

LATVIA'S BALANCE OF PAYMENTS (KEY ITEMS)

4 • 2003
MONTHLY BULLETIN

In April, the current account deficit of the balance of payments was 36.3 million lats. Exports of goods, income and current transfers grew more rapidly year-on-year than their imports. Exports and imports of goods increased by 17.9% and 16.2%, respectively. Income deficit shrank, and the current transfers surplus posted a considerable rise.

The current account deficit reported no essential month-on-month changes. Exports of goods grew 5.7%, whereas imports remained at the same level.

In April, services surplus recorded a year-on-year decline of 2.2 million lats due to a drop of 2.3 million lats in other services surplus. Imports of other services rose year-on-year, mostly those of insurance (reinsurance), trade mediation and other trade-related services, as well as designing and engineering services. Transportation services surplus posted minor changes in April (an increase of 0.2 million lats). Exports of freight transportation services by sea grew, whereas those of other services related to port operations declined. With imports of services increasing, the surplus of other transportation services (by road, rail etc.) decreased.

In April, income balance became negative, as income from direct investment by non-residents rose in comparison with the previous month upon approval of companies' annual financial results. However, income deficit posted a drop of 2.9 million lats year-on-year. Net remuneration of residents employed abroad rose, whereas deficit of income from investment declined.

With an increase in current transfers received, the current transfers surplus rose by 7.1 million lats. The surplus pickup resulted mostly due to a rise in the volume of transfers made and received by private persons.

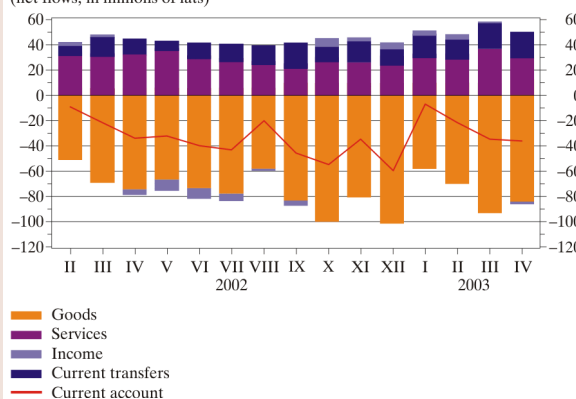
The capital and financial account posted a surplus of 43.0 million lats.

In April, foreign direct investment in Latvia amounted to 27.0 million lats, with 19.3 million lats invested in companies' equity and as reinvested earnings, and loans granted by direct investors to residents (other capital of direct investment) increasing by 7.6 million lats.

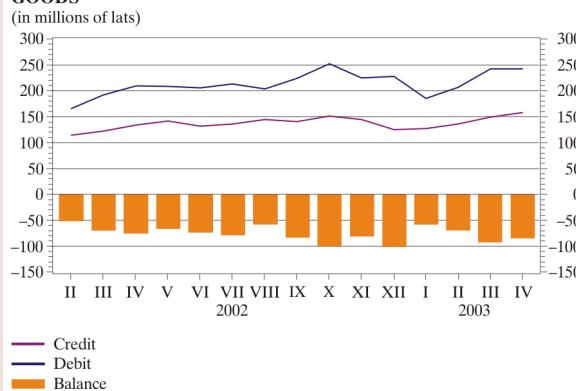
Portfolio investment reported a net outflow, resulting from residents' (mostly banks') growing investment (by 15.9 million lats) in foreign debt securities, whereas non-residents purchased equity securities of domestic origin in the amount of 4.5 million lats.

A net inflow of 67.0 million lats was observed in other investment. Other investment assets did not record significant changes during the month: banks' demand deposits with foreign credit institutions decreased while loans granted to non-residents increased. Residents' other investment on the liabilities' side grew by 69.6 million lats as a result of a pickup of 75.6 million lats in time deposits attracted from non-residents and a drop of 10.8 million lats in demand deposits.

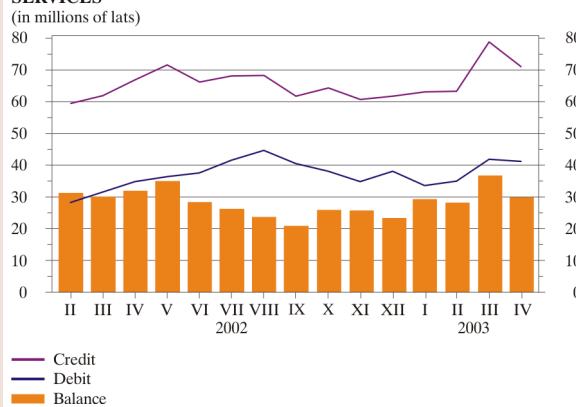
CURRENT ACCOUNT
(net flows; in millions of lats)



GOODS
(in millions of lats)



SERVICES
(in millions of lats)



MONTHLY BALANCE OF PAYMENTS (KEY ITEMS)

(balance; in millions of lats)

	Current account					Capital account	Financial account					Errors and omissions	
	Goods ¹	Services	Income	Current transfers	Direct investment		Portfolio investment	Financial derivatives	Other investment	Reserve assets			
2002													
II	-9.4	-51.3	31.1	3.0	7.9	0.7	5.7	21.6	-11.2	1.2	-19.1	13.2	2.9
III	-21.8	-69.7	30.2	1.7	16.0	1.5	27.2	29.6	-23.9	1.1	25.4	-5.1	-6.9
IV	-34.3	-74.8	32.0	-4.4	12.9	0.9	30.8	17.9	-54.7	-0.7	56.4	11.9	2.6
V	-32.6	-66.9	35.1	-8.9	8.1	1.0	64.3	26.4	-32.8	6.8	54.4	9.5	-32.6
VI	-40.3	-73.7	28.4	-8.4	13.4	0.6	-3.2	37.0	23.1	-1.1	-73.2	11.0	42.9
VII	-43.3	-78.0	26.4	-6.0	14.3	1.0	55.9	20.4	-5.5	-3.0	32.6	11.4	-13.6
VIII	-20.4	-58.5	23.7	-1.5	15.8	0.4	13.4	20.3	-23.0	2.4	56.3	-42.7	6.7
IX	-45.9	-83.4	21.0	-4.1	20.5	0.9	57.3	20.2	8.6	2.6	36.8	-10.9	-12.3
X	-55.2	-100.4	26.0	6.7	12.5	0.9	61.4	9.1	-31.5	-2.8	41.7	44.9	-7.2
XI	-35.1	-80.9	25.8	3.0	16.9	1.0	41.9	10.4	22.6	-0.7	-8.4	17.9	-7.8
XII	-59.9	-101.7	23.5	5.3	12.9	0.6	64.8	10.2	-19.4	4.8	129.7	-60.5	-5.5
2003													
I	-7.2	-58.2	29.3	3.8	17.9	0.2	27.9	17.3	-30.8	2.2	-8.2	47.3	-20.9
II	-22.0	-70.4	28.2	4.3	15.9	0.7	22.7	6.2	-36.5	-1.7	83.4	-28.7	-1.4
III	-35.1	-93.3	36.8	0.6	20.7	0.4	11.2	27.0	25.3	-5.6	-106.3	70.7	23.5
IV	-36.3	-84.6	29.8	-1.5	20.0	0.4	42.6	26.4	-11.5	6.7	67.0	-46.1	-6.6

CURRENT AND CAPITAL ACCOUNTS

(in millions of lats)

	Current account										Capital account	
	Credit		Goods ¹		Services		Income		Current transfers		Credit	Debit
			Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		
2002												
II	205.5	214.9	113.5	164.8	59.4	28.3	14.0	11.0	18.7	10.8	0.9	0.2
III	224.0	245.8	121.4	191.1	61.7	31.5	14.7	13.0	26.2	10.2	1.9	0.4
IV	239.1	273.4	132.9	207.7	66.8	34.7	14.1	18.6	25.3	12.4	1.2	0.3
V	246.5	279.1	140.3	207.2	71.4	36.3	14.0	22.9	20.7	12.7	1.2	0.2
VI	235.9	276.3	130.5	204.3	66.0	37.6	14.3	22.7	25.1	11.7	1.0	0.4
VII	243.2	286.6	134.5	212.5	67.9	41.5	14.0	20.0	26.9	12.6	1.9	0.9
VIII	260.0	280.4	143.8	202.4	68.2	44.5	14.7	16.2	33.2	17.4	0.8	0.5
IX	250.2	296.1	139.8	223.1	61.6	40.5	13.8	17.9	35.0	14.5	1.2	0.3
X	264.1	319.3	150.6	251.0	64.1	38.1	15.4	8.7	34.0	21.5	1.2	0.2
XI	252.2	287.4	143.1	224.0	60.5	34.7	15.3	12.4	33.2	16.3	1.2	0.1
XII	238.1	298.0	124.5	226.2	61.6	38.1	19.4	14.0	32.6	19.7	1.2	0.6
2003												
I	235.5	242.7	125.5	183.7	62.9	33.6	15.6	11.8	31.6	13.7	0.3	0.1
II	243.9	265.9	134.9	205.3	63.2	35.0	15.8	11.5	29.9	14.1	0.9	0.2
III	279.0	314.1	148.3	241.5	78.6	41.9	18.0	17.4	34.1	13.3	0.7	0.3
IV	281.1	317.4	156.7	241.4	70.9	41.2	16.8	18.3	36.6	16.6	0.8	0.3

With banks increasing their demand for lats, reserve assets grew by 46.1 million lats as a result of currency swap arrangements in April.

¹ The item *Goods* covers general merchandise and goods for processing (the basic source for these two items is foreign trade statistics published by the Central Statistical Bureau of Latvia), repairs on goods, goods procured in ports by carriers, and non-monetary gold. The data on exports and imports of general merchandise, collected by the Central Statistical Bureau of Latvia, have been adjusted in conformity with the methodology for compiling the balance of payments.

CURRENT ACCOUNT: INCOME

(in millions of lats)

	Income											
			Compensation of employees		Investment income							
					Direct investment		Portfolio investment		Other investment			
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
2002												
II	14.0	11.0	6.8	0.2	7.2	10.8	0.1	4.4	3.8	1.2	3.2	5.2
III	14.7	13.0	6.7	0.2	8.0	12.8	0.1	5.4	4.3	1.3	3.5	6.2
IV	14.1	18.6	6.8	0.2	7.3	18.3	0	11.1	4.0	1.2	3.3	6.1
V	14.0	22.9	7.0	0.2	7.0	22.6	0	16.3	3.9	1.2	3.0	5.2
VI	14.3	22.7	6.9	0.2	7.4	22.5	0	15.2	3.8	1.3	3.6	6.0
VII	14.0	20.0	6.9	0.2	7.0	19.8	0	14.6	4.3	1.2	2.7	4.0
VIII	14.7	16.2	7.1	0.2	7.6	16.0	0	10.1	4.4	1.2	3.2	4.7
IX	13.8	17.9	7.1	0.2	6.8	17.7	0	11.5	3.9	1.2	3.0	5.0
X	15.4	8.7	7.2	0.2	8.1	8.4	0	1.2	4.4	1.2	3.7	6.0
XI	15.3	12.4	7.3	0.2	8.1	12.1	0	5.2	5.0	1.4	3.1	5.5
XII	19.4	14.0	7.4	0.3	11.9	13.8	0	3.2	8.5	4.4	3.3	6.2
2003												
I	15.6	11.8	7.3	0.2	8.3	11.6	0.2	5.9	5.4	2.1	2.7	3.5
II	15.8	11.5	7.4	0.2	8.4	11.3	0.2	5.2	5.7	2.5	2.5	3.5
III	18.0	17.4	7.7	0.2	10.3	17.2	0.4	7.7	6.7	2.8	3.2	6.7
IV	16.8	18.3	8.0	0.3	8.8	17.9	0.2	9.7	5.8	2.7	2.9	5.5

FINANCIAL ACCOUNT: DIRECT INVESTMENT

(net flows; in millions of lats)

	Direct investment							
			Equity capital		Reinvested earnings		Other capital	
			Abroad	In Latvia	Abroad	In Latvia	Abroad	In Latvia
2002								
II	0.1	21.6	-0.2	20.0	0	3.2	0.3	-1.6
III	0.1	29.5	-0.1	27.4	0	4.1	0.2	-2.0
IV	-0.7	18.6	-1.1	6.6	0	6.9	0.3	5.1
V	-0.9	27.3	-1.2	12.9	0	7.9	0.3	6.4
VI	-1.2	38.2	-1.5	22.1	0	8.9	0.3	7.2
VII	-0.4	20.9	-0.8	7.7	0	8.5	0.3	4.6
VIII	0.5	19.8	0.1	7.4	0	8.5	0.4	3.9
IX	0.3	19.8	-0.1	6.1	0	9.6	0.4	4.1
X	-0.9	10.0	-0.2	8.5	0.1	-0.1	-0.7	1.7
XI	-0.5	10.9	0.3	9.2	0.1	0.8	-0.8	0.9
XII	-1.9	12.0	-1.0	10.3	0.1	1.4	-0.9	0.3
2003								
I	-1.8	19.2	-1.5	8.2	-0.2	5.6	-0.2	5.4
II	-2.0	8.2	-1.7	3.4	-0.2	4.7	0	0
III	0	27.0	0.1	10.2	-0.2	6.1	0.1	10.7
IV	-0.6	27.0	-0.2	11.1	-0.2	8.2	-0.2	7.6

FINANCIAL ACCOUNT: PORTFOLIO INVESTMENT AND FINANCIAL DERIVATIVES

(net flows; in millions of lats)

	Portfolio investment										Financial derivatives	
	Assets		Liabilities		Equity securities		Debt securities				Assets	Liabilities
					Assets	Liabilities	Assets		Liabilities			
	Bonds and notes	Money market instruments	Bonds and notes	Money market instruments								
2002												
II	-2.3	-8.9	0	0.7	-2.3	-6.3	4.1	-9.5	-9.3	-0.3	1.0	0.1
III	-34.2	10.3	-12.9	18.4	-21.3	-20.9	-0.3	-8.1	-7.9	-0.3	0.8	0.2
IV	-51.3	-3.3	-0.9	-0.5	-50.4	-53.0	2.5	-2.8	-2.8	0	-1.8	1.1
V	-25.4	-7.4	2.1	-4.7	-27.5	-31.0	3.5	-2.8	-2.8	0	0.7	6.1
VI	12.3	10.8	-0.3	13.3	12.6	8.1	4.4	-2.4	-2.4	0	-5.5	4.4
VII	6.3	-11.9	0.7	-13.1	5.6	-1.8	7.4	1.2	1.2	0	1.2	-4.1
VIII	-24.7	1.7	0.1	-1.7	-24.8	-24.9	0.1	3.4	3.4	0	4.4	-1.9
IX	3.9	4.7	0.2	1.0	3.7	0.8	2.9	3.6	3.6	0	1.2	1.4
X	-31.8	0.4	11.1	0.2	-43.0	-41.8	-1.1	0.2	0.2	0	-0.5	-2.3
XI	21.8	0.8	1.2	-0.2	20.7	20.4	0.3	0.9	0.9	0	0.1	-0.8
XII	-17.9	-1.5	-2.8	-0.1	-15.1	-16.4	1.3	-1.3	-1.3	0	-1.7	6.6
2003												
I	-31.9	1.1	4.7	0.1	-36.6	-36.7	0.1	1.0	1.0	0	0.2	2.0
II	-36.1	-0.3	0	0.7	-36.2	-23.4	-12.8	-1.0	-1.0	0	0.7	-2.4
III	22.1	3.3	-3.9	1.0	25.9	14.3	11.6	2.2	2.2	0	-2.9	-2.7
IV	-15.9	4.4	0	4.5	-15.9	-15.6	-0.2	-0.2	-0.2	0	0.2	6.5

FINANCIAL ACCOUNT: OTHER INVESTMENT

(net flows; in millions of lats)

	Other investment											
	Assets		Liabilities		Monetary authorities		General government		Banks		Other sectors	
					Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
2002												
II	12.8	-31.8	0	-12.6	0	0.7	15.8	-17.8	-3.1	-2.2		
III	-53.0	78.4	-0.1	6.7	1.3	-1.9	-50.8	85.1	-3.4	-11.5		
IV	50.3	6.1	0	-6.7	2.0	-1.0	41.6	7.3	6.7	6.4		
V	32.7	21.7	0.1	0.1	0.1	0.2	27.7	24.9	4.8	-3.4		
VI	-100.7	27.5	0	1.0	-0.9	-0.4	-104.0	17.8	4.2	9.1		
VII	-20.4	53.0	0.2	-4.0	0.2	0	-16.3	52.6	-4.4	4.3		
VIII	-16.3	72.7	0	-0.2	0.1	0.5	-23.5	69.6	7.1	2.7		
IX	32.2	4.6	-0.1	0	0.6	-0.4	48.5	0.1	-16.8	5.0		
X	-91.5	133.2	0	0.1	-0.2	0.3	-92.5	127.2	1.2	5.7		
XI	-5.8	-2.6	-0.1	-0.2	-0.1	0	-18.4	-9.0	12.9	6.6		
XII	-67.6	197.4	-0.1	-1.8	0.2	-0.1	-70.5	190.1	2.8	9.2		
2003												
I	-51.3	43.1	0.1	-1.3	-0.3	-7.2	-54.7	57.1	3.6	-5.5		
II	162.6	-79.3	0	0.3	-0.5	-0.3	170.5	-79.0	-7.4	-0.2		
III	-118.3	12.0	0	-0.6	0	-2.7	-118.6	16.4	0.3	-1.2		
IV	-2.6	69.6	-0.1	2.1	-0.2	-1.7	2.3	63.9	-4.6	5.2		

In some cases, electronic data processing technologies may have led to slight discrepancies between the total amount shown and the sum of the subitems. Latvia's balance of payments (key items) is first published on the Bank of Latvia's website (www.bank.lv).