

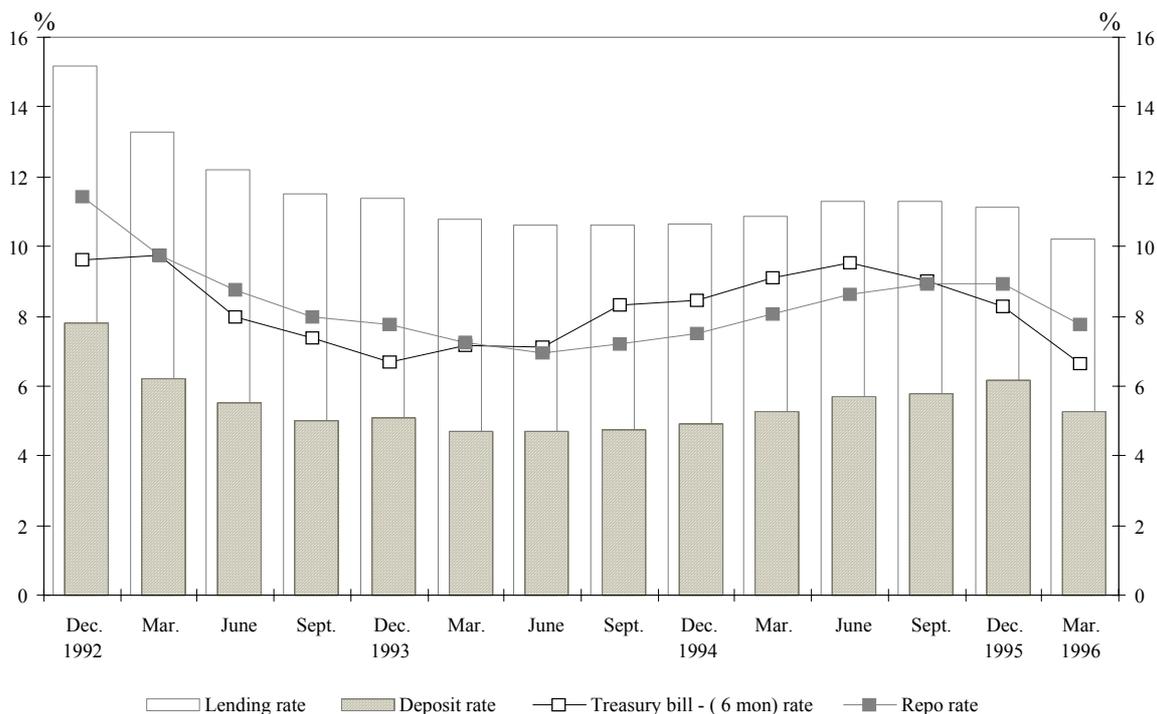
AVERAGE LENDING AND DEPOSIT RATES
OF BANKS AND HOUSING INTERMEDIARIES

Bank lending and deposit rates, as well as lending rates of house mortgage institutions, at end March 1996 have been studied by the Riksbank.

At end March 1996 the average rate on loans from banks and housing intermediaries was 10.5 per cent. This represents the average interest cost to the non-bank public at this date for sound advances in Swedish kronor from these Swedish institutions. The loan stock in question constitutes 80 per cent of the total stock of domestic currency loans from these institutions to the non-bank public.

For bank advances, the average level of interest costs at end March 1996 was 10.2 per cent, while for housing intermediaries it was 10.6 per cent.

Average bank lending and deposit rates, the treasury bill rate and repo rate



The banks provide loans at variable interest rates, while the housing intermediaries offer both fixed and variable rates. About 90 per cent of the advances from the housing institutions are tied to a fixed interest rate. The banks finance their domestic currency advances by accepting deposits and their lending rates therefore change with some time lag with the money market rates. In the first quarter of 1996 the banks' deposit and lending rates fell 0.9 percentage points, to 5.3 and 10.2 per cent, respectively. The spread between the banks' lending and deposit rates was accordingly unchanged at 4.9 percentage points.

The housing institutions finance their operations by borrowing directly in the securities market against certificates or bonds. Changes in their lending rates are therefore a function of both bond and money rates. The average aggregate lending rate for housing intermediaries broadly reflects an average of interest rates over the past 5 years.

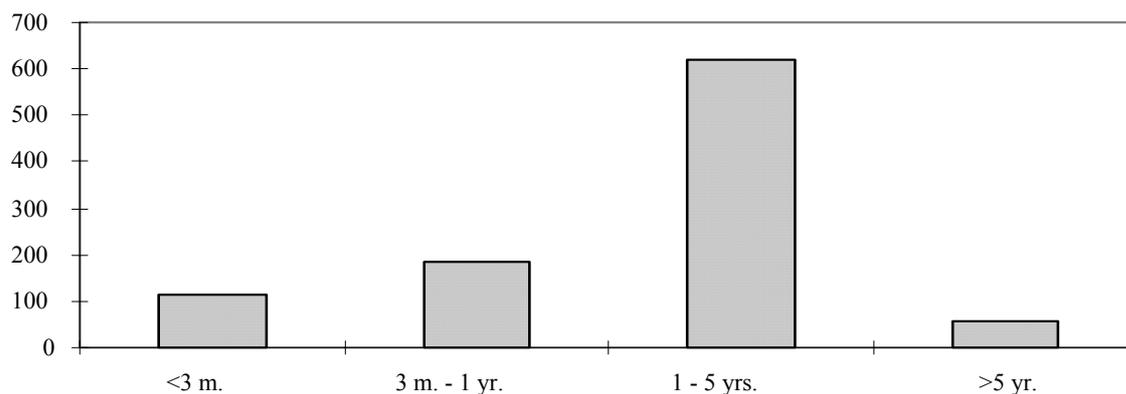
For the housing institutions, the average rates for remaining maturities show that interest costs vary depending on whether the interest rate is fixed or variable, as well as on when the rate was set.

Lending rates of housing intermediaries at end March 1996, with a breakdown by remaining time to maturity. Per cent

	<3 m.	3 m.-1 yr.	1-5 yrs.	>5 yrs.	All loans
Households	9,8	11,5	10,5	10,0	10,6
Firms	9,6	11,1	10,5	10,5	10,5
Total	9,7	11,3	10,5	10,5	10,5

From December 1995 to end March 1996, bond rates have fallen. The study indicates that in the coming six months, loans will be redeemed, or renewed at a new rate of interest, by approximately 16 per cent of the borrowers.

Advances from housing intermediaries at end March 1996, broken down by the remaining time to maturity. SEK billion



The variable mortgage interest rates of housing intermediaries at the end of the first quarter of 1996 averaged 8.5 per cent. This rate can be compared in the first place with the average bank lending rate, which was 10.2 per cent. Explanations for the difference are that the bank lending rate includes rates for credit on account and that the collateral for house mortgage loans (real estate) differs in kind from the security for bank advances.

Average variable rate on loans from housing institutions at end March 1996. Per cent

Households	9.0
Firms	8.4
Total	8.5

In the securities market, where lending by housing intermediaries is financed, interest rates are liable to fluctuate from day to day. In this study, the interest rate for new advances with different maturities therefore represents an average of interest rates on loans provided in the course of the quarter.

In the first quarter of 1996 customers borrowed predominantly at a fixed rate with a duration between one and 4 years. A small proportion of customers (about 10 per cent of new and renewed borrowing) chose to tie their loans for less than twelve months. The interest rates on these loans averaged 8.5 per cent.

Rates for new borrowing from housing intermediaries, broken down by remaining time to maturity at end March 1996. Per cent

	3 m.-1 yr.	1-5 yrs	>5 yrs.
Households	8.7	9.0	9.5
Firms	8.3	8.8	9.0
Total	8.5	8.9	9.1
