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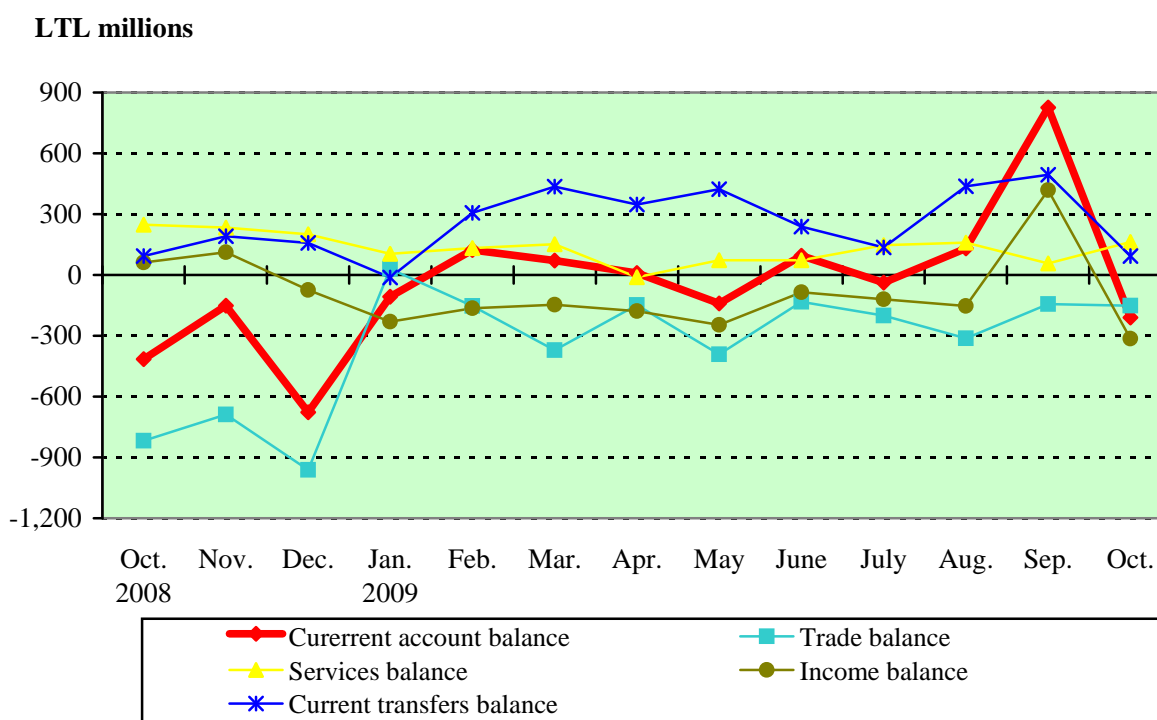
## BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, OCTOBER 2009

(key indicators)

**Current Account.** In October 2009, the deficit on the Current Account of Lithuania's Balance of Payments amounted to LTL 210 million, while in the previous month it showed a surplus of LTL 826.9 million. The income balance which turned into a deficit again and a notable contraction of the surplus on the balance of current transfers were major drivers behind this change.

In January–October, the surplus on the Current Account of the Balance of Payments made up LTL 761.5 million, while in January–October 2008, a deficit of LTL 12.4 billion was registered.

### Current Account Balance and Composite Balances



According to the data of the Statistics Department to the Government of the Republic of Lithuania, in October 2009 export of goods grew month on month by 1.3 percent, and import of goods grew by 0.7 percent. In October, foreign trade balance deficit was LTL 386.5 million, month-on-month decrease by 4.9 per cent.

In January–October 2009, export of goods shrank year on year by 31 per cent, or 27.2 per cent excluding mineral products, whereas import fell by 41.1 per cent, or 41.2 per cent excluding mineral products. During the reported period, export of goods from Lithuania to EU and CIS countries went down respectively by 26.9 and 36.9 per cent. Import of goods from EU and CIS countries fell respectively by 40.1 and 41.9 per cent.

In October 2009, export of services has remained broadly unchanged month on month, while import of services went down by 15.7 per cent. The surplus on the balance of services amounted to LTL 162.9 million growing from LTL 56.4 million in September. In January–October 2009,

export and import of services declined year on year respectively by 22.1 and 27.1 per cent, and the service balance surplus went up by LTL 263.2 million or 33.5 per cent.

In October, total income balance deficit made up LTL 313.8 million, the investment balance deficit was LTL 366.7 million, while the compensation of employees balance was in surplus amounting to LTL 52.8 million (in September, total surplus on income balance equalled to LTL 418.7 million). The negative developments in the balance were the result of a increase in reinvestment in the banking sector. In January–October, the income balance deficit made up LTL 1.2 billion, decreasing year on year by LTL 2.5 billion (67.1%). The deficit contraction was largely driven by a change on the balance of direct investment income.

The surplus on the balance of current transfers was LTL 92.7 million, a month-on-month decrease of LTL 402.5 million. In January–October this year, the balance surplus made up LTL 2.9 billion (in January–October 2008, it equalled to LTL 2.2 billion).

Transfers from the EU support funds amounted to LTL 6.6 million, whereas remittances by individuals from other countries made up LTL 180.5 million. In January–October, the said transfers made up respectively LTL 2.7 billion and LTL 1.9 billion.

Lithuania's contributions due to EU budget in October made up LTL 46.7 million and in January–October they amounted to LTL 938.9 million decreasing from LTL 966.8 million in January–October 2008.

**Capital and financial accounts.** In October, Lithuania's gross foreign investment flow abroad, excluding official reserve assets, was LTL 104.3 million showing the investment outflow (a decrease of investments abroad), while foreign investment flow in Lithuania (LTL 3.5 billion) showed an inflow of this type of investments. Total net investment flow therefore (including outward and inward investment flows) revealed the investment inflow of LTL 3.6 billion to Lithuania. In January–October, total net investment flow (LTL 772 million) also showed investment inflow to Lithuania. In January–October last year, total net investment flow showed capital inflow to Lithuania, which reached LTL 8.9 billion.

In October, the flow of non-repayable capital transfers to Lithuania (money of EU support funds for financing investment projects) made up LTL 9.6 million, and in January–October the same year it amounted to LTL 2.1 billion (an increase from LTL 1.8 billion in January–October 2008).

## Investment flows LTL million

	Foreign assets				Liabilities			
	2009			2008	2009			2008
	September	October	January-October	January-October	September	October	January-October	January-October
Direct investments	-54.8	-3.5	-637.3	-874.5	-591.4	981.9	1,838.7	4,152.7
Portfolio investments	-288.2	-103.0	-1,871.1	-388.7	143.8	3,488.2	5,604.5	-380.1
Equity	-138.9	-39.3	-919.9	118.2	68.9	-39.7	-258.5	15.6
Debt securities	-149.3	-63.7	-951.2	-506.9	74.9	3,527.9	5,863.0	-395.6
Financial derivatives	-	-	156.9	49.3	-26.1	-20.2	-46.4	-56.8
Other investment	-622.3	210.8	-313.8	-2,311.4	992.1	-999.4	-3,959.6	8,752.8
Monetary Financial Institutions	-654.8	165.7	-1,726.3	-255.5	155.0	-1,390.6	-3,787.3	8,959.4
Other sectors	32.5	45.1	1,412.5	-2,055.9	-429.4	-78.6	-2,744.6	726.4

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

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

In October, net foreign direct investment inflow (FDI) made up LTL 978.4 million. FDI flow in Lithuania reached LTL 981.9 million, while the flow of direct investments by domestic entities abroad reached only LTL 3.5 million. Net FDI inflow in Lithuania was driven by reinvestments and other FDI capital inflow in MFIs.

In January–October this year, FDI flow to Lithuania (LTL 1.8 billion) contracted year on year by LTL 2.3 billion or 55.7 per cent, and the country's FDI flow abroad (LTL 637.3 million) contracted by LTL 237.2 million or 27.1 per cent. Net FDI flow for the period showed the inflow of this type of investments into Lithuania, which equalled to LTL 1.2 billion (in January–October 2008, net FDI inflow amounted to LTL 3.3 billion).

Net portfolio investment inflow made up in October LTL 3.4 billion, and in January–October it amounted to LTL 3.7 billion. In January–October 2008, net portfolio investment flow showed the outflow of investments of LTL 768.7 billion. The large inflow of portfolio investments in October (like investments for January–October) was largely driven by the placement of the government debt securities.

The net flow of other investments and financial derivatives made up in October LTL 808.8 million revealing an outflow of this type of investments. The outflow was driven by a decrease in MFIs' short-term liabilities. In January–October, net flow of the reinvestments and financial derivatives also signalled of an investment outflow that amounted to LTL 4.2 billion (in January–October 2008, net flow of this type of investments showed inflow of LTL 6.4 billion).

Official reserve assets grew in October by LTL 3.6 billion or 22.7 per cent to LTL 19.5 billion (EUR 5.6 billion) at the end of the month.

The increase in official reserve assets was driven by an LTL 2.7 billion upsurge in the central government deposits with the Bank of Lithuania. Reserve assets were also pushed up by an increase in external liabilities of the Bank of Lithuania and deposits of other MFIs with the Bank of Lithuania respectively by LTL 470 and LTL 438.5 million.

Department of Statistics