

# MACROECONOMIC AND BUDGETARY REVIEW 2023

No 7

## GROSS DOMESTIC PRODUCT (GDP)

GDP 2022

**39 063 mln €**

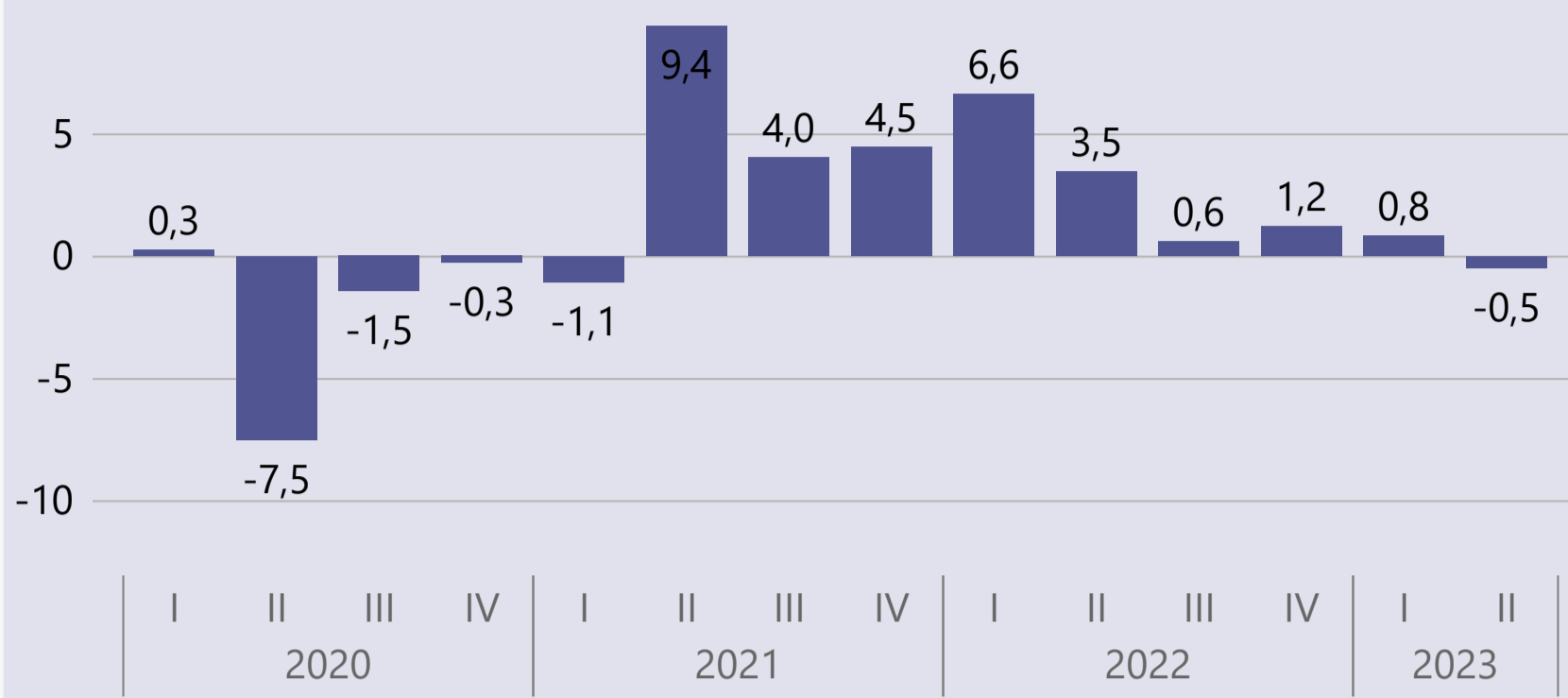
CSB, 21.04.2023.

GDP growth 2023

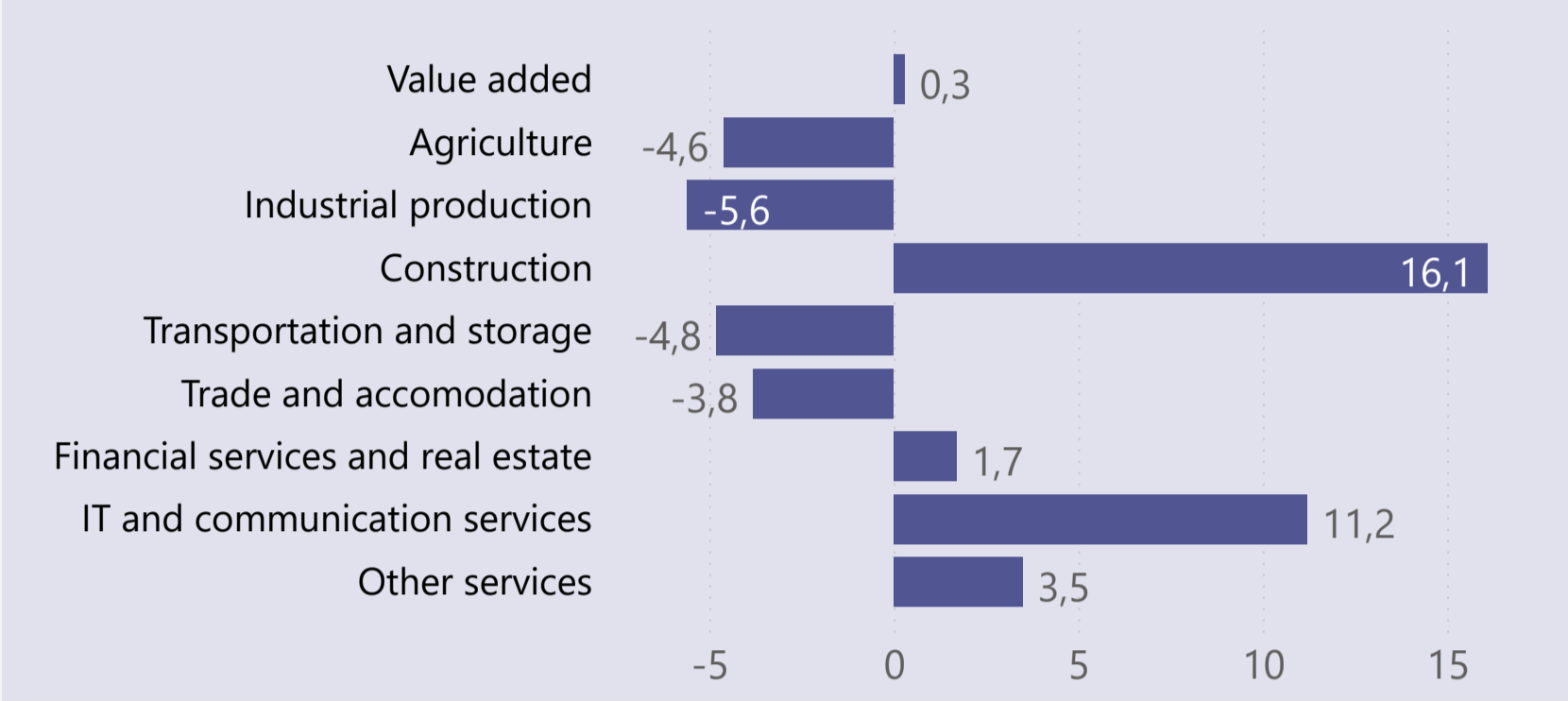
**1.0%**

MoF forecast, June 2023

GDP growth, YoY%

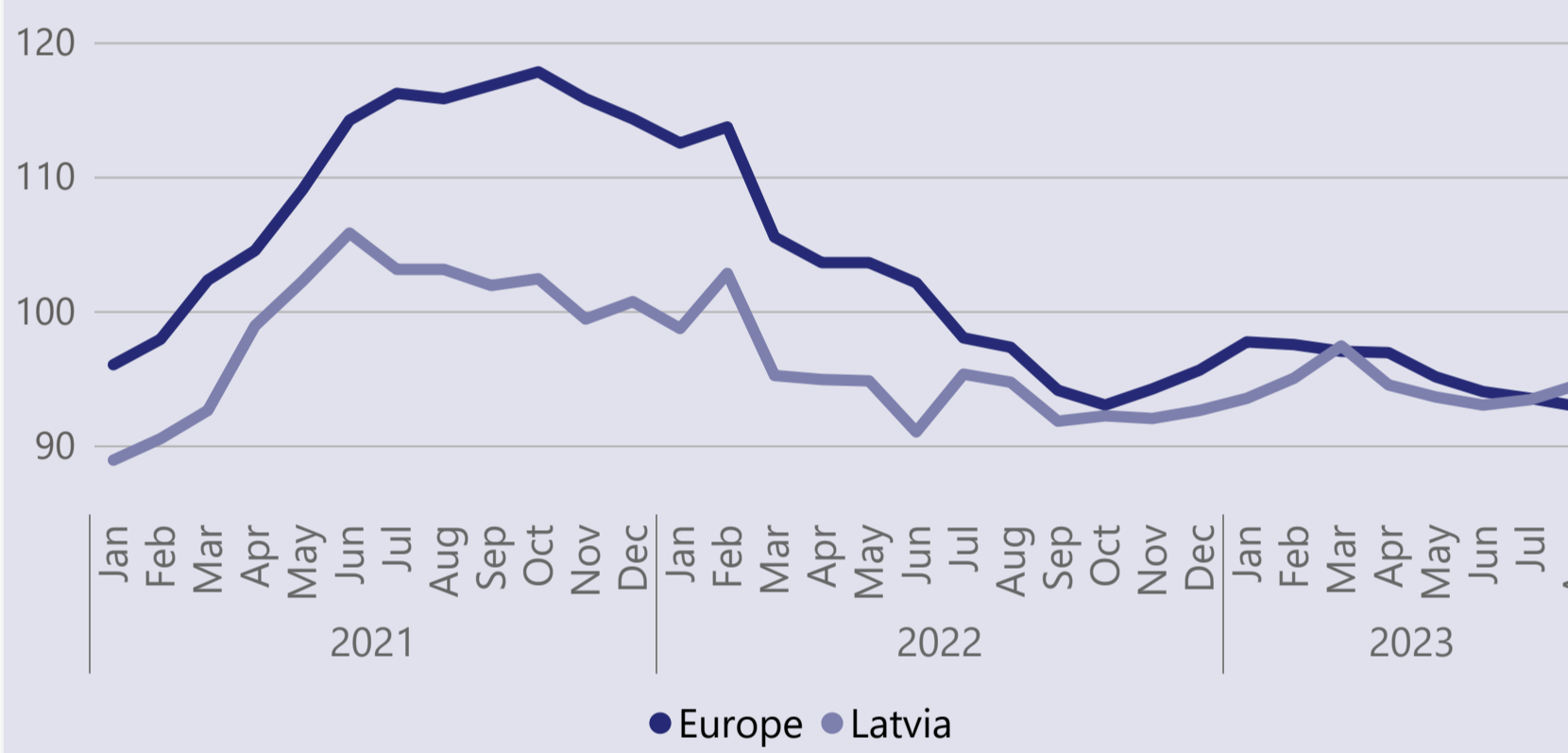


GDP growth by sectoral breakdown (2023 1st half/2022 1st half)



Source: Central Statistical Bureau(CSB); comparable prices

Economic confidence



Source: European Commission

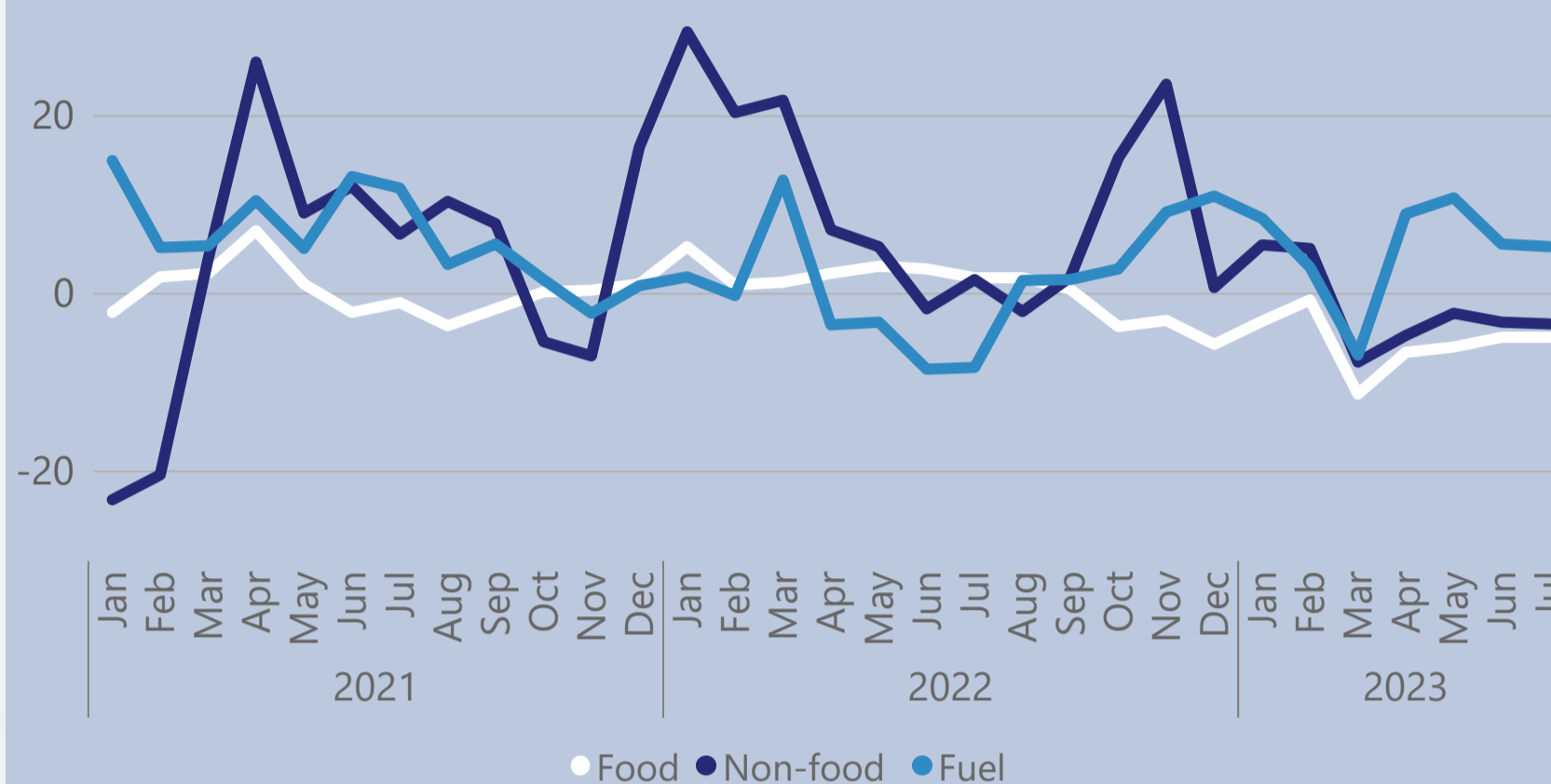
## MAIN MACROECONOMIC INDICATORS

Indicator	2017	2018	2019	2020	2021	2022	2023*	2024*	2025*	2026*
Nominal GDP growth, %	6,4	8	5,2	-1,3	11,1	16,2	11	5,5	6,2	5,8
Real GDP growth, %	3,3	4	2,6	-2,3	4,3	2,8	1	2,5	2,9	2,9
GDP deflator, % change	2,9	3,9	2,6	1	6,5	13,1	9,9	2,9	3,2	2,8
Consumer price index, % change	2,9	2,6	2,8	0,2	3,3	17,3	10	2,2	2,5	2,3
Average monthly gross wage, EUR	926	1004	1076	1143	1277	1373	1524	1638	1720	1806
nominal growth, %	7,8	8,4	7,2	6,2	11,7	7,5	11	7,5	5	5
real growth, %	4,7	5,7	4,2	6	8,2	-8,4	0,9	5,2	2,4	2,6
Number of persons employed, thsd	894	909	910	893	864	886	887	887	884	879
growth, %	0,2	1,6	0,1	-1,9	-3,2	2,6	0,1	0	-0,3	-0,6
Unemployment rate, %	8,7	7,4	6,3	8,1	7,6	6,9	6,5	6,6	6,4	6,4

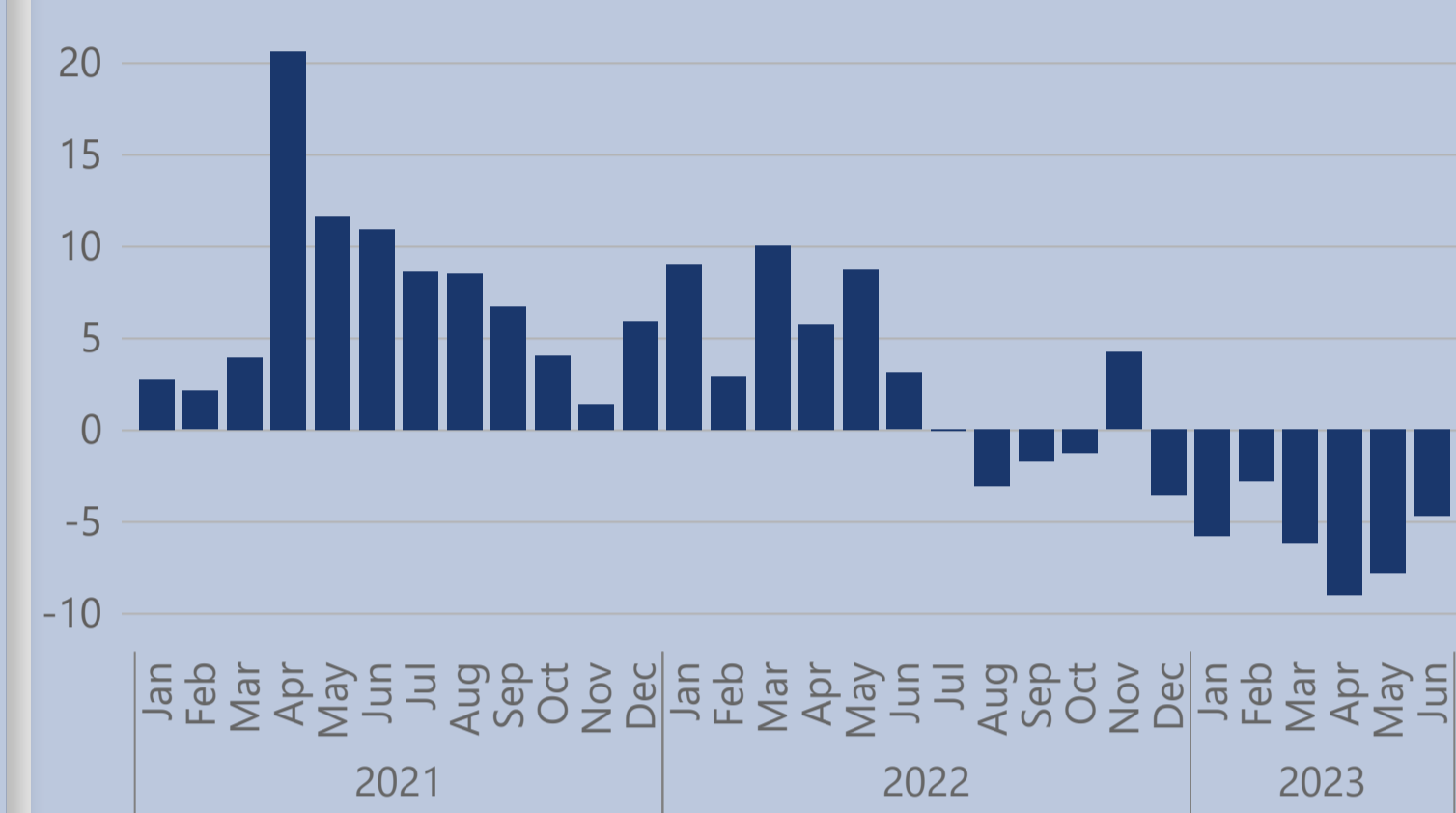
Source: CSB (21.04.2023), \*forecasts of the Ministry of Finance of the Republic of Latvia (June 2023)

## INDUSTRIES

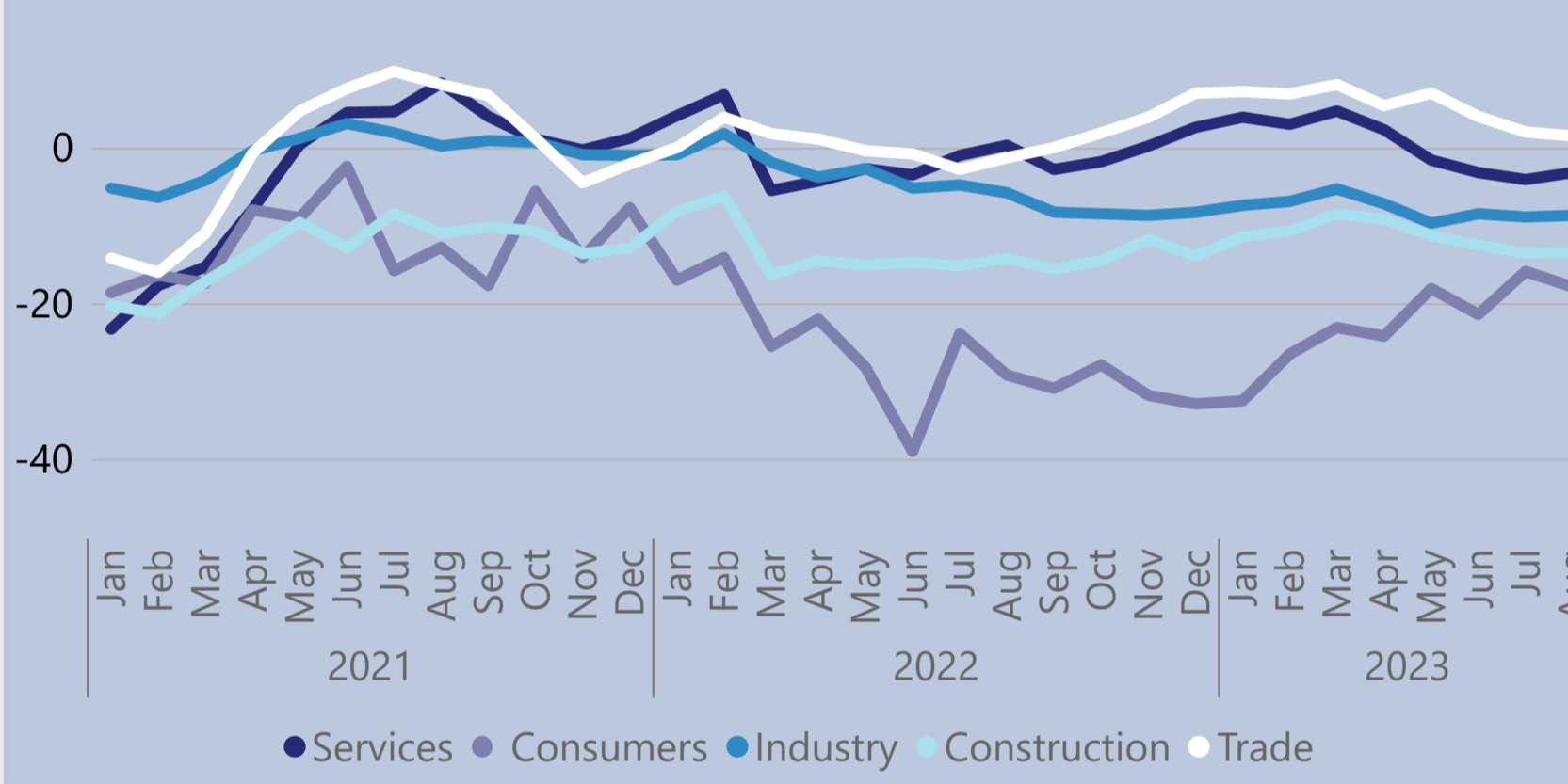
Retail trade growth, YoY%



Manufacturing output, YoY%

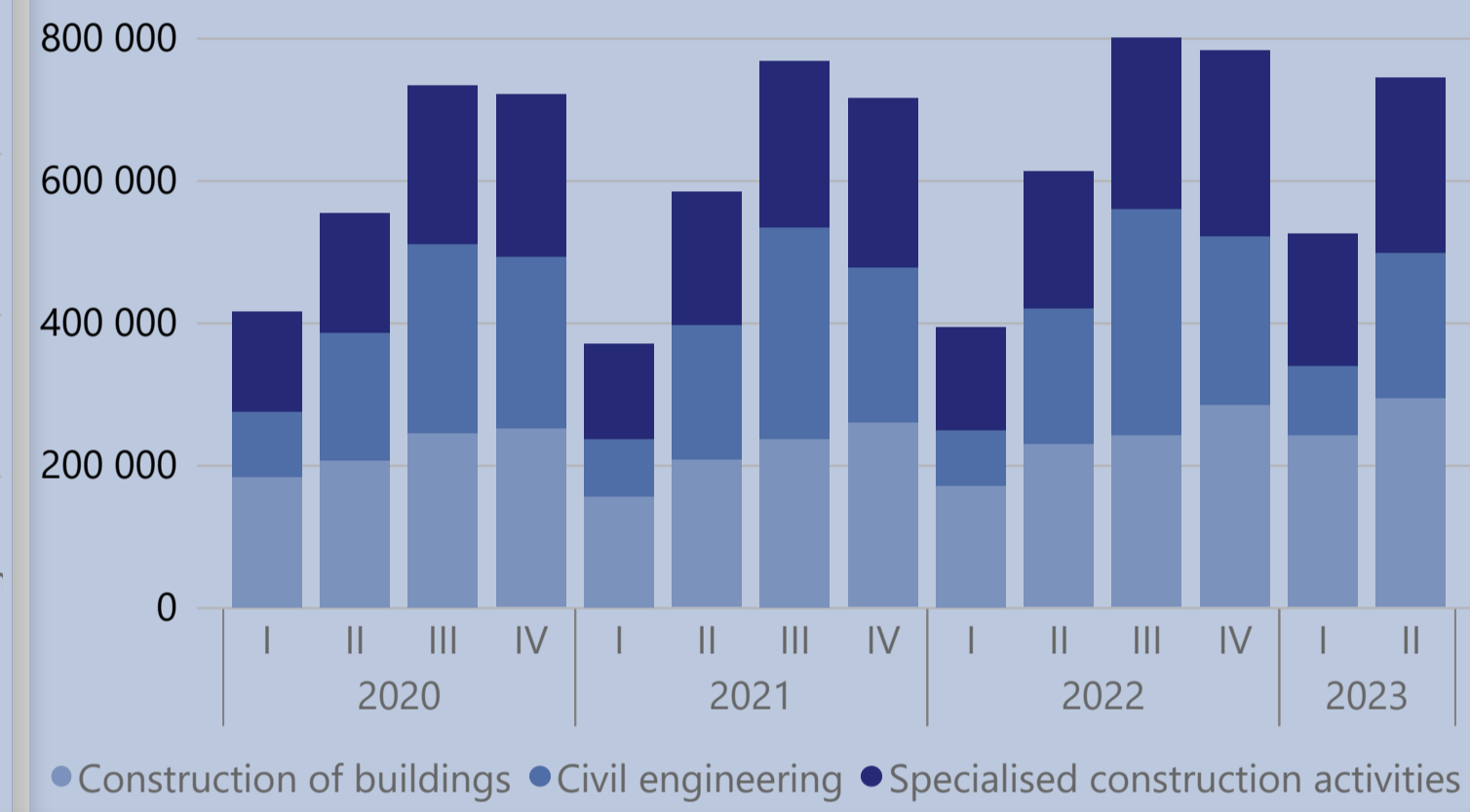


ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

Construction output at constant prices, thsd €



## INFLATION

Inflation

**6.4%**

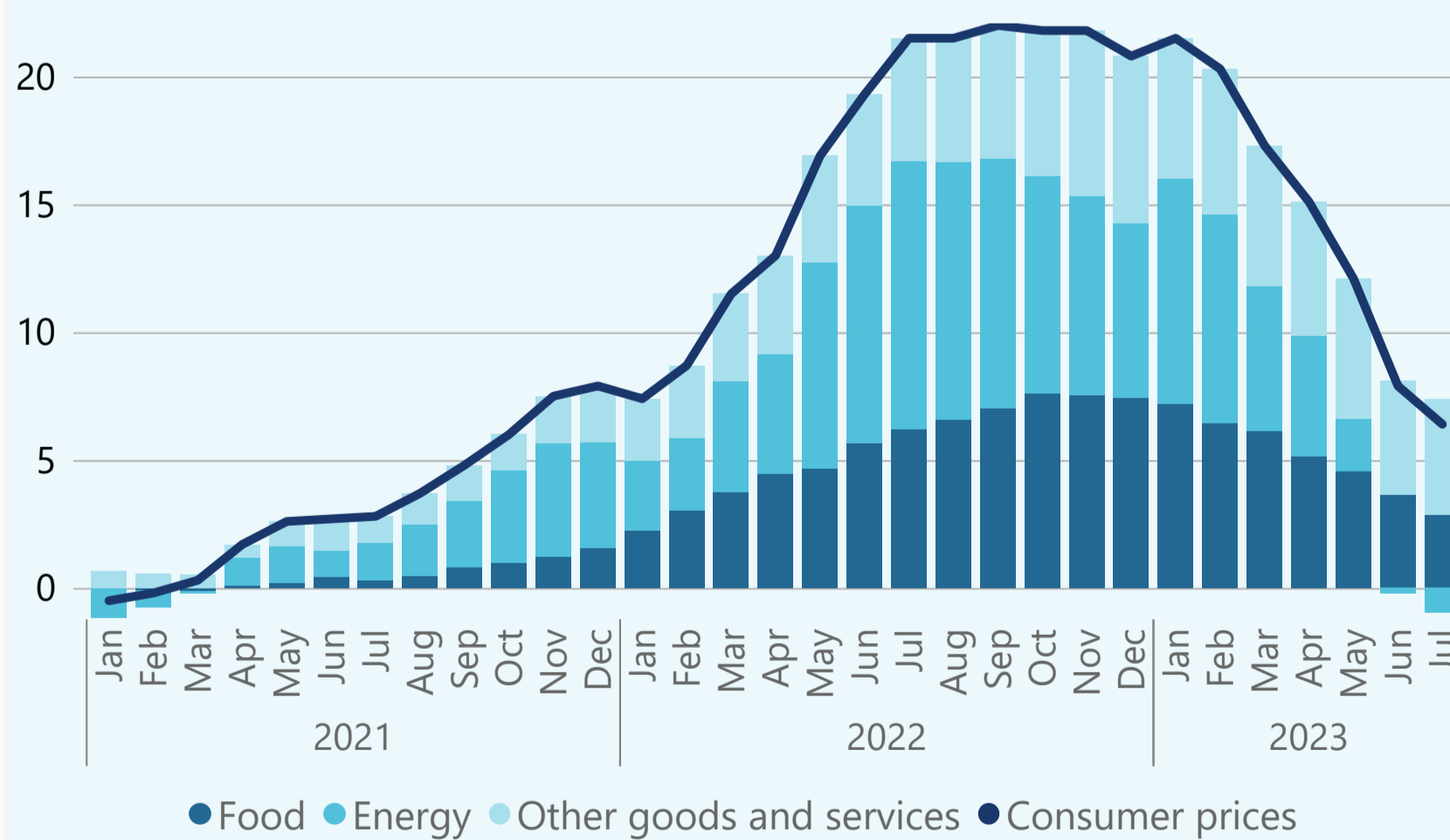
July 2023

Producer price rise

**-2.5%**

July 2023

Consumer prices, YoY%



## UNEMPLOYMENT

Registered

**5.6%**

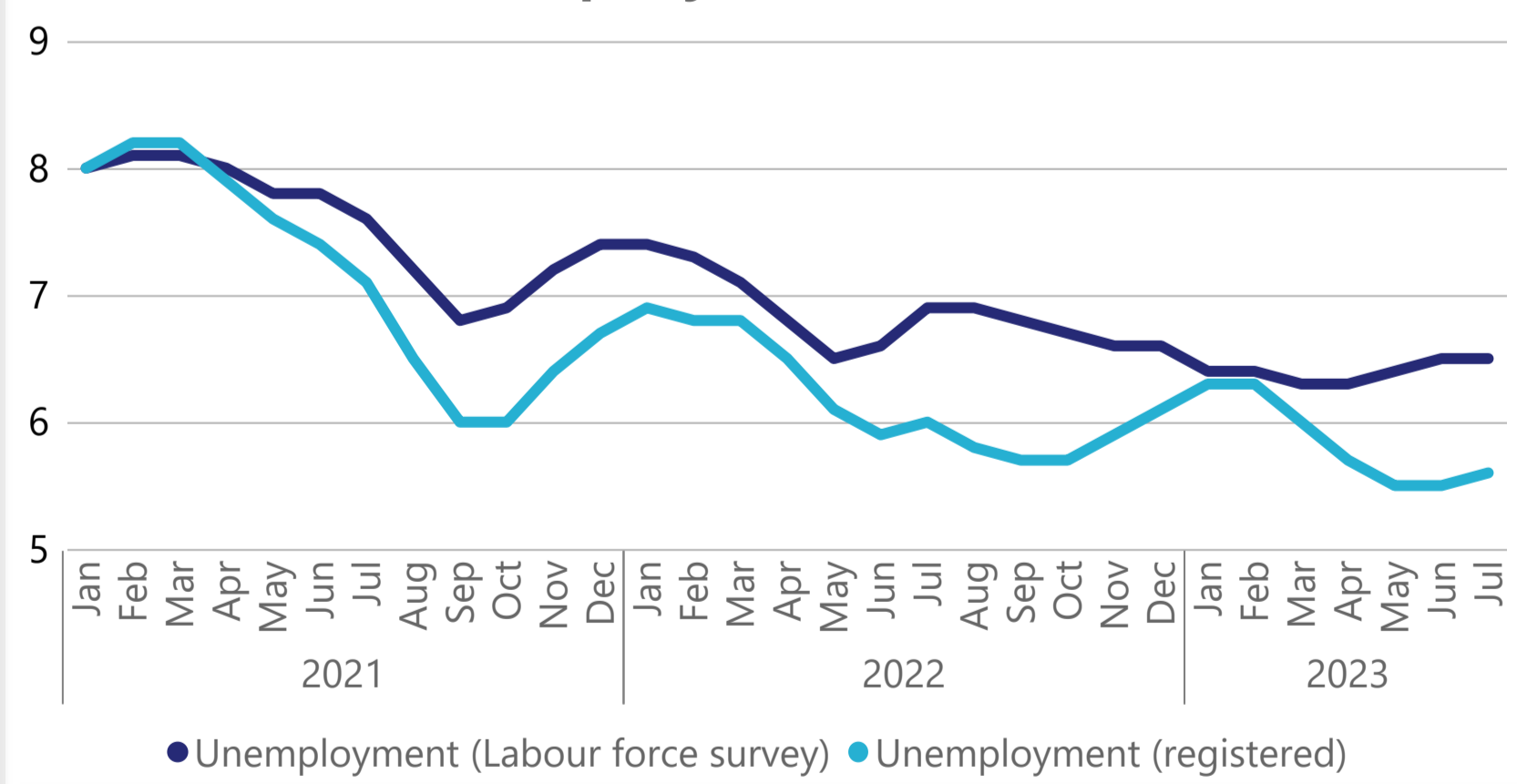
July 2023

Labour force survey

**6.5%**

July 2023

Unemployment rate, %



Source: CSB, State Employment Agency

## WAGE

Private sector

**1 519€**  
(+11.9% YoY)  
2Q 2023

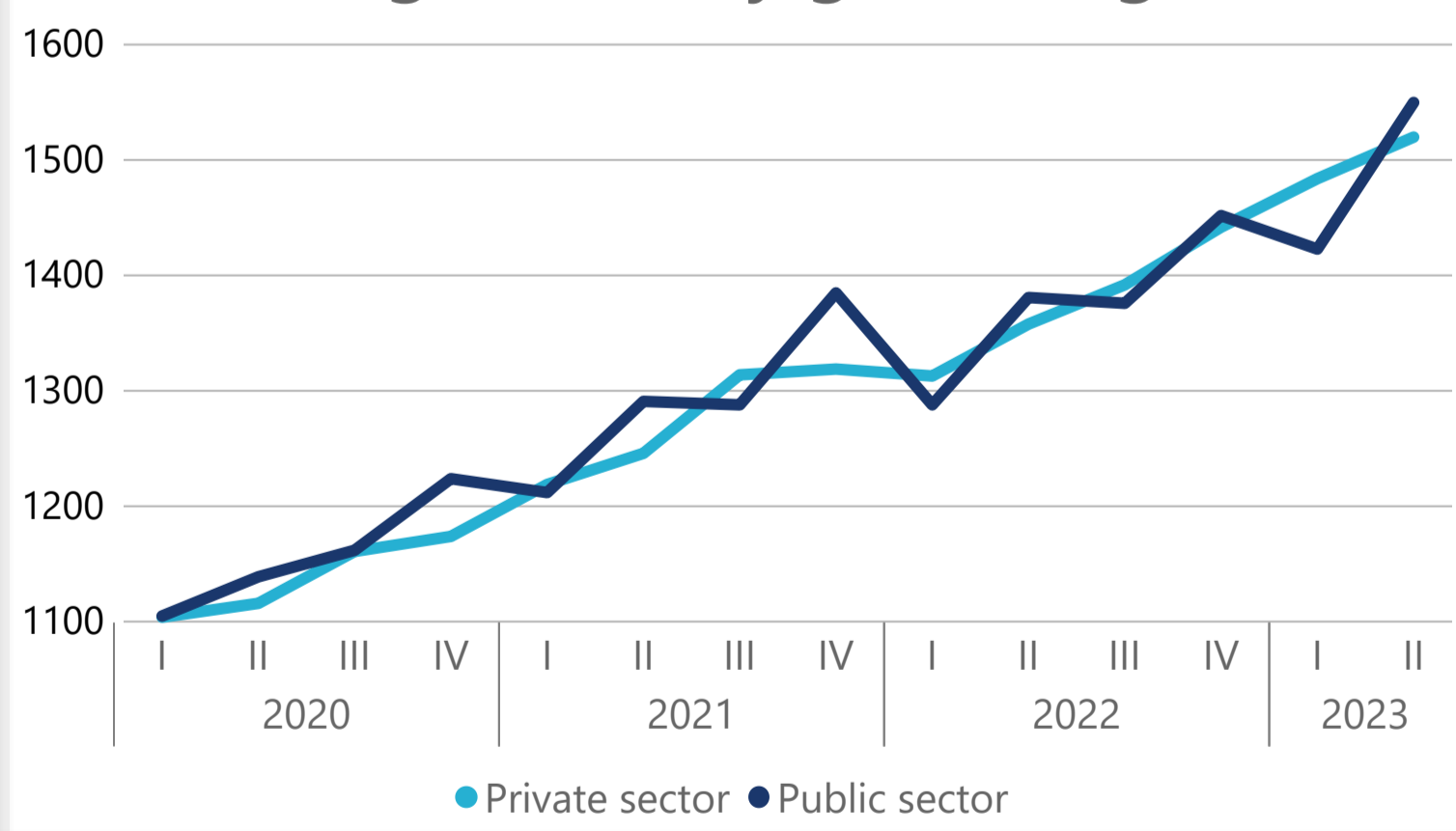
Public sector

**1 549€**  
(+12.2% YoY)  
2Q 2023

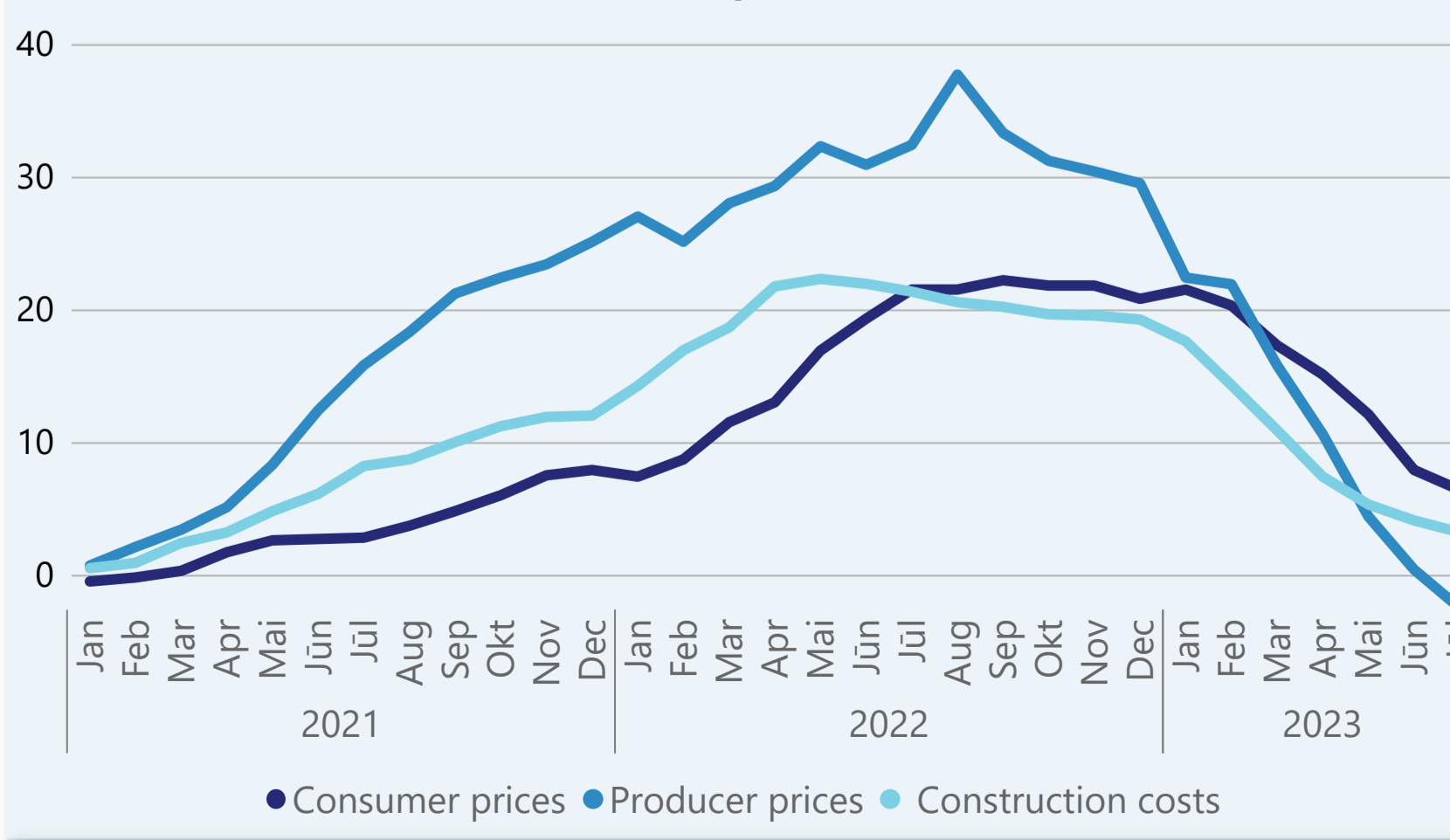
Total

**1 525€**  
(+12% YoY)  
2Q 2023

Average monthly gross wage, €



Prices, YoY%



Source: CSB

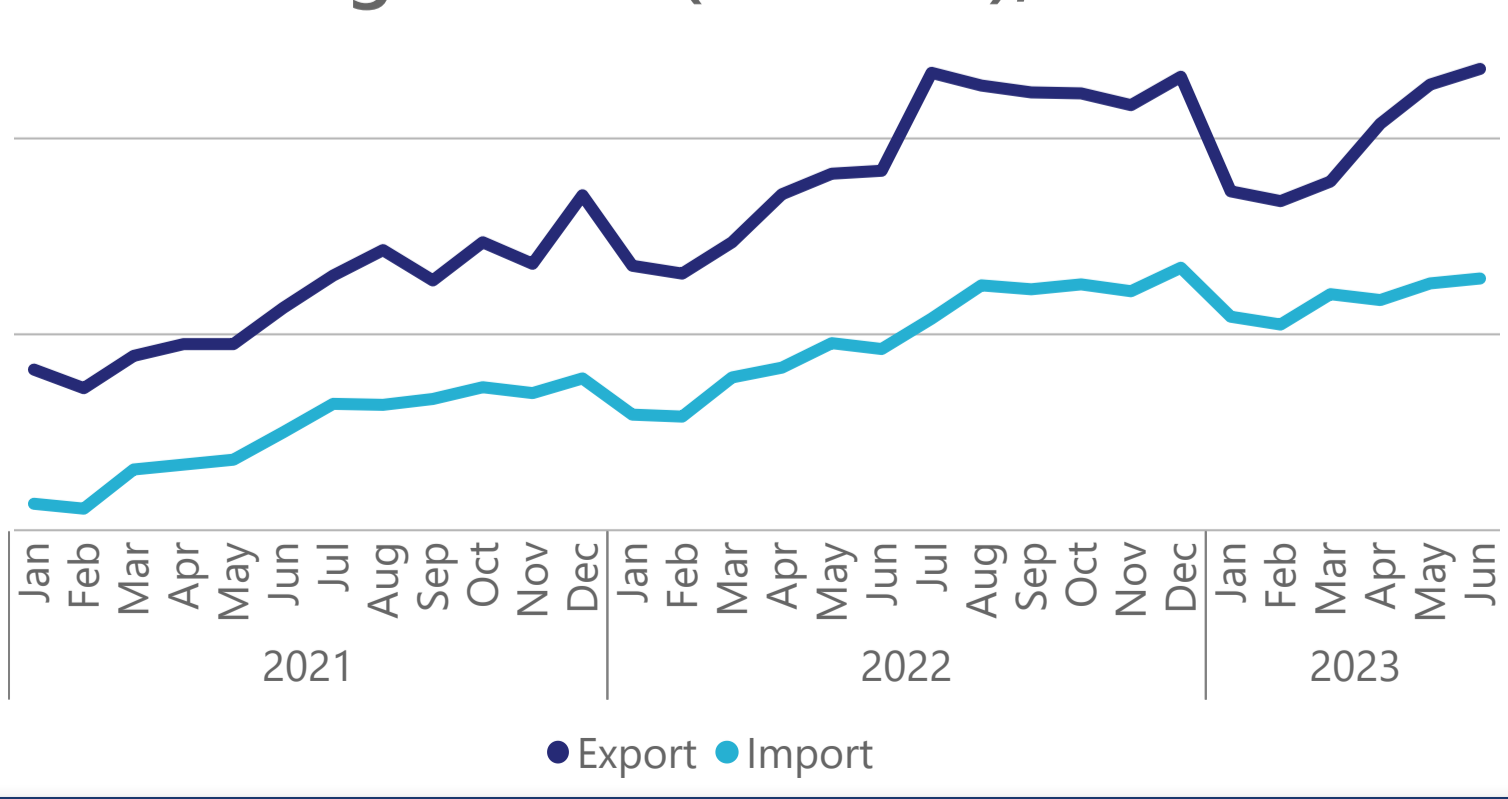
## FOREIGN TRADE

Foreign trade (goods), mln €



Source: CSB; Bank of Latvia

Foreign trade (services), mln €



# GENERAL GOVERNMENT BUDGET

General government budget balance  
2023

**-2.7% of GDP**

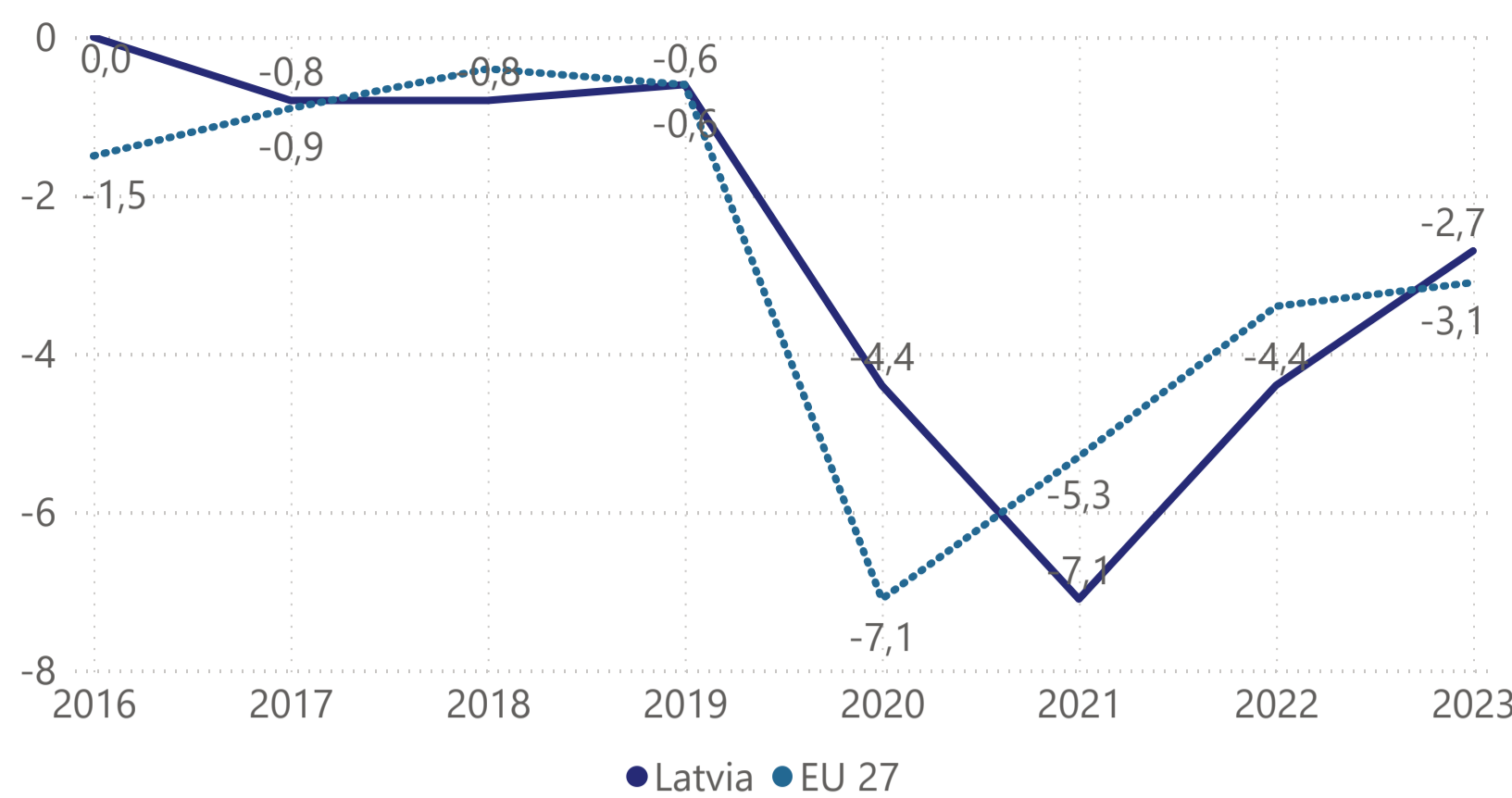
Forecast of MoF, August 2023

General government debt 2023

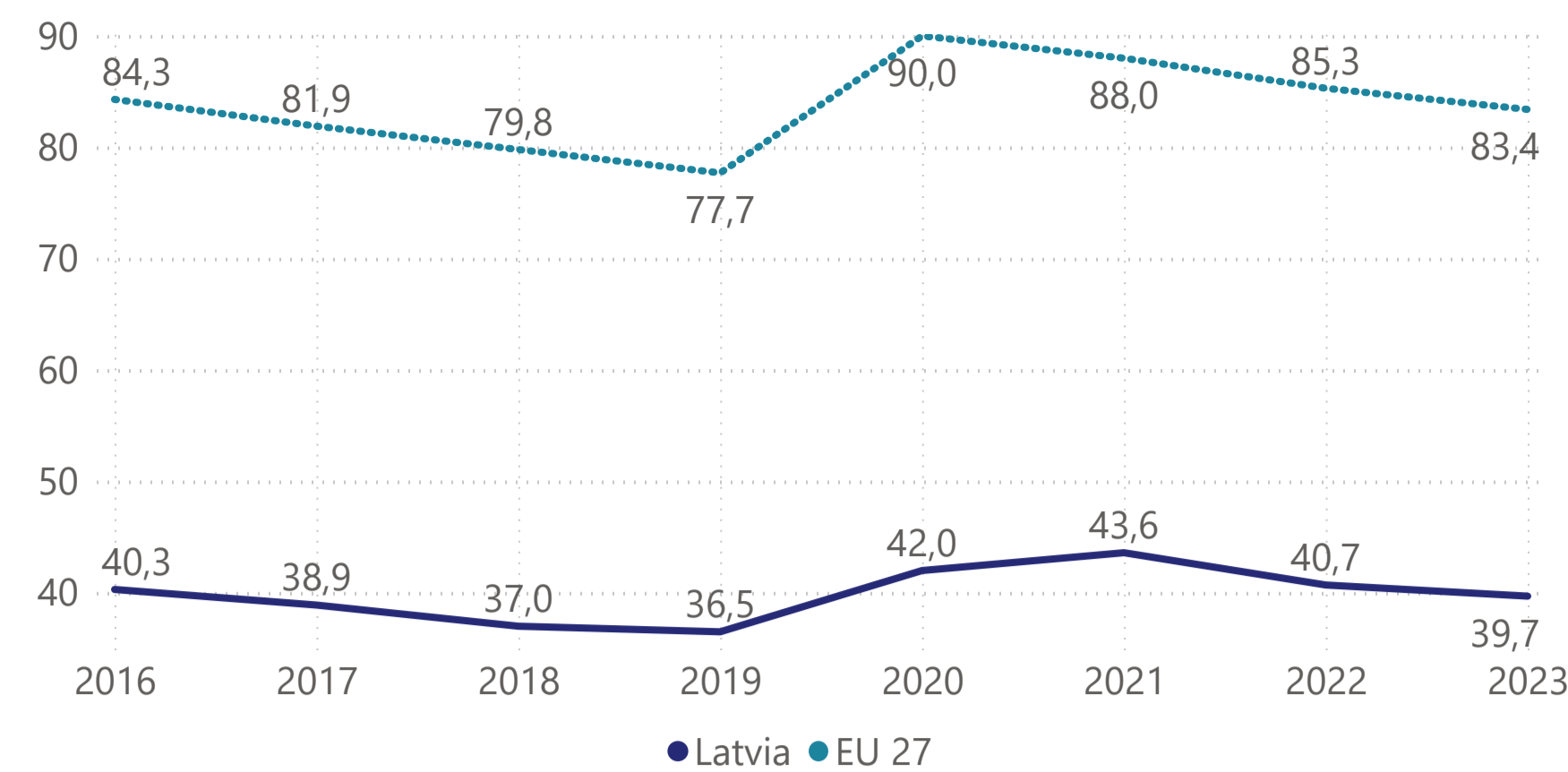
**39.7% of GDP**

Forecast of State Treasury, August 2023

General government budget balance, % of GDP



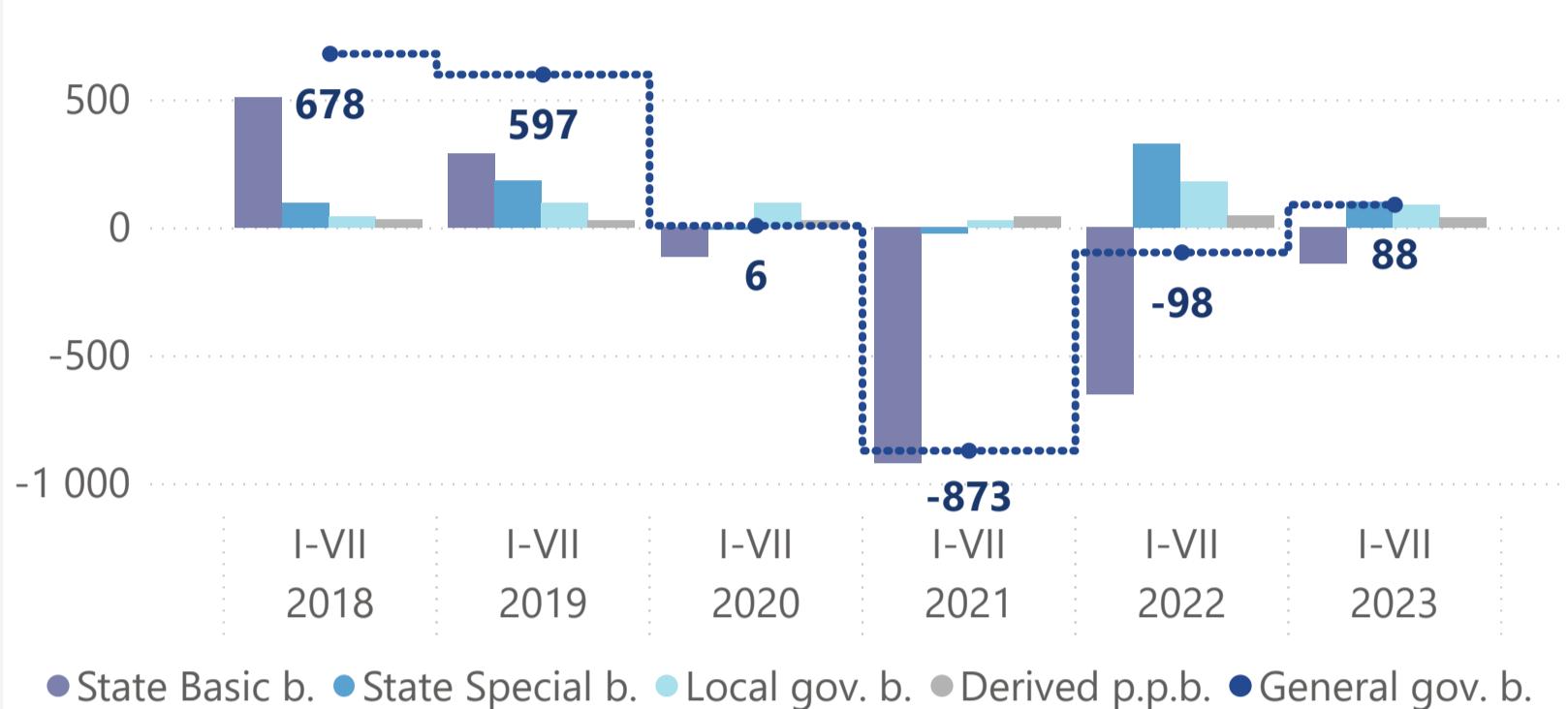
General government debt, % of GDP



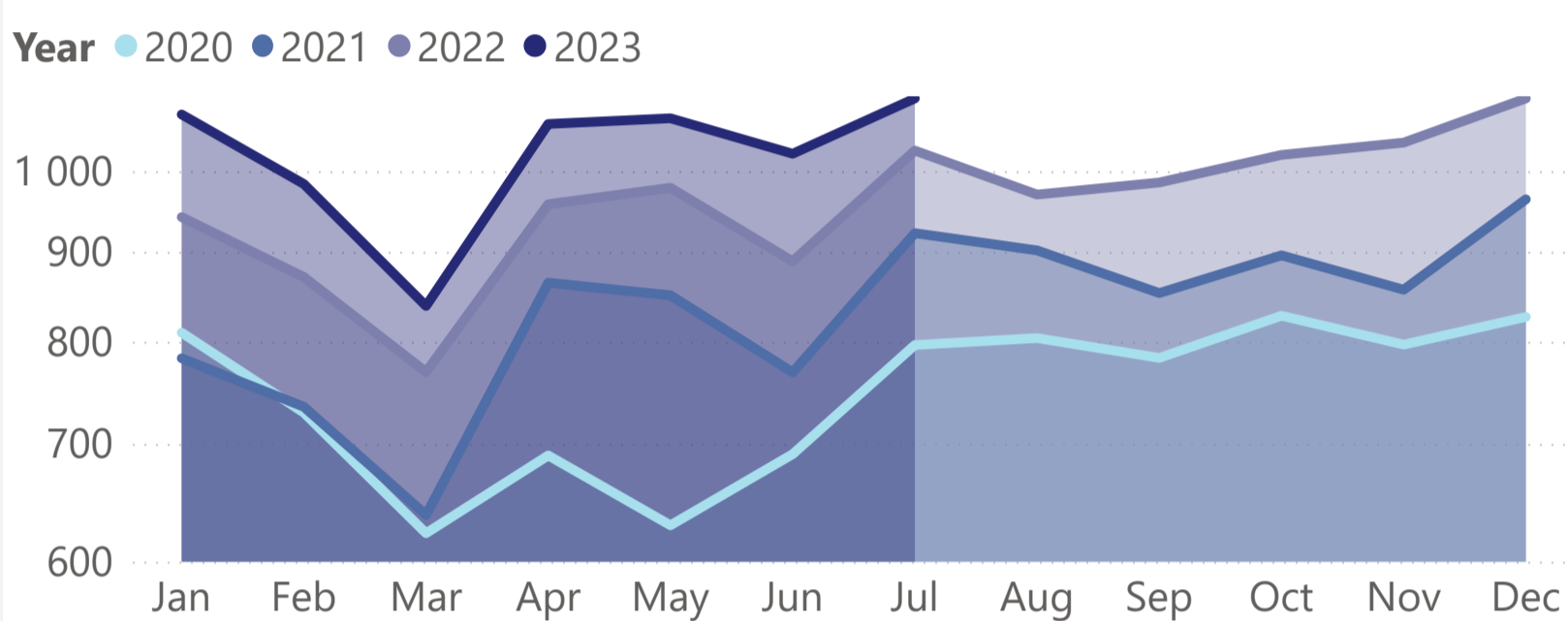
Source: Eurostat, AMECO Spring Forecast 2023, Informative report "On forecasts of macroeconomic indicators, revenues and general government budget balance in 2024, 2025 and 2026".

## GENERAL GOVERNMENT BUDGET IN JANUARY-JULY 2023 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: Treasury.

General government budget tax revenue in January-July 2023 including revenue in the single tax account -157.9 mln € and not included SSC revenues in 2nd pension tier 437.9 mln €.

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	9 143,8	1 141,4	14,3%
Expenditure	9 055,5	954,9	11,8%
Balance	88,2	186,5	

General government budget tax revenue

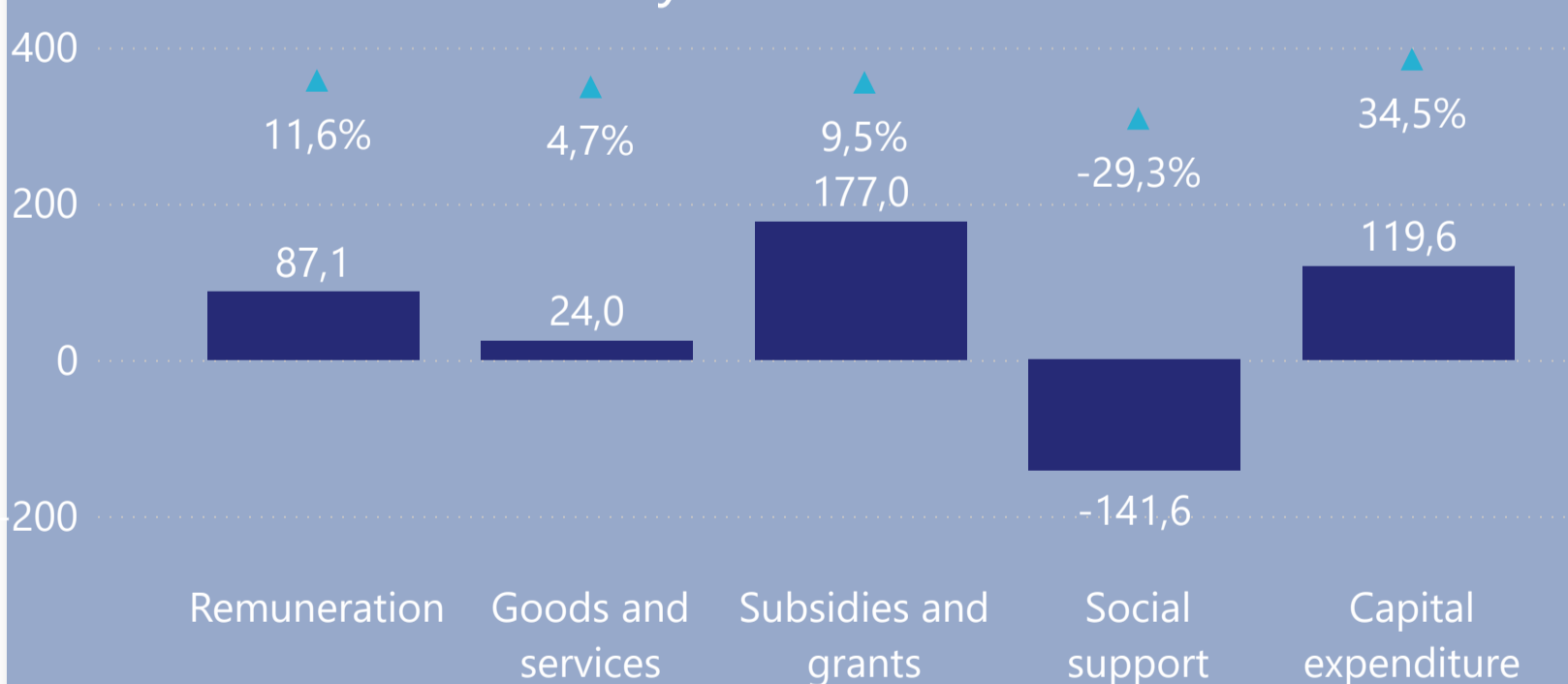
Tax type	Execution, mln €	YoY, mln €	YoY, %
SSC	2 315,3	195,6	9,2%
VAT	2 270,0	325,1	16,7%
PIT	1 346,0	111,2	9,0%
EXCISE	673,4	28,6	4,4%
CIT	368,0	127,6	53,1%

General government budget	Execution, mln €	YoY, mln €	YoY, %
<b>Revenue</b>			
Tax revenue	7 166,7	732,1	11,4%
Foreign financial assistance	943,1	202,4	27,3%
Non tax revenue	749,3	163,5	27,9%
Self-earned revenue	283,7	43,4	18,1%
<b>Expenditure</b>			
Social support	2 801,2	250,6	9,8%
Remuneration	1 977,0	250,2	14,5%
Subsidies and grants	2 187,7	192,6	9,7%
Capital expenditure	591,4	133,8	29,2%
Goods and services	1 086,2	117,1	12,1%
Interest payments	159,8	28,8	22,0%
Payments to EU budget	208,8	-26,7	-11,3%

### STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	5 417,7	810,4	17,6%
Expenditure	5 557,9	298,5	5,7%
Balance	-140,2	512,0	

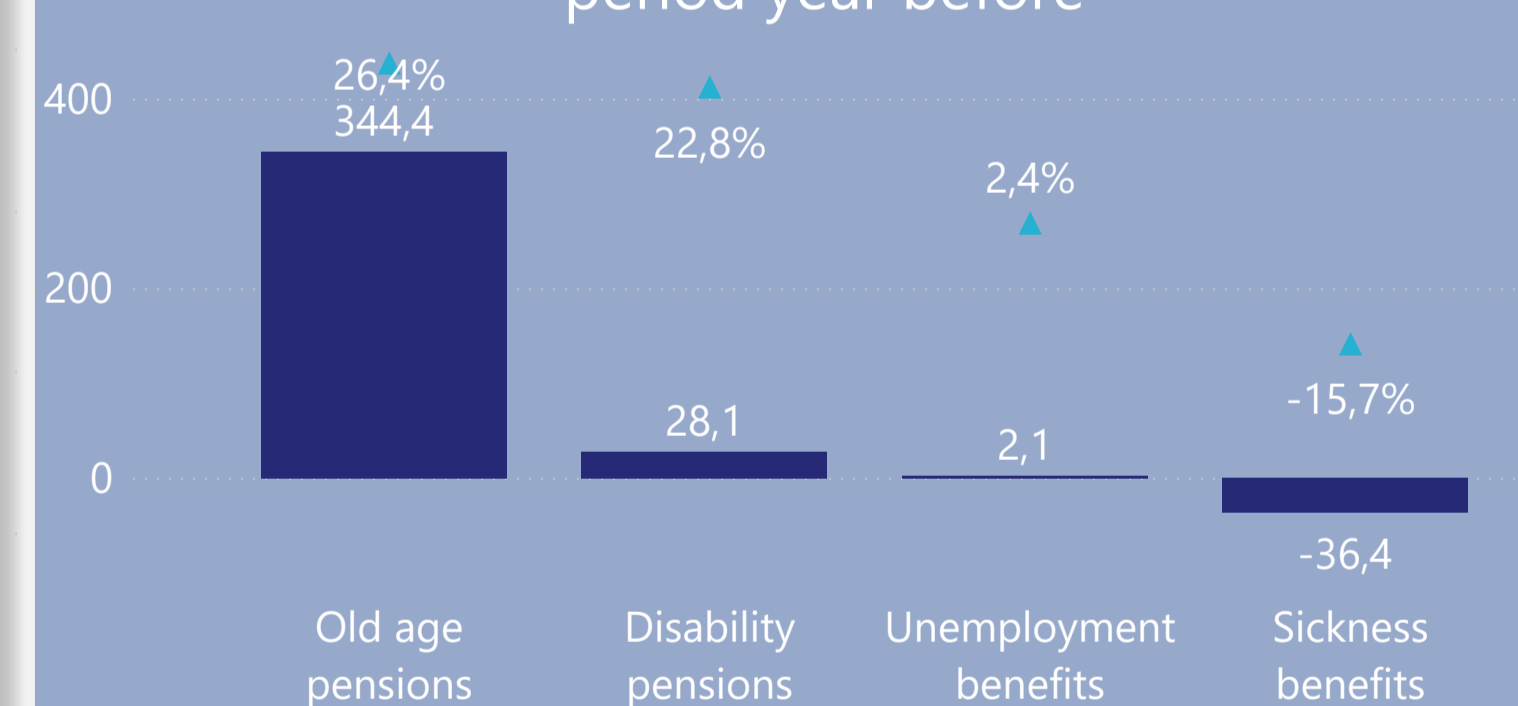
Major changes in mln € and % against respective period year before



### STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	2 433,2	138,2	6,0%
Expenditure	2 332,7	364,6	18,5%
Balance	100,5	-226,4	

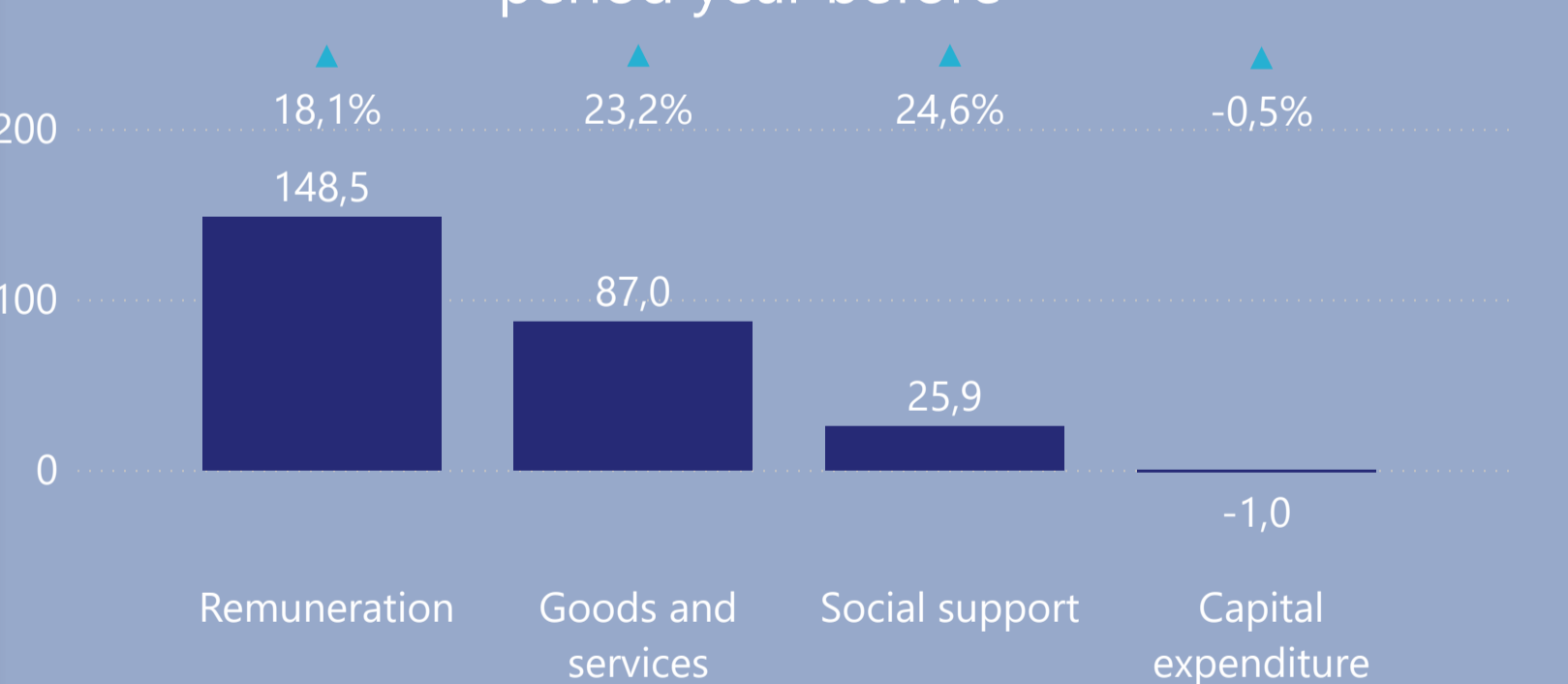
Major changes in mln € and % against respective period year before



### LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	2 059,5	208,4	11,3%
Expenditure	1 972,0	300,6	18,0%
Balance	87,6	-92,2	

Major changes in mln € and % against respective period year before



YoY - changes in mln euro against respective period year before; YoY% - changes in per cent against respective period year before

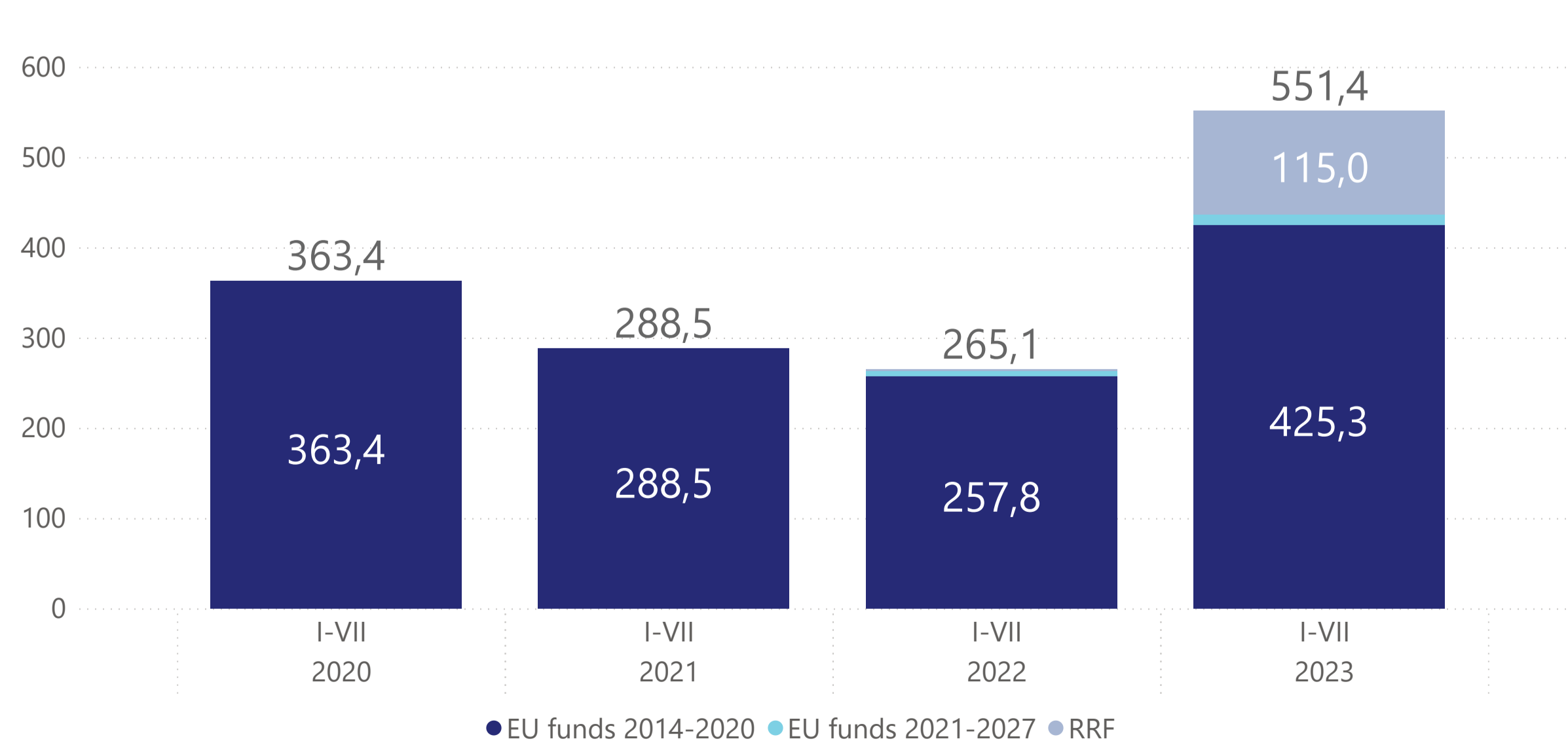
## CRISIS SUPPORT MEASURES

Total support and impact on general government budget balance, mln € and % of GDP

Measure	2020	2021	2022	2023	2023p
Covid-19	1281,7	2315,1	965,9	27,3	100,8
Energy		1,9	603,5	417,4	621,6
Ukraine			81,0	34,3	102,0
<b>Total support measures</b>	1281,7	2317,0	1650,4	478,9	824,4
<b>% of GDP</b>	4,2	6,9	4,2	1,1	1,9
<b>Impact on budget balance</b>	-960,8	-2104,7	-1481,0	-484,9	-856,3
<b>(% of GDP)</b>	-3,2	-6,3	-3,8	-1,1	-2,0

## EUROPEAN UNION FUNDS

Investments of EU funds, mln €



Source: Plan according to the government decisions till July 13th, 2023. Execution according to data from the State Treasury, State Revenue Service, ALTUM, etc. till June 30th, 2023.

Source: State Treasury. Investments of EU funds, included co-financing from general government budget. EU funds - funds for implementation of Cohesion policy (European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund (CF)). RRF- Recovery and Resilience Facility plan.