



February 10, 2010 No. 285

- **IMF: The forecasted growth of Lithuania's GDP is 1.6%**
- **Lithuanian govt successfully issued 10-year bonds worth USD 2 bn**
- **Latvia's GDP rose 2.4% in Q4 last year, down by 17.7% y-o-y**
- **Estonia's 2010 Index of Economic Freedom is the highest among the Baltics**

Main Macroeconomic and Financial Indicators of LATVIA

	2008	2009	2009			
			Q1	Q2	Q3	Q4
Real sector						
Real GDP, yoy, %	-4.6	:	-18.0	-18.7	-19.0	-17.7
Nominal GDP per capita, EUR thou	10.2	:	9.8	9.4	8.8	:
Industrial production index, wda, yoy, % ¹⁾	-3.8	-15.8	-22.2	-18.8	-15.0	-6.7
Volume index of construction production, wda, yoy, %	-3.0	:	-29.8	-32.4	-36.8	:
Retail trade (excl. motor vehicles and motorcycles), deflated turnover index, yoy, %	-7.2	-28.0	-24.3	-28.2	-29.5	-29.7
Gross fixed capital formation, yoy, % ¹⁾	-15.6	:	-34.1	-38.1	-39.4	:
Prices						
HICP, eop, yoy, %	10.4	-1.4	7.9	3.1	0.1	-1.4
PPI, eop, yoy, %	9.8	-8.2	2.2	-6.8	-7.8	-8.2
Labour market						
Average gross monthly earnings, yoy, %	20.6	:	3.6	-1.0	-6.4	:
Unemployment rate, sa, LFS, %	7.5	17.6	13.2	16.4	19.0	22.1
External trade & external position						
Exports of goods, yoy, % ¹⁾	-2.2	:	-22.6	-19.1	-11.7	:
Imports of goods, yoy, % ¹⁾	-13.9	:	-34.2	-39.4	-36.6	:
Current account balance, % of GDP	-13.0	:	1.3	14.1	10.1	:
FDI inflow, % of GDP	3.7	:	0.4	-3.8	3.9	:
FDI per capita, eop, EUR	3578.4	:	3503.5	3482.0	3646.4	:
International reserves per capita, eop, EUR	1627.8	:	1476.0	1244.7	2029.3	2130.1 (Nov)
Financial market						
Average interest rates on new loans in LCU, eop, %	14.3/16.8	10.3/7.9	18.1/18.1	15.3/31.1	17.2/15.0	10.3/7.9
Average interest rates on new term deposits in LCU, eop, %	10.2/9.6	12.8/7.8	9.6/6.2	11.4/18.5	11.9/6.3	12.8/7.8
Loans to households and non-financial corporations, eop, yoy, %	10.1	-5.9	5.3	2.0	-3.1	-5.9
Housing loan portfolio, eop, yoy, %	5.5	-4.6	1.5	0.2	-2.8	-4.6
Loans to households and private non-financial corporations, eop, % of GDP	83.4	:	85.5	89.6	93.1	:
Deposits, eop, yoy, %	-6.6	-5.1	-9.5	-11.0	-12.7	-5.1
Economic sentiments						
Economic sentiments, total index, eop	67.6	83.7	74.0	78.2	80.1	83.7
Consumer sentiments, eop	-47.4	-51.8	-51.4	-50.3	-51.1	-51.8

Note: Latest date is given in parenthesis; ¹⁾ 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 GDP rose 2.4% in Q4 last year

February 9, 2010
(ELTA)

In the fourth quarter last year, Latvia's GDP increased 2.4% from the third quarter, according to the Central Statistical Office's flash estimate.

Compared to the fourth quarter of 2007, however, Latvia's GDP dropped 17.7%.

This was primarily due to a 30% fall in retail trade, a 7% decrease in manufacturing, and a 15% fall in public administration. Smaller than planned tax revenue also affected the GDP figure in the fourth quarter last year.

Latvia's foreign trade turnover fell 31.4% in 2009

February 9, 2010
(ELTA)

In 2009, the value of Latvia's foreign trade turnover reached LVL 8.205 bn - 31.4% or LVL 3.751 bn less than in 2008. Exports decreased by 19.4% on 2008, whereas the value of imports - by 38.4% down from 2008.

In December 2009 the most significant share (69.9%) in Latvia's export had export to the countries of the European Union, followed by the export to CIS countries (14.2%). Main export partners were Lithuania (16.1%), Estonia (14.6%), Russia (9.3%), Germany (6.7%) and Sweden (5.7%).

In December 2009 the most significant share in Latvia's import had import from the countries of the European Union (73.2%), followed by the import from CIS countries (19%). Main import partners were Lithuania (18.6%), Russia (13.4%), Germany (12.6%), Poland (7.8%) and Estonia (6.5%).

Estonian economy may have shrunk as much as 12%

February 9, 2010
(ELTA, Bloomberg)

Estonia's economy probably shrank between 11 and 12% in the fourth quarter from a year earlier, an improvement from 15.6% y-o-y fall in GDP in the third quarter, Estonian finance ministry said.

The economy probably troughed in the quarter, helped by the stabilization in industrial production and exports, Andrus Saalik, head of the ministry's economic analysis department said.

The ministry's estimate compares with a median forecast of 12.1% in a Bloomberg survey of four analysts.

In January Estonia's registered unemployment rate rose to 14%

February 8, 2010
(ELTA)

In Estonia the number of registered jobless was by more than two times bigger in January this year than at the same time last year, the growth of the number of jobless was by a half smaller than last year and the amount of job offers was bigger. At the end of January, the number of registered jobless was 91,544, i.e. 16% of workforce in the age of 16 to retirement age. 97,391 people were among registered jobless during January in Estonia, which was by over two times more than in the same month of 2009.

In December 11, 212 new jobless were registered and 6,900 jobless were de-registered as official jobless. Nearly a half of them were de-registered because they found a job.

Unemployment Insurance Fund received 1,657 new job offers for jobless, which was by a fifth more than in December. The last time the increase was that big was 2 years ago. During the month, 3,005 jobs were mediated.

Poland may meet EU's budget deficit limit in 2012

February 8, 2010
(Bloomberg)

Poland may fulfill EU demands to cut its budget deficit below the 3% of GDP cap required for euro adoption in 2012 as economic growth accelerates.

The government raised its growth forecast to 3% this year from an earlier 1.2% estimate, said the official, who declined to be named because the forecasts haven't been officially approved. Output may expand more than 4% in 2011 and 2012, helping trim the gap to 6.9% of GDP in 2010 and 2.9% in 2012 from 7.2% in 2009, he said.

10-year bonds worth USD 2 bn were sold by Lithuania

February 5, 2010
(Baltic Business news)

The Lithuanian government successfully placed a bond issue worth USD 2 bn in international markets. The 10-year dollar bond was priced to yield 7.6%.

Lithuania is borrowing to help plug a budget deficit estimated at 8.1% of GDP this year after the Baltic economy slumped an annual 13% in the fourth quarter. The government of Prime Minister Andrius Kubilius cut budget spending and increased taxes to save about 8% of GDP last year. A further fiscal consolidation of 5% of GDP in this year's budget is also planned.

The country last sold dollar bonds in October, when it raised USD 1.5 bn in five-year securities.

Estonian CPI down 0.7% year of year in January

February 5, 2010
(ELTA)

The consumer price index decreased 0.7% in January 2010 compared to January of the previous year and increased 0.4% compared to December. Goods were 0.5% more expensive and services 2.8% cheaper compared to January 2009. Food products were 3.9% cheaper and manufactured goods 4.6% more expensive.

Compared to January of the previous year, the prices of motor fuel have increased the most (36.9%), which also had the biggest influence on the index. The index was more notably influenced also by the 6.2% cheaper food and by the 11.5% cheaper heat energy.

In January compared to December, the CPI was mainly influenced by higher prices of motor fuel and food, as well as by sales of clothing and footwear. Compared to December, the prices of heating oil increased the most (18.1%) and the prices of flight tickets decreased the most (13.8%).

IMF sees Lithuania's GDP to grow 1.6% in 2010

February 5, 2010
(ELTA)

IMF predicts that the crisis-hit economies of the Baltic States will start growing next year, though the growth of GDP would not be a large one. Mark Allen, the IMF's senior regional representative for Central and Eastern Europe said unemployment levels in Estonia, Latvia and Lithuania would continue to rise in 2010 while wages would shrink.

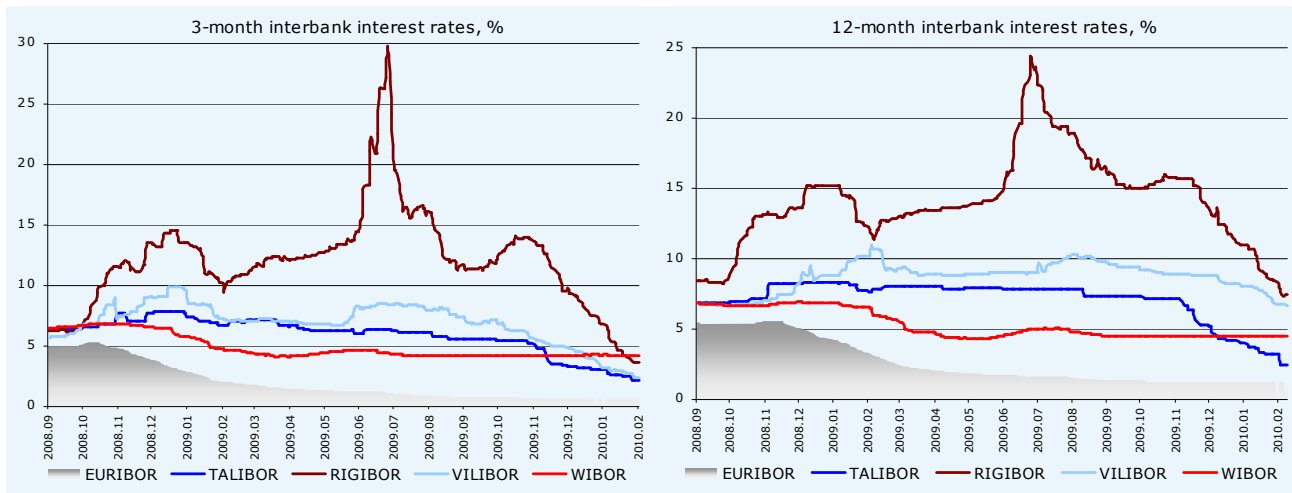
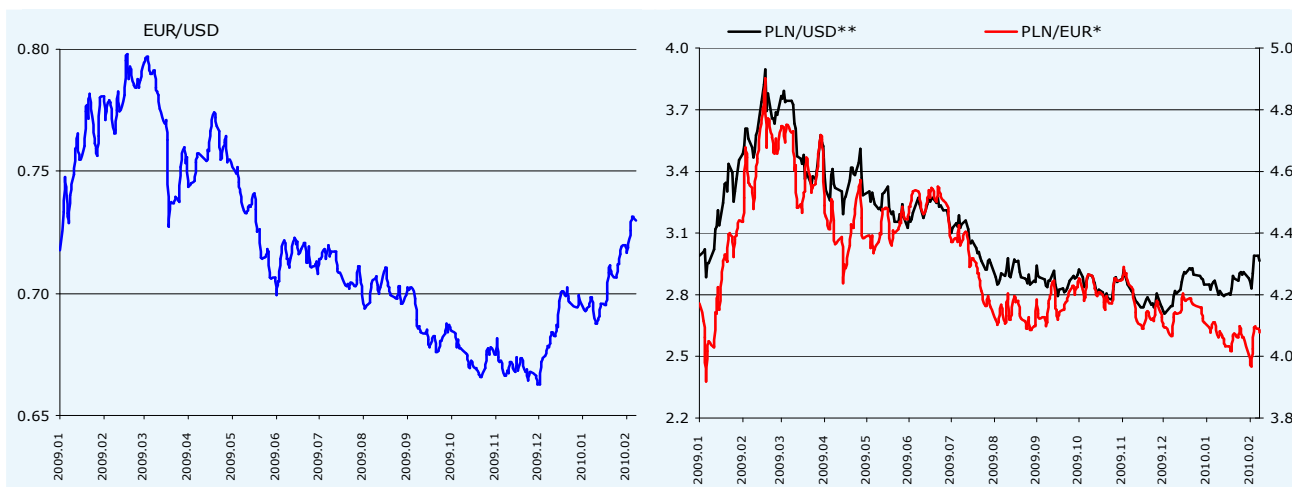
The IMF forecasts that this year Lithuania's GDP will go up by 1.6%, the Latvian economy will go down by 4% and the Estonian economy will fall by 0.1%.

Allen said the IMF had been impressed by the determination of authorities in the Baltics to deal with their budget shortfalls - a key element in meeting the criteria for entry into the euro zone. "We can be hopeful that Estonia will make it into the euro zone soon," the IMF representative said.

Name	Overall Score	Business Freedom	Trade Freedom	Fiscal Freedom	Government Spending	Monetary Freedom	Investment Freedom	Financial Freedom	Property Rights	Freedom From Corruption	Labor Freedom
Albania	66	68	85.8	92.6	74.2	78.7	70	70	35	34	52.1
Armenia	69.2	83.4	80.5	89.3	90.9	72.9	75	70	30	29	70.6
Austria	71.6	73.6	87.5	51.2	28.8	79.3	75	70	90	81	79.1
Belarus	48.7	72.1	80.3	85.2	32	62.6	20	10	20	20	84.8
Belgium	70.1	92.9	87.5	42.2	30	77.9	80	70	80	73	67.1
Bosnia and Herzegovina	56.2	61.3	80.8	83.2	28.8	74.7	70	60	10	32	61.2
Bulgaria	62.3	77.8	87.4	86.3	48.3	69.5	50	60	30	36	78.1
Croatia	59.2	61.5	87.8	70.3	47.1	75.8	65	60	40	44	40.8
Cyprus	70.9	80.3	82.5	72.7	44.8	82.9	70	70	80	64	61.5
Czech Republic	69.8	65.5	87.5	80.1	45.6	75.6	70	80	65	52	76.4
Denmark	77.9	97.9	87.5	35.9	22	79.3	90	90	90	93	93.7
Estonia	74.7	83.1	87.5	80.2	62.2	71.1	90	80	80	66	47
Finland	73.8	95	87.5	65.4	32.9	78.9	75	80	90	90	43.8
France	64.2	86.3	82.5	51.9	17.9	79.7	50	70	80	69	54.7
Georgia	70.4	87.9	89.1	89.1	65.3	70.2	70	60	40	39	93.7
Germany	71.1	89.6	87.5	58.3	41.4	79.9	85	60	90	79	39.9
Greece	62.7	77.4	82.5	65.9	41.9	77.6	60	60	60	47	55.1
Hungary	66.1	76.8	87.5	68.6	25.9	74.1	75	70	65	51	67.6
Iceland	73.7	93	87.9	75.4	45.8	69.9	65	60	90	89	60.8
Ireland	81.3	92.8	87.5	71.1	61.8	79	95	80	90	77	79
Italy	62.7	77.9	87.5	55.2	31.2	79	75	60	55	48	58.2
Latvia	66.2	72.9	87.5	82.7	57.4	67	80	50	55	50	59.1
Liechtenstein	-	-	-	-	-	-	-	-	-	-	-
Lithuania	70.3	82	87.5	84.6	63.5	70.8	75	80	55	46	58.5
Luxembourg	75.4	75.1	87.5	65.9	58.5	78.9	95	80	90	83	40.4
Macedonia	65.7	65.2	83.3	89.3	65.9	79	60	60	35	36	83.1
Malta	67.2	70	87.5	62.5	45.6	78.1	70	60	80	58	60
Moldova	53.7	70.2	79.9	85.1	43	67.5	30	50	40	29	42.7
Montenegro	63.6	70.1	83.2	90	54.4	73.2	55	50	40	34	86.4
Norway	69.4	88.8	89.2	50.5	49.8	74.2	65	60	90	79	47.1
Poland	63.2	62.2	87.5	74.9	46.8	78.1	60	60	55	46	61.5
Portugal	64.4	80.5	87.5	61	37.1	79.7	70	60	70	61	37
Romania	64.2	72.5	87.5	85.8	59.8	73.3	75	50	40	38	60.4
Russia	50.3	52.2	68.4	82.3	66.5	62.6	25	40	25	21	59.6
Serbia	56.9	58.9	75.2	83.2	41.4	64.5	50	50	40	34	72.2
Slovakia	69.7	72.6	87.5	84	64.5	78.2	70	70	55	50	65.1
Slovenia	64.7	83.3	87.5	64	46.1	76	70	50	60	67	43.5
Spain	69.6	75.8	87.5	58.1	54.8	77.7	80	80	70	65	47.3
Sweden	72.4	95.5	87.5	36.7	17.3	79.5	85	80	95	93	54.9
Switzerland	81.1	81.2	90	68.2	68.9	81.3	80	80	90	90	81.8
The Netherlands	75	82.6	87.5	52	38.4	81	90	80	90	89	59.1
Turkey	63.8	68.9	86.4	78.1	82.9	70	65	50	50	46	41.1
Ukraine	46.4	38.7	82.6	77.9	41.1	61.2	20	30	30	25	57.7
United Kingdom	76.5	94.9	87.5	61.8	41.9	73.7	90	80	85	77	72.8

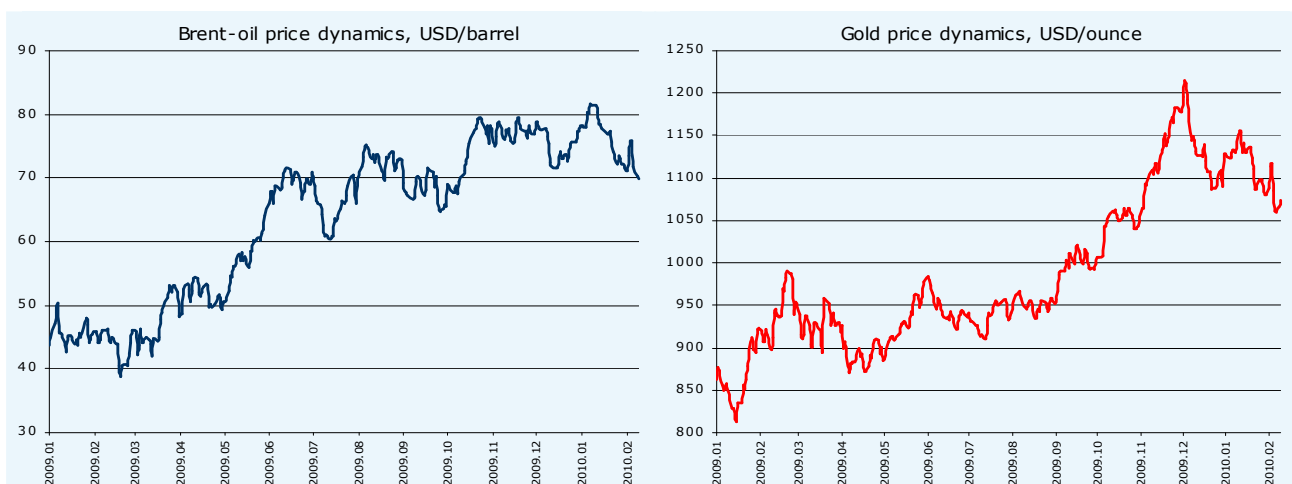
Note: The Index of Economic Freedom is a series of 10 economic measurements created by the Heritage Foundation and Wall Street Journal. Its stated objective is to measure the degree of economic freedom in the world's nations. Ten components of economic freedom (Business Freedom, Trade Freedom, Fiscal Freedom, Government Spending, Monetary Freedom, Investment Freedom, Financial Freedom, Property rights, Freedom from Corruption, Labor Freedom) are measured, assigning a grade in each using a scale from 0 to 100, where 100 represents the maximum freedom. The ten component scores are then averaged to give an overall economic freedom score for each country.

Source: <http://www.heritage.org/index/Explore.aspx?view=by-region-country-year>

Interbank
interest
ratesExchange
ratesChanges per
week

	EUR	EEK	LVL	LTL	PLN
2010.02.08					
EUR	1.0000 -	15.6466 =	0.7086 ↓	3.4528 =	4.0779 ↑
USD	0.7299 ↑	11.4200 ↑	0.5172 ↑	2.5202 ↑	2.9673 ↑

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

Commodity
prices

Source: Reuters, EcoWin

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