

27 February 2013

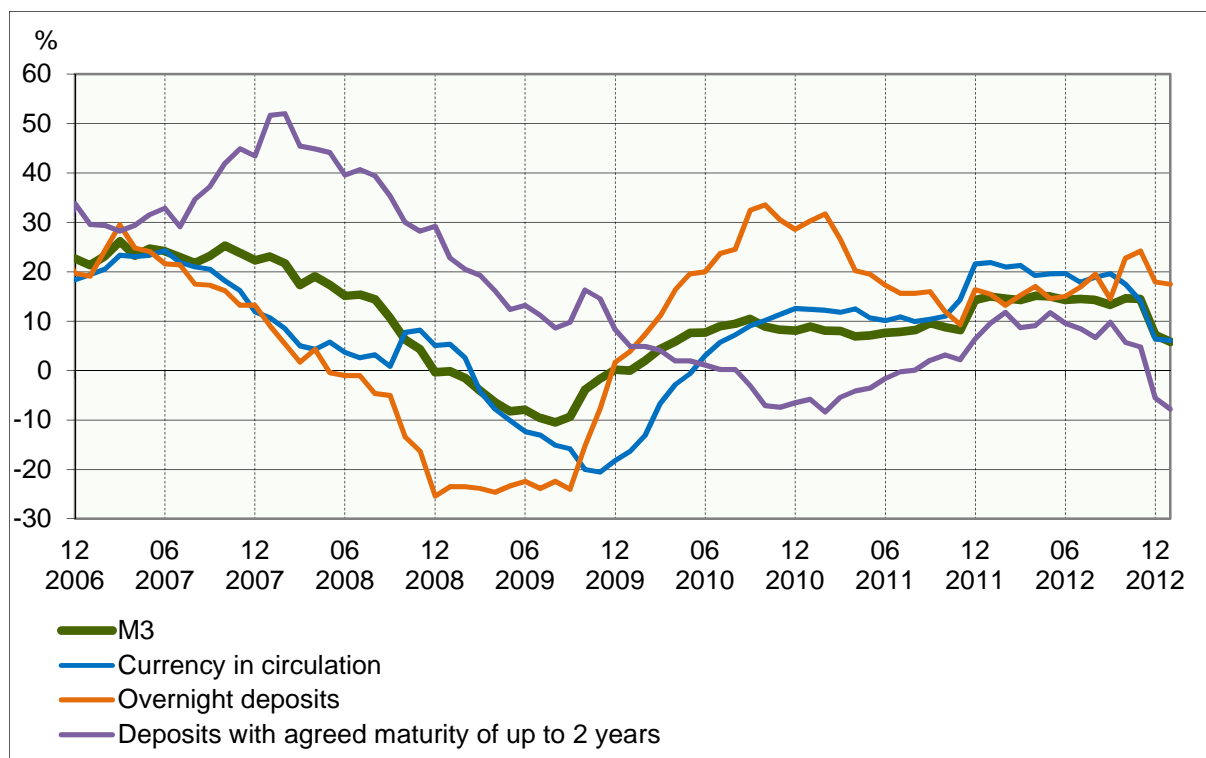
MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, JANUARY 2013

In January 2013, M3 decreased by LTL 1.2 billion, while its annual growth rate towards at the end of the month slowed down from 7.2 to 5.8 per cent. The M3 decrease was determined by the decrease of all its components, out of which overnight deposits and currency in circulation decreased most (LTL 977.1 million and LTL 152.4 million, respectively). Domestic credit decreased by LTL 465.0 million over the month as a result of a decrease in credit to other residents and general government, while over the year it grew by LTL 1.2 billion. The net external assets of MFIs (Monetary Financial Institutions) over the month increased by LTL 103.9 million and amounted to LTL 9.6 billion. The share of other MFIs' loans to households denominated in euro declined gradually from 73.2 per cent (at the end of December 2011) to 71.1 per cent (at the end of January 2013), with a respective increase in the share of loans denominated in litas.

Monetary aggregates grew over the year as follows: M1 by 13.9 per cent, M2 by 5.7 per cent, and M3 by 5.8 per cent. At the end of January 2013, M1 amounted to LTL 34.7 billion, M2 to LTL 52.4 billion, and M3 to LTL 52.8 billion.

M3 decreased in January because of a decrease in overnight deposits, currency in circulation, debt securities with a maturity of up to 2 years, deposits with an agreed maturity of up to 2 years and deposits redeemable at notice of up to 3 months by LTL 977.1 million, LTL 152.4 million, LTL 45.2 million, LTL 35.4 million and LTL 16.8 million, respectively. Full data is presented in Table 1 at the end of the Survey.

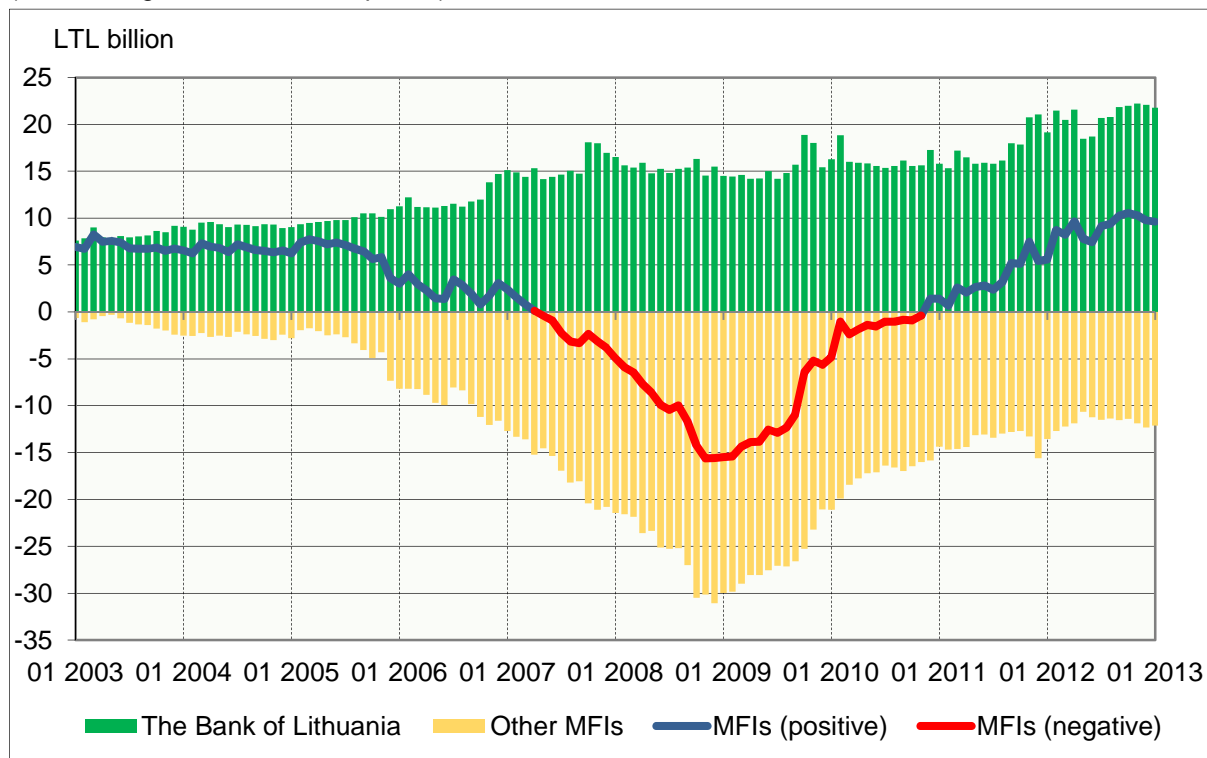
Fig. 1. Monetary aggregate M3 and its components
(annual growth rates, end-of-period)



MFIs' net external assets increased by LTL 103.9 million over the month and towards the end of January 2013 amounted to LTL 9.6 billion. 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 11.3 billion: those of the Bank of Lithuania—by LTL 6.3 billion, of other MFIs—by LTL 4.9 billion. The increase in the net external assets of the Lithuanian

banking system (other MFIs) over this period was brought about by a decline in external liabilities of LTL 4.3 billion, whereas external assets picked up by LTL 659.0 million.

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



In January, domestic credit decreased by LTL 465.0 million. The decrease was driven by a decline in credit to other residents of LTL 290.8 million and in credit to general government of LTL 174.2 million. Other MFI's loans to financial intermediaries and households decreased by LTL 114.2 million and LTL 37.7 million respectively, while those to non-financial corporations increased by LTL 29.7 million. Loans to households contracted because of a decline in loans for house purchase and other loans (LTL 24.6 million and LTL 24.0 million, respectively); meanwhile consumer loans increased by LTL 10.9 million.

Other MFIs' loans to residents denominated in euro dominated the credit composition by currency: at the end of January they made up 68.3 per cent, whereas loans in litas made up 29.1 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 January, loans by other MFIs to non-financial corporations in euro made up 68.1 per cent, whereas loans in litas accounted for 27.8 per cent. Other MFIs' loans to households denominated in euro accounted for 71.1 per cent and those denominated in litas for 27.9 per cent. The share of other MFIs' loans to residents denominated in euro decreased by 0.4 p.p. and loans denominated in litas increased by the same amount over the month. This was brought about by changes in the composition of loans to non-financial corporations: the share of loans denominated in euro contracted by 0.8 p.p. and of loans denominated in litas expanded by 1 p.p. From December 2011 the share of loans to households denominated in euro contracted by 2.1 p.p. and that of loans denominated in litas expanded accordingly.

In January 2013, longer-term financial liabilities of MFI's increased by LTL 177.5 million, owing to a rise in deposits with an agreed maturity of over 2 years (LTL 95.6 million) and capital and reserves (LTL 84.2 million). Central government deposits grew by LTL 540.6 million over the month as a result of an increase in deposits with the Bank of Lithuania of LTL 1.1 billion and a decrease in deposits with other MFIs of LTL 562.2 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	
	December 2012	January 2013	January 2013	January 2013	December 2012	January 2013
M2	53,584.0	-1,181.8	-38.5	52,363.7	7.1	5.7
M1	35,855.4	-1,129.6	-22.5	34,703.3	14.4	13.9
Currency in circulation	10,289.8	-152.4	-0.4	10,137.0	6.4	6.1
Overnight deposits	25,565.5	-977.1	-22.1	24,566.3	18.0	17.5
Other short-term deposits	17,728.6	-52.2	-16.0	17,660.4	-5.1	-7.3
Deposits with an agreed maturity of up to 2 years	17,221.0	-35.4	-25.1	17,160.5	-5.5	-7.8
Deposits redeemable at notice of up to 3 months	507.6	-16.8	9.0	499.8	10.3	11.7
Marketable instruments	528.5	-45.1	-7.3	476.1	17.8	12.7
Repurchase agreements	36.3	0.1	0.0	36.4	x	x
Money market funds shares/units
Debt securities issued up to 2 years	492.2	-45.2	-7.3	439.7	11.9	6.4
M3	54,112.4	-1,226.9	-45.8	52,839.8	7.2	5.8
Net external assets	9,746.6	103.9	-227.0	9,623.5	81.2	82.2
Credit to general government	7,001.2	-174.2	-7.6	6,819.4	2.7	-2.3
Loans	3,296.1	-8.2	1.0	3,289.0	4.7	9.0
Securities other than shares	3,705.1	-166.0	-8.7	3,530.4	1.0	-10.9
Credit to other residents	57,989.6	-290.8	-22.8	57,676.0	2.7	2.5
Loans	55,759.7	-122.4	-23.7	55,613.6	1.7	1.7
Securities other than shares	307.1	-168.0	0.1	139.2	-11.2	-59.8
Shares and other equity	1,922.9	-0.3	0.7	1,923.2	53.5	53.0
/less: Deposits of central government	5,864.8	540.6	-0.4	6,405.0	110.3	70.5
/less: Longer-term financial liabilities	15,189.7	177.5	-232.1	15,135.1	6.1	6.3
/less: Other items (net)	-429.5	147.7	20.8	-260.9	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