

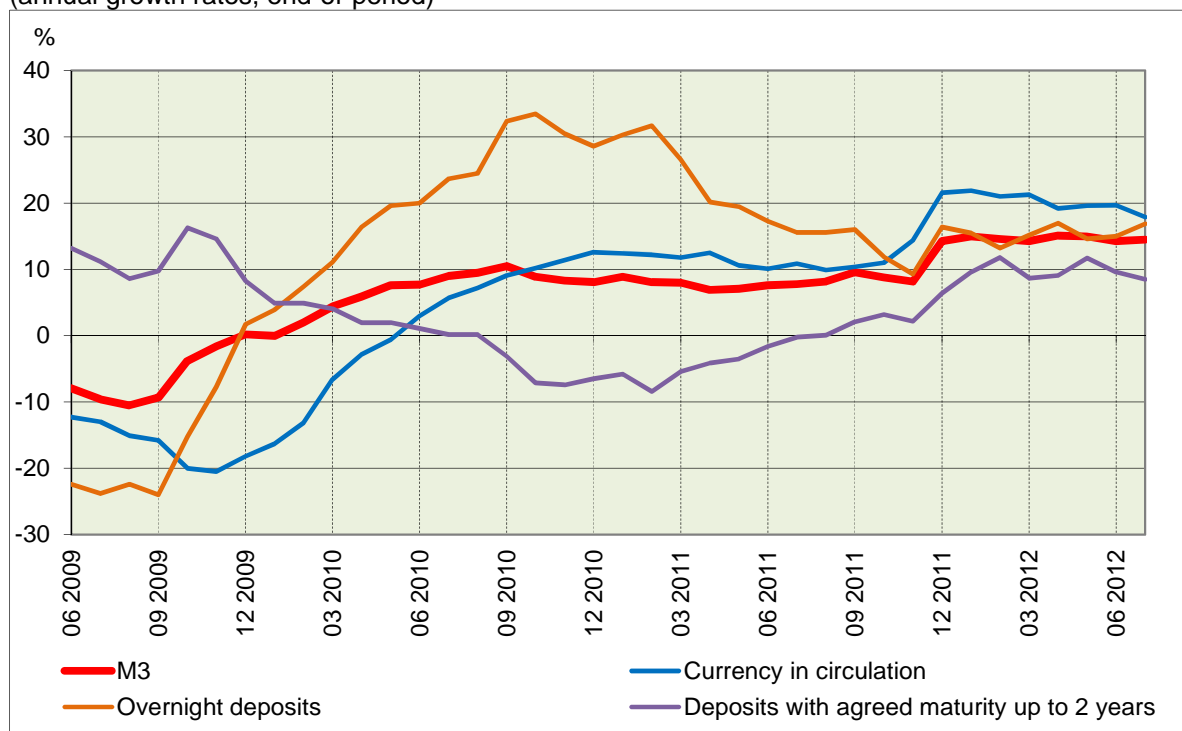
MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, JULY 2012

Net external assets of monetary financial institutions (MFIs) climbed in July 2012 by LTL 1.6 billion to LTL 9.1 billion at the end of the month. Monetary aggregate M3 increased during the month by LTL 792.0 million, and its annual growth rate accelerated towards the end of the month to 14.5%. The M3 increase was mostly determined by the growth in short-term deposits and currency in circulation. Domestic credit melted by LTL 164.5 million because of the decreasing credit to other residents. Domestic credit increased over the year by LTL 717.1 million following the growth in the MFIs' lending to the general government and the MFIs' holdings of the central government-issued debt securities.

All three monetary aggregates (M1, M2 and M3) grew year on year by 17.2%, 13.8%, and 14.5% respectively. At the end of July, M1, M2 and M3 made up respectively LTL 32.6 billion, LTL 51.4 billion, and LTL 52.0 billion.

The July increase in M3 owed to overnight deposits, which grew by LTL 579.1 million, currency in circulation, which hiked by LTL 134.9 million, debt securities with maturity of up to 2 years, deposits redeemable at notice of up to 3 months, and deposits with agreed maturity of 2 years, which went up respectively by LTL 69.8 million, LTL 11.2 million, and LTL 5.5 million. On the other hand, the M3 growth was contained by a decline of LTL 8.4 million in repo transactions. Comprehensive data is available in Table 1 below the review.

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



Net external assets of MFIs went up over the month by LTL 1.6 billion to LTL 9.1 billion at the end of July 2012. External assets of Lithuania's banking system (other MFIs) grew by LTL 1.1 billion during the last two years.

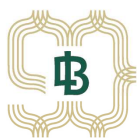
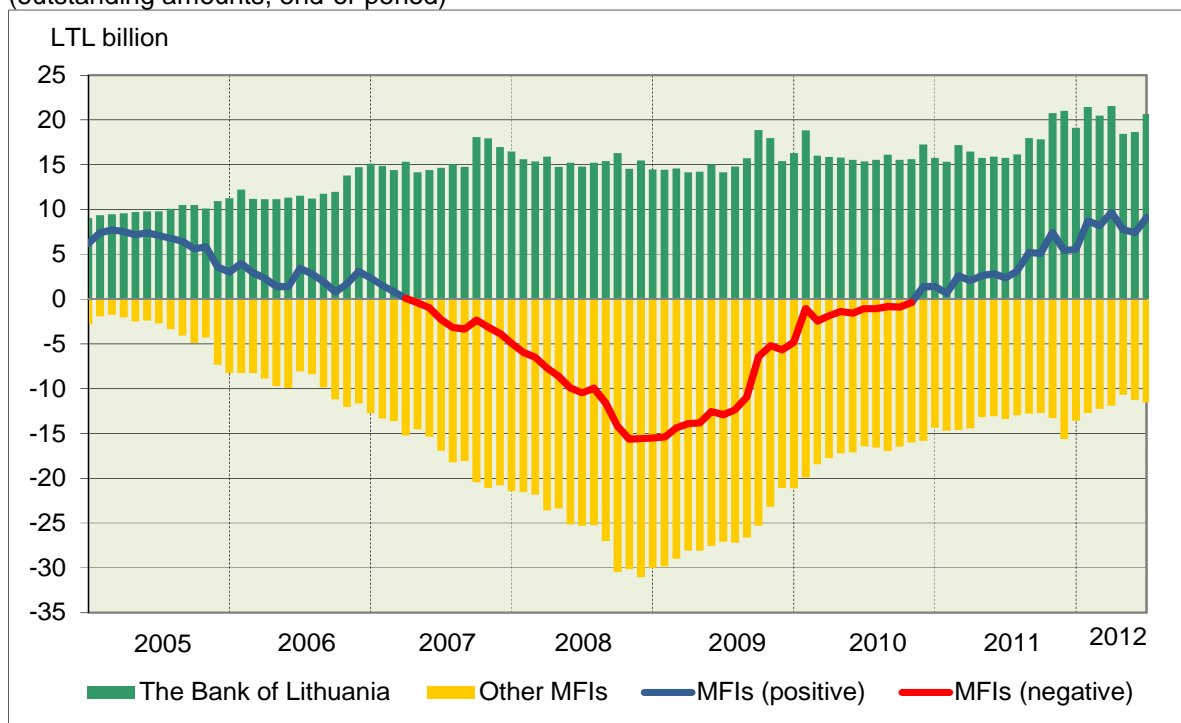


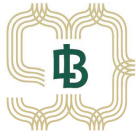
Fig. 2. Net External Assets of MFIs
(outstanding amounts, end-of-period)



In July, domestic credit contracted by LTL 164.5 million: credit to other residents contracted by LTL 186.8 million, and credit to general government hiked by LTL 22.3 million. The drop in credit to other residents was driven mainly by the decrease in MFIs' lending to financial intermediaries, non-financial corporations, and households respectively by LTL 166.2 million, LTL 24.5 million, and LTL 17.7 million. The decline in lending to households was a result of a decrease of LTL 28.6 million in loans for house purchase and a drop of LTL 2.9 million in consumer loans. However, other loans grew by LTL 13.8 million.

Euro lending by other MFIs to residents prevailed in the lending structure by currency: at the end of July they made up 67.8%, while litas loans made up 29.0%. Such differences in lending by currency emerged as a result of the structure of lending by other MFIs to non-financial corporations and households. At the end of July, euro loans by other MFIs to non-financial corporations made up 68.1%, whereas loans in litas made up 26.6%. Euro lending by other MFIs' to households accounted for 72.0 per cent, while litas lending accounted for 26.9%. The July decline in euro lending to non-financial corporations and households and the growth in the litas lending share led to a drop of 0.3 percentage point in other MFIs' euro lending to residents.

In July 2012, longer-term financial liabilities of MFIs increased by LTL 142.6 million owing to a rise of LTL 143.8 million in capital and reserves, a hike of LTL 2.7 million in deposits with agreed maturity of over 2 years, and a decrease of LTL 3.9 million in debt securities with maturity of over 2 years. The central government deposits grew over the month by LTL 575.5 million following their deposit growth in the Bank of Lithuania and other MFIs respectively by LTL 489.1 million and LTL 86.4 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>.

Table 1. Monetary Aggregates and Counterparts
(LTL million)

	Outstanding amounts at the end of previous period	Transactions during period	Other changes of outstanding amounts during period	Outstanding amounts at the end of the reporting period	Annual growth rates, in percent	
	June 2012	July 2012	July 2012	July 2012	June 2012	July 2012
M2	50688.8	730.5	28.4	51447.8	13.7	13.8
M1	31828.6	713.9	16.3	32558.8	16.3	17.2
Currency in circulation	9766.8	134.9	0.4	9902.0	19.7	17.9
Overnight deposits	22061.8	579.1	16.0	22656.8	15.0	16.9
Other short-term deposits	18860.2	16.6	12.1	18889.0	9.8	8.7
Deposits with agreed maturity up to 2 years	18402.8	5.5	10.6	18418.9	9.6	8.5
Deposits redeemable at notice up to 3 months	457.4	11.2	1.5	470.1	29.0	27.1
Marketable instruments	499.4	61.4	0.7	561.5	70.8	83.8
Repurchase agreements	11.0	-8.4	0.0	2.6	x	x
Money market funds shares/units
Debt securities issued up to 2 years	488.4	69.8	0.7	558.8	71.4	87.6
M3	51188.2	792.0	29.1	52009.2	14.3	14.5
Net external assets	7424.2	1615.4	82.7	9122.2	267.4	436.8
Credit to general government	6298.1	22.3	5.8	6326.1	10.6	8.3
Loans	3128.3	8.3	-1.2	3135.4	25.3	13.3
Securities other than shares	3169.8	14.0	6.9	3190.7	-1.0	4.0
Credit to other residents	57207.2	-186.8	-23.7	56996.6	1.1	0.4
Loans	55534.1	-208.5	-23.2	55302.4	0.3	-0.4
Securities other than shares	347.6	0.0	-0.1	347.5	-0.6	-0.6
Shares and other equity	1325.4	21.7	-0.4	1346.7	52.2	55.0
Deposits of central government (subtract)	4589.3	575.5	-0.1	5164.7	-0.2	31.4
Longer-term financial liabilities (subtract)	15324.1	142.6	21.5	15488.2	12.7	13.1
Other items (net) (subtract)	-172.2	-59.2	14.2	-217.2	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