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Developments in loan and deposit markets in January 2019

In January 2019, new loans[1] totalled MDL 2,120.2 million, recording an increase of 24.7%, compared to January 2018.

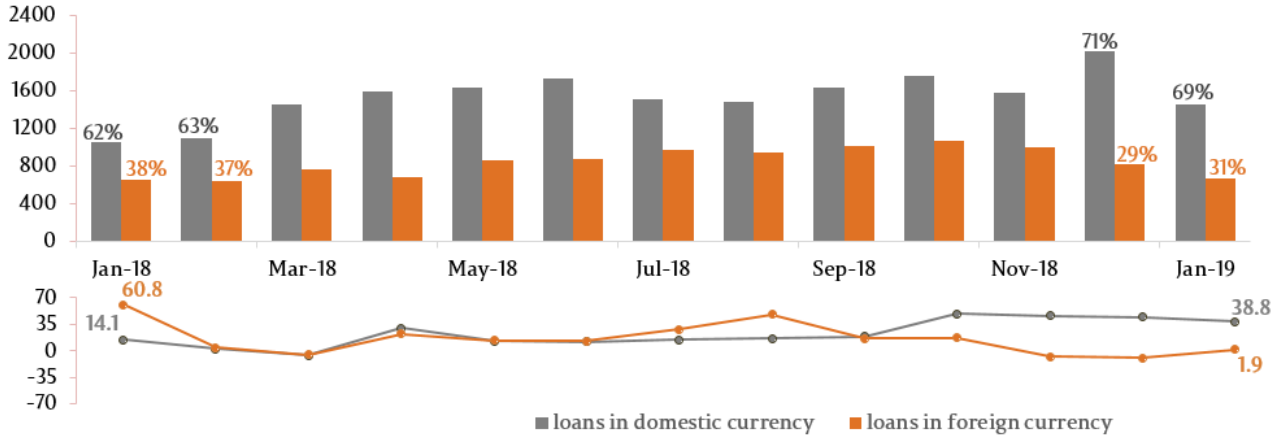
Domestic and foreign currency loans accounted for 68.8% and – 31.2%, respectively, of total loans extended (Chart 1 below).

Domestic currency loans totalled MDL 1,457.6 million (-27.8% compared to the previous month and +38.8% compared to January 2018 (Chart 1 below)).

Foreign currency loans recalculated in MDL, totalled MDL 662.55 million (-18.7% compared to the previous month and +1.9% compared to January 2018 (Chart 1 below).

Chart 1

Evolution of new loans, mln. MDL (Chart above) and the annual growth of new loans, % (Chart below).

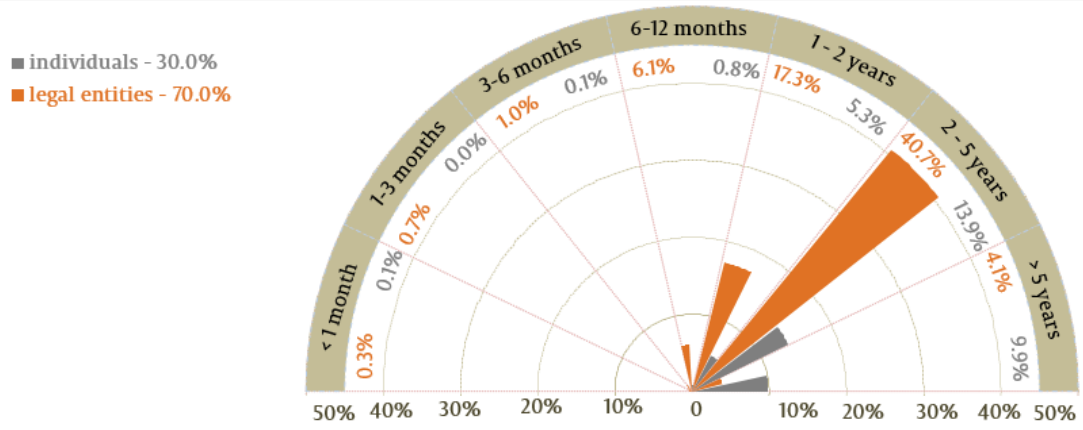


Source: NBM report on average lending interest rates and new deposits for January 2019

It should be mentioned that, in terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (54.6% of total loans extended), out of which the largest share of 40.7% was held by legal entities (Chart2).

Chart 2

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



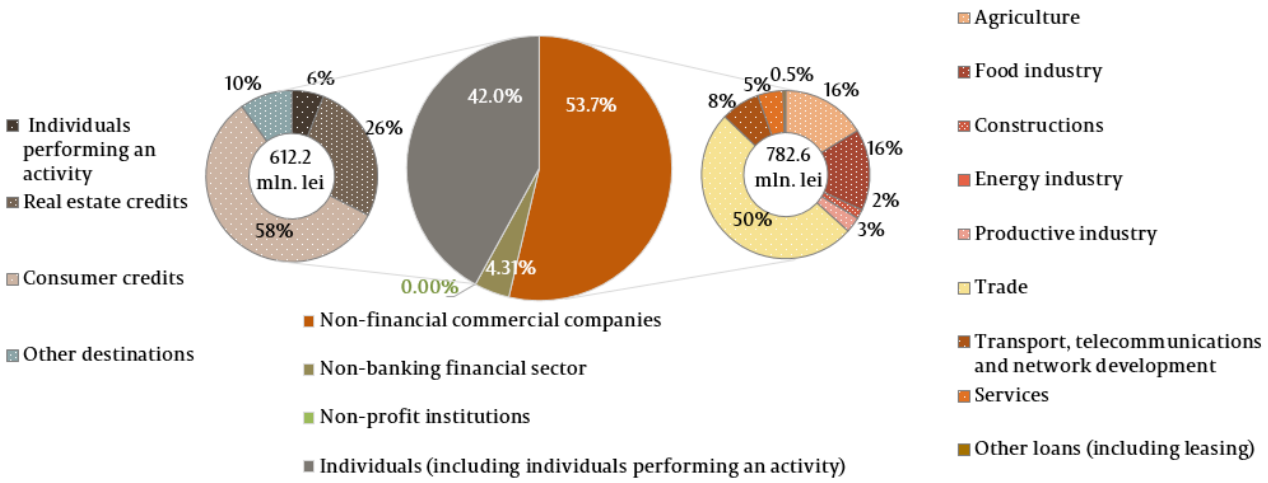
Source: NBM report on average lending interest rates and new deposits for January 2019.

Domestic currency loans were mainly represented by non-financial commercial companies' loans holding a share of 53.7% (50.4% belong to trade companies), as well as loans extended to individuals[2], (42.0%) (Chart 3).

Foreign currency loans were mainly extended to non-financial commercial companies (89.4%), of which loans extended to trade companies accounted for the largest share (67.1%).

Chart 3

Domestic currency loans broken down by business sectors, %.

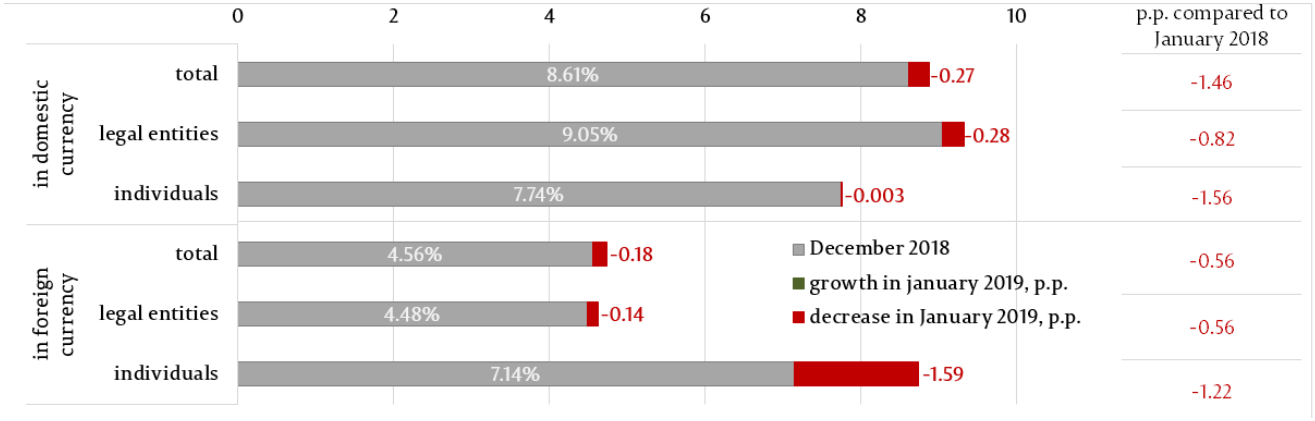


Source: NBM report on average lending interest rates and new deposits for January 2019.

Domestic currency loans were extended at an average interest rate of 8.34% and the foreign currency loans were extended at an average interest rate of 4.38%.

Chart 4

Weighted average interest rates on new loans, %.



Source: NBM report on average lending interest rates and new deposits for January 2019.

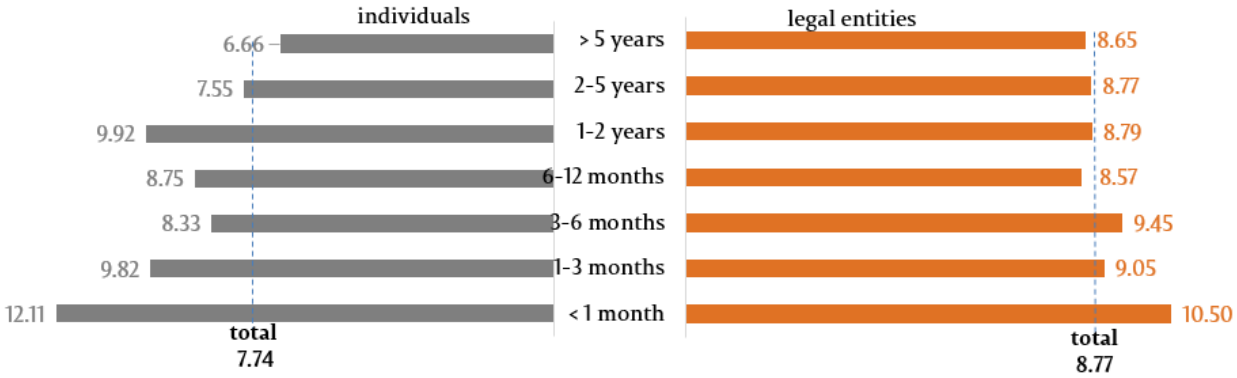
Average interest rate on domestic currency loans decreased by 0.27 pp. compared to previous month, recording levels of 7.74% for individuals' loans and 8.77% for legal entities loans (Chart 4).

Average interest rate on foreign currency loans decreased by 0.18 pp. compared to December 2018, recording levels of 5.55% for individuals' loans and 4.34% for legal entities loans.

Year-on-year average interest rates on loans recorded a total decrease of 1.46 pp. (domestic currency loans) and 0.56 pp. (foreign currency loans).

Chart 5

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



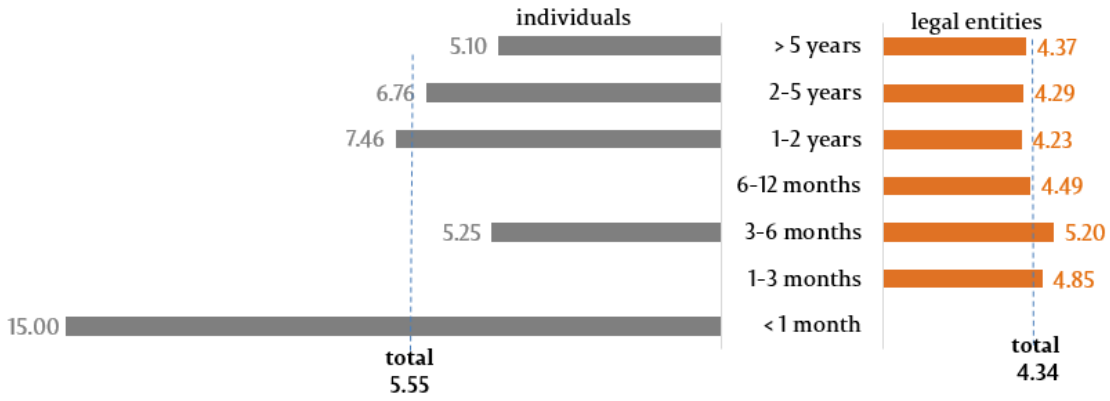
Source: NBM report on average lending interest rates and new deposits for January 2019.

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 8.34% (8.77% on legal entities loans, 7.55% on individual's loans) (Chart 5).

It should be mentioned that the highest average interest rate on loans extended in domestic currency was registered on loans with maturity of up to 1 month (10.92%), 12.11% - on individuals' loans and 10.50% - on legal entities loans. (Chart 5).

Chart 6

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



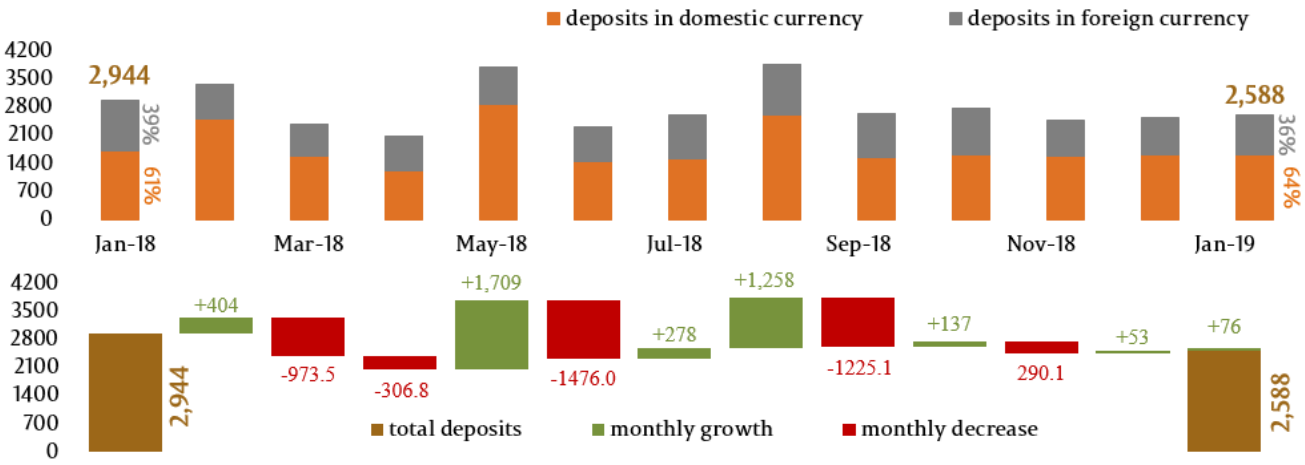
Source: NBM report on average lending interest rates and new deposits for January 2019.

Foreign currency loans with maturity ranging between 2 and 5 years, recorded the highest demand and were extended at an average interest rate of 4.32% (individuals' loans – at 6.76%, legal entities loans – at 4.29%) (Chart 6)

In January 2019, new term deposits totalled MDL 2,588.3 million, recording a decrease of 12.1% compared to January 2018

Chart 7

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



Source: NBM report on average lending interest rates and new deposits for January 2019.

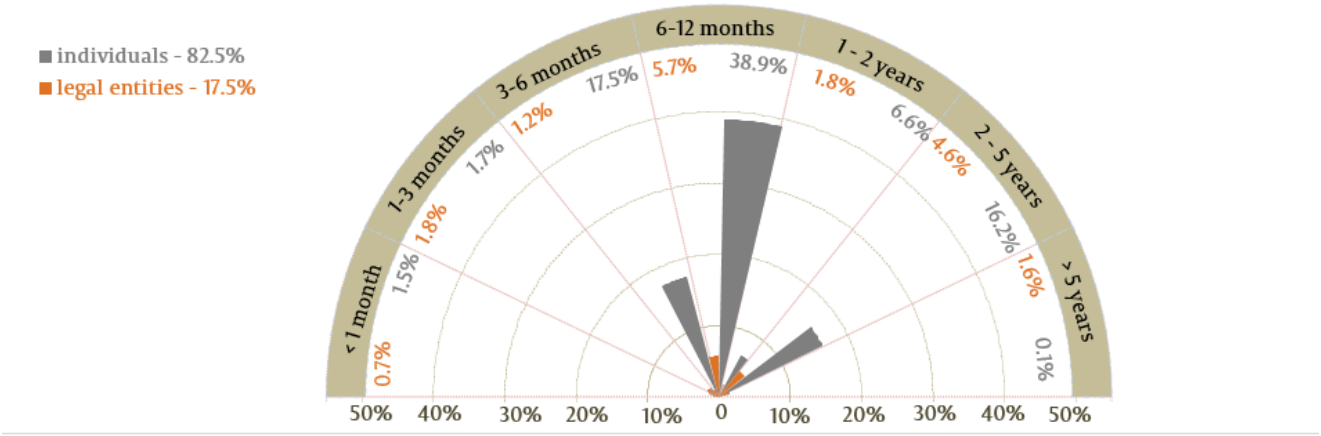
Domestic currency deposits totalled MDL 1,592.2 million (-0.4% compared to the previous month and -5.7% compared to January 2018).

Foreign currency deposits, recalculated in MDL, totalled MDL 996.1 million (+8.9% compared to the previous month and -20.6% compared to January 2018).

Domestic currency deposits accounted for a share of 61.5%, while foreign currency deposits – 38.5% of total deposits.

Chart 8

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



Source: NBM report on average lending interest rates and new deposits for January 2019.

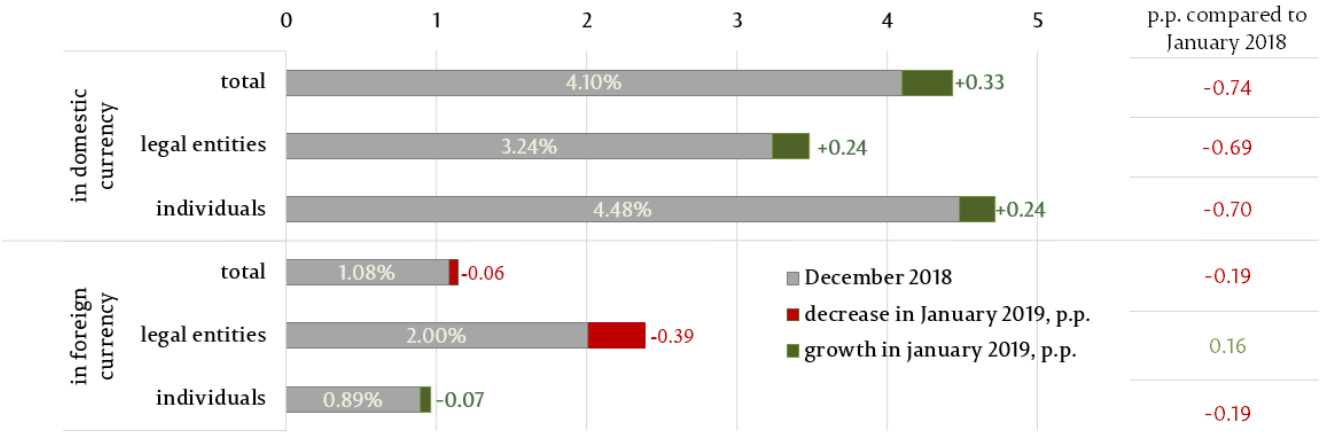
In January 2019, deposits were mainly represented by individuals' deposits – 82.5% (of which 47.3% - domestic currency deposits and 35.2% - foreign currency deposits).

In terms of maturity, the highest demand was recorded for deposits placed for a period ranging from 6 to 12 months (44.6% of total term deposits). It should be mentioned that the largest share was held by individuals' deposits (38.9% of total deposits placed).

New term deposits placed in domestic currency totalled 4.43% and those in foreign currency -1.02%.

Chart 9

Weighted average rates on new deposits, %.



Source: NBM report on average lending interest rates and new deposits for January 2019.

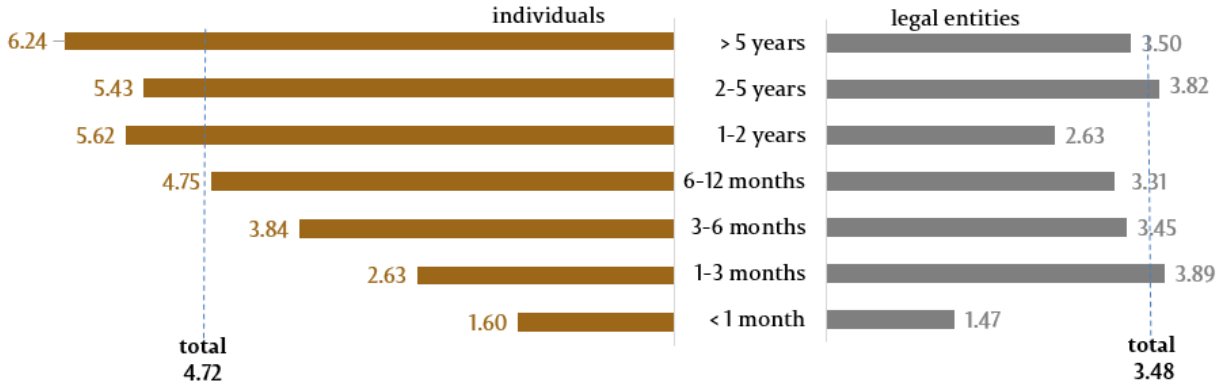
Average interest rate on new term deposits in domestic currency increased by 0.33 pp. compared to the previous month. Individuals' deposits were placed at an average interest rate of 4.72%, while legal entities deposits – at 3.48%.

Average interest rate on new term deposits in foreign currency decreased by 0.06 pp. compared to December 2018. Individuals' deposits were placed at an average interest rate of 0.96%, while legal entities deposits – at 1.62%.

Year-on-year, average deposit interest rates decreased. Thus, average interest rate on domestic currency deposits decreased by 0.74 pp. (individuals' deposits - by 0.70 pp., legal entities deposits - by 0.69 pp.). Average interest rate on foreign currency deposits decreased by 0.19 pp. (individuals' deposits decreased by 0.19 pp., legal entities deposits increased by 0.17 pp.).

Chart 10

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



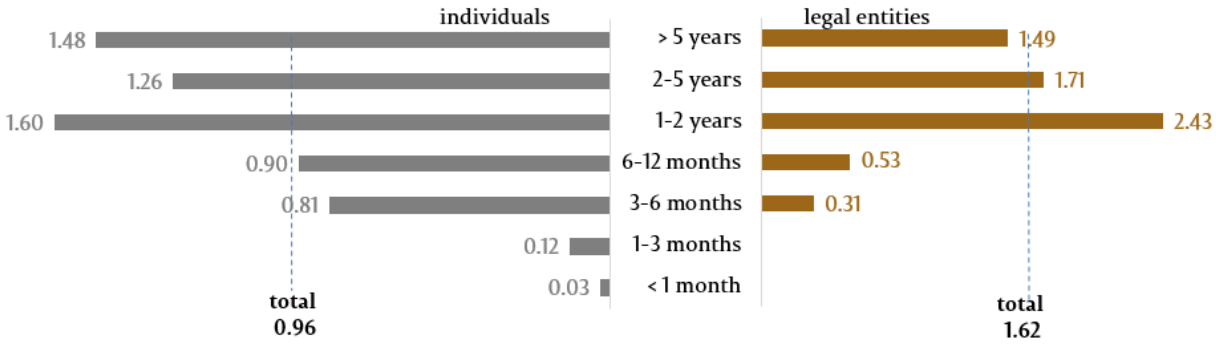
Source: NBM report on average lending interest rates and new deposits for January 2019.

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 4.52% (individuals' deposits – 4.75%, legal entities deposits – 3.31%) (Chart 10) whereas those in foreign currency were placed at an average interest rate of 0.87% (individuals' deposits – 0.90%, legal entities deposits– 0.53%) (Chart 11).

The highest average interest rate on domestic currency deposits was recorded for individuals' deposits with maturity ranging over 5 years (6.24%), legal entities deposits with maturity from 1 to 3 months (3.89%) (Chart 10)

Chart 11

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



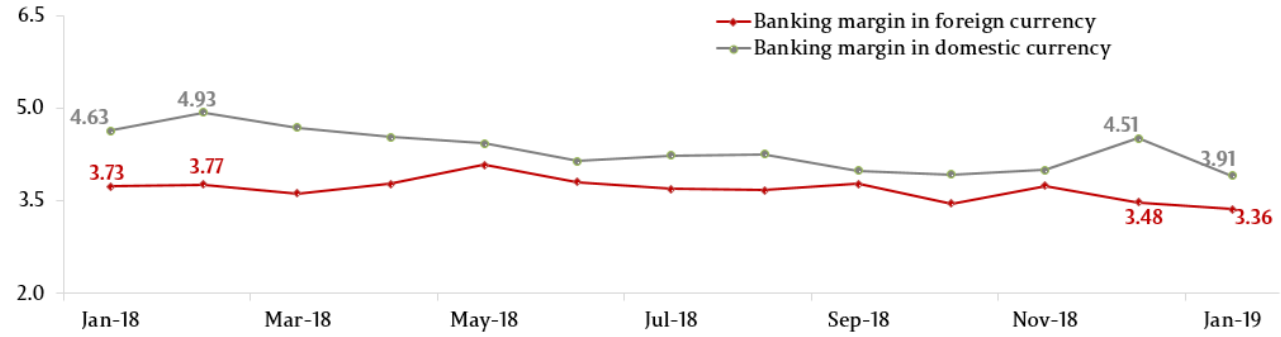
Source: NBM report on average lending interest rates and new deposits for January 2019.

The highest average interest rate on foreign currency deposits was recorded for individuals' deposits with maturity ranging from 1 to 2 years (1.60%), and legal entities deposits - (2.43%).

Bank interest margin recorded 3.91 pp. in domestic currency and 3.36 pp. in foreign currency.

Chart 12

Bank interest margin, p.p. annual.



Source: NBM report on average lending interest rates and new deposits for January 2019.

Bank interest margin on domestic currency operations decreased by 0.60 pp. compared to the previous month and by 0.72 pp. compared to January 2018.

Bank interest margin on foreign currency operations decreased by 0.12 pp. compared to the previous month and decreased by 0.37 pp. compared to January 2018.

Statistical data [1]

1. The data are presented according to the Guidelines on Preparation and Presentation 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. Including individuals performing an activity.

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