

SNAPSHOT

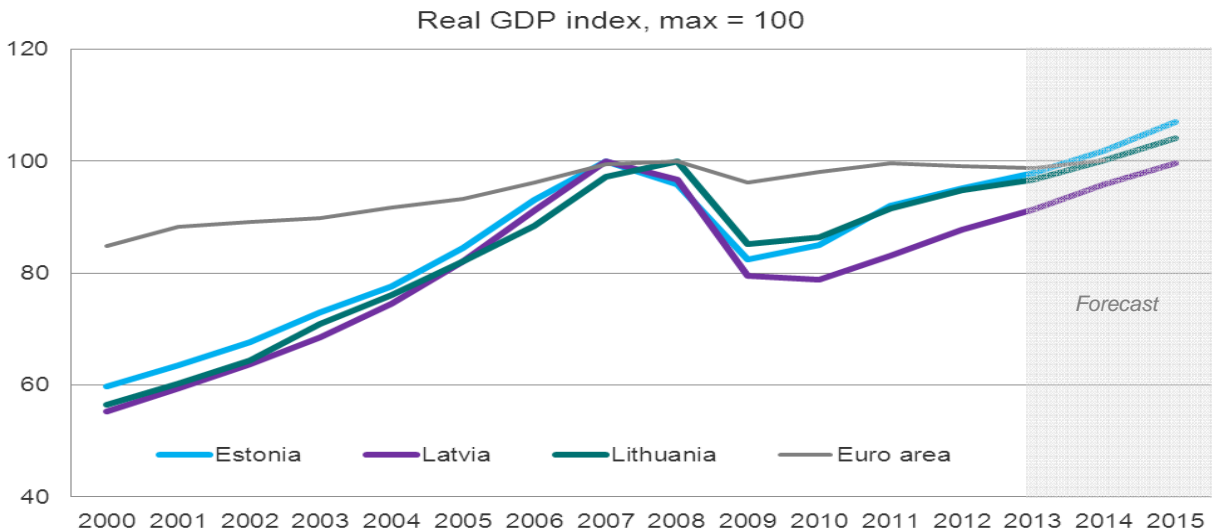
April 30, 2013

Lithuania's real GDP growth slows down

Lithuania's real GDP growth in IQ 2013 slowed down to 3.4 % yoy from 4.1% yoy in the last quarter of 2012. Economic growth was broad-based, with most of impulse stemming from manufacturing and linked services, such as transportation, storage and wholesale trade.

Spreading economic weaknesses in the euro zone and emerging downside risks coming from Russia – the key export markets – point to gradual slowdown in Lithuania's economic momentum in 2013, especially in the second half of the year. Delayed capital investments and not responsive private consumption will not compensate the deceleration in export markets. Prolonged winter season did not allow for revival in construction, which still stays in red. However, we expect construction sector to bounce in 2013, finally adding to economic growth.

Assessment: We expect Lithuania's economic momentum to slow down further to annualized 2 percent in 2013 on the back of adverse external environment and higher base. Notwithstanding the slowdown next year Lithuania's together with Estonia are forecast to restore their pre-crisis level in value added in real terms (see chart below).



Source: Eurostat, DNB

Best regards,
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