

28 November 2011

## MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, OCTOBER 2011

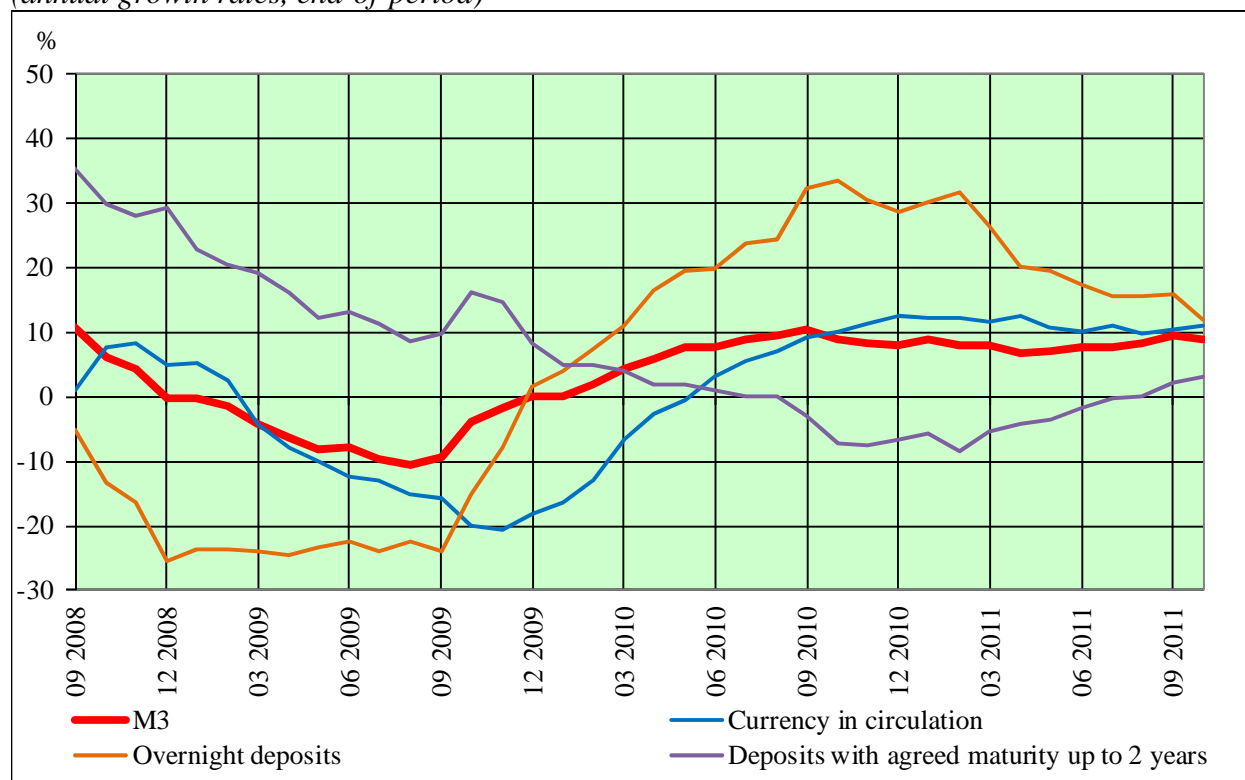
The annual growth rate of M3 was 8.8 per cent at the end of October 2011. The increase in currency in circulation and debt securities led to a month-on-month increase in M3 monetary aggregate by LTL 123.8 million. Euro loans, excluding monetary financial institutions (MFIs), dominated in the structure of lending to residents: they accounted for 68.8% of total loans at the end of the month.

All three monetary aggregates (M1, M2 and M3) grew over the year by 11.6%, 7.9%, and 8.8% respectively. At the end of October, M1 made up LTL 28.6 billion, M2 – LTL 49.0 billion and M3 – LTL 50.2 billion.

The M3 increase in October was driven mainly by a rise of LTL 283.8 million in deposits with agreed maturity of up to 2 years, a hike of LTL 94.0 million in debt securities of up to 2 years, and a rise of LTL 154.3 million in currency in circulation. The growth of M3 however was contained by a decline of LTL 406.0 million in overnight deposits and a fall of LTL 2.3 million in deposits redeemable at a notice of 3 months. Comprehensive data is available in the table below the review.

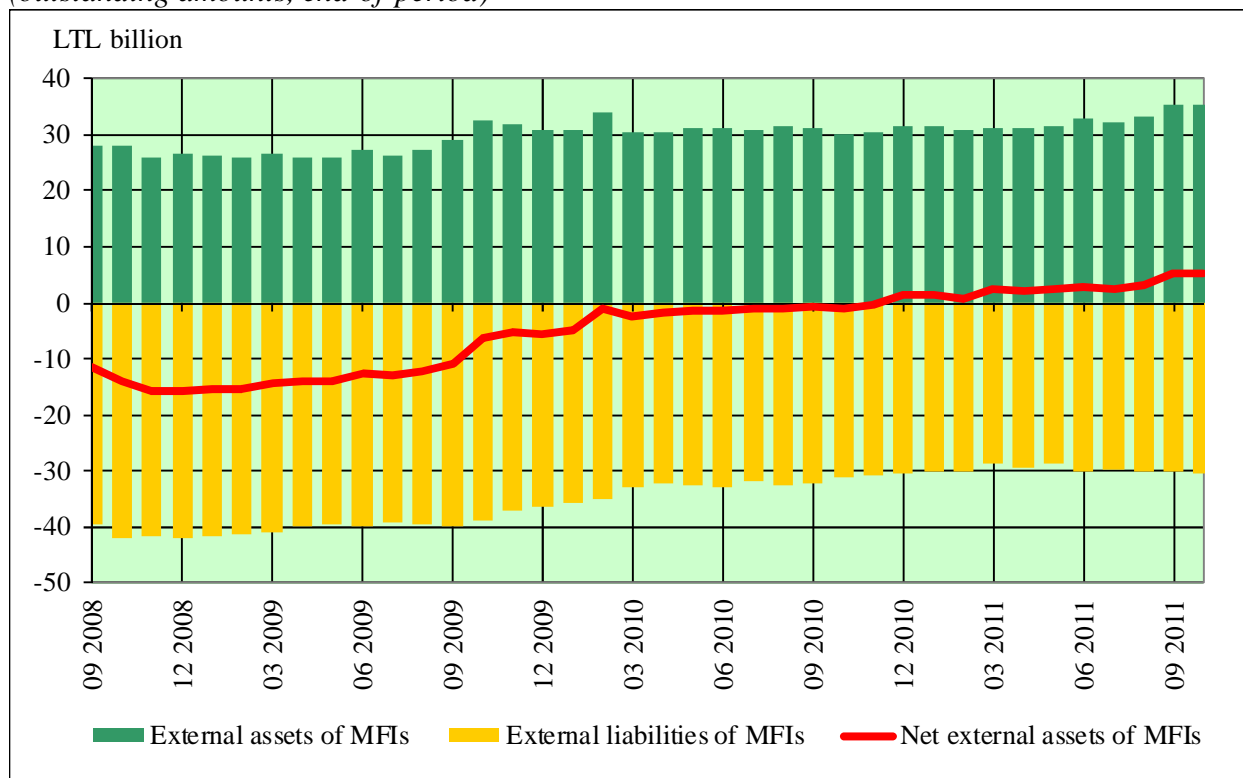
### Monetary aggregate M3 and its components

(annual growth rates, end-of-period)



In October, the MFIs' net external assets shrank by LTL 22.9 million. They have stayed in the positive territory since December 2010 amounting to LTL 5.2 billion at the end of the month. The decrease in MFIs' net external assets was driven by a decrease of LTL 110.6 million in net external assets of the Bank of Lithuania.

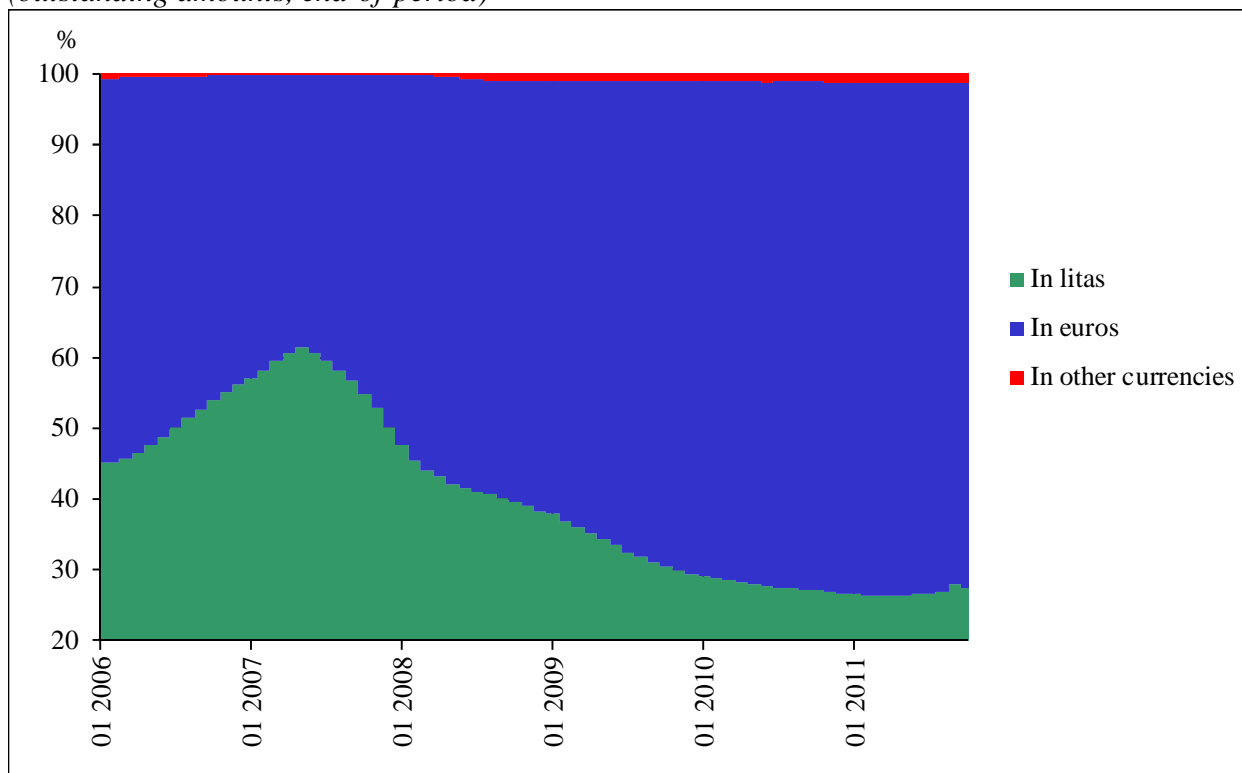
**Net External Assets of MFIs**  
(outstanding amounts, end-of-period)



In October, domestic credit contracted by LTL 71.7 million: credit to general government and other residents went down by LTL 61.0 million and LTL 10.7 million respectively. Credit to other residents decreased largely due to a decline in other MFI's lending to households and financial intermediaries respectively by LTL 275.9 million and LTL 25.1 million. Meanwhile, lending to non-financial corporations grew by LTL 306.2 million. Lending to households by other MFIs went down as a result of a fall of LTL 206.6 million in consumer loans and a decrease of LTL 75.5 million in other loans. Lending to households for house purchase however went up by LTL 6.3 million.

Other MFIs' euro lending to residents dominated in the lending structure by currency: at the end of October, euro loans made up 68.8%, while litas loans made up 28.7%. Such differences in lending by currency emerged as the result of the structure of lending by other MFIs to non-financial corporations and households. At the end of October, for example, other MFIs' lending to non-financial corporations in euros made up 70.1%, while lending in litas made up 25.8%. Other MFIs' euro lending to households accounted for 71.4%, while lending in litas made up 27.4%. Compared to previous month, the share of litas loans declined by 0.5 percentage point and euro loans grew by the same 0.5 percentage point.

## Loans to households by currency (outstanding amounts, end-of-period)



In October MFIs' longer-term financial liabilities grew by LTL 488.9 million. Deposits of the central government with MFIs declined over the month by LTL 926 million: by LTL 436.3 million in the Bank of Lithuania and LTL 489.7 million in other MFIs.

### Footnotes

1. Changes per month (in litas) and annual growth rates (in per cent) of monetary aggregates and the balance sheet items of other MFIs are disclosed as transactions, i.e. are calculated by taking the difference between end-month outstanding amounts and then removing the effects of revaluation adjustments, exchange rate adjustments as well as reclassifications and other adjustments.
2. Other short-term deposits, i.e. M2 minus M1, include deposits with agreed maturity of up to 2 years and deposits redeemable at a period of notice of up to 3 months.
3. Marketable instruments, i.e. M3 minus M2, include repurchase agreements, money market funds' shares (units) and debt securities with a maturity of up to 2 years.
4. For the terms used in the review see the website of the Bank of Lithuania <http://www.lb.lt/notes>.

## Monetary Aggregates and Counterparts, LTL million

	Outstanding amounts at the end of previous period	Transactions during period	Other changes in outstanding amounts during period	Outstanding amounts at the end of the reporting period	Annual growth rates, in percent	
	September 2011	October 2011	October 2011	October 2011	September 2011	October 2011
<b>M2</b>	<b>49035,5</b>	<b>29,8</b>	<b>-31,3</b>	<b>49034,1</b>	<b>8,9</b>	<b>7,9</b>
M1	28879,4	-251,7	-17,3	28610,5	14,4	11,6
Currency in circulation	8274,7	154,3	-0,4	8428,6	10,4	11,0
Overnight deposits	20604,8	-406,0	-16,9	20181,8	16,0	11,9
Other short-term deposits	20156,1	281,5	-14,0	20423,6	1,9	3,1
Deposits with an agreed maturity of up to 2 years	19972,8	283,8	-13,7	20242,9	2,1	3,2
Deposits redeemable at notice of up to 3 months	183,3	-2,3	-0,4	180,7	-10,7	-6,7
<b>Marketable instruments</b>	<b>1046,7</b>	<b>94,0</b>	<b>1,2</b>	<b>1141,9</b>	<b>55,4</b>	<b>76,5</b>
Repurchase agreements	9,3	0,0	0,0	9,3	x	x
Money market funds shares/units	...	...	...	...	...	...
Debt securities issued up to 2 years	1037,8	94,0	1,2	1133,0	129,4	153,4
<b>M3</b>	<b>50082,3</b>	<b>123,8</b>	<b>-30,1</b>	<b>50176,0</b>	<b>9,5</b>	<b>8,8</b>
Net external assets	5256,0	-22,9	-22,7	5210,3	x	x
Credit to general government	6444,3	-61,0	-4,1	6379,3	28,3	27,8
Loans	3161,3	-14,8	1,3	3147,8	71,1	71,6
Securities other than shares	3283,0	-46,2	-5,4	3231,5	3,6	2,6
Credit to other residents	59976,0	-10,7	-66,9	59898,4	-2,7	-2,5
Loans	58746,5	5,2	-67,5	58684,3	-3,3	-3,1
Securities other than shares	345,0	-2,0	0,1	343,1	3,7	3,1
Shares and other equity	884,5	-13,8	0,4	871,0	73,1	70,0
<i>less:</i> Deposits of central government	6298,6	-926,1	0,5	5373,0	8,0	7,9
<i>less:</i> Longer-term financial liabilities	15966,4	488,9	-91,0	16364,3	14,4	16,7
<i>less:</i> Other items (net)	-671,0	218,7	26,9	-425,4	x	x

**Footnote.** The totals cannot correspond to the sums of terms due to rounding.

### Symbols and conventions

„0.0“ Magnitude less than indicated measurement units

„...“ Data not available, although the phenomenon existed

„x“ Indicator is not calculated in such expression, although the phenomenon existed