Balance of payments of the Republic of Lithuania: July 2020

Today, the Bank of Lithuania published the balance of payments for July 2020, which shows that: although the surplus on the current account balance (CAB) significantly contracted by 66.1%, the CAB remained in surplus and amounted to €84.4 million. It declined due to a substantial increase in balance deficits of foreign trade and primary income (see Chart 1). With imports of goods rising more rapidly than exports (11.9% and 6.5% respectively), the foreign trade deficit increased to €174.3 million. As the growth of imports of services (5.9%) outpaced the growth in exports (3.2%), the surplus balance of services slightly decreased by 1.1% – to €373.7 million. Due to the rise in investment income balance expenses, the deficit on the primary income balance increased as well;

the surplus on the secondary income balance grew by 5.7% over the month. Received transfers from European Union (EU) support funds amounted to €20.2 million (a decrease of 30.4%), while Lithuania’s calculated contributions to the EU budget stood at €20.4 million (a decline of 40.7% compared to June 2020). Private individual remittances from abroad amounted to €52.8 million – a month-on-month increase of 2.9%, while personal transfers from Lithuania – to €16.9 million (up by 3.4%);

the positive net flow of financial account investment (€228.1 million) resulted from a substantial increase in the positive net flow of other investment, which offset the negative net flow of portfolio investment that accumulated due to the new government Eurobond emission (see Chart 2).

Chart 1. CAB and its composite flows

Chart 2. Net financial account investment flows

Detailed data for July 2020 is available on the Bank of Lithuania website (External statistics).