VALSTYBĖS KONTROLĖ
BUDGET MONITORING

To the Seimas of the Republic of Lithuania

OPINION ON THE ENDORSEMENT OF THE ECONOMIC DEVELOPMENT SCENARIO

30 December 2024 No BPE-7

Vilnius

RECOVERING EXPORTS WILL BOOST LITHUANIA'S ECONOMIC GROWTH IN 2025, BUT A CHALLENGING INTERNATIONAL ENVIRONMENT MAY POSE CHALLENGES

The National Audit Office implementing the function of a fiscal institution (hereinafter – NAO FI), submits to the Seimas its opinion on the Economic Development Scenario (EDS) for 2024–2027 published by the Ministry of Finance (MoF) on 20 December. The opinion is based on the Constitutional Law on the Implementation of the Fiscal Treaty.

The NAO FI endorses the Economic Development Scenario for 2024–2027, published in December. It is consistent with the specified assumptions and is based on relevant statistical data. The views of the NAO FI and the MoF on economic outlook of Lithuania are similar.

Key messages of the opinion:

- **Following the assessment, the NAO FI endorses the Economic Development Scenario for 2024–2027 published by the Ministry of Finance in December.**
- **The greatest adverse impact on the development of Lithuania's economy could be caused by risks related to the geopolitical environment and international trade conditions.**
- **In 2025, stronger exports and accelerating domestic demand are projected to boost Lithuania's economic expansion more than in 2024.**
- **With EU support funds flows expected to peak in 2025, a recovery in both public and private investment is expected.**
- **With wages rising faster than prices, private consumption is projected to continue growing in the medium term.**

ASSESSMENT AND ENDORSEMENT OF THE ECONOMIC DEVELOPMENT SCENARIO

Using a variety of analytical methods[1], the NAO FI carried out an assessment of the Economic Development Scenario for 2024–2027 published in December. The NAO FI analysed the macroeconomic environment and the EDS assumptions, compared the scenario projections with those of the NAO FI and other institutions, used the endorsement range method and expert judgement.

There are no significant differences in the projections of the main macroeconomic indicators for the period 2024–2027 between the MoF and the NAO FI. Considering the revised national accounts data, the favourable 2024 results and updated assumptions, the NAO FI and the MoF raise the 2024 real GDP growth projections to 2.4%. Economic expansion will be driven mainly by household consumption and continued positive net exports. The NAO FI projects the country's real GDP growth to accelerate to 3% in 2025, while the MoF foresees a growth of 2.8%. The main contributors to faster economic growth will be stronger export growth, driven by recovering external demand, and investment, supported by EU funds flows. Household consumption will continue to be boosted by the strengthening purchasing power of the population. In 2026–2027, Lithuania's economic growth may be slightly stronger than in 2025, as export markets continue to recover. Both institutions project average wage growth to slow and exceed inflation between 2025 and 2027. In the medium term, the labour market situation is projected to remain stable, with employment rising in 2025 due to more favourable migration, remaining at a similar level between 2026 and 2027, and the unemployment rate falling steadily.

The NAO FI and the MoF project inflation to be slightly below 1% in 2024 and above 2% in the medium term. GDP at current prices is projected to grow at an annual rate of more than 5% in 2024–2027, but at a slower pace than in 2023. A more detailed description of the NAO FI forecasts is provided in Part 2 of the opinion, and the projections table is in Annex 1. The December 2024 EDS is presented in Annex 2. It is noted that there may be differences between the NAO FI's and the Ministry of Finance's estimated indicators.

The NAO FI forecasts are used as a *benchmark* using the endorsement range method. On this basis, the NAO FI has produced uncertainty graphs for the following EDS indicators[2] for the period 2024–2026: changes in GDP at current and constant prices, real household consumption expenditure, average gross monthly earnings (AME) and number of employed persons (Annex 3). The projections for all indicators fall within the 40% confidence intervals. They represent the central range of the probability intervals, which is closest to the reference point (mode) for the projections of the NAO FI. It should be noted that the endorsement ranges are based on historical errors and therefore may not necessarily be fully indicative of future uncertainty.

In line with the approach used in the NAO FI's assessment of potential GDP to test the consistency of medium-term projections, the EDS projection of real GDP in 2027 is considered plausible. According to the NAO FI's assessment, potential GDP[3] is expected to increase on average by around 2.9% annually between 2024 and 2027 (Annex 1). The Ministry of Finance projects real GDP growth at 2.9% in 2027. This is close to the NAO FI's estimate of potential GDP growth of 2.7% in 2027.

The December 2024 EDS real GDP projection for 2025 is cautious. The majority of institutions project Lithuania's real GDP growth to reach 2.4% in 2024 (Annex 4). This is also the projection

---

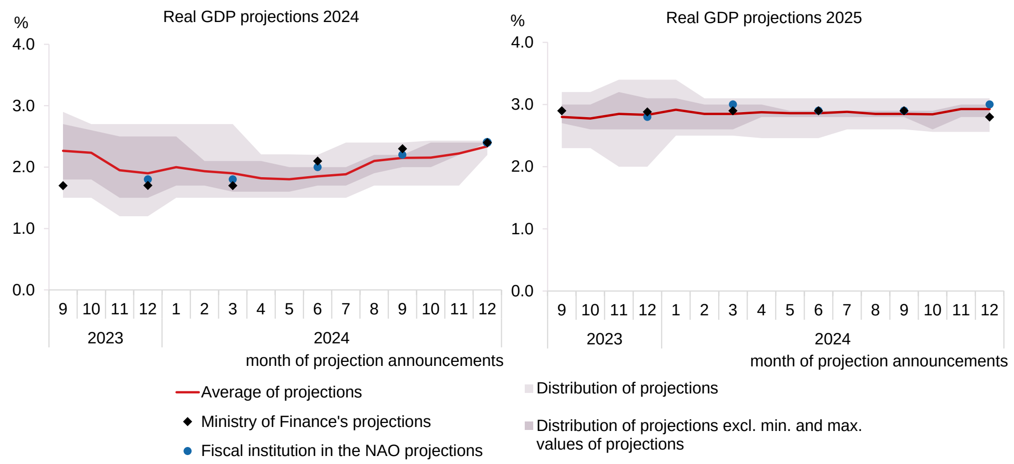
[1] The evaluation and endorsement process and the methods used by NAO FI are defined in the Description of Evaluation and Endorsement of the EDS of the NAO FI. Available online: https://www.valstybeskontrole.lt/TVS/Content/Biudzeto_stebesena/ERS_vertinimo_ir_tvirtinimo_aprasas.pdf.

[2] These key indicators are the most important for the NAO FI when deciding on the endorsement of the EDS, but projections of other EDS indicators are also analysed to ensure consistency between the projections of the scenario indicators.

[3] The potential GDP estimate uses the latest Ministry of Finance EDS projections. It should be noted that due to differences in estimation assumptions and model specifications, the estimates of the potential GDP and output gap may differ between the NAO FI and the MoF.

of the MoF and the NAO FI (Figure 1). The Ministry of Finance's EDS projection for real GDP in 2025 is lower than the average projection of the other institutions (2.9%), and in the NAO FI's assessment is considered cautious. It should be noted that most of the institutions publishing macroeconomic forecasts for Lithuania have updated them by December 2024, before the results of the second estimate of gross domestic product in Q3 2024.

Figure 1. The Ministry of Finance's real GDP projection for 2025 in the December 2024 EDS is cautious



The institutions involved in the distribution of the projections are the European Commission (EC), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the Bank of Lithuania, Swedbank AB and SEB AB.

Source: calculations by the National Audit Office, implementing the function of a fiscal institution

The assumptions used in the December 2024 EDS are reasonable, and the main risks to Lithuania's economic development remain related to the geopolitical situation and international trade. In the assessment of the NAO FI, the December EDS is based on up-to-date assumptions on the evolution of the global and major export partner economies, oil prices and exchange rates. The main downside risks that could affect the development of the Lithuanian economy remain related to the geopolitical situation and international trade. More favourable economic developments could be driven by an improved labour market situation, faster investment growth, higher household consumption, which would be influenced by changes in personal savings. A more detailed description of the macroeconomic environment, assumptions, and risks is provided in Part 1 of the Opinion.

The NAO FI endorses the Economic Development Scenario 2024–2027 published by the Ministry of Finance in December 2024. According to the Council of the European Union Directive [4], budgetary planning must be based on the most likely or more prudent macrofiscal scenario. In view of the remaining uncertainties and considering the results of the above-mentioned methods, the NAO FI endorses the Economic Development Scenario 2024–2027 published in December 2024.

On December 4, 2024, the Ministry of Finance submitted a draft EDS to the institutions for coordination (copy to the NAO FI) and on December 11, 2024, a revised draft was submitted to the NAO FI. Details on the progress of coordination are provided in Annex 5. The NAO FI has carried out the assessment of the draft EDS on the basis of the above methods. A meeting between the MoF and the NAO FI took place on December 9, 2024, during which the MoF responded to questions from the NAO FI on the deflators of general government consumption expenditure and imports, assumptions for projecting labour market indicators and investment developments. On December 11, 2024, the NAO FI informed the MoF that it had no reason not to endorse the draft EDS.

[4] 29 April 2024 Council Directive 2024/1265/EU on requirements for budgetary frameworks of the Member States, Article 4(1) Available online: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202401265.

1. ANALYSIS OF THE MACROECONOMIC ENVIRONMENT AND EDS ASSUMPTIONS, RISKS TO LITHUANIAN ECONOMIC DEVELOPMENT

According to the assessment of the NAO FI, the December EDS is based on up-to-date assumptions on global and major export partner economic developments, oil prices and exchange rate. In November 2024, the European Commission updated its economic forecasts and assumptions, which were used by both the MoF and the NAO FI. Compared to those published in September, the assumptions for the euro against the US dollar exchange rate and for world (excluding the EU) GDP growth are almost unchanged. However, with the exchange rate falling to two-year lows in November, there is a risk that it could be lower than projected. Also, growth in the European Union is expected to be slower in 2024–2025 than in September, leading to a downward revision of the growth assumptions for the main export partner economies. The December EDS projects a faster decline in the oil price than in September, with the price stabilising from 2026 onwards. Futures point to a decline in the oil price also in 2027. Given the prevailing uncertainty in the oil and exchange rate markets, in the assessment of the NAO FI, these differences between assumptions and market expectations are not significant. In this context, the assumptions used by the MoF in the December EDS are in line with the latest known information and market expectations.

The main downside risks to the Lithuanian economy remain related to the geopolitical situation and international trade. The main risks that could affect its development in the medium term are:

- **Intensifying geopolitical tensions.** Increased geopolitical tensions could not only lead to greater uncertainty in the world, but also have a negative impact on global economies. The escalation of geopolitical conflicts affects commodity prices. A rise in commodity prices could not only fuel inflation in Lithuania, but also increase production costs, especially in energy-intensive industries. All this could lead to a slowdown in the country's economic growth.

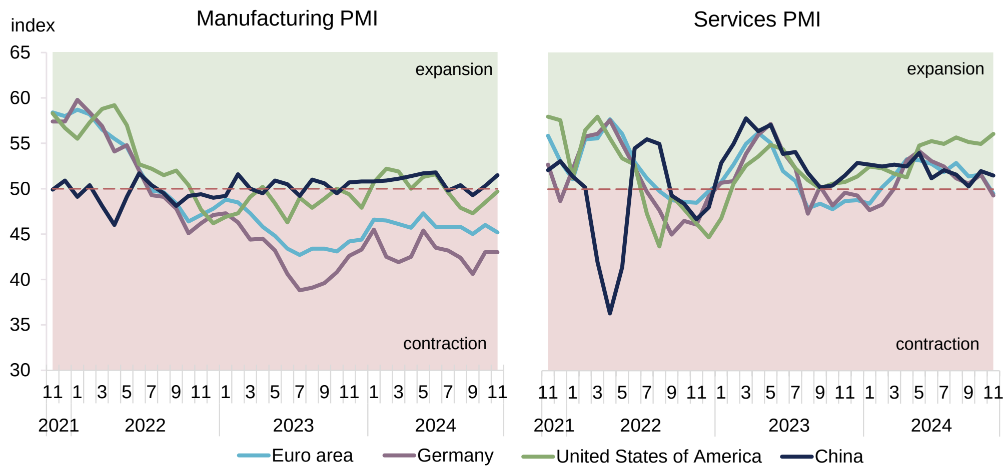
- **Fragmentation of international trade.** According to the International Monetary Fund[5], signs of geo-economic fragmentation have begun to emerge, with more and more trade taking place within geopolitical blocs rather than between them. Trade uncertainty due to trade wars with China, restrictions or possible additional tariffs[6] poses risks to international trade and global economic growth. In turn, this could increase inflation and negatively affect Lithuanian exports.

- **Slower-than-expected recovery of Lithuania's export partners.** Slower growth in the economies of the main trading partners could have a negative impact on the country's exports and economic development. The economy of Germany, one of Lithuania's main export partners, grew by just 0.1% year-on-year in Q3 2024. Early indicators of economic activity, such as the purchasing managers' index, still point to contracting output both in Germany and in the euro area (EA) in general. Not only the industrial sector contracted in November, but also the services sector (Figure 2). Structural challenges in the EA, China's struggling real estate sector and sluggish domestic demand, as well as policy uncertainty in the US following the November presidential elections, could put a damper on the expected growth of these world economies.

[5] Available online: https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024.

[6] Available online: https://www.bruegel.org/first-glance/what-european-union-should-expect-trumps-tariffs.

Figure 2. EA services sector contracted in November amid continued stagnation in the industrial sector



PMI – Purchasing Managers' Index

Source: https://www.pmi.spglobal.com

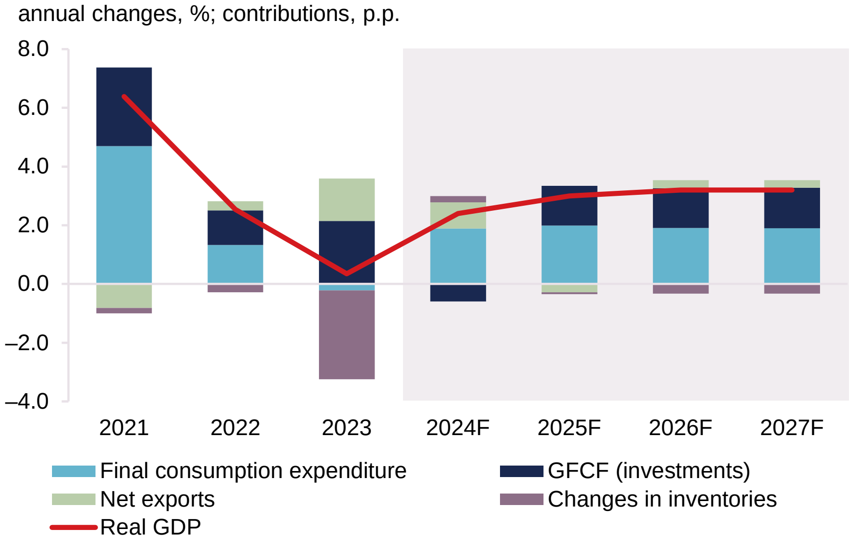
- **Stronger domestic demand.** Higher household consumption may be supported by an increase in the number of people in employment due to more favourable migration. Consumption may also benefit from lower personal savings and further interest rate cuts by the European Central Bank. Investment in the country could be boosted by increased implementation of the *Recovery and Resilience Facility* and other EU-funded projects, by policy decisions to invest more in defence or other areas, or by higher private sector investment.

2. NAO FI ECONOMIC DEVELOPMENT FORECAST

In view of the more favourable data for Q3 2024 than expected in the autumn, the NAO FI raises its real GDP growth projection for this year to 2.4%. All economic activities contributed to the growth of gross value added, with manufacturing (mainly chemicals, plastics and metal products) and wholesale and retail trade contributing the most. Household consumption is expected to be the main driver of economic expansion in 2024 (Figure 3).

With rising purchasing power of the population and a faster recovery in external demand, economic expansion in 2025 is expected to be stronger than in 2024. The NAO FI projects GDP growth to accelerate to 3.0% in (Figure 3). This will be mainly driven by stronger export growth, which will result from the faster development of Lithuania's main trade markets. Investment, boosted by easier monetary policy and record EU funds flows, and higher household consumption should also contribute to stronger GDP growth. Stronger domestic demand is also expected to lead to stronger import growth, which in turn leads to a negative impact of net exports on GDP development. Real GDP growth is likely to be around 3.2% in 2026–2027.

Figure 3. In 2025, household consumption will continue to be boosted by the strengthening purchasing power of the population. A recovery in exports* and investment will boost real GDP growth greater than in 2024



F – forecast

* Stronger domestic demand is expected to lead to higher import growth, which leads to a negative impact of net exports on GDP in 2025.

Source: State Data Agency, calculations by the National Audit Office, implementing the function of a fiscal institution

With the recovery in exports of Lithuanian-origin goods, export growth is expected to accelerate in 2024, while further development in 2025–2027 will be driven by growth in external demand. Lithuania's imports fell by 0.5% in Q3 2024, while exports grew by 1.6%. This growth was driven by a recovery in exports of Lithuanian-origin goods (excluding mineral products), after one and half years. This was due to higher cereal harvests and the expansion of the country's industry (especially in the chemical sector). However, in 2024, the acceleration of export growth was hampered by a further decline in the value of re-exports to Eastern countries. In view of the slightly more favourable data for Q1–Q3, the NAO FI has raised the projected growth of exports and imports in 2024 to 1.8% and 0.8%, respectively. However, while the international environment remains tense, demand in Lithuania's main trading partners is expected to start recovering as interest rates fall. The NAO FI projects exports of goods and services to accelerate in 2025 and continue to grow over the medium term, while imports are projected to grow by around 5% as domestic demand strengthens (Annex 1, Table 1).

After a drop in investment in 2024, a vigorous investment growth is expected in 2025 due to the projected peak of EU funds flows. Real gross fixed capital formation (investment, GFCF) fell by 2.2% year-on-year in Q1–Q3 2024. On the other hand, impact of investment in construction (excluding the dwellings component), which accounts for the largest share in the GFCF structure, remained positive. The NAO FI forecasts that investment will contract by 2.4% in 2024. However, conditions for investment growth are likely to be favourable in the medium term. With the recovery of external demand, loosening monetary policy, rising defence funding, and the anticipation of record EU funds flows, the NAO FI forecasts GFCF growth of 5.7% in 2025 and 5.5% annually between 2026 and 2027.

Consumer price inflation is projected to be below 1% in 2024 and above 2% in the medium term. In 2024, the HICP is projected to slow down to 0.8% due to declining energy prices. However, inflation is projected to accelerate from 2025 onwards, driven by the impact of service prices and excise duties. The GDP deflator is projected to rise above the HICP in the medium term, due to higher growth in the general government deflator. Although the projections for the growth of the general price level between 2024 and 2025 have been revised downwards, the impact of slightly more moderate price developments is outweighed by faster real GDP developments, which leads to a slight upward revision of the projections for nominal GDP change. Growth is projected at 5.4% in 2024 and 5.6% in 2025.

Rising labour force participation rates and favourable migration trends are contributing to an increase in the employment projection over the medium term. In Q1–Q3 this year, the number of employed persons increased by 1.7% compared to the same period a year ago. This is due to the growth in the resident population, driven by positive net migration, and a labour force participation rate at historic highs. According to Eurostat's updated population projections, which foresee a more favourable migration situation, the number of people in employment is expected to continue to grow in 2025. However, an ageing population may have a negative impact on employment between 2026 and 2027. Compared to the September projections of the NAO FI, the increase in the labour force has led to a slight upward revision of the unemployment rate projections. The NAO FI projects the unemployment rate to reach 7.4% in 2024 and to decline over the medium term.

With wages rising faster than prices, private consumption is expected to continue growing in the medium term. With average wages rising by more than a tenth and inflation slowing down significantly, real household consumption expenditure grew by 2.9% year-on-year in Q1–Q3 2024. In the medium term, growth in the AME is projected to be more moderate than in 2024, but to remain strong due to the increase in the minimum monthly wage, the expansion of the economy and the decline in the unemployment rate. Disposable income of the population will be positively affected by the measures envisaged in the draft Law on the State Budget for the period 2025–2027 related to raising personal income. According to the NAO FI, the favourable situation in the labour market and good consumer expectations will lead to a faster growth of household consumption expenditure in 2025 than in 2024, amounting to 3.6 per cent. Over the medium term, private consumption will grow at a similar pace (Annex 1, Table 1). However, higher-than-expected changes in the household saving rate may prompt a revision of private consumption expenditure projections in the future.

The National Audit Office of the Republic of Lithuania, implementing the functions of the budget policy monitoring institution set out in the Constitutional Law on the Implementation of the Fiscal Treaty of the Republic of Lithuania has carried out an assessment and issued an opinion on the Economic Development Scenario for 2024–2027 prepared by the Ministry of Finance of the Republic of Lithuania and published on 20 December 2024. In accordance with Article 7(3) of the Constitutional Law on the Implementation of the Fiscal Treaty of the Republic of Lithuania and Article 8(7)(3) of the Law on the National Audit Office, the National Audit Office submits its opinion to the Seimas of the Republic of Lithuania.

Head of Budget Monitoring Department Jurga Rukšėnaitė

ANNEXES

Opinion
"On the Endorsement of the
Economic Development Scenario"
Annex 1

FISCAL INSTITUTION'S MACROECONOMIC FORECAST FOR 2024–2027 AND MAIN ASSUMPTIONS

Table 1. Macroeconomic projections of the NAO FI for 2024–2027

Indicator	2023	2024F	2025F	2026F	2027F
Key macroeconomic indicators					
Change in GDP at constant prices, %	0.3	2.4 (2.2) ▲	3.0 (2.9) ▲	3.2 (3.2)	3.2 (3.2
GDP at constant prices, EUR million	58316.8	59716.4	61507.9	63476.2	65507.4
Change in GDP at current prices, %	9.4	5.4 (5.3) ▲	5.6 (5.5) ▲	5.9 (5.9)	5.8 (5.7) ▲
GDP at current prices, EUR million	73792.8	77755.2	82090.1	86919.6	91943.5
Change in labour productivity, %	−1.0	1.0 (1.1) ▼	2.6 (3.2) ▼	3.3 (3.4) ▼	3.3 (3.3)
Components of GDP at constant prices, rate of change, %					
Household consumption expenditure	−0.4	3.2 (3.2)	3.6 (3.4) ▲	3.5 (3.5)	3.5 (3.5)
General government consumption expenditure	−0.2	0.8 (0.4) ▲	0.2 (0.1) ▲	0.1 (0.1)	0.1 (0.1)
Gross fixed capital formation	9.3	−2.4 (−1.8) ▼	5.7 (4.7) ▲	5.5 (5.5)	5.5 (5.5)
Exports of goods and services	−3.4	1.8 (0.9) ▲	4.3 (4.7) ▼	4.7 (4.7)	4.7 (4.7)
Imports of goods and services	−5.3	0.8 (0.1) ▲	5.0 (5.0)	4.8 (4.9) ▼	4.8 (5.0) ▼
Price indicators, rate of change, %					
GDP deflator	9.0	2.9 (3.0) ▼	2.5 (2.6) ▼	2.6 (2.6)	2.5 (2.5)
Household consumption expenditure deflator	9.0	0.8 (1.1) ▼	2.4 (2.5) ▼	2.5 (2.5)	2.4 (2.4)
Government consumption expenditure deflator	13.2	10.0 (10.9) ▼	7.3 (5.3) ▲	4.7 (4.5) ▲	4.7 (4.4) ▲
Gross fixed capital formation deflator	5.5	2.1 (2.3) ▼	2.4 (2.4)	2.1 (2.1)	2.1 (2.1)
Export (goods and services) deflator	−0.2	0.8 (1.0) ▼	0.5 (0.8) ▼	1.6 (1.6)	1.5 (1.4) ▲
Import (goods and services) deflator	−5.6	−1.0 (−0.2) ▼	−0.2 (0.1) ▼	1.5 (1.3) ▲	1.6 (1.3) ▲
Harmonised index of consumer prices (annual average)	8.7	0.8 (1.1) ▼	2.4 (2.5) ▼	2.5 (2.5)	2.4 (2.4)
Labour market indicators					
Number of employed persons (according to the Labour Force Survey methodology), thousand	1441.1	1460.0	1466.9	1465.4	1464.0
Change in the number of employed persons, %	1.4	1.4 (1.1) ▲	0.4 (−0.3) ▲	−0.1 (−0.2) ▲	−0.1 (−0.1)
Unemployment rate (according to the Labour Force Survey methodology), %	6.8	7.4 (7.3) ▲	7.2 (7.0) ▲	7.0 (6.8) ▲	6.8 (6.5) ▲
Average monthly gross earnings, EUR	2013.8	2217.0	2398.0	2567.0	2726.3
Change in average monthly gross earnings, %	12.6	10.1 (9.7) ▲	8.2 (8.1) ▲	7.1 (7.1)	6.2 (6.3) ▼
Wage bill, million EUR	27 842.0	31 073.5	33 747.9	36 099.0	38 291.4
Change in the wage bill, %	13.4	11.6 (10.9) ▲	8.6 (7.8) ▲	7.0 (6.9) ▲	6.1 (6.3) ▼
Changes in potential GDP and the output gap					
Change in potential GDP, %	3.3	3.2 (3.1) ▲	3.0 (2.9) ▲	2.9 (2.7) ▲	2.7 (2.5) ▲
Output gap (% of potential GDP)	−0.3	−1.1 (−2.0) ▲	−1.3 (−2.1) ▲	−1.3 (−1.9) ▲	−1.1 (−1.6) ▲

The projections in parentheses are the September 2024 NAO FI projections. According to the description of the procedure for EDS Evaluation and Endorsement, the indicators based on which the NAO FI decides on the EDS endorsement are presented in the purple background.
The projections are based on information and data published up to 2 December 2024.
F – forecast
Source: State Data Agency, calculations by the National Audit Office, implementing the function of a fiscal institution

Table 2. Main assumptions of the macroeconomic forecasts of the NAO FI

Indicator	2023	2024F	2025F	2026F	2027F
US dollar to euro exchange rate*	1.08	1.09 (1.08)▲	1.08 (1.09)▼	1.08 (1.09)▼	1.08 (1.09)▼
World (excl. EU) GDP growth, %**	3.7	3.5 (3.5)	3.6 (3.6)	3.6 (3.6)	3.6 (3.6)
European Union GDP growth, %**	0.4	0.9 (1.2)▼	1.5 (1.8)▼	1.8 (1.8)	1.8 (1.8)
Growth of Lithuania's main export markets, %***	1.1	1.3 (1.5)▼	1.6 (1.9)▼	1.9 (1.9)	1.9 (1.9)
Oil prices (*Brent*, USD per barrel)****	82.5	80.7 (82.1)▼	73.1 (75.4)▼	71.5 (72.7)▼	70.8 (70.9)▼

* The exchange rate during the forecast period remains at the exchange rate recorded between 14 October and 25 October 2024.
** Based on information made public by the EC on 15 November 2024.
*** Based on the methodology used by the NAO FI.
**** Average of 10 business days futures contracts from 14 October to 25 October 2024.

The main assumptions of the September 2024 projections of the NAO FI are shown in parentheses.

F – forecast
Source: National Audit Office, implementing the function of a fiscal institution

Opinion
"On the Endorsement of the
Economic Development Scenario"
Annex 2

PROJECTIONS AND KEY ASSUMPTIONS FOR THE ECONOMIC DEVELOPMENT SCENARIO FOR 2024–2027 BY THE MINISTRY OF FINANCE

Table 1. Projections for the Economic Development Scenario dated December 2024 by the Ministry of Finance

Indicator, %	2023	2024F	2025F	2026F	2027F
Key macroeconomic indicators, change					
GDP at constant prices	0.3	2.4 (2.3) ▲	2.8 (2.9) ▼	2.9 (2.9)	2.9 (2.9)
Household consumption expenditure	−0.4	3.3 (3.3)	3.6 (3.6)	3.4 (3.4	3.4 (3.4)
General government consumption expenditure	−0.2	0.8 (0.5) ▲	0.1 (0.1)	0.1 (0.1)	0.1 (0.1)
Gross fixed capital formation	9.3	−1.9 (1.1) ▼	5.2 (5.6) ▼	5.8 (5.8)	5.4 (5.4)
Exports of goods and services	−3.4	1.2 (1.2)	3.6 (3.9) ▼	4.2 (4.2)	4.2 (4.2)
Imports of goods and services	−5.3	−0.4 (0.3) ▼	4.4 (4.7) ▼	4.9 (4.9)	4.9 (4.9)
GDP at current prices	9.4	5.6 (5.5) ▲	5.4 (5.4)	5.7 (5.7)	5.6 (5.5) ▲
Price indices, change					
GDP deflator	9.0	3.1 (3.2) ▼	2.5 (2.5)	2.7 (2.7)	2.6 (2.6)
Harmonised index of consumer prices (annual average)	8.7	0.9 (1.0) ▼	2.5 (2.5)	2.7 (2.7)	2.6 (2.6)
Labour market indicators					
Change in average monthly gross earnings	12.6	10.1 (10.1)	7.9 (7.6) ▲	6.8 (6.5) ▲	5.7 (5.5) ▲
Unemployment rate (according to the Labour Force Survey methodology)	6.8	7.4 (7.3) ▲	7.1 (7.1)	6.8 (6.7) ▲	6.5 (6.4) ▲
Change in the number of employed persons (according to the Labour Force Survey methodology)	1.4	1.4 (1.4)	0.3 (0.2) ▲	0.1 (0.0) ▲	0.0 (−0.3) ▲

The date for the inclusion of statistics and other information in the scenario is 2 December 2024.
The projections for the economic development scenario of 11/09/2024 are in parentheses.
According to the description of the procedure for EDS Evaluation and Endorsement, the indicators based on which the NAO FI decides on the EDS endorsement are presented in the purple background.
F – forecast
Source: Ministry of Finance

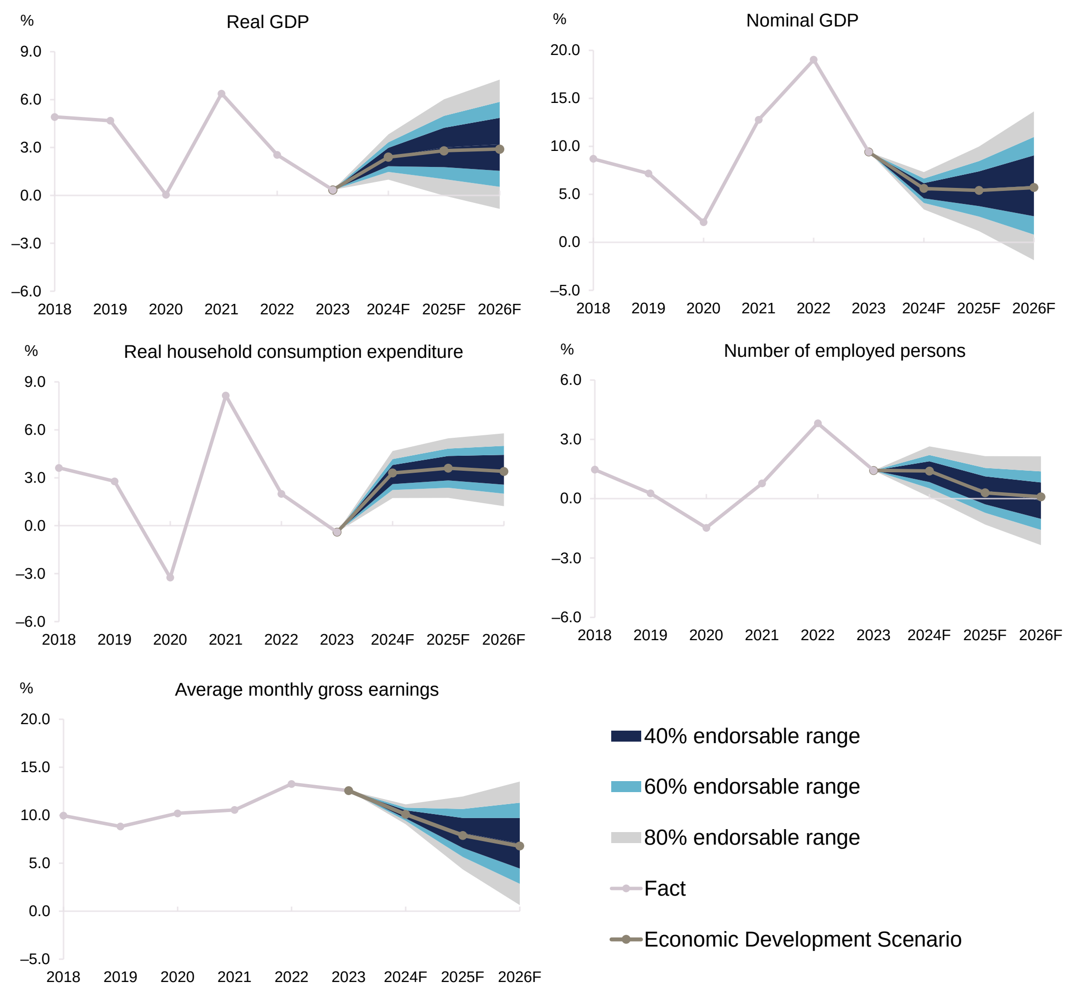
Table 2. Main assumptions for the December 2024 Economic Development Scenario of the Ministry of Finance

Indicator	2023	2024F	2025F	2026F	2027F
US dollar to euro exchange rate*	1.08	1.09 (1.08) ▲	1.08 (1.08)	1.08 (1.08)	1.08 (1.08)
World (excl. EU) GDP growth, %*	3.7	3.5 (3.5)	3.6 (3.6)	3.6 (3.6)	3.6 (3.6)
European Union GDP growth, %*	0.4	0.9 (1.2) ▼	1.5 (1.8) ▼	1.8 (1.8)	1.8 (1.8)
Growth of Lithuania's main export markets, %	1.7	1.8 (2.0) ▼	2.2 (2.4) ▼	2.4 (2.4)	2.4 (2.4)
Oil prices (*Brent*, USD per barrel)*	82.5	80.7 (81.6) ▼	73.1 (76.2) ▼	71.5 (76.2) ▼	71.5 (76.2) ▼

* Technical assumption made public by the European Commission on 15 November 2024.
The assumptions for the September 2024 EDS are shown in parentheses.
F – forecast
Source: Ministry of Finance

Opinion
"On the Endorsement of the Economic Development Scenario"
Annex 3

EDS ENDORSEMENT RANGES ESTIMATED BY THE NAO FI



The reference point (mode) of the endorsement ranges are the forecasts produced by the NAO FI.
The methodology for the development of the endorsement ranges is set out in more detail in the description of the procedure for the Assessment and Endorsement of the Economic Development Scenario. Available online:
https://www.valstybeskontrole.lt/TVS/Content/Biudzeto_stebesena/ERS_vertinimo_ir_tvirtinimo_aprasas.pdf.
F – forecast

Source: Ministry of Finance, calculations by the National Audit Office, implementing the function of a fiscal institution

Opinion
"On the Endorsement of the
Economic Development Scenario"
Annex 4

PROJECTIONS OF REAL GDP BY OTHER INSTITUTIONS

Institution	Date of publication	2024F	2025F
OECD	04/12/2024 (02/05/2024)	2.4 (1.7) ▲	3.1 (3.1)
European Commission	15/11/2024 (15/05/2024)	2.2 (2.0) ▲	3.0 (2.9) ▲
AB SEB	12/11/2024 (27/08/2024)	2.4 (2.4)	2.8 (2.6) ▲
AB Swedbank	12/11/2024 (27/08/2024)	2.4 (2.2) ▲	3.0 (2.8) ▲
IMF	22/10/2024 (24/07/2024)	2.4 (2.4)	2.6 (2.6)
Bank of Lithuania*	17/09/2024 (11/06/2024)	2.2 (1.9) ▲	3.1 (3.1)
Average of institutions	–	2.3 (2.1) ▲	2.9 (2.9)
Ministry of Finance	2024-12-20 (2024-09-11)	2.4 (2.3) ▲	2.8 (2.9) ▼
NAO FI	2024-12-30 (2024-09-19)	2.4 (2.2) ▲	3.0 (2.9) ▲

The authorities' forecasts are published up to and including 11 December 2024.

The authorities' previous forecasts are in parentheses.

* Seasonally and calendar adjusted. On 19/12/2024, the Bank of Lithuania's updated real GDP growth forecasts were published: 2.4% and 3.1% for 2024–2025, respectively.

F – forecast

Source: projections by the institutions listed in the table, calculations by the National Audit Office, implementing the function of a fiscal institution

Opinion
"On the Endorsement of the
Economic Development Scenario"
Annex 5

PROCESS OF EVALUATION OF THE EDS PUBLISHED IN DECEMBER 2024

2 December	The State Data Agency has published its second estimate of GDP for Q3 2024. In the light of the new statistical data published, the NAO FI has revised and updated the macroeconomic projections related to the GDP components.
3 December	The NAO FI has produced its macroeconomic projections for 2024–2027.
4 December	**The draft EDS was submitted by the MoF to the institutions for coordination (copy to the NAO FI).**
5 December	A meeting between the Bank of Lithuania and the NAO FI was held to discuss Lithuania's economic development.
6 December	The NAO FI posed questions to the MoF.
9 December	A meeting took place between the MoF and the NAO FI, where the MoF answered the questions posed by the NAO FI. The NAO FI informed the MoF that it had no comments or suggestions on the draft EDS.
11 December	**The revised draft EDS was submitted by the MoF to the NAO FI for coordination.** The NAO FI informed the MoF that it had no reasons not to endorse the draft EDS.
20 December	The MoF has made the December 2024–2027 EDS publicly available on its website.
30 December	The NAO FI has made public on its website its opinion on the endorsement of the EDS 2024–2027, published in December. At the same time, the macroeconomic forecasts of the NAO FI were published.

Source: the National Audit Office, implementing the function of a fiscal institution