

15/12/2014

BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, OCTOBER 2014

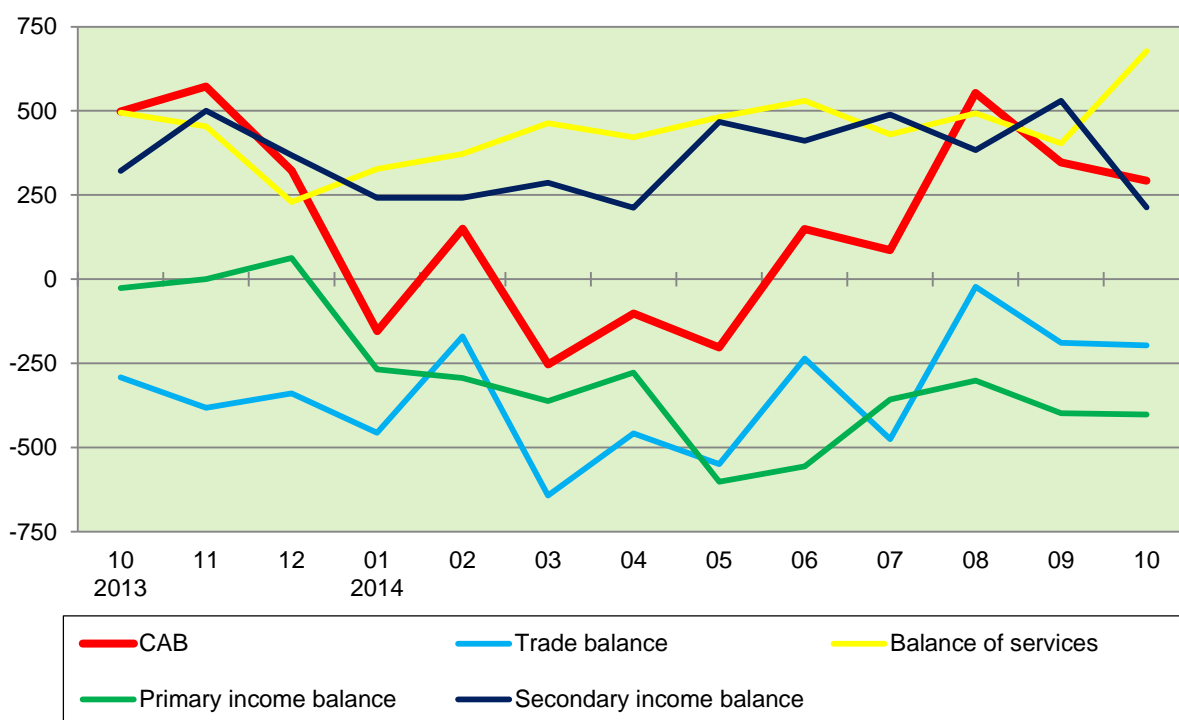
(survey of key indicators)

In October 2014 the build-up of the **current account** balance (CAB) in surplus (LTL 292.7 million, or EUR 84.8 million) was driven by an increase in the balance of services deficit, as well as the decreasing, but still in surplus, balances of secondary income and capital account. The positive **financial account** balance (LTL 461.4 million, or EUR 133.6 million) was due to the positive flow of net direct and other investment and of the growing official reserve assets flow.

Current account. In October 2014 the country's balance of payments for the fifth consecutive month recorded a CAB surplus, which amounted to LTL 292.7 million and was LTL 54.1 million, or 15.6 per cent less than in September. This was due to significantly increased trade balance deficit — it amounted to LTL 196.6 million, as well as an increase in the negative primary income balance (LTL -401.7 million). According to preliminary estimates, in January–October 2014 the CAB surplus amounted to LTL 866.2 million, (EUR 250.9 million), while in the same period in 2013 — LTL 1 billion.

CAB and its composite balances

LTL millions



Goods. In October 2014, the foreign trade deficit amounted to LTL 196.6 million. Compared to September 2014 it increased by LTL 8 million. Export and import of goods grew by 5.8 percent and 5.7 percent respectively in the reference period.

In January–October 2014, the trade balance deficit widened by LTL 939.3 million, or 38.3 per cent year on year. The export of goods contracted by 0.9 per cent, while import increase by 0.4 per cent in the reference period.

Services. In October 2014, compared to September, growth in the export of services increased (by 12.4%) while import of services decreased (by 4.5%); the balance of services surplus increased by LTL 274.4 million, or 68.1 per cent, while compared to October 2013, the balance of services surplus increased by LTL 182.7 million or almost 36.9 per cent. In January–October 2014, export of services expanded by 10.8 per cent, while import of services — 9.3 per cent; as a result, the balance of services surplus increased by 14.9 per cent year on year (LTL 597 million).

Primary income. In October 2014, the total deficit on the primary income balance (LTL 401.7 million), compared to September, increased by LTL 3.9 million, or 1 per cent. This increase was due to a 1.9 per cent increase in the investment income balance deficit (LTL 379.3 million).

In October 2014, the primary income balance deficit increased by LTL 375.3 million year on year, while in January–October 2014 the primary income balance deficit (LTL 3.8 billion) increased by LTL 740.9 million, or 24.1 per cent year on year.

Secondary income. The secondary income balance surplus amounted to LTL 213.4 million in October 2014 and LTL 530 million in September. In January–October 2014, the secondary income balance surplus (LTL 3.5 billion) increased by LTL 911 million, or 35.5 per cent year on year.

Transfers from European Union (EU) support funds amounted to LTL 4.7 million and Lithuania's calculated contributions to the EU budget — LTL 47 million in October 2014. In January–October 2014, compared to the same period in 2013, transfers from EU support funds declined by 23.4 per cent and Lithuania's calculated contributions to the EU budget — 4.1 per cent.

Private individual remittances from abroad amounted to LTL 411.9 million, while personal transfers from Lithuania — LTL 164 million in October 2014. Compared to September, private individual remittances from abroad decreased by 15.8 per cent, while personal transfers from Lithuania — by 5.6 per cent. During the ten months of the current year, personal transfers from abroad amounted to LTL 4.4 billion, while personal transfers from Lithuania — LTL 1.6 billion. Compared to January–October 2013, personal transfers from abroad increased by 15.3 per cent, while personal transfers from Lithuania — 7.9 per cent.

Capital account. The surplus capital account balance amounted to LTL 28.6 million in October 2014 and LTL 2.1 billion in January–October 2014. It built up due to the inflows of capital transfers for financing investment projects.

Financial account. The positive change in net investment in the BOP financial account for October 2014, excluding official reserve assets (LTL 727.5 million), was due to the negative change in net portfolio investment (LTL 3.2 billion). It was decreased by positive changes in net investment (LTL 689.9 million) and other investment (LTL 1.8 billion). In January–October 2014 the almost LTL 162.2 million positive change in net investment was due to the growth in net direct investment and other investment.

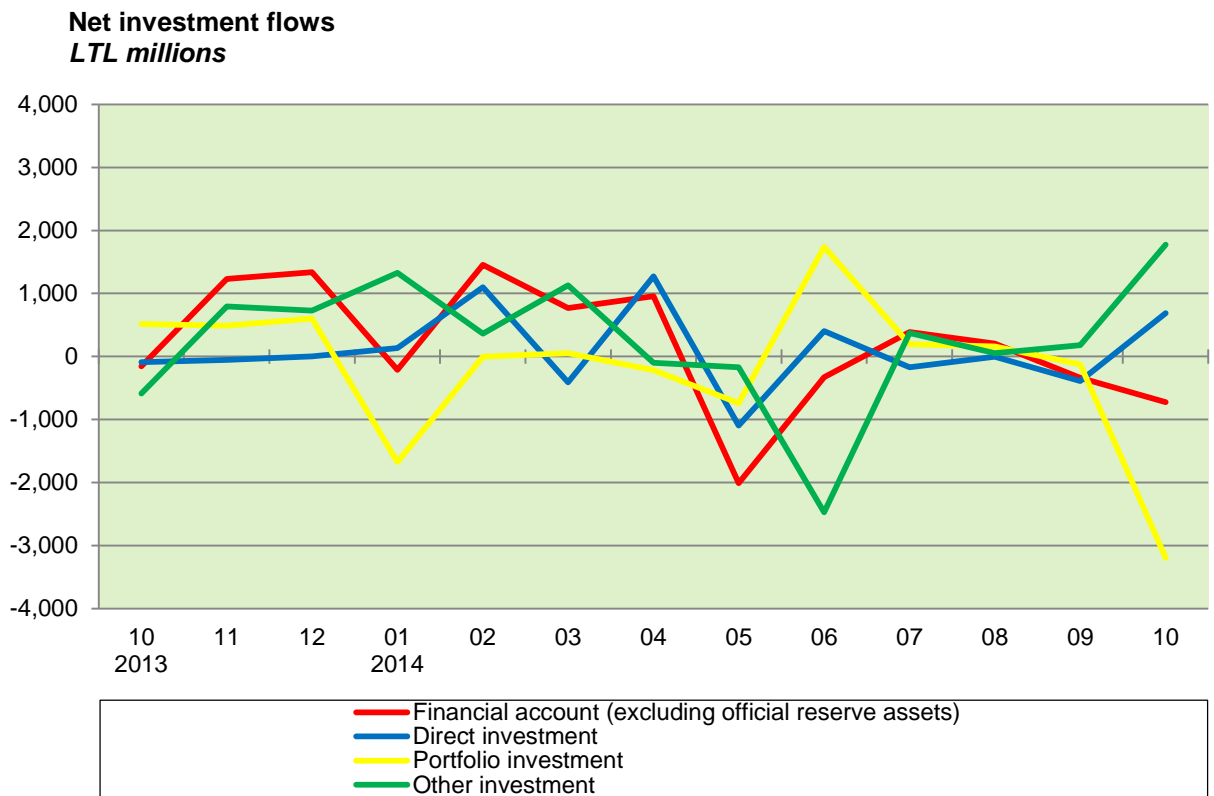
The increase in net direct investment in October 2014, which amounted to LTL 689.9 million, was driven other sector's incurrence of liabilities: they decreased more than their acquired assets abroad. Lithuania's financial assets acquired abroad by direct investors decreased by LTL 102.4 million, while in January–October it increased by LTL 316.3 million. In the periods under review, liabilities to direct investors abroad decreased by LTL 792.3 million and LTL 1.2 billion respectively.

	Net investment				
	2014			2013	
	October	September	January-October	October	January-October
Total investment flow (excluding official reserve assets)	-727.5	-337.5	162.2	-154.6	3,520.8
Direct investment	689.9	-390.7	1,522.8	-88.4	-669.6
Portfolio investment	-3,192.5	-126.7	-3,811.9	516.4	3,772.1
Financial derivatives and employee stock options	-1.5	-1.6	-0.1	4.4	7.7
Other investment	1,776.6	181.5	2,451.4	-587.0	410.6

In October 2014, an LTL 3.2 billion decline in net **portfolio investment** was recorded; it was driven by an increase in the net incurrence of liabilities to non-residents due to investment in general government long-term debt securities issued. In January–October 2014, net portfolio investment narrowed by LTL 3.8 billion, down from a rise of LTL 3.8 billion in the same period in 2013.

The negative LTL 1.5 million flow of net **financial derivatives and employee stock options** was due to the incurrence of liabilities to non-residents decreasing more slowly than the acquisition of financial assets abroad.

Other investment. In October 2014 a net LTL 1.8 billion increase in other investment due to growth of net acquired financial assets abroad and decreased net incurred liabilities to non-residents. In January–October 2014, net other investment narrowed by LTL 2.5 billion, while in the same period in 2013 — LTL 410.6 million.



Official reserve assets. The country's official reserve assets increased by LTL 1.2 billion in October 2014.