

28 March 2013

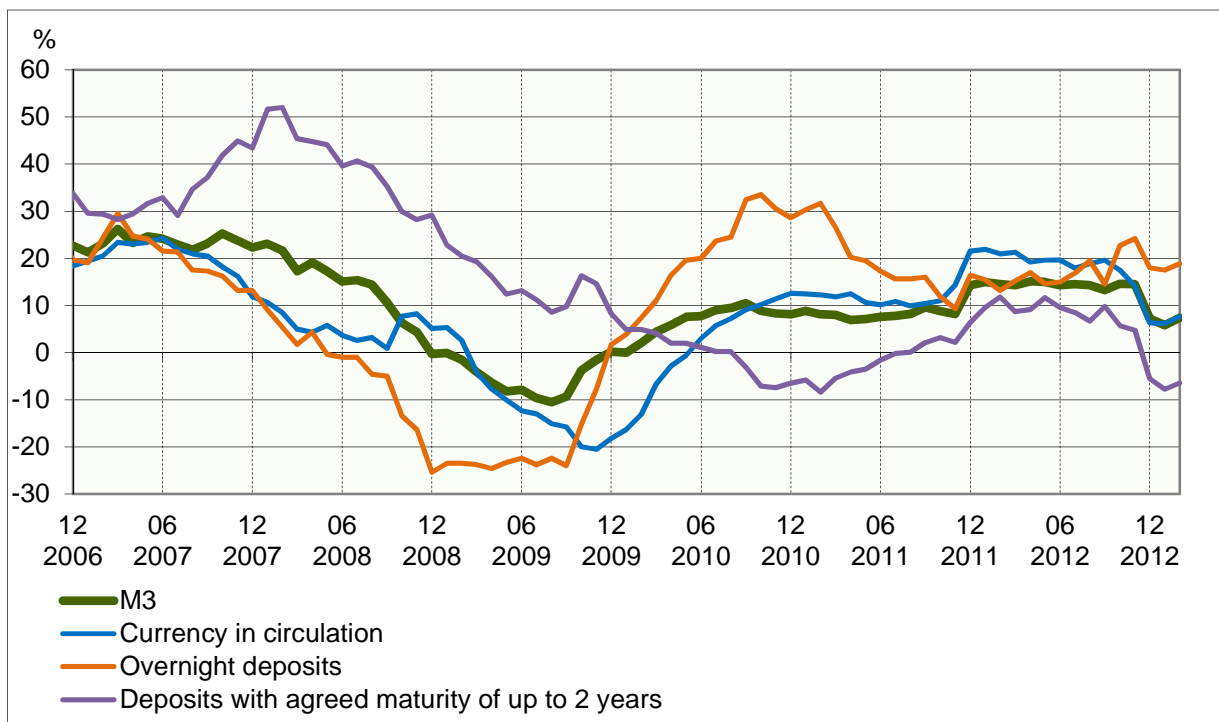
MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, FEBRUARY 2013

In February 2013 the net external assets of monetary financial institutions (MFIs) increased by LTL 1.2 billion and stood at LTL 10.9 billion. Domestic credit, with the increase of credit to general government, increased over the month by LTL 1.0 billion. Broad monetary aggregate M3 grew by LTL 975.6 million over February, and its annual growth rate accelerated from 5.8 per cent to 7.4 per cent. The M3 growth was determined mainly by the increase in deposits and currency in circulation (LTL 784.8 million and LTL 140.0 million, respectively). The share of other MFIs' loans to households denominated in euro declined gradually from 73.2 per cent (at the end of December 2011) to 71.0 per cent (at the end of February 2013), with a respective increase in the share of loans denominated in litas.

Monetary aggregates grew over the year as follows: M1 by 15.4 per cent, M2 by 7.2 per cent, and M3—7.4 per cent. At the end of February 2013, M1 amounted to LTL 35.3 billion, M2 to LTL 53.3 billion, and M3—LTL 53.8 billion.

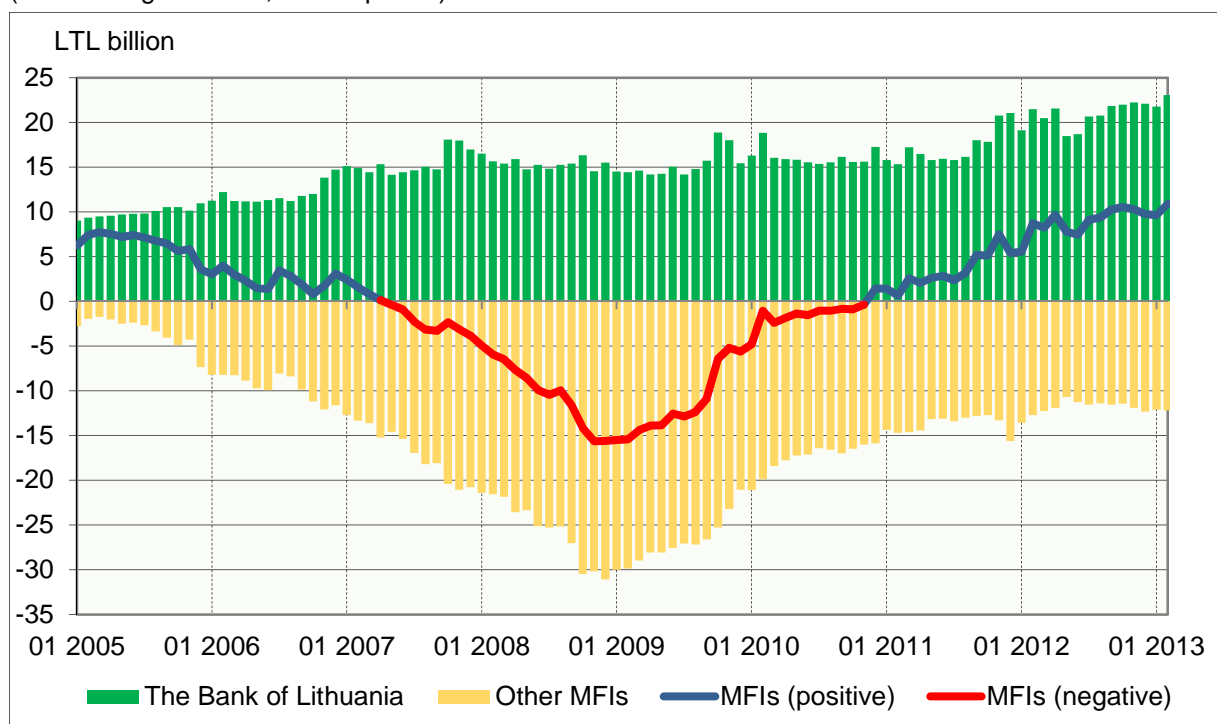
M3 increased in February because of an increase in overnight deposits, deposits with agreed maturity of up to 2 years, currency in circulation, debt securities with a maturity of up to 2 years by LTL 463.1 million, LTL 321.7 million, LTL 140.0 million and LTL 52.7 million, respectively. Full data is presented in Table 1 at the end of this survey.

Fig. 1. Monetary aggregate M3 and its components (annual growth rates, end-of-period)



MFIs' net external assets increased by LTL 1.2 billion over the month and towards the end of February 2013 amounted to LTL 10.9 billion. As can be seen in Fig. 2, from the end of 2008 MFIs' net external assets grew rapidly. Over the last two years alone they increased by LTL 13.2 billion: those of the Bank of Lithuania—by LTL 8.1 billion, of other MFIs—by LTL 5.2 billion. The increase in the net external assets of the Lithuanian banking system (other MFIs) over this period was brought about by a decline in external liabilities of LTL 4.5 billion, whereas external assets picked up by LTL 687.9 million.

Fig.2. Net External Assets of MFIs
(outstanding amounts, end-of-period)



In February, domestic credit rose by LTL 1.0 billion. This rise was driven by an increase in credit to general government of LTL 1.0 billion and in credit to other residents—LTL 7.1 million. Other MFIs' loans to non-financial corporations and financial intermediaries increased by LTL 36.7 million and LTL 7.8 million respectively. Loans to households decreased by LTL 47.2 million, and they contracted because of a decline in consumer loans, loans for house purchase and other loans (LTL 9.3 million, LTL 14.6 million and LTL 23.4 million, respectively).

Other MFIs' loans to residents denominated in euro dominated the credit composition by currency: at the end of February they amounted to 67.2 per cent, while litas loans amounted to 30.3 per cent. Such differences in loans by currency resulted from the composition of other MFIs' loans to non-financial corporations and households. At the end of February, other MFIs' euro lending to non-financial corporations amounted to 68.0 per cent, while litas lending—27.9 per cent. Other MFIs' loans to households in euro amounted to 71.0 per cent, while loans in litas were 28.0 per cent. The share of other MFIs' loans to residents denominated in euros grew by 1.1 p.p. and of loans denominated in litas contracted by the same amount over the month. This was brought about by changes in composition of loans to central government: the share of loans in euro decreased by 2.4 percentage points, while the share in litas rose by the same amount. From December 2011 the share of loans to households denominated in euro contracted by 2.2 p.p. and that of loans denominated in litas expanded accordingly.

In February 2013, MFIs' longer-term financial liabilities increased by LTL 261.0 million, driven by an increase in their capital and reserves (LTL 291.5 million) and the drop in debt securities with a maturity of over two years (LTL 16.5 million) and in deposits with agreed maturity of over 2 years (LTL 13.9 million) Central government deposits grew by LTL 909.7 million over the month as a result of an increase in deposits with the Bank of Lithuania of LTL 897.9 billion and a decrease in deposits with other MFIs of LTL 11.8 million.

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 Survey see the website of the Bank of Lithuania <http://www.lb.lt/notes>.

Table 1. Monetary Aggregates and Counterparts, LTL millions

	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	
	January 2013	February 2013	February 2013	February 2013	January 2013	February 2013
M2	52,363.7	923.1	44.0	53,330.9	5.7	7.2
M1	34,703.3	603.0	25.2	35,331.6	13.9	15.4
Currency in circulation	10,137.0	140.0	0.3	10,277.3	6.1	7.6
Overnight deposits	24,566.3	463.1	24.9	25,054.2	17.5	18.9
Other short-term deposits	17,660.4	320.1	18.8	17,999.3	-7.3	-6.0
Deposits with an agreed maturity of up to 2 years	17,160.5	321.7	18.7	17,501.0	-7.8	-6.4
Deposits redeemable at notice of up to 3 months	499.8	-1.6	0.1	498.2	11.7	14.2
Marketable instruments	475.9	52.5	-15.8	512.6	12.6	29.0
Repurchase agreements	36.4	-0.2	0.0	36.1	x	x
Money market funds shares/units
Debt securities issued up to 2 years	439.5	52.7	-15.7	476.5	6.4	23.4
M3	52,839.6	975.6	28.3	53,843.5	5.8	7.4
Net external assets	9,623.5	1223.0	67.0	10,913.5	82.2	30.3
Credit to general government	6,819.4	1013.7	-3.1	7,830.0	-2.3	13.9
Loans	3,289.0	862.7	-1.1	4,150.5	9.0	36.8
Securities other than shares	3,530.4	151.1	-2.0	3,679.5	-10.9	-4.2
Credit to other residents	57,676.0	7.1	7.9	57,691.0	2.5	2.8
Loans	55,613.6	-2.9	8.6	55,619.3	1.7	2.0
Securities other than shares	139.2	18.5	0.0	157.7	-59.8	-54.4
Shares and other equity	1,923.2	-8.6	-0.7	1,914.0	53.0	52.1
less: Deposits of central government	6,405.0	909.7	0.7	7,315.4	70.5	10.3
less: Longer-term financial liabilities	15,135.1	261.0	24.2	15,420.2	6.3	7.2
less: Other items (net)	-260.7	97.5	18.6	-144.6	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