

29/01/2014

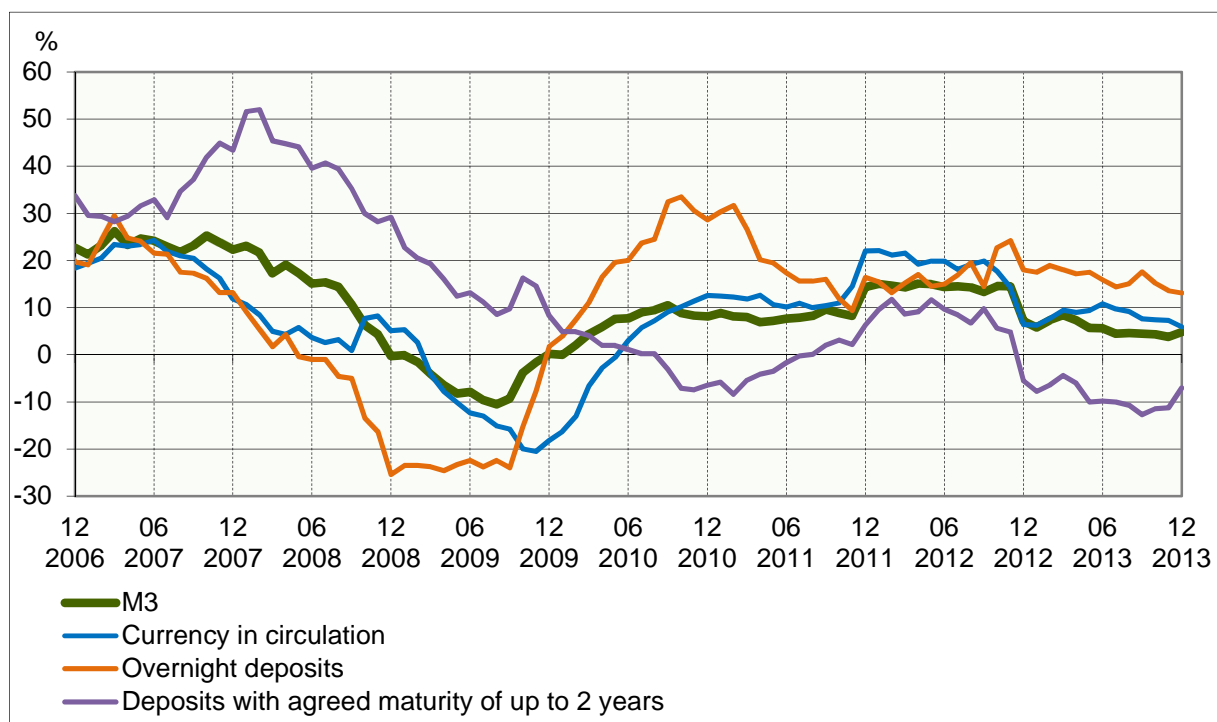
MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, DECEMBER 2013

Over December 2013 the M3 broad monetary aggregate increased by LTL 1.5 million, while its annual growth rate was 4.8 per cent at the end of the month. A major impact on the increase in M3 came from an increase in overnight deposits (LTL 1.4 billion), currency in circulation (LTL 95.1 million), deposits with an agreed maturity of up to 2 years (LTL 50.7 million), and deposits redeemable at notice of up to 3 months (LTL 6.1 million); however M3 was reduced by a decrease in debt securities with a maturity of up to 2 years (LTL 86.9 million). Domestic credit decreased by LTL 421.0 million over the month as a result of a drop in credit to other residents by LTL 616.3 million and a rise in credit to general government by LTL 195.3 million. Over the month, monetary financial institutions' (MFI) net external assets went up by LTL 2.6 million and amounted to LTL 10.0 billion. The share of other MFIs' lending to households in euro was declining steadily — from 73.2 per cent (at the end of December 2011) to 69.3 per cent (at the end of December 2013), with the respective increase in the share of lending in litas.

Monetary aggregates grew over the year as follows: M1 — 11.0, M2 — 5.2 and M3 — 4.8 per cent. At the end of December 2013, M1 amounted to LTL 39.8 billion, M2 — LTL 56.3 billion, M3 — LTL 56.6 billion.

In December, M3 boosted due to the fact that overnight deposits, currency in circulation, deposits with an agreed maturity of up to 2 years and deposits redeemable at notice of up to 3 months boosted respectively by LTL 1.4 billion, 95.1 million, LTL 50.7 million, and LTL 6.1 million. M3 was reduced, however, by debt securities issued up to 2 years and repurchase agreements, which went down respectively by LTL 86.9 million and LTL 1.5 million. Detailed data is presented in Table 1 at the end of the Survey.

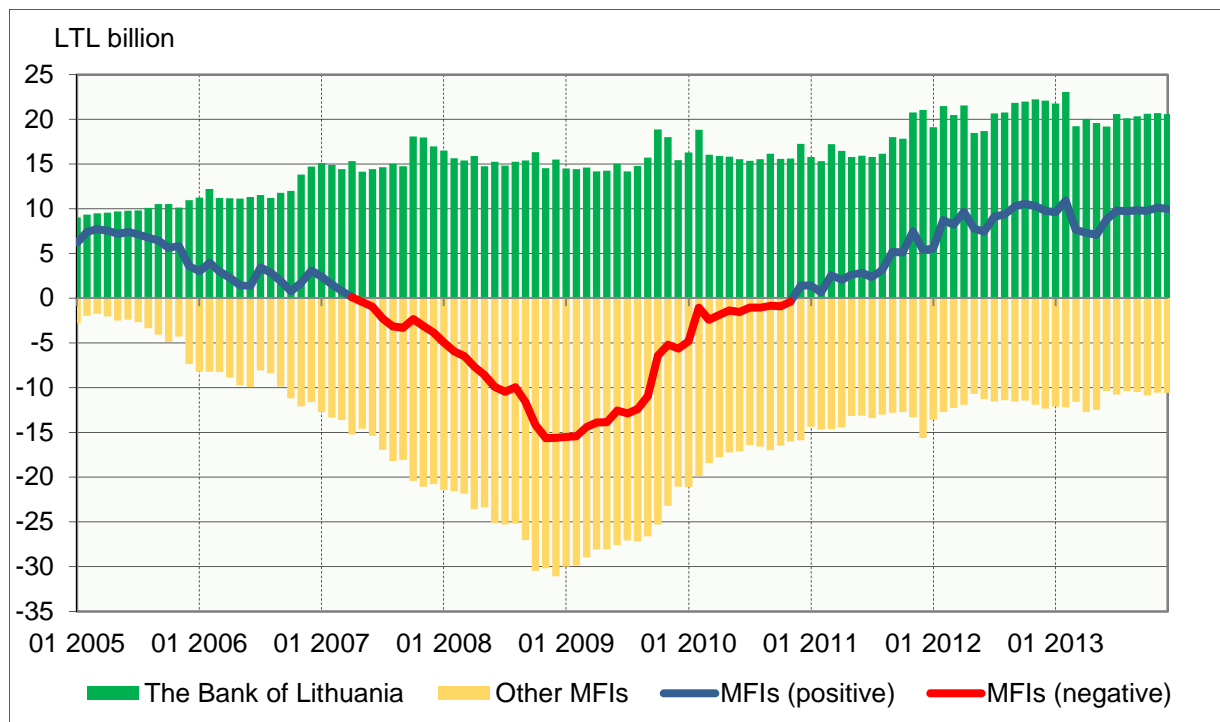
Fig.1. Monetary aggregate M3 and its components
(annual growth rates, end-of-period)



MFIs' net external assets grew by TL 2.6 million over the month and amounted to LTL 10.0 billion at the end of December 2013. As can be seen in Fig. 2, MFIs' net external assets grew rapidly from the end of 2008. Over the last two years they increased by LTL 5.3 billion: other MFIs' — LTL 4.9 billion, the Bank of Lithuania's —

LTL 364.0 million. The Lithuanian banking system's (other MFIs') net external assets increased over this period as a result of a decrease in external liabilities by LTL 5.2 billion.

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



In December, domestic credit contracted by LTL 421.0 million. This drop was due to a decrease of LTL 616.3 million in credit to other residents, while credit to general government increased by LTL 195.3 million. Other MFIs' lending to non-financial corporations and households dropped respectively by LTL 669.8 million and LTL 69.1 million, while loans to financial intermediaries and government went up by LTL 54.9 million and LTL 32.2 million respectively. Loans to households decreased due to a decrease in consumer loans and other loans by LTL 43.7 million and LTL 30.7 million, respectively, while loans for house purchase increased by LTL 5.3 million.

Other MFIs' loans to residents in euro dominated the lending composition by currency: at the end of December they accounted for 67.0 per cent, loans in litas — 30.9 per cent. Such differences in lending by currency emerged due to the composition of other MFIs' loans to non-financial corporations and households. At the end of December other MFIs' loans to non-financial corporations in euro accounted for 70.6 per cent, in litas — 26.0 per cent. Other MFIs' loans to households in euro accounted for 69.3 per cent, while lending in litas — 29.8 per cent. The share of other MFIs' loans to residents in euro decreased by 0.2 percentage points, while the share in litas increased to the same extent over the month. Since the end of December 2011 the share of other MFIs' loans to households has expanded by 4.1 percentage points, while the share in euro contracted by 3.9 percentage points.

In December 2013 MFIs' longer-term financial liabilities decreased by LTL 31.8 million, as a result of a drop in capital and reserves (LTL 20.5 million), deposits with an agreed maturity of over 2 years (LTL 7.0 million) and debt securities with a maturity of over 2 years (LTL 4.3 million). Central government deposits declined over the month by LTL 1.8 billion — deposits held with the Bank of Lithuania and those held with other MFIs decreased respectively by LTL 1.5 billion and LTL 277.0 million.

Footnotes.

1. Unless otherwise specified, 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 an 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 per cent	
	November 2013	December 2013	December 2013	December 2013	November 2013	December 2013
M2	54,749.0	1538.8	-7.9	56,279.9	3.9	5.2
M1	38,329.4	1482.0	-3.1	39,808.3	11.8	11.0
Currency in circulation	10,846.5	95.1	-0.4	10,941.2	7.3	5.9
Overnight deposits	27,482.9	1386.9	-2.7	28,867.1	13.6	13.1
Other short-term deposits	16,419.6	56.8	-4.8	16,471.6	-10.7	-6.6
Deposits with an agreed maturity of up to 2 years	15,891.5	50.7	-4.2	15,938.0	-11.2	-7.0
Deposits redeemable at notice of up to 3 months	528.1	6.1	-0.6	533.6	11.1	6.3
Marketable instruments	391.0	-88.5	0.0	302.5	-14.0	-39.9
Repurchase agreements	1.5	-1.5	0.0	0.0	x	x
Money market funds shares/units
Debt securities issued up to 2 years	389.5	-86.9	0.0	302.5	-7.3	-35.2
M3	55,140.0	1450.3	-7.9	56,582.4	3.8	4.8
Net external assets	10,134.2	2.6	-144.7	9,992.1	4.0	8.2
Credit to general government	8,684.6	195.3	0.3	8,880.2	28.4	27.0
Loans	4,124.4	32.2	1.9	4,158.5	29.3	25.9
Securities other than shares	4,560.2	163.2	-1.6	4,721.8	27.6	28.1
Credit to other residents	55,923.6	-616.3	-35.9	55,271.4	0.0	-1.6
Loans	54,597.0	-684.4	-36.5	53,876.1	0.5	-1.0
Securities other than shares	126.9	0.0	0.1	127.0	-63.5	-58.7
Shares and other equity	1,199.6	68.1	0.6	1,268.3	-8.7	-10.7
Central government deposits less	4,920.0	-1808.5	-0.1	3,111.5	-25.0	-46.2
Longer-term financial liabilities less	14,723.9	-31.8	-197.1	14,495.0	6.6	5.7
Other items (net) less	-41.6	-28.4	24.8	-45.2	x	x

Footnote. The totals may not 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