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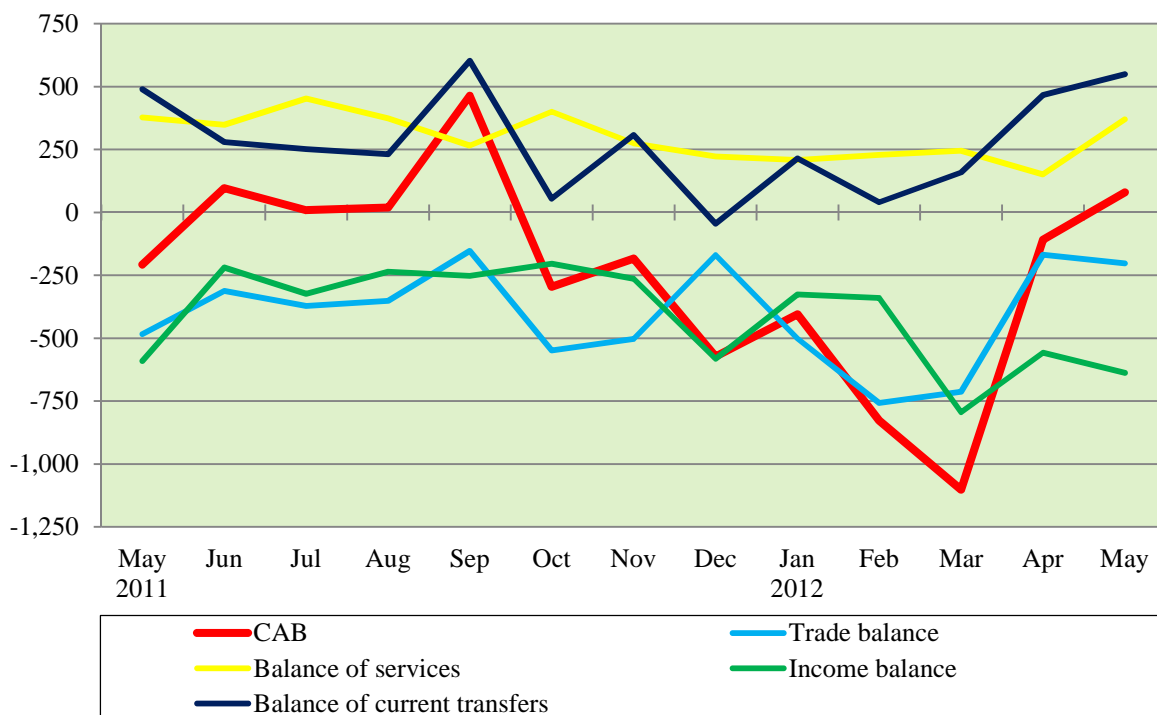
BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, MAY 2012
(survey of key indicators)

*Increased surplus of the balance of services and current transfers and a decreased deficit of the balance of foreign trade resulted in a surplus of the **current account** balance (CAB) of Lithuania's balance of payments recorded in May 2012. A negative value (LTL -250.4 million) of the **financial account** of the balance of payments in May 2012 was caused by substantially shrinking portfolio and other investment liabilities.*

Current account. In May 2012, the CAB surplus of the country's balance of payments made up LTL 79.6 million. According to preliminary estimates, the CAB was in deficit and stood at LTL 2.4 billion (year-on-year – LTL 1.2 billion).

CAB and its Composite Balances

LTL millions



Goods. In May 2012, foreign trade deficit in Lithuania's balance of payments amounted to LTL 202.8 million and increased month-on-month by LTL 34.6 million or 20.6 %. In May 2012, a similar decline was recorded in the volumes of both, export and import of goods. Year-on-year, import of goods (16.7 %) was shrinking at a more intensive pace than export of goods (13.5 %).

In January–May 2012, export and import of goods increased year-on-year by 7.8 % and 5.5 % respectively.

Services. In May 2012, the surplus of the balance of services made up LTL 370.5 million. Export of goods boosted month-on-month by 25.5 % and import of goods– by 3.5 %, therefore, the surplus of the balance of services soared by

LTL 219.1 million or nearly 2.4 times. Year-on-year, import of goods was increasing at a slightly more intensive pace (3.3 %) than export of goods (1.7 %), therefore, in the reference period the surplus of the balance of services dropped by LTL 7.1 million or 1.9 %. In five months of this year, export of services grew by 9.6 % and import of services expanded by 22.6 % year-on-year. The surplus of the balance of services shrank by 19.8 %.

Income. In May 2012, total deficit of the balance of income made up LTL 637.2 million (deficit of the investment income balance amounted to LTL 631.8 million and deficit of the compensation of employees was equal to LTL 5.4 million). Month-on-month, total deficit of the balance of income expanded by 14.2 %, and year-on-year – by 7.9 %.

In January–May 2012, total deficit of the balance of income amounted to approximately LTL 2.7 billion (year-on-year – about LTL 1.9 billion). The deficit growth was largely caused by a change of the former surplus balance of compensations to employees into a deficit balance (the negative change made up LTL 243.8 million).

Current transfers. In May 2012, the surplus of the balance of current transfers made up LTL 549 million and increased month-on-month by LTL 82.1 million, while the January–May 2012 surplus of the balance of current transfers was LTL 1.4 million – it shrank year-on-year by LTL 588.4 million or 29.1 %.

In May 2012, transfers from EU support funds amounted to LTL 528 million, while workers remittances from abroad made up LTL 321.9 million. Month-on-month, transfers from EU support funds climbed by 19.6 % and workers remittances – by 16.4 %. In January–May 2012, transfers from EU support funds amounted to LTL 1.7 billion, and workers' remittances from abroad made up LTL 1.3 billion. Year-on-year, transfers from EU support funds went up by 12.5 % and workers' remittances from abroad declined by 25.4 %.

In May 2012, Lithuania's calculated contributions to the EU budget amounted to LTL 91.9 million, and in five months of 2012 – to LTL 645.5 million. In May 2012, workers' remittances from Lithuania made up LTL 215.9 million and in January–May 2012 – LTL 1.1 billion. In January–May of 2011, the said flows made up LTL 499.3 million and LTL 839.7 million respectively.

In May 2012, the flow of **non-repayable capital transfers** to Lithuania (mainly consisting of funds from EU support funds for financing investment projects) made up LTL 310.9 million and January–May – LTL 409.7 million. Year-on-year, the flow of these transfers accounted for LTL 739.2 million.

Financial account. In May 2012, net foreign investment, excluding official reserve assets, in Lithuania was negative and equal to LTL 3.7 billion suggesting an investment outflow abroad. Net outflow of this investment resulted from decreasing liabilities of portfolio investment and other investment. The LTL 1.4 billion net investment outflow abroad registered in January–May 2012 emerged largely due to shrinking other investment liabilities to non-residents in the reference period.

In May 2012, foreign investment in Lithuania was decreasing and its negative flow accounted for LTL 4.2 billion. The inflow of LTL 277 million into Lithuania was registered in January–May 2012. Year-on-year, this investment showed LTL 1.7 billion of inflows.

In May 2012, Lithuania's investment abroad was declining and its flow made up LTL 528.2 million. In January–May 2012, this investment was growing and its flow in the said period amounted to LTL 1.7 billion. Last year, Lithuania's investment abroad grew and its flow amounted to LTL 798 million in May 2011, and in January–May 2011 – to LTL 2.5 billion.

Investment flows

January–May 2012; LTL millions

	Net investment flows			Lithuania's investment abroad			Foreign investment in Lithuania		
	May	April	January–May	May	April	January–May	May	April	January–May
Total investment flow (excluding official reserve assets)	-3,673.6	1,311.3	-1,384.4	528.2	393.5	-1,661.4	-4,201.8	917.8	277.0
Direct investment	-18.6	-140.2	838.1	517.8	-76.7	265.5	-536.4	-63.5	572.6
Portfolio investment	-2,265.4	1,616.2	3,637.8	-44.5	55.0	51.6	-2,220.9	1,561.2	3,586.2
Equities	-159.0	-48.3	-307.7	-18.2	-42.4	-146.7	-140.8	-5.9	-161.0
Debt securities	-2,106.5	1,664.4	3,945.4	-26.3	97.4	198.3	-2,080.1	1,567.0	3,747.1
Financial derivatives	4.5	-4.1	8.8	12.5	7.0	64.5	-8.1	-11.2	-55.8
Other investment	-1,394.0	-160.6	-5,869.0	42.3	408.2	-2,043.0	-1,436.3	-568.7	-3,826.0
Monetary financial institutions	-1,116.6	-403.1	-4,712.1	-72.1	518.4	-1,554.9	-1,044.5	-921.5	-3,157.1
Other sectors	29.7	-65.7	-819.0	113.4	-111.1	-378.3	-83.7	45.5	-440.7

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

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

Totals in some rows and columns may not tally with the total investment flow due to rounding.

Direct investment. In May 2012, inflows of net negative foreign direct investment (FDI) made up LTL 18.6 million, suggesting its outflow from Lithuania, and in January–May inflows of net FDI to Lithuania was LTL 838.1 million (in May 2011, and January–May 2011 net FDI inflows amounted to LTL 428.1 million and about LTL 1 billion respectively).

A negative FDI inflow to Lithuania amounting to LTL 536.4 million was registered in May 2012, while the January–May FDI inflow showed investment into Lithuania in the amount of LTL 572.6 million. Equity capital inflows and reinvestment were behind this increase. In January–May 2012, the FDI inflow to Lithuania shrank year-on-year by LTL 489.1 million. This decrease resulted from other capital outflows in other sectors.

In May 2012, the flow of direct investment abroad by domestic economic entities made up LTL 517.8 million and in January–May – LTL 265.5 million. Compared to January–May 2011, the direct investment flow abroad decreased by LTL 284.3 million.

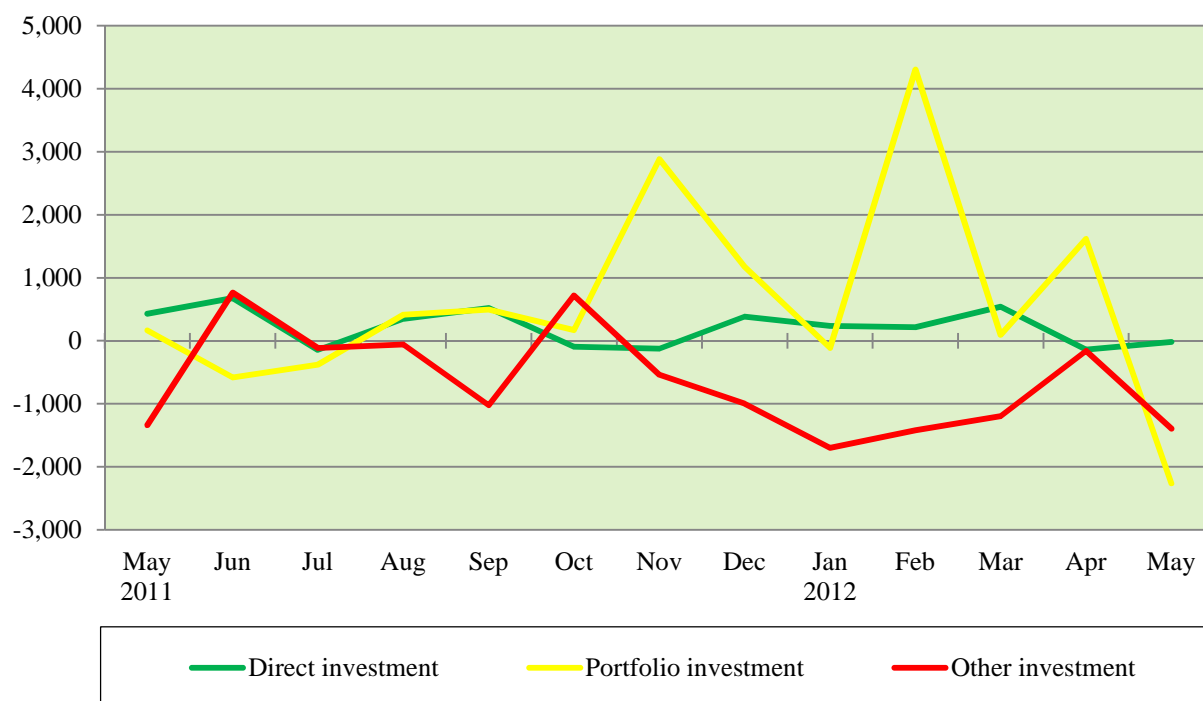
In May 2012, both, Lithuania's direct investment abroad and FDI in Lithuania narrowed because of decreasing other capital.

Portfolio investment. In May 2012, portfolio investment inflow was negative and made up LTL 2.3 billion, while in January–May this indicator was positive and accounted for LTL 3.6 billion. In May net portfolio investment inflows shrank because of the redemption of the bond issue distributed by the Government. In January–May 2012, net inflow of portfolio investment was due to the government bond issue distributed in February and April. Year-on-year, net flow of portfolio investment grew by LTL 3.8 billion. In May 2011, this flow made up only LTL 164.4 million.

In May 2012, net outflow of **other investment and financial derivatives** from Lithuania amounted to almost LTL 1.4 billion and in January–May – to LTL 5.9 billion (the biggest amount of outflow was recorded in January). The largest impact on the outflow of this investment resulted from increasing foreign assets of monetary financial institutions and decreasing liabilities to non-residents. In May 2011, the net outflow of other investment and financial derivatives was LTL 1.3 billion and in January–May – LTL 1.7 billion.

Net investment flows

LTL millions



In May 2012, a positive flow of official reserve assets of LTL 3.4 billion on the balance of payments suggests their decrease.

Statistics Department
of the Economics and Financial Stability Service