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Credits and deposits market in October 2018

In October 2018, new loans[1] extended by banks totalled MDL 2,828.6 million recording an increase of 34.8%, compared to October 2017.

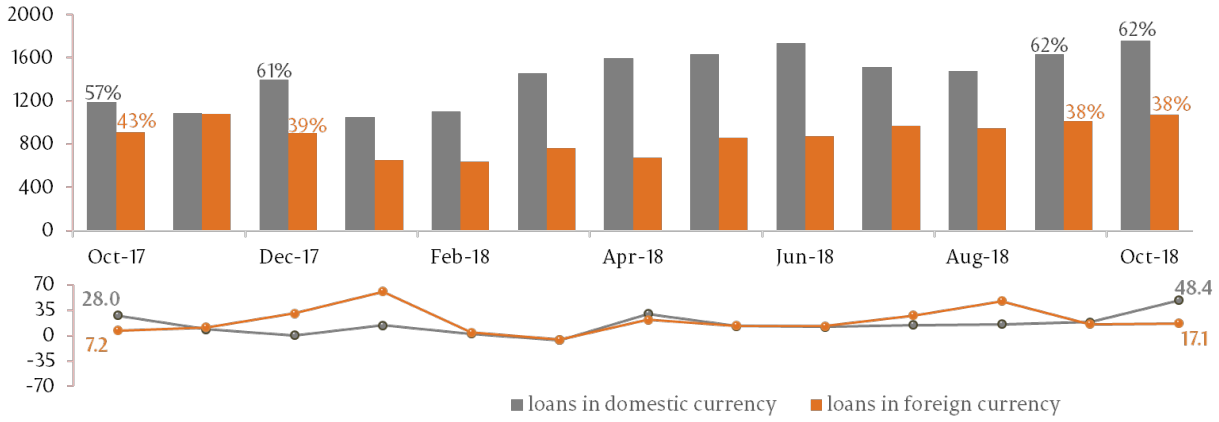
Domestic and foreign currency loans accounted for 62.2% and 37.8%, respectively, of total loans extended. (Diagram 1, upper graph).

Domestic currency loans totalled MDL 1,760.2 million (+7.9% compared to the previous month and +48.4% compared to October 2017) (Diagram 1, lower graph).

Foreign currency loans[2], recalculated in MDL, totalled MDL 1,068.4 million (+5.5% compared to the previous month and +17.1% compared to October 2017) (Diagram 1, lower graph).

Diagram 1

Evolution of new loans, mil. MDL (upper graph) and the annual growth rate of new loans (lower graph), %.

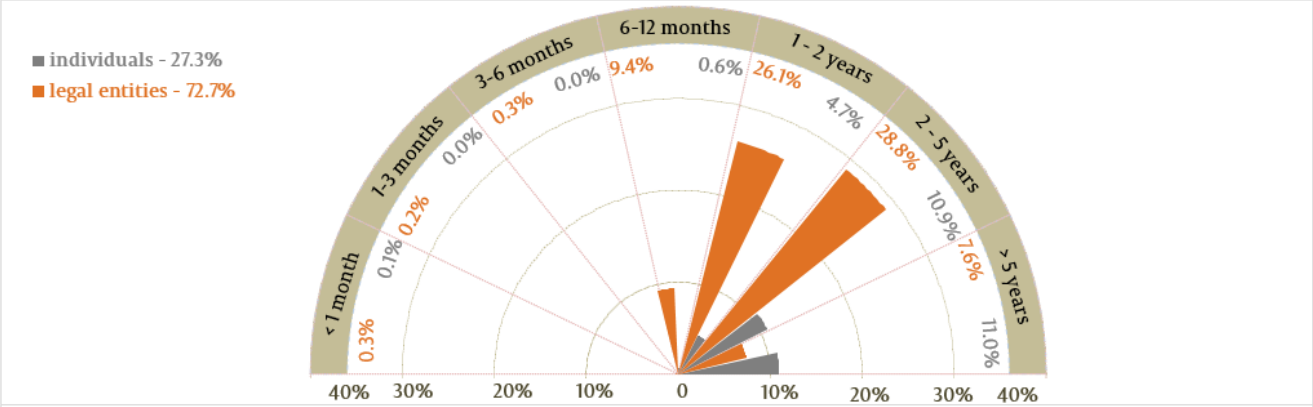


Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

In terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (39.6% of total loans extended), out of which the largest share of 28.8% was held by legal entities loans (Diagram 2).

Diagram 2

Total new loans extended, by maturity terms and shares held, %.

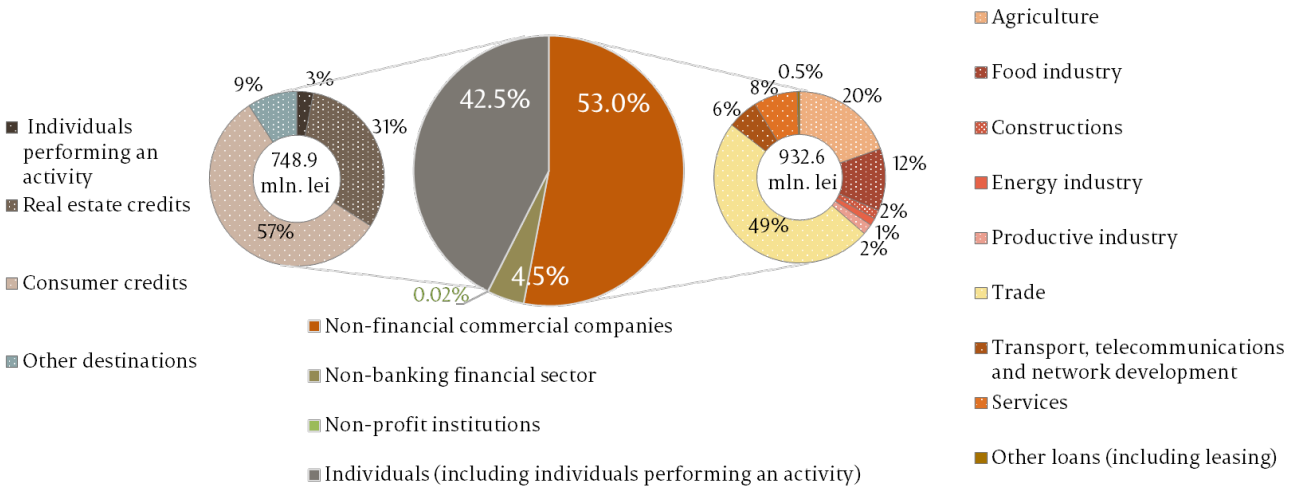


Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

Domestic currency loans were mainly represented by loans extended to non-financial corporations, holding a share of 53.0% (of which 49.0% accounted for trade companies) and individuals' loans[3] (42.5%) (Diagram 3).

Diagram 3

Domestic currency loans broken down by business sectors, %.



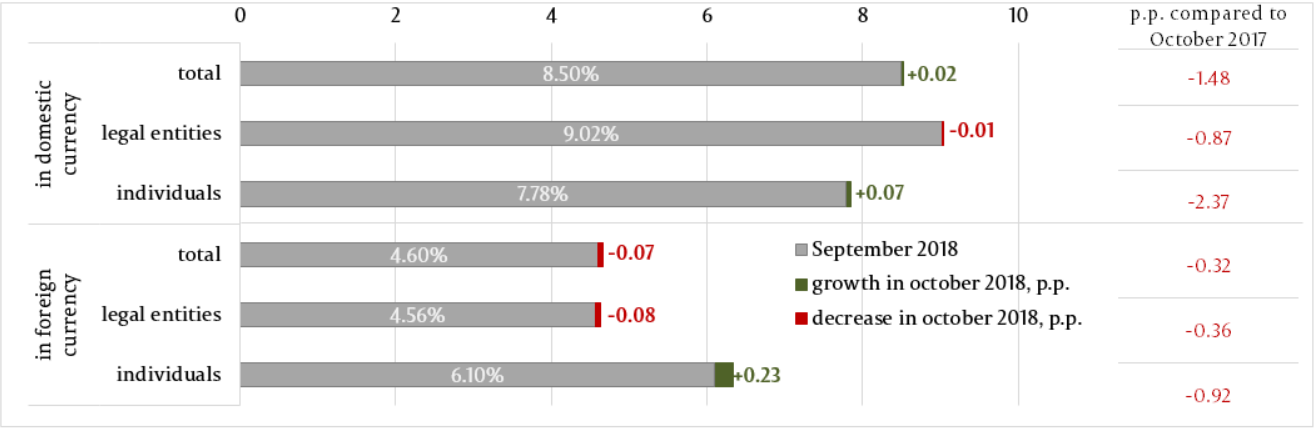
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

Foreign currency loans were mainly extended to non-financial corporations (89.6%), of which loans extended to trade companies accounted for the largest share (60.8%).

New loans were extended at an average interest rate of 8.52% (domestic currency loans) and 4.53% (foreign currency loans).

Diagram 4

Weighted average interest rates on new loans, %.



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

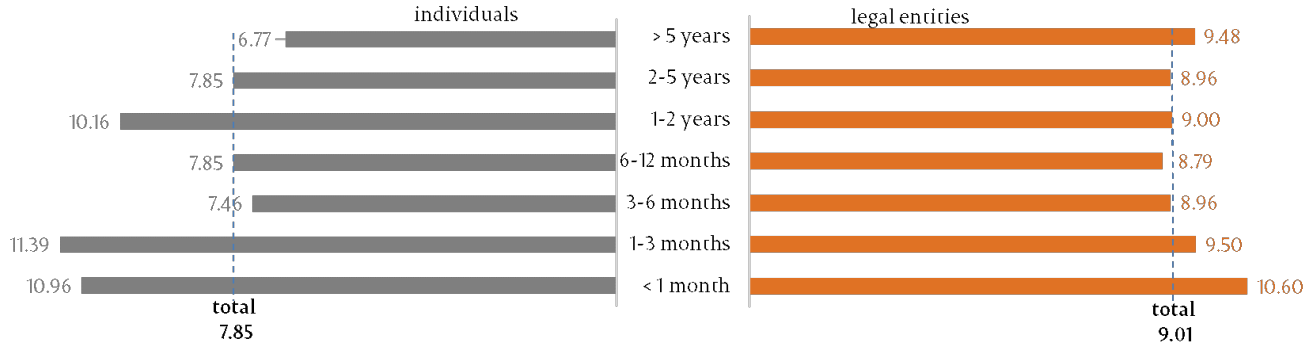
Average interest rate on domestic currency loans increased by 0.02 p.p. compared to September 2018, recording levels of 7.85% (individuals' loans) and 9.01% (legal entities loans) (Diagram 4).

Average interest rate on foreign currency loans decreased by 0.07 p.p. compared to September 2018, recording levels of 6.33% (individuals' loans) and 4.48% (legal entities loans).

Year-on-year, average interest rates on loans recorded a total decrease of -1.48 p.p. (domestic currency loans) and -0.32 p.p. (foreign currency loans).

Diagram 5

Average interest rates on new domestic currency loans, by maturity terms, %.



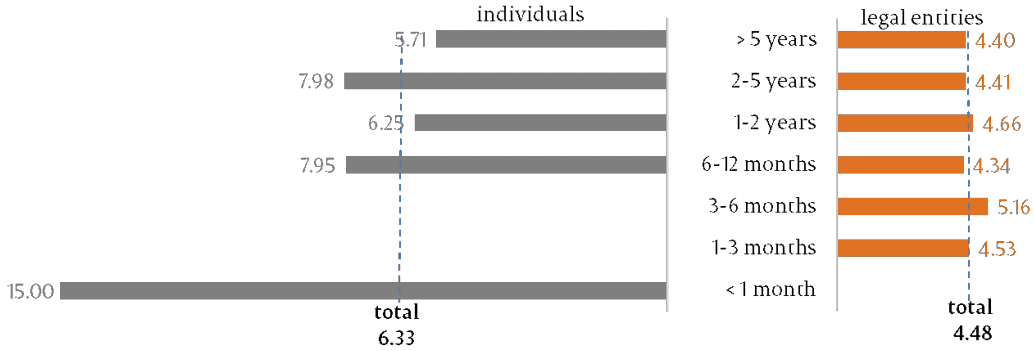
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

Domestic currency loans with maturity ranging from 2 to 5 years recorded the highest demand in the reporting month and were extended at an average interest rate of 8.49% (8.96% on legal entities loans, 7.85% on individuals' loans).

The highest average interest rate was applied on individuals' loans with maturity ranging between 1 to 3 months (11.39%) and legal entities loans with maturity of up to 1 month (10.60%) (Diagram 5).

Diagram 6

Average interest rates on foreign currency loans, by maturity terms, %



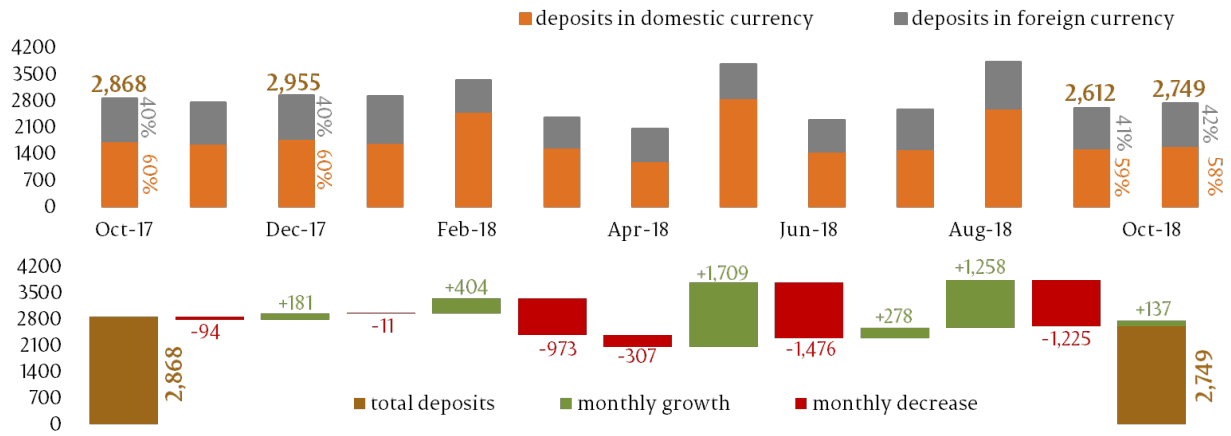
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

Foreign currency loans with maturity ranging between 2 and 5 years recorded the highest demand and were extended at an average interest rate of 4.46% (individuals' loans – at 7.98%, legal entities loans – at 4.41%) (Diagram 6).

In October 2018, new term deposits totalled MDL 2,749.4 millions, recording a decrease of 4.1% compared to October 2017 (Diagram 7).

Diagram 7

Evolution of new term deposits (upper graph) compared to statistics of the previous month (lower graph), mil. MDL



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

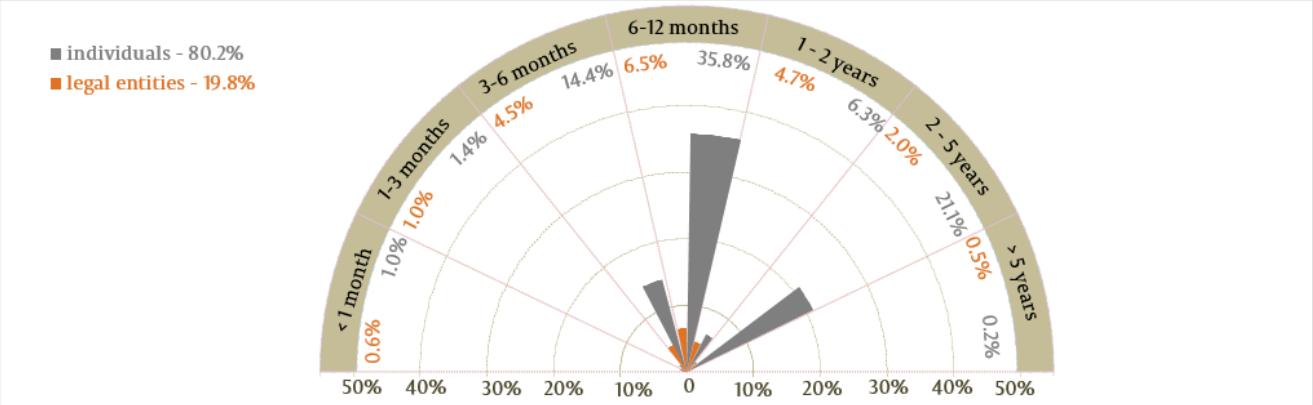
Domestic currency deposits totalled MDL 1,599.2 million (+3.7% compared to September 2018 and -7.2% compared to October 2017).

Foreign currency deposits recalculated in MDL, totalled MDL 1,150.2 million (+7.5% compared to September 2018 and +0.4% compared to October 2017).

Domestic currency deposits accounted for a share of 58.2%, while foreign currency deposits – 41.8% of total deposits.

Diagram 8

Total deposits, by maturity terms and shares held, %.



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

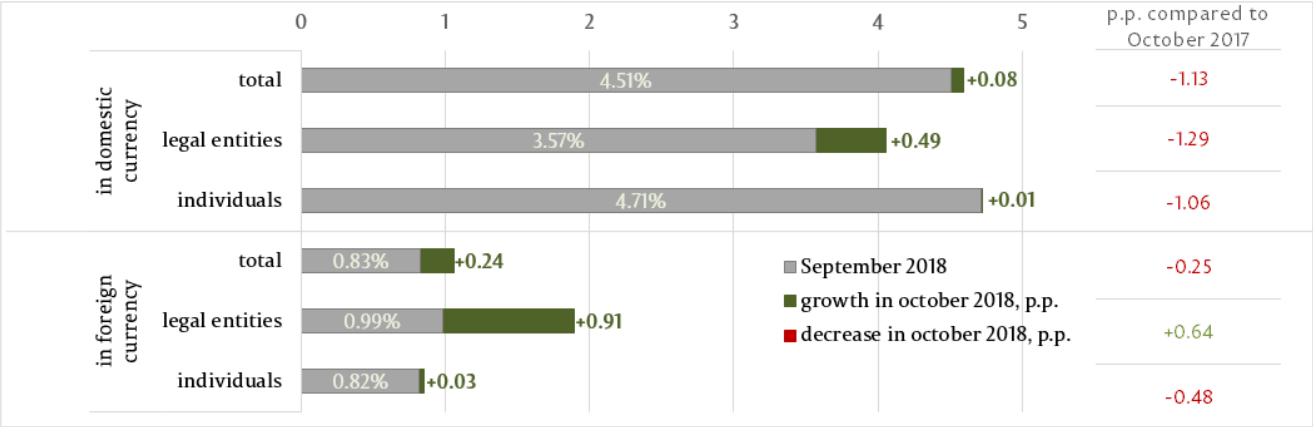
In October 2018, deposits were mainly represented by individuals' deposits – 80.2% (of which 47.0% - domestic currency deposits and 33.2% - foreign currency deposits).

In terms of maturity, the highest demand recorded for deposits placed for a period ranging from 6 to 12 months (42.3% of total term deposits). The largest share was held by individuals' deposits (35.8% of total deposits placed).

New term deposits were placed at an average interest rate of 4.59% (domestic currency deposits) and 1.07% (foreign currency deposits).

Diagram 9

Weighted average rates on new deposits, %



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

Average interest rate on new term deposits in domestic currency increased by 0.08 p.p. compared to the previous month. Individuals' deposits were placed at an average interest rate of 4.72%, while legal entities deposits – at 4.06%.

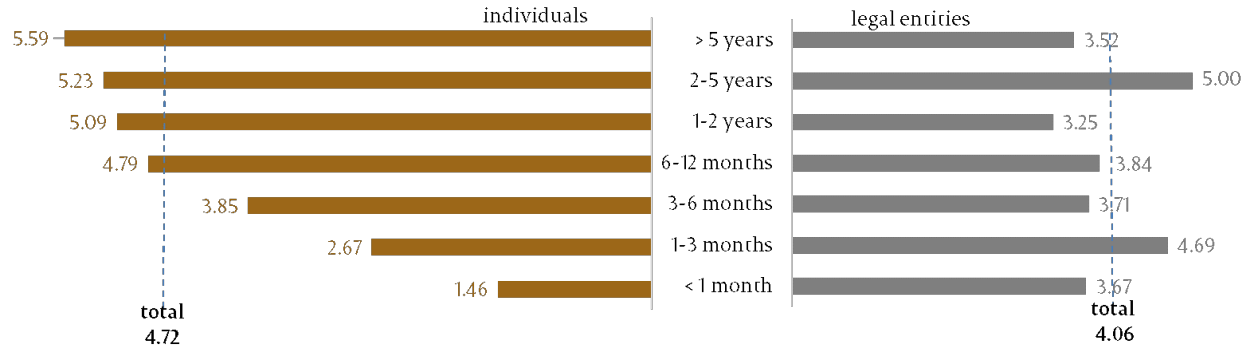
The average interest rate on new term deposits in foreign currency increased by 0.24 p.p., compared to September 2018. Individuals' deposits were placed at an average interest rate of 0.85%, while legal entities deposits – at 1.90%.

Year-on-year, average interest rates on deposits decreased. Thus, average interest rate on domestic

currency deposits decreased by 1.13 p.p. (individuals' deposits - by 1.06 p.p., legal entities deposits - by 1.29 p.p.). Average interest rate on foreign currency deposits decreased by 0.25 p.p. (individuals' deposits - by 0.48 p.p., but legal entities deposits increased - by 0.64 p.p.).

Diagram 10

Average interest rates on domestic currency deposits, by maturity terms, %



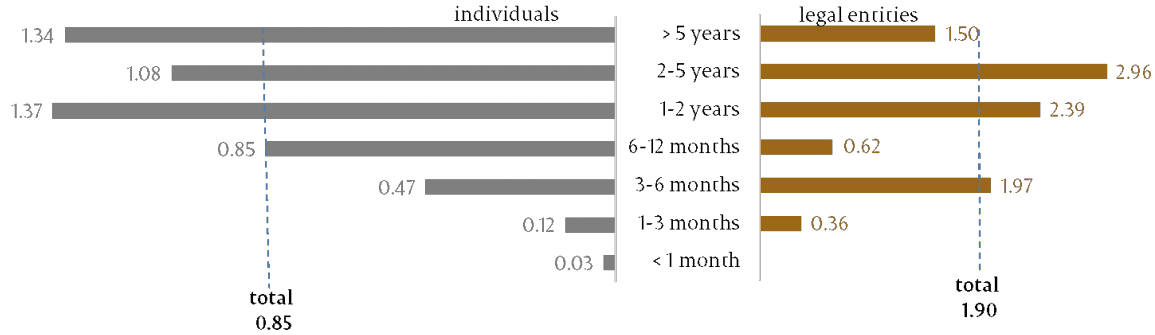
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

Domestic currency deposits with maturity ranging from 6 to 12 months, which recorded the highest demand in the reporting period, were placed at an average interest rate of 4.60% (individuals' deposits – 4.79%, legal entities deposits – 3.84%) (Diagram 10), whereas in foreign currency segment deposits were place at an average interest rate of 0.83% (individuals' deposits – 0.85%, legal entities deposits – 0.62%) (Diagram 11).

The highest average interest rate on domestic currency deposits was recorded for individuals' deposits with maturity of over 5 years (5.59%) and legal entities deposits with maturity from 2 to 5 years (5.00%) (Diagram 10).

Diagram 11

Average interest rates on foreign currency deposits, by maturity terms, %



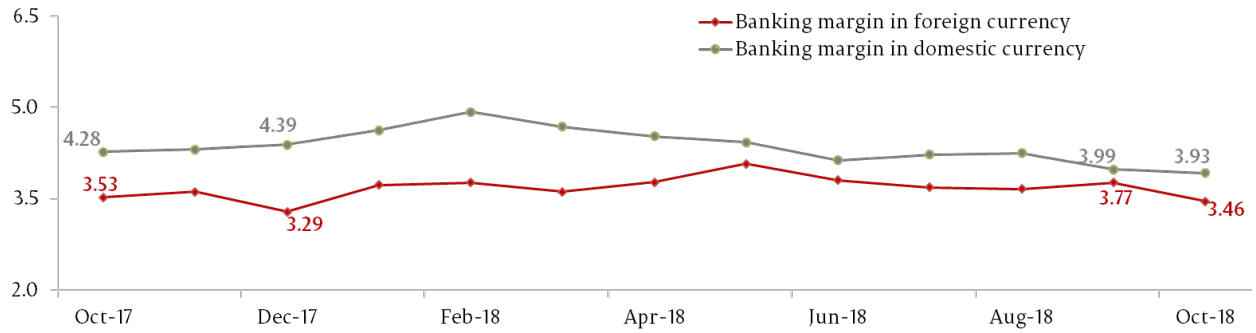
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

the highest average interest rate on foreign currency deposits was recorded for individuals' deposits with maturity from 1 to 2 years (1.37%) and legal entities deposits with maturity from 2 to 5 years (2.96%).

Bank interest margin recorded 3.92 p.p. (in domestic currency) and 3.46 p.p. (in foreign currency).

Diagram 12

Bank interest margin, p.p. annual



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for October 2018

Bank interest margin on domestic currency operations decreased by 0.06 p.p. compared to the previous month and by 0.35 p.p. compared to October 2017.

Bank interest margin on foreign currency operations decreased by 0.31 p.p. compared to the previous month and by 0.07 p.p. compared to October 2017.

Statistical data [1]

Statistics

1 The data are presented according to the Guidelines on the Compilation and Submission of Reports on Interest Rates applied by banks in the Republic of Moldova, approved by the Decision of the Executive Board of the NBM no. 331 of 01 December 2016, which were published in the Official Monitor of the Republic of Moldova no.441-451 of 16 December 2016, with subsequent amendments and completions.

2 As of January 1, 2018, the foreign currency-linked loans were moved from the class of domestic currency loans to foreign currency loans. According to October 2018 data as compared to October 2017: total in MDL – 8.40%; total in foreign currency - 4.48%.

3 Including economically active individuals'.

See also

Tags

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