

25 September 2009

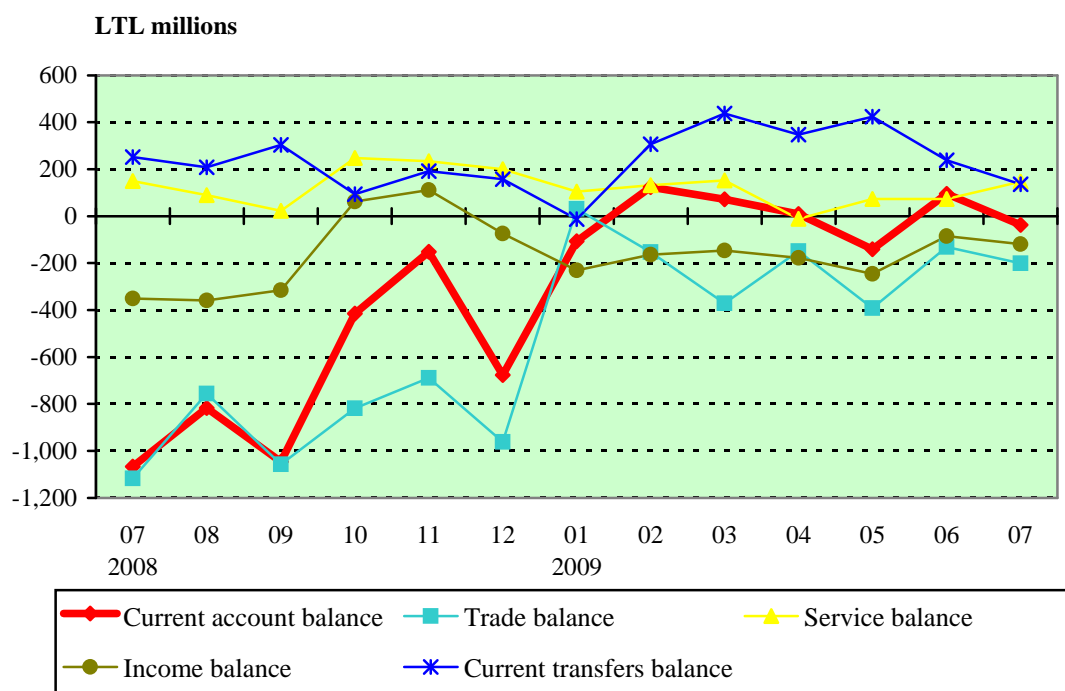
BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, JULY 2009 (REVISED)

(review of key indicators of the balance)

Current Account. In July 2009, the Current Account Balance on Lithuania's Balance of Payments showed a small deficit of LTL 37.5 million. A month-on-month negative change in the CAB amounted to LTL 132.6 million.

According to preliminary estimate, the surplus on the Current Account Balance of the January–July's Balance of Payments made up LTL 14 million. Compared to January–July 2008, the Current Account Balance positive change made up LTL 10.2 billion.

Current Account Balance and Composite Balances



According to the preliminary data of the Department of Statistics under the Government, in July 2009, export of goods contracted month on month by 4.2%, while import of goods went down by 2.1%. In July, foreign trade balance deficit was LTL 406.5 million, a month-on-month increase of LTL 18.6%.

In January–July 2009, export shrank year on year by 32.2%, or 27.6% excluding mineral products, whereas import fell by 43.7%, or 43.8% excluding mineral products. During the reported period, export of goods from Lithuania to EU and CIS countries went down respectively by 28.6 and 36.2%. Import of goods from EU and CIS countries fell respectively by 43 and 44.5%.

In July, export of services increased month on month by 4.7%, while import of services went down by 4.6% (compared to July 2008, export and import of services contracted respectively by

19.2% and 22.2%). The July's balance of services was positive at LTL 147 million, and the January–July's balance of services made up LTL 670.9 million (LTL 425.5 million in January–July 2008).

Income balance was negative in July, standing at LTL 119.3 million. Negative investment income balance amounted to LTL 144.1 million, while compensation of employees balance was positive and amounted to LTL 24.8 million. In January–July, total income balance was negative with the deficit making up LTL 1.2 billion, a year-on-year decrease of LTL 1.9 billion (62.1%). The contraction of the deficit was mainly driven by a fall in the deficit of foreign direct investment income.

Compared to June, the surplus on the balance of current transfers (LTL 136.1 million) declined by LTL 102.8 million in July. In January–July this year, the surplus on this balance made up LTL 1.9 billion (in January–July 2008 it equalled to LTL 1.6 billion).

In July, transfers from EU support funds made up LTL 83.6 million and remittances of individuals from abroad made up LTL 190.6 million. In January–July, the said transfers and remittances amounted respectively to LTL 1.8 billion and LTL 1.3 billion.

In July, Lithuania's contributions calculated in the EU budget amounted to LTL 43.4 million, and in January–July they made up LTL 735 million (LTL 669.9 million in January–July 2008).

Capital and financial accounts. In July, total flow of foreign investments by domestic economic entities (LTL 183.7 million), excluding official reserve assets, was negative, i. e. showed an increase of investments abroad. The flow of foreign investments to Lithuania was also negative (of LTL 536.5 million) showing a decrease in foreign investments. Total net investment flow was negative (including investment flows from/to Lithuania) amounting to LTL 720.2 million. In January–July, total net investment flow also was negative amounting to LTL 2.5 billion. Whereas in January–July last year, total net investment flow was positive (showing capital inflow) making up LTL 5.5 billion.

In July, flow of non-repayable capital transfers to Lithuania made up LTL 124.6 million, while in January–July it amounted to LTL 1.6 billion (in January–July 2008, the flow of this type of transfers made up LTL 1.5 billion).

Investment flows

LTL millions

	Foreign assets				Liabilities			
	2009			2008	2009			2008
	June	July	January- July	January- July	June	July	January- July	January- July
Direct investment	-526.6	-58.5	-714.1	-644.8	27.9	-179.8	1,292.5	2,057.8
Portfolio investment	-448.2	109.0	-1,440.7	-1,342.3	1,807.0	68.9	1,932.8	-359.8
Equity	-109.1	-152.2	-575.9	-1.2	0.2	0.6	-279.8	-24.7
Debt securities	-339.1	261.2	-864.8	-1,341.2	1,806.7	68.3	2,212.6	-335.1
Financial derivatives	10.2	31.0	155.9	25.3	-	-	-	-18.0
Other investment	-391.0	-265.1	-246.3	-1,271.1	-31.3	-425.6	-3,974.6	7,011.8
Monetary Financial Institutions	-485.6	-278.2	-1,056.4	-468.8	-11.0	-362.4	-2,992.6	5,090.5
Other sectors	94.6	13.1	1,302.7	-802.3	-132.9	19.8	-1,868.6	2,783.5

(+) – a decrease in foreign assets or increase in liabilities;

(-) – a increase in foreign assets or decrease in liabilities.

In July, net foreign direct investment flow (FDI) was negative amounting to LTL 238.3 million and showing an outflow of these investments. It was mainly due to a decrease in FDI other capital in Lithuania. In June, negative net FDI flow was made up LTL 498.7 million. In January–July, net FDI flow was positive at LTL 578.4 million (in January–July 2008, it amounted to LTL 1.4 billion).

In January–July this year, FDI flow to Lithuania contracted year on year by LTL 765.4 million, and flow of direct investments by domestic economic entities abroad hiked by LTL 69.4 million.

July's positive net portfolio investment flow (LTL 177.9 million) was the result of the contraction of investments into non-resident debt securities. In January–July, net flow of these investments was positive amounting to LTL 492.1 million.

July's net flow of other investments and financial derivatives was negative at LTL 659.7 million due to an increase in foreign assets and a decrease in liabilities of Lithuanian MFIs. In January–July, net flow of other investments and financial derivatives was also negative standing at LTL 3.6 billion.

Official reserve assets contracted in July by 6.6% to LTL 14.4 billion (EUR 4.2 billion) at the end of the month. The contraction was the result of a decrease of LTL 987 million in central government deposits with the Bank of Lithuania. The reserve assets were also pushed down by lower external liabilities of the Bank of Lithuania (LTL 83 million) and deposits of MFIs with the Bank of Lithuania (LTL 2.6 million). Meanwhile, the narrowing of official reserve assets was partially contained by an increase in currency in circulation and other factors respectively by LTL 35.4 million and LTL 23.9 million.

Department of Statistics