



January 6, 2010 No. 280

- **Industrial production in Latvia up 8.7% in November**
- **Largest industrial new orders decrease recorded in Lithuania - Eurostat**
- **Record cargo loaded at Lithuanian seaport in December**
- **Estonian Unemployment Insurance Fund: unemployment will peak in spring**

## Main Macroeconomic and Financial Indicators of LITHUANIA

	2008	2009			
		Q1	Q2	Q3	Q4
<b>Real sector</b>					
Real GDP, yoy, %	2.8	-13.1	-19.7	-14.2	:
Nominal GDP per capita, EUR thou	9.6	9.3	8.9	8.4	:
Industrial production index, wda, yoy, % <sup>1)</sup>	4.9	-13.3	-20.1	-15.0	-9.4 (Nov)
Volume index of construction production, wda, yoy, %	4.1	-42.8	-48.0	-49.3	:
Retail trade (excl. motor vehicles and motorcycles), deflated turnover index, yoy, %	3.8	-18.3	-19.6	-21.4	-27.8 (Nov)
Gross fixed capital formation, yoy, % <sup>1)</sup>	-6.5	-38.5	-40.9	-41.4	:
<b>Prices</b>					
HICP, eop, yoy, %	8.5	7.4	3.9	2.3	1.3 (Nov)
PPI, eop, yoy, %	18.1	-10.3	-15.3	-19.3	-8.8 (Nov)
<b>Labour market</b>					
Average gross monthly earnings, yoy, %	19.4	1.9	-2.9	-7.7	:
Unemployment rate, sa, LFS, %	5.8	11.0	13.6	13.8	:
<b>External trade &amp; external position</b>					
Exports of goods, yoy, % <sup>1)</sup>	13.8	-12.2	-23.9	-16.6	:
Imports of goods, yoy, % <sup>1)</sup>	8.9	-34.2	-35.8	-31.6	:
Current account balance, % of GDP	-11.9	0.4	1.0	2.9	:
FDI inflow, % of GDP	3.9	2.8	1.9	-0.5	:
FDI per capita, eop, EUR	2731	2796	2891	2971	:
International reserves per capita, eop, EUR	1365	1290	1336	1379	1588 (Nov)
<b>Financial market</b>					
Average interest rates on new loans in LCU, eop, %	10.1	8.2	10.0	8.4	7.0 (Nov)
Average interest rates on new term deposits in LCU, eop, %	7.7	6.1	7.1	6.5	6.0 (Nov)
Loans to households and non-financial corporations, eop, yoy, %	17.9	10.3	1.5	-4.6	-6.7 (Nov)
Housing loan portfolio, eop, yoy, %	24.9	17.6	9.1	2.7	0.1 (Nov)
Loans to households and private non-financial corporations, eop, % of GDP	59.3	60.2	61.6	64.1	:
Deposits, eop, yoy, %	-0.3	0.6	-2.4	-5.9	3.3 (Nov)
<b>Economic sentiments</b>					
Economic sentiments, total index, eop	73.8	54.6	62.5	65.7	71.9 (Nov)
Consumer sentiments, eop	-50.0	-53.4	-44.5	-42.1	-48.6 (Nov)

**Note:** Latest date is given in parenthesis; <sup>1)</sup>at constant prices; sectoral statistics has been adjusted to NACE 2.

**Abbreviations:** GDP – gross domestic product; HICP – harmonized index of consumer prices; PPI – producer price index; FDI – foreign direct investments; yoy – year-on-year; eop – end-of-period; LFS – Labour Force Survey; LCU – local currency units; wda – data adjusted by working days; sa – seasonally adjusted.

**Sources:** National statistics office, Bank of Lithuania, ECB, Eurostat, European Commission

## Latvia's State budget deficit last year at 6.6% of GDP - preliminary data

January 5, 2010  
(ELTA)

According to the State Treasury's preliminary estimate, the 2009 state budget's deficit totaled LVL 853.6 mn or 6.6% of GDP, based on money flow calculations. The figure is based on data regarding implementation of the master and special budgets, as Aleksis Jarockis from the Finance Ministry's Communication Department told.

The precise deficit in the 2009 consolidated budget will be announced after January 20 when data from municipal budgets are compiled and added. State budget deficit last year was originally planned to reach about 8% of GDP.

Latvia's agreement with the international lenders stipulates that the budget deficit should be calculated based on the European Commission methodology ESA 95. It takes in consideration a broader range of criteria and therefore adds another two percentage points to the calculation of the budget deficit of Latvia.

Over the first 11 months of the year Latvia's budget deficit was equal to 4.5% of the GDP. However, by the end of the year LVL 25 mn was yet to be allotted to hospitals, LVL 84 mn for co-financing EU structural funds, LVL 49 mn in subsidies to farmers, and another LVL 21 mn was to be distributed from emergency funds. Thus it was known already in December that the annual state budget deficit would amount to 7% of the GDP, plus, the deficit in the municipal budget is estimated at 1%.

## Estonian retail sales down 17% a year in November

January 4, 2010  
(Baltic Business News)

In November 2009 compared to the previous year, the retail sales of goods of retail trade enterprises decreased 17% at constant prices. Decrease in the retail sales of goods was most influenced by the stores selling manufactured goods, where the retail sales decreased by 24% compared to November 2008.

Retail sales recovered remarkably in the stores selling pharmaceutical goods and cosmetics, where the downward trend was replaced by the upward trend and the retail sales increased 5% compared to November 2008. In November the decline in the retail sales of grocery stores accelerated. Retail sales in these stores decreased 10% compared to November 2008, thus being one of the greatest decreases in 2009.

Since the beginning of the 2009, the retail sales have decreased every month at constant prices compared to the previous month according to the seasonally and working-day adjusted data.

## Unemployment will peak in spring - Estonian UIF

January 4, 2010  
(ELTA)

Estonian Unemployment Insurance Fund forecasts that the increase of unemployment in Estonia will continue this year and will peak in spring. The Fund's head Meelis Paavel told that unemployment is likely to peak in spring. "Sometime in March-April the number of registered jobless should achieve its ceiling and that should stay at around 92,000 people," said Paavel.

On December 23, the number of registered jobless amounted to 87,239, which formed 13.3% of workforce in the age of 16 to retirement age. While last year, the Fund had to resort to its reserves to pay unemployment benefits, this year's budget has been planed with a small surplus.

## Industrial production in Latvia up 8.7% in November

January 4, 2010  
(ELTA)

Industrial production in Latvia increased 8.7% last November, compared to October. Industrial production in manufacturing increased by 11.6% from October, but in mining and quarrying there was a decrease of 12.9%, and in electricity and gas supply - of 0.8%.

Largest increases were in manufacture of electrical equipment - by 23.7%, in the manufacture of other transport equipment - by 23.6%, in manufacturing of wearing apparel - by 22.5%. On the other hand, most significant reduction of industrial production was observed in the manufacture of computer, electronic and optical products - by 26.8%, in manufacture of motor vehicles, trailers and semi-trailers - by 20.2%, in manufacture of chemicals and chemical products - by 8.7%.

Compared to November 2008, industrial production output in November 2009 decreased by 2.4%, according to working day adjusted data at constant prices. Of which in mining and quarrying - by 9.1%, in manufacturing - by 2.6%, but in electricity and gas supply - by 0.8%.

Most notable reduction of industrial production output was recorded in manufacture of motor vehicles, trailers and semi-trailers - by 53%, in the manufacture of other transport equipment - by 47.9%, in the manufacture of computer, electronic and optical products - by 43.9%, in manufacture of non-metallic mineral products - by 41%. There was growth in manufacture of basic metals - 49.8%, in manufacture of wood and cork articles, except furniture - by 41%, in the manufacture of electrical equipment - by 8.6%, in the manufacture of chemicals and chemical products - by 3.6%.

## Estonian state collects EEK 1 bn more tax income than planned in 2009 budget

January 4, 2010  
(ELTA)

According to the Estonian tax and customs board statistics, by December 27, the Estonian state budget had collected EEK 63.72 bn of tax income, which was by EEK 1.08 bn more than planned in the 2009 budget. The key to good tax collection lies in corporate income tax, of which EEK 4.01 bn was collected instead of the planned EEK 2.43 bn. The very good corporate tax collection was due to the fact that at the end of the year, extraordinary dividends were withdrawn from several state-owned companies, i.e. Eesti Telekom, Eesti Energia and Tallinna Sadam.

The private individuals' income tax collection was also bigger than planned, EEK 2.49 bn instead of EEK 2.23 bn. VAT collection amounted to EEK 18.72 bn, by EEK 0.13 bn more than planned. Excise tax collection amounted to EEK 9.81 bn instead of the planned EEK 9.50 bn. These are not yet the final 2009 tax income figures since in the last days of the year, settlements of accounts could have taken place.

## Record cargo loaded at Lithuanian seaport in December

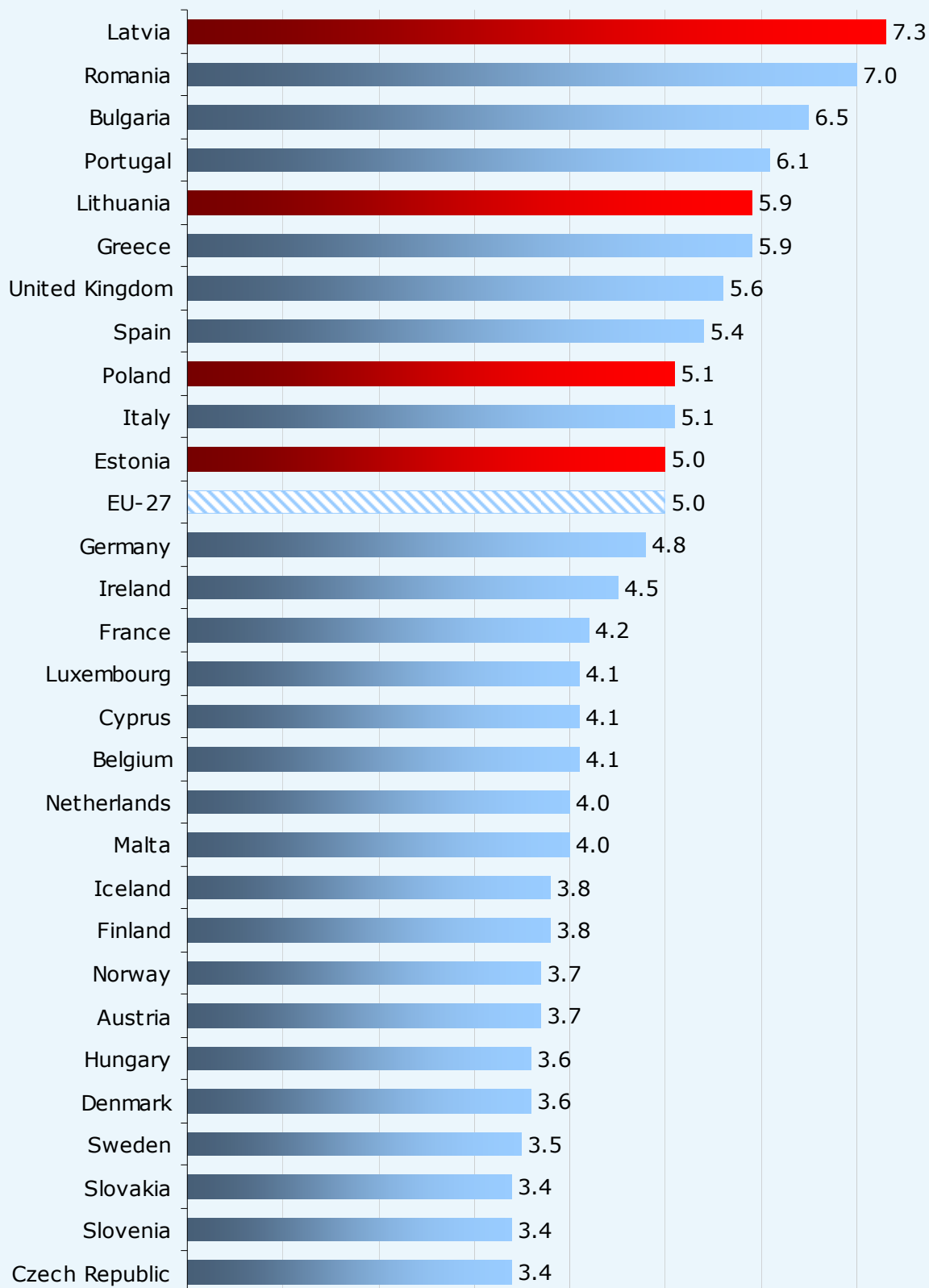
December 31, 2009  
(ELTA)

According to estimates, a second best result of cargo loaded at Klaipeda seaport in the history of the port was achieved in 2009 - 27.7 mn tonnes of sea cargo.

According to the communication report of the Klaipeda State Seaport Authority, volume of cargo at the seaport loaded since May had exceeded the expected results as well as the results of cargo in 2008. The amount of cargo loaded in 2009 was higher by 4.1% than the planned results in the strategic plan of activities of the Klaipeda State Seaport Authority for 2009-2011.

A record cargo was loaded at Klaipeda seaport in December 2009. Even before the end of the month, 2.62 mn tonnes of sea cargo were loaded, an increase of a fifth (20.4%) compared to December 2008.

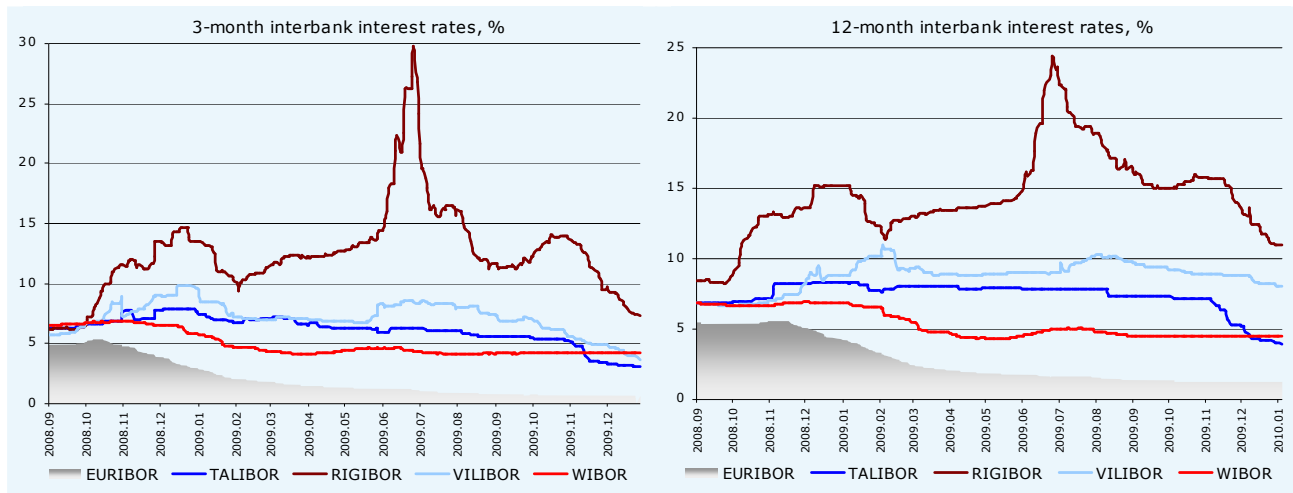
Income quintile share ratio\* in 2008



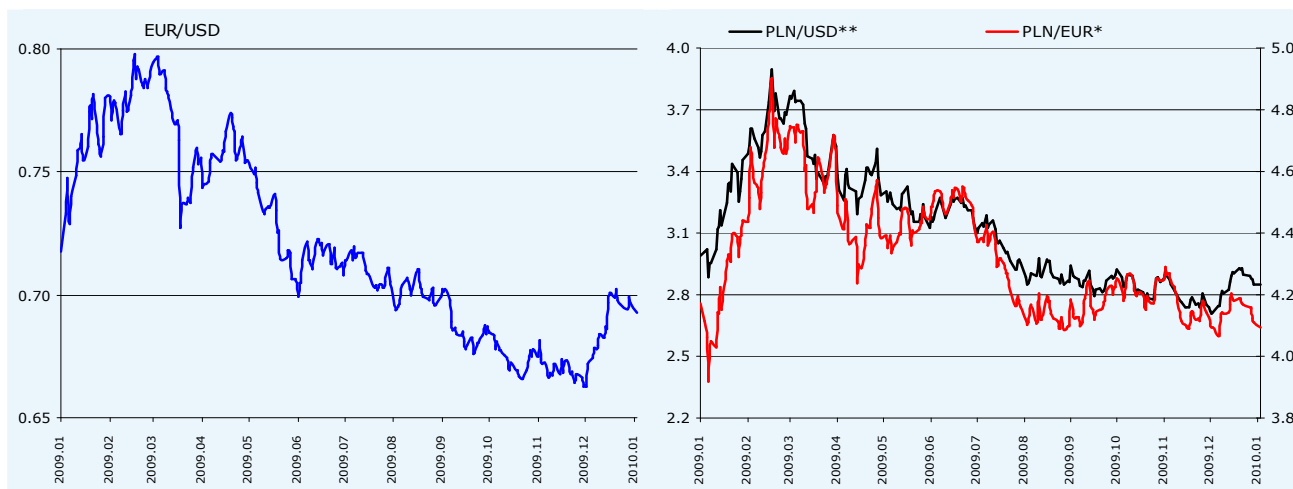
Note: \* The ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile). Income must be understood as equalised disposable income.

Source: Eurostat

**Interbank interest rates**



**Exchange rates**

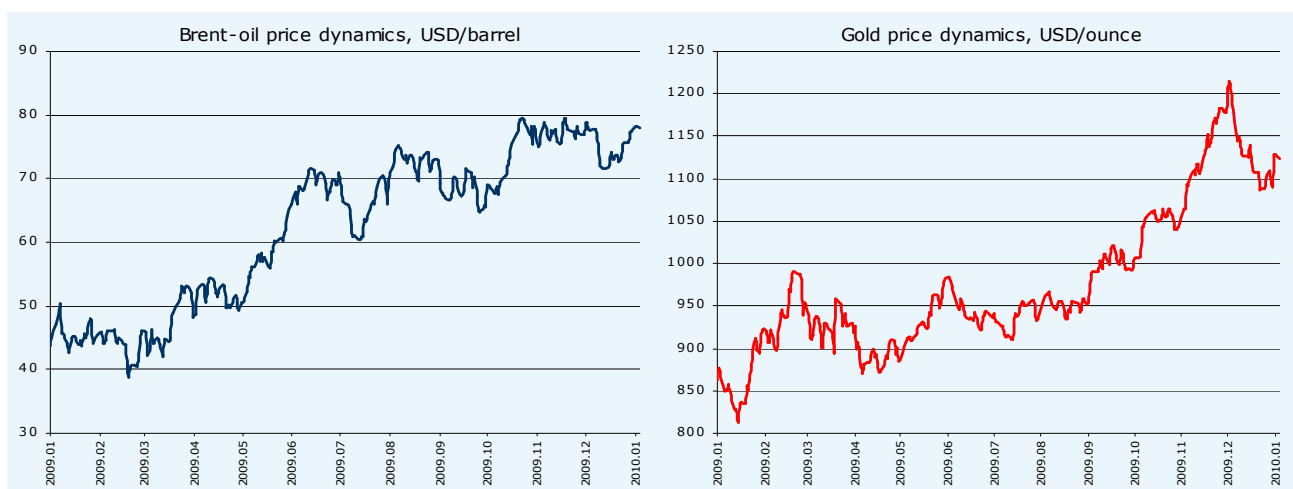


**Changes per week**

	EUR	EEK	LVL	LTL	PLN
2010.01.04	1.0000 -	15.6466 =	0.7091 ↑	3.4528 =	4.0924 ↓
USD	0.6926 ↓	10.8370 ↓	0.4911 ↓	2.3915 ↓	2.8465 ↓

Note: \* - scale on the right; \*\* - scale on the left

**Commodity prices**



Source: Reuters, EcoWin

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