



Lietuvos Respublikos
FINANSŲ MINISTERIJA

Economic Development Scenario 2026-2029

September 2026

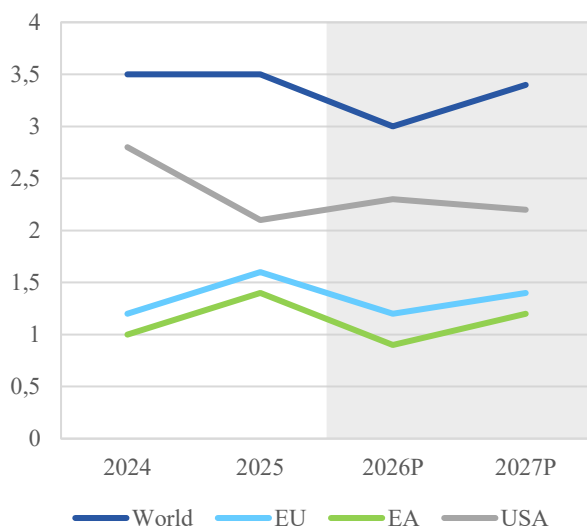
Economic Development Scenario for 2026-2029

September 2026

The Economic Development Scenario (hereinafter - the scenario) has been prepared¹ taking into account national accounts and other statistical information for the first half of 2026, changes in the external environment following the scenario published by the Ministry of Finance in March 2026, and other information. The scenario assumptions for the external environment and exchange rate are consistent with the Economic Outlook and assumptions published by the International Monetary Fund (IMF)² in July this year and by the European Central Bank (ECB) in June 2026, while the assumptions for energy prices (oil and natural gas) are based on information on futures prices.

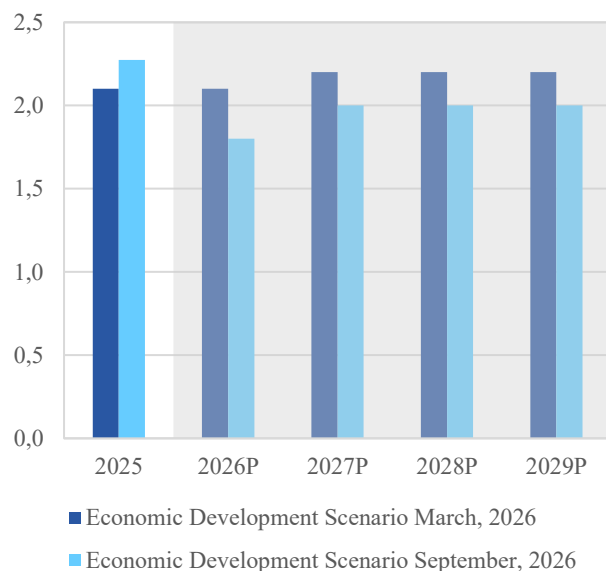
Although the negative impact of the war in the Middle East on the global economy has so far been limited, it may increase in the short term. The assumptions for external demand in the scenario are based on the IMF economic projections published in July 2026. It projects the global economy to grow by 3.0% in 2026 and 3.4% in 2027, slower than in 2024-2025, when the average growth rate was 3.5%. The projection for global economic growth in 2026 is 0.3 percentage points lower than the IMF projections published in January this year. The IMF estimates that the moderate slowdown in global economic growth is due to the negative impact of the Middle East war, which is partly offset by an increasing global technology sector driven by advances in artificial intelligence (AI) and its adoption.

Figure 1: Global growth forecasts, %



Source: IMF (P-projection).

Figure 2: Growth of Lithuanian export markets, %



Sources: IMF, Ministry of Finance calculations (P-projection).

¹ The date of inclusion of the statistics and other information in the scenario is 2 September 2026.

² IMF World Economic Outlook Update, July 2026, [World Economic Outlook Update, July 2026: Global Economy in Crosscurrents of War and Technology](#).

The IMF projects the euro area's gross domestic product (GDP) to grow by 0.9% in 2026, by 0.4 percentage points slower than projected in January, before accelerating to 1.2% in 2027. The growth forecast of the European Union (EU) economy has been reduced by 0.3 percentage points to 1.2% in 2026 and is expected to grow by 1.4% in 2027. The lower euro area growth projection was due to weak results in the first quarter of this year and sluggish economic activity in the bloc's countries. EU growth is also dampened by high energy prices, despite fiscal compensatory measures, and weak consumer expectations. The economies of Lithuania's main export partners are expected to grow at an uneven pace. The German economy is forecast to grow by 0.7% in 2026 and 1.0% in 2027, while the Polish economy is expected to grow by 3.4% and 2.4% respectively. Considering the IMF projections, the growth of Lithuania's main export markets is projected to be 0.3 percentage points lower in 2026 and 0.2 percentage points lower in 2027-2029 compared to the assumption used in the March 2026 scenario.

Since the publication of the March 2026 scenario, international trade relations between the United States of America (USA) and the EU have evolved. At the end of June this year, the Council of the EU adopted two regulations implementing the tariff-related aspects set out in the EU-USA Joint Statement of 21 August 2025. According to this statement, the US commits to a maximum tariff of 15% on goods originating in the EU, while the EU commits to eliminating tariffs on USA industrial goods and facilitating market access for some agricultural products and seafood. These regulations entered into force on 1 July this year. This agreement concluded long-standing negotiations between the parties and provided greater predictability regarding future trading conditions.

On the other hand, trade policy uncertainty between the US and its international trading partners remains high. Following the expiry of the provisional 10% tariff on almost all imports into the USA on 24 July this year, the USA imposed new tariffs of 10-12.5% on sixty countries (including the UK, Canada and China). The USA has decided to apply a 10% tariff on EU exports to the USA. At the same time, the new tariffs will not apply to certain groups of goods, including agricultural and food products, energy products, most pharmaceuticals, fertilisers, engineering products.

The IMF estimates that downside risks to the global economy are becoming more pronounced. The main downside risk is the escalation of the war in the Middle East. Prolonged conflict could lead to fluctuations in commodity prices, disrupt supply chains, accelerate price increases and worsen financial conditions. Downside risks are also heightened by the increasing fragmentation of international trade—which could reduce output and drive-up prices—and by the overvaluation of technology-driven expectations, the adverse impact of which is difficult to mitigate due to limited scope for government economic policy. Positive risks relate to a faster-than-expected normalisation of the energy market, the emergence of international trade agreements reducing trade barriers, higher-than-projected investment in technology and structural reforms conducive to growth in the medium term.

The identified risk of an escalation of the war in the Middle East is materializing. A temporary ceasefire in April and a June memorandum between the United States and Iran have temporarily eased tensions, but renewed military action in July has sparked renewed turmoil. Following the resurgence

of clashes, oil prices rose sharply, reaching their pre-Memorandum levels at the end of July. Despite some fluctuations, oil prices remained above pre-war levels at the end of August. At the same time, the renewed conflict worsened investors' expectations, leading to negative sentiment in stock markets, which led to stock price adjustments. As both sides fail to reach an agreement, there is still uncertainty about the outcome of the war. Uncertainty about the safety of navigation through the Strait of Hormuz is increasing, leading to instability in the energy raw materials market. The persistence of high energy prices puts at risk the downward trend in inflation, which may encourage central banks to raise interest rates³. At the same time, higher energy prices may further dampen global growth.

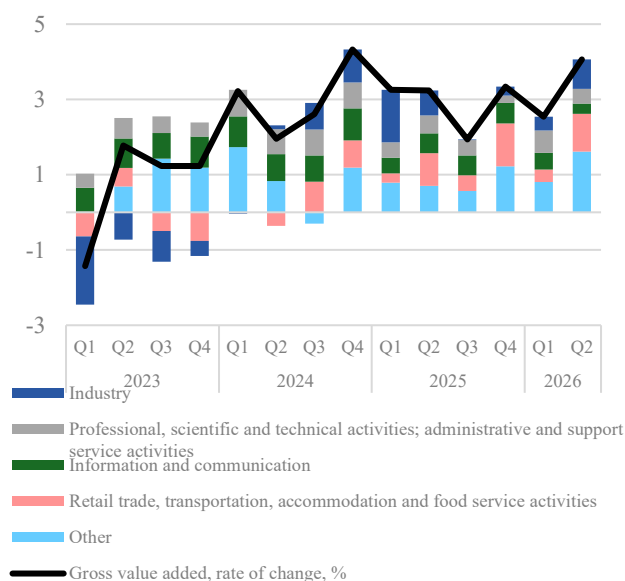
With the global economic outlook worsening, the resilience of the Lithuanian economy is supported by domestic demand. Lithuania's real GDP increased by 3.3% in the first half of 2026 compared to the same period in 2025. Growth was mainly driven by domestic demand, with household consumption expenditure as the main driver, which increased by 4.2% in the first half of the year, contributing to a growth rate of around 2.3 percentage points of GDP. Consumption was driven by strong wage growth and the withdrawal of accumulated pension funds from the second pillar since the beginning of the year, a significant part of which was spent by households on goods and services. Investment growth in the second quarter also supported economic growth, but imports that grew faster than exports led to negative net exports and dampened GDP growth. Among economic activities, the main drivers of economic growth in the first half of the year were manufacturing, trade, transport and storage as well as accommodation and food service activities.

The scenario projects Lithuania's real GDP to grow by 2.9% in 2026, at a similar pace as in 2025. Economic growth will be supported by domestic demand, in particular household consumption, but dampened by the rise in energy prices due to the war in the Middle East and by higher inflation and moderate external demand. Household consumption was influenced by changes in the pension Pillar II system in the first half of the year, but it will fade in the second half of the year, with a sharp decrease (compared to the first half) in the number of withdrawals. The expansion of exports will be driven by the services sector, but trade in goods will be constrained by sluggish economic growth in the main trading partners, declining exports to the US due to unfavourable trade conditions and higher commodity prices leading to higher production costs. As imports driven by consumption, investment and re-exports will grow faster than exports, the contribution of net exports to GDP growth is projected to be negative.

In 2027, as the temporary impact of the pension Pillar II transition on consumption fades away, GDP growth will slow down to 2.2%. Between 2028 and 2029, GDP growth is projected to converge towards potential growth of 2.6% and 2.5% respectively. Economic growth will be supported by the growth of purchasing power of the population and investment driven by the need to increase defence and security infrastructure and labour productivity. On the other hand, the rate of economic growth will be limited by the unfavourable demographic situation and labour shortages. On average, Lithuania's GDP will grow by 2.5% per year between 2026 and 2029.

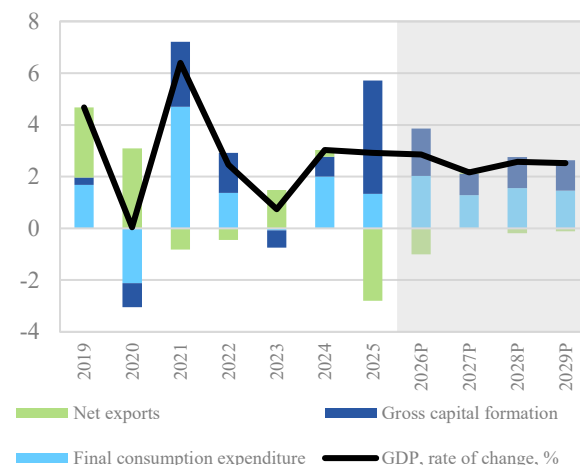
³ On 11 June 2026, the ECB increased the three key interest rates by 25 basis points.

Figure 3: Contributions to changes in Lithuania's gross value added, percentage points



Source: State Data Agency.

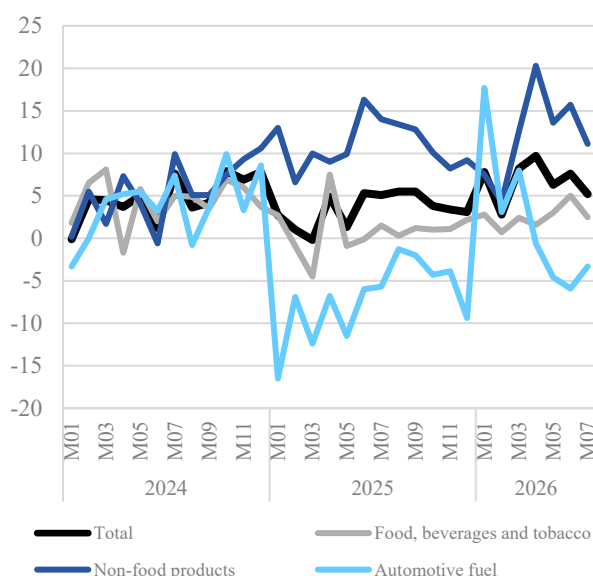
Figure 4: Contributions to changes in GDP (percentage points) and GDP projections



Sources: Ministry of Finance (P-projection), State Data Agency.

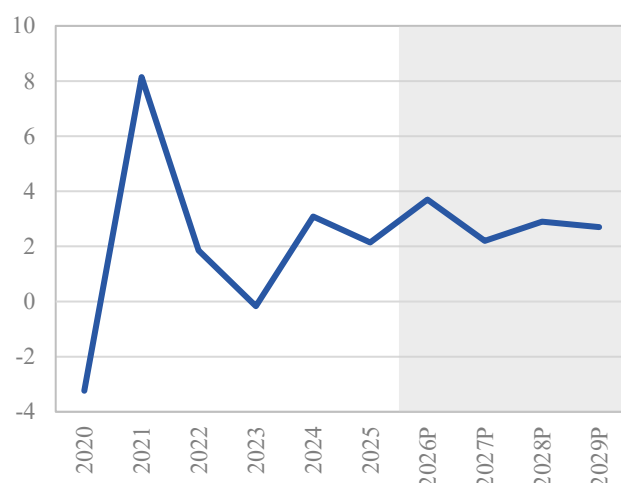
The growing disposable income of the population creates favourable conditions for the growth of household consumption expenditure. In the first half of 2026, household consumption expenditure increased by 4.2% per year. Consumption was more moderate at the beginning of the year, but growth accelerated in the second quarter, from 3.3% in the first quarter to 5.1% in the second. The acceleration in consumer expenditure growth is linked to the pension Pillar II reform. From the beginning of 2026, accumulators can use the option to withdraw part or total amount of their accrued funds, thereby increasing households' disposable income. Part of the funds withdrawn in the first half of the year were used for consumption, especially for larger or previously postponed purchases. However, the impact of this factor on consumption developments is limited: not all withdrawals are spent on consumption. Decisions on the use of accrued funds depend on the financial situation and behaviour of individual households, and most of the funds disbursed are currently in current accounts and are unused. Consumption growth in the first half of this year was also driven by an overall improvement in the financial situation of the population. Wages in the country grew faster than the prices of goods and services, thus strengthening households' ability to consume even as inflation accelerated. Recent retail trade data show that residents increased their consumption of goods in July, but due to the weaker impact of the pension system reform at a slower pace than in the second quarter. Household consumption will moderate but continue to grow in the second half of the year, as the impact of the pension Pillar II transition diminishes. For the whole of 2026, household consumption expenditure is expected to be 3.7% higher than in the previous year.

Figure 5: Changes in retail trade turnover, %



Source: State Data Agency.

Figure 6: Changes in household consumption expenditure, %



Sources: Ministry of Finance (P-projection), State Data Agency.

The reform of the pension accumulation system is not seen as a long-term source of consumption growth, but as an episodic two-year factor. As a result, after the first more active year, its influence will fade and, to a limited extent, may materialise at the beginning of 2028, when the funds for the applications of the last quarter of 2027 will be disbursed. The growth rate of household consumption expenditure is expected to slow down to 2.2% in 2027. Once again, as the momentum for pension reform fades, consumption developments will be driven mainly by more conventional factors, such as increases in employment-related income and pensions, inflation, the labour market situation and the expectations and behaviour of the population. Growth in wages and old-age pensions is likely to support a consumption-friendly financial position of households. At the end of the medium term, household consumption expenditure could grow by 2.7% per year.

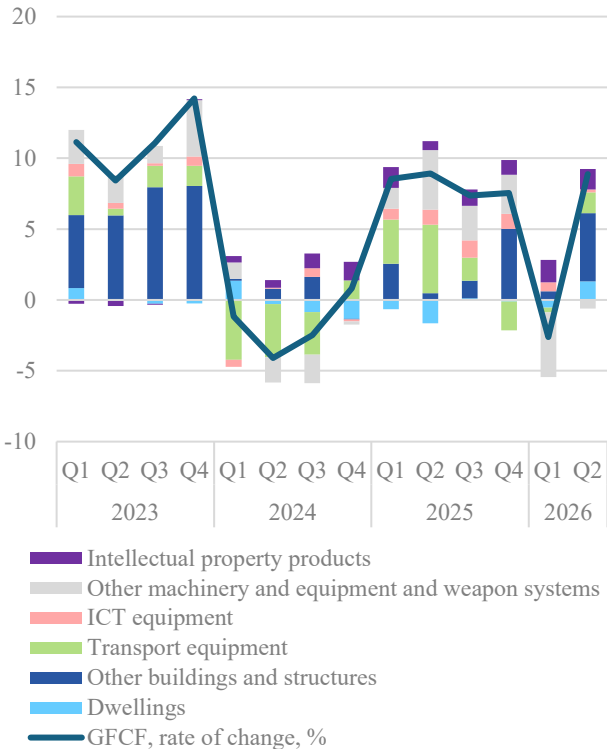
The investment process is driven by a growing need for security, corporate goals to boost labour productivity and public projects implementation. Investment in fixed capital formation increased by 3.5% per year in the first half of 2026. While the beginning of the year was more subdued, with investment falling by 2.6% in the first quarter, investment activity strengthened significantly in the second quarter, with a growth rate of 8.9%. The increase in the real estate market and the construction of civil engineering structures in the second quarter led to the fact that investment in construction was a key factor in the growth of gross fixed capital formation (GFCF), with investment in housing and other buildings and structures accounting for 3.3 percentage points out of 3.5 % GFCF growth rate in the first half of 2026. Investment in transport equipment and intellectual property products also contributed significantly, while the growth rate was dampened by a decline in investment in other machinery, equipment and weapon systems.

Investments in fixed tangible assets in the country were 6.3% higher in the first half of this year than in the same period of 2025 due to the increase in public sector investment in the second

quarter and the accelerated growth rate of the private sector. Investments in manufacturing and real estate operations strengthened and, although at a slower but still double-digit pace, increased transport and storage activity supported investment growth in the country. Private sector investment in tangible assets in the first half of this year at current prices was 16.1% higher than in the corresponding period last year. Strengthened demand for industrial output improved industrial performance and stimulated investment. Investment by the private sector is also driven by a lack of suitably skilled workers, rising wages and other operating costs. These factors reinforce the need to explore ways to increase labour productivity by investing in automation, digitalisation, information technology, modern equipment and intellectual property products.

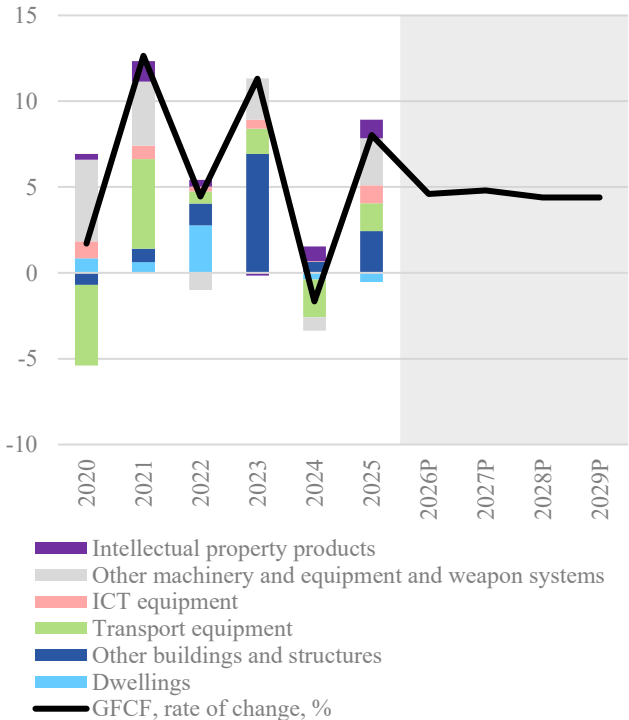
The structure of investment is also increasingly shaped by the changed geopolitical environment. Greater focus on national security entails not only higher current defence spending, but also the need to build infrastructure, acquire military equipment, strengthen logistics capabilities and other fixed assets. Part of this investment promotes the development of Lithuanian industry, technology and defence-related sectors. Lithuania’s defence industry is still at an early stage of development, so a significant share of defence-relevant goods and equipment is imported – the country’s growing demand for defence industrial production creates an incentive to invest in this growing and relevant sector.

Figure 7: Contributions to changes in GFCF, percentage points



Source: State Data Agency.

Figure 8: Contributions to changes in GFCF (percentage points) and GFCF projections



Sources: Ministry of Finance (P-projection), State Data Agency.

Investment in Lithuania is expected to grow this year, but due to a higher comparative base (GFCF grew by 8% in 2025), increasing project implementation costs and increased uncertainty, the growth rate will be more moderate, with expenditure on GFCF growing by 4.6% in 2026. These factors will continue to play an important role in the medium term, with EU funding, defence and the labour market supporting investment dynamics, but may be dampened by the geopolitical situation, rising project costs and deteriorating financing conditions. Private investment, defence needs and investment in productivity-enhancing technologies will become more important after the end of the Recovery and Resilience Facility and the projects under it this year. GFCF expenditure is expected to grow at an average annual rate of 4.5% in 2027–2029 in Lithuania.

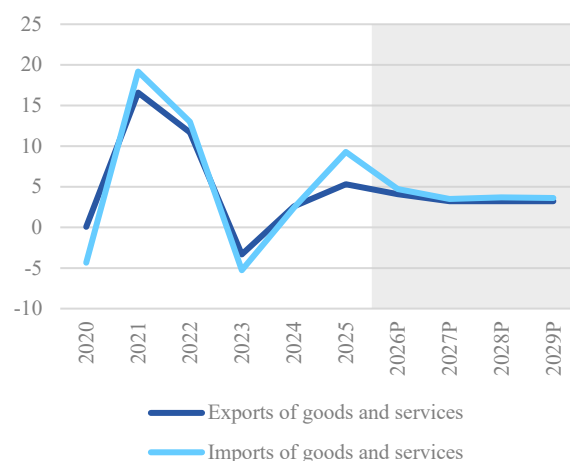
Exports have maintained a relatively strong growth rate in the first half of 2026, but future expansion will be constrained by an unfavourable geopolitical situation, uncertainty about energy prices and sluggish growth in the EU economy. In the first half of this year, Lithuania's exports of goods and services remained resilient to unfavourable geopolitical and economic circumstances and recorded a 4.8 % annual increase (at constant prices). The main reason for this change was the increase in exports of services, with an annual growth rate of 9.5%. Data for the first quarter suggests that growth in transport services exports contributed most to the overall growth in services exports. Exports of goods grew at a slower pace this half-year, by 1.6% per year. The growth of goods exports was supported by a rapid increase in re-exports of goods and an increase in exports of goods of Lithuanian origin, the development of which was driven by good manufacturing results. A better development of exports of mineral products, plastics and rubbers, prepared foodstuffs and engineering products contributed the most to the growth of exports of goods of Lithuanian origin. On the other hand, this half-year the expansion of exports of goods of Lithuanian origin was uneven: in the first quarter exports of these goods decreased, and in the second quarter they started to grow again. The decline in the first quarter was mainly due to the rapid decline in exports of goods to the United States, which was partly negatively affected by the high comparable base resulting from advance purchases by US firms in the same period in 2025. The rapid growth in exports of goods of Lithuanian origin observed in the second quarter may have been driven by stronger foreign demand for Lithuanian products, as firms increased purchases in advance amid uncertainty surrounding future energy and commodity prices and trade conditions. Re-exports of goods grew rapidly in the first half of 2026 and contributed significantly to the overall growth of goods exports. However, the accelerated expansion of re-exports of goods continues to be constrained by the unfavourable geopolitical situation and the EU's export restrictions on dual-use goods.

Figure 9: Exports of Lithuanian goods and services and exports of goods to the US, rate of change, %



Source: State Data Agency.

Figure 10: Exports and imports of goods and services, rate of change, %



Sources: Ministry of Finance (P-projection), State Data Agency.

Exports of goods and services are projected to continue growing in 2026 (4.1%), but at a slower pace than in 2025. Favourable expectations of both the EU and Lithuanian industry point to an increase in exports of goods of Lithuanian origin. However, the growth rate of exports of these goods will slow down in the second half of the year due to a weaker outlook for external demand, which could limit the growth of manufacturing. Re-exports of goods are expected to continue to grow, but their expansion will be limited by existing EU sanctions on dual-use goods. The rise in energy prices due to the ongoing turmoil in the Persian Gulf and the higher duties imposed by the US on goods originating in the EU in 2025 may limit the growth of total exports of goods this year. Exports of services are likely to continue to grow and make a significant contribution to overall export growth this year. The acceleration in exports of goods and services is expected to be constrained by the current escalation of global trade tensions, the persistence of uncertainty in international trade conditions and the sluggish growth of the EU economy.

In the outer years of the medium term (2027-2029), exports of goods and services are expected to continue to grow, with an annual growth rate of 3.2%, on the back of more favourable developments in external demand. Export of services are expected to continue to grow and remain an important driver of export growth. In the medium term, the country's export development will also be influenced by the geopolitical situation, the ability of exporting companies to adapt to changing market conditions, their decisions to invest in technological progress and productivity-enhancing measures.

This year inflation in Lithuania is driven by the energy price shock caused by the war in the Middle East, fast-growing wages and tax changes that have entered into force since the beginning of the year. Annual inflation measured by the Harmonised Index of Consumer Prices (HICP) has accelerated from 2.8% in January 2026 to 5.4% in July, and in August (preliminary data) to 5.8%. Between January and August, the average annual inflation was 4.6%, significantly higher than in the euro area (2.7%), which was also influenced by the much higher weight of vehicle fuel in

Lithuania's HICP structure. The most pronounced change in the inflation trend occurred in March, when annual inflation rose from 3.3 % to 4.4 % per month, with energy commodities being its main driver.

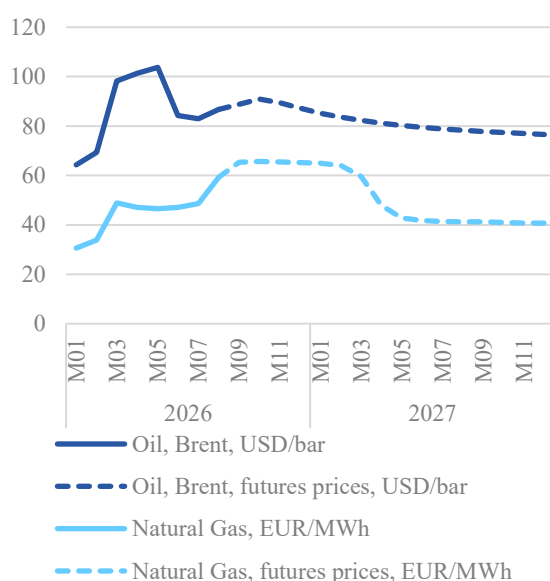
Energy commodity prices contributed most to the acceleration of inflation. The war in Iran that broke out at the end of February and the disruption of shipping along the Strait of Hormuz led to a sharp surge in energy commodity prices. The price of Brent oil rose from USD 64/bar in January to USD 98/bar in March and USD 104/bar in May, before falling to USD 83/bar in July and USD 87/bar in August during the summer months. The price of natural gas (TTF) increased from 31 EUR/MWh in January to 49 EUR/MWh in March, reaching 59 EUR/MWh in August. The annual price change of energy goods increased from -1.9% in January to 23.7% in July, and their contribution to annual inflation was about 2.6 percentage points, i.e. about half of total inflation. In July, the price for vehicle fuel increased by 22.9% per year, thermal energy by 42.4%, electricity by 11.0%, natural gas by 7.4% and solid fuels by 23.3%. The increase in the price of thermal energy was not only due to the abolition of the preferential 9% VAT rate application at the beginning of the year, but also the increase in the price of biofuels due to more expensive gas.

The trend in food prices was reversed and dampened headline inflation. The annual price change for food and non-alcoholic beverages slowed from 4.8% in January to 0.3% in May, and in July these goods were 0.4% cheaper than a year ago. Unprocessed food prices fell by 1.7% year-on-year in July, while processed food prices remained almost stable (0.1% change). Food prices were driven by a high comparable base due to the previous increase in prices in 2025 and a decrease in farm gate prices for agricultural production. In July, only fish and non-alcoholic beverages became more expensive.

Service inflation remained stable at around 2 percentage points of annual inflation. The annual price change for services averaged 6.4% in the first seven months of this year and 6.6% in July. It was supported by strong wage growth, higher energy costs passed on to transport services prices and likely domestic demand driven by changes to the pension pillar II savings scheme.

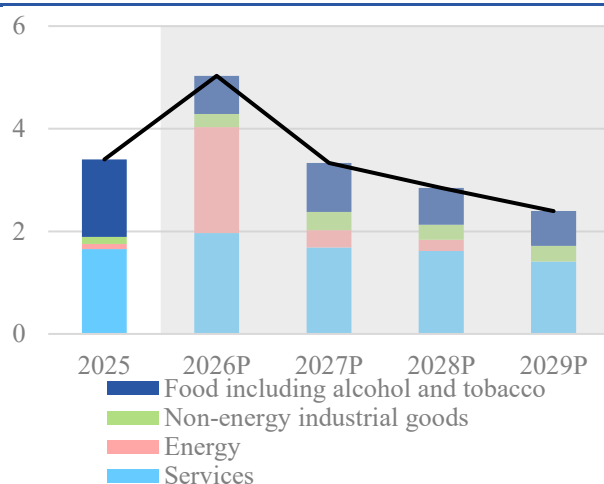
The scenario projects average annual inflation at 5.0% in 2026, to decrease to 3.3% in 2027, to 2.8% in 2028, and to 2.4% in 2029. This year, most of the increase in prices will come from the price of energy and services. Compared to the previous scenario, the war in the Middle East, which is stronger and more protracted than expected in March, and the energy price shock are expected to have a stronger impact on energy prices, as well as stronger wage growth.

Figure 11: Oil and natural gas prices in the markets



* Average of futures prices from 17 to 28 August 2026.
Sources: Macrobond, ICE, Ministry of Finance calculations.

Figure 12: Average annual inflation projections, %



Sources: Eurostat, Ministry of Finance (P-projection).

External price pressures will remain elevated this year but are expected to ease next year. The scenario assumes an average Brent oil price of USD 87.3 per barrel in 2026 (an increase of 28.3% compared to 2025), a fall to USD 79.8 in 2027 and a continuation at this level in 2028-2029. The Natural Gas (TTF) price assumption amounts to EUR 52.0/MWh in 2026 (an increase of 41.3% compared to 2025) and EUR 47.3/MWh in 2027-2029. Throughout the projection horizon, the USD/EUR exchange rate will remain stable at 1.17. These assumptions imply a weaker oil price pressure on fuels from 2027 onwards. Natural gas and biofuel prices will remain high until spring 2027, and their changes in heat prices pass through gradually, so the impact of heat price increases will remain somewhat longer than the direct impact of the oil price shock on fuels.

Over the medium term, growth in services prices will remain an important driver of inflation. In labour-intensive service sectors, this will lead to further cost increases. This year, the demand will be further supported by changes in the pension Pillar II accumulation system and withdrawals by the population, but this likely impulse to service prices is temporary. More moderate wage and consumption growth in the outer years will ease the pressure on services prices.

In 2027, headline inflation will be dampened not only by more favourable developments in energy commodity prices, but also by the fading-out of the impact of the VAT changes in 2026. However, price increases will still be supported by the envisaged changes in excise duties. Food price growth, which has slowed down this year, is expected to pick up moderately in the following years, while industrial non-energy goods inflation is expected to remain relatively low. The moderation in headline inflation in 2028 will be driven by the fading effect of the previous energy price shock, more favourable developments in heat prices and a declining growth rate in labour costs, but implementation of the EU Emissions Trading System 2 will provide additional impetus.

Data for the first half of 2026 shows that the Lithuanian labour market remained resilient to the uncertainty of the economic environment. However, in the medium term, labour market development will increasingly be constrained by insufficient labour supply, an ageing population and mismatches between the qualifications of people in the workforce and the needs of employers.

One of the most important features of the first half of 2026 was the exceptionally high labour force participation. The labour force participation rate reached 79.9% in the first quarter and 79.7% in the second quarter. This is one of the highest indicators in the history of monitoring the Lithuanian labour market, indicating that the majority of the working-age population already participates in the labour market, leaving increasingly fewer additional internal labour force reserves. As a result, future employment growth will increasingly depend on the upskilling of workers, including potential workers, technological investment and targeted skilled migration, rather than on the involvement of new workers.

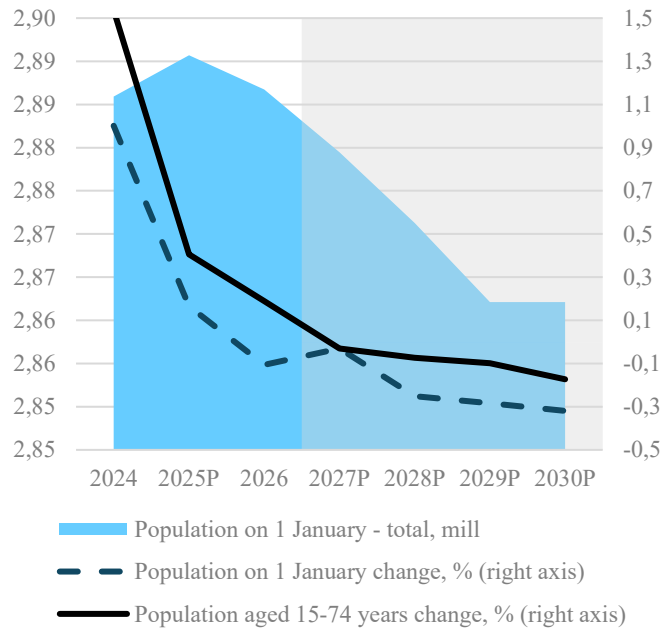
Employment growth accelerated to 1.1% in the second quarter of 2026, while employment increased by around 1% in the first half of the year. The need to meet the increase in domestic demand in the services and trade sectors resulting from the pension Pillar II reform is likely to have contributed to employment growth.

In the first half of 2026, the unemployment rate stood at 6.8%, 0.3 percentage points lower than a year ago, before falling to 6.1% in the second quarter, compared to 7.4% in the first quarter. These developments are partly due to seasonal increases in economic activity in construction, trade, transport, accommodation and other services, but also reflect labour demand in the economy.

While in the first half of 2026 the number of people in the labour force was 0.7% higher than a year ago, in the second quarter it had practically stopped growing and was 0.1% lower than a year ago. This shows that the decline in unemployment is increasingly driven not by a growing workforce, but by its redistribution between employment and unemployment. Employers are increasingly competing for suitably skilled workers, and the labour market is constrained by demographic trends such as a shrinking working-age population and slowing migration.

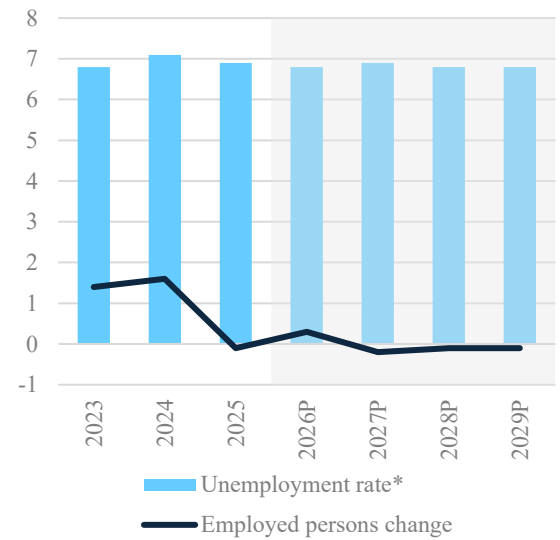
Positive labour market indicators for the first half of 2026 are also accompanied by some warning signals. According to the Employment Service, in the first half of 2026, 51 notices of projected redundancies were received in the group, while around 2,000 workers were alerted to potential redundancies. Between January and July 2026, the number of such employees was already around 2.5 thousand, compared to around 1.1 thousand in the same period in 2025. The largest number of group redundancies occurred in the manufacturing sector, in particular in the metal, wood and furniture industries. Although these scales of group redundancies are not yet critical, they signal growing business prudence and ongoing business optimization processes. So far, the impact of these processes on overall labour market trends remains limited, with a job vacancy rate of 2.2% indicating that demand for labour in the country is still high, despite optimisation and efficiency improvements in some economic activities, in particular in some manufacturing, information technology, and financial and insurance companies.

Figure 13: Population forecast by the State Data Agency at the beginning of the year



Source: State Data Agency, FM calculations (P – projection).

Figure 14: Unemployment rate and number of persons employed, rate of change, %



* According to the Labour Force Survey methodology

Sources: Ministry of Finance (P-projection), State Data Agency.

The scenario is based on the population projections of the State Data Agency⁴ (most likely scenario). They expect net migration to remain positive in the medium term, but to be much more moderate than observed over the past few years and to reverse the negative effects of natural population change, leading to a depopulation of the country. The working-age population (15-64 years old) is expected to decrease by around 0.6% per year on average between 2026 and 2029. This demographic development of Lithuania leaves little room for the growth of the labour force and the occupied population.

The scenario projects the number of employed persons to increase by 0.3% in 2026 as economic activity picks up. In the following years of the medium-term, with the positive impact of net migration increasingly fading and the working-age population shrinking, the change in the number of employed persons in the country will decrease to about -0.1% on average.

Unemployment will change moderately over the medium term, mainly as a result of a decline in labour supply due to ageing. The unemployment rate in the country is projected to decrease to 6.8% in 2026 and to increase to 6.9% in 2027, reflecting the economic slowdown in the scenario. The unemployment rate is expected to remain close to 6.8% between 2028 and 2029.

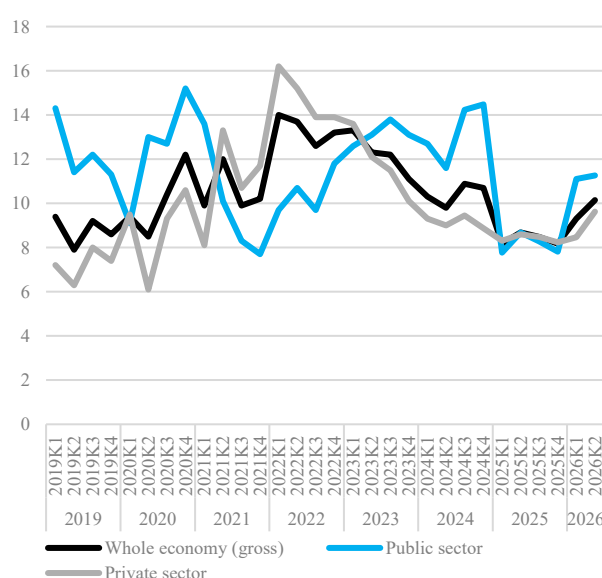
After relatively moderate wage growth in 2025, the labour market again faces wage pressures. According to the data of the State Data Agency, wages in the country grew by 9.7% in the first half of 2026: 11.2% in the public sector and 9.0% in the private sector. The main drivers of wage growth were tight labour markets and labour shortages, the impact of the increase in the minimum

⁴ State Data Agency Population Forecast, December 2025: [Background briefs - Official Statistics Portal](#).

monthly wages (MMW), public sector wage policies and the limited supply of suitably qualified workers.

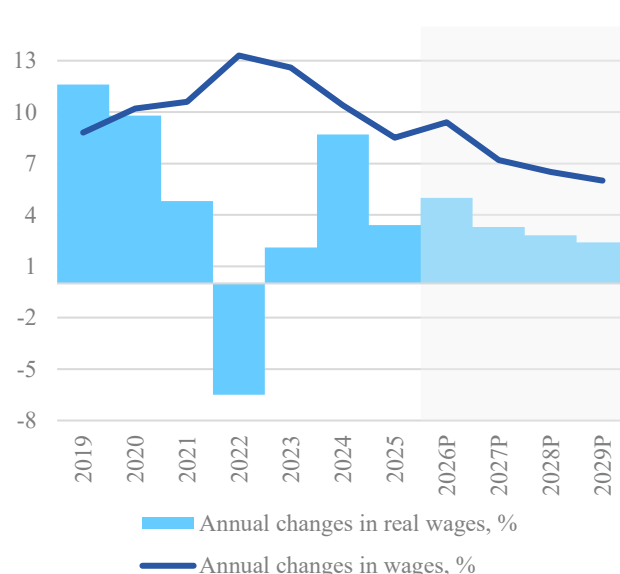
Unlike in 2025, when wage growth was more concentrated in lower-wage service activities, in 2026 strong wage growth is recorded in a wider range of economic activities. Among the fastest-growing activities in the first half of 2026 were education (15.9%), real estate operations and transport and storage (14.7%), information services (12.2%), accommodation and food services (12.1%). Some of these economic activities remain sensitive to the impact of increasing MMW, but the limited supply of suitably skilled labour and the lack of specific competences are also becoming increasingly important.

Figure 15: Wages by sector, rate of change, %



Source: State Data Agency

Figure 16: Wages in the country, rate of change, %



Sources: Ministry of Finance (P-projection), State Data Agency

Wages in the country are expected to grow by 9.4% in 2026, by 7.2% in 2027 and by 6.2% on average between 2028 and 2029. Wage growth in 2027 will be driven by an 8% increase in the MMW, administrative decisions on public sector wages and a shortage of suitably skilled workers as of 1 January. In the outer years of the medium term, in the absence of new decisions for the MMW and wages of public sector employees, demographically declining labour force numbers in the country and structural (adequately qualified) labour shortages will be the main factors putting upward pressure on wages.

The scenario is prepared against a backdrop of persistent high external instability and economic uncertainty, ongoing geopolitical conflicts and uncertainty about international trade policy.

As a result of the military action in the Middle East that started on 28 February and Russia's ongoing war against Ukraine, uncertainty about the evolution of energy commodity prices remains extremely high and energy price developments remain one of the most important risks to inflation

and economic growth. In the scenario, the technical assumptions for energy commodity prices for the period 2026-2027 were based on futures prices from 17 to 28 August 2026. For the years 2028 to 2029, prices are assumed to be equal to 2027 values. Against this background, the Brent scenario assumes oil prices of USD 87.3 per bar in 2026 and USD 79.8 per bar in 2027-2029. The assumption for natural gas prices is 52.0 EUR/MWh in 2026 and 47.3 EUR/MWh in 2027-2029. Changes in these technical assumptions would change **the path of inflation**. Other factors may also have an impact on the inflation projection over the medium term, such as decisions on administered prices, tax changes, changes in monetary and labour market policies not known at the time of the scenario, etc.

In the scenario, **the demographic development assumptions** were in line with the latest publicly available State Data Agency population projections (most likely scenario) of December 2025. They foresee that the emergence of an unfavourable age structure of the population will lead to depopulation and changes in the age structure of the population in the coming decades. Negative natural population change (the number of deaths will exceed the number of births) and a further decline in the working-age population and the number of women of reproductive age are projected. Negative natural gains will be partly offset by a positive net international migration balance. Changes in assumptions about demographic developments, international migration trends or assumptions about economic activity would change the outlook for **labour market** indicators. New decisions on public sector wage policies, minimum monthly wages would affect the average gross monthly **wage** estimates in this scenario. Wage developments in the private sector would also be affected by fluctuations in demand, changes in the labour force, prolonged high uncertainty and instability, and changes in the financial situation of firms.

Estimates of **the indicators of exports of goods and services** in the scenario may change due to the unfulfilled technical assumptions of external demand on which this scenario was based. While the EU Council approved a bilateral trade agreement with the US at the end of June this year, risks in global trade have not diminished and uncertainty remains extremely high. The announcement of new tariffs by the US on trade partners increases the risk of retaliatory measures, which may further increase uncertainty in global trade and limit its development. The ongoing war in the Persian Gulf, which began in February, continues to disrupt global trade, particularly energy commodity markets, exacerbating volatility in energy prices and the risk of disruptions in the supply of raw materials. The unpredictable evolution of the war in the Middle East risks perpetuating high energy commodity prices (oil and gas) and supply chain disruptions over a longer period of time. As a result, international trade is becoming increasingly tense and difficult to predict. High and long-term energy prices may reduce the activity of both Lithuanian and global industry. Lithuanian industry is closely integrated into the global value chain and is therefore sensitive to disruptions in the supply of raw materials or components needed for production. These disruptions may reduce industrial activity and negatively affect the development of a country's exports of goods. In addition, they could dampen the economic development of export partners, which would reduce orders from Lithuanian industry. At the same time, export developments are at risk from a possible tightening of monetary policy linked to an increase in interest rates. Increasing interest rates could reduce the demand for Lithuanian products

abroad, which would limit the development of exports of goods. Moreover, fluctuations in financial markets, which have a negative impact on external demand, could also have an unfavourable impact on the development of Lithuania's foreign trade.

The projected **evolution of investment** could change due to geopolitical factors, changes in the labour market, an increase in investment in national security, changes in monetary policy, changes in internal and external demand, changes in supply chains, changes in the implementation of projects financed by EU funds and other instruments.

Changes in the habits and behaviour of the population, the financial situation of households, purchasing power and the demographic situation would result in a different evolution of **household consumption** expenditure than assumed in this scenario. The evolution would also change if the assumptions about the impact of the transition of the pension Pillar II were not met.

Scenario projection estimates are significantly influenced by the statistical information publicly available at the time of its compilation, which may change significantly due to data reviews and/or revisions carried out by the State Data Agency. A revision of the National Accounts is expected to be published in October 2026.

In addition, the economic development scenario could change due to policy instability. The estimates in the scenario could also be influenced by decisions taken by economic policy makers after the scenario was prepared, such as the easing of monetary policy and future decisions on the country's budgetary policy.

If the underlying assumptions underpinning this scenario were not fulfilled, the estimates for most of the indicators in this scenario would change.

Table 1: Key macroeconomic indicators

Title of the indicator	ESA code	2025	2026	2027	2028	2029
Gross domestic product (GDP) at constant prices						
1. GDP, EUR million	B1*g	62 071.8	63 845.7	65 228.3	66 909.0	68 593.0
2. GDP, rate of change, %	B1*g	2.9	2.9	2.2	2.6	2.5
Change in the components of GDP at constant prices, %						
3. Household consumption expenditure	P.3	2.1	3.7	2.2	2.9	2.7
4. General government consumption expenditure	P.3	1.0	0.4	0.2	0.2	0.2
5. Gross fixed capital formation	P.51	8.0	4.6	4.8	4.4	4.4
6. Exports of goods and services	P.6	5.3	4.1	3.2	3.2	3.2
7. Imports of goods and services	P.7	9.3	4.7	3.5	3.7	3.6
GDP and final consumption expenditure at current prices						
8. GDP, EUR million	B1*g	84, 258.0	91, 421.4	96, 533.2	102, 118.9	107, 634.5
9. GDP, rate of change, %	B1*g	6.7	8.5	5.6	5.8	5.4
10. Final consumption expenditure, EUR million	P.3	62, 266.7	68, 121.2	71, 880.0	75, 811.5	79, 601.9
11. Final consumption expenditure, rate of change, %	P.3	6.7	9.4	5.5	5.5	5.0

ESA - European System of Accounts

Table. 2 Price indicators

Title of the indicator	2025	2026	2027	2028	2029
	% change				
1. GDP deflator	3.6	5.5	3.4	3.1	2.8
2. Household consumption expenditure deflator	3.5	5.0	3.3	2.8	2.4
3. Exports (goods and services) deflator	0.0	6.1	0.8	1.5	1.5
4. Imports (goods and services) deflator	-1.5	5.7	0.6	1.1	1.1
5. Harmonised Index of Consumer Prices (average annual)	3.4	5.0	3.3	2.8	2.4

Table 3. Labour market indicators

Title of the indicator	2025	2026	2027	2028	2029
1. Number of employed persons (acc. to the Labour Force Survey methodology), thou.	1, 462.8	1, 467.8	1, 465.5	1, 463.9	1, 462.3
2. Number of employed persons (acc. to the Labour Force Survey methodology), rate of change, %	-0.1	0.3	-0.2	-0.1	-0.1
3. Unemployment rate (acc. to the Labour Force Survey methodology), %	6.9	6.8	6.9	6.8	6.8
4. Average monthly gross earnings, EUR	2, 411.4	2, 638.5	2, 828.5	3, 012.3	3, 193.0
5. Average monthly gross earnings, rate of change, %	8.5	9.4	7.2	6.5	6.0
6. Wage bill, EUR million	34, 107.4	37, 319.5	39, 943.0	42, 493.9	44, 992.5
7. Wage bill, rate of change, %	9.6	9.4	7.0	6.4	5.9
8. Labour productivity (GDP at constant prices per employed person), rate of change, %	3.0	2.5	2.3	2.7	2.6

Table 4: Key assumptions

Title of the indicator	2025	2026	2027	2028	2029
1. USD/EUR exchange rate ¹	1.13	1.17	1.17	1.17	1.17
2. Global GDP, rate of change, % ²	3.5	3.0	3.4	3.4	3.4
3. EU GDP, rate of change, % ²	1.6	1.2	1.4	1.4	1.4
4. GDP of main export markets, rate of change, % ³	2.3	1.8	2.0	2.0	2.0
5. Oil prices (<i>Brent</i> , US dollars per barrel) ⁴	68.0	87.3	79.8	79.8	79.8

Sources:

¹ ECB (June 2026);

² IMF (July 2026);

³ IMF (July 2026), Ministry of Finance calculations;

⁴ Macrobond, calculations by the Ministry of Finance. The arithmetic average of futures prices from 17 to 28 August 2026 was used in the calculation.

Table 5: Comparison of key indicators of the economic development scenario

Title of the indicator	2025	2026	2027	2028	2029
GDP (at current prices), EUR million	84, 258	91, 421	96, 533	102, 119	107, 635
GDP (at constant prices), rate of change, %	2.9 (2.9)	2.9 (3.1)	2.2 (2.3)	2.6 (2.8)	2.5 (2.6)
Harmonised Index of Consumer Prices (average annual), rate of change, %	3.4 (3.4)	5.0 (3.7)	3.3 (2.4)	2.8 (2.4)	2.4 (2.4)
Investment (constant prices), rate of change, %	8.0 (7.3)	4.6 (5.7)	4.8 (4.5)	4.4 (4.4)	4.4 (4.4)
Exports of goods and services (at constant prices), rate of change, %	5.3 (4.2)	4.1 (2.7)	3.2 (3.6)	3.2 (3.6)	3.2 (3.6)
Unemployment rate (acc. to the Labour Force Survey methodology), %	6.9 (6.9)	6.8 (6.8)	6.9 (6.9)	6.8 (6.8)	6.8 (6.8)
Average monthly gross earnings, rate of change, %	8.5 (8.4)	9.4 (7.9)	7.2 (6.1)	6.5 (5.7)	6.0 (5.7)
Number of employed persons (acc. to the Labour Force Survey methodology), rate of change, %	-0.1 (-0.1)	0.3 (0.1)	-0.2 (-0.1)	-0.1 (-0.1)	-0.1 (-0.1)

Sources: Ministry of Finance, State Data Agency.

An estimate of the March 2026 Economic Development Scenario for the relevant indicator is presented in brackets.