

28 July 2011

MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, JUNE 2011

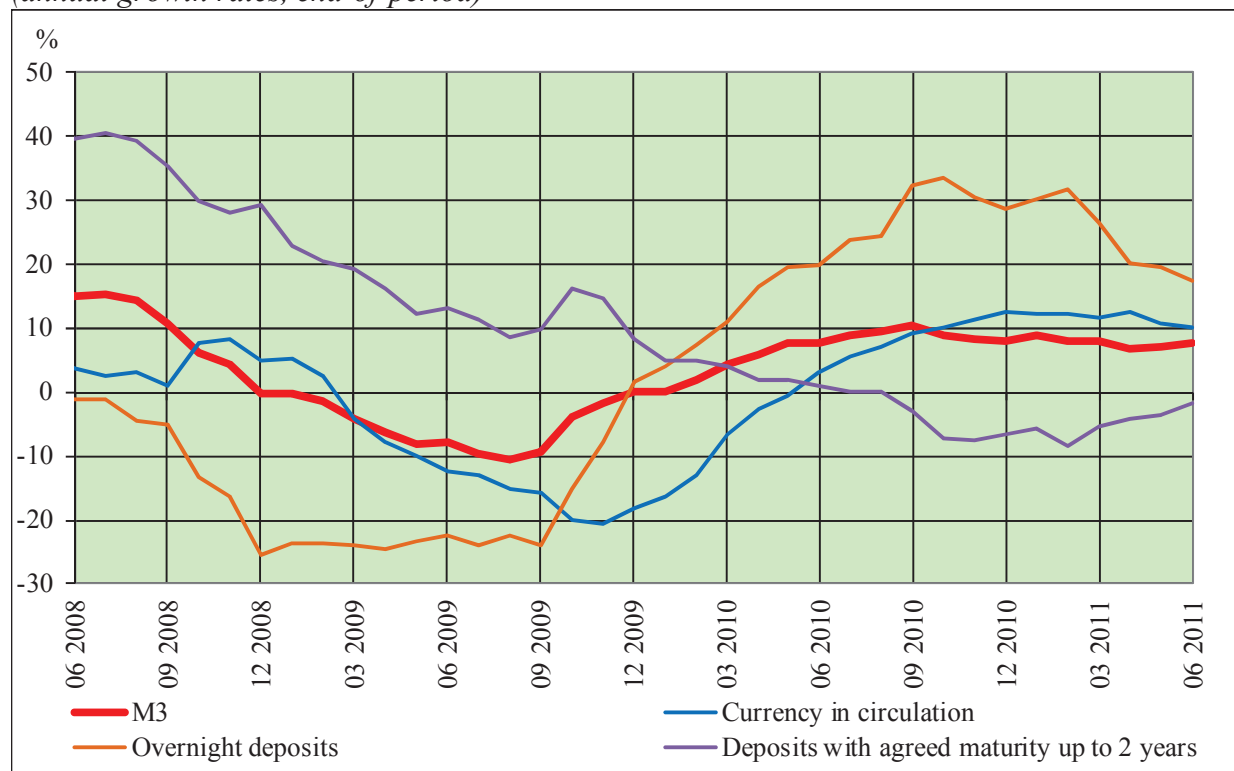
M3 broad monetary aggregate, household and other lending continued to grow in June 2011 amid a further decrease in consumer loans. Other MFIs' lending to households for house purchase continued to grow for the third consecutive month following a decrease which continued for more than two years: it increased by LTL 13.6 million in April 2011, by LTL 14.7 million in May, and by LTL 19.1 million in June. Also, a growth of other MFIs' lending to households was observed for the second consecutive month, which made up LTL 1.4 million in May and LTL 7.9 million in June 2011. However, consumer loans has continued to go down since the end of 2008 keeping the lending to households curve very low and in the negative territory. M3 increased over the month by LTL 395.6 million. Net external assets (i. e. external assets minus external liabilities) of MFIs went up over the month by LTL 2.8 million remaining in the positive territory for more than half a year. Other MFIs' lending to residents, excluding MFIs, decreased in June by LTL 105.9 million, while euro lending accounted for at the end of the month for 69.9% of total lending.

All three monetary aggregates (M1, M2 and M3) grew over the year by 15.2%, 7.5%, and 7.6% respectively. At the end of June, monetary aggregates M1, M2 and M3 made up LTL 28.1 billion, LTL 47.8 billion and LTL 48.5 billion respectively. The growth rate of M3 has slightly decelerate from 10.5% to 7.6% from September 2010.

The June increase of M3 was driven by an increase of LTL 135.4 million in deposits with agreed maturity of up to 2 years, a growth of LTL 118.8 million in currency in circulation, a rise of LTL 117.0 million in debt securities with a maturity of up to two years, and a hike of LTL 45.9 million in overnight deposits. Meanwhile, M3 growth was contained by a decline of LTL 21.6 million in deposits redeemable at notice of up to 3 months. Comprehensive data is available in the table below the review.

Monetary aggregate M3 and its components

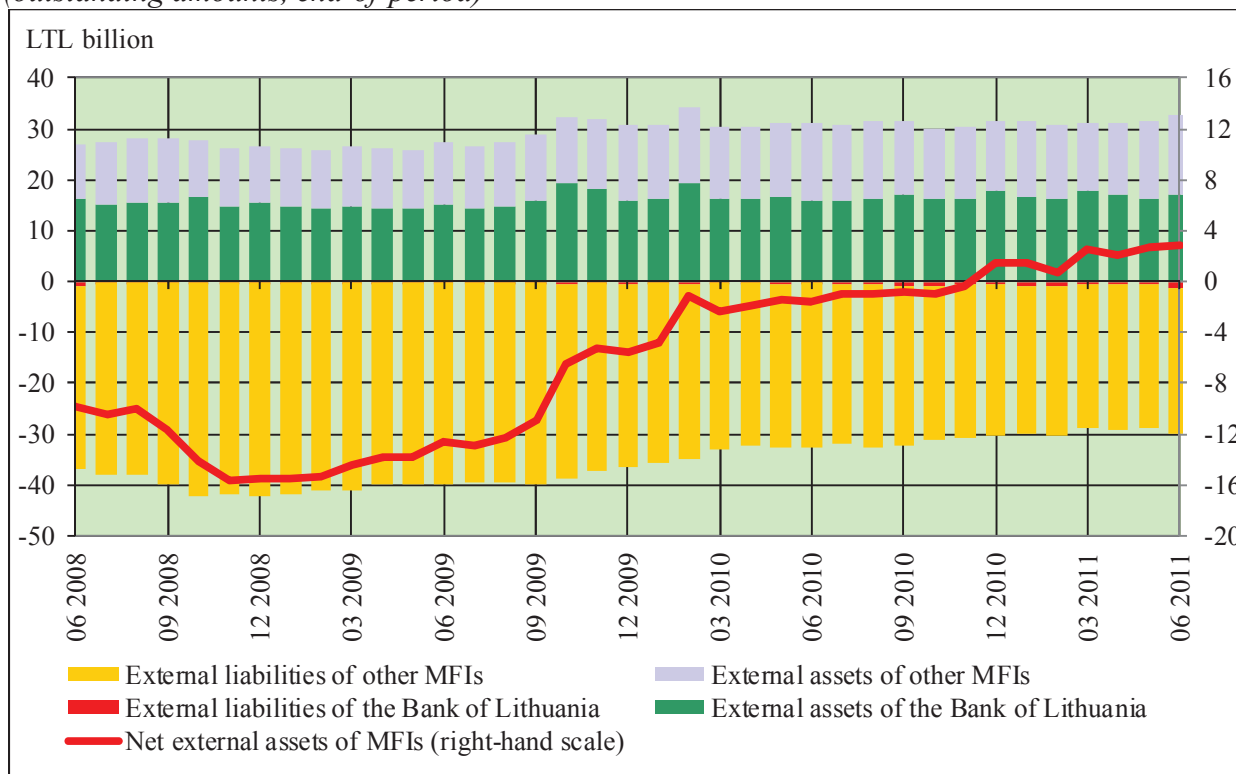
(annual growth rates, end-of-period)



In June, the MFIs' net external assets grew by LTL 261.2 million. For more than half a year MFIs' net external assets remained in the positive territory amounting to LTL 2.8 billion at the end of the month. The increase in the MFIs' net external assets was driven by an increase in external assets of the Bank of Lithuania and other MFIs respectively by LTL 177.9 million and LTL 83.3 million.

Net external assets of MFI

(outstanding amounts, end-of-period)



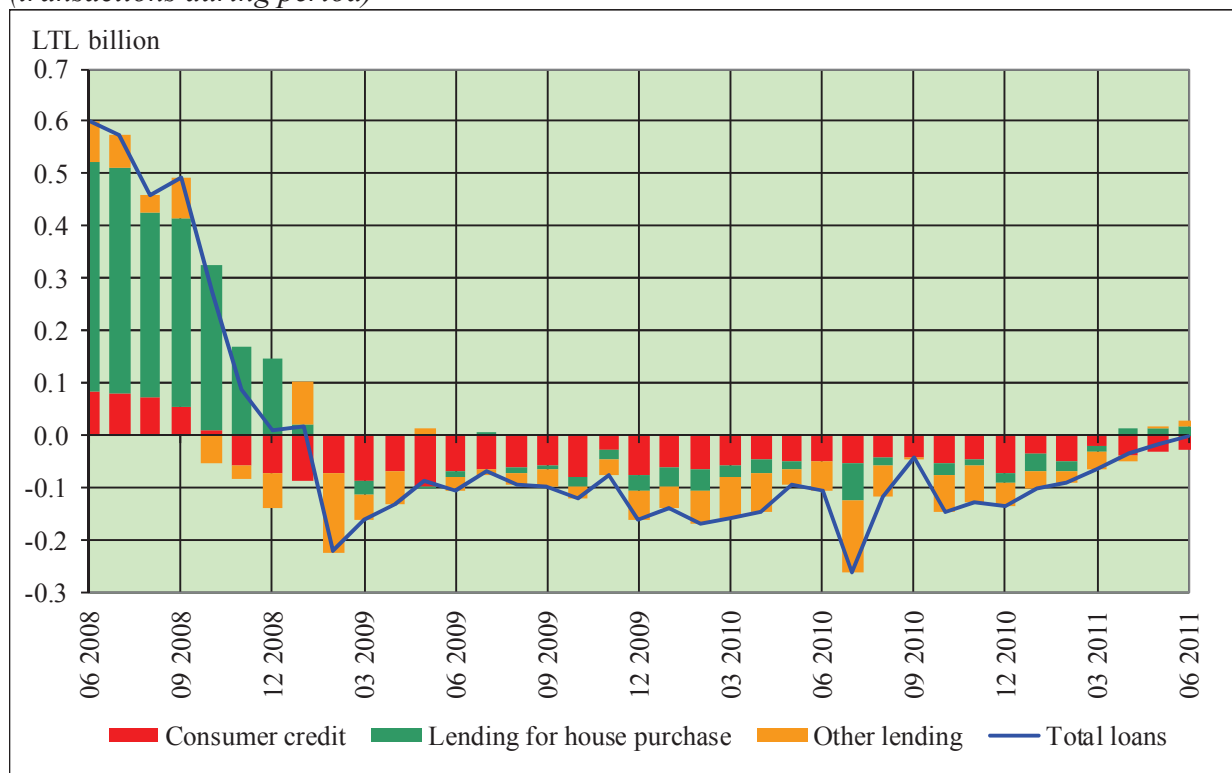
In June, domestic credit shrank by LTL 14.7 million following a decrease of LTL 211.8 million in credit to other residents. The latter went down following a fall in other MFIs' lending to financial intermediaries, non-financial corporations and households respectively by LTL 160.6 million, LTL 75.6 million, and LTL 0.2 million. Credit to central government grew by LTL 197.1 million.

Other MFIs' lending to non-financial corporations and households went down year on year by 6.5% and 4.0% respectively.

In June, consumer lending by other MFIs to households decreased by LTL 27.2 million, while lending for house purchase and other lending increased respectively by LTL 19.1 million and LTL 7.9 million. Following a decrease that continued for more than two years, lending for house purchase have been increasing for the third consecutive month with their annual growth rate (-0.7%) however remaining in the negative territory in June. Other lending to households kept growing for the second consecutive month.

Loans in euros granted by other MFIs to residents dominated in the lending structure by currency: by the end of June, euro loans made up 69.9%, while litas loans made up 27.9%. Such differences in lending by currency were determined by the structure of other MFIs' lending to non-financial corporations and households. At the end of June, for example, lending by other MFIs to non-financial corporations in euros made up 70.9%, while lending in litas made up 25.9%. Other MFIs' euro lending to households made up 72.2%, while lending in litas made up 26.5%.

Loans to households (transactions during period)



Longer-term financial liabilities of MFIs increased in June by LTL 100.4 million: capital and reserves, and deposits with agreed maturity of over 2 years grew respectively by LTL 88.8 million and LTL 22.6 million, while debt securities with the maturity of over 2 years went down by LTL 11.0 million.

Central government deposits with MFIs dropped over the month by LTL 162.8 million: deposits with the Bank of Lithuania went down by LTL 143.3 million, and deposits with other MFIs decreased by LTL 19.5 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/metodologija>.

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	
	May 2011	June 2011	June 2011	June 2011	May 2011	June 2011
M2	47547.0	278.5	-9.7	47815.8	7.4	7.5
M1	27945.8	164.6	-2.9	28107.5	16.8	15.2
Currency in circulation	7925.4	118.8	-0.1	8044.0	10.6	10.1
Overnight deposits	20020.4	45.9	-2.7	20063.5	19.5	17.3
Other short-term deposits	19601.3	113.9	-6.9	19708.2	-3.6	-1.7
Deposits with an agreed maturity of up to 2 years	19407.1	135.4	-6.4	19536.1	-3.5	-1.6
Deposits redeemable at notice of up to 3 months	194.1	-21.6	-0.4	172.1	-12.6	-10.5
Marketable instruments	559.7	117.1	-0.1	676.7	-13.2	16.7
Repurchase agreements	9.7	0.1	0.0	9.8	x	x
Money market funds shares/units
Debt securities issued up to 2 years	550.6	117.0	-0.1	667.5	30.9	71.3
M3	48106.8	395.6	-9.9	48492.5	7.1	7.6
Net external assets	2634.1	261.2	-77.5	2817.8	x	x
Credit to general government	5599.2	197.1	-2.6	5793.7	21.2	26.3
Loans	2436.4	130.4	0.3	2567.2	79.7	84.5
Securities other than shares	3162.8	66.7	-3.0	3226.5	-2.7	1.4
Credit to other residents	59828.9	-211.8	-51.9	59565.1	-3.9	-4.4
Loans	58636.0	-236.6	-52.1	58347.3	-4.6	-5.2
Securities other than shares	344.7	0.0	0.0	344.7	2.7	3.7
Shares and other equity	848.2	24.8	0.1	873.1	86.3	91.2
less: Deposits of central government	4509.6	162.8	-2.8	4669.6	-21.4	-13.2
less: Longer-term financial liabilities	15710.9	100.4	-150.4	15660.9	12.5	12.0
less: Other items (net)	-265.1	-412.3	31.1	-646.4	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