

29 June 2011

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

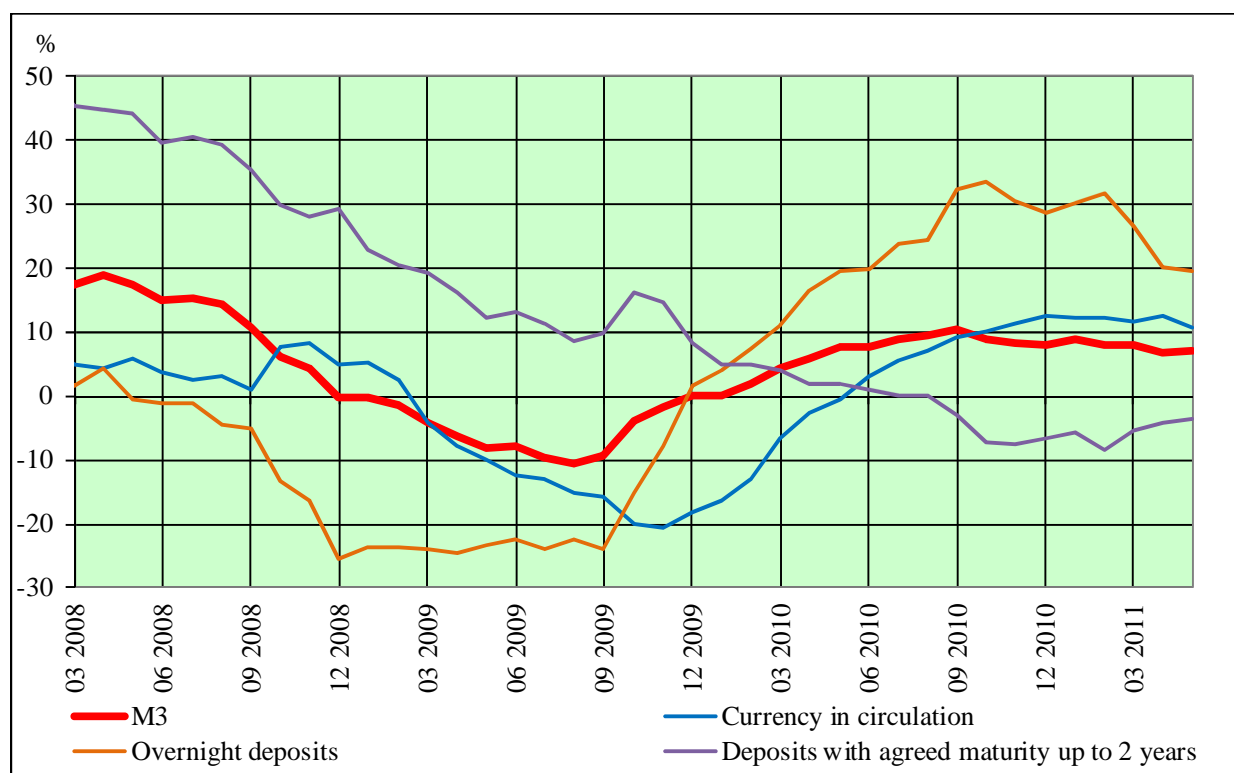
In May 2011, broad monetary aggregate M3 and lending for house purchase increased, while consumer credit was decreasing further. After longer than a two-year period of decrease in household loans for house purchase granted by other monetary financial institutions (MFIs), the amount of these loans increased for the second consecutive month: it increased by LTL 13.6 million in April 2011 and by LTL 14.7 million in May. However, consumer loans are still decreasing since the end of 2008 which precludes the household loan curve to rise over its negative positions. M3 broad monetary aggregate increased by LTL 384.3 million over the month. Net external assets of MFIs (i.e. external assets less external liabilities) increased by LTL 526.3 million. i.e. they were positive for the sixth consecutive month and amounted to LTL 2.6 billion at the end of May. Other MFIs' lending to residents, excluding MFIs, declined in May by LTL 54.4 million, while lending in euros accounted for 69.8% of total loans at the end of the month.

All three monetary aggregates M1, M2 and M3 grew over the year by 16.8%, 7.4% and 7.1% respectively. At the end of May, monetary aggregates M1, M2 and M3 amounted to LTL 27.9 billion, LTL 47.5 billion and LTL 48.1 billion respectively. Since September 2010, annual growth rate of monetary aggregate M3 was slowing from 10.5% to 7.1%.

In May, the increase in monetary aggregate M3 was determined by overnight deposits (increased by LTL 543.4 million), debt securities with maturity of up to 2 years (increased by LTL 89.2 million) and deposits redeemable at notice of up to 3 months (increased by LTL 13.8 million). Meanwhile, M3 growth was contained by a decline of LTL 262.4 million in deposits with agreed maturity of up to 2 years. Comprehensive data is available in the table below the review.

### Monetary aggregate M3 and its components

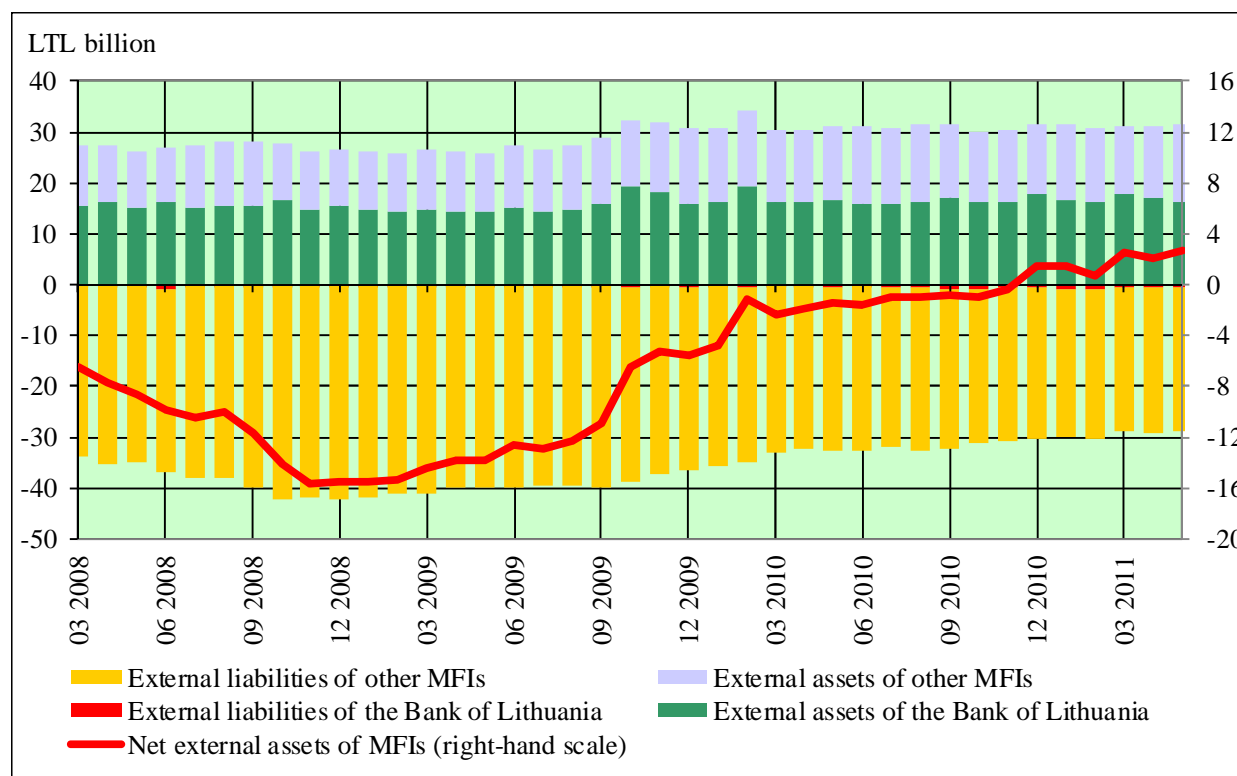
(annual growth rates, end-of-period)



In May, MFIs' net external assets grew by LTL 526.3 million. For the sixth consecutive month MFIs' net external assets remained in the positive territory and amounted to LTL 2.6 billion at the end of the month. An increase in the MFIs' net external assets was driven by an increase in net external assets of other MFIs by LTL 1.3 billion. The Bank of Lithuania's net external assets declined by LTL 749.0 million.

### Net External Assets of MFIs

(outstanding amounts, end-of-period)



In May, domestic credit contracted by LTL 237.8 million: credit to general government and to other residents went down by LTL 216.5 million and LTL 21.2 million respectively. Credit to other residents decreased largely due to a decline in other MFIs' lending to financial intermediaries and households by LTL 50.0 million and LTL 14.1 million respectively. Meanwhile, lending to non-financial corporations grew by LTL 7.2 million.

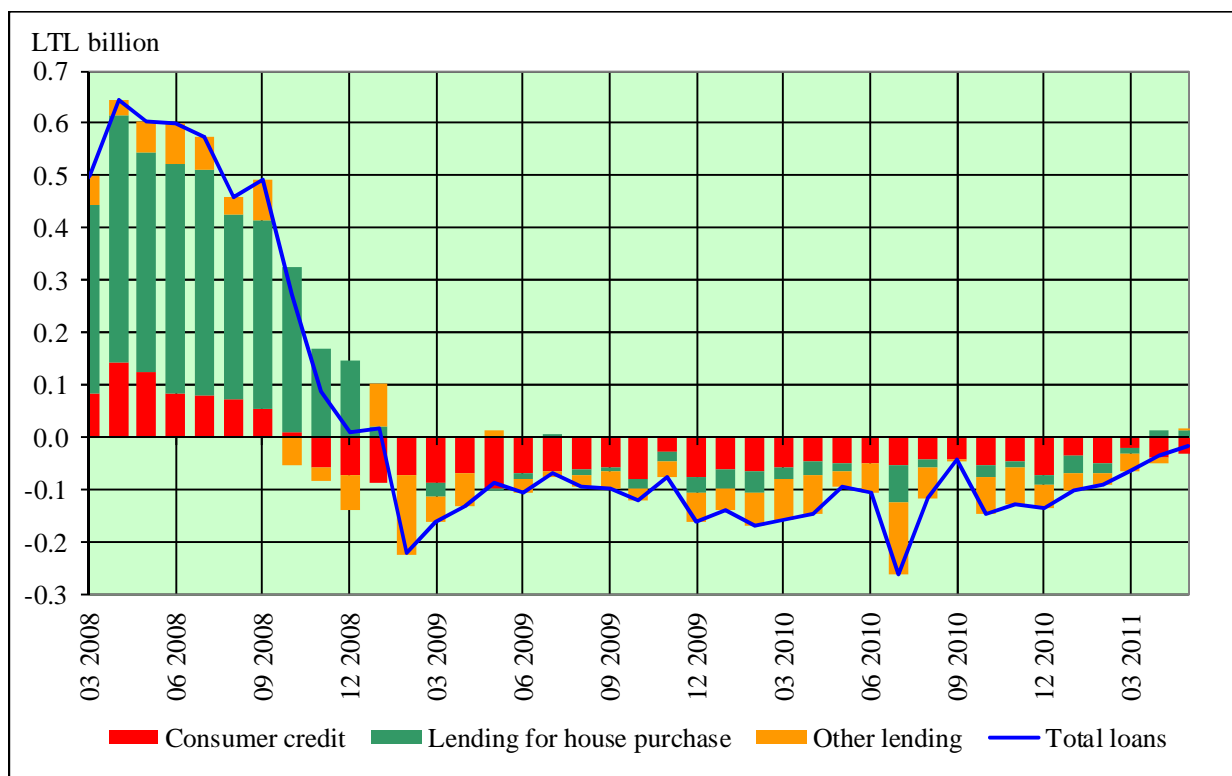
Other MFIs' lending to non-financial corporations and households decreased by 6.7% and 4.4% year on year respectively.

In May, consumer loans of other MFIs to households decreased by LTL 30.2 million, while loans for house purchase and other loans increased by LTL 14.7 million and LTL 1.4 million respectively. Following a downturn, which lasted for over two years, loans for house purchase increased for the second consecutive month. Their annual growth rate (-0.8%) however still stayed in the negative territory at the end of May.

Loans in euros granted by other MFIs to residents dominated in the lending structure by currency: at the end of May, loans in euros amounted to 69.8% while the loans in litas made up 27.8%. Such differences in lending by currency were determined by the structure of other MFIs' lending to non-financial corporations and households. In May, for example, other MFIs' lending to non-financial corporations in euros accounted for 70.7%, while lending in litas accounted for 25.8%. Other MFIs' euro lending to households made up 72.4%, while lending in litas reached 26.4%. This share of loans in litas recorded since March 2004 is the lowest for the third consecutive month.

## Loans to Households

(transactions during period)



Longer-term financial liabilities of MFIs increased in May by LTL 181.9 million: capital and reserves grew by LTL 150.5 million, deposits with agreed maturity of over 2 years hiked by LTL 19.4 million, while debt securities with maturity of over 2 years increased by LTL 12.0 million.

Over one month, central government deposits with MFIs contracted by LTL 490.1 million: deposits with the Bank of Lithuania went down by LTL 535.6 million, while deposits with other MFIs increased by LTL 45.4 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	
	April 2011	May 2011	May 2011	May 2011	April 2011	May 2011
<b>M2</b>	<b>47250.1</b>	<b>294.8</b>	<b>2.1</b>	<b>47547.0</b>	<b>7.5</b>	<b>7.4</b>
M1	27385.5	543.3	17.0	27945.8	17.8	16.8
Currency in circulation	7925.1	0.0	0.4	7925.4	12.5	10.6
Overnight deposits	19460.4	543.4	16.6	20020.4	20.2	19.5
Other short-term deposits	19864.6	-248.6	-14.8	19601.2	-4.1	-3.6
Deposits with an agreed maturity of up to 2 years	19650.0	-262.4	19.5	19407.1	-4.1	-3.5
Deposits redeemable at notice of up to 3 months	214.6	13.8	-34.3	194.1	-1.5	-12.6
<b>Marketable instruments</b>	<b>470.2</b>	<b>89.5</b>	<b>0.0</b>	<b>559.7</b>	<b>-31.9</b>	<b>-13.2</b>
Repurchase agreements	9.4	0.3	0.0	9.7	x	x
Money market funds shares/units	...	...	...	...	...	...
Debt securities issued up to 2 years	461.4	89.2	0.0	550.6	-9.5	30.9
<b>M3</b>	<b>47720.3</b>	<b>384.3</b>	<b>2.2</b>	<b>48106.7</b>	<b>6.9</b>	<b>7.1</b>
Net external assets	2043.2	526.3	64.5	2634.1	x	x
Credit to general government	5815.3	-216.5	0.5	5599.2	23.2	21.2
Loans	2434.9	2.4	-0.9	2436.4	79.0	79.7
Securities other than shares	3380.4	-219.0	1.4	3162.8	1.1	-2.7
Credit to other residents	59847.6	-21.2	2.5	59828.9	-4.1	-3.9
Loans	58690.1	-57.0	3.0	58636.0	-4.8	-4.6
Securities other than shares	344.8	0.0	-0.1	344.7	2.7	2.7
Shares and other equity	812.8	35.8	-0.4	848.2	93.2	86.3
<i>less:</i> Deposits of central government	4983.6	-490.1	16.2	4509.6	-14.1	-21.4
<i>less:</i> Longer-term financial liabilities	15516.9	181.9	12.2	15710.9	9.7	12.5
<i>less:</i> Other items (net)	-514.6	212.5	37.0	-265.1	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