

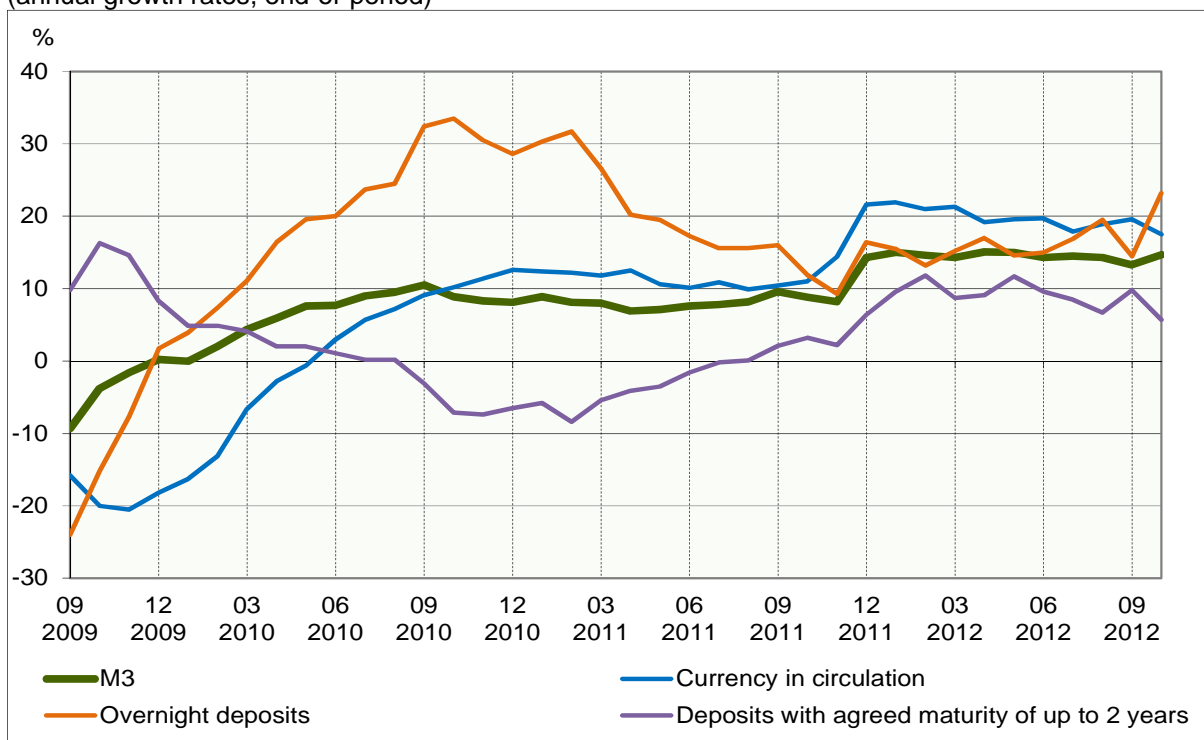
29 November 2012

MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, OCTOBER 2012

In October 2012, the net external assets of monetary financial institutions (MFIs) grew by LTL 317.2 million— to LTL 10.5 billion, the highest volume in the period of the re-establishment of independence. Broad monetary aggregate M3 grew by LTL 784.5 million over the month, and its annual growth rate accelerated from 13.3 per cent to 14.7 per cent towards the end of the month. The increase in M3 was driven mainly by an increase in overnight deposits of LTL 1.2 billion. Domestic credit increased by LTL 610.9 million over the month as a result of an increase in credit to other residents, while over the year it grew by LTL 1.0 billion. The share of other MFIs' loans to households denominated in euros declined gradually from 73.2 per cent (at the end of December 2011) to 71.4 per cent (at the end of October this year), with the respective increase in the share of loans denominated in litas.

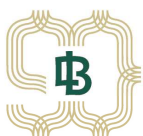
Monetary aggregates grew over the year as follows: M1 by 21.4 per cent, M2 by 15.1 per cent and M3 by 14.7 per cent. At the end of October, M1 amounted to LTL 33.8 billion, M2 to LTL 52.6 billion, and M3 to LTL 53.1 billion.

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



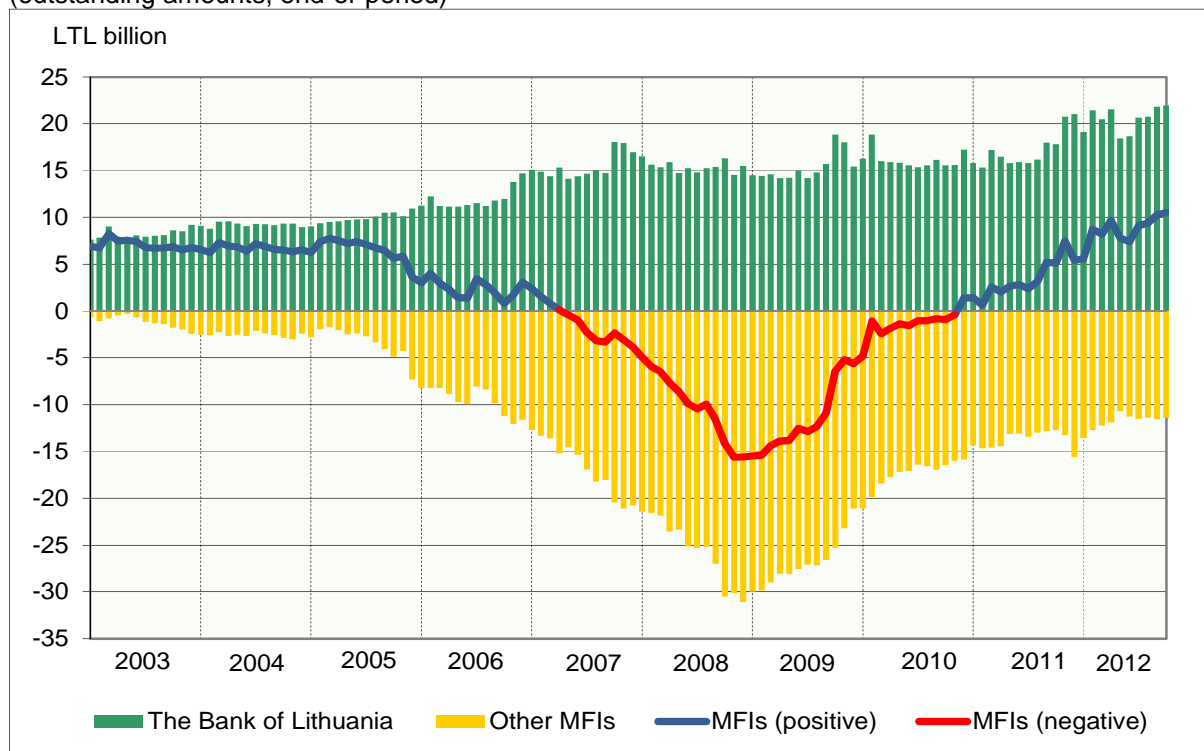
M3 grew in October because of an increase in overnight deposits, repurchase agreements and currency in circulation by LTL 1.2 billion, LTL 31.9 million and LTL 8.1 million respectively. However, M3 was reduced by deposits with agreed maturity of up to 2 years, securities of up to 2 years and deposits redeemable at notice of up to 3 months, which contracted respectively by LTL 453.5 million, LTL 25.7 million and LTL 7.3 million. Full data are presented in Table 1 at the end of the Survey.

MFIs' net external assets grew by LTL 317.2 million over the month and towards the end of October reached historical heights—LTL 10.5 billion. As can be seen in Fig. 2, from the end of 2008 MFIs' net external assets grew rapidly. During the last two years alone (when they became positive), they increased by LTL 14.4 billion:



of the Bank of Lithuania—by LTL 6.7 billion, of other MFIs—by LTL 7.8 billion. The increase in the net external assets of the Lithuanian banking system over this period was brought about by a decline in other MFIs' external liabilities by LTL 5.9 billion and a pick-up in external assets by LTL 1.9 billion.

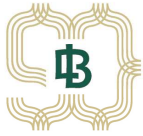
Fig.2. Net External Assets of MFIs
(outstanding amounts, end-of-period)



In October, domestic credit rose by LTL 610.9 million. The rise was driven by an increase in credit to other residents of LTL 662.4 million. Credit to general government contracted by LTL 51.5 million, however. Other MFIs' loans to non-financial corporations grew by LTL 413.2 million, while to financial intermediaries and households contracted by LTL 96.1 million and LTL 23.0 million respectively. Loans to households contracted because of a slight decline in consumer loans, loans for house purchase and other loans (by LTL 9.0 million, LTL 7.4 million and LTL 6.7 million respectively).

Other MFIs' loans to residents denominated in euro dominated credit composition by currency: towards the end of October they accounted for 68.8 per cent and loans denominated in litas—for 29.1 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 October, other MFIs' loans to non-financial corporations denominated in euro accounted for 69.2 per cent and those denominated in litas—26.6 per cent. Other MFIs' loans to households denominated in euro accounted for 71.4 per cent, and those denominated in litas—27.6 per cent. From December 2011 the share of loans to households denominated in euro contracted by 1.8 percentage points and that of loans denominated in litas expanded accordingly.

In October 2012, MFIs' longer-term financial liabilities increased by LTL 107.7 million, driven by an increase in their capital and reserves (by LTL 104.2 million) and in deposits of agreed maturity of over 2 years (by LTL 11.9 million). However, debt securities with agreed maturity of over 2 years contracted by LTL 8.5 million. Central government deposits contracted by LTL 18.3 million during the month, as deposits with the Bank of Lithuania declined by LTL 152.4 million and deposits with other MFIs grew by LTL 134.2 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 review 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	
	September 2012	October 2012	October 2012	October 2012	September 2012	October 2012
M2	51810.8	778.3	5.6	52594.7	13.5	15.1
M1	32540.0	1239.1	3.3	33782.4	15.9	21.4
Currency in circulation	10036.1	8.1	-0.4	10043.8	19.6	17.5
Overnight deposits	22503.9	1230.9	3.7	23738.6	14.5	23.2
Other short-term deposits	19270.8	-460.8	2.3	18812.3	9.9	5.8
Deposits with an agreed maturity of up to 2 years	18804.4	-453.5	0.9	18351.7	9.8	5.7
Deposits redeemable at notice of up to 3 months	466.5	-7.3	1.4	460.6	23.2	22.8
Marketable instruments	460.4	6.2	0.1	466.7	4.5	-2.8
Repurchase agreements	2.6	31.9	0.0	34.6	x	x
Money market funds shares/units
Debt securities issued up to 2 years	457.8	-25.7	0.1	432.2	6.1	-8.2
M3	52271.3	784.5	5.7	53061.5	13.3	14.7
Net external assets	10270.2	317.2	-56.9	10530.6	189.6	201.5
Credit to general government	6621.1	-51.5	5.6	6575.3	4.1	4.3
Loans	3197.3	-5.7	1.4	3193.0	3.9	4.2
Securities other than shares	3423.8	-45.7	4.2	3382.3	4.5	4.6
Credit to other residents	57025.2	662.4	-62.8	57624.7	0.1	1.3
Loans	55313.2	293.9	-63.3	55543.8	-0.7	-0.2
Securities other than shares	351.5	0.0	0.2	351.6	0.3	0.9
Shares and other equity	1360.5	368.5	0.3	1729.3	54.1	98.9
Deposits of central government (subtract)	6439.8	-18.3	0.4	6421.9	3.9	21.5
Longer-term financial liabilities (subtract)	15528.9	107.7	-140.2	15496.4	11.3	8.9
Other items (net) (subtract)	-323.4	54.2	20.0	-249.2	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