

28 September 2011

MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, AUGUST 2011

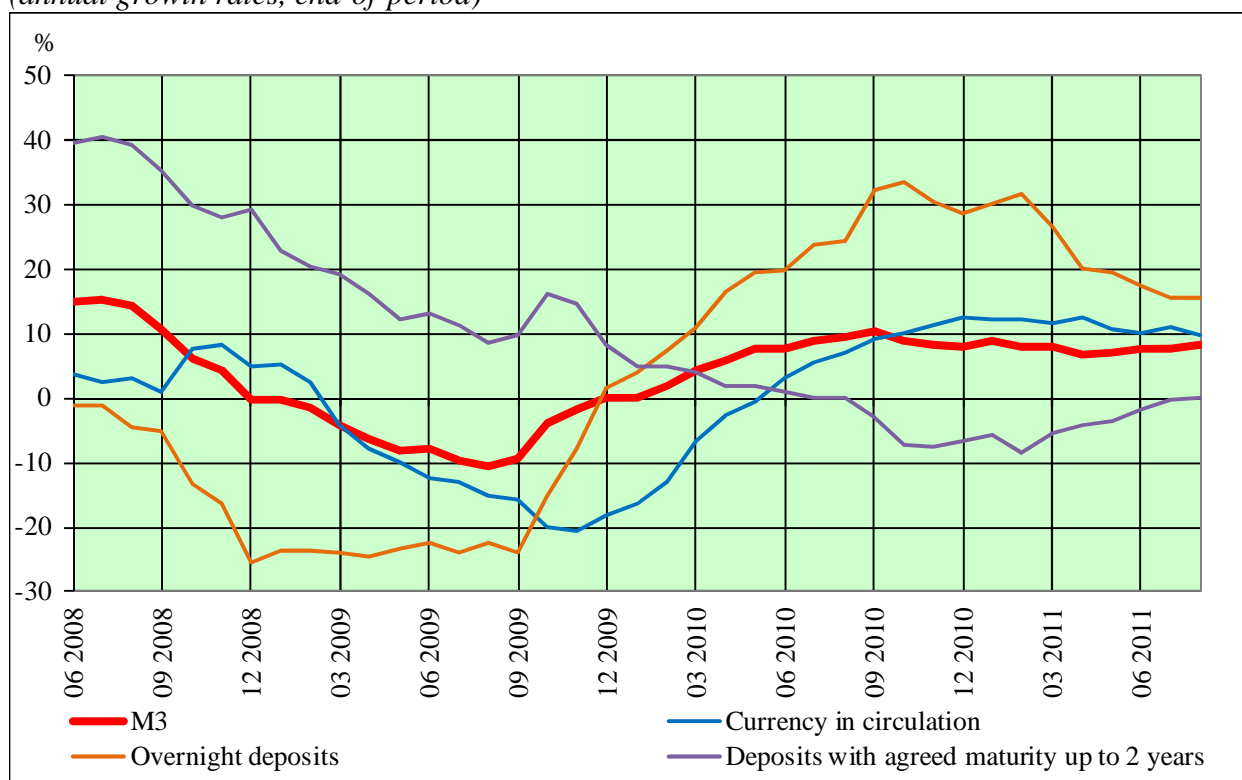
In August 2011, for the second consecutive month, lending by monetary financial institutions (MFIs) to resident households grew driven by increasing lending for house purchase and other lending. Although consumer loans decreased by LTL 4.1 million, they have been decreasing noticeably slower compared to previous periods. Euro loans dominated in lending to residents, excluding MFIs, structure by currency: at the end of the month they accounted for 69.2% of total loans. An increase in short- and mid-term deposits and debt securities led to a month-on-month increase in M3 monetary aggregate by LTL 373.1 million. MFIs' net external assets grew in August by LTL 579.3 million to LTL 3.2 billion at the end of the month, remaining in the positive territory.

All three monetary aggregates (M1, M2 and M3) grew over the year by 13.9%, 7.7%, and 8.2% respectively. At the end of August, M1 made up LTL 28.3 billion, M2 – LTL 48.6 billion and M3 – LTL 49.6 billion.

The M3 increase in August was driven mainly by a rise of LTL 384.8 million in agreed maturity of up to 2 years, a growth of LTL 246.8 million in debt securities of up to 2 years, and a hike of LTL 9.5 million in deposits redeemable at a notice of up to 3 months. However, the M3 growth was contained by a decrease of LTL 234.5 million in overnight deposits, a decline of LTL 33.0 million in currency in circulation, and a drop of LTL 0.5 million in repurchase transactions. Comprehensive data is available in the table below the review.

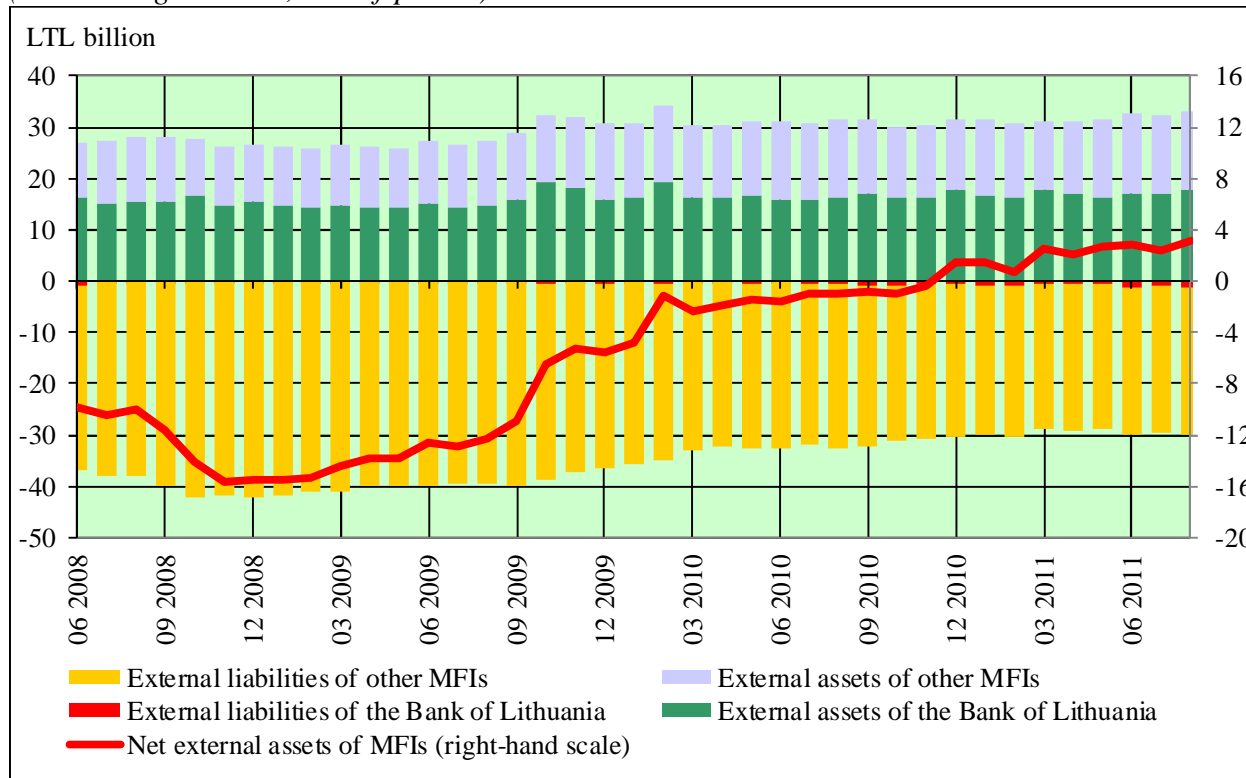
Monetary aggregate M3 and its components

(annual growth rates, end-of-period)



In August, the MFIs' net external assets grew by LTL 579.3 million. They have stayed in the positive territory since December 2010 amounting to LTL 3.2 billion at the end of the month. The MFIs' net external assets increase was driven by an increase in external assets of other MFIs and the Bank of Lithuania respectively by LTL 423.0 million and LTL 156.3 million.

Net external assets of MFI
(outstanding amounts, end-of-period)



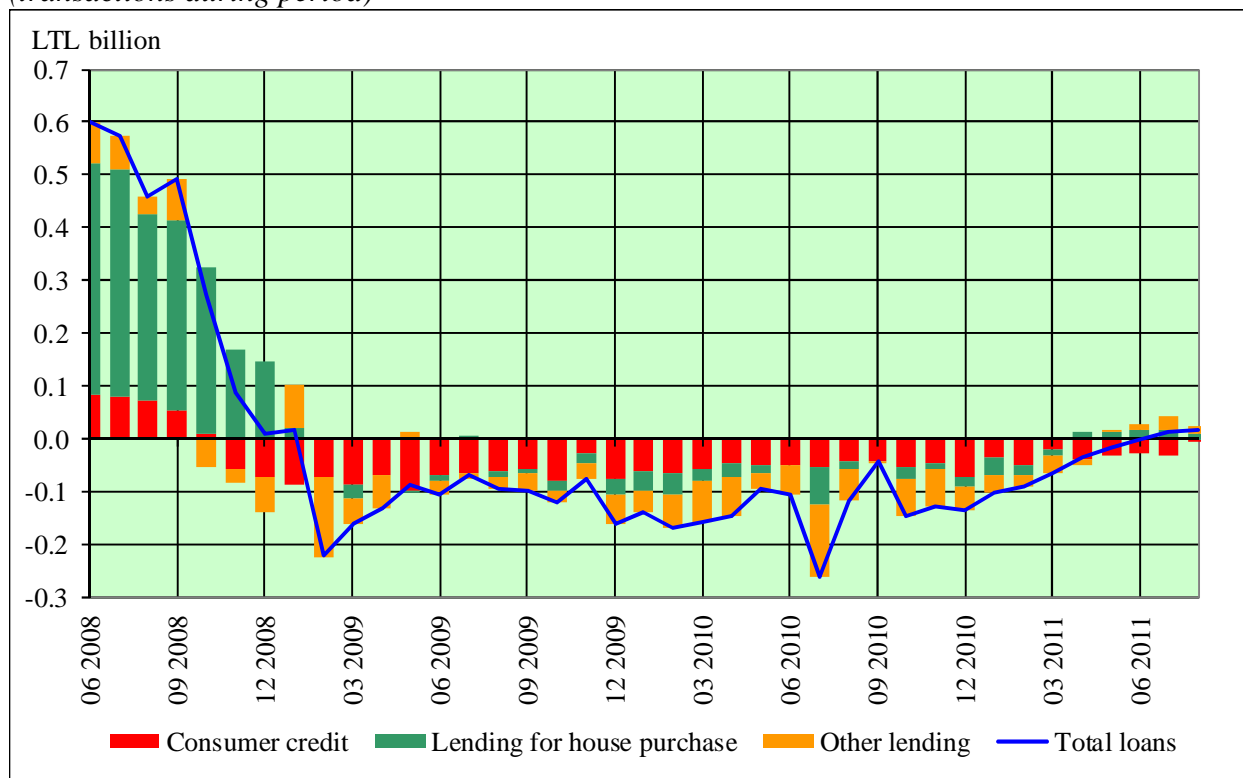
In August, domestic credit increased by LTL 359.4 million – credit to general government grew by LTL 289.1 million, while credit to other residents grew by LTL 70.3 million. The latter increased driven mainly by an increase in other MFIs' lending to non-financial corporations and households respectively by LTL 90.5 million and LTL 19.4 million. Lending to financial intermediaries however went down by LTL 46.2 million.

Other MFIs' lending to non-financial corporations and households decreased year on year by 3.9% and 2.6% respectively. Since the end of 2010, the decrease of this type of loans has been gradually decelerating.

The August increase in lending for house purchase and other lending to households outran a decrease in consumer lending leading to an increase in other MFIs' lending to households for the second time since February 2009. In August, consumer lending by other MFIs to households decreased by LTL 4.1 million, while lending for house purchase and other lending increased respectively by LTL 8.5 million and LTL 15.0 million. Following a decrease that continued for more than two years, lending for house purchase have been increasing for the fifth consecutive month with their annual growth rate however remaining at the end of August in the negative territory at -0.2%. Other lending to households kept growing for the fourth consecutive month.

Other MFIs' euro lending to residents dominated in the lending structure by currency: at the end of August euro loans made up 69.2%, while litas loans made up 28.4%. 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 August, for example, other MFIs' lending to non-financial corporations in euros made up 70.6%, while lending in litas made up 25.7%. Other MFIs' euro lending to households accounted for 72.0%, while lending in litas accounted for 26.8% of total lending.

Loans to households (transactions during period)



Longer-term financial liabilities of MFIs increased in August by LTL 201.5 million – capital and reserves went up by LTL 187.8 million, deposits with agreed maturity of over 2 years hiked by LTL 11.0 million, while debt securities with maturity of over 2 years went up by LTL 2.7 million.

Central government deposits with the Bank of Lithuania and other MFIs soared over the month respectively by LTL 49.4 million and LTL 130.4 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	
	July 2011	August 2011	August 2011	August 2011	July 2011	August 2011
M2	48458.6	126.8	-23.6	48561.9	7.8	7.7
M1	28538.0	-267.5	-12.1	28258.5	14.2	13.9
Currency in circulation	8282.9	-33.0	0.1	8249.9	10.9	9.9
Overnight deposits	20255.2	-234.5	-12.1	20008.5	15.6	15.6
Other short-term deposits	19920.5	394.4	-11.5	20303.4	-0.3	0.0
Deposits with an agreed maturity of up to 2 years	19741.6	384.8	-11.6	20114.8	-0.2	0.1
Deposits redeemable at notice of up to 3 months	178.9	9.5	0.1	188.6	-11.2	-7.0
Marketable instruments	706.6	246.2	44.9	997.7	13.7	49.7
Repurchase agreements	9.8	-0.5	0.0	9.3	x	x
Money market funds shares/units
Debt securities issued up to 2 years	697.4	246.8	44.9	989.0	73.4	127.4
M3	49165.2	373.1	21.3	49559.6	7.8	8.2
Net external assets	2371.0	579.3	209.3	3159.5	x	x
Credit to general government	5932.6	289.1	-0.4	6221.3	27.2	28.4
Loans	2847.4	164.6	-0.2	3011.8	80.6	67.0
Securities other than shares	3085.2	124.5	-0.2	3209.4	0.2	5.7
Credit to other residents	59780.6	70.3	-129.3	59721.6	-3.0	-2.8
Loans	58564.6	63.6	-129.2	58498.9	-3.7	-3.5
Securities other than shares	344.6	0.0	0.0	344.6	4.6	4.6
Shares and other equity	871.4	6.7	-0.1	878.1	89.1	80.0
less: Deposits of central government	3993.9	179.8	-0.4	4173.3	-21.7	-16.2
less: Longer-term financial liabilities	15722.7	201.5	-53.5	15870.6	12.7	13.0
less: Other items (net)	-797.6	184.2	112.2	-501.1	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