LIETUVOS BANKAS
EUROSISTEMA

STATISTICAL RELEASE

20/12/2018

SURPLUS ON THE CURRENT ACCOUNT BALANCE RECORDED

The balance of payments data for Q3 2018 released by the Bank of Lithuania show that:

the **current account balance** (CAB) was in surplus for the first time this year at €100.8 million, or 0.8% of GDP. It formed as a result of surplus balances of services and secondary income, which offset the negative balances of primary income and goods. A year earlier, the CAB was also in surplus at €145.7 million, or 1.3% of GDP (see Chart 1);

in Q3 2018, the **foreign trade balance** deficit widened by 9.7% year on year, to €581.1 million. The import of goods increased by the same extent as the export of goods (9.8%) over the review period;

the surplus on the **balance of services** amounted to €1.1 billion, while its annual growth – to 26.2%. The build-up of the surplus was mainly driven by the surpluses on the balances of transportation, manufacturing and travel services, amounting to €752.5 million, €132.2 million and €91.0 million respectively;

the **deficit on the primary income balance** amounted to €630.4 million, widening by 45.8% year on year. It was mainly driven by the increase of payments of reinvested earnings to direct investors;

the surplus on the **secondary income balance** shrank by 15.3%, to €175.6 million over the year. It was due to a 36.1% (€22.0 million) increase in Lithuania's contributions to the EU budget. In Q3 2018, personal transfers to Lithuania from abroad grew by 2.5%, while personal transfers from Lithuania – by 12.1% year on year;

the surplus (€169.2 million) of **capital account** balance was driven by transfers from EU structural support funds, used to finance investment projects; capital account balance picked up by €68.4 million, or 67.9%, year on year;

the **financial account** net investment flow, as well as a year earlier, was positive, at €266.3 million, or 2.2% of GDP; in Q3 2017 – €412.3 million, or 3.7% of GDP (see Chart 2);

the negative net **direct investment** flow (€86.5 million) was driven by increase of liabilities to non-residents which outpaced financial assets abroad. According to the data of 30 September 2018, accrued foreign direct investment (FDI) in Lithuania stood at €18.0 billion, or €6,429 of FDI per capita on average;

the decline in **net portfolio investment** of €359.6 million was driven by net liabilities to non-residents (€572.7 million) which increased more than net investment abroad (€213.1 million);

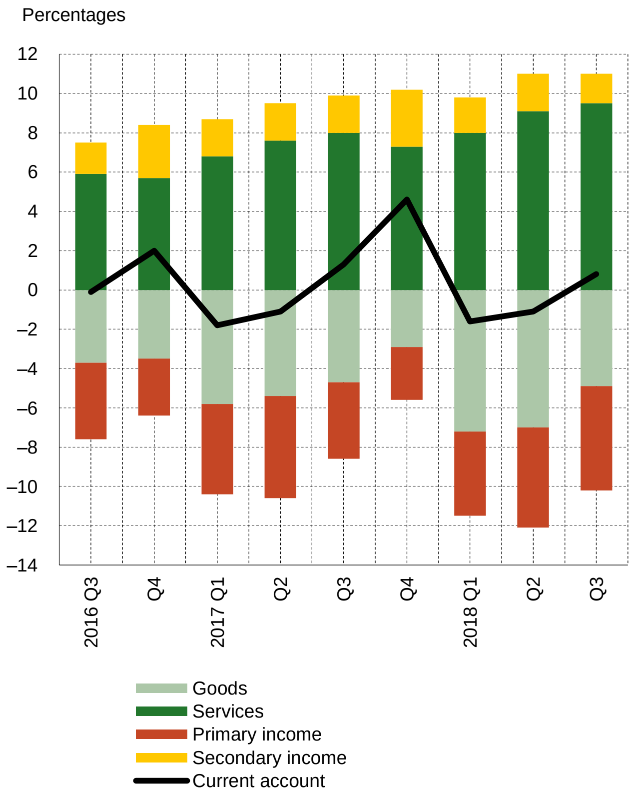
the net positive flow of **other investment and financial derivatives** (€383.7 million) was underpinned by a pick-up in financial assets abroad (€313.0 million) and a decrease in liabilities to non-residents (€70.7 million);

the **official reserve assets** grew by €328.7 million, to €4.9 billion at the end of Q3;

the negative **international investment position** amounted to €14.4 billion, or 32.7% of GDP at the end of Q3, showing that Lithuania was a debtor vis-a-vis the rest of the world;

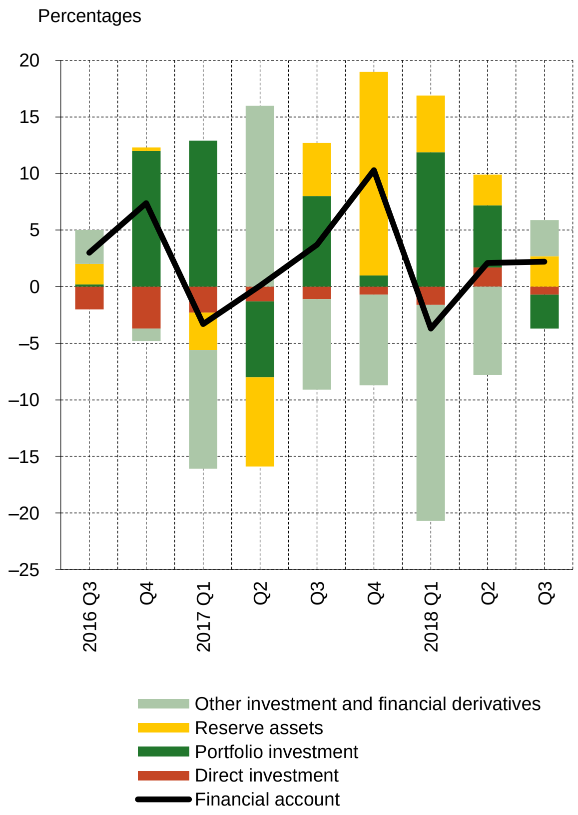
Lithuania's gross external debt stood at €35.9 billion, or 81.2% of GDP, **net debt** – at €7.6 billion, or 17.2% of GDP at the end of Q3.

Chart 1. CAB and its composite flows as a percentage of GDP



Source: Bank of Lithuania.

Chart 2. Net financial account investment flows as a percentage of GDP



Source: Bank of Lithuania.

Detailed data on the country's balance of payments and international investment position as well as external debt is available on the Bank of Lithuania website under [External Statistics.]

Statistics Department
Economics and Financial Stability Service