



February 18, 2010 No. 286

- **Estonian economy fell 9.4% y-o-y in Q4**
- **Estonia down to 35th in competitiveness rank, the best result among the Baltics and Poland**
- **The current account surplus in Latvia amounted to 8.8% of GDP in 2009**
- **Lithuanian Labor Exchange: despite economic stabilization the unemployment will grow in 2010**

Main Macroeconomic and Financial Indicators of ESTONIA

	2008	2009	2009				2010
			Q1	Q2	Q3	Q4	
Real sector							
Real GDP, yoy, %	-3.6	:	-15.0	-16.1	-15.6	-9.4	:
Nominal GDP per capita, EUR thou	12.0	:	11.6	11.0	10.5	:	:
Industrial production index, wda, yoy, % ¹⁾	-6.16	-26.15	-28.4	-32.2	-27.3	-15.24	:
Volume index of construction production, wda, yoy, %	-15.4	:	-31.3	-28.4	-28.5	:	:
Retail trade (excl. motor vehicles and motorcycles), deflated turnover index, yoy, %	-4.5	-18.3	-17.1	-16.7	-20.7	-18.6	:
Gross fixed capital formation, yoy, % ¹⁾	-12.1	:	-27.3	-38.8	-37.0	:	:
Prices							
HICP, eop, yoy, %	7.5	-1.9	2.5	-0.5	-1.7	-1.9	:
PPI, eop, yoy, %	5.2	-1.9	1.0	-1.2	-1.6	-1.9	:
Labour market							
Average gross monthly earnings, yoy, %	13.9	:	-1.5	-4.4	-5.9	:	:
Unemployment rate, sa, LFS, %	5.5	14.0	11.0	13.3	15.2	:	:
External trade & external position							
Exports of goods, yoy, % ¹⁾	-0.4	:	-18.3	-12.7	-9.6	:	:
Imports of goods, yoy, % ¹⁾	-10.3	:	-28.9	-31.9	-25.7	:	:
Current account balance, % of GDP	-9.4	:	-0.4	6.4	6.6	:	:
FDI inflow, % of GDP	8.2	:	5.5	0.7	2.2	:	:
FDI per capita, eop, EUR	8441.1	:	8469.2	8058.5	7942.6	:	:
International reserves per capita, eop, EUR	2103.2	2063.0	1982.5	2005.7	1842.2	2063.0	2047.7 (Jan)
Financial market							
Average interest rates on new loans in LCU, eop, %	10.7	11.5	21.8	16.3	13.0	11.5	:
Average interest rates on new term deposits in LCU, eop, %	6.7	3.2	5.5	5.2	4.6	3.2	:
Loans to households and non-financial corporations, yoy, %	8.5	-3.8	3.8	-0.1	-3.2	-3.8	:
Housing loan portfolio, yoy, %	11.5	-1.8	6.7	2.2	-0.7	-1.8	:
Loans to households and private non-financial corporations, eop, % of GDP	92.3	:	94.5	98.6	102.3	:	:
Deposits, yoy, %	2.7	2.6	4.8	3.2	1.0	2.6	:
Economic sentiments							
Economic sentiments, total index, eop	69.0	93.7	72.8	79.0	87.4	93.7	95.0 (Jan)
Consumer sentiments, eop	-31.0	-18.2	-38.0	-29.8	-18.4	-18.2	-15.8 (Jan)

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

Estonian budget surplus widened in January

February 15, 2010
(Baltic Business News, Bloomberg)

Estonia's central government budget surplus widened in January from a year earlier, helped by stock-building of alcohol, tobacco and fuel ahead of tax increases.

Revenue exceeded spending by 1.8 billion EEK on a cash basis. In January 2009, the surplus was 246 million EEK, according to ministry data.

Alcohol, tobacco and fuel tax receipts in January totaled 19%, 43% and 15% of the annual plan respectively, the ministry said on Feb. 5, citing the stocking up of goods in December ahead of tax increases.

The minority government of Prime Minister Andrus Ansip aims to reduce the overall deficit, which includes central government, local government and social insurance funds, to 2.2% of GDP this year from an expected 2.6% of GDP in 2009. The government wants to convince the European Commission that its cuts are sustainable to ensure euro entry in 2011.

Labor Exchange: despite economic stabilization the unemployment in Lithuania will grow in 2010

February 12, 2010
(ELTA)

Labor Exchange experts forecast that the unemployment rate in Lithuania will continue to grow in 2010, although economic development will be positive, however, the growth will not be as significant as in 2009. This year, the average registered unemployment rate will stand at 12-13%.

Territorial disparities in unemployment will remain unchanged. The unemployment rate will exceed 15% in Mazeikiai, Telsiai and Salcininkai. The lowest unemployment is predicted for Kedainiai, Trakai and Pakruojis - up to 8%.

The unemployment will not increase in the biggest cities. The average annual unemployment will stand at around 2-3% in the biggest cities. In Kaunas, unemployment will remain unchanged, that is, will remain the same as in 2009. It is predicted, that there will be 360-370,000 of unemployed people registered.

Latvia's current account surplus last year - 8.8% of GDP

February 12, 2010
(ELTA)

According to preliminary data from the Bank of Latvia, the current account surplus in Latvia in 2009 amounted to 8.8% of GDP. In the 4th quarter of 2009, it was 9.7% of GDP, while the excess of goods and services exports over imports reached 2.5% of GDP.

The Bank of Latvia's economic expert Arturs Kanepajs emphasizes that for Latvia as a small and open economy, this indicator definitely points to an on-going economic stabilization, suggesting that the country is earning more foreign currency by exports than it spends on imports.

For 2010, the Bank of Latvia projects a somewhat larger current account surplus (11.3% of GDP) and the excess of exports over imports (4.8% of GDP); it is in the first quarter that the improvements in exports are expected to be coupled with a steep rise in these indicators due to seasonal factors.

Estonian unemployment at record high in Q4

February 12, 2010
(Baltic Business News)

Estonia's unemployment rate rose in the fourth quarter to 15.5%, the highest level since the country gained independence in 1991 after declining consumption and government austerity measures led to more job cuts.

According to Statistics Estonia, the rate rose to 15.5%, the highest on record dating back to the first quarter of 1997, from 14.6% in the previous three months. The number of unemployed increased to 107,000 from 102,000.

Estonia's unemployment has risen at the second-fastest pace in the 27-member EU, according to the Eurostat statistics office. The minority Cabinet of Prime Minister Andrus Ansip has made its main task stopping growth of unemployment by the end of the year, former Prime Minister and the head of junior coalition party Isamaa ja Res Publica Liit, Mart Laar, said last month.

Consumer prices grew 1.3% in Lithuania in January m-o-m

February 12, 2010
(BNS)

The consumer prices rose by 1.3% in Lithuania in January as compared to December 2009, the Statistics Department reported. In January the consumer price index shrank by 0.1% y-o-y, while the average annual inflation made up 3.6%.

The Statistics Department forecast that the country's EU-harmonized monthly inflation rate in January would be 1%. The 12-month inflation rate, as measured by the EU Harmonized Index of Consumer Prices (HICP), would be -0.4%, and the average annual inflation rate would be 3.3%.

Estonia's economy fell 9.4% in Q4

February 11, 2010
(ELTA)

According to Statistics Estonia, by flash estimate, GDP of Estonia decreased by 9.4% in Estonia in the 4th quarter of 2009 compared to the same quarter in the previous year. In the 1st quarter the GDP decreased by 15%, in the 2nd quarter by 16.1% and in the 3rd quarter by 15.6%.

Compared to the 3rd quarter, the seasonally and working-day adjusted GDP increased by 2.6% in the 4th quarter.

Substantially bigger receipts of excise taxes than customary due to the stocking up of excise goods before the rise of excise taxes since the 1st of January 2010 contributed largely to the deceleration of the decrease in the GDP.

The decrease of the value added of the industrial sector decelerated to -17% (in the 3rd quarter the decrease was -28%), largely based on convalesce of external demand. Deceleration of the decrease in exports of goods of manufacturing and total economy continued in the 4th quarter. Whereas the domestic demand was small, domestic orders of the manufacturing production continually decreased. Sales of manufacturing on the domestic market were still in a downtrend, although evinced signs of slight improvement. At the same time, one reason for the improvement of the situation is the low comparing base period of the 4th quarter 2008, when the value added of manufacturing steeply decreased.

Poland overspending EU funds

February 11, 2010
(Warsaw Voice)

Poland exceeded the 2004-2006 EU funds pool, i.e. 7%, which will be covered by the state budget, Regional Development Ministry informed.

Most of the 2.4 billion PLN overspendings has been devoted to road and railway construction, as well as regional development support. This situation is a result of strong fluctuations of the EUR/PLN exchange rate in the latest months.

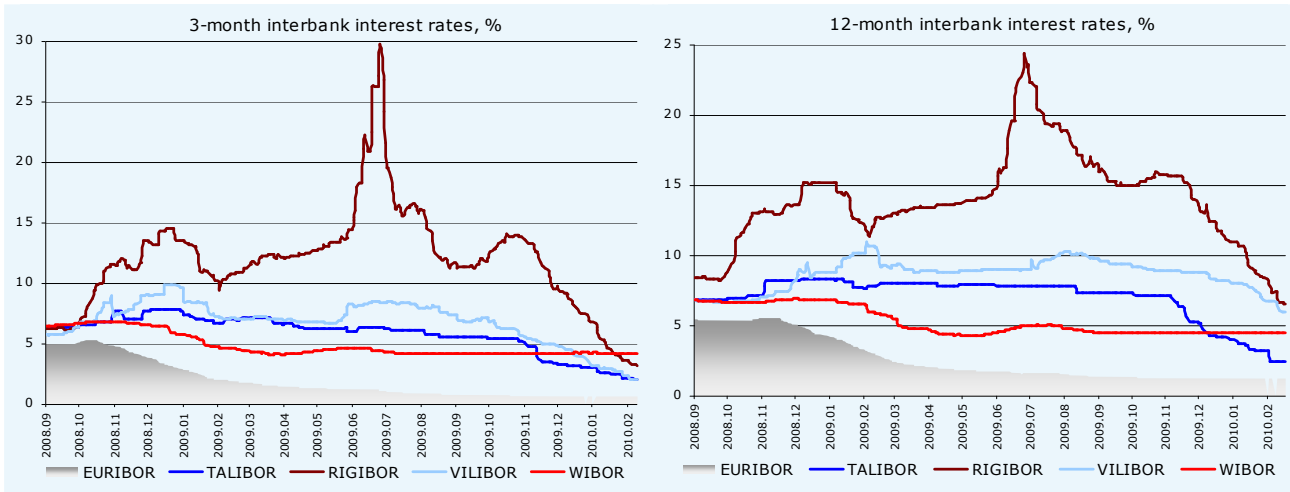
Country/Economy	GCI 2009 -2010 Rank	GCI 2009 -2010 Score	GCI 2008 - 2009 Rank*	Country/Economy	GCI 2009 -2010 Rank	GCI 2009 -2010 Score	GCI 2008 - 2009 Rank*
Switzerland	1	5.6	2	Latvia	68	4.06	54
United States	2	5.59	1	Colombia	69	4.05	74
Singapore	3	5.55	5	Egypt	70	4.04	81
Sweden	4	5.51	4	Greece	71	4.04	67
Denmark	5	5.46	3	Croatia	72	4.03	61
Finland	6	5.43	6	Morocco	73	4.03	73
Germany	7	5.37	7	Namibia	74	4.03	80
Japan	8	5.37	9	Vietnam	75	4.03	70
Canada	9	5.33	10	Bulgaria	76	4.02	76
Netherlands	10	5.32	8	El Salvador	77	4.02	79
Hong Kong SAR	11	5.22	11	Peru	78	4.01	83
Taiwan, China	12	5.2	17	Sri Lanka	79	4.01	77
United Kingdom	13	5.19	12	Guatemala	80	3.96	84
Norway	14	5.17	15	Gambia, The	81	3.96	87
Australia	15	5.15	18	Ukraine	82	3.95	72
France	16	5.13	16	Algeria	83	3.95	99
Austria	17	5.13	14	Macedonia, FYR	84	3.95	89
Belgium	18	5.09	19	Argentina	85	3.91	88
Korea, Rep.	19	5	13	Trinidad and Tobago	86	3.91	92
New Zealand	20	4.98	24	Philippines	87	3.9	71
Luxembourg	21	4.96	25	Libya	88	3.9	91
Qatar	22	4.95	26	Honduras	89	3.86	82
United Arab Emirates	23	4.92	31	Georgia	90	3.81	90
Malaysia	24	4.87	21	Jamaica	91	3.81	86
Ireland	25	4.84	22	Senegal	92	3.78	96
Iceland	26	4.8	20	Serbia	93	3.77	85
Israel	27	4.8	23	Syria	94	3.76	78
Saudi Arabia	28	4.75	27	Dominican Republic	95	3.75	98
China	29	4.74	30	Albania	96	3.72	108
Chile	30	4.7	28	Armenia	97	3.71	97
Czech Republic	31	4.67	33	Kenya	98	3.67	93
Brunei Darussalam	32	4.64	39	Nigeria	99	3.65	94
Spain	33	4.59	29	Tanzania	100	3.59	113
Cyprus	34	4.57	40	Pakistan	101	3.58	101
Estonia	35	4.56	32	Suriname	102	3.57	103
Thailand	36	4.56	34	Benin	103	3.56	106
Slovenia	37	4.55	42	Guyana	104	3.56	115
Bahrain	38	4.54	37	Ecuador	105	3.56	104
Kuwait	39	4.53	35	Bangladesh	106	3.55	111
Tunisia	40	4.5	36	Lesotho	107	3.54	123
Oman	41	4.49	38	Uganda	108	3.53	128
Puerto Rico	42	4.48	41	Bosnia and Herzegovina	109	3.53	107
Portugal	43	4.4	43	Cambodia	110	3.51	109
Barbados	44	4.35	47	Cameroon	111	3.5	114
South Africa	45	4.34	45	Zambia	112	3.5	112
Poland	46	4.33	53	Venezuela	113	3.48	105
Slovak Republic	47	4.31	46	Ghana	114	3.45	102
Italy	48	4.31	49	Nicaragua	115	3.44	120
India	49	4.3	50	Côte d'Ivoire	116	3.43	110
Jordan	50	4.3	48	Mongolia	117	3.43	100
Azerbaijan	51	4.3	69	Ethiopia	118	3.43	121
Malta	52	4.3	52	Malawi	119	3.42	119
Lithuania	53	4.3	44	Bolivia	120	3.42	118
Indonesia	54	4.26	55	Madagascar	121	3.42	125
Costa Rica	55	4.25	59	Tajikistan	122	3.38	116
Brazil	56	4.23	64	Kyrgyz Republic	123	3.36	122
Mauritius	57	4.22	57	Paraguay	124	3.35	124
Hungary	58	4.22	62	Nepal	125	3.34	126
Panama	59	4.21	58	Timor-Leste	126	3.26	129
Mexico	60	4.19	60	Mauritania	127	3.25	131
Turkey	61	4.16	63	Burkina Faso	128	3.23	127
Montenegro	62	4.16	65	Mozambique	129	3.22	130
Russian Federation	63	4.15	51	Mali	130	3.22	117
Romania	64	4.11	68	Chad	131	2.87	134
Uruguay	65	4.1	75	Zimbabwe	132	2.77	133
Botswana	66	4.08	56	Burundi	133	2.58	132
Kazakhstan	67	4.08	66				

*The 2008 - 2009 rank is out of 134 countries. One country covered last year, Moldova, had to be excluded this year for lack of Survey data.

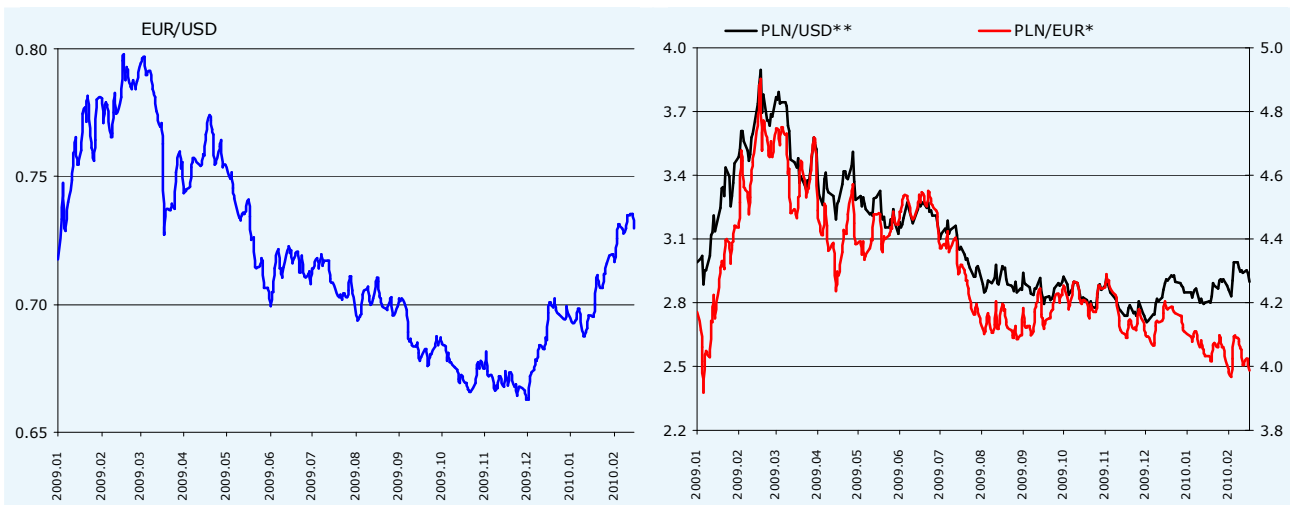
Notes: The yearly Global Competitiveness Report "assesses the ability of countries to provide high levels of prosperity to their citizens. This in turn depends on how productively a country uses available resources. Therefore, the Global Competitiveness Index (GCI) measures the set of institutions, policies, and factors that set the sustainable current and medium-term levels of economic prosperity." GCI is based on the latest theoretical and empirical research. It is made up of over 90 variables, of which two thirds come from the Executive Opinion Survey, and one third comes from publicly available sources such as the United Nations. The variables are organized into nine pillars (Institutions, Infrastructure, Macro economy, Health and primary education, Higher education and training, Market efficiency, Technological readiness, Business sophistication, Innovation) with each pillar representing an area considered as an important determinant of competitiveness. Also in the calculation of the GCI, pillars are given different weights depending on the per capita income of the nation.

Sources: <http://gcr.weforum.org/gcr09/>

Interbank interest rates



Exchange rates

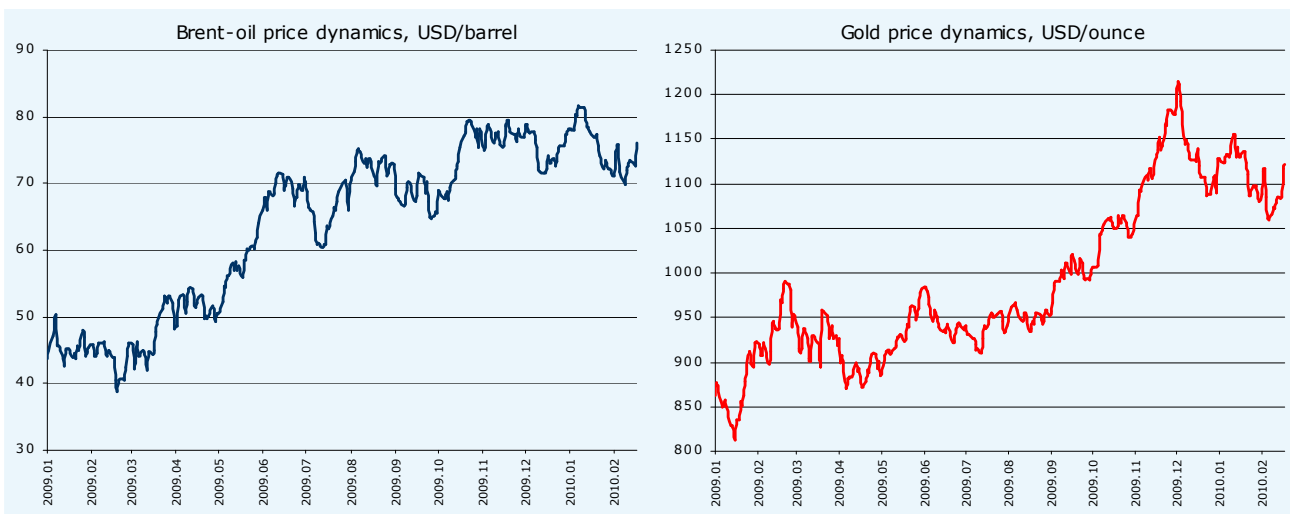


Changes per week

	EUR	EEK	LVL	LTL	PLN
2010.02.16					
EUR	1.0000 -	15.6466 =	0.7089 ↓	3.4528 =	3.9878 ↓
USD	0.7299 ↑	11.4200 ↑	0.5174 ↑	2.5201 ↑	2.9007 ↓

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

Commodity prices



Source: Reuters, EcoWin

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