

LATVIA'S BALANCE OF PAYMENTS (KEY ITEMS)

11 • 2003
MONTHLY BULLETIN

In November, the current account deficit of the balance of payments (44.2 million lats) did not record considerable changes month-on-month, but posted a pickup of 11.4 million lats year-on-year. The goods deficit increased, since their exports and imports expanded by 19.0 million lats and 29.8 million lats, respectively. A rise in the current transfers surplus almost offset a drop in the services surplus.

With imports of services increasing, the services surplus decreased by 6.9 million lats year-on-year, the decline resulting mainly from a rise in imports of travel services (the travel services deficit grew by 5.7 million lats). The transportation services surplus shrank by 2.8 million lats, with the surplus of the sea transportation services decreasing. The surplus of other services rose by 1.6 million lats, with exports of other services (construction and financial services) recording a slight pickup.

The income surplus posted a year-on-year rise of 0.5 million lats. The remuneration of residents employed abroad continued to grow (by 1.3 million lats), but the surplus of other items of income did not change considerably.

With the current transfers received increasing more rapidly, the current transfers surplus recorded a rise of 5.9 million lats year-on-year, mostly resulting from a pickup in current transfers received by other sectors (including private persons).

The surplus of the financial and capital account was 69.0 million lats. Capital inflow was in the form of foreign direct investment, as well as resulted from residents decreasing portfolio investment assets and attracting deposits and borrowings (time deposits) from non-residents.

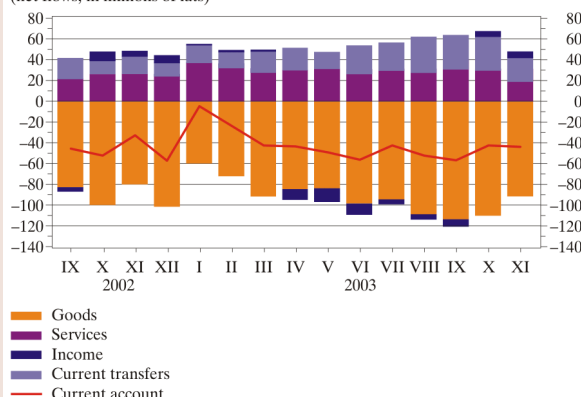
The net inflow of direct investment was 15.5 million lats. In Latvia, 17.0 million lats were invested as foreign direct investment, mostly in companies' equity capital (11.0 million lats) and by receiving loans from direct investors (4.5 million lats).

With residents (mostly banks) reducing their investment in foreign debt securities, portfolio investment posted a net inflow of 20.3 million lats in November. Portfolio investment shrank by 1.7 million lats on the liabilities side, mostly due to a decrease in the amount of government debt securities owned by non-residents.

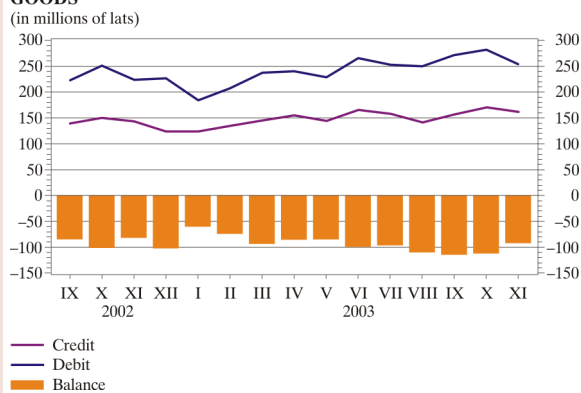
The net inflow of other investment reached 79.5 million lats. Residents' other investment on the liabilities side increased by 213.9 million lats, mostly as a result of banks receiving demand deposits and borrowings (time deposits) from non-residents. With banks increasing demand deposits and granting loans abroad, residents' other investment on the asset side expanded by 134.4 million lats.

In November, with an increasing demand for lats and the Bank of Latvia engaging in currency swaps and purchasing foreign currency, reserve assets grew by 52.4 million lats.

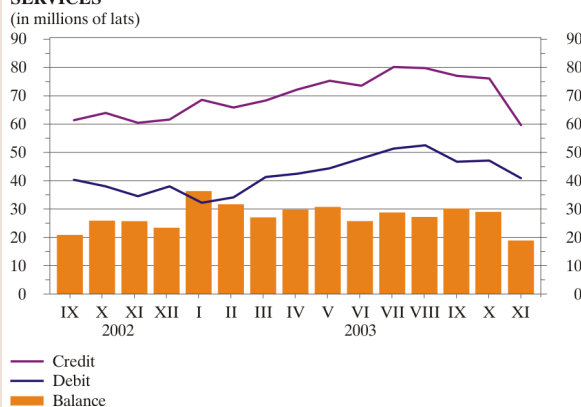
CURRENT ACCOUNT
(net flows; in millions of lats)



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													
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	-52.8	-100.4	26.0	9.1	12.5	0.9	57.7	6.8	-31.6	-2.8	40.4	44.9	-5.8
XI	-32.8	-80.9	25.8	5.4	16.9	1.0	38.1	8.2	22.4	-0.7	-9.7	17.9	-6.4
XII	-57.7	-101.7	23.5	7.6	12.9	0.6	60.4	6.6	-19.5	4.8	129.0	-60.5	-3.3
2003													
I	-4.9	-59.9	36.5	0.8	17.7	0.2	24.3	20.4	-32.1	2.2	-13.5	47.3	-19.6
II	-23.6	-72.9	31.8	1.9	15.6	0.7	31.6	18.5	-34.9	-1.7	78.4	-28.7	-8.6
III	-42.8	-92.1	27.2	1.4	20.7	0.4	1.4	23.6	28.6	-5.6	-115.9	70.7	40.9
IV ²	-43.8	-85.3	29.8	-9.7	21.5	1.3	37.7	18.6	-14.9	6.7	73.4	-46.1	4.8
V ²	-49.4	-84.1	30.8	-12.6	16.5	1.6	60.1	24.2	17.0	4.6	52.9	-38.6	-12.3
VI ²	-56.5	-99.0	25.7	-10.6	27.3	2.8	15.2	19.5	-21.9	-6.9	13.1	11.4	38.6
VII ²	-43.0	-95.2	28.9	-4.4	27.6	1.4	64.9	4.2	-25.6	-0.3	90.1	-3.5	-23.3
VIII ²	-52.5	-109.3	27.4	-5.1	34.5	1.2	68.3	0.1	-31.4	-4.5	90.7	13.5	-17.0
IX ²	-57.2	-114.2	30.3	-6.8	33.4	2.4	-6.2	-0.3	-41.2	6.0	106.6	-77.4	61.0
X	-43.0	-110.7	29.1	6.0	32.5	1.7	31.4	25.7	-52.8	-1.9	-11.6	71.9	9.9
XI	-44.2	-91.7	18.9	5.9	22.8	1.5	67.5	15.5	20.3	4.7	79.5	-52.4	-24.9

CURRENT AND CAPITAL ACCOUNTS

(in millions of lats)

	Current account										Capital account	
			Goods ¹		Services		Income		Current transfers		Credit	Debit
			Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		
2002												
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	263.9	316.7	150.6	251.0	64.1	38.1	15.3	6.2	33.8	21.3	1.2	0.2
XI	252.2	284.9	143.1	224.0	60.5	34.7	15.3	9.9	33.2	16.3	1.2	0.1
XII	238.0	295.6	124.5	226.2	61.7	38.2	19.3	11.7	32.5	19.6	1.2	0.6
2003												
I	240.1	244.9	124.0	183.9	68.8	32.3	15.6	14.8	31.7	13.9	0.3	0.1
II	246.6	270.2	134.6	207.5	66.0	34.3	15.8	13.9	30.1	14.5	0.9	0.3
III	265.9	308.7	145.3	237.4	68.6	41.4	17.6	16.1	34.4	13.7	0.7	0.3
IV ²	282.3	326.0	155.1	240.4	72.4	42.6	16.4	26.2	38.4	16.9	1.6	0.3
V ²	273.6	323.0	144.4	228.5	75.4	44.6	16.3	29.0	37.5	21.0	1.8	0.2
VI ²	298.4	354.9	166.0	265.0	73.7	48.0	17.1	27.6	41.6	14.2	2.9	0.1
VII ²	300.8	343.7	157.6	252.8	80.4	51.5	17.5	21.8	45.3	17.6	1.4	0
VIII ²	292.1	344.6	141.0	250.2	80.0	52.6	18.6	23.7	52.6	18.1	1.6	0.4
IX ²	300.9	358.1	156.6	270.7	77.2	46.8	18.8	25.6	48.3	14.9	3.0	0.6
X	321.0	364.0	170.6	281.2	76.3	47.3	19.1	13.1	55.0	22.4	1.9	0.1
XI	280.2	324.4	162.1	253.8	59.9	41.0	17.0	11.0	41.3	18.5	1.7	0.2

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.

² Data have been revised.

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												
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	15.3	6.2	7.2	0.2	8.1	6.0	0	-1.2	4.4	1.2	3.7	6.0
XI	15.3	9.9	7.3	0.2	8.0	9.7	0	2.8	5.0	1.4	3.1	5.5
XII	19.3	11.7	7.4	0.3	11.9	11.5	0	0.7	8.5	4.4	3.3	6.3
2003												
I	15.6	14.8	7.3	0.2	8.3	14.6	0	7.7	5.4	2.1	2.8	4.8
II	15.8	13.9	7.4	0.2	8.4	13.7	0	6.8	5.8	2.5	2.6	4.4
III	17.6	16.1	7.7	0.2	9.8	15.9	0.2	8.2	6.7	2.7	2.9	5.0
IV ¹	16.4	26.2	7.6	0.2	8.8	25.9	0.1	17.7	5.8	2.6	3.0	5.6
V ¹	16.3	29.0	7.9	0.2	8.4	28.7	0.1	21.1	5.5	2.8	2.8	4.8
VI ¹	17.1	27.6	7.9	0.2	9.2	27.4	0.1	19.8	6.1	2.6	3.0	5.0
VII ¹	17.5	21.8	8.1	0.2	9.4	21.6	0.4	14.7	6.1	2.6	2.9	4.3
VIII ¹	18.6	23.7	8.1	0.2	10.5	23.5	0.4	14.0	7.2	5.2	2.8	4.2
IX ¹	18.8	25.6	8.0	0.2	10.8	25.4	0.4	14.4	7.6	6.2	2.8	4.7
X	19.1	13.1	8.7	0.2	10.4	12.9	0	4.1	7.6	3.5	2.8	5.3
XI	17.0	11.0	8.6	0.2	8.4	10.8	0	2.9	5.7	2.9	2.7	5.0

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								
IX	0.3	19.8	-0.1	6.1	0	9.6	0.4	4.1
X	-0.7	7.6	-0.2	8.4	0.1	-2.6	-0.6	1.8
XI	-0.3	8.5	0.3	9.2	0.1	-1.7	-0.8	1.0
XII	-1.7	8.4	-1.0	10.2	0.1	-1.0	-0.9	-0.8
2003								
I	-0.9	21.3	-0.4	7.7	0	5.2	-0.4	8.3
II	-2.4	20.8	-1.9	7.9	0	4.4	-0.4	8.5
III	-0.9	24.4	-0.5	9.3	0	5.7	-0.4	9.4
IV ¹	-0.2	18.8	-0.7	9.9	-0.1	8.3	0.6	0.6
V ¹	-0.9	25.2	-1.5	15.0	-0.1	9.6	0.6	0.6
VI ¹	-0.5	20.0	-1.1	8.2	-0.1	10.5	0.6	1.4
VII ¹	-2.8	7.0	-1.5	6.6	-0.4	10.7	-0.9	-10.4
VIII ¹	-3.4	3.5	-2.2	3.7	-0.4	10.1	-0.9	-10.4
IX ¹	-3.2	2.9	-1.9	3.3	-0.4	10.5	-0.9	-10.9
X	-0.9	26.6	-0.6	5.1	0	3.1	-0.3	18.4
XI	-1.6	17.0	-1.9	11.0	0	1.5	0.3	4.5

¹ Data have been revised.

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	Bonds and notes		Money market instruments		
2002												
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	-32.0	0.4	11.1	0.2	-43.1	-41.9	-1.2	0.2	0.2	0	-0.5	-2.3
XI	21.6	0.8	1.2	-0.2	20.5	20.3	0.2	0.9	0.9	0	0.1	-0.8
XII	-18.1	-1.5	-2.8	-0.1	-15.3	-16.4	1.2	-1.3	-1.3	0	-1.7	6.6
2003												
I	-33.5	1.5	2.8	-0.1	-36.3	-36.5	0.1	1.5	1.5	0	0.2	2.0
II	-34.1	-0.9	-1.2	0.1	-32.8	-20.4	-12.4	-1.0	-1.0	0	0.7	-2.4
III	25.8	2.8	-1.2	0.6	27.0	15.3	11.8	2.2	2.2	0	-2.9	-2.7
IV ¹	-15.5	0.6	0	0.3	-15.5	-15.2	-0.3	0.2	0.3	0	0.2	6.5
V ¹	13.7	3.3	-0.8	1.4	14.6	17.5	-3.0	1.9	1.9	0	-1.8	6.4
VI ¹	-31.4	9.5	0.1	4.5	-31.6	-28.6	-3.0	5.0	5.1	0	-0.5	-6.3
VII ¹	-26.5	0.9	-0.4	-0.3	-26.1	-29.1	3.0	1.1	1.1	0	1.7	-2.0
VIII ¹	-31.2	-0.1	3.0	-0.9	-34.2	-34.6	0.4	0.8	0.8	0	-1.7	-2.8
IX ¹	-42.9	1.7	-0.8	1.5	-42.1	-42.2	0.1	0.2	0.2	0	1.6	4.5
X	-55.4	2.6	-3.2	-0.8	-52.2	-53.0	0.8	3.4	3.4	0	-1.0	-0.9
XI	22.0	-1.7	-1.0	0.2	23.0	23.0	0	-1.9	-1.9	0	4.3	0.4

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												
IX	32.2	4.6	-0.1	0	0.6	-0.4	48.5	0.1	-16.8	5.0		
X	-89.5	129.9	0	0.1	-0.2	0.3	-92.5	127.2	3.2	2.4		
XI	-3.8	-5.9	-0.1	-0.2	-0.1	0	-18.4	-9.0	14.9	3.3		
XII	-63.9	192.9	-0.1	-1.8	0.2	-0.1	-70.5	190.1	6.5	4.8		
2003												
I	-61.6	48.1	0.1	-1.3	-0.3	-7.2	-54.7	57.1	-6.7	-0.4		
II	159.5	-81.0	0	0.3	-0.5	-0.3	170.5	-79.0	-10.6	-2.0		
III	-126.2	10.3	0	-0.6	0	-2.8	-118.6	16.4	-7.7	-2.7		
IV ¹	-1.7	75.1	-0.1	2.1	-0.2	-1.7	2.3	63.9	-3.7	10.8		
V ¹	4.5	48.5	0	-1.9	0.1	-0.4	7.7	42.7	-3.3	8.1		
VI ¹	-98.2	111.3	0.1	-1.6	0	-0.2	-94.0	103.1	-4.4	10.0		
VII ¹	-56.9	146.9	0	-1.4	0.3	-0.2	-59.8	142.4	2.6	6.2		
VIII ¹	-29.6	120.3	-0.1	-0.1	0.1	3.3	-32.1	103.2	2.6	13.9		
IX ¹	-26.4	133.0	0	0.2	-0.2	-2.7	-27.0	132.1	0.8	3.4		
X	18.4	-29.9	0	-0.1	0	-2.0	19.7	-34.3	-1.4	6.5		
XI	-134.4	213.9	0.1	0.2	0.1	0.3	-128.1	210.3	-6.5	3.1		

¹ Data have been revised.

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).