



March 3, 2010 No. 288

- In 2009 Estonian exports decreased 24% and imports 33% compared to 2008
- Lithuanian unemployment rate rose to 15.6% in Q4
- Average monthly earnings in Latvia dropped by 3.9% y-o-y in 2009
- Govt official: Poland's deficit is expected to shrink this year

### Main Macroeconomic and Financial Indicators of LITHUANIA

	2008	2009	2009				2010
			Q1	Q2	Q3	Q4	
<b>Real sector</b>							
Real GDP, yoy, %	2.8	-15.0	-13.1	-19.7	-14.2	-12.8	:
Nominal GDP per capita, EUR thou	9.6	8.0	9.3	8.9	8.4	8.0	:
Industrial production index, wda, yoy, % <sup>1)</sup>	4.9	-14.4	-13.4	-20.2	-15.1	-8.6	:
Volume index of construction production, wda, yoy, %	4.1	-47.9	-42.8	-48.0	-49.3	-52.3	:
Retail trade (excl. motor vehicles and motorcycles), deflated turnover index, yoy, %	3.8	-21.5	-18.3	-19.6	-21.4	-26.5	:
Gross fixed capital formation, yoy, % <sup>1)</sup>	-6.5	:	-38.5	-40.9	-41.4	:	:
<b>Prices</b>							
HICP, eop, yoy, %	8.5	1.2	7.4	3.9	2.3	1.2	-0.3 (Jan)
PPI, eop, yoy, %	-6.9	1.4	-11.5	-16.7	-19.5	1.4	3.6 (Jan)
<b>Labour market</b>							
Average gross monthly earnings, yoy, %	19.4	-4.6	1.9	-2.9	-7.7	-8.7	:
Unemployment rate, sa, LFS, %	5.8	13.7	10.9	13.5	14.6	15.6	:
<b>External trade &amp; external position</b>							
Exports of goods, yoy, % <sup>1)</sup>	13.8	-21.5 <sup>f</sup>	-12.0	-23.6	-16.4	:	:
Imports of goods, yoy, % <sup>1)</sup>	8.9	-37.0 <sup>f</sup>	-33.7	-34.8	-31.4	:	:
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	1394	1287	1331	1373	1385	1424 (Jan)
<b>Financial market</b>							
Average interest rates on new loans in LCU, eop, %	10.1	8.1	8.2	10.0	8.4	8.1	6.7 (Jan)
Average interest rates on new term deposits in LCU, eop, %	7.7	4.8	6.1	7.1	6.5	4.8	4.3 (Jan)
Loans to households and non-financial corporations, yoy, %	17.9	-7.1	10.3	1.5	-4.6	-7.1	:
Housing loan portfolio, yoy, %	24.9	-0.5	17.6	9.1	2.7	-0.5	:
Loans to households and private non-financial corporations, eop, % of GDP	59.3	66.2	60.2	61.6	64.1	66.2	:
Deposits, yoy, %	-0.3	4.8	0.6	-2.4	-5.9	4.8	3.9 (Jan)
<b>Economic sentiments</b>							
Economic sentiments, total index, eop	85.7	83.7	73.9	78.0	79.2	83.7	89.8 (Feb)
Consumer sentiments, eop	-50.0	-47.7	-53.4	-44.5	-42.1	-47.7	-41.2 (Feb)

**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

## Retail trade dropped 21.8% in Lithuania in January 2010

March 2, 2010  
(ELTA)

Lithuanian domestic trade turnover (at constant prices) in January of this year decreased by 21.8% comparing to December 2009. In January 2010 the turnover of retail trade enterprises, except for those trading in motor vehicles and motorcycles, dropped by 20.4% m-o-m. The turnover of enterprises trading in non-food products dropped by a fourth, those trading in food products - by 17.8%.

The turnover of enterprises engaging in retail trade, wholesale and retail trade and repair of motor vehicles and motorcycles in January 2010 shrank by 12.2% y-o-y. The turnover of food and beverage service enterprises dropped by 22.1%.

## Latvia still has the highest unemployment in EU

March 1, 2010  
(ELTA)

The average seasonally-adjusted unemployment rate in Latvia in January was 22.9%, as Latvia registered the highest unemployment rate in the EU for the fifth month in a row, according to the latest data from Eurostat. Up until last September, unemployment in Latvia was the second highest in the EU, second only to Spain, while in 2007 and the first half of 2008 it was among the lowest in the EU, and lower than the average for the EU as a whole.

The next highest unemployment rates in December were registered in Spain (18.8%), Estonia (15.5% - fourth quarter), Lithuania (14.6% - third quarter), Slovakia (13.8%) and Ireland (13.7%). According to data from the Latvian State Employment Agency, the registered unemployment rate in Latvia at the end of January stood at 16.6%.

## Govt official: Poland's deficit may shrink this year

March 1, 2010  
(WBJ)

Government officials admit that the economic forecasts included in the budget may prove too conservative.

"There is a chance that this year's budget deficit will be several bn PLN lower (than expected) thanks to the macroeconomic situation," said Deputy Finance Minister Ludwik Kotecki.

The government has assumed in the budget that this year's deficit will total PLN 52.2 bn, with 1.2% growth in GDP.

The latter estimate is less than half the 3% growth rate forecast in the government's convergence plan, presented to the European Commission.

## NBP releases inflation, GDP and employment figures

March 1, 2010  
(WBJ)

According to forecasts by the National Bank of Poland, inflation this year will be at 1.8%, rising to 2.4% next year and 3.5% in 2012.

Also GDP will increase annually by 3.1%, then 2.9%, then 3.1% over the next three years.

At the same time, the bank's economists predict that gross pay will increase 4.1% this year, 3.9% next and 5.3% the year after, although unemployment will continue to rise until mid 2011.

## Estonian construction volume decreased more than a fourth in 2009

March 1, 2010  
(ELTA)

According to preliminary data of Statistics Estonia, in 2009 the total production of Estonian construction enterprises in Estonia and in foreign countries amounted to EEK 23.5 bn, which is 28% less than a year earlier. The construction volumes which had started to decline in 2008 kept decreasing last year.

According to the data of the Construction Works Register, the number of dwelling completions in 2009 was 3,026 - 2,274 dwellings less than in 2008. The average floor area per dwelling increased compared to the previous year because the share of one-family houses grew. In 2009, the average floor area of a completed dwelling was 101 square meters, the year earlier 87. The majority of completed dwellings were situated in Tallinn, followed by the neighboring rural municipalities of Tallinn and Tartu country.

## Estonia's exports fell 24%, imports 33% in 2009

February 26, 2010  
(Baltic Business News)

According to Statistics Estonia, in 2009 the exports decreased 24% and imports 33% compared to 2008. The value of exports was EEK 101.3 bn and value of imports was EEK 114.1 bn in current prices. Compared to 2008, the value of exports decreased by EEK 31.1 bn and imports by EEK 56 bn.

The trade deficit was announced as EEK 12.8 bn, which was threefold smaller than in the previous year.

In December 2009 the value of exports of goods was EEK 8.6 bn. Exports decreased 1% compared to December of 2008. The value of imports was EEK 10.2 bn, imports declined by 13% compared to December 2008. The decline in both exports and imports was mainly caused by the decrease in trade with machinery and equipment.

## Lithuania's economy grows for second quarter as exports recover

February 26, 2010  
(Baltic Business News)

Lithuania's economy grew for a second quarter in the final three months of last year on stronger industrial output and recovering exports, signaling the worst recession since independence in 1990 has passed.

Output rose a seasonally adjusted 0.5% after expanding 1% in the third quarter, when it snapped a yearlong decline, the statistics office said. Gross domestic product shrank a revised 12.8% from a year earlier, compared with a preliminary estimate of 13%.

An easing slump in industrial production is signaling that the economy may be turning toward a recovery after enduring the second-steepest recession in the European Union last year. For all of 2009, GDP fell 15% after growing 2.8% in 2008.

Industrial output, representing 20% of the economy, shrank an annual 8.3% in the quarter, improving from a 14.7% drop in the third. Production had faltered as businesses adjusted to tighter credit conditions by pushing through wage cuts to stay competitive.

## Lithuanian unemployment rate rose to 15.6%

February 25, 2010  
(Baltic Business News)

A labor-force survey showed that Lithuania's unemployment rate rose in the fourth quarter to the highest in at least six years as the economy struggled through its worst recession in two decades.

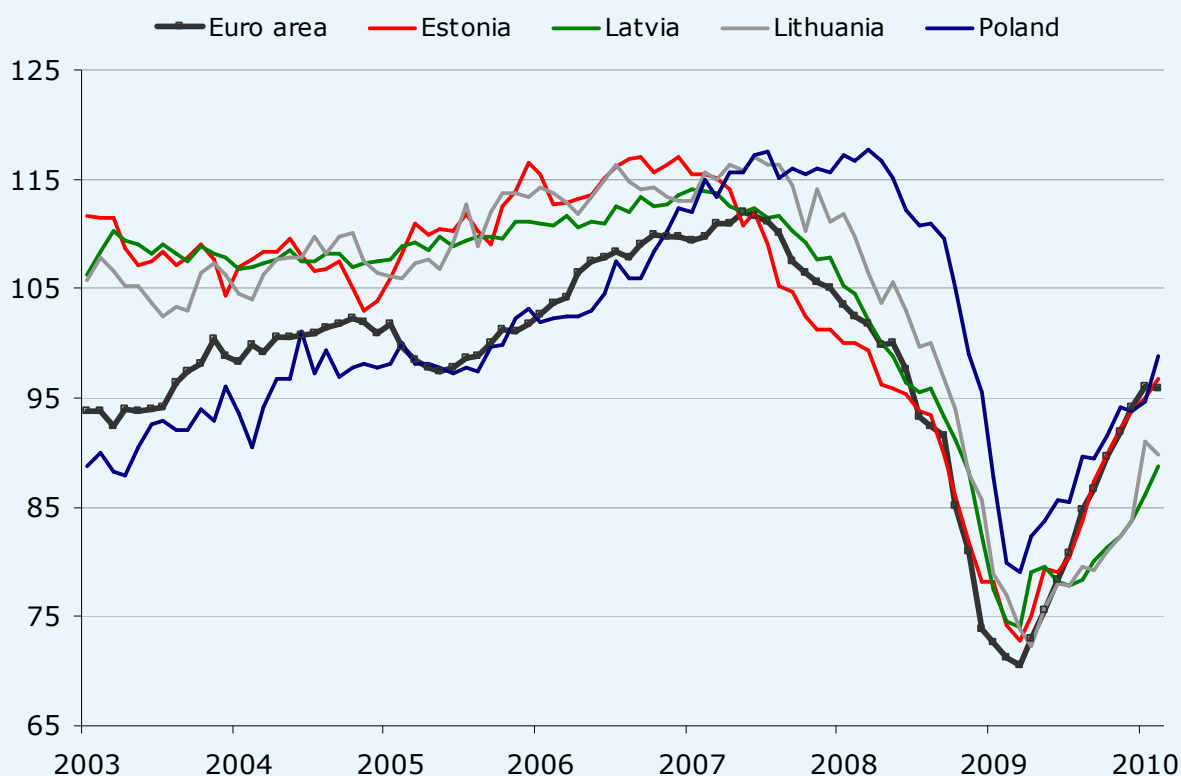
The jobless rate rose to 15.6% from 13.8% in the previous three months, the Statistics office said. The rate was 7.9% in the same period last year.

Unemployment is rising after the Baltic state's economy contracted 13% in the fourth quarter. Weakening domestic demand and the stalled construction industry are prompting businesses to cut jobs.

The average annual unemployment rate in 2009 rose to 13.7% from 5.8% in 2008.

	2007	2008	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Jan	2010 Feb
Europe	107.1	72.9	68.0	77.1	87.0	95.0	97.2	97.4
Euro area	105.0	73.9	70.6	78.3	86.7	94.1	96.0	95.9
Belgium	106.3	75.8	73.8	80.5	87.4	97.1	97.7	98.1
Bulgaria	112.1	92.6	88.7	83.6	84.0	88.4	86.7	86.4
Czech Republic	107.7	83.1	78.7	83.0	85.1	90.0	91.5	93.7
Denmark	106.0	74.5	68.3	85.7	94.3	99.3	105.2	105.7
Germany	105.6	80.0	75.2	80.1	89.3	95.5	96.1	97.0
<b>Estonia</b>	<b>101.3</b>	<b>78.1</b>	<b>72.8</b>	<b>79.0</b>	<b>87.4</b>	<b>93.7</b>	<b>95.0</b>	<b>96.7</b>
Greece	105.3	70.9	60.4	72.3	75.7	75.9	76.1	72.4
Spain	97.8	71.9	73.1	79.9	84.7	88.7	89.0	90.1
France	108.8	77.6	76.1	83.2	89.9	98.6	100.3	98.4
Italy	101.3	75.7	70.7	83.2	88.8	97.2	101.4	99.7
Cyprus	104.6	88.6	73.3	81.7	81.1	79.7	80.0	80.8
<b>Latvia</b>	<b>107.8</b>	<b>82.4</b>	<b>74.0</b>	<b>78.2</b>	<b>80.1</b>	<b>83.7</b>	<b>86.2</b>	<b>88.8</b>
<b>Lithuania</b>	<b>111.2</b>	<b>85.7</b>	<b>73.9</b>	<b>78.0</b>	<b>79.2</b>	<b>83.7</b>	<b>91.0</b>	<b>89.8</b>
Luxembourg	104.9	69.8	69.4	75.5	84.9	92.3	85.6	92.3
Hungary	96.8	71.1	58.9	70.0	76.3	84.0	87.8	88.5
Malta	110.7	83.4	81.2	84.9	90.4	98.7	95.4	97.9
Netherlands	110.2	74.7	66.5	74.2	84.5	90.7	93.4	94.3
Austria	107.4	81.0	73.5	77.6	88.3	94.6	95.5	97.8
<b>Poland</b>	<b>115.7</b>	<b>95.5</b>	<b>79.0</b>	<b>85.7</b>	<b>89.5</b>	<b>93.7</b>	<b>94.6</b>	<b>98.8</b>
Portugal	102.5	77.8	73.0	76.8	90.8	86.6	92.6	91.0
Romania	107.4	92.0	77.8	79.7	76.9	80.4	80.0	80.9
Slovenia	110.9	77.2	69.9	78.3	84.3	87.6	92.3	90.4
Slovak Republic	104.5	79.7	68.6	73.7	81.2	92.2	92.4	93.3
Finland	103.7	78.5	77.7	82.1	90.6	98.3	99.4	102.8
Sweden	110.5	82.6	81.0	86.5	95.1	105.1	106.6	108.2
United Kingdom	107.5	75.0	65.4	75.9	88.1	95.0	98.2	98.3

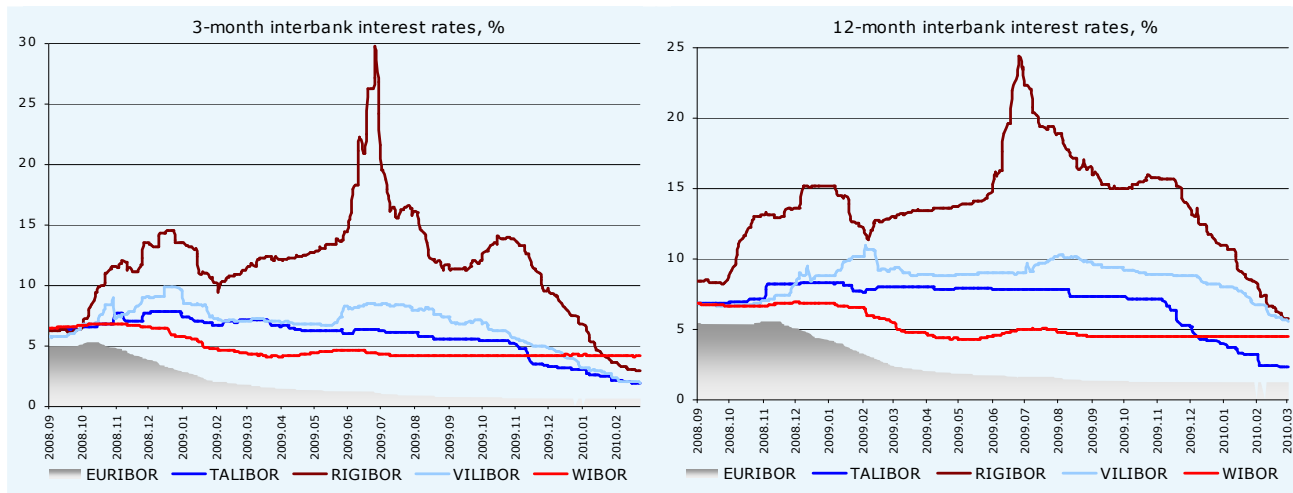
### The Economic sentiment indicator



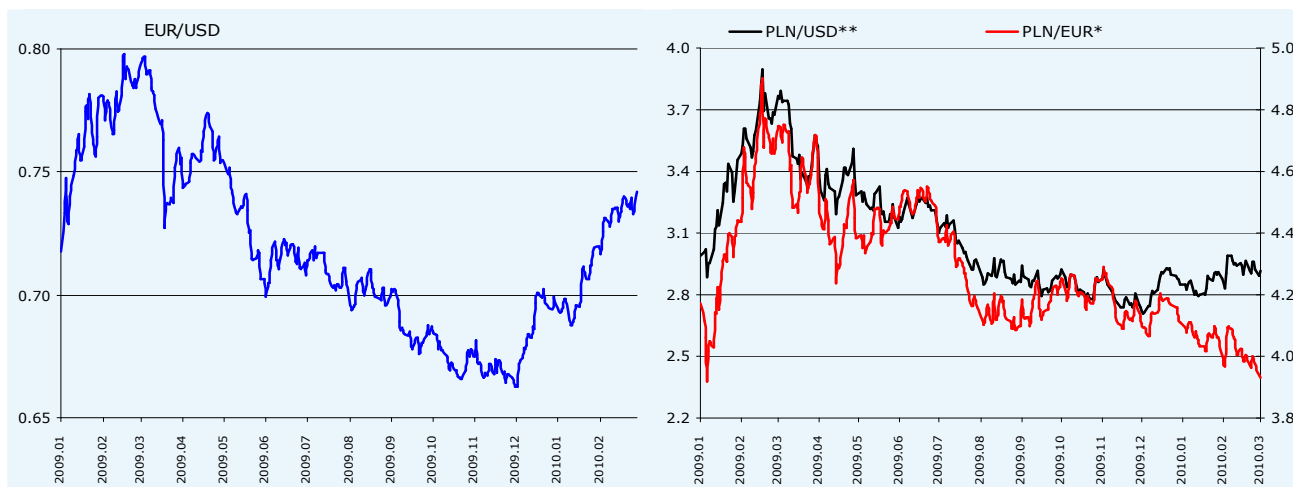
*Note:* Economic Sentiment Indicator (ESI) - this index presents a broad measure of sentiment across the Euro area economies. The headline Economic Sentiment Index is calculated from 5 sectoral indices: Industrial, Consumer, Services, Construction, Retail.

*Source:* [http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/time\\_series/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/surveys/time_series/index_en.htm)

**Interbank interest rates**



**Exchange rates**

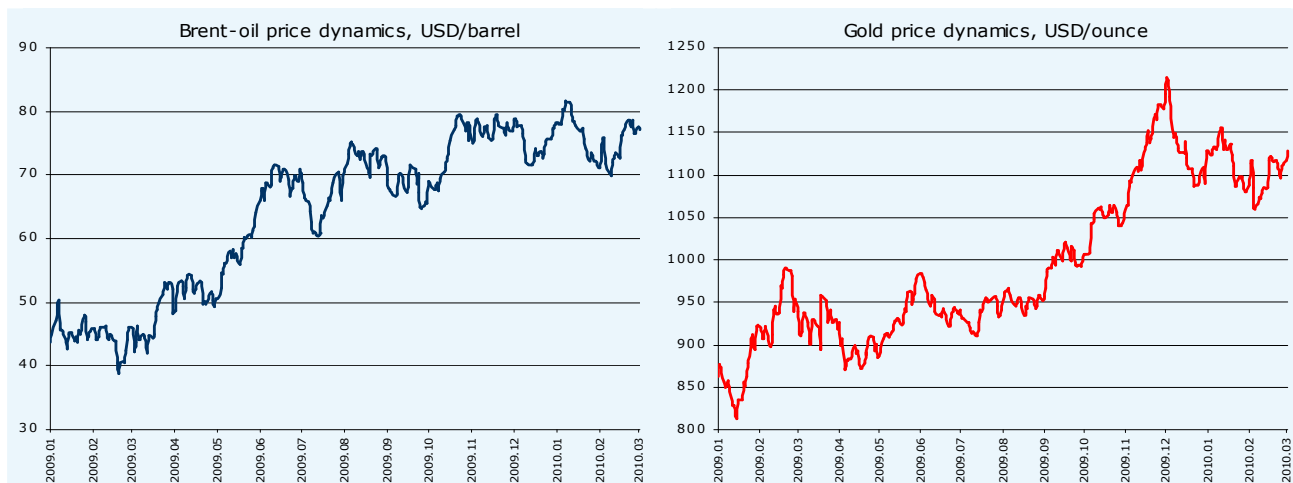


**Changes per week**

	EUR	EEK	LVL	LTL	PLN
2010.03.01					
<b>EUR</b>	1.0000 -	15.6466 =	0.7092 ↓	3.4528 =	3.9403 ↓
<b>USD</b>	0.7419 ↑	11.6081 ↑	0.5262 ↑	2.5617 ↑	2.8891 ↓

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

**Energy prices**



Source: Reuters, EcoWin

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