

LATVIA'S BALANCE OF PAYMENTS (KEY ITEMS)

5 • 2002
MONTHLY BULLETIN

In May, the current account deficit was slightly lower than the year before, totalling 29.0 million lats. The growth of both the services surplus and the current transfers surplus more than compensated for an increase in the goods deficit and the income deficit. Exports of goods rose by 2.9%, while imports, by 9.4%.

The current account deficit decreased 3.7 million lats below the April level, with exports of goods increasing by 5.7% and imports of goods showing no marked changes.

The services surplus rose by 13.0 million lats compared with May 2001, as exports of services increased at a more rapid pace than imports of services. The services surplus covered 60.1% of the goods deficit. Improvements were recorded in balances on all services' components. Of these, the most marked increase, 8.9 million lats, was observed in the transportation surplus, owing to growth in transportation services rendered by sea transport and other transport (mainly freight transportation by rail). The deficit on travel services declined, as such services rendered increased by 8.6%, while such services received decreased by 6.8%. The growth of the surplus on other services also was the result of an increase in services rendered (mainly various commercial, professional and technical services).

The income deficit rose to 7.1 million lats (3.2 million lats in May 2001), as non-residents' income on direct investment increased.

Higher flows of current transfers were recorded, and the current transfers surplus, which amounted to 6.5 million lats, showed a year-on-year increase of 5.6 million lats. The year-on-year growth of current transfers received by the private sector was 11.2 million lats.

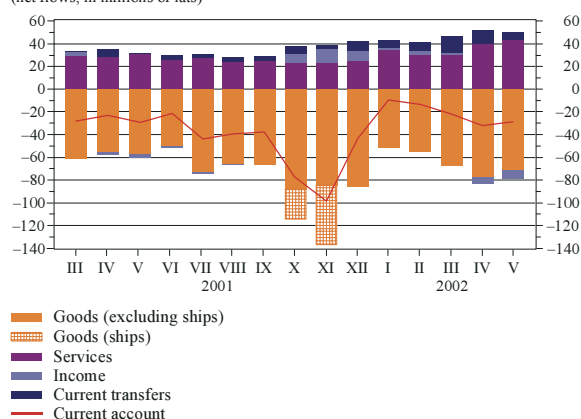
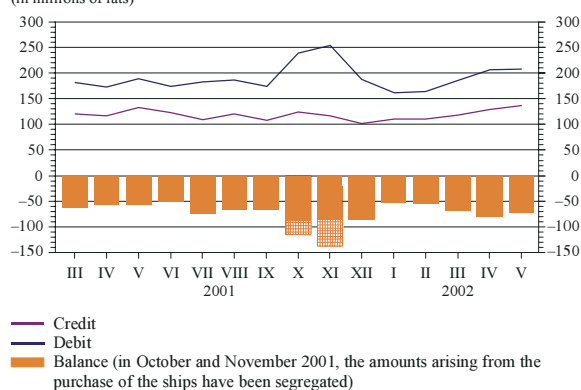
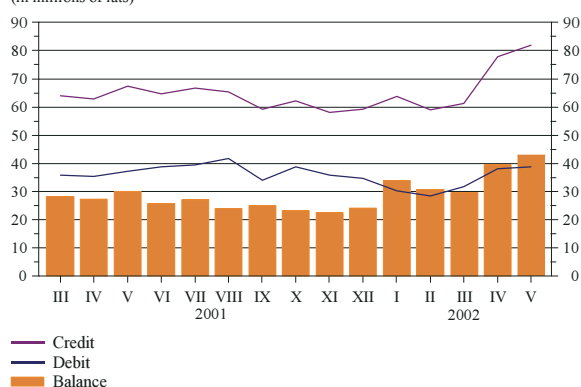
The surplus of the capital and financial account totalled 46.3 million lats.

The net inflow of direct investment amounted to 24.3 million lats. Non-residents' investment in equity capital of Latvian enterprises increased, as did their reinvested earnings.

The net outflow of portfolio investment totalled 35.8 million lats, with a notable decline being recorded in residents' investment in foreign bonds and notes.

Other investment reported a net inflow of 40.6 million lats, and the most pronounced changes were observed in the banking and other sectors. Assets under other investment declined by 26.0 million lats, as short-term loans granted by Latvian banks to non-resident credit institutions decreased. Liabilities under other investment increased by 14.6 million lats, as non-residents increased, by 34.9 million lats, their deposits with Latvian banks. At the same time, other sectors decreased loans received by 10.5 million lats.

With the Bank of Latvia meeting its contractual obligations under currency swap arrangements and the Government making interest payments on the 1999 issue of eurobonds, reserve assets declined by 9.5 million lats in May.

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 ²													
III	-28.6	-60.9	28.1	3.3	1.0	2.3	31.3	-0.3	25.7	0.6	12.3	-6.9	-5.1
IV	-23.2	-55.9	27.2	-2.1	7.6	3.0	2.2	30.4	-36.9	1.1	16.1	-8.5	18.0
V	-29.7	-57.2	29.8	-3.2	0.9	3.3	16.2	27.4	8.0	-1.0	-26.4	8.2	10.3
VI	-21.8	-51.0	25.6	-0.4	4.0	2.5	31.9	9.5	-103.6	1.6	137.7	-13.2	-12.6
VII	-44.4	-73.3	26.9	-1.0	2.9	1.7	39.6	16.7	-48.5	-1.7	99.8	-26.7	3.1
VIII	-39.7	-66.5	23.6	-0.7	3.8	1.9	46.1	43.4	50.9	-0.1	-61.3	13.2	-8.2
IX	-37.7	-66.1	24.9	0.2	3.2	1.3	42.6	6.2	4.5	1.8	25.6	4.5	-6.2
X	-76.8	-114.1	23.0	7.7	6.7	2.5	39.7	20.4	-2.5	-3.7	48.4	-22.9	34.6
XI	-98.5	-136.7	22.2	12.1	3.9	2.4	53.5	15.7	142.2	-0.4	7.1	-111.1	42.5
XII	-43.7	-85.7	24.1	8.4	9.4	1.8	96.4	-74.0	88.3	4.4	106.4	-28.6	-54.5
2002													
I ²	-9.8	-52.1	33.5	1.4	7.5	0.9	19.2	20.4	4.3	-2.7	-3.2	0.4	-10.3
II ²	-14.1	-54.4	30.5	2.5	7.3	0.1	11.8	24.3	-11.3	1.2	-15.6	13.2	2.2
III ²	-22.0	-67.7	29.4	1.2	15.2	1.6	28.4	27.3	-24.0	1.1	29.1	-5.1	-8.0
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
V	-29.0	-71.2	42.8	-7.1	6.5	0.9	45.4	24.3	-35.8	6.8	40.6	9.5	-17.3

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				
2001 ²												
III	209.1	237.6	120.8	181.7	63.6	35.6	15.4	12.2	9.2	8.2	2.6	0.2
IV	209.2	232.4	116.9	172.8	62.5	35.2	14.6	16.7	15.2	7.6	3.7	0.7
V	222.2	252.0	132.7	189.9	66.9	37.1	14.4	17.6	8.3	7.3	4.2	0.9
VI	213.0	234.8	123.4	174.4	64.3	38.7	14.4	14.8	10.8	6.8	2.7	0.2
VII	201.1	245.5	109.4	182.6	66.3	39.4	14.1	15.1	11.2	8.3	2.8	1.0
VIII	211.4	251.2	120.4	186.9	65.1	41.5	14.0	14.7	11.9	8.1	2.3	0.5
IX	191.2	228.9	108.3	174.4	58.8	33.9	13.6	13.4	10.4	7.1	2.0	0.7
X	216.6	293.4	125.1	239.2	61.8	38.8	15.0	7.3	14.7	8.0	2.9	0.4
XI	203.3	301.8	117.4	254.1	57.7	35.6	15.8	3.7	12.3	8.4	2.7	0.3
XII	192.5	236.2	101.8	187.5	58.8	34.7	14.6	6.1	17.3	7.9	2.4	0.6
2002												
I ²	206.9	216.6	110.1	162.2	63.4	30.0	14.7	13.4	18.6	11.1	1.5	0.5
II ²	201.0	215.2	110.2	164.6	58.6	28.2	14.3	11.8	17.9	10.6	0.7	0.7
III ²	219.1	241.1	118.1	185.9	60.9	31.5	14.9	13.8	25.2	9.9	2.3	0.7
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
V	250.8	279.8	136.6	207.8	81.5	38.7	14.1	21.2	18.6	12.1	1.1	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
2001 ¹												
III	15.4	12.2	5.4	0.2	10.0	11.9	0.3	5.6	5.4	0.8	4.4	5.5
IV	14.6	16.7	5.2	0.3	9.4	16.4	0.3	10.2	5.1	0.8	4.0	5.5
V	14.4	17.6	5.6	0.3	8.8	17.3	0.3	11.1	4.5	0.8	4.0	5.4
VI	14.4	14.8	5.6	0.3	8.8	14.6	0.3	8.6	4.5	0.8	4.0	5.2
VII	14.1	15.1	5.9	0.3	8.2	14.9	0.1	8.9	5.0	0.8	3.1	5.1
VIII	14.0	14.7	6.0	0.3	8.0	14.4	0.1	8.9	4.8	0.8	3.1	4.7
IX	13.6	13.4	5.6	0.3	8.1	13.2	0.1	7.4	4.9	0.7	3.1	5.0
X	15.0	7.3	6.8	0.3	8.2	7.1	-0.1	0.4	4.5	0.9	3.8	5.8
XI	15.8	3.7	6.7	0.3	9.1	3.4	-0.1	-3.4	5.4	1.6	3.8	5.2
XII	14.6	6.1	6.7	0.3	7.9	5.9	-0.1	-1.1	4.0	1.4	4.0	5.6
2002												
I ¹	14.7	13.4	6.8	0.2	7.9	13.2	0.4	6.5	4.1	1.2	3.4	5.4
II ¹	14.3	11.8	6.8	0.2	7.5	11.5	0.4	5.9	3.8	1.2	3.2	4.4
III ¹	14.9	13.8	6.7	0.2	8.3	13.6	0.4	6.9	4.3	1.3	3.5	5.4
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
V	14.1	21.2	7.0	0.2	7.1	21.0	0.2	15.5	3.9	1.2	3.0	4.3

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 ¹										
III	-1.7	1.4	-1.4	1.2	-0.2	2.9	0	-2.7	0	0
IV	-1.2	31.6	-0.5	10.1	-0.2	7.4	-0.5	13.9	0	0.1
V	-1.1	28.5	-0.8	12.6	-0.2	5.6	-0.1	10.4	0	-0.1
VI	2.9	6.5	-0.4	8.1	-0.2	6.3	3.5	-7.9	0	0
VII	-0.4	17.1	0.1	5.0	-0.1	6.4	-0.5	5.7	0	0
VIII	-0.8	44.2	-0.4	2.9	-0.1	7.6	-0.3	33.7	0	0
IX	-1.0	7.2	-0.5	6.1	-0.1	6.0	-0.4	-4.9	0	0
X	2.1	18.3	1.4	27.9	0.1	-1.5	0.6	-8.1	0	0
XI	0.8	14.8	0.3	27.1	0.1	-5.3	0.4	-7.0	0	0
XII	0.1	-74.1	-0.4	20.0	0.1	-3.0	0.4	-91.2	0	0
2002										
I ¹	-2.8	23.2	-2.5	17.7	-0.2	4.5	-0.1	1.0	0	0
II ¹	-3.0	27.3	-2.7	21.4	-0.2	3.9	-0.1	2.0	0	0
III ¹	-3.0	30.2	-2.5	23.8	-0.2	4.9	-0.2	1.6	0	0
IV	-1.1	18.5	-0.1	3.2	-0.1	6.2	-0.8	9.1	0	0
V	-0.5	24.8	-0.1	13.3	-0.2	7.7	-0.3	3.8	0	0

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		Liabilities			
	Bonds and notes	Money market instruments	Bonds and notes	Money market instruments								
2001 ¹												
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	12.1	-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	3.1	-0.4	-48.6	-46.5	-2.1	-2.6	-2.6	0	-0.3	-1.4
VIII	55.4	-4.5	-6.4	-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	-4.1	1.6	17.4	1.5	-21.6	29.1	-50.6	0.1	-0.1	0.3	-1.9	-1.7
XI	45.1	97.1	5.2	1.3	39.9	39.4	0.5	95.8	95.6	0.3	0.5	-0.8
XII	95.1	-6.8	6.9	0.3	88.2	4.0	84.2	-7.1	-7.4	0.3	0.8	3.6
2002												
I ¹	6.0	-1.7	-0.2	1.3	6.2	0.7	5.5	-3.0	-2.8	-0.3	-4.5	1.8
II ¹	-2.3	-9.0	0	0.6	-2.3	-6.3	4.1	-9.5	-9.3	-0.3	1.0	0.1
III ¹	-34.2	10.2	-12.9	18.3	-21.3	-20.9	-0.3	-8.1	-7.9	-0.3	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
V	-29.0	-6.8	2.1	-4.0	-31.1	-34.6	3.6	-2.8	-2.8	0	0.7	6.1

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
2001 ¹												
III	59.3	-47.0	-0.1	0.3	-1.6	-0.1	62.4	-51.2	-1.4	4.0		
IV	-2.5	18.6	0	3.5	0.7	-0.4	-9.4	23.3	6.2	-7.9		
V	-37.1	10.7	0	-3.1	-0.9	0.1	-42.7	19.1	6.5	-5.4		
VI	-14.8	152.5	-0.1	-1.5	-0.2	-0.5	-21.1	143.4	6.5	11.1		
VII	67.7	32.1	0.1	-1.4	1.0	1.0	61.5	28.2	5.1	4.3		
VIII	-68.1	6.8	-0.1	0	0.2	2.1	-73.8	2.5	5.7	2.2		
IX	11.4	14.1	0	0.3	0.3	-1.4	6.1	12.2	5.0	3.0		
X	-33.2	81.6	0.1	-0.1	-0.3	2.3	-42.3	48.3	9.4	31.0		
XI	-148.9	156.0	0	0	-4.0	1.4	-158.2	122.5	13.3	32.2		
XII	67.7	38.6	-0.1	-1.2	0.2	-0.1	63.6	8.0	4.0	32.0		
2002												
I ¹	-70.9	67.7	0.1	10.8	0.5	0.2	-52.9	53.3	-18.6	3.5		
II ¹	13.5	-29.1	0	-12.6	0	0.7	15.8	-17.8	-2.3	0.6		
III ¹	-52.1	81.2	-0.1	6.7	1.5	-1.9	-50.8	85.1	-2.7	-8.7		
IV	44.8	1.1	0	-6.7	2.0	-1.0	41.6	7.3	1.3	1.5		
V	26.0	14.6	0.1	0.1	0.1	0.2	27.7	24.9	-1.9	-10.5		

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 Internet site (www.bank.lv).

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