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Baltic States: Recovering again on the fast lane

Particularly Estonia, exports since the end of 2010 have expanded much more firmly than expected. Similarly, an upsurge in gross fixed investments has been the main growth driver in Latvia and Lithuania, while household consumption will also gain some momentum at a later stage. We expect GDP to increase between 3.6% in Latvia and 5.7% in Estonia in 2011. Each of the three countries will grow between 4% and 5% in the two years thereafter, when growth in external demand will abate. Despite faster GDP growth, the situation in the labour markets will remain disappointing for a long time to come

In the Baltic States, particularly Estonia, exports have expanded much faster than expected since the end of 2010. This has led to a substantial upward revision of economic growth forecasts. In Latvia and Lithuania, a revival of gross fixed investment acts as the main growth driver, while household consumption will gain some momentum as well. For 2011 we expect GDP growth in the range of 3.6% (Latvia) to 5.7% (Estonia). In the subsequent two years, when growth in external demand will be abating, each of the three countries will grow by 4% to 5%. Despite faster growth, the situation in the labour markets will remain disappointing for a longer period. Unemployment rates, at an average 5% in the Baltic States before the crisis, more than tripled up to mid-2010 and will be reduced to 9.5% in Estonia and 12.5% in Latvia and Lithuania only by 2013.

Estonia

In the first quarter of 2011 soaring exports continued to be the main growth driver for the Estonian economy. This time the upswing in external demand was triggered not only by Sweden and the eastern neighbours, but also by the US and the EU's new member states. While in 2010 currency appreciations led to a rise in unit labour costs (ULC) in many NMS, in Estonia a decline of ULC resulted from strong employment cuts in manufacturing and a general wage restraint. The improvement in external competitiveness facilitated growth rates of more than 50% in goods exports in nominal terms, and a more than 30% increase in industrial production in real terms. At the same time the structure of Estonian exports has been upgrading. Almost 30% of exports are now composed of machinery and

equipment. As the medium-term growth forecasts for the main export markets are quite positive, external demand will remain to serve as a strong stimulus for the Estonian economy.

Household consumption, after having stabilized in the second half of 2010, is reviving again: in the first quarter of 2011 it grew by 5.4% year on year in real terms. The recovery in the labour market has led to slight rises in nominal wages. Real wages, however, are still declining due to rising consumer prices. Therefore household demand will recover only gradually in the medium term. At the same time, the investment activity of enterprises is on the rise again, particularly in manufacturing, transport and business services. The ongoing process of restocking represents a strong impulse for domestic demand.

Rising prices for imported food and raw materials caused inflation to climb to above 5% p.a. in the past half year. Although the pressure from trade-induced price rises is expected to abate somewhat, the substantial economic upswing in 2011 will result in rising nominal wages and therefore also higher core inflation. Thus, we expect consumer prices to rise by about 5.5% on average in 2011, while in the coming two years only a slight deceleration of inflation is going to take place.

The economic revival in 2010 and the first quarter of 2011 caused employment to grow again, particularly in manufacturing and business services but more recently also in construction. However, the overall employment is still nearly 10% below the pre-crisis level. The unemployment rate amounted to 14.4% in the first quarter of 2011. Although forecasts of economic growth are favourable, unemployment rates are expected to fall below 10% only in 2013 in line with a more substantial and lasting upswing of domestic demand.

In 2010 Estonia was the only EU country to attain a fiscal surplus, which amounted to 0.1% of GDP. This achievement, however, was in part the result of sizeable sales of Kyoto carbon units and a delay of planned public investments. We expect that in both 2011 and 2012 public finances are going to deteriorate somewhat. Since the entry to the eurozone has been accomplished and one-off austerity measures are going to expire, a somewhat laxer fiscal policy stance is to be expected. Nevertheless, the budget deficit will remain very low (and public debt almost non-existent). The Estonian medium-term state budget strategy approved in April 2011 foresees a fiscal surplus to be attained again in 2013.

As expected, the introduction of the euro at the beginning of the year did not bring about any major changes. However, the FDI inflow started to pick up more swiftly than in other new EU member states. For 2011 we expect the revival of economic activity to become

stronger and more broadly based. The growth drivers of 2010 – the replenishment of inventories and export activity (increasing still stronger than imports) – will still play an important role. But, as already observed in the first quarter of 2011, the upswing of gross fixed investment and household consumption is becoming more pronounced. The increase in employment and a slight rebound in wages should help household demand to give an additional, if still small impulse. Thus, with stronger domestic demand and rising imports the current account balance will turn into deficit – albeit small. In 2012 and 2013, we expect GDP to grow at a somewhat slower pace, by 4.5% and 4.8%, respectively. External demand will lose some of its dynamism. At the same time the deleveraging process of households and enterprises will come to an end, allowing private demand and imports to increase again more swiftly.

Latvia

After gross fixed capital investment still declined substantially throughout 2010, the first quarter of 2011 witnessed a strong revival of investments (+28% year on year in real terms). This was particularly driven by expenditures on machinery and equipment of public utilities and the transport sector. However, the growth of capital investments is likely to be somewhat lower on average in 2011, as bank loans to the private sector are still on the decline. Household consumption continued to grow more strongly than expected in the first quarter of 2011, increasing by 3.6% year on year in real terms. But, due to rising consumer prices, real wages continue to be restrained and the share of non-performing loans still amounted to almost 20% in the first quarter of 2011.

Latvian exports also performed strongly in the first quarter of 2011, rising by more than 40% year on year in nominal terms. But the rise in domestic demand also triggered a renewed increase in imports of goods and services. Thus, net trade – after providing a positive stimulus to GDP growth during the past three years when domestic demand was deeply depressed – is contributing negatively to GDP growth in 2011 and thereafter. The still eminent weakness of Latvia's tradable goods sector can also be identified when comparing trade figures and industry performance. Although exports developed quite strongly (in nominal terms), the real growth of industrial production, at only 11% year on year, remained relatively low in the first quarter.

As in other CESEEs, also in Latvia the rising prices of imported food and energy caused inflation to resurge to 3.8% in the first quarter of 2011. Due to the tax hikes adopted in order to accomplish fiscal consolidation, consumer prices are to increase further throughout 2011, although with 4.5% annually still quite moderately. In the following two

years price increases should abate somewhat, since the government intends to refrain from further consolidation measures on the revenue side. Moreover, the tight situation on the labour market will keep wages restrained for a longer period. The economic recovery has not resulted in a significant revival of employment yet. Particularly jobs in industry still declined slightly. The unemployment rate fell only somewhat, to 16.6% in the first quarter of 2011. Given the strict consolidation path pursued by the Latvian government, the situation on the labour market will improve only gradually, and the unemployment rate will still exceed 12% on average in 2013.

In April 2011 the parliament approved amendments to the 2011 budget law in order to accelerate fiscal consolidation. The adopted austerity measures include further tax hikes on excises and natural gas for final consumers. The reduction of maternity leave and sickness benefits that were introduced as one-off measures in the course of the economic crisis will be extended until the end of 2014. With those measures introduced, the Latvian government expects to reduce the budget deficit to 4.2% of GDP in 2011 and further to 2.5% in 2012, which could enable the country to join the eurozone at the beginning of 2014 as intended. Nevertheless, inflationary developments may hamper the achievement of that goal. In May 2011 the IMF and the EU Commission approved the next tranche of their rescue package. The Latvian authorities however do not intend to draw on the amount but re-entered the international capital market by successfully placing a USD 500 million ten-year bond at a rate of 5.25%.

On 23 July the Latvian electorate are called to a referendum on the dissolution of the parliament which was initiated at the end of May by President Valdis Zatlers after lawmakers had blocked an anti-corruption investigation against Ainars Slesers, the head of the pro-business opposition party 'For a Good Latvia'. In June the parliament refused Zatlers a second term as president of Latvia, but opted for Andris Berzins, a former banker, to become his successor. Nevertheless, in the upcoming referendum Latvians will most probably vote for early parliamentary elections in September. It is expected that Prime Minister Dombrovski will again be backed by the electorate as was the case in last year's vote. Therefore no substantial changes are to be awaited concerning fiscal and economic policies in the medium term.

For the whole year 2011, we expect the Latvian GDP to grow by 3.6% in real terms, after three years of decline by more than 20% cumulatively. Gross fixed investment, especially in industrial sectors, as well as the process of restocking are expected to act as the main growth drivers this year. The financial situation of indebted households and high unemployment will allow private consumption to increase only slightly, while the

government's consolidation measures will further reduce public consumption. Although the current account will still remain positive in 2011, net trade will contribute negatively to overall economic activity. In the years 2012 and 2013, GDP growth is likely to pick up further to 3.8% and 4% respectively in real terms, mainly thanks to the ongoing revival of capital investments. A slight amelioration of the labour market situation and some revival of real incomes should allow households to expand consumption more swiftly again.

Lithuania

With 6.9% growth in the first quarter of 2011, Lithuania was the second fastest growing economy in the European Union after Estonia. This was predominantly caused by an enormous surge in gross fixed capital investment, by more than 40% year on year in real terms, and the restocking activity. In Lithuania not only investments in transport equipment and machinery, but also in dwellings and other buildings rebounded. Therefore construction activity grew as well, by nearly 16% in the first quarter of 2011.

Also household consumption, which had declined until the fourth quarter of 2010, resumed growth and rose by 5.5% in real terms in the first quarter of 2011. Wages had started to recover already in the second half of 2010, nevertheless rising consumer prices caused real incomes of households to keep declining. Given the slow recovery in the labour market we expect consumption to develop less swiftly throughout 2011; it will rise only gradually in the next two years, by 3.3% and 4% respectively.

As in Estonia, Lithuanian goods exports continued their fast expansion in the first months of 2011. The nominal growth of almost 50% in the first quarter of the year is to a large degree driven by the revival of prices for oil products, which represent Lithuania's most important export product. Moreover, external demand developed above average also for chemical products and transport equipment as well as for food products. The upswing furthermore triggered overall industrial production, which grew by about 15% in the first quarter in real terms. However, also imports rebounded strongly along with the rise of domestic demand, by 27% year on year in real terms according to national accounts figures. With the revival of economic activity the trade deficit has started to widen again and the current account deficit is likely to reach at least 2% of GDP on average in 2011.

Also in Lithuania the rise of food and energy prices resulted in inflation to rise again (3.2% in the first quarter of 2011). However, also core inflation started to pick up slightly. Therefore we expect consumer prices to increase by 4.5% this year and inflation to remain at this level during 2012 and 2013.

Although economic activity has started to revive strongly, growth in employment remains sluggish, particularly in manufacturing and construction where job losses were the most dramatic during the crisis. Only in the private services sectors is employment creation gaining some momentum. In the first quarter of 2011 the unemployment rate still amounts to 17.2%. In the coming three years an amelioration of the situation in the labour market will take place only gradually, with emigration again playing a role in reducing unemployment figures. First results of the Lithuanian 2011 Household and Population Census show that the resident population of Lithuania has been reduced much more than expected by emigration since the EU accession. Thus population figures have to be revised downwards from 3.2 million to only 3 million.

As opposed to the case of Latvia, the Lithuanian government does not stick to the demanding aim of joining the eurozone as early as in 2014. The consolidation path in Lithuania foresees a reduction of the deficit to 5.3% in 2011. The revival of economic growth and the increases in VAT rates will most likely permit to attain this goal. However, the aim to move towards a deficit of 3% in 2012 seems overambitious, at least without implementing further expenditure cuts and measures on the revenue side. The government discusses the introduction of wealth taxes on residential real estate and motor vehicles, a further increase in excise duties and an acceleration of the ongoing pension reforms. It is unclear however when these measures will become effective and how long the freeze of wages in the public sector (which have been cut substantially during the crisis) can be sustained. We therefore expect the budget deficit to decline to 4% of GDP in 2012 and to fall slightly below the 3% line only in 2013, provided a strengthening of domestic demand.

In 2011 we expect economic growth to reach 5% in real terms. Gross capital formation will again be the strongest driver of the upswing. However, also a slight increase in household consumption will back up domestic demand. With the move of the current account into deficit, net trade again starts to contribute negatively to overall growth. Economic activity is likely to abate somewhat in 2012 and 2013 compared to this year. The strong revival of exports will subside, but domestic demand should regain some momentum due to rising wages and a revival of lending activity. Thus we expect GDP to grow by 4.4% and 4.6% respectively in real terms in the subsequent two years.

Table EE

Estonia: Selected Economic Indicators

	2007	2008	2009	2010 ¹⁾	2010 1st quarter	2011	2011 Forecast	2012 Forecast	2013
Population, th pers., average	1341.7	1340.7	1340.3	1340.1	.	.	1339	1338	1338
Gross domestic product, EUR mn, nom.	15827	16107	13861	14501	3236	3709	16200	17700	19400
annual change, % (real)	6.9	-5.0	-13.9	3.1	-2.6	8.5	5.7	4.5	4.8
GDP/capita (EUR at exchange rate)	11800	12000	10300	10800	.	.	.	.	.
GDP/capita (EUR at PPP)	17400	17000	15000	15900	.	.	.	.	.
Consumption of households, EUR mn, nom.	8470	8690	6993	7000	1640	1831	.	.	.
annual change in % (real)	8.6	-5.5	-18.8	-1.9	-7.7	5.4	1.7	1.7	2.5
Gross fixed capital form., EUR mn, nom.	5452	4610	2991	2703	610	708	.	.	.
annual change in % (real)	6.0	-15.0	-32.9	-9.2	-20.2	12.0	9	9	10
Gross industrial production									
annual change in % (real)	6.4	-5.2	-24.0	20.9	5.5	32.3	23	18	15
Gross agricultural production									
annual change in % (real)	12.5	-1.2	2.8	-2.5	.	.	.	.	.
Construction industry									
annual change in % (real)	13.5	-13.3	-29.8	-12.4	-34.2	.	.	.	.
Employed persons - LFS, th, average	655.3	656.5	595.8	570.9	553.6	591.3	595	610	620
annual change in %	1.4	0.2	-9.2	-4.2	-9.6	6.8	4	3	2
Unemployed persons - LFS, th, average	32.0	38.4	95.1	115.9	136.9	99.3	.	.	.
Unemployment rate - LFS, in %, average	4.7	5.5	13.8	16.9	19.8	14.4	13	11.5	9.5
Reg. unemployment rate, in %, end of period	2.2	4.6	13.3	10.1	14.7	10.2	.	.	.
Average gross monthly wages, EUR	725	825	784	792	758	792	.	.	.
annual change in % (real, gross)	13.0	3.2	-4.9	-1.8	-2.6	-0.9	.	.	.
Consumer prices (HICP), % p.a.	6.7	10.6	0.2	2.7	0.0	5.2	5.5	4.5	4.5
Producer prices in industry, % p.a.	8.1	8.0	0.7	3.2	-0.1	4.9	.	.	.
General governm. budget, EU-def., % GDP									
Revenues	36.9	37.0	43.4	40.1	.	.	39.1	38.5	38.3
Expenditures	34.4	39.9	45.2	40.0	.	.	39.9	40.3	39.8
Net lending (+) / net borrowing (-)	2.5	-2.9	-1.8	0.1	.	.	-0.8	-1.8	-1.5
Public debt, EU-def., in % of GDP	3.7	4.6	7.2	6.6	.	.	6.1	6.9	6.5
Central bank policy rate, % p.a., end of period ²⁾	7.0	7.0	2.8	0.9	1.6	1.0	.	.	.
Current account, EUR mn	-2721	-1568	628	517	6	-63	-100	-500	-800
Current account in % of GDP	-17.2	-9.7	4.5	3.6	0.2	-1.7	-0.6	-2.8	-4.1
Exports of goods, BOP, EUR mn	8142	8539	6536	8819	1780	2744	11900	14000	16800
annual growth rate in %	4.7	4.9	-23.5	34.9	17.9	54.1	35	18	20
Imports of goods, BOP, EUR mn	10871	10664	7096	9033	1911	2861	12000	14400	17600
annual growth rate in %	7.9	-1.9	-33.5	27.3	11.5	49.7	33	20	22
Exports of services, BOP, EUR mn	3196	3513	3159	3403	700	770	3900	4400	4800
annual growth rate in %	11.3	9.9	-10.1	7.7	2.3	10.0	15	13	9
Imports of services, BOP, EUR mn	2245	2288	1814	2093	465	561	2500	2800	3100
annual growth rate in %	13.4	1.9	-20.7	15.4	5.9	20.5	19	12	11
FDI inflow, EUR mn	1992	1179	1209	1197	251	427	1800	.	.
FDI outflow, EUR mn	1276	760	1110	291	51	195	.	.	.
Gross reserves of NB excl. gold, EUR mn ³⁾	2236	2814	2758	1904	2656	155	.	.	.
Gross external debt, EUR mn	17406	19039	17256	16481	17113	16255	.	.	.
Gross external debt in % of GDP	110.0	118.2	124.5	113.7	118.0	100.3	.	.	.
Average exchange rate EUR/EUR	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1	1	1
Purchasing power parity EUR/EUR	0.6834	0.7062	0.6905	0.6808	.	.	.	.	.

Note: Estonia has introduced the Euro from 1 January 2011. Up to and including 2010 all time series in EKK as well as the exchange rates and PPP rates have been divided for statistical purposes by the conversion factor 15.6466 (EKK per EUR) to a kind of statistical EUR (euro-fixed).

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2.

1) Preliminary. - 2) TALIBOR one-month interbank offered rate (Estonia has a currency board). 3) From January 2011 (Euro introduction) only the foreign currency reserves nominated in non-euro currency are included.

Source: wiw Database incorporating Eurostat and national statistics. Forecasts by wiw.

Table LV

Latvia: Selected Economic Indicators

	2007	2008	2009	2010 ¹⁾	2010 1st quarter	2011	2011 Forecast	2012 Forecast	2013
Population, th pers., average	2276.1	2266.1	2254.8	2235.0	.	.	2220	2210	2200
Gross domestic product, LVL mn, nom.	14779.8	16188.2	13082.8	12735.9	2852.8	3070.9	13800	14800	16000
annual change in % (real)	10.0	-4.2	-18.0	-0.3	-6.1	3.5	3.6	3.8	4
GDP/capita (EUR at exchange rate)	9300	10200	8200	8000	.	.	.	.	.
GDP/capita (EUR at PPP)	13900	14100	12200	12600	.	.	.	.	.
Consumption of households, LVL mn, nom.	9087.1	10052.4	7941.2	7908.0	1870.0	2019.3	.	.	.
annual change in % (real)	14.9	-5.3	-24.1	-0.1	-6.2	3.6	2.2	2.2	2.5
Gross fixed capital form., LVL mn, nom.	4975.1	4748.5	2806.8	2286.3	339.5	449.4	.	.	.
annual change in % (real)	7.5	-13.5	-37.3	-19.5	-44.4	28.4	14	11	11.5
Gross industrial production ²⁾									
annual change in % (real)	1.1	-3.2	-18.1	14.9	5.5	10.7	13	10	8
Gross agricultural production									
annual change in % (real)	10.8	0.2	-0.7	-3.6	.	.	.	.	.
Construction industry									
annual change in % (real)	13.6	-3.1	-34.9	-23.4	-43.4	-15.1	.	.	.
Employed persons - LFS, th, average	1118.0	1124.5	983.1	945.0	916.1	944.3	970	1010	1040
annual change in %	2.8	0.6	-12.6	-3.9	-12.5	3.1	3	4	3
Unemployed persons - LFS, th, average	71.3	90.5	203.2	215.0	235.8	188.3	.	.	.
Unemployment rate - LFS, in %, average	6.0	7.5	17.1	18.7	20.5	16.6	15.5	14	12.5
Reg. unemployment rate, in %, end of period	4.9	7.0	16.0	14.3	17.3	14.4	.	.	.
Average gross monthly wages, LVL	398	479	461	445	432	452	.	.	.
annual change in % (real, net)	19.9	6.2	-5.6	-6.5	-9.0	0.2	.	.	.
Consumer prices (HICP), % p.a.	10.1	15.2	3.3	-1.2	-3.9	3.8	4.5	3.5	4
Producer prices in industry, % p.a.	16.1	11.4	-4.6	2.8	-4.8	8.2	.	.	.
General government budget, EU-def., % GDP									
Revenues	35.4	34.6	34.6	35.2	.	.	36.7	36.5	37.0
Expenditures	35.8	38.8	44.2	42.9	.	.	41.5	40.4	39.0
Net lending (+) / net borrowing (-)	-0.3	-4.2	-9.6	-7.6	.	.	-4.8	-3.5	-2.0
Public debt, EU-def., in % of GDP	9.0	19.7	36.7	44.7	.	.	48.5	49.5	49.0
Central bank policy rate, % p.a., end of period ³⁾	6.0	6.0	4.0	3.5	3.5	3.5	.	.	.
Current account, EUR mn	-4710	-3014	1598	643	351	52	100	-300	-600
Current account in % of GDP	-22.3	-13.1	8.6	3.6	8.7	1.2	0.5	-1.4	-2.7
Exports of goods, BOP, EUR mn	6020	6531	5253	6728	1374	1924	8700	10400	12600
annual growth rate in %	22.1	8.5	-19.6	28.1	15.1	40.1	29	20	21
Imports of goods, BOP, EUR mn	11074	10603	6575	7884	1647	2227	9900	11900	14500
annual growth rate in %	22.6	-4.3	-38.0	19.9	-2.1	35.2	26	20	22
Exports of services, BOP, EUR mn	2707	3088	2747	2773	615	648	2900	3200	3600
annual growth rate in %	27.6	14.1	-11.0	0.9	-9.7	5.5	5	10	13
Imports of services, BOP, EUR mn	1974	2169	1625	1660	356	390	1800	2000	2300
annual growth rate in %	24.5	9.9	-25.1	2.2	-8.6	9.5	8	11	15
FDI inflow, EUR mn	1705	869	68	260	-104	238	500	.	.
FDI outflow, EUR mn	270	169	-44	12	45	-25	.	.	.
Gross reserves of NB excl. gold, EUR mn	3860	3514	4572	5472	5321	4997	.	.	.
Gross external debt, EUR mn	26835	29763	29097	29940	29175	29243	.	.	.
Gross external debt in % of GDP	127.1	129.2	157.0	166.6	162.3	150.2	.	.	.
Average exchange rate LVL/EUR	0.7001	0.7027	0.7057	0.7087	0.7083	0.7048	0.71	0.71	0.71
Purchasing power parity LVL/EUR	0.4663	0.5057	0.4764	0.4513	.	.	.	.	.

Note: Gross industrial production, construction output and producer price index refer to NACE Rev. 2.

1) Preliminary. - 2) Enterprises with 20 and more employees. - 3) Refinancing rate of National Bank.

Source: wiiw Database incorporating Eurostat and national statistics. Forecasts by wiiw.

Table LT

Lithuania: Selected Economic Indicators

	2007	2008	2009	2010 ¹⁾	2010 1st quarter	2011	2011 Forecast	2012 Forecast	2013
Population, th pers., average	3375.6	3358.1	3339.5	3286.5	.	.	3240	3210	3180
Gross domestic product, LTL mn, nom.	98669.1	111482.6	91525.9	94641.9	20421.2	22991.3	103800	112800	123200
annual change in % (real)	9.8	2.9	-14.7	1.3	-2.0	6.9	5	4.5	4.5
GDP/capita (EUR at exchange rate)	8500	9600	7900	8300	.	.	.	.	.
GDP/capita (EUR at PPP)	14700	15300	12900	14200	.	.	.	.	.
Consumption of households, LTL mn, nom.	63508.4	73027.2	62814.5	60841.0	13953.6	15191.4	.	.	.
annual change in % (real)	12.0	3.7	-17.7	-4.5	-8.9	5.5	2.5	3.3	4
Gross fixed capital form., LTL mn, nom.	27918.8	28370.0	15666.9	15198.5	2248.0	3202.3	.	.	.
annual change in % (real)	23.0	-5.2	-40.0	0.0	-30.0	41.0	20	13	12
Gross industrial production (sales)									
annual change in % (real)	2.4	5.5	-14.6	6.7	-2.8	14.8	13	10	8
Gross agricultural production									
annual change in % (real)	8.2	8.8	1.0	-6.3	.	.	.	.	.
Construction industry									
annual change in % (real)	22.2	4.0	-48.5	-7.7	-42.9	15.9	.	.	.
Employed persons - LFS, th, average	1534.2	1520.0	1415.9	1343.7	1328.4	1340.4	1360	1400	1430
annual change in %	2.3	-0.9	-6.8	-5.1	-7.3	0.9	1.2	2.9	2.1
Unemployed persons - LFS, th, average	69.0	94.3	225.1	291.1	293.4	277.6	.	.	.
Unemployment rate - LFS, in %, average	4.3	5.8	13.7	17.8	18.1	17.2	16	14	12.5
Reg. unemployment rate, in %, end of period ²⁾	3.3	4.4	12.5	14.4	14.3	13.6	.	.	.
Average gross monthly wages, LTL	1802.4	2151.7	2056.0	1988.1	2031.2	2071.6	.	.	.
annual change in % (real, net)	17.0	10.1	-7.2	-4.3	-6.7	-1.4	.	.	.
Consumer prices (HICP), % p.a.	5.8	11.1	4.2	1.2	-0.4	3.2	4.5	4	4.5
Producer prices in industry, % p.a.	7.0	18.2	-13.5	10.3	6.3	15.4	.	.	.
General government budget, EU-def., % GDP									
Revenues	33.8	34.1	34.5	34.2	.	.	33.7	34.0	34.6
Expenditures	34.8	37.4	44.0	41.3	.	.	39.0	38.0	37.4
Net lending (+) / net borrowing (-)	-1.0	-3.3	-9.5	-7.1	.	.	-5.3	-4.0	-2.8
Public debt, EU-def., in % of GDP	16.9	15.6	29.5	38.2	.	.	40.5	42.5	43.0
Central bank policy rate, % p.a., end of period ³⁾	6.8	7.8	1.6	1.1	0.9	1.1	.	.	.
Current account, EUR mn	-4149	-4227	1128	506	16	-33	-600	-1000	-1500
Current account in % of GDP	-14.5	-13.1	4.3	1.8	0.3	-0.5	-2.0	-3.1	-4.2
Exports of goods, BOP, EUR mn	12509	16077	11797	15717	3055	4573	20400	24500	29600
annual growth rate in %	11.1	28.5	-26.6	33.2	11.1	49.7	30	20	21
Imports of goods, BOP, EUR mn	16788	20263	12628	16896	3333	4990	22000	26800	33000
annual growth rate in %	15.0	20.7	-37.7	33.8	13.5	49.7	30	22	23
Exports of services, BOP, EUR mn	2931	3240	2657	3115	626	776	3200	3400	3700
annual growth rate in %	1.8	10.5	-18.0	17.2	9.1	24.0	3	6	9
Imports of services, BOP, EUR mn	2471	2835	2140	2136	434	514	2400	2600	2900
annual growth rate in %	22.4	14.7	-24.5	-0.2	-3.9	18.4	12	8	12
FDI inflow, EUR mn	1473	1396	124	475	-27	232	700	.	.
FDI outflow, EUR mn	437	229	157	96	-7	-8	.	.	.
Gross reserves of NB excl. gold, EUR mn	5165	4458	4495	4968	4608	4941	.	.	.
Gross external debt, EUR mn	20547	23032	23125	23584	23935	23838	.	.	.
Gross external debt in % of GDP	71.9	71.3	87.2	86.0	87.3	79.2	.	.	.
Average exchange rate LTL/EUR	3.4528	3.4528	3.4528	3.4528	3.45	3.45	3.45	3.45	3.45
Purchasing power parity LTL/EUR	1.9822	2.1714	2.1324	2.0317	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2.

1) Preliminary. - 2) In % of working age population. - 3) VILIBOR one-month interbank offered rate (Lithuania has a currency board).

Source: wiiw Database incorporating Eurostat and national statistics. Forecasts by wiiw.