	1.64	1.61
- housing loans short term and floating rates	1.63	1.67	1.64	1.62	1.68	1.60
loans for consumption purposes (b)	3.86	4.05	3.78	3.77	3.82	3.60
- overdrafts for individuals (d)	6.01	6.08	6.37	6.12	6.25	5.96

(a) Parameters for seasonal adjustment are updated each month, taking into account monthly data under review.

(b) Excluding revolving loans.

(c) Ratio of renegotiated loans on housing loans, both not seasonally adjusted

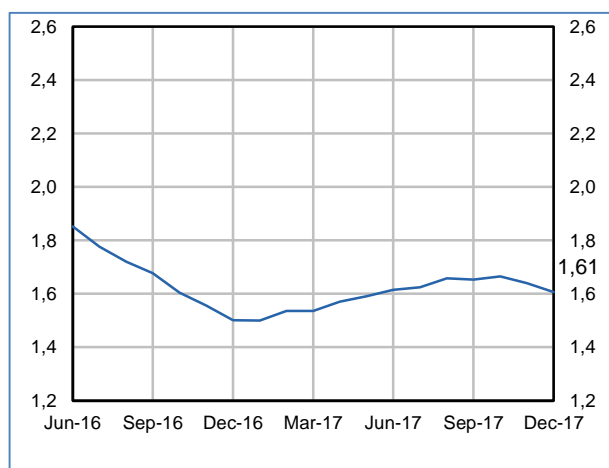
(d) Overdrafts: negative balance of ordinary accounts + commercial credits + factoring + cash credits without fixed repayment schedule (including mobilization of revolving loans).

(e) Revisional data.

(f) Provisional data.

Interest rates on housing loans, all maturities

(Narrowly defined effective rate, average weighted by long and short term flows, in %)





Additional information

Only loans granted to individuals (households excluding sole proprietors and unincorporated partnerships) by resident monetary financial institutions are presented here.

The outstanding growth rates are calculated by correcting accounting modifications that do not reflect economic changes. In particular the accounting derecognition of loans from the MFI's statistical balance sheet due to their sale, securitization or write-offs/write-downs is corrected. Conversely, exchange rate effects are taken into account without any change.

The weighted average rates and new business volumes are calculated according to the harmonized definitions of the Eurosystem. Published rates are the narrowly defined effective rate (NDER). They correspond to the interest component of the Annual Percentage Rate of Charge (APRC). Renegotiated loans also include mortgage repurchases.

The production of the new loans represents the new granted loans, even when they are not actually remitted to the borrower. This method, which is common to all Eurosystem central banks, allows having an advanced indicator of loans production, which is useful particularly for economic analysis.

