

MACROECONOMIC AND BUDGETARY REVIEW 2022

No 5

GROSS DOMESTIC PRODUCT (GDP)

GDP 2021

32 867 mln €

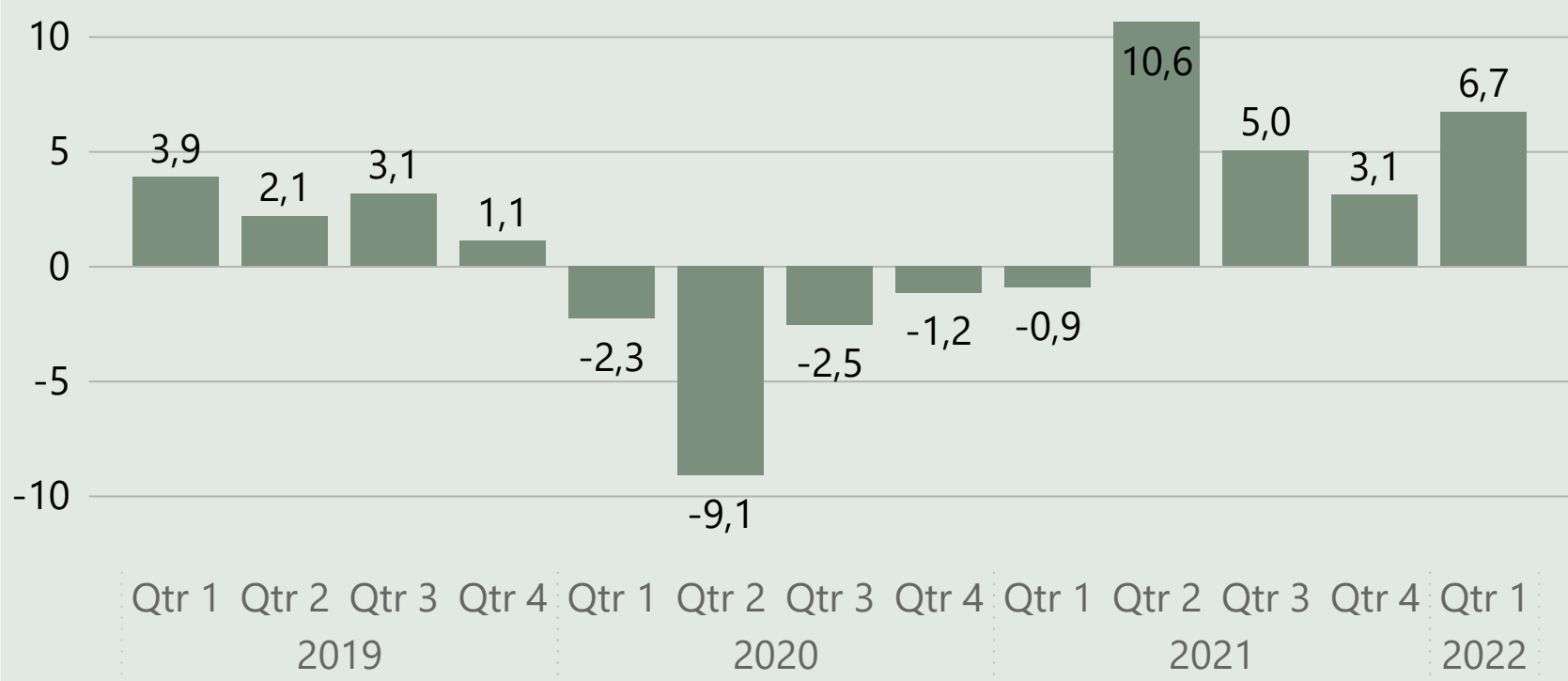
CSB, 22.04.2022.

GDP growth 2022

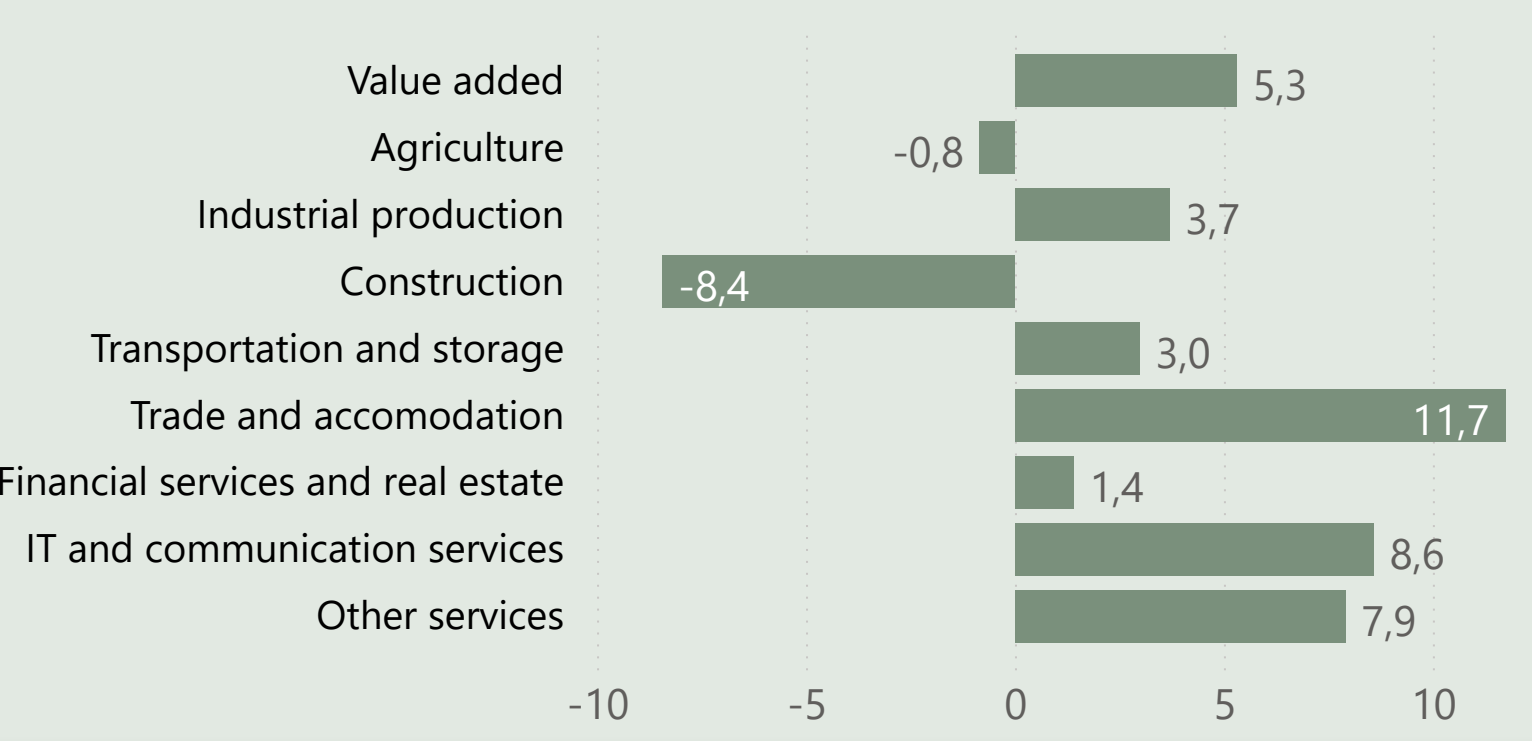
2.1%

MoF forecast, SP 2022-2025

GDP growth, YoY%

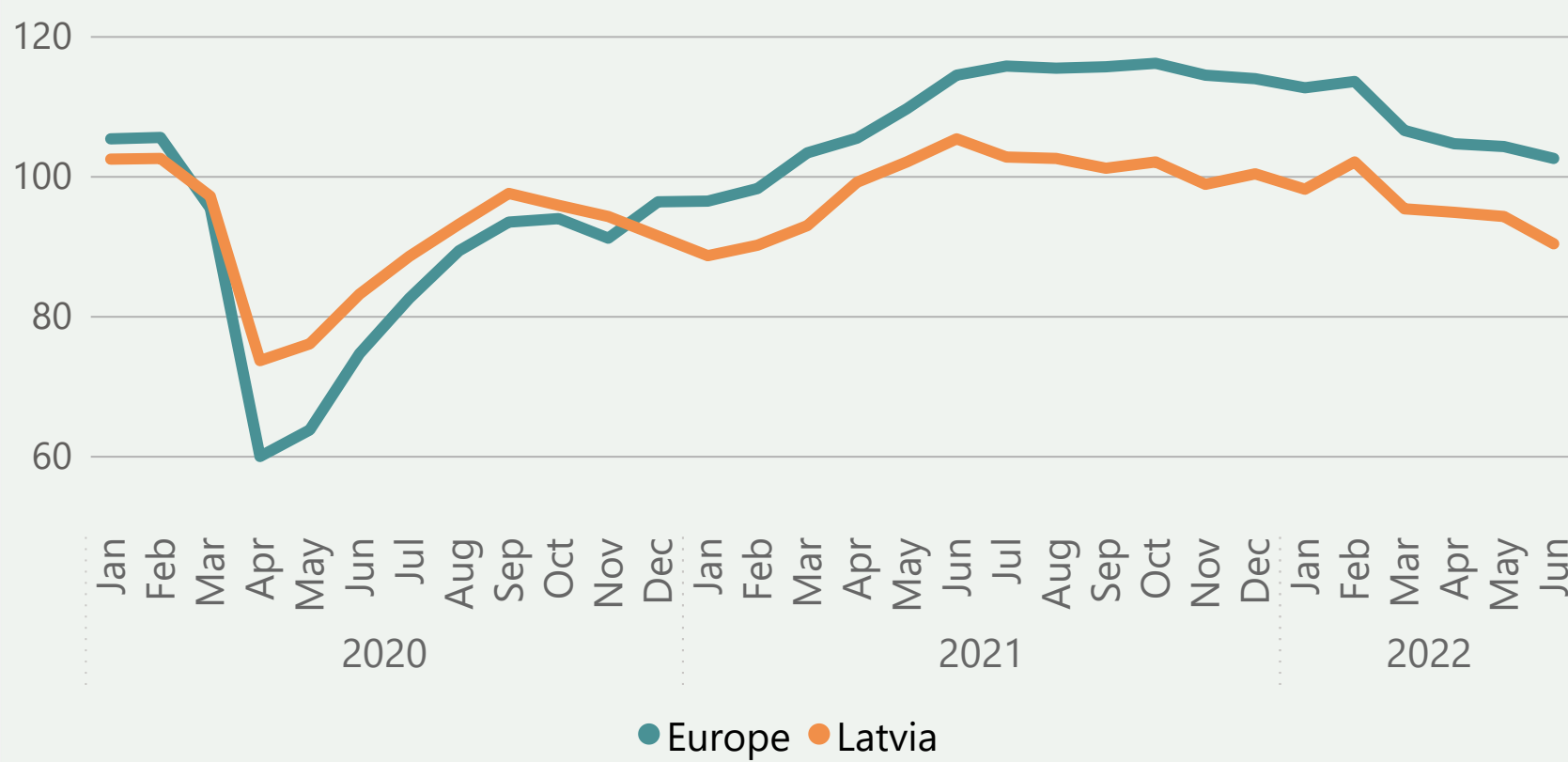


GDP growth by sectoral breakdown (2022 1st Qtr/2021 1st Qtr),



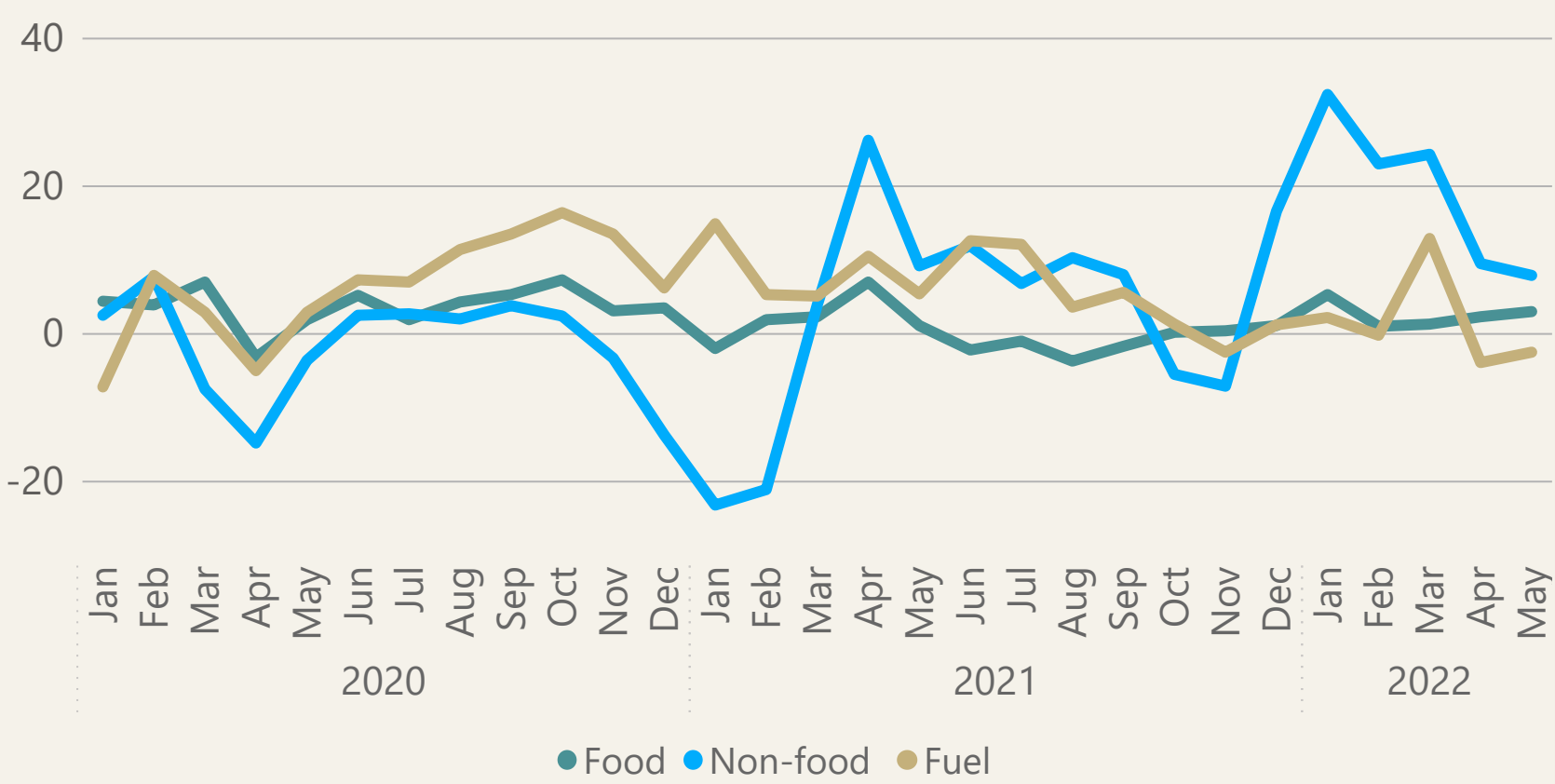
Source: Central Statistical Bureau(CSB)

Economic confidence

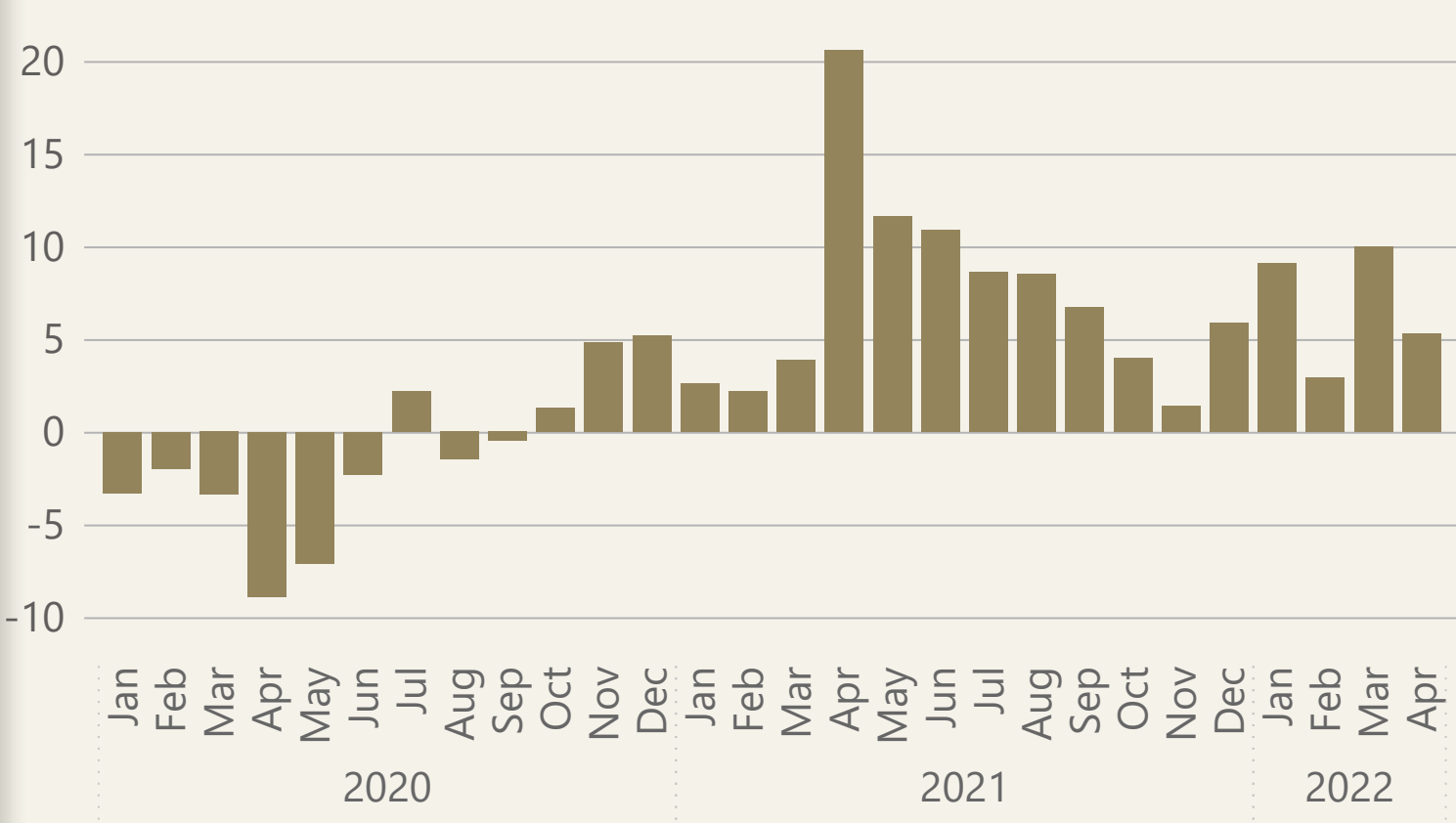


Source: European Commission

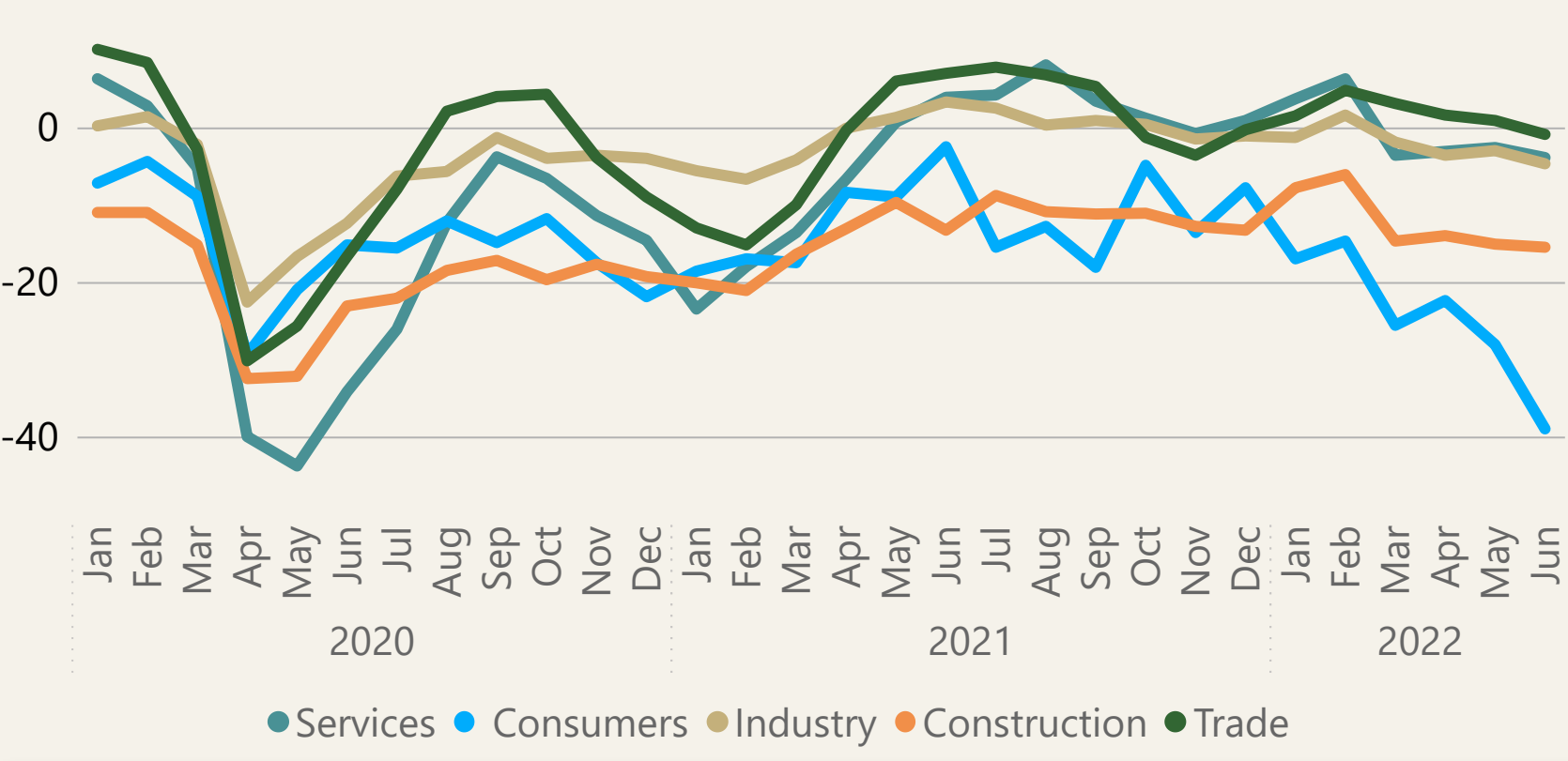
Retail trade growth, YoY%



Manufacturing output, YoY%

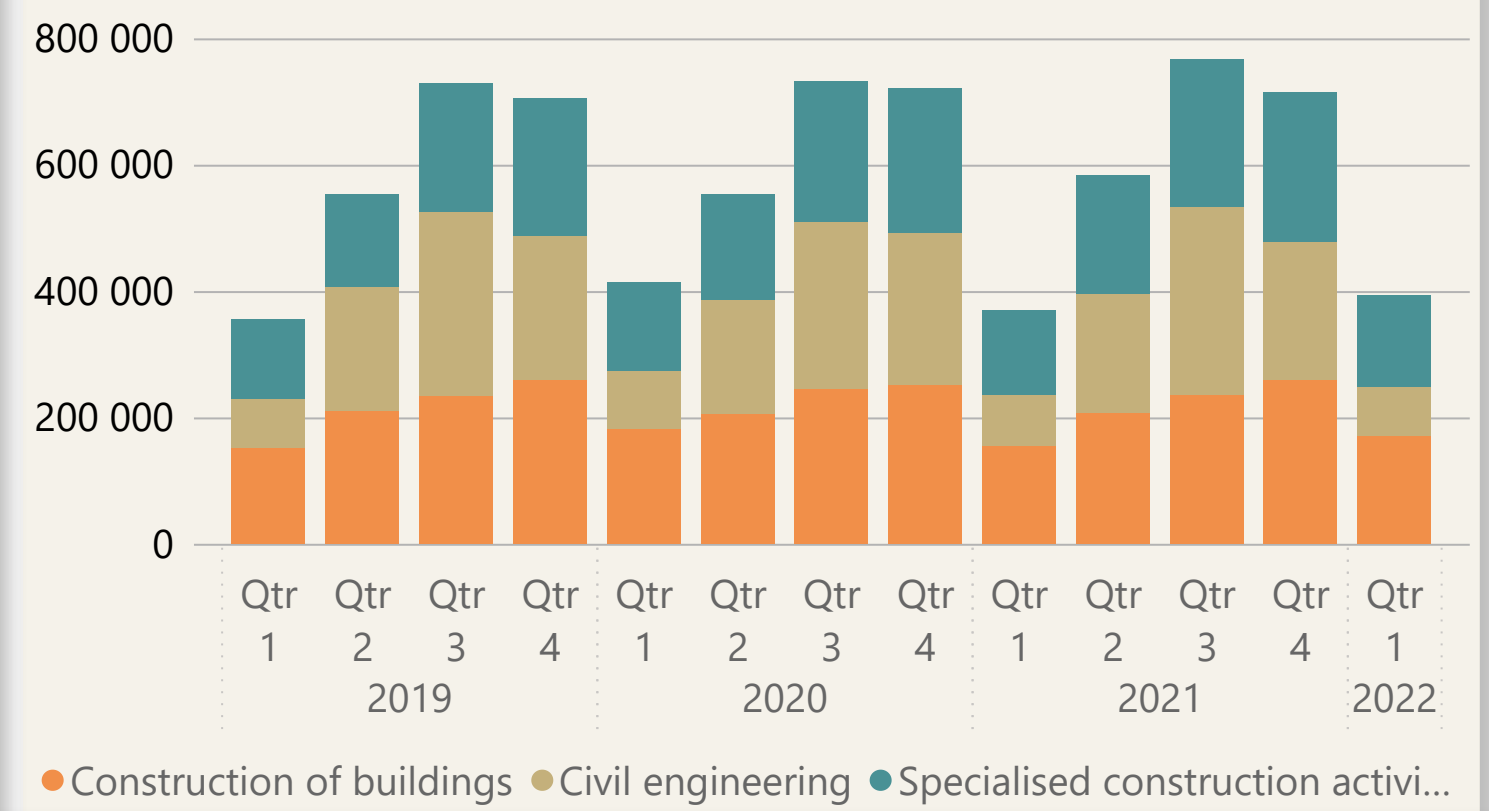


ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

Construction output at constant prices, thsd €



INFLATION

Inflation

16.9%

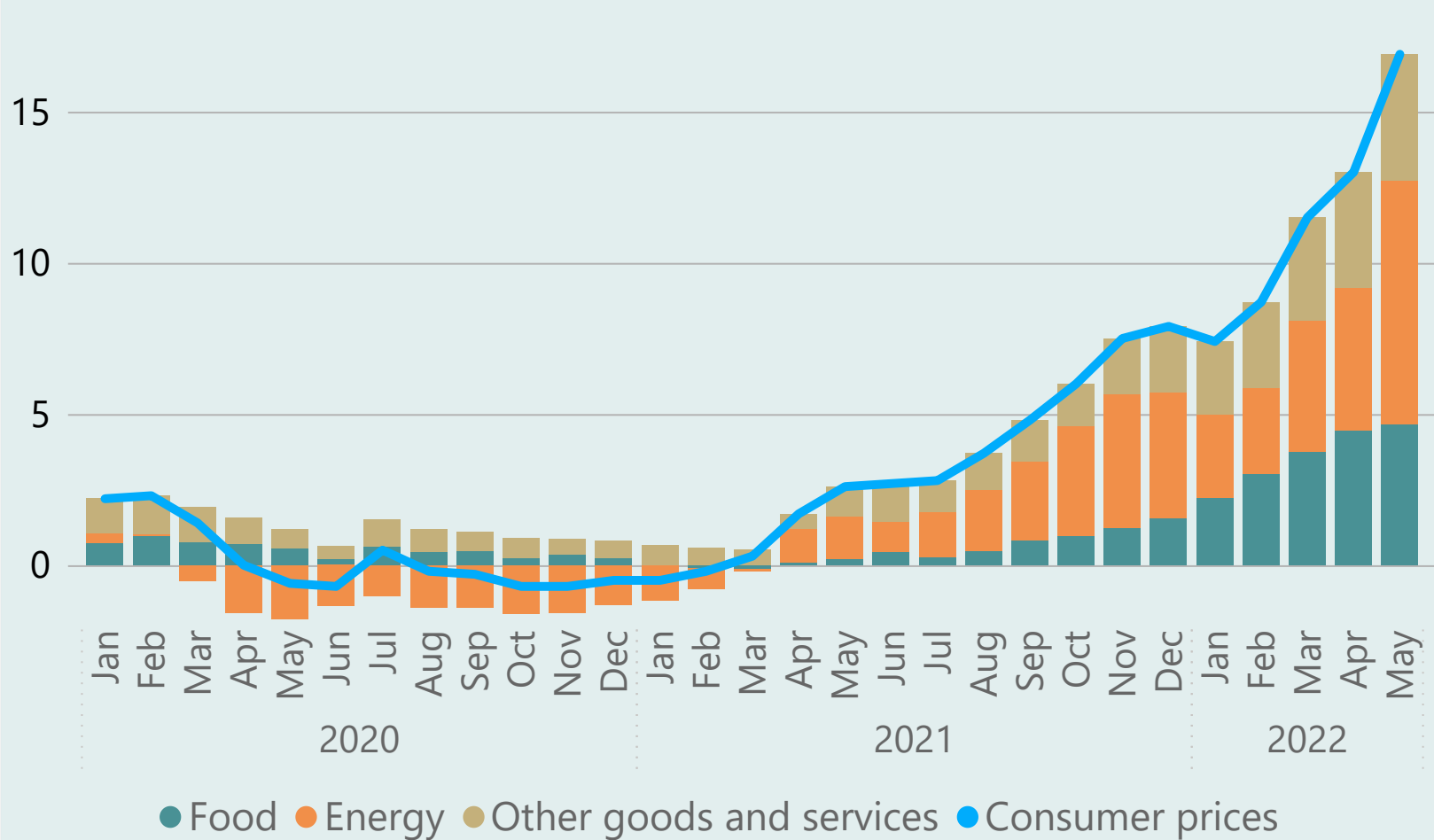
May 2022

Producer price rise

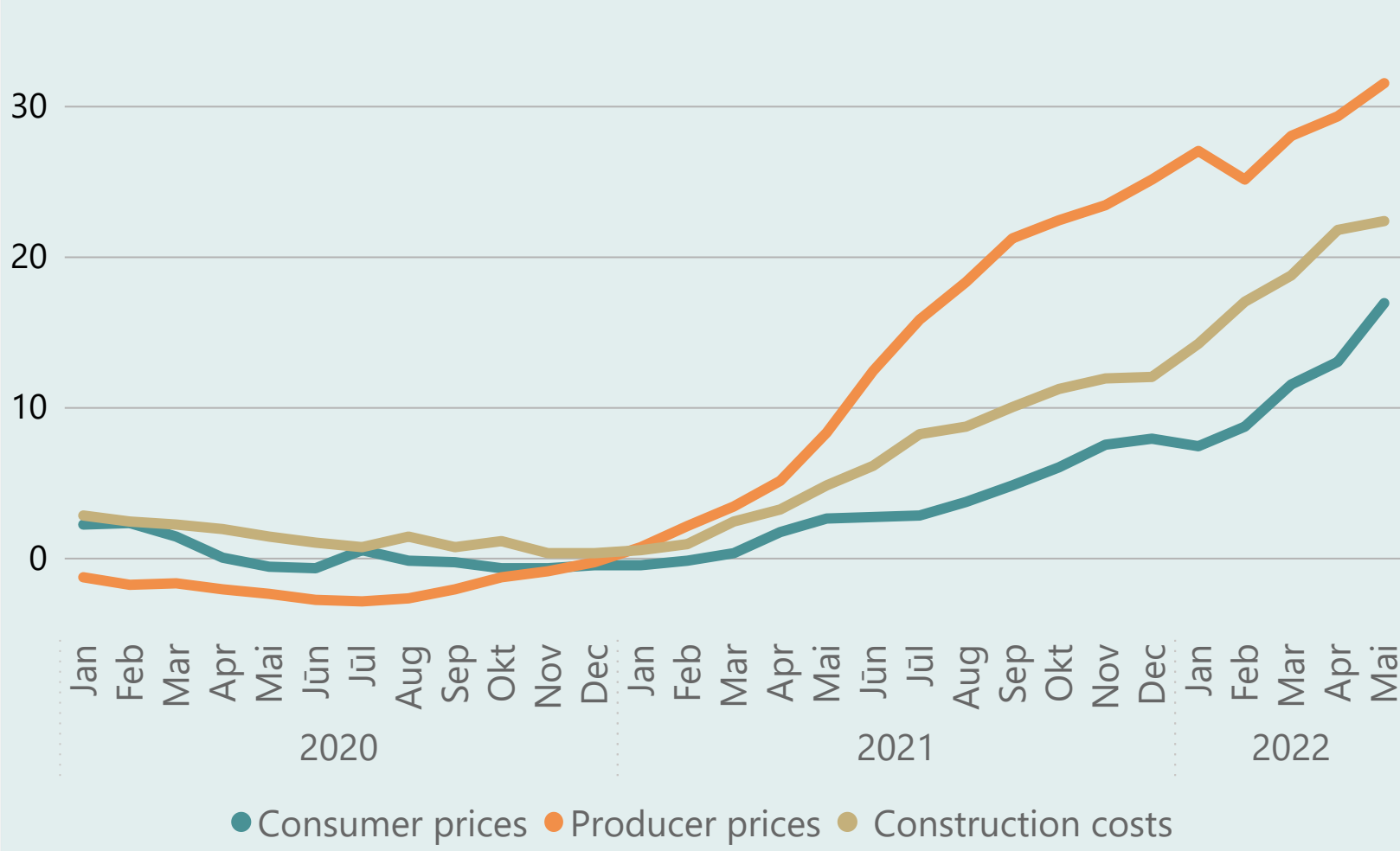
31.5%

May 2022

Consumer prices, YoY%



Prices, YoY%



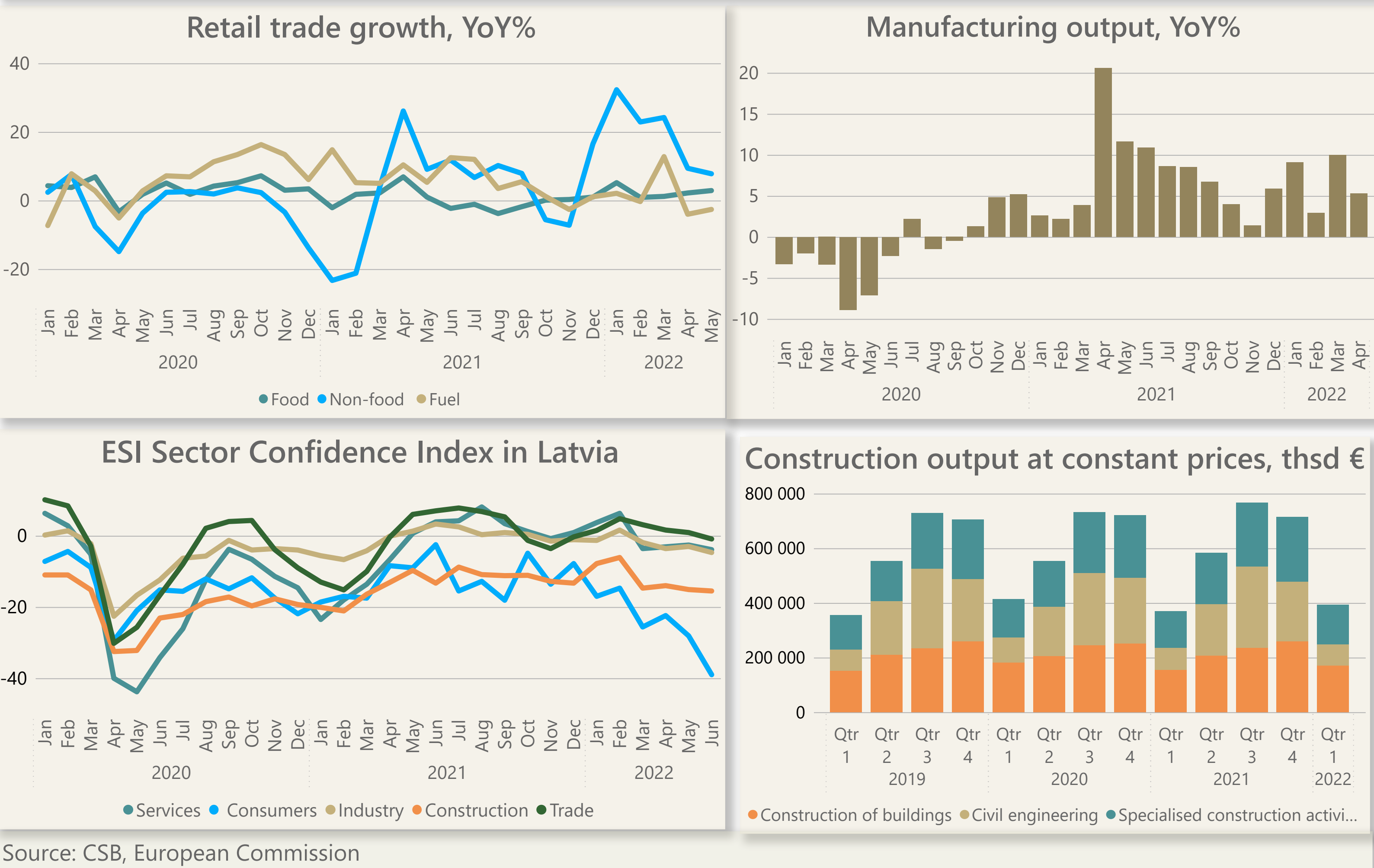
Source: CSB

MAIN MACROECONOMIC INDICATORS

Indicator	2016	2017	2018	2019	2020	2021	2022*	2023*	2024*	2025*
Nominal GDP growth, %	3,3	6,4	8	5,1	-3,9	11,6	10,9	6,8	6,1	5,8
Real GDP growth, %	2,4	3,3	4	2,5	-3,8	4,5	2,1	2,5	3,3	3,4
GDP deflator, % change	0,9	2,9	3,9	2,6	-0,1	6,8	8,7	4,2	2,7	2,3
Consumer price index, % change	0,2	2,9	2,6	2,8	0,2	3,3	8,5	3,5	2,5	2
Average monthly gross wage, EUR	859	926	1004	1076	1143	1277	1354	1431	1507	1582
nominal growth, %	5	7,8	8,4	7,2	6,2	11,7	6	5,7	5,3	5
real growth, %	4,8	4,7	5,7	4,2	6	8,2	-2,3	2,1	2,7	2,9
Number of persons employed, thsd	893	895	909	910	893	864	875	879	879	879
growth, %	-0,3	0,2	1,6	0,1	-1,9	-3,2	1,3	0,4	0	0
Unemployment rate, %	9,6	8,7	7,4	6,3	8,1	7,6	7,6	6,7	6,2	5,9

Source: CSB (24.04.2022), *forecasts of the Ministry of Finance of the Republic of Latvia (March 2022)

INDUSTRIES



EMPLOYMENT

Unemployment (registered)

6.1%

May 2022

Unemployment (Labour force survey)

6.5%

May 2022

Wage (private sector)

1 306 €

(+6.1% YoY)

1Q 2022

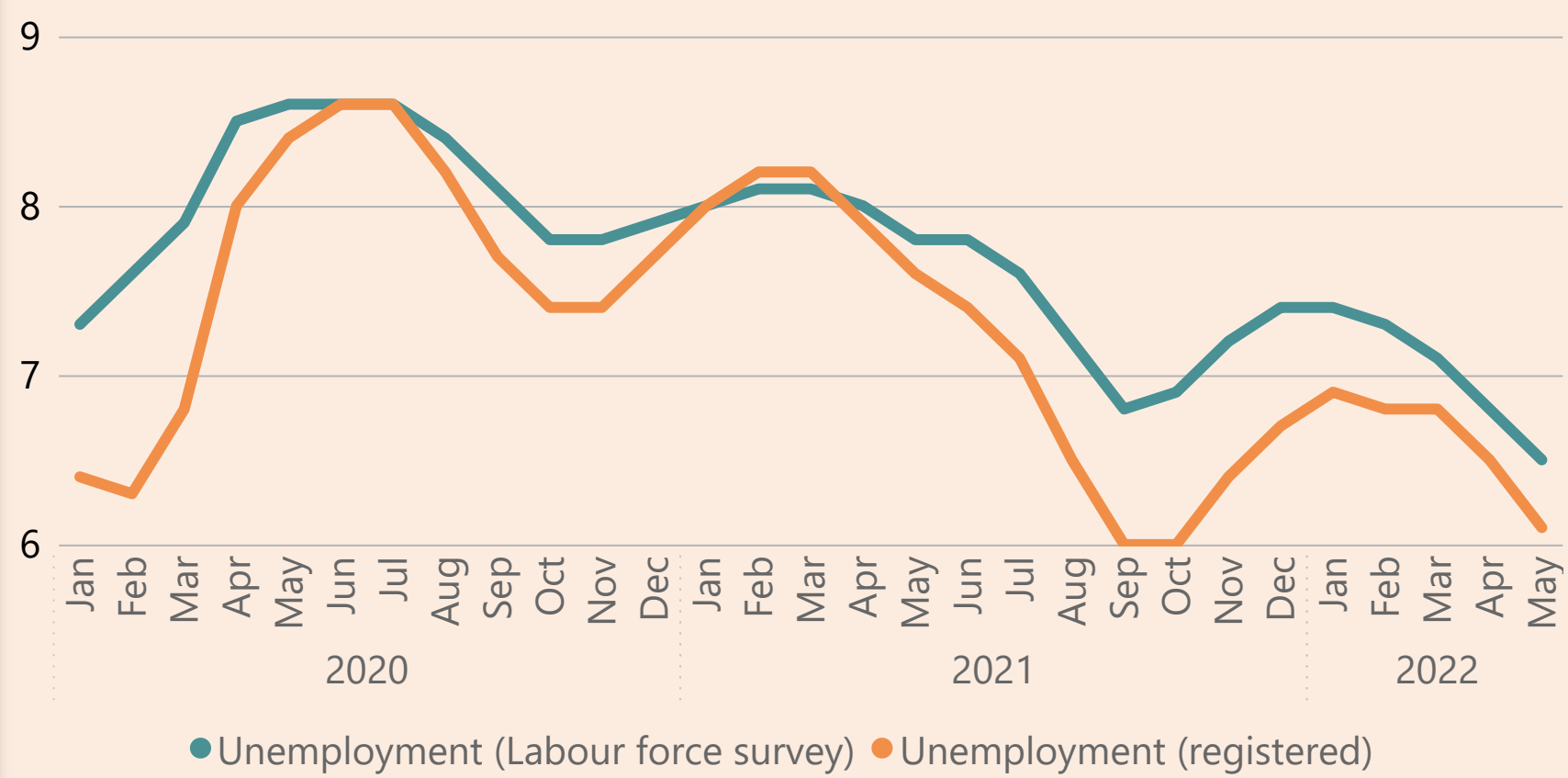
Wage (public sector)

1 285 €

(+7.2% YoY)

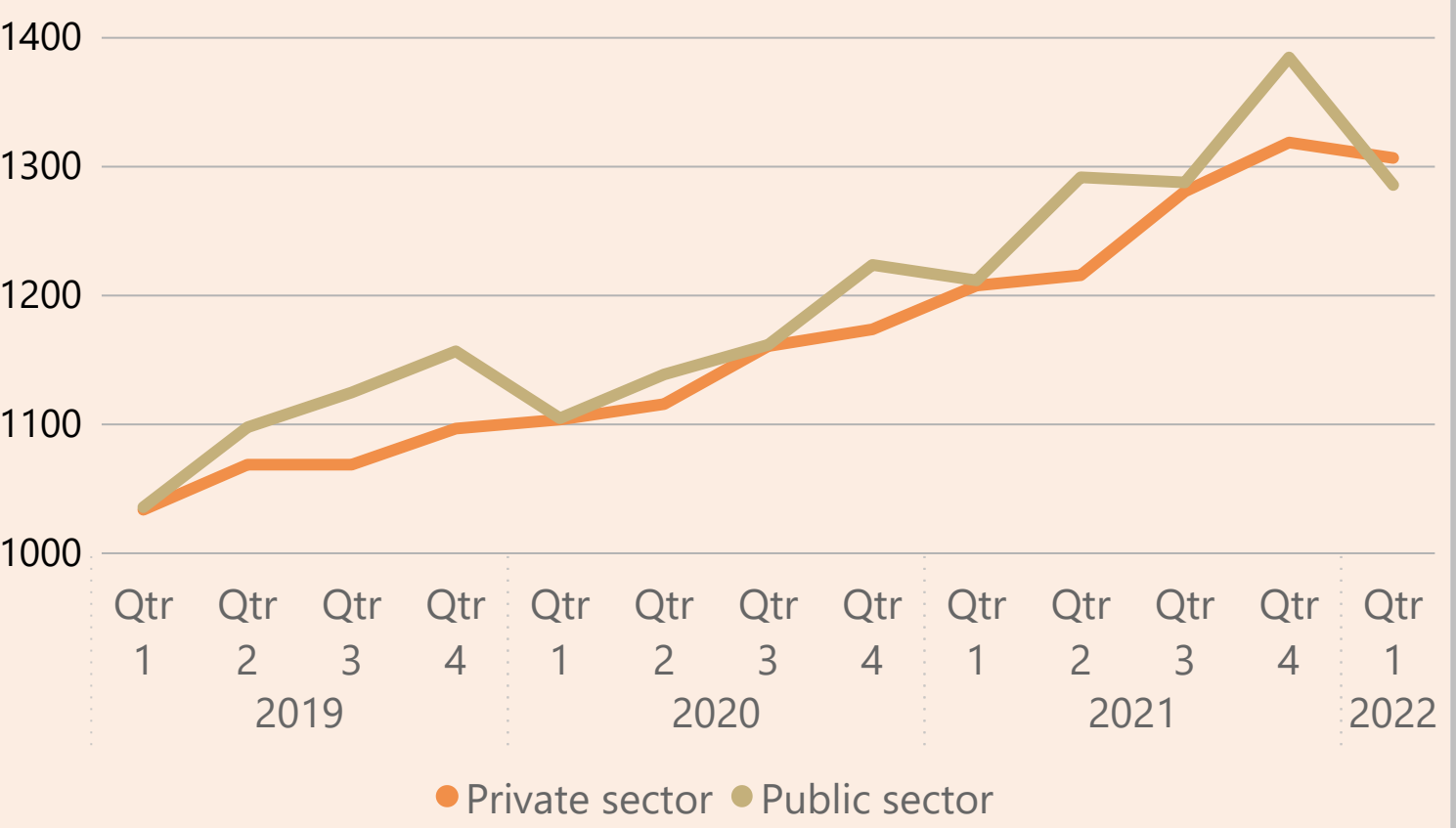
1Q 2022

Unemployment rate, %



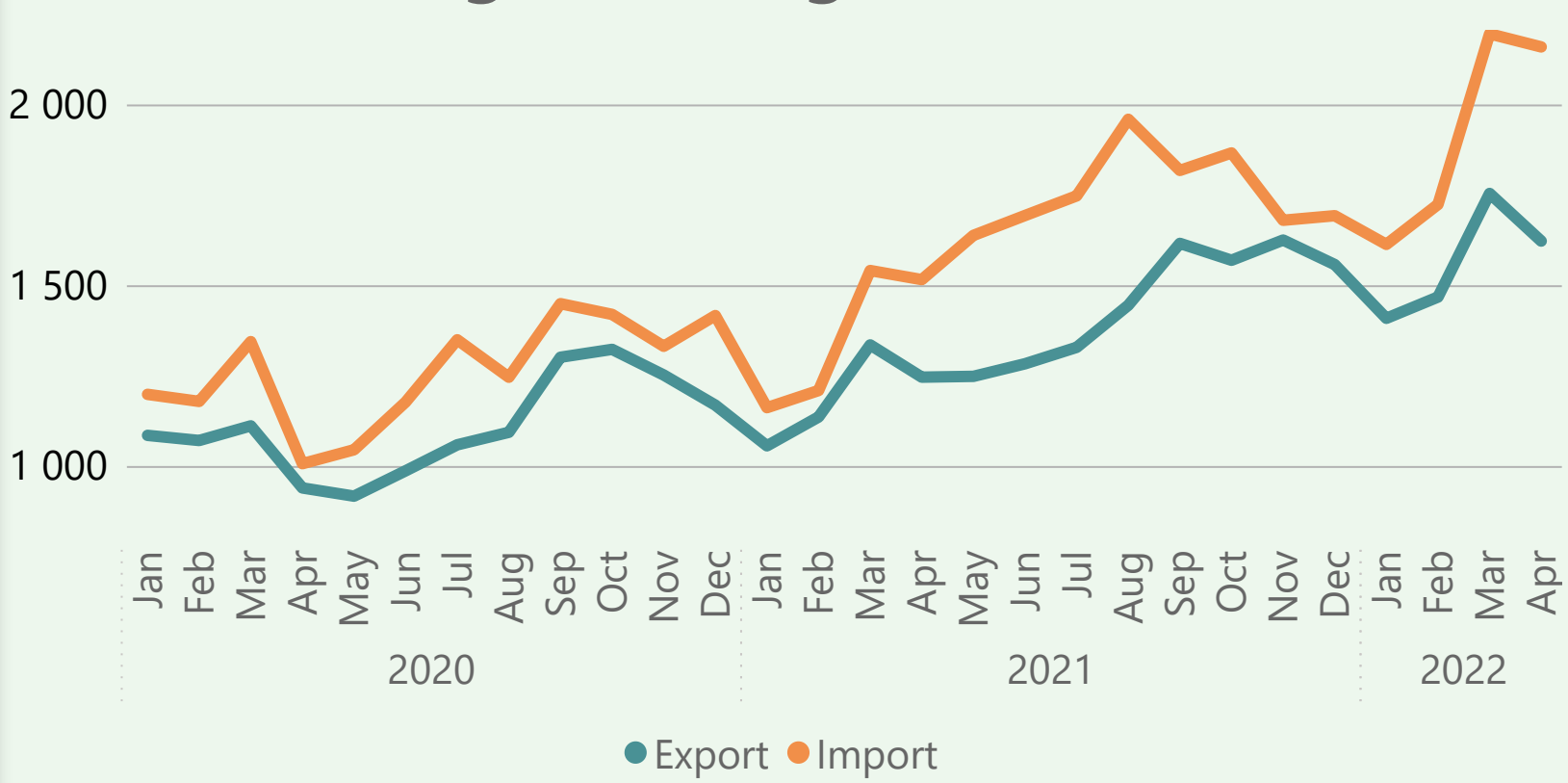
Source: CSB, State Employment Agency

Average monthly gross wage, €



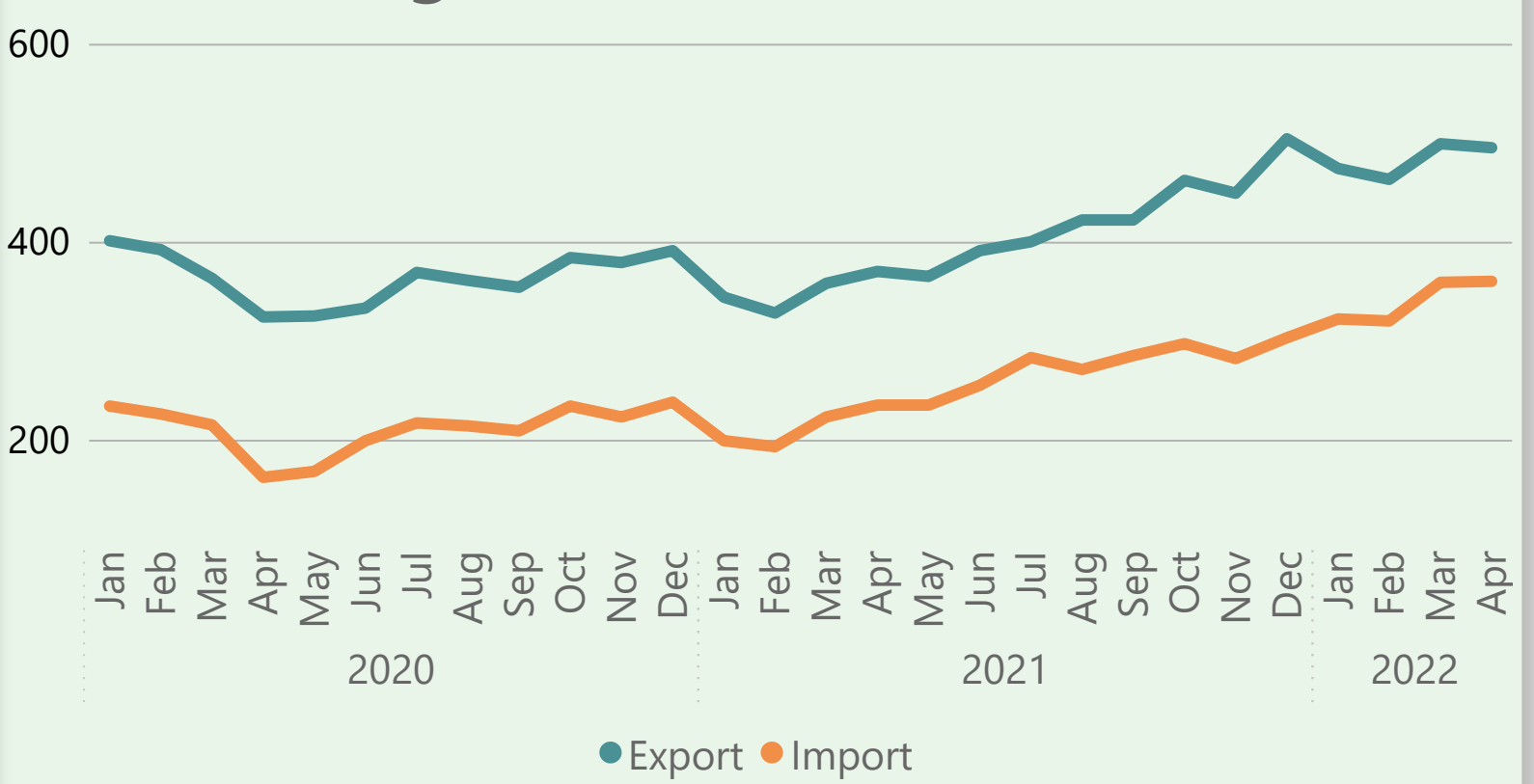
FOREIGN TRADE

Foreign trade (goods), mln €



Source: CSB

Foreign trade (services), mln €



GENERAL GOVERNMENT BUDGET

General government budget balance 2022

-6,5% of GDP

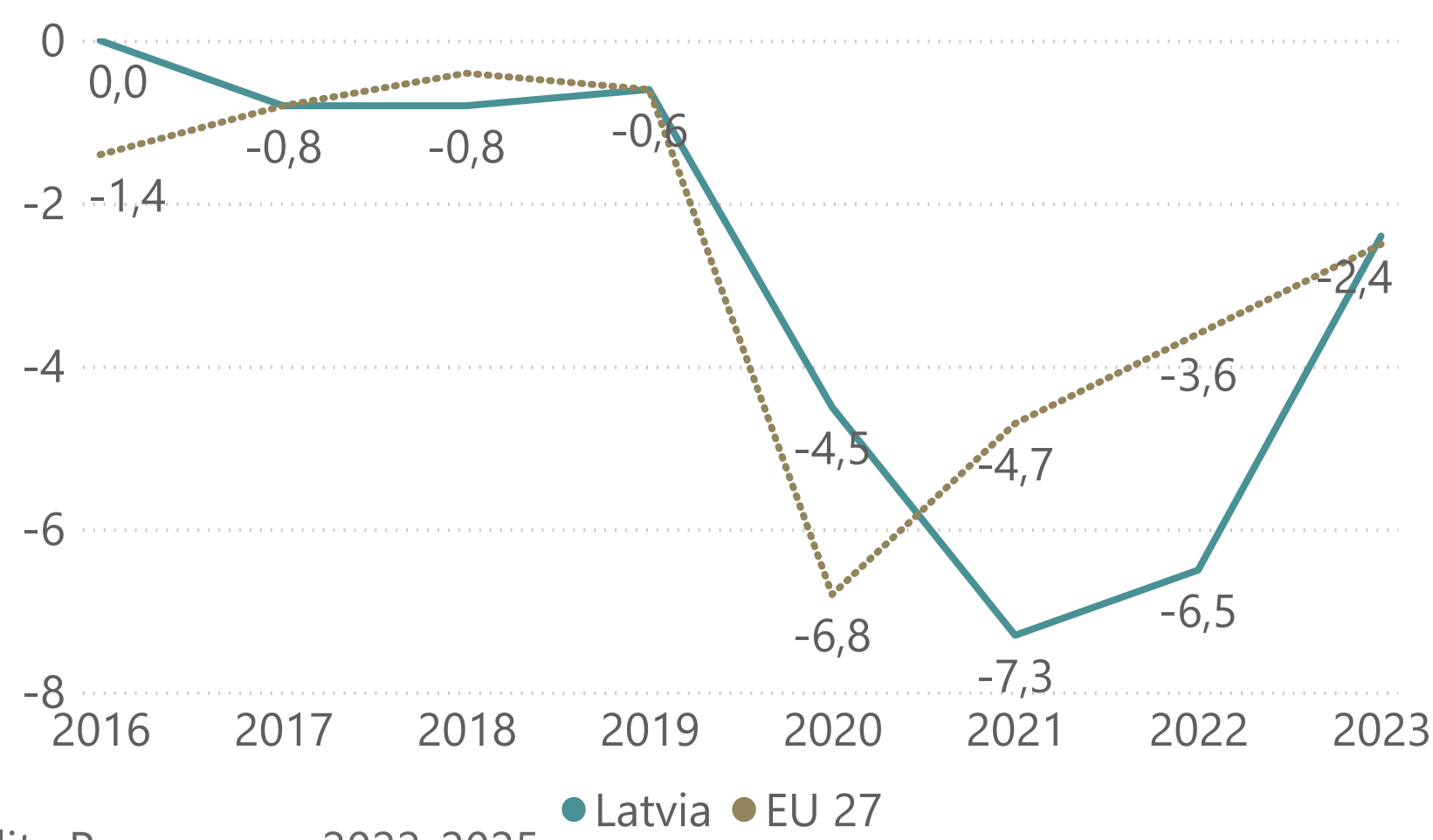
Forecast of MoF, SP 2022-2025

General government debt 2022

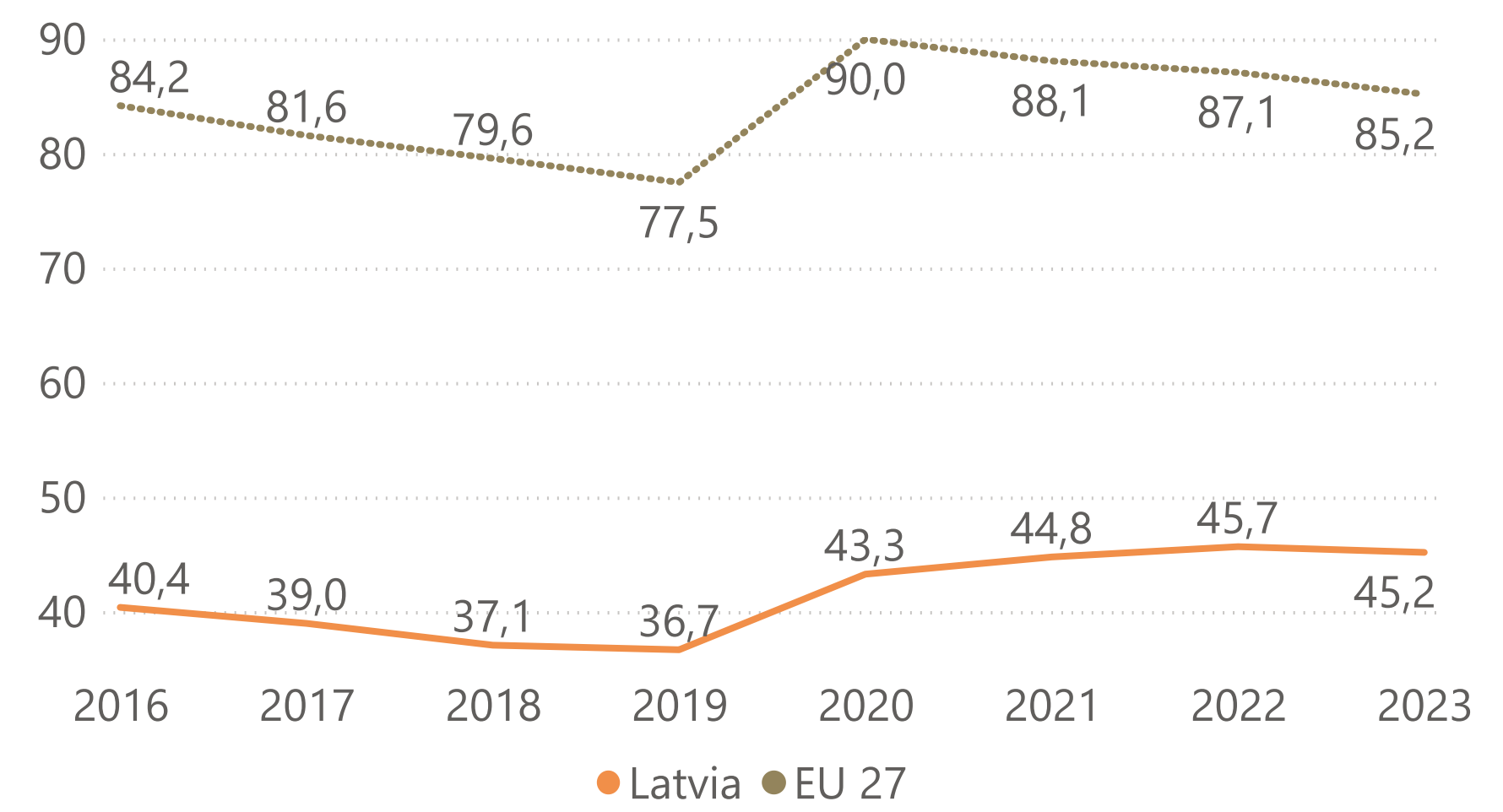
45,7% of GDP

Forecast of State Treasury, SP 2022-2025

General government budget balance, % of GDP



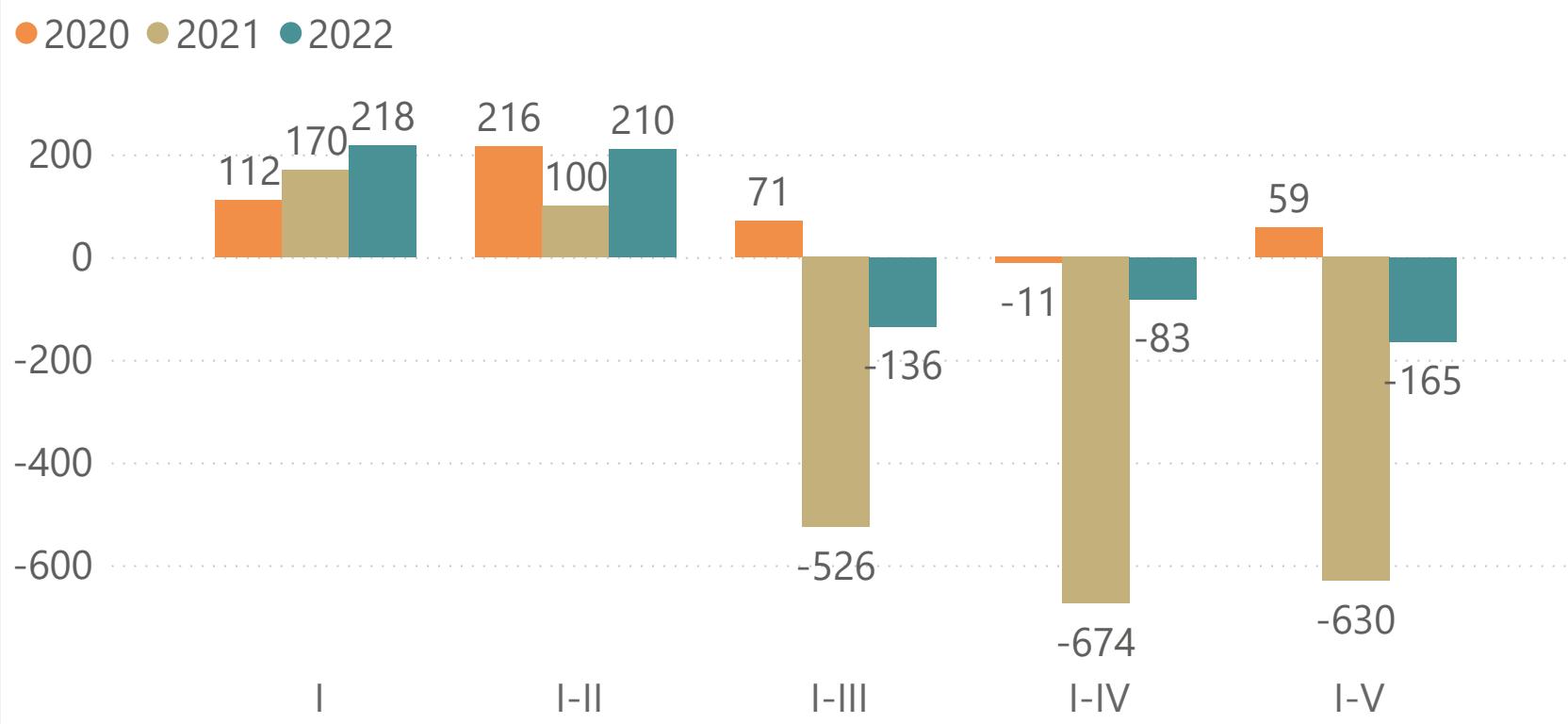
General government debt, % of GDP



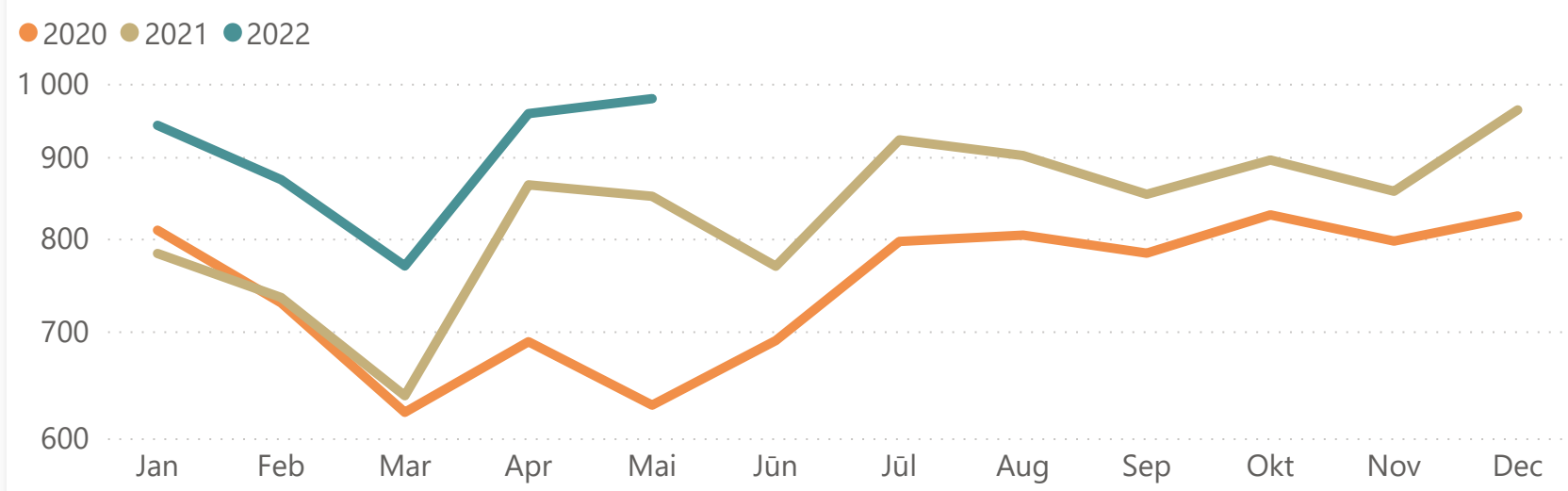
Source: Eurostat, AMECO Spring Forecast 2022, Latvia's Stability Programme 2022-2025

GENERAL GOVERNMENT BUDGET IN JANUARY - MAY 2022 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: Treasury. General government budget tax revenue in January-May 2022 including revenue in the single tax account 3,2 mln euro.

General government budget

	Execution, mln €	YoY, mln €	YoY,%
Revenue	5 674,8	639,6	12,7%
Expenditure	5 839,9	174,4	3,1%
Balance	-165,1	465,1	

General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY,%
SSC	1 492,5	379,0	34,0%
VAT	1 319,0	249,0	23,3%
PIT	820,4	213,5	35,2%
EXCISE	447,9	29,5	7,0%
CIT	168,2	39,0	30,2%

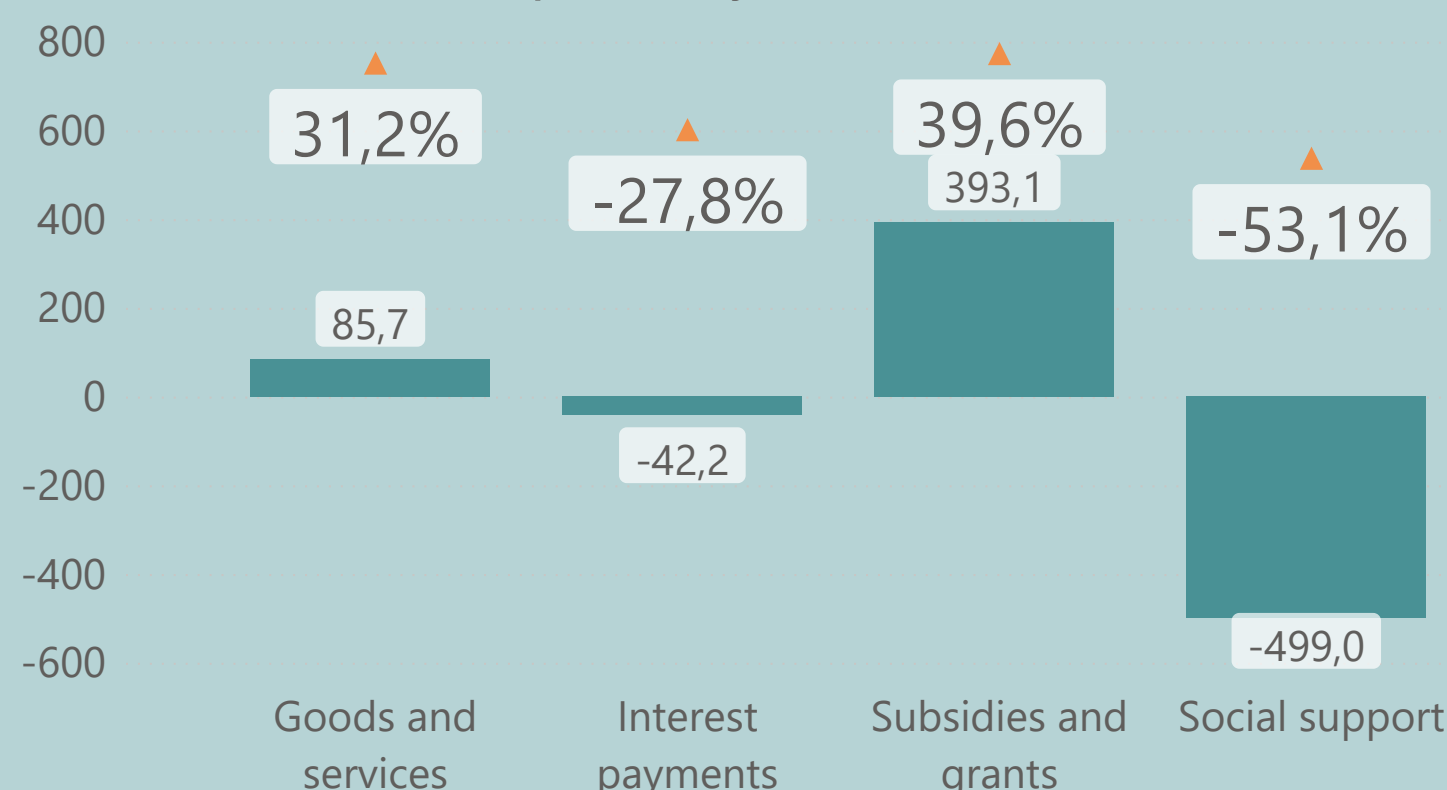
Revenue and expenditure

General government budget	Execution, mln €	YoY, mln €	YoY,%
Revenue			
Tax revenue	4 518,2	647,8	16,7%
Non tax revenue	324,4	-28,8	-8,2%
Foreign financial assistance	641,7	-17,4	-2,6%
Expenditure			
Remuneration	1 126,4	31,9	2,9%
Goods and services	684,9	148,9	27,8%
Interest payments	122,5	-43,1	-26,0%
Subsidies and grants	1 483,9	402,6	37,2%
Social support	1 960,6	-352,6	-15,2%
Capital expenditure	266,3	-16,6	-5,9%

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	3 273,1	134,0	4,3%
Expenditure	3 791,9	-6,8	-0,2%
Balance	-518,8	140,8	

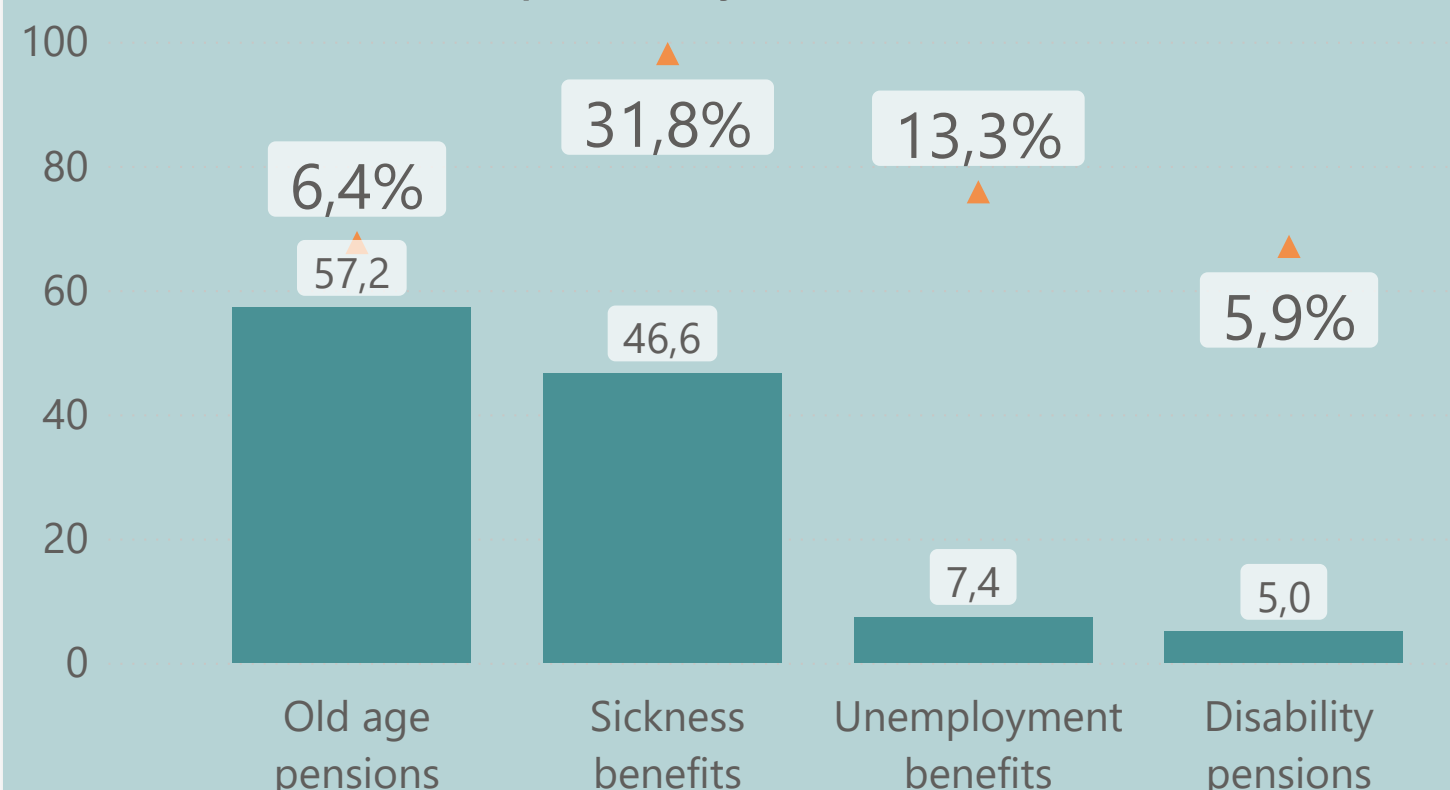
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 591,7	382,0	31,6%
Expenditure	1 446,9	124,0	9,4%
Balance	144,8	258,0	

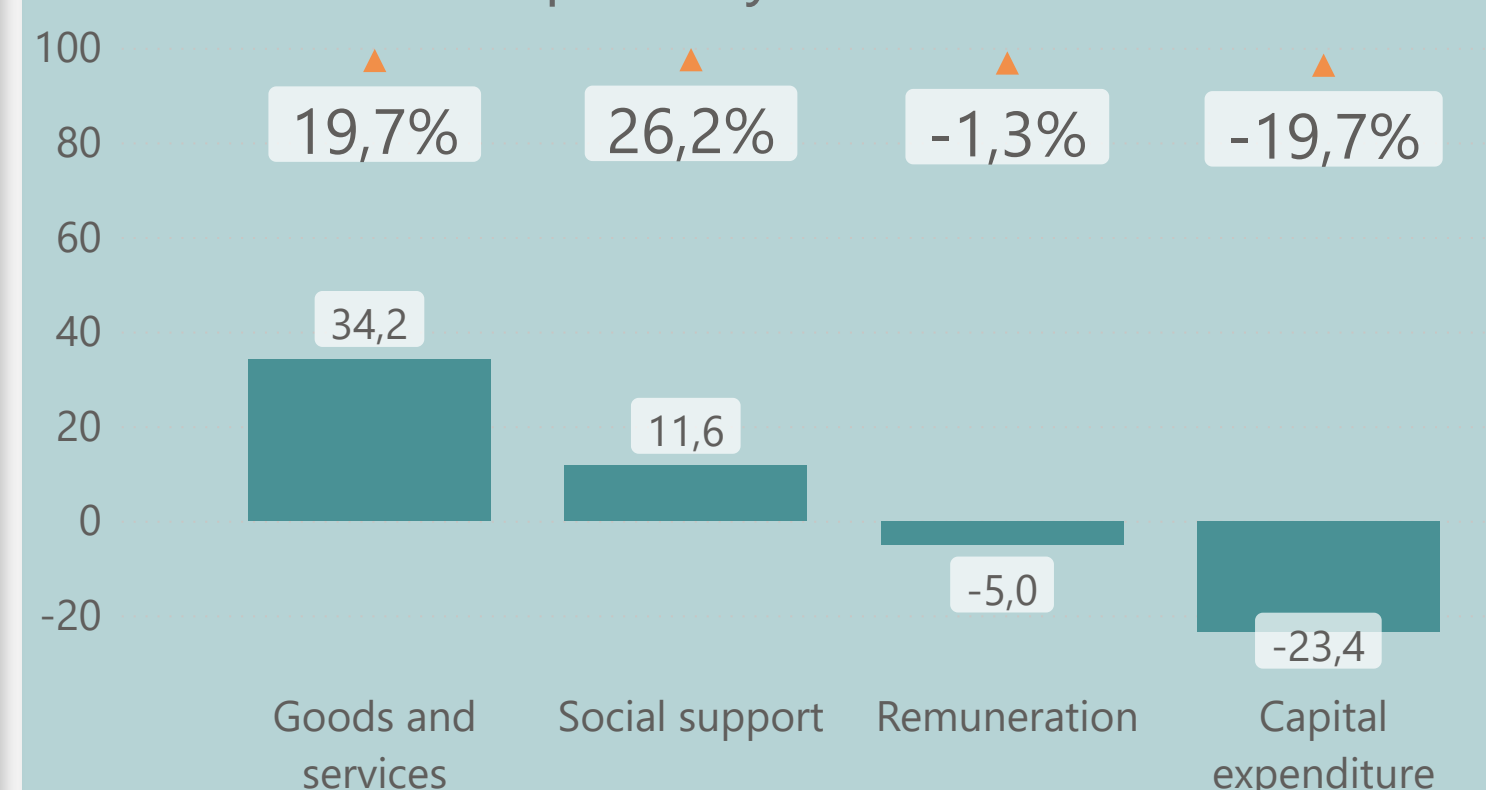
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 250,0	101,0	8,8%
Expenditure	1 096,6	45,1	4,3%
Balance	153,4	55,9	

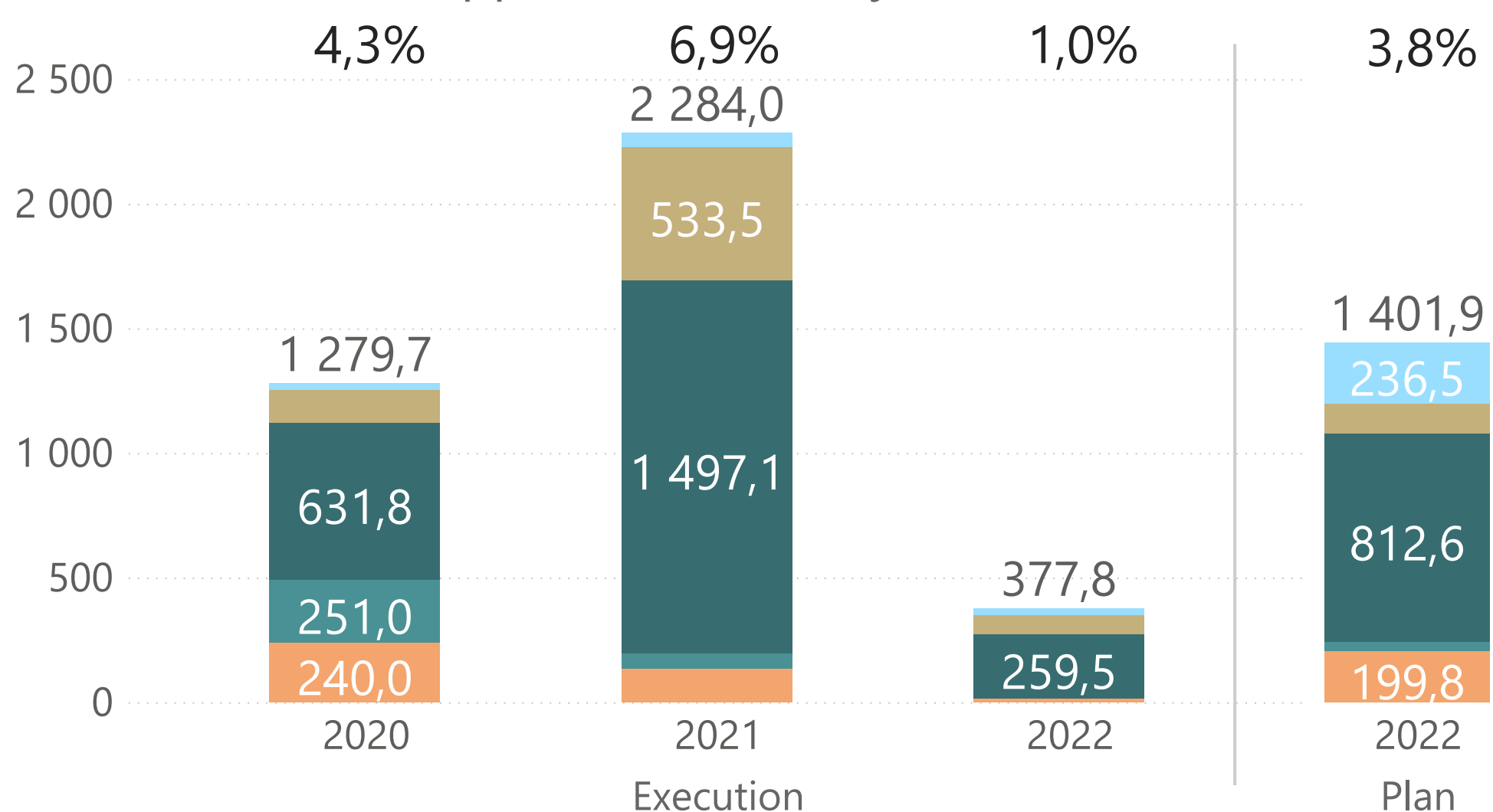
Major changes in mln € and % against respective period year before



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

CRISIS SUPPORT MEASURES

Covid-19 support to economy, mln € and % of GDP

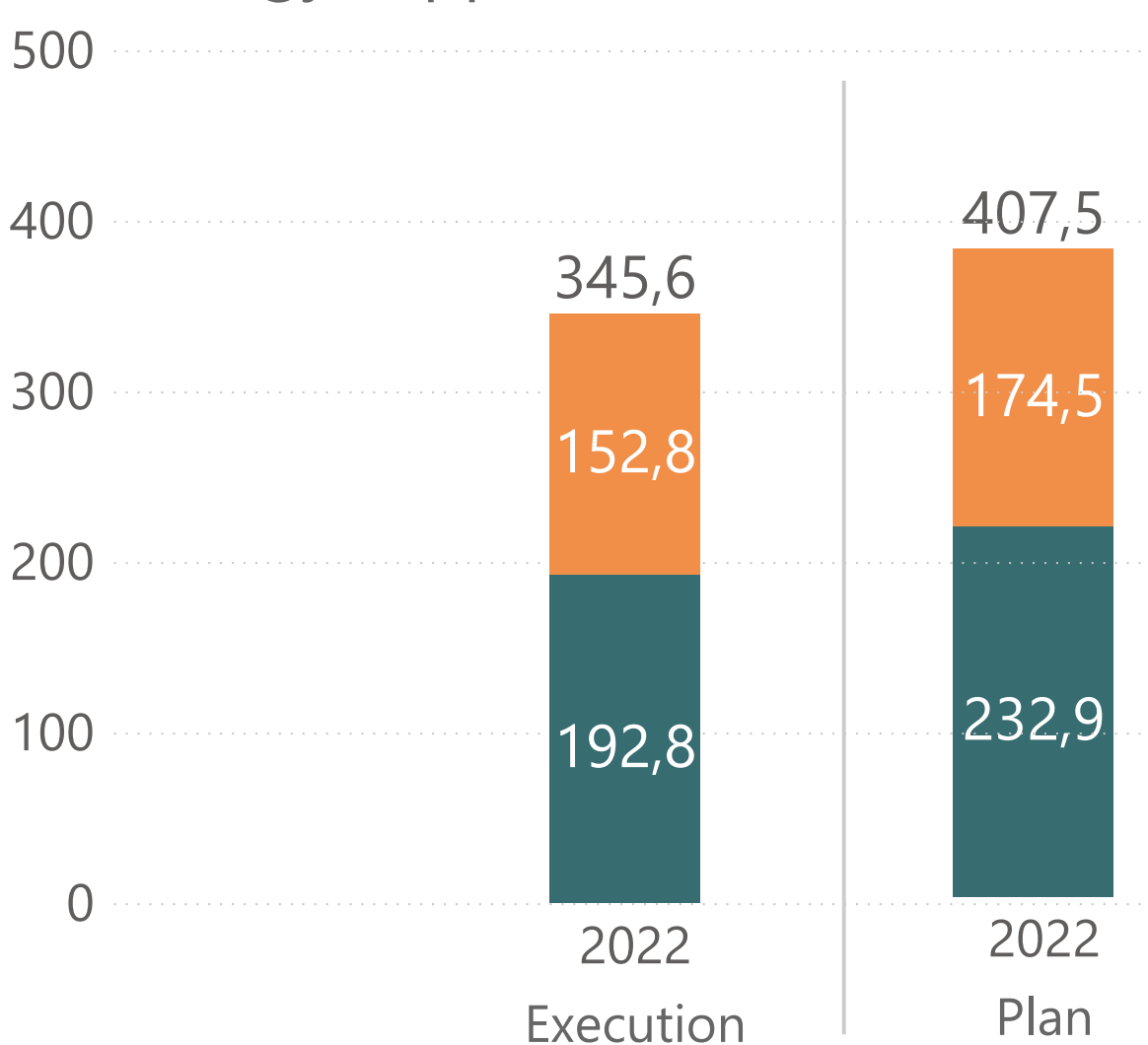


Impact on budget balance

mln €	-958,8	-2 104,4	-347,3	-659,7
% of GDP	-3,3%	-6,4%	-1,0%	-1,8%

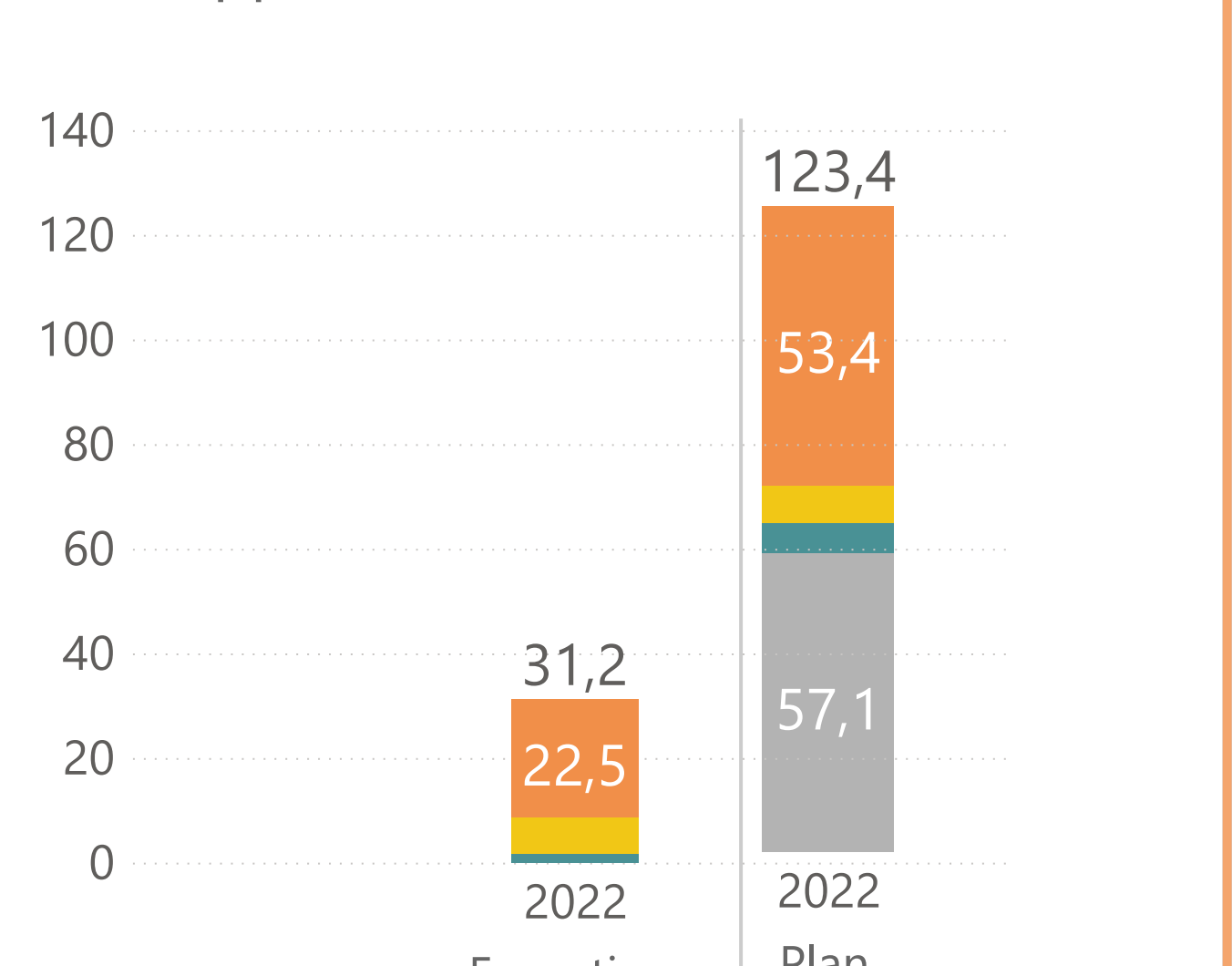
Loans and guarantees In the field of taxation
Sectoral support Benefits Restructuring of EU funds

Energy support measures, mln €



Social benefits
Compensatory measures to reduce price increase

Support to Ukrainien citizens, mln €



Indicative unallocated funds
Other payments
Payments to international organizations
Transfers to local municipalities

Source: Plan according to the government decisions till May 10, 2022. Execution according to data from the State Treasury, State Revenue Service, ALTUM, etc. till June 19, 2022.