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BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, SEPTEMBER 2009

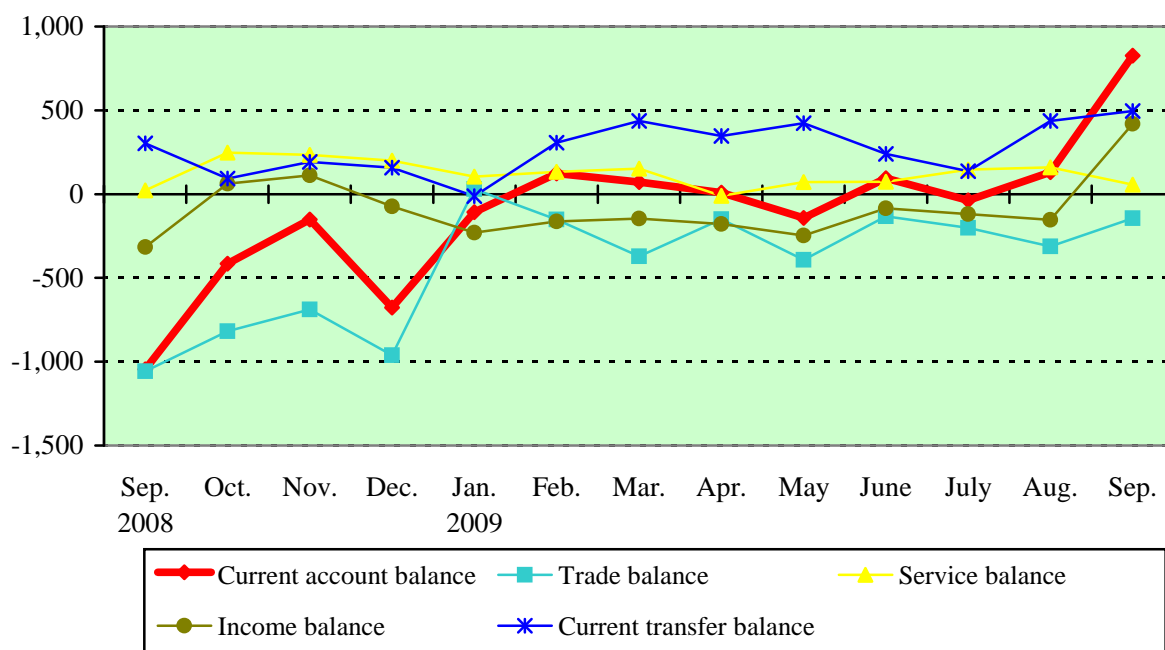
(key indicators)

Current account. In September 2009, the surplus on the current account of Lithuania's balance of payments amounted to LTL 826.9 million. On a month-to-month basis it increased by LTL 696.4 million. The increase was mainly driven by a positive change in income balance.

According to preliminary estimates, in July–September the surplus of the current account of Lithuania's balance of payments made up LTL 920.1 million or 3.9% of GDP, whereas in January–September it made up LTL 971.5 million or 1.4% of GDP. In July–September and January–September 2008, the current account balances showed deficit that amounted respectively to LTL 2.9 billion and LTL 12 billion (-9.9% and -14.5% of GDP).

Current Account Balance and Composite Balances

LTL millions



The data of the Department of Statistics to the Government of the Republic of Lithuania showed that in September 2009 export of goods grew month on month by 8.7%, and import of goods grew by 2.9%. In September, foreign trade balance deficit was LTL 371.9 million, a month-on-month decrease by 32.6%.

In July–September this year, export of goods increased quarter on quarter by 7.9%, import grew by 8%, whereas trade balance deficit went up by 8.4%. In January–September 2009, export of goods shrank year on year by 32%, or 27.9% excluding mineral products, whereas import fell by 42.3%, or 42.2% excluding mineral products. During the reported period, export of goods from Lithuania to EU and CIS countries went down respectively by 27.9 and 37.2%. Import of goods from EU and CIS countries fell respectively by 41.3 and 43.4%.

In September 2009, export of services decreased month on month by 20.2%, while import of services went down by 10.9%. The surplus on the balance of services made up LTL 56.4 million (LTL 158.9 million in August). In January–September 2009, export and import of services declined year on year respectively by 21.2 and 27.1%, and the services balance surplus went up by LTL 347.9 million or 64.6%.

In September, gross income balance revealed surplus of LTL 418.7 million: the surplus on the investment income balance made up LTL 379.1 million, while the surplus on the compensation of employees balance made up LTL 39.6 million (in August gross income balance showed deficit of LTL 153 million). This significant change in balance was determined by negative reinvestments (loss) in the banking sector. In January–September, the income balance deficit made up LTL 903 million, decreasing year on year by LTL 2.9 billion or 76%. The deficit fall was largely driven by a change on the balance of direct investment income.

In September, the surplus on the balance of current transfers amounted to LTL 495.2 million, a month-on-month increase of LTL 58 million. In January–September this year, the balance surplus made up LTL 2.8 billion (in January–September 2008, it equalled to LTL 2.1 billion).

The September transfers from EU support funds made up LTL 439.8 million and workers' remittances from abroad amounted to LTL 192.2 million. In January–September, the said transfers and remittances made up respectively LTL 2.7 billion and LTL 1.7 billion.

Lithuania's contributions due to EU budget in September and January–September made up respectively LTL 72 million and LTL 892.3 million (in January–September 2008 they amounted to LTL 798.3 million).

Capital and financial accounts. In September, excluding official reserve assets, Lithuania's gross foreign investment outflow (LTL 965.4 million) was higher than the foreign investment inflow (LTL 518.3 million). Total net investment flow therefore (including outward and inward investment flows) revealed the investment outflow of LTL 447 million. In January–September, total net investment flow (LTL 2.8 billion) also showed investment outflow. In January–September last year, total net investment flow showed capital inflow of LTL 7.2 billion.

In September, the flow of non-repayable capital transfers to Lithuania (money of EU support funds for financing investment projects) made up LTL 435.5 million, and in January–September the same year it amounted to LTL 2.1 billion (in January–September 2008 it made up LTL 1.8 billion).

Investment flows

LTL millions

	Foreign assets				Liabilities			
	2009			2008	2009			2008
	August	September	January–September	January–September	August	September	January–September	January–September
Direct investments	135.1	-54.8	-633.8	-898.2	155.8	-591.4	856.9	3,532.4
Portfolio investments	-39.2	-288.2	-1,768.1	-1,258.6	39.7	143.8	2,116.3	-482.1
Equity	-165.8	-138.9	-880.6	9.5	-7.9	68.9	-218.8	15.6
Debt securities	126.7	-149.3	-887.4	-1,268.2	47.6	74.9	2,335.1	-497.8
Financial derivatives	1.0	–	156.9	49.3	–	-26.1	-26.1	-18.0
Other investment	-148.6	-622.3	-524.6	-1,462.2	22.4	992.1	-2,960.2	7,775.9
Monetary Financial Institutions	-180.7	-654.8	-1,892.0	-732.2	440.9	155.0	-2,396.7	6,869.5
Other sectors	32.1	32.5	1,367.4	-730.1	-367.9	-429.4	-2,665.9	1,924.2

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

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

Foreign direct investment flow in Lithuania (LTL -591.4 million) showed a decrease in this type of investments. This was determined by negative flows of reinvestments and other FDI capital. The flow of foreign investments by domestic economic entities abroad amounted to LTL 54.8 million (showed an increase). In January–September this year, the flow of FDI to Lithuania (LTL 856.9 million) contracted year on year by LTL 2.7 billion or 75.7%, and the country's FDI flow to other countries decreased to LTL 264.4 million or 29.4%.

In January–September 2009, net FDI flow showed the inflow of this type of investments into Lithuania, which equalled to LTL 223.1 million accounting for 0.3% of GDP. This small net FDI inflow was the result of the growth of foreign share capital in Lithuania. In January–September 2008, net FDI inflow reached LTL 2.6 billion accounting for 3.2% of GDP.

In September, net portfolio investment flow (LTL -144.5 million) reflected of the investment outflow, whereas in January–September this year it showed net inflow of LTL 348.2 million (in January–September 2008, net portfolio investment flow revealed investment outflow, which made up LTL 1.7 billion).

The net flow of other investments and financial derivatives made up in September LTL 343.6 million revealing an inflow of this type of investments. This was determined by increasing liabilities of general government. In January–September, the net portfolio investment flow showed an outflow of LTL 3.4 billion.

In September, official reserve assets increased by LTL 900.2 million or by 6% to LTL 15.9 billion (EUR 4.6 billion) at the end of the month.

The growth in official reserve assets was driven by an increase of LTL 1.2 billion in central government deposits with the Bank of Lithuania. The reserves were also pushed up due to a rise in external liabilities of the Bank of Lithuania and other factors respectively by LTL 112.1 million and LTL 43.2 million. A decrease in deposits of MFIs with the Bank of Lithuania and currency in circulation respectively by LTL 265.8 million and LTL 159.9 million was the reason for decelerated growth of official reserve assets.