

LATVIA'S BALANCE OF PAYMENTS (KEY ITEMS)

4 • 2002
MONTHLY BULLETIN

In April, the current account deficit increased by 9.8 million lats year-on-year, totalling 32.7 million lats. The services surplus grew substantially, yet it could not offset the rise in the goods deficit. Exports of goods grew by 10.5%, and imports, by 20.0%. The latter was largely due to imports of machinery and mechanical appliances, electrical equipment, transport vehicles and products of the chemical industry, i.e., capital and intermediate consumption goods.

Although the surplus on services and current transfers increased markedly, no major month-on-month changes were observed in the current account deficit. The goods deficit increased, and the income balance turned negative.

The services surplus was 14.7 million lats higher than in March and covered 50.4% of the goods deficit. This increase could be attributed to improvements in the balances on transportation, travel and other services. The largest year-on-year increases were recorded in the surplus on transportation services (freight transportation by rail and sea and port services) and the surplus on other services (insurance and other business services).

The balance on income was negative, increasing by 3.3 million lats year-on-year, as a result of a 2.0 million lats decline in residents' investment income (mainly on portfolio investment), while non-residents' investment income rose.

The current transfers surplus reached the high of the year, the principal inflows being registered in the private sector. Compared with April 2001, the current transfers surplus grew by 3.8 million lats.

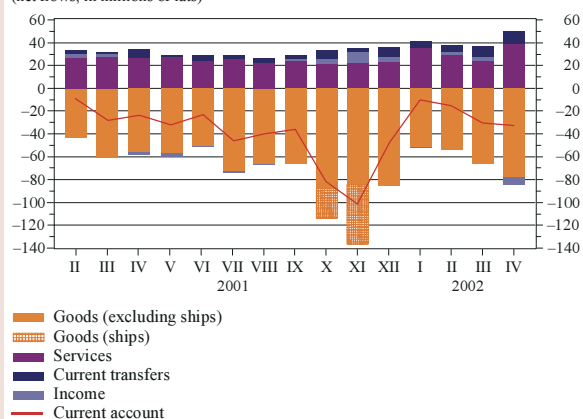
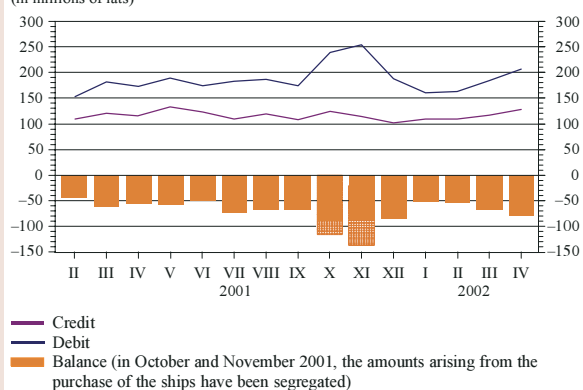
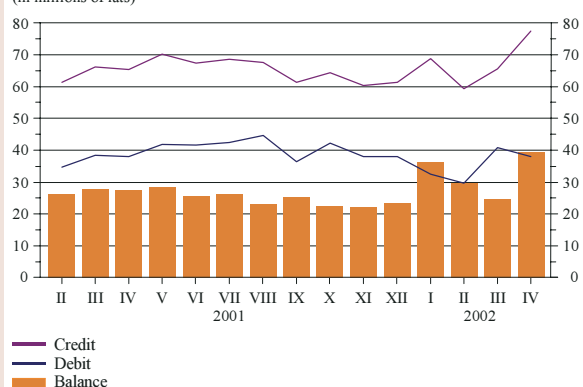
The surplus of the capital and financial account was 22.5 million lats.

Net inflow of direct investment amounted to 17.4 million lats. Inflow of direct investment totalled 18.5 million lats, of which 9.4 million lats was invested in equity capital or as reinvested earnings. In the first four months of 2002, the net inflow of direct investment covered the current account deficit.

A net outflow of 52.5 million lats was reported for portfolio investment, as banks increased their portfolio of debt securities, while decreasing other investment.

A net inflow of 46.0 million lats in other investment was determined by net inflow of other investment in the banking sector (48.9 million lats). Deposits of non-resident private enterprises with Latvian banks declined. At the same time, Latvian banks decreased their deposits with OECD credit institutions. Non-resident private enterprises repaid their loans. Net inflow of other investment in other sectors was 2.8 million lats, as enterprises' foreign borrowing increased and their loans to non-residents declined.

As the Bank of Latvia had to meet its obligations arising from transactions conducted on external markets, reserve assets declined by 11.9 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			
2001													
II	-10.3	-43.8	26.3	3.3	3.8	1.3	-9.3	3.5	-55.6	2.1	63.7	-23.0	18.4
III	-28.5	-60.9	27.7	3.4	1.3	2.1	31.8	-0.6	25.7	0.6	13.0	-6.9	-5.3
IV	-22.9	-55.9	27.5	-2.0	7.5	2.7	1.8	30.2	-36.9	1.1	15.9	-8.5	18.4
V	-31.2	-57.2	28.3	-3.1	0.8	3.0	15.8	27.2	8.0	-1.0	-26.6	8.2	12.4
VI	-21.9	-51.0	25.5	-0.3	3.9	2.3	31.5	9.3	-103.6	1.6	137.4	-13.2	-11.9
VII	-44.6	-73.3	26.1	-0.3	2.8	1.5	43.3	16.9	-48.4	-1.7	103.3	-26.7	-0.2
VIII	-39.7	-66.5	23.0	0	3.7	1.6	49.7	43.6	50.9	-0.1	-57.8	13.2	-11.6
IX	-37.1	-66.1	24.9	0.9	3.2	1.1	46.3	6.4	4.5	1.8	29.1	4.5	-10.3
X	-81.0	-114.1	22.2	4.2	6.6	2.4	44.3	25.3	-2.6	-3.7	48.2	-22.9	34.3
XI	-102.1	-136.7	22.0	8.7	3.9	2.3	58.2	20.5	142.1	-0.4	7.0	-111.1	41.6
XII	-49.2	-85.7	23.4	3.7	9.4	1.7	102.2	-67.8	88.2	4.4	106.0	-28.6	-54.6
2002													
I	-10.4	-51.5	36.2	-0.4	5.3	1.1	27.2	27.4	5.6	-2.7	-3.5	0.4	-17.9
II	-15.7	-54.0	29.5	2.6	6.2	0.8	2.0	29.1	-11.5	1.2	-30.0	13.2	12.9
III	-30.6	-67.5	24.7	3.1	9.1	1.9	33.7	25.3	-25.6	1.1	36.5	-3.6	-5.0
IV	-32.7	-78.1	39.4	-5.3	11.3	0.4	22.1	17.4	-52.5	-0.7	46.0	11.9	10.2

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	Credit	Debit		
2001												
II	194.5	204.8	109.6	153.4	61.2	34.8	14.2	10.9	9.5	5.7	2.0	0.8
III	211.4	239.9	120.8	181.7	66.1	38.3	15.4	12.0	9.1	7.8	2.3	0.2
IV	212.0	234.9	116.9	172.8	65.4	37.9	14.6	16.6	15.1	7.6	3.4	0.7
V	225.3	256.6	132.7	189.9	70.1	41.8	14.4	17.5	8.1	7.3	4.0	0.9
VI	215.7	237.6	123.4	174.4	67.2	41.6	14.4	14.7	10.7	6.8	2.4	0.2
VII	203.2	247.8	109.4	182.6	68.5	42.4	14.1	14.4	11.2	8.3	2.5	1.0
VIII	213.8	253.5	120.4	186.9	67.6	44.6	14.0	14.0	11.8	8.1	2.1	0.5
IX	193.5	230.5	108.3	174.4	61.2	36.3	13.6	12.7	10.3	7.1	1.7	0.7
X	219.1	300.1	125.1	239.2	64.3	42.1	15.0	10.8	14.7	8.0	2.8	0.4
XI	205.7	307.8	117.4	254.1	60.2	38.1	15.8	7.1	12.2	8.4	2.6	0.3
XII	194.9	244.1	101.8	187.4	61.3	37.9	14.6	10.9	17.3	7.9	2.2	0.6
2002												
I	203.6	214.0	109.2	160.8	68.7	32.5	13.2	13.6	12.4	7.2	1.6	0.5
II	195.1	210.8	109.6	163.7	59.3	29.8	13.7	11.1	12.5	6.2	1.5	0.7
III	213.7	244.3	117.3	184.8	65.5	40.8	16.2	13.0	14.7	5.6	2.5	0.6
IV	241.2	274.0	129.2	207.3	77.4	38.0	12.8	18.1	21.8	10.5	1.0	0.6

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
2001												
II	14.2	10.9	5.0	0.2	9.2	10.7	0.3	5.0	4.6	0.8	4.3	4.9
III	15.4	12.0	5.4	0.2	10.0	11.7	0.3	5.5	5.4	0.8	4.4	5.5
IV	14.6	16.6	5.2	0.3	9.4	16.3	0.3	10.1	5.1	0.8	4.0	5.5
V	14.4	17.5	5.6	0.3	8.8	17.2	0.3	11.0	4.5	0.8	4.0	5.4
VI	14.4	14.7	5.6	0.3	8.8	14.5	0.3	8.5	4.5	0.8	4.0	5.2
VII	14.1	14.4	5.9	0.3	8.2	14.2	0.1	8.3	5.0	0.8	3.1	5.1
VIII	14.0	14.0	6.0	0.3	8.0	13.7	0.1	8.2	4.8	0.8	3.1	4.7
IX	13.6	12.7	5.6	0.3	8.1	12.5	0.1	6.7	4.9	0.7	3.1	5.0
X	15.0	10.8	6.8	0.3	8.2	10.5	-0.1	3.9	4.5	0.9	3.8	5.7
XI	15.8	7.1	6.7	0.3	9.1	6.9	-0.1	0.1	5.4	1.6	3.8	5.2
XII	14.6	10.9	6.7	0.3	7.9	10.6	-0.1	3.7	4.0	1.4	4.0	5.6
2002												
I	13.2	13.6	5.6	0.3	7.6	13.3	0.1	7.2	4.1	1.2	3.4	5.0
II	13.7	11.1	6.2	0.3	7.6	10.8	0.5	5.1	3.8	1.2	3.2	4.5
III	16.2	13.0	8.1	0.2	8.1	12.8	0.1	5.8	4.3	1.3	3.6	5.7
IV	12.8	18.1	5.4	0.2	7.4	17.9	0.1	10.5	4.0	1.2	3.2	6.2

FINANCIAL ACCOUNT: DIRECT INVESTMENT

(net flows; in millions of lats)

	Direct investment									
			Equity capital		Reinvested earnings		Other capital		Financial derivatives	
			Abroad	In Latvia	Abroad	In Latvia	Abroad	In Latvia	Abroad	In Latvia
2001										
II	-2.0	5.5	-1.4	6.0	-0.2	2.3	-0.4	-2.8	0	0
III	-1.7	1.1	-1.4	1.2	-0.2	2.8	0	-2.9	0	0
IV	-1.2	31.4	-0.5	10.1	-0.2	7.3	-0.5	13.9	0	0.1
V	-1.1	28.4	-0.8	12.6	-0.2	5.4	-0.1	10.4	0	-0.1
VI	2.9	6.4	-0.4	8.2	-0.2	6.1	3.5	-7.9	0	0
VII	-0.4	17.3	0.1	5.0	-0.1	5.7	-0.5	6.5	0	0
VIII	-0.8	44.4	-0.4	2.9	-0.1	6.9	-0.3	34.6	0	0
IX	-1.0	7.4	-0.5	6.1	-0.1	5.3	-0.4	-4.1	0	0
X	2.1	23.2	1.4	28.4	0.1	2.0	0.6	-7.2	0	0
XI	0.8	19.7	0.3	27.6	0.1	-1.8	0.4	-6.1	0	0
XII	0.1	-67.9	-0.4	20.5	0.1	1.8	0.4	-90.3	0	0
2002										
I	-0.4	27.8	0	17.1	-0.1	6.6	-0.3	4.0	0	0
II	-0.8	29.9	-0.3	17.3	-0.1	4.3	-0.4	8.3	0	0
III	-0.9	26.2	0	20.8	-0.1	5.4	-0.7	0.1	0	0
IV	-1.1	18.5	-0.1	3.2	-0.1	6.2	-0.8	9.1	0	0

FINANCIAL ACCOUNT: PORTFOLIO INVESTMENT AND FINANCIAL DERIVATIVES

(net flows; in millions of lats)

	Portfolio investment										Financial derivatives	
					Debt securities						Assets	Liabilities
	Equity securities						Liabilities					
	Assets	Liabilities	Assets	Liabilities	Assets	Bonds and notes	Money market instruments	Liabilities	Bonds and notes	Money market instruments		
2001												
II	-33.0	-22.6	1.6	0.6	-34.6	-37.6	3.0	-23.2	-23.2	0	2.4	-0.3
III	-1.7	27.3	8.9	0.3	-10.5	12.8	-23.4	27.0	27.0	0	-0.4	1.0
IV	-49.0	12.0	-11.8	0.2	-37.2	-1.4	-35.8	11.8	11.8	0	0.7	0.4
V	1.0	6.9	5.0	0.3	-4.0	-18.0	14.0	6.6	6.6	0	-1.0	0
VI	-94.3	-9.2	-21.8	-0.7	-72.5	-13.1	-59.4	-8.5	-8.5	0	0.5	1.0
VII	-45.4	-3.0	3.2	-0.4	-48.6	-46.5	-2.1	-2.6	-2.6	0	-0.3	-1.4
VIII	55.4	-4.5	-6.3	-0.3	61.7	31.6	30.2	-4.2	-4.2	0	0.5	-0.6
IX	4.8	-0.3	-3.7	-0.3	8.5	-9.9	18.5	0	0	0	0.1	1.7
X	-4.2	1.6	17.4	1.5	-21.6	29.1	-50.6	0.1	-0.1	0.3	-1.9	-1.7
XI	45.0	97.1	5.2	1.2	39.9	39.4	0.5	95.8	95.6	0.3	0.5	-0.8
XII	95.0	-6.8	6.8	0.3	88.2	4.0	84.2	-7.1	-7.4	0.3	0.8	3.6
2002												
I	7.3	-1.6	-0.1	1.1	7.3	0.5	6.8	-2.8	-2.8	0	-4.5	1.8
II	-3.2	-8.3	0	0.9	-3.2	-7.9	4.8	-9.2	-9.2	0	1.0	0.1
III	-36.1	10.5	-13.2	18.4	-22.9	-21.8	-1.1	-7.9	-7.9	0	0.8	0.2
IV	-52.3	-0.3	-1.2	0.5	-51.1	-53.9	2.9	-0.8	-0.7	0	-1.8	1.1

FINANCIAL ACCOUNT: OTHER INVESTMENT

(net flows; in millions of lats)

	Other investment									
			Monetary authorities		General government		Banks		Other sectors	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
2001										
II	145.5	-81.8	0	-0.6	0.1	-0.4	164.8	-85.6	-19.5	4.8
III	59.2	-46.2	-0.1	0.3	-1.6	-0.1	62.4	-51.2	-1.5	4.8
IV	-2.4	18.3	0	3.5	0.7	-0.4	-9.4	23.3	6.3	-8.2
V	-37.0	10.4	0	-3.1	-0.9	0.1	-42.7	19.1	6.6	-5.8
VI	-14.7	152.1	-0.1	-1.5	-0.2	-0.5	-21.1	143.4	6.6	10.8
VII	67.8	35.5	0.1	-1.4	1.0	1.0	61.5	28.2	5.2	7.8
VIII	-68.0	10.2	-0.1	0	0.2	2.1	-73.8	2.5	5.7	5.6
IX	11.5	17.6	0	0.3	0.3	-1.4	6.1	12.2	5.0	6.5
X	-31.4	79.6	0.1	-0.1	-0.3	2.3	-42.3	48.3	11.2	29.0
XI	-147.0	154.0	0	0	-4.0	1.4	-158.2	122.5	15.2	30.2
XII	69.6	36.4	-0.1	-1.2	0.2	-0.1	63.6	8.0	5.8	29.8
2002										
I	-65.4	61.9	0.1	10.8	0.5	0.2	-52.9	53.3	-13.1	-2.3
II	13.6	-43.6	0	-12.6	0	0.7	16.0	-18.2	-2.4	-13.6
III	-49.5	86.0	-0.1	6.7	1.5	-1.9	-50.8	85.1	-0.1	-3.9
IV	44.8	1.1	0	-6.7	2.0	1.0	41.6	7.3	1.3	1.5

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 Internet site (www.bank.lv).