

25 February 2011

MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, JANUARY 2011

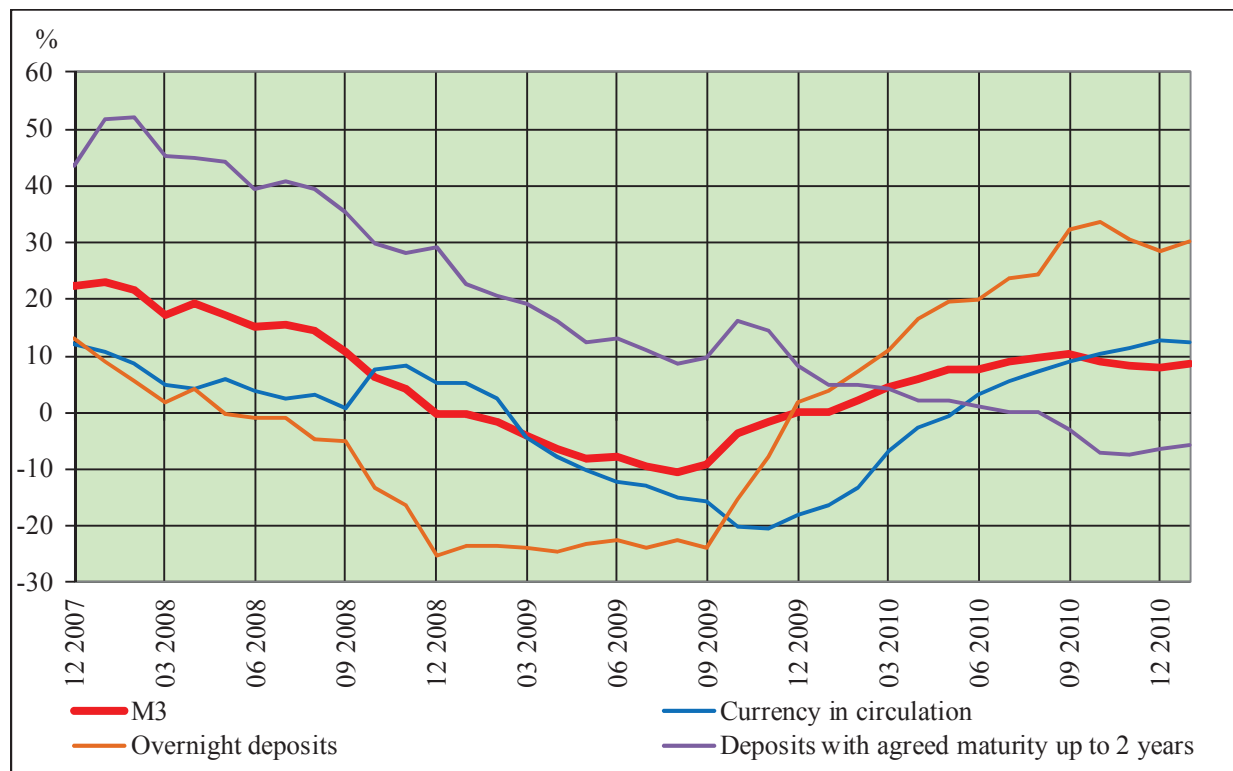
In January 2011, M3 broad monetary aggregate decreased by LTL 774.9 million. Net external assets of MFIs (i. e. external assets minus external liabilities) grew over the month by LTL 77.6 million staying in the positive territory for the second consecutive month and reaching LTL 1.4 billion at the end of the month. Other MFIs' lending to residents other than MFIs rose in January by LTL 18.0 million with euro lending accounting for 70.0 % of total lending at the end of the month.

All three monetary aggregates (M1, M2 and M3) grew over the year as follows: M1 went up by 24.5%, M2 by 9.4%, and M3 by 8.8%. At the end of January, M1 made up LTL 26.7 billion, M2 – LTL 46.9 billion and M3 – LTL 47.3 billion.

The January slowdown in M3 growth was driven by a slump of LTL 518.0 million in overnight deposits, a drop of LTL 155.0 million in deposits with agreed maturity of up to 2 years, a decrease of LTL 121.8 million in currency in circulation, a decline of LTL 25.8 million in repo transactions, and a contraction of LTL 0.5 million in deposits redeemable at notice of up to 3 months. However, M3 was pushed up by an increase of LTL 46.1 million in debt securities with maturity of up to 2 years. More detailed data is available in the table attached to the review.

Monetary aggregate M3 and its components

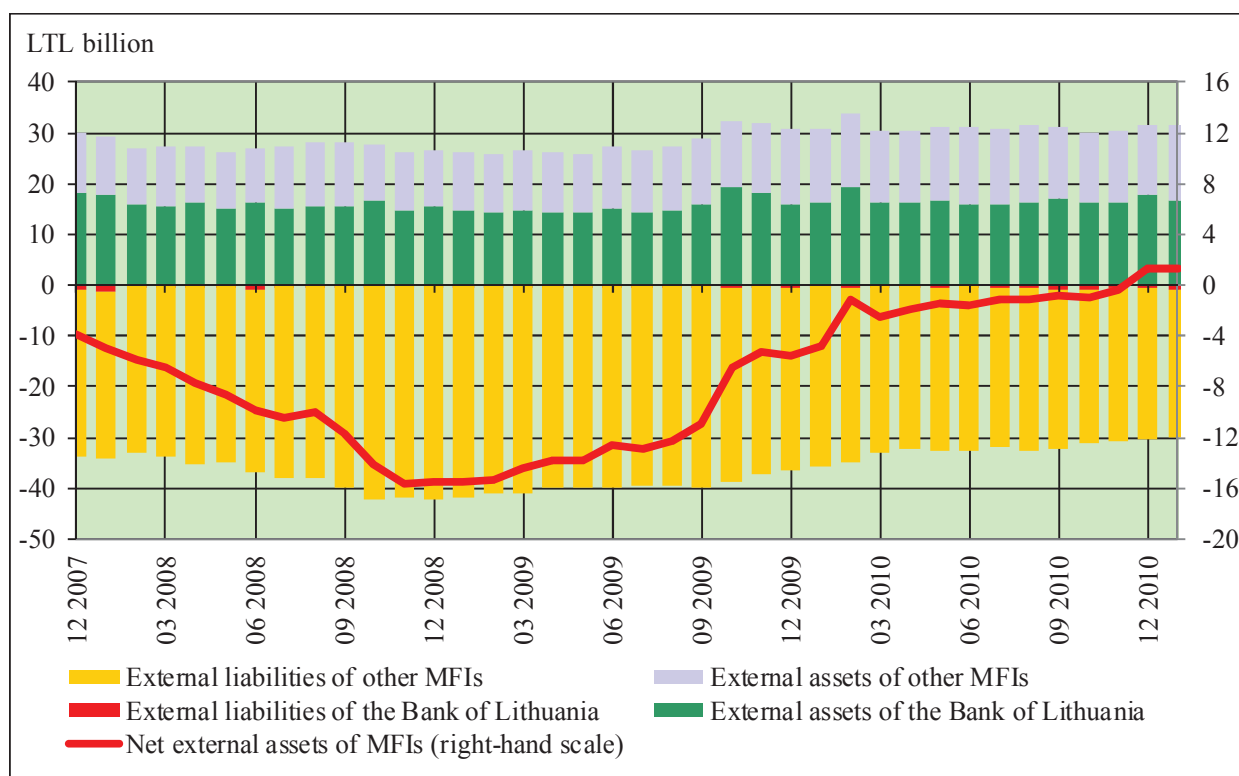
(annual growth rates, end-of-period)



MFIs' net external assets grew in January by LTL 77.6 million remaining in the positive territory for the second consecutive month and reaching LTL 1.4 billion. The growth of MFIs' net external assets was driven by an increase of LTL 1.5 billion in net external assets of other MFIs. However, the Bank of Lithuania's net external assets declined by LTL 1.4 billion.

Net External Assets of MFIs

(outstanding amounts, end-of-period)



In January, domestic credit hiked by LTL 18.6 million: credit to general government grew by LTL 27.5 million, while credit to other residents decreased by LTL 9.0 million driven largely by a slump in other MFIs' loans to non-financial corporations and households respectively by LTL 157.8 million and LTL 101.8 million. However, other MFIs' loans to non-financial corporations grew by LTL 248.1 million.

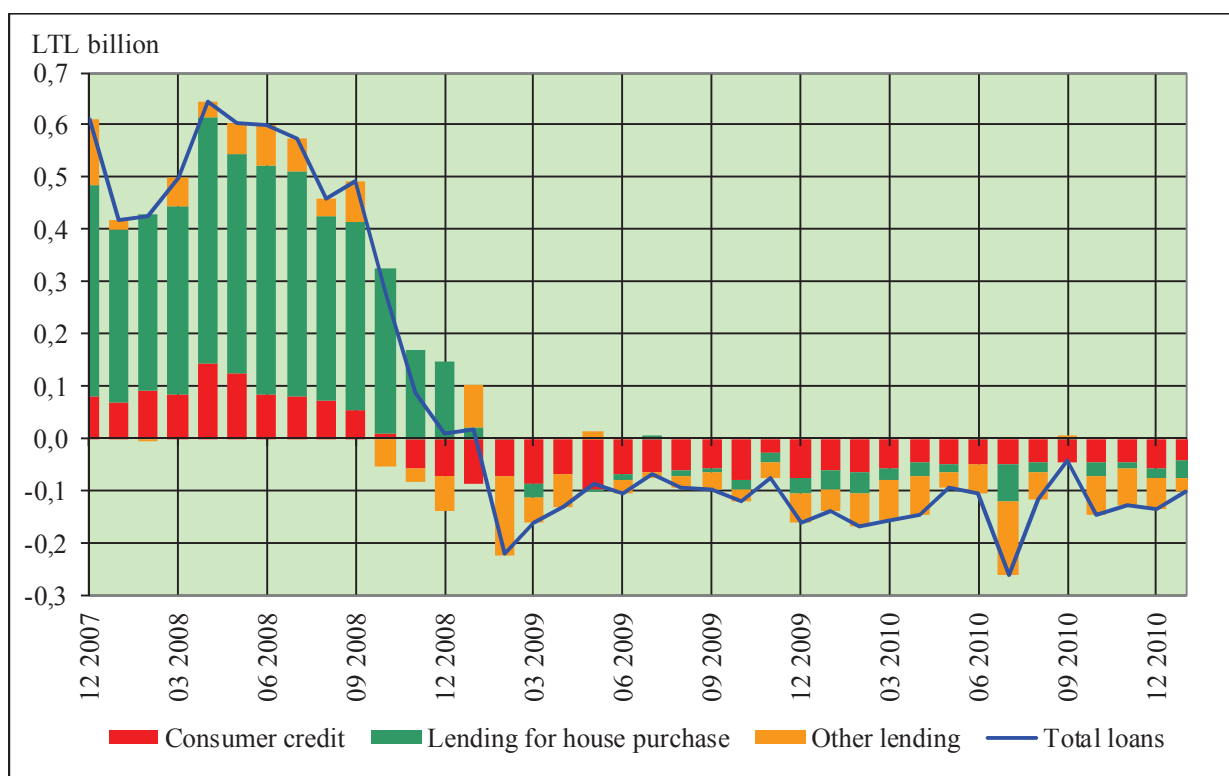
Other MFIs' lending to non-financial corporations and households contracted over the year respectively by 9.6% and 5.6%.

Other MFI's lending to households decreased in January as follows: consumer loans went down by LTL 42.8 million, lending for house purchase shrank by LTL 31.8 million, and other loans fell by LTL 27.2 million. The annual growth rate of lending for house purchase remained in the negative territory to make up -1.3% at the end of January.

Other MFIs' lending to residents in euros prevailed in the lending structure by currency: at the end of January euro loans accounted for 70.0% and litas loans for 27.5%. Such differences in lending by currency were driven by the structure of other MFIs' lending to non-financial corporations and households. By the end of January, for example, other MFIs' lending to non-financial corporations in euros accounted for 71.5%, while lending in litas accounted for 24.8%. Other MFIs' euro lending to households made up 72.3%, while litas lending to households made up 26.6%. This was the smallest share of litas lending since March 2004.

Loans to Households

(transactions during period)



Longer-term financial liabilities of MFIs increased by LTL 221.9 million in January: capital and reserves grew by LTL 132.1 million, deposits with agreed maturity over 2 years went up by 83.8 million, and debt securities with the maturity of over 2 years hiked by LTL 6.0 million.

Central government deposits with MFIs grew over one month by LTL 202.3 million: deposits with the other MFIs expanded by LTL 211.5 million, while deposits with the Bank of Lithuania contracted by LTL 9.2 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>.

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	
	December 2010	January 2011	January 2011	January 2011	December 2010	January 2011
M2	47726.7	-795.2	-39.3	46892.2	8.6	9.4
M1	27398.7	-639.8	-18.1	26740.8	23.5	24.5
Currency in circulation	7847.2	-121.8	-0.5	7724.9	12.6	12.4
Overnight deposits	19551.5	-518.0	-17.5	19016.0	28.6	30.3
Other short-term deposits	20328.0	-155.4	-21.2	20151.4	-6.6	-5.9
Deposits with an agreed maturity of up to 2 years	20116.3	-155.0	-20.7	19940.6	-6.5	-5.8
Deposits redeemable at notice of up to 3 months	211.7	-0.5	-0.5	210.7	-17.0	-6.8
Marketable instruments	378.1	20.3	0.1	398.5	-31.6	-30.1
Repurchase agreements	35.1	-25.8	0.0	9.3	x	x
Money market funds shares/units
Debt securities issued up to 2 years	343.6	46.1	0.0	389.8	-23.6	-13.0
M3	48104.8	-774.9	-39.2	47290.7	8.1	8.8
Net external assets	1347.4	77.6	-60.2	1364.8	-120.8	-125.5
Credit to general government	5762.5	27.5	-12.8	5777.3	32.1	25.0
Loans	2371.2	29.5	1.3	2402.0	75.2	72.7
Securities other than shares	3391.3	-2.0	-14.1	3375.3	12.8	4.7
Credit to other residents	60471.7	-9.0	-28.2	60434.6	-6.2	-5.6
Loans	59335.7	-11.5	-28.8	59295.4	-7.0	-6.5
Securities other than shares	331.9	0.0	0.2	332.1	65.6	65.6
Shares and other equity	804.0	2.6	0.4	807.0	79.5	88.8
less: Deposits of central government	5119.5	202.3	1.0	5322.7	14.4	-6.4
less: Longer-term financial liabilities	15234.7	221.9	-86.5	15370.1	10.8	11.9
less: Other items (net)	-877.3	446.8	23.7	-406.8	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