

LATVIA'S BALANCE OF PAYMENTS (KEY ITEMS)

2 • 2001
MONTHLY BULLETIN

PRINCIPLES FOR COMPILING THE MONTHLY BALANCE OF PAYMENTS (KEY ITEMS)

The balance of payments is a statistical statement summarizing the economic transactions of a country's residents with the rest of the world (non-residents) for a definite period of time (a month, a quarter, or a year).

Latvia's balance of payments is compiled in conformity with the guidelines of the IMF's publication *Balance of Payments Manual, 5th Edition* and ECB requirements.

The balance of payments consists of the current account, the capital and financial account, and errors and omissions. The current account shows exports and imports of goods and services, income and expense (wages and salaries, dividends, interest payments), as well as current transfers, which are not intended for investment. The capital and financial account reflects received and paid capital transfers, which are intended for investment, as well as changes in foreign investment and debt for a definite period, and an increase or a decrease in reserve assets.

Beginning with the data for 2000, Latvia's balance of payments has been compiled and published by the Bank of Latvia. Previously, this was done by the Central Statistical Bureau of Latvia

(CSB), but as of 2000, the responsibility of compiling and publishing the balance of payments on the quarterly and annual basis was taken over by the Bank of Latvia. As of 2001, the Bank of Latvia also publishes the monthly balance of payments (key items).

The purpose of this publication is to disseminate information on economic transactions with foreign countries, providing for a timely analysis of macroeconomic processes.

To promote the compilation of the monthly balance of payments (key items), the Bank of Latvia has adopted the "Regulation for Preparing Information on External Payments of Non-Banks", pursuant to which Latvian banks submit to the Bank of Latvia reports on resident non-banks' external payments four times a month, and resident non-banks report to the Bank of Latvia on incoming external payments via domestic banks and external payments made via foreign banks once a month.

Apart from statistics on resident non-banks' external payments, the following data sources are used in compiling the monthly balance of payments (key items): statistics on credit institutions'

foreign assets and liabilities, compiled by the Bank of Latvia; Bank of Latvia statistics on foreign reserves; statistics on government external debt and foreign financial assistance, compiled by the State Treasury; data submitted by enterprises rendering intermediary services in concluding contracts between natural persons (residents) and employers (non-residents) for working abroad; and other data sources.

The monthly balance of payments (key items) is compiled within 30 working days after the end of the reporting month. The monthly balance of payments (key items) is revised when compiling the quarterly balance of payments, for which a wider range of data is available, including data from the reporting form No. 1-MB "Quarterly Report on Foreign Investment" and No. 3-MB "Quarterly Report on Transportation and Intermediary Services", and foreign trade statistics and aggregated data on persons entering and leaving the country, compiled by the CSB.

In some cases, electronic data processing technologies may have led to slight discrepancies between the total amount shown and the sum of the subitems.

MONTHLY BALANCE OF PAYMENTS (KEY ITEMS)

(in millions of lats)

	Current account				Capital account	Financial account					Errors and omissions	
	Goods	Services	Income	Current transfers		Direct investment	Portfolio investment	Other investment	Reserve assets			
2001												
I	-19.4	-43.2	22.6	-1.3	2.6	1.5	30.0	19.0	20.0	-31.5	22.4	-12.1
II	-12.3	-44.3	25.9	2.4	3.6	1.2	10.2	20.6	-68.8	81.4	-23.0	1.0

CURRENT AND CAPITAL ACCOUNTS

(in millions of lats)

	Current account										Capital account	
			Goods		Services		Income		Current transfers			
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
2001												
I	188.1	207.5	103.9	147.1	63.9	41.3	12.9	14.2	7.4	4.8	2.7	1.2
II	201.1	213.4	115.8	160.1	63.7	37.8	13.1	10.6	8.6	4.9	1.9	0.8

FINANCIAL ACCOUNT: DIRECT AND PORTFOLIO INVESTMENT

(in millions of lats)

	Direct investment		Portfolio investment											
			Equity securities				Debt securities							
	Abroad	In Latvia	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities				
							Bonds and notes	Money market instruments	Financial derivatives	Bonds and notes	Money market instruments	Financial derivatives		
2001														
I	-0.2	19.2	2.9	17.1	8.0	-0.1	-5.0	-21.3	16.3	0	17.2	17.2	0	0
II	-0.7	21.3	-45.5	-23.3	-8.4	-0.1	-37.2	-39.0	1.8	0	-23.2	-23.2	0	0

FINANCIAL ACCOUNT: OTHER INVESTMENT

(in millions of lats)

	Other investment									
			Monetary authorities		General government		Banks		Other sectors	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
2001										
I	-72.2	40.7	0.4	-5.8	0.2	0.4	-69.5	45.3	-3.3	0.7
II	140.4	-58.9	2.4	-0.9	0.1	-0.4	153.9	-60.1	-16.0	2.3

Latvia's balance of payments (key items) is first made available at the Bank of Latvia's Internet site (<http://www.bank.lv>).