

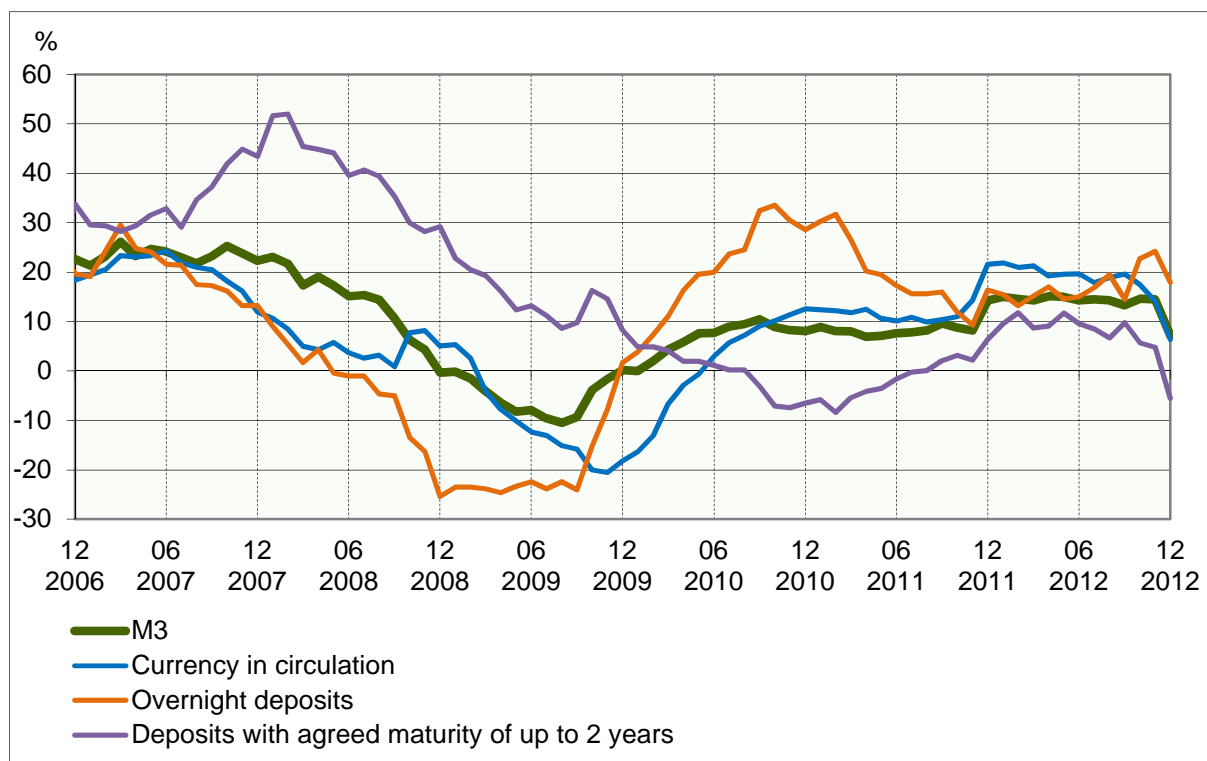
29 January 2013

MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, DECEMBER 2012

In December 2012, the net external assets of monetary financial institutions (MFIs) contracted by LTL 402.0 million and stood at LTL 9.7 billion. Broad monetary aggregate M3 increased by LTL 858.5 million over the month, with its annual growth of 7.2 per cent at the end of the month. The increase in M3 was driven mainly by an increase in overnight deposits of LTL 1.3 billion. Domestic credit increased by LTL 486.5 million over the month as a result of an increase in credit to other residents and general government, while over the year, it grew by LTL 1.7 billion. The share of other MFIs' loans to households denominated in euros declined gradually from 73.2 per cent (at the end of December 2011) to 71.3 per cent (at the end of December 2012), with the respective increase in the share of loans denominated in litas.

Monetary aggregates grew over the year as follows: M1 by 14.4 per cent, M2 by 7.1 per cent, and M3 by 7.2 per cent. The deceleration in the growth rates of all monetary aggregates in December was brought about by the commencement to return the insured deposits of a bank whose licence has been revoked; therefore, monetary aggregates increased significantly in December 2011 due to transactions. At the end of December, M1 amounted to LTL 35.6 billion, M2 to LTL 53.6 billion, and M3 to LTL 54.1 billion.

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

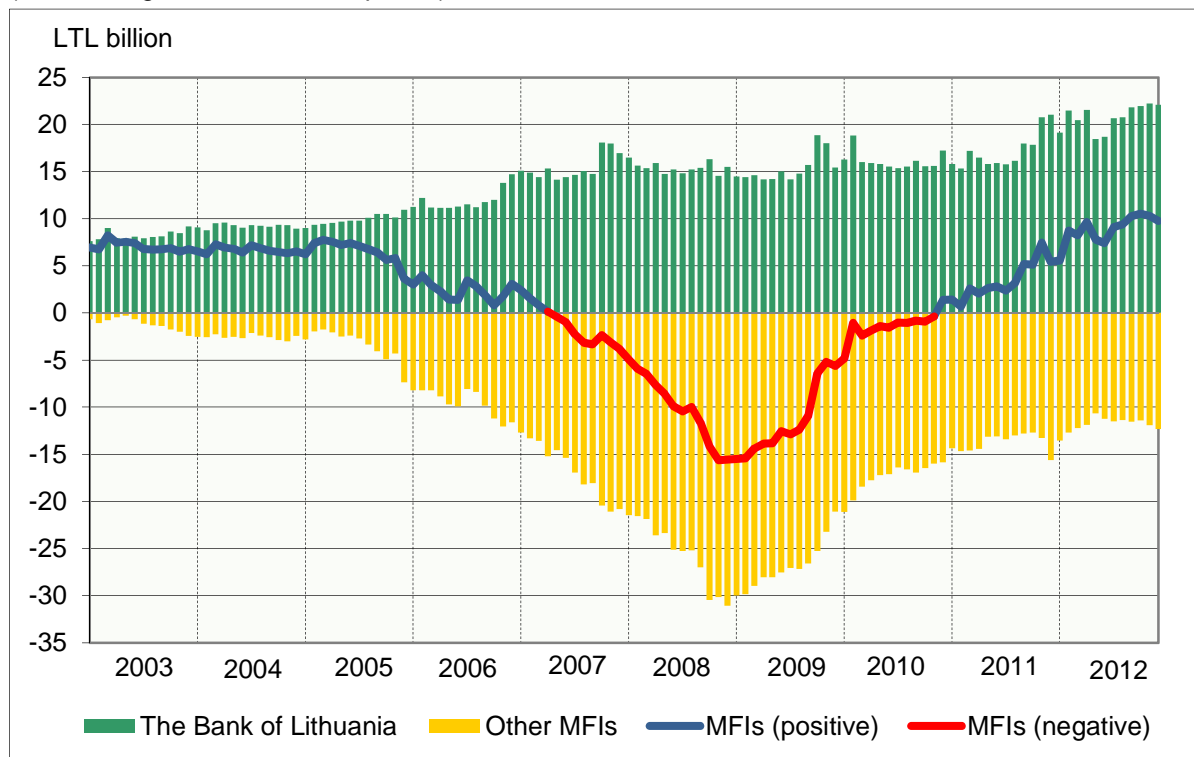


M3 grew in December because of an increase in overnight deposits, currency in circulation, debt securities with a maturity of up to 2 years, and deposits redeemable at notice of up to 3 months by LTL 1.3 billion, LTL 197.9 million, LTL 49.5 million, and LTL 27.6 million respectively. However, M3 was reduced by a decline in deposits with an agreed maturity of up to 2 years of LTL 764.2 million. Full data is presented in Table 1 at the end of the Survey.

MFIs' net external assets declined by LTL 402.0 million over the month and stood at LTL 9.7 billion at the end of December 2012. As can be seen in Fig. 2, from the end of 2008 MFIs' net external assets grew rapidly.

Over the last two years alone they increased by LTL 11.2 billion: those of the Bank of Lithuania—by LTL 5.0 billion, of other MFIs—by LTL 6.2 billion. The increase in the net external assets of the Lithuanian banking system (other MFIs) over this period was driven by a decline in external liabilities of LTL 5.0 billion, whereas external assets picked up by LTL 1.2 billion.

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



In December, domestic credit rose by LTL 486.5 million. The rise was driven by an increase in credit to other residents of LTL 261.5 million and in credit to general government of LTL 225.0 million. Other MFIs' loans to financial intermediaries grew by LTL 470.7 million, while those to non-financial corporations and households contracted by LTL 200.1 million and LTL 111.8 million respectively. Loans to households contracted because of a decline in consumer loans, loans for house purchase and other loans (of LTL 43.9 million, LTL 24.6 million and LTL 43.2 million).

Other MFIs' loans to residents denominated in euros dominated the credit composition by currency: at the end of December, they accounted for 68.7 per cent and loans denominated in litas for 28.7 per cent. Such differences in loans by currency resulted from the composition of other MFIs' loans to non-financial corporations and households. At the end of December, other MFIs' loans to non-financial corporations denominated in euros accounted for 69.6 per cent and those denominated in litas for 26.8 per cent. Other MFIs' loans to households denominated in euros accounted for 71.3 per cent and those denominated in litas for 27.6 per cent. The share of other MFIs' loans to residents denominated in euros grew by 0.4 p.p. and of loans denominated in litas contracted by the same amount over the month. This was brought about by the same changes in the composition of loans to non-financial corporations. From December 2011, the share of loans to households denominated in euros contracted by 1.9 p.p. and of loans denominated in litas expanded by 2.0 p.p.

In December 2012, MFIs' longer-term financial liabilities increased by LTL 99.2 million, driven by an increase in their capital and reserves (by LTL 69.3 million) and in deposits with an agreed maturity of over 2 years (by LTL 30.0 million). Central government deposits contracted by LTL 795.9 million over the month as a result of a decline in deposits with the Bank of Lithuania of LTL 909.4 million and a rise in deposits with other MFIs of LTL 113.5 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 Survey see the website of the Bank of Lithuania <http://www.lb.lt/notes>.

Table 1. Monetary Aggregates and Counterparts, LTL millions

	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	
	November 2012	December 2012	December 2012	December 2012	November 2012	December 2012
M2	52804.1	807.5	-27.6	53584.0	14.8	7.1
M1	34327.1	1544.1	-15.8	35855.4	21.1	14.4
Currency in circulation	10092.4	197.9	-0.5	10289.8	14.1	6.4
Overnight deposits	24234.7	1346.2	-15.3	25565.6	24.2	18.0
Other short-term deposits	18477.0	-736.7	-11.7	17728.6	5.0	-5.1
Deposits with an agreed maturity of up to 2 years	17999.1	-764.2	-13.8	17221.1	4.8	-5.5
Deposits redeemable at notice of up to 3 months	477.9	27.6	2.1	507.6	14.4	10.3
Marketable instruments	477.2	51.1	0.1	528.3	2.7	17.7
Repurchase agreements	34.6	1.5	0.0	36.1	x	x
Money market funds shares/units
Debt securities issued up to 2 years	442.6	49.5	0.0	492.2	-2.8	11.9
M3	53281.3	858.5	-27.5	54112.3	14.5	7.2
Net external assets	10293.7	-402.0	-145.1	9746.6	96.4	81.2
Credit to general government	6777.6	225.0	-1.4	7001.2	5.3	2.7
Loans	3185.2	109.4	1.6	3296.1	3.4	4.7
Securities other than shares	3592.4	115.6	-3.0	3705.1	7.1	1.0
Credit to other residents	57833.6	261.5	-101.5	57993.7	1.7	2.7
Loans	55704.7	158.5	-99.5	55763.7	0.2	1.7
Securities other than shares	349.7	-40.2	-2.4	307.1	0.3	-11.2
Shares and other equity	1779.2	143.2	0.5	1922.9	95.4	53.5
less: Deposits of central government	6660.8	-795.9	-0.1	5864.8	-15.0	110.3
less: Longer-term financial liabilities	15335.7	99.2	-245.2	15189.7	8.0	6.0
less: Other items (net)	-372.8	-77.3	24.8	-425.4	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