

MACROECONOMIC AND BUDGETARY REVIEW 2022

No 6

GROSS DOMESTIC PRODUCT (GDP)

GDP 2021

32 867 mln €

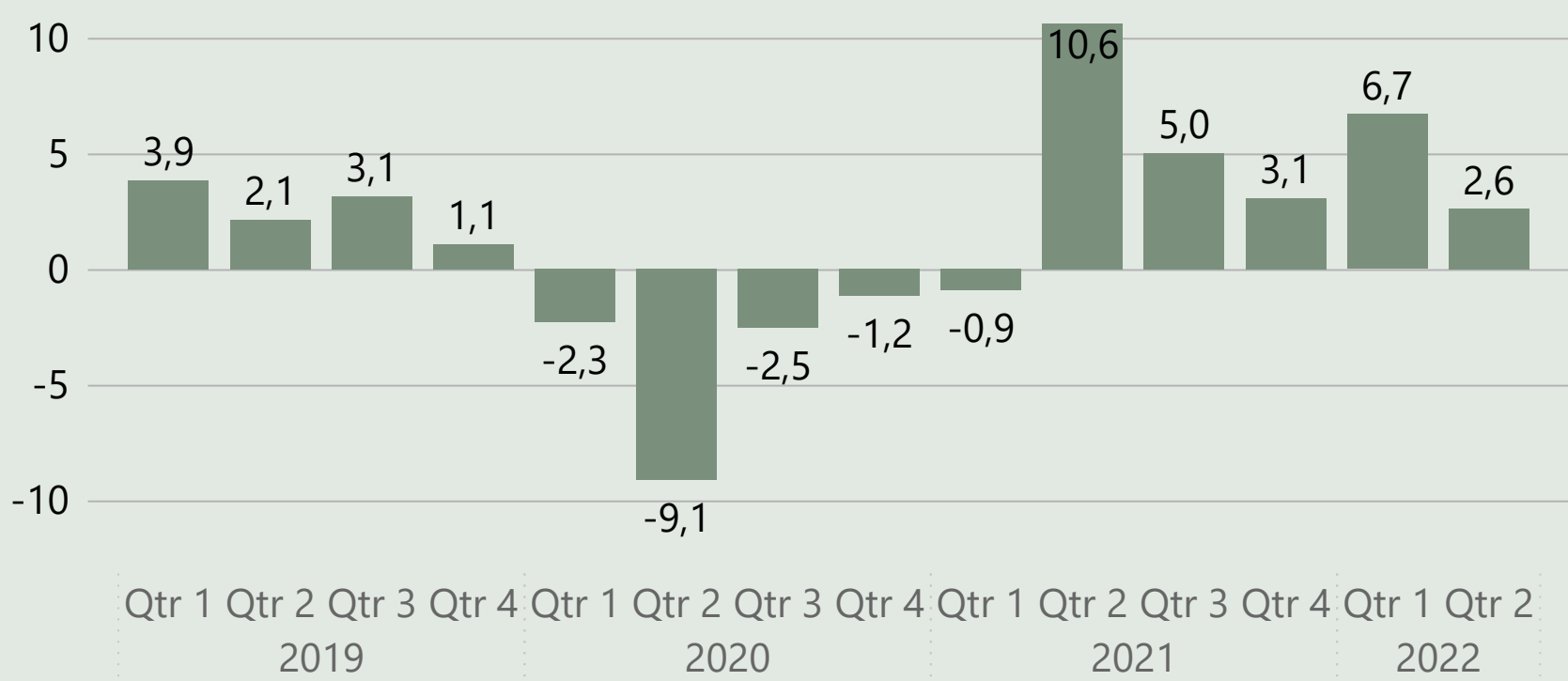
CSB, 22.04.2022.

GDP growth 2022

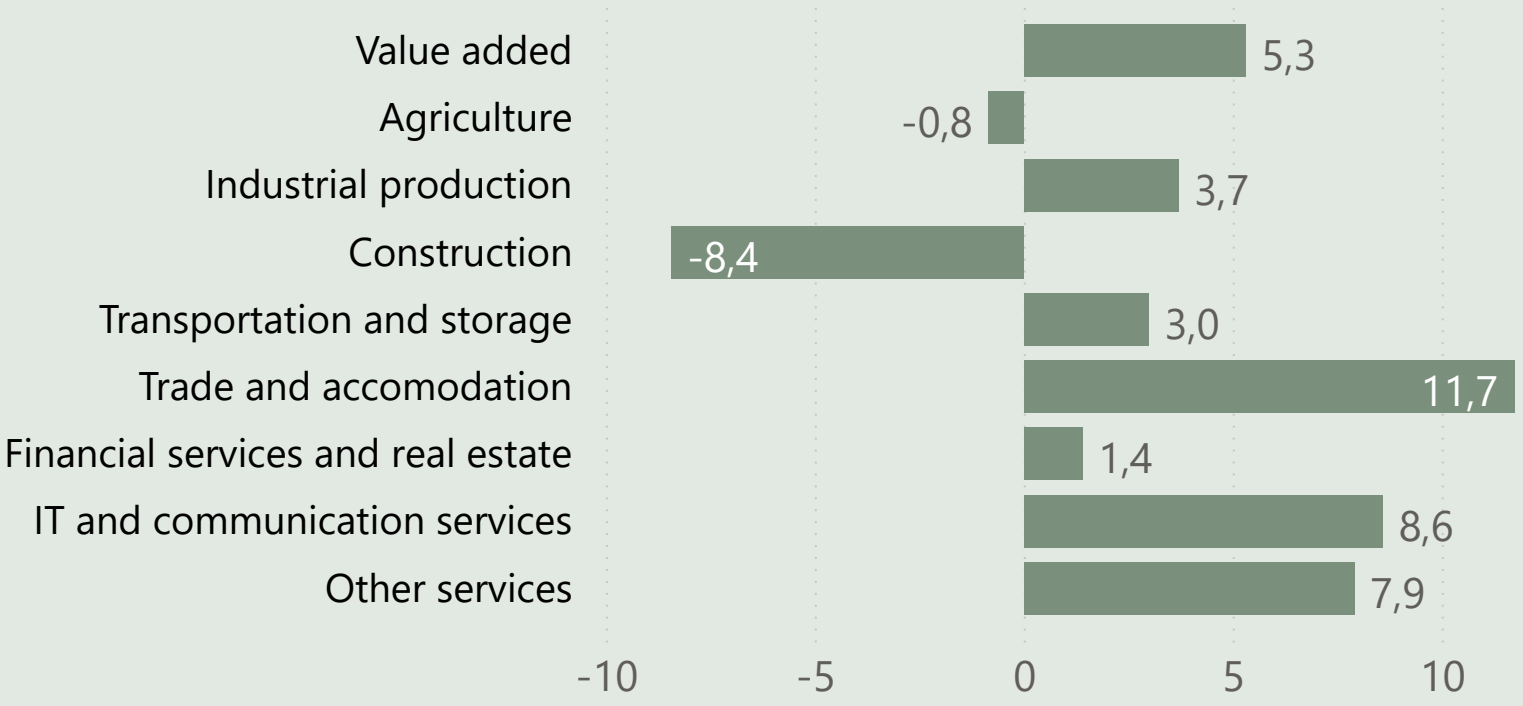
2.8%

MoF forecast, Budget 2022-2025

GDP growth, YoY%



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



Source: Central Statistical Bureau(CSB); 2nd Qtr 2022 early assessment

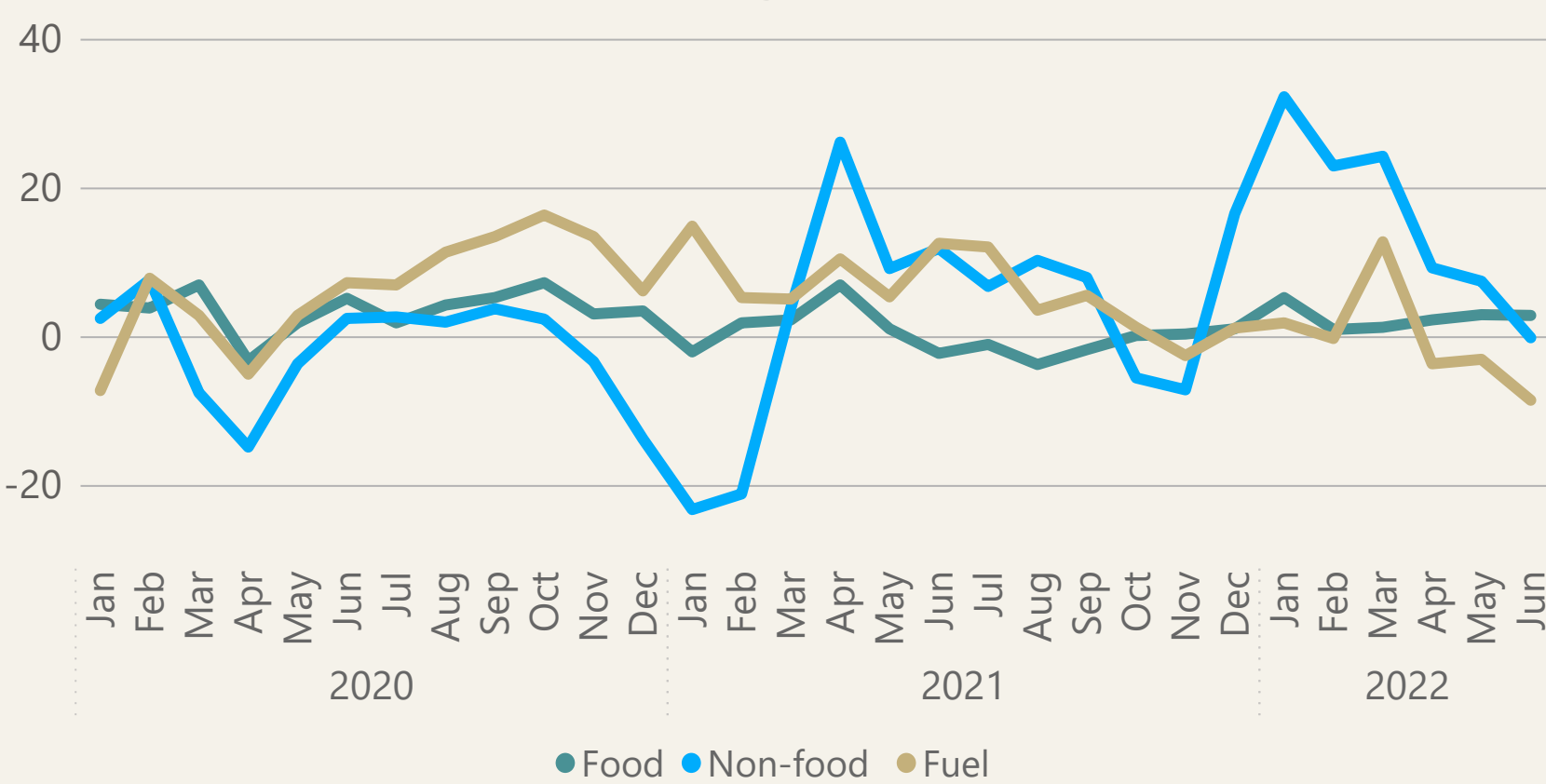
MAIN MACROECONOMIC INDICATORS

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	16,7	7,7	5,4	6,1
Real GDP growth, %	2,4	3,3	4	2,5	-3,8	4,5	2,8	1	3	3,4
GDP deflator, % change	0,9	2,9	3,9	2,6	-0,1	6,8	13,5	6,7	2,3	2,6
Consumer price index, % change	0,2	2,9	2,6	2,8	0,2	3,3	16,5	6,5	1	2
Average monthly gross wage, EUR	859	926	1004	1076	1143	1277	1379	1462	1539	1616
nominal growth, %	5	7,8	8,4	7,2	6,2	11,7	8	6	5,3	5
real growth, %	4,8	4,7	5,7	4,2	6	8,2	-7,3	-0,5	4,3	2,9
Number of persons employed, thsd	893	895	909	910	893	864	881	881	879	877
growth, %	-0,3	0,2	1,6	0,1	-1,9	-3,2	2	0	-0,2	-0,3
Unemployment rate, %	9,6	8,7	7,4	6,3	8,1	7,6	7,1	7,1	6,7	6,5

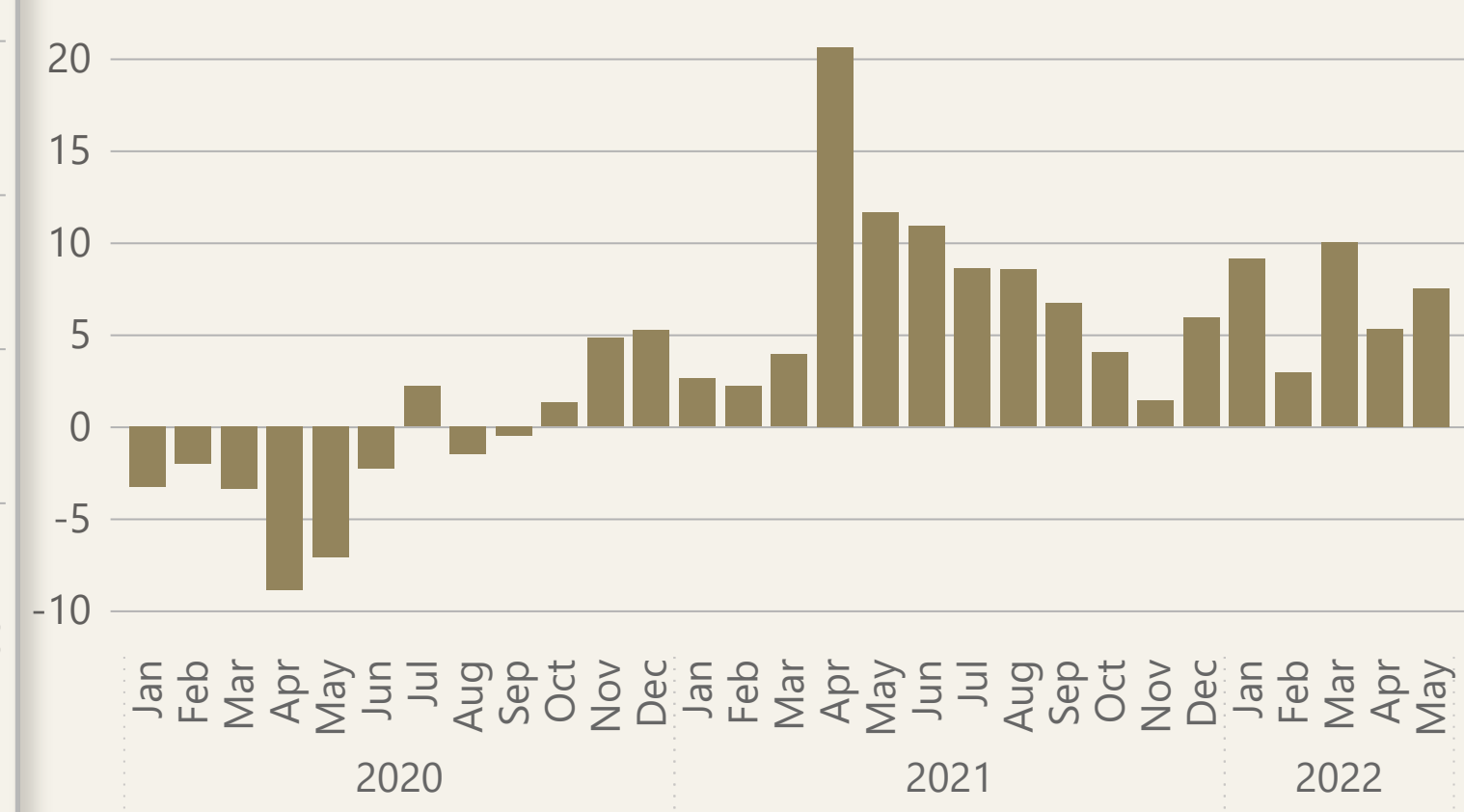
Source: CSB (11.08.2022), *forecasts of the Ministry of Finance of the Republic of Latvia (August 2022)

INDUSTRIES

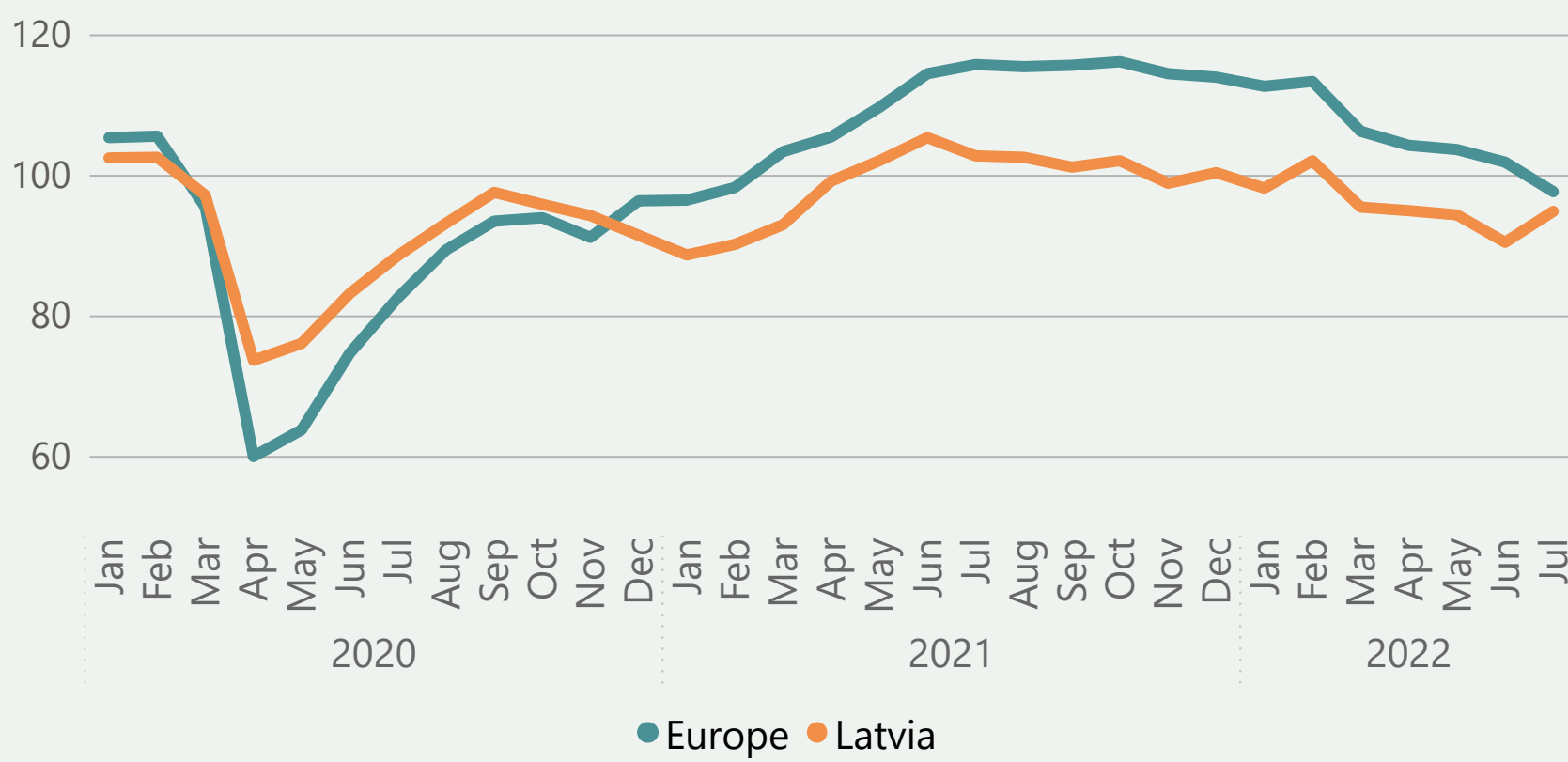
Retail trade growth, YoY%



Manufacturing output, YoY%

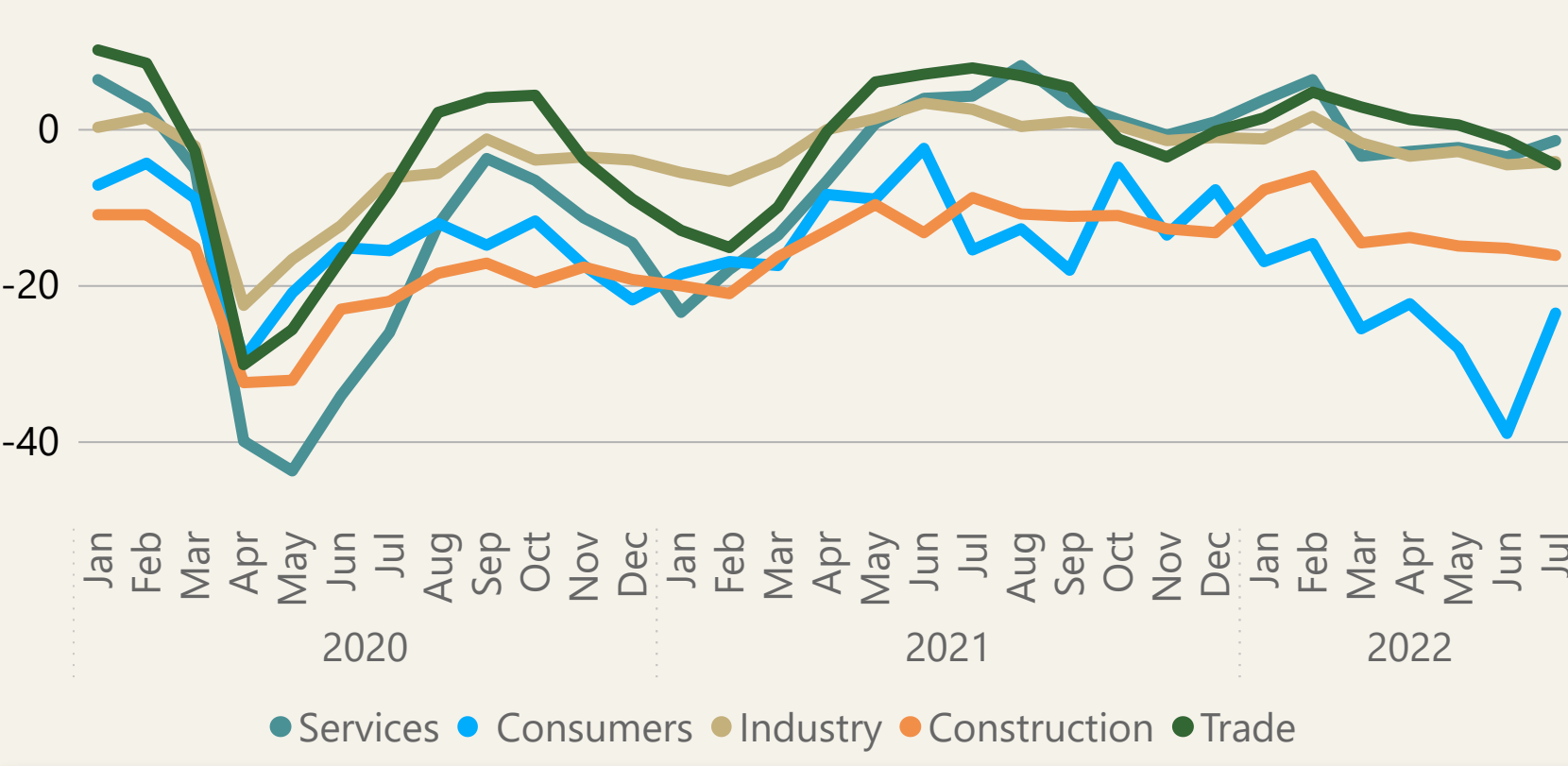


Economic confidence



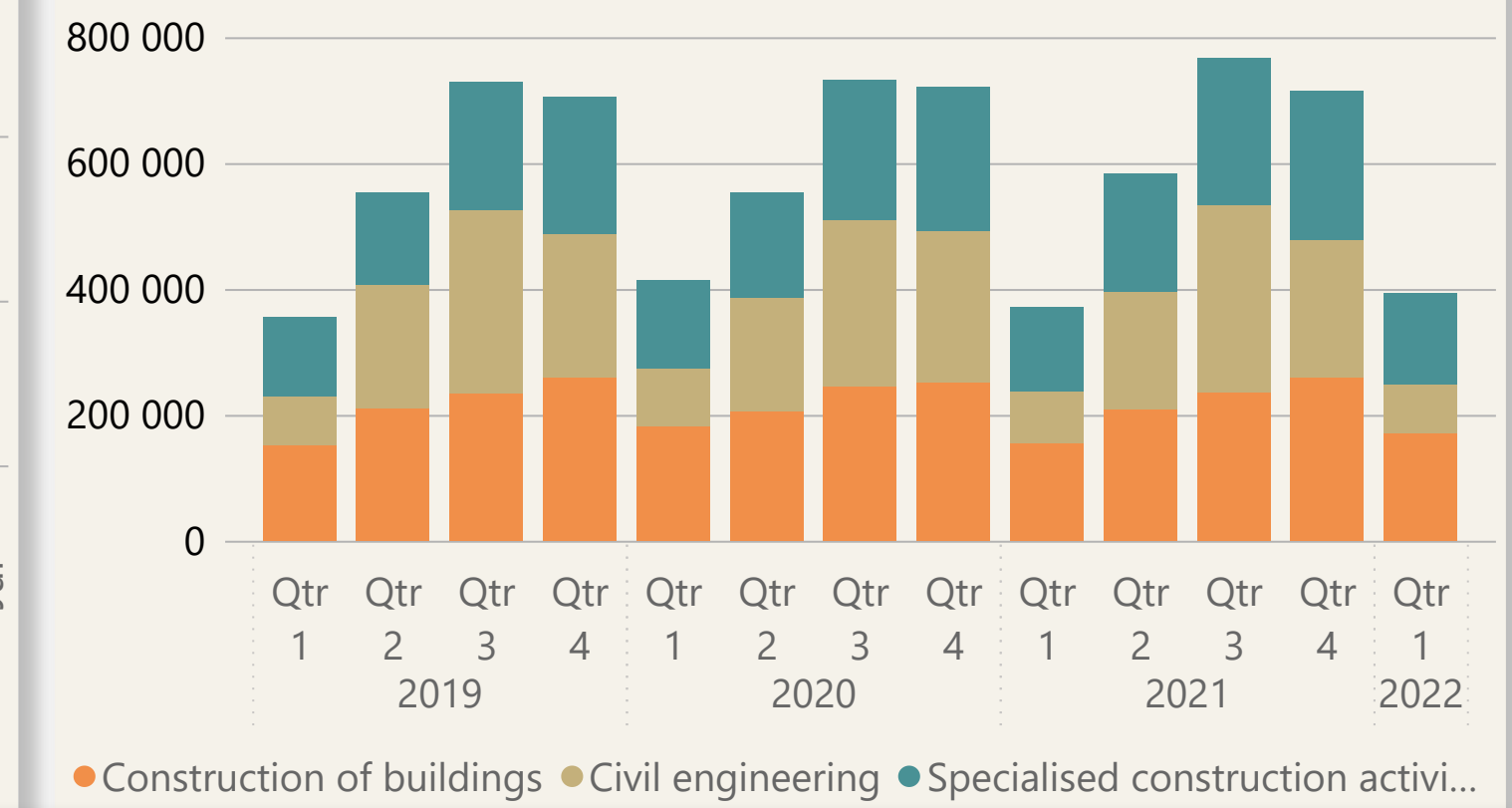
Source: European Commission

ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

Construction output at constant prices, thsd €



INFLATION

Inflation

19,3%

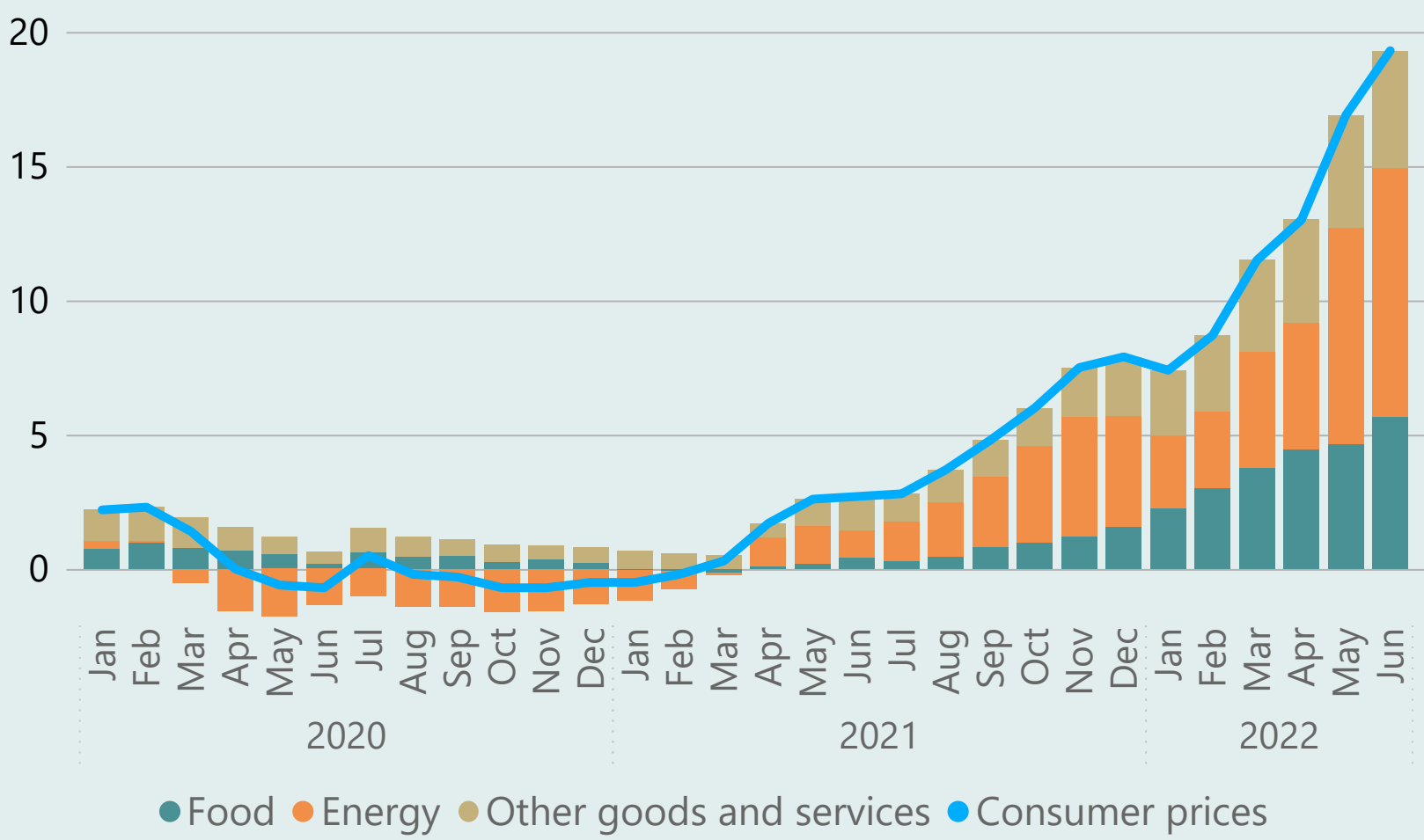
June 2022

Producer price rise

30.1%

June 2022

Consumer prices, YoY%



Source: CSB

UNEMPLOYMENT

Registered

5.9%

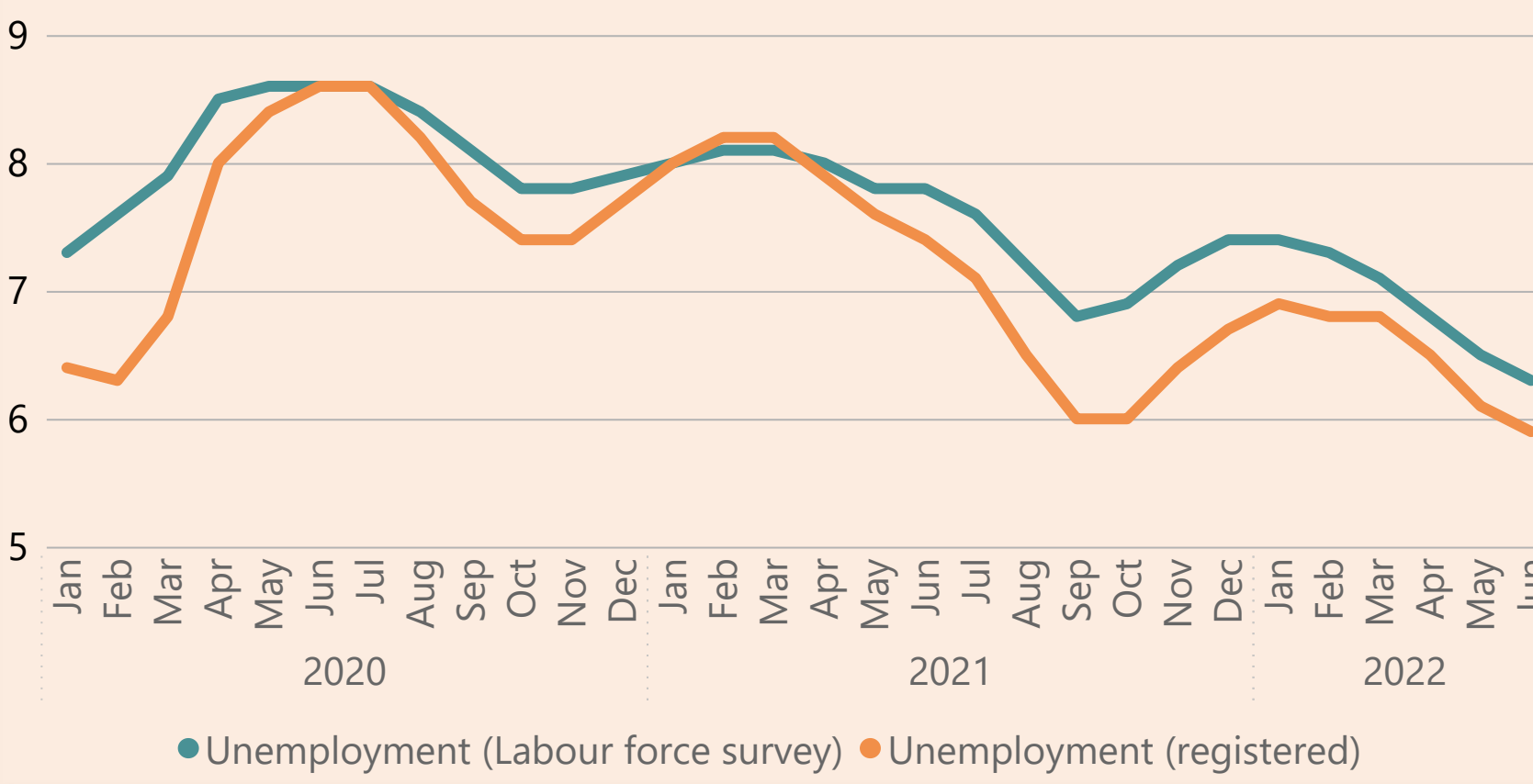
June 2022

Labour force survey

6.3%

June 2022

Unemployment rate, %



Source: CSB, State Employment Agency

WAGE

Private sector

1 306€

(+7.2% YoY)

1Q 2022

Public sector

1 285€

(+6.1% YoY)

1Q 2022

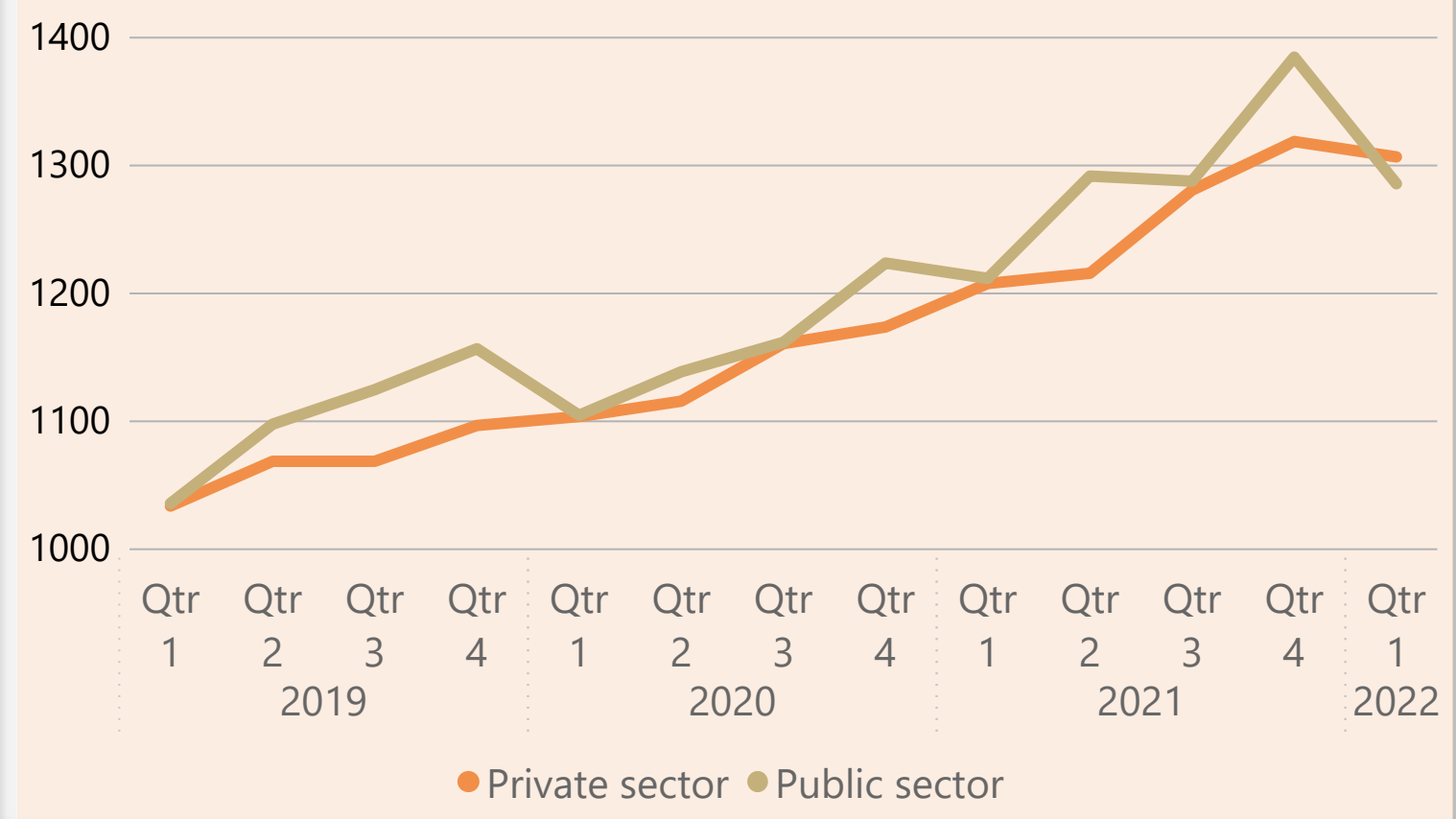
Total

1 297€

(+6.9% YoY)

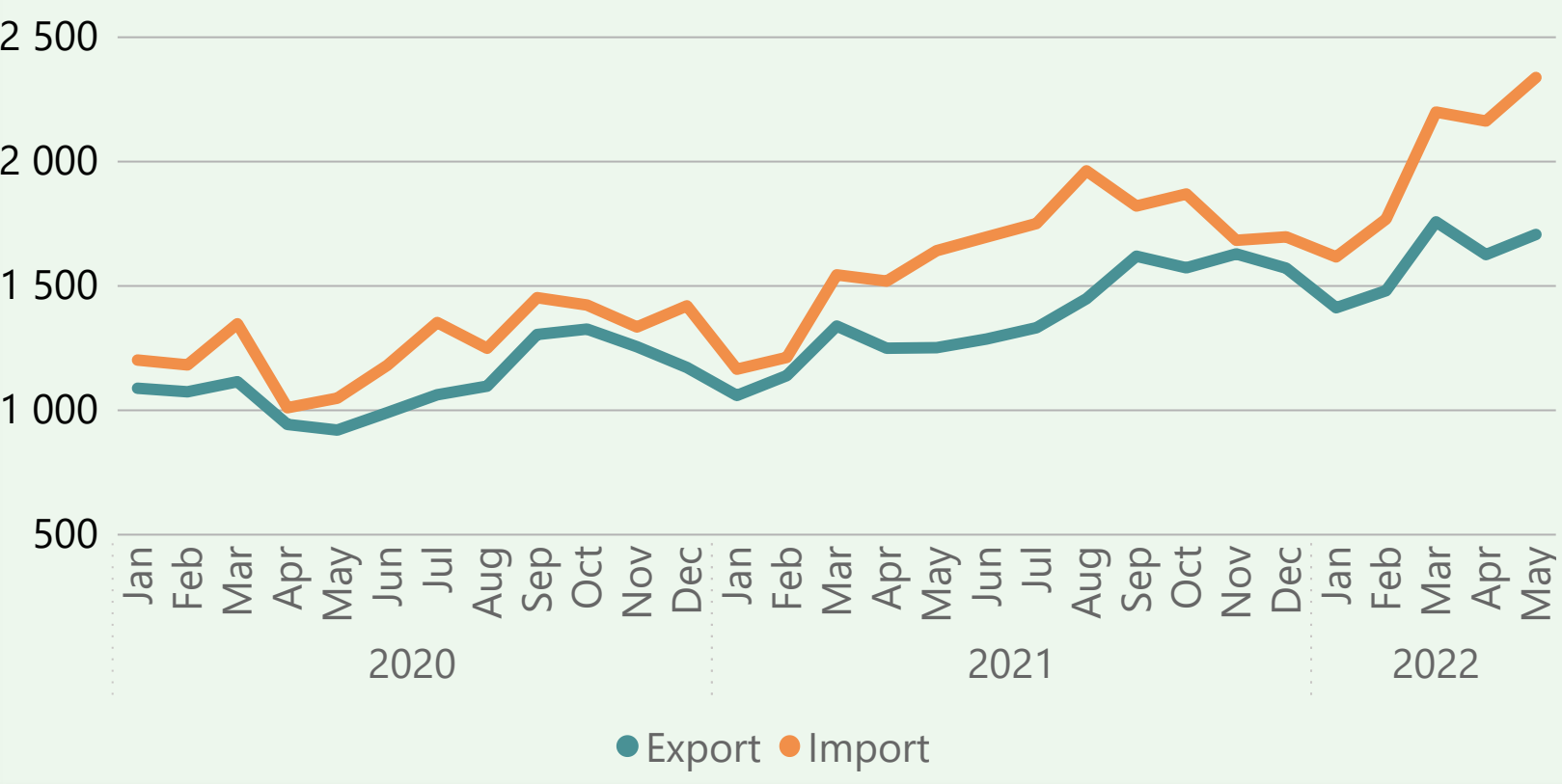
1Q 2022

Average monthly gross wage, €



FOREIGN TRADE

Foreign trade (goods), mln €



GENERAL GOVERNMENT BUDGET

General government budget balance 2022

-6,5% of GDP

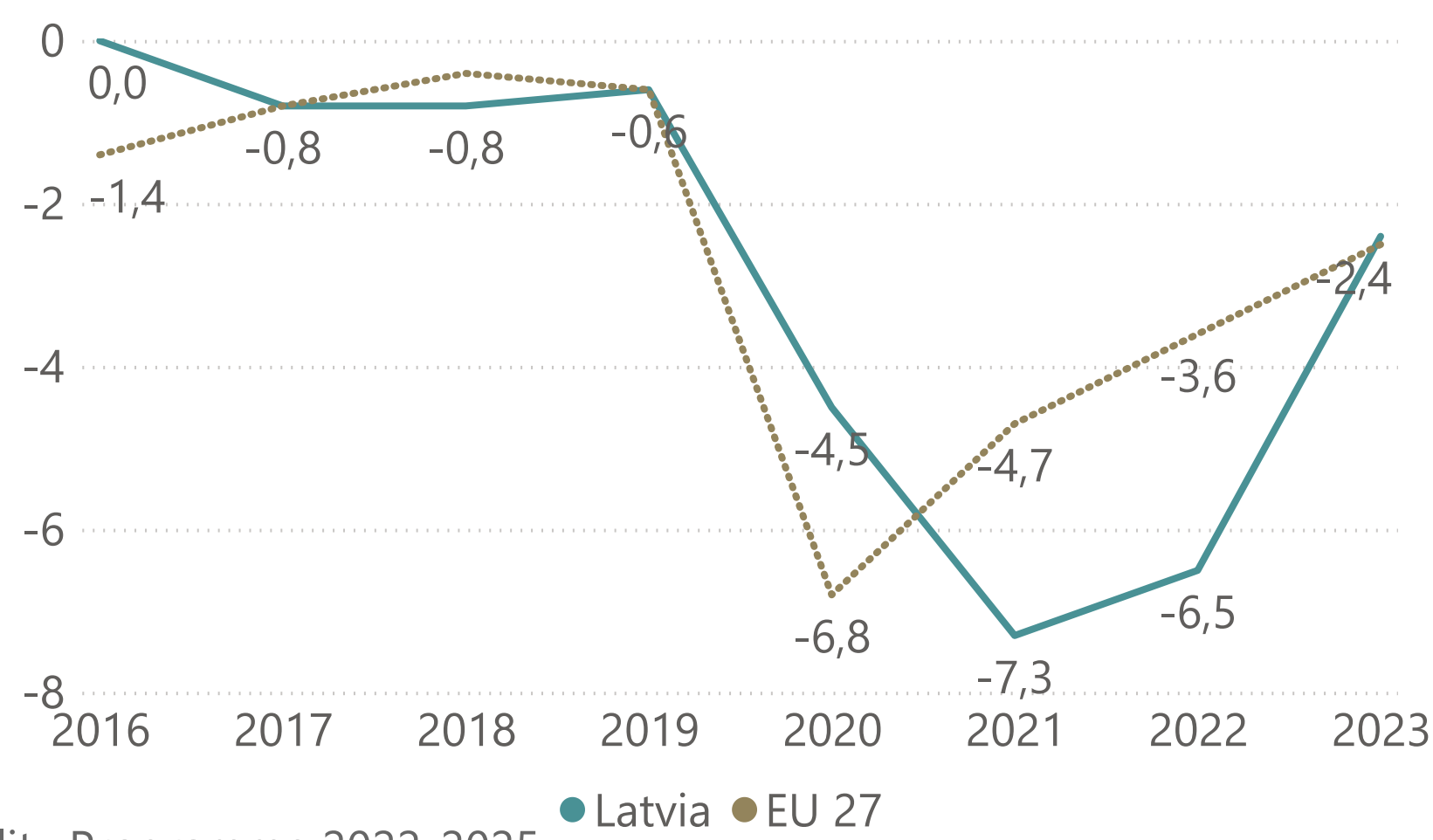
Forecast of MoF, SP 2022-2025

General government debt 2022

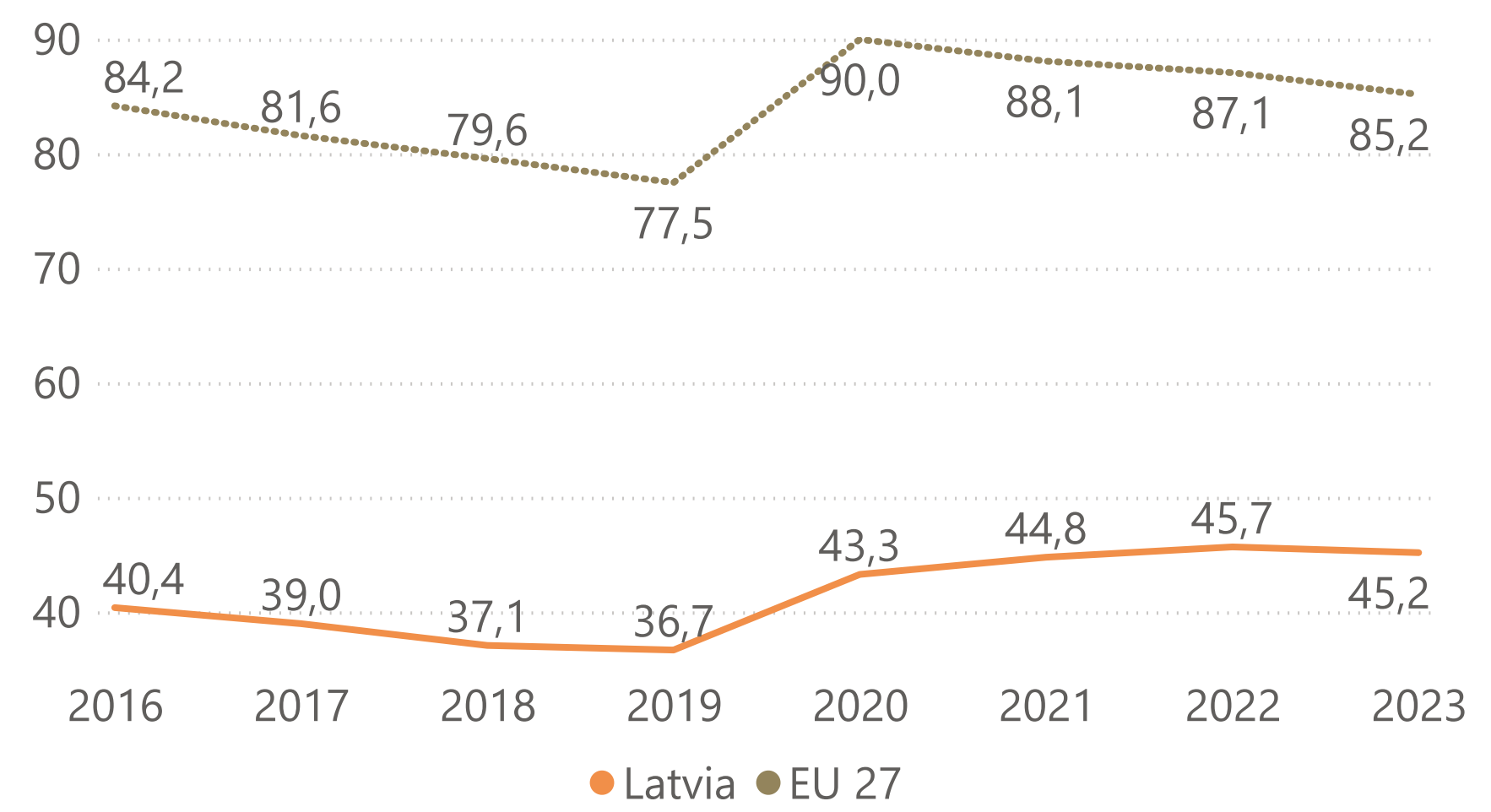
45,7% of GDP

Forecast of State Treasury, SP 2022-2025

General government budget balance, % of GDP



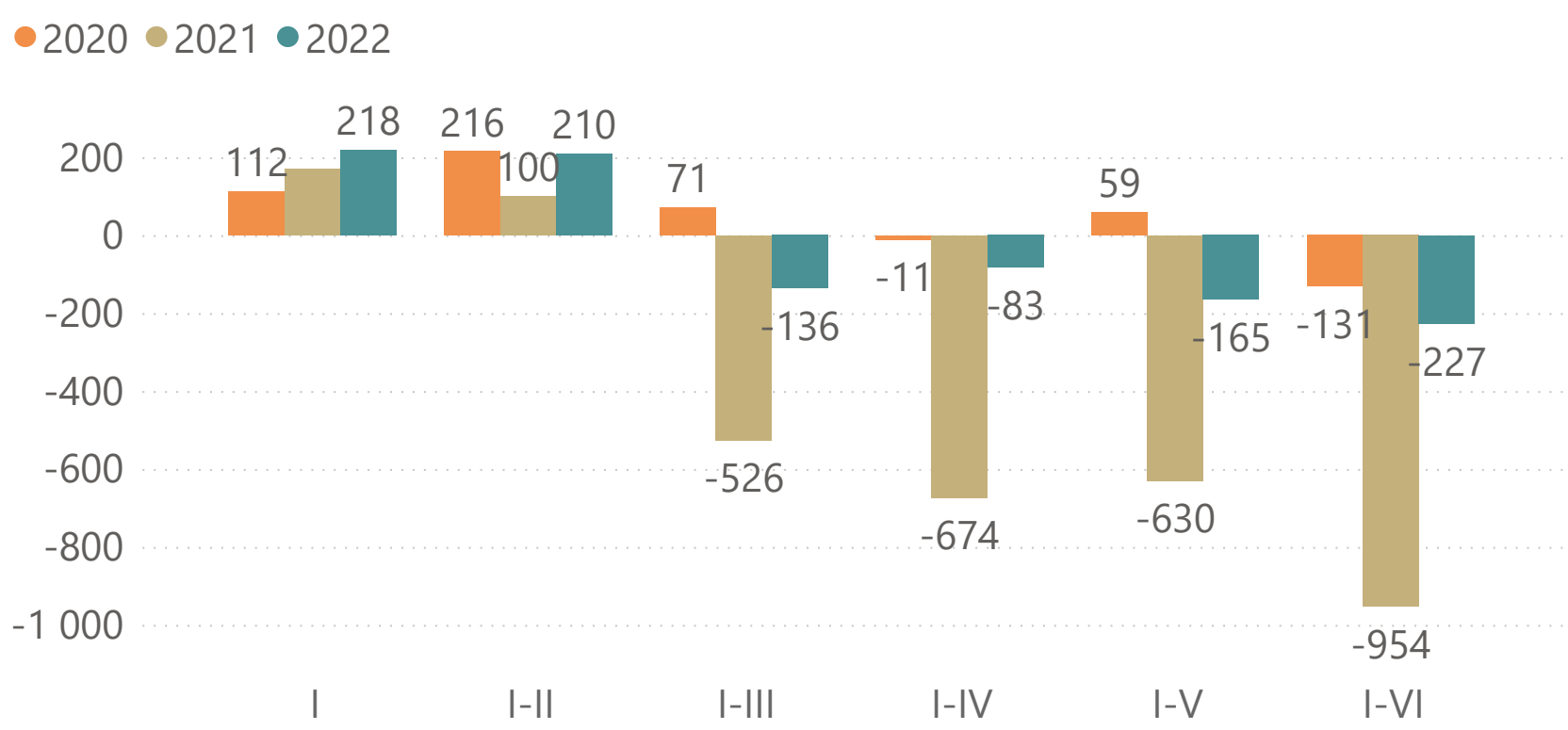
General government debt, % of GDP



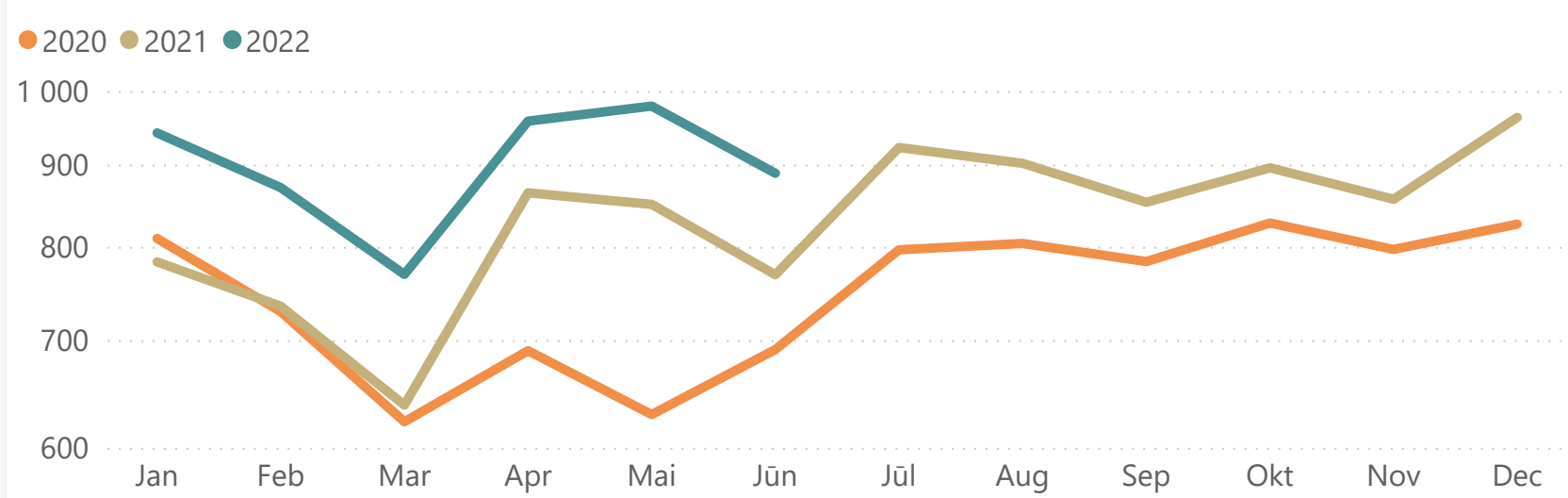
Source: Eurostat, AMECO Spring Forecast 2022, Latvia's Stability Programme 2022-2025

GENERAL GOVERNMENT BUDGET IN JANUARY - JUNE 2022 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: Treasury. General government budget tax revenue in January-June 2022 including revenue in the single tax account -103.8 mln euro.

General government budget

	Execution, mln €	YoY, mln €	YoY, %
Revenue	6 784,9	773,1	12,9%
Expenditure	7 012,0	46,6	0,7%
Balance	-227,1	726,5	

General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY, %
SSC	1 811,4	444,9	32,6%
VAT	1 626,4	305,3	23,1%
PIT	1 013,8	272,0	36,7%
EXCISE	547,2	34,4	6,7%
CIT	212,5	42,0	24,6%

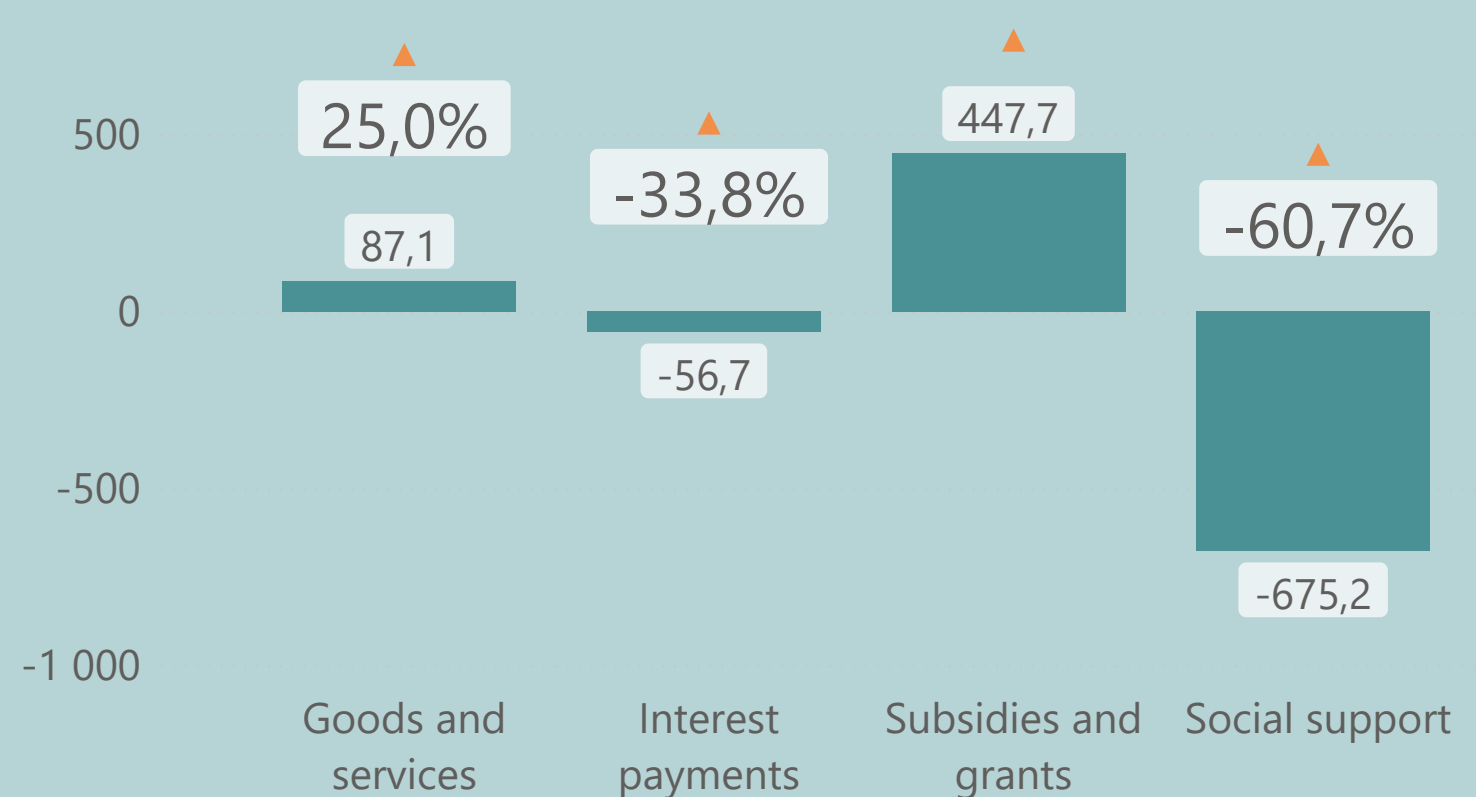
Revenue and expenditure

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue			
Tax revenue	5 407,1	768,0	16,6%
Non tax revenue	452,7	-38,5	-7,8%
Foreign financial assistance	714,6	5,1	0,7%
Expenditure			
Remuneration	1 456,4	24,8	1,7%
Goods and services	828,5	156,1	23,2%
Interest payments	126,8	-57,9	-31,3%
Subsidies and grants	1 765,5	458,9	35,1%
Social support	2 243,4	-530,1	-19,1%
Capital expenditure	359,2	-11,7	-3,1%

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	3 893,4	165,1	4,4%
Expenditure	4 513,5	-154,2	-3,3%
Balance	-620,1	319,3	

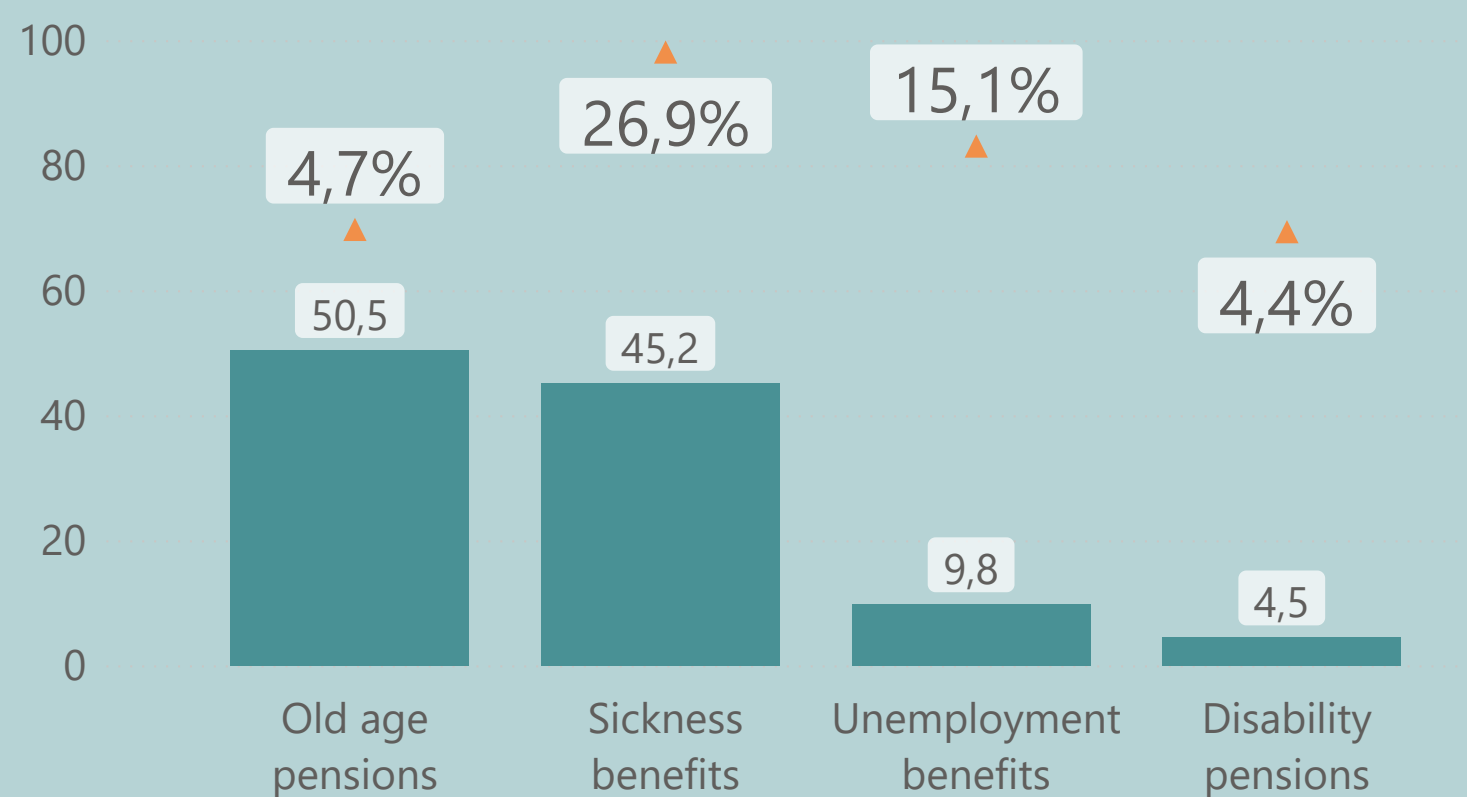
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 924,3	409,6	27,0%
Expenditure	1 719,3	118,7	7,4%
Balance	205,0	290,9	

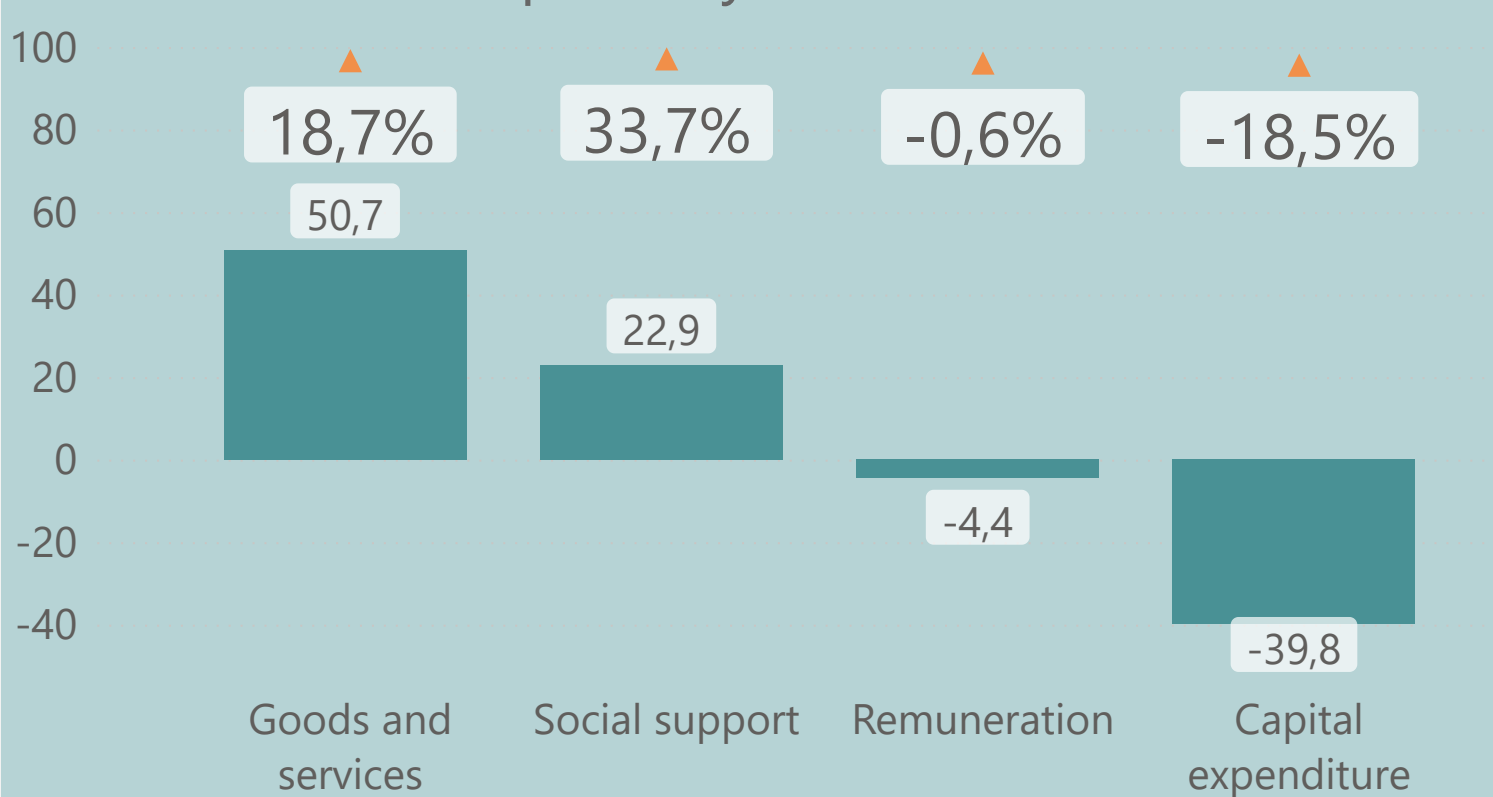
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 574,5	142,5	9,9%
Expenditure	1 421,7	33,6	2,4%
Balance	152,8	108,9	

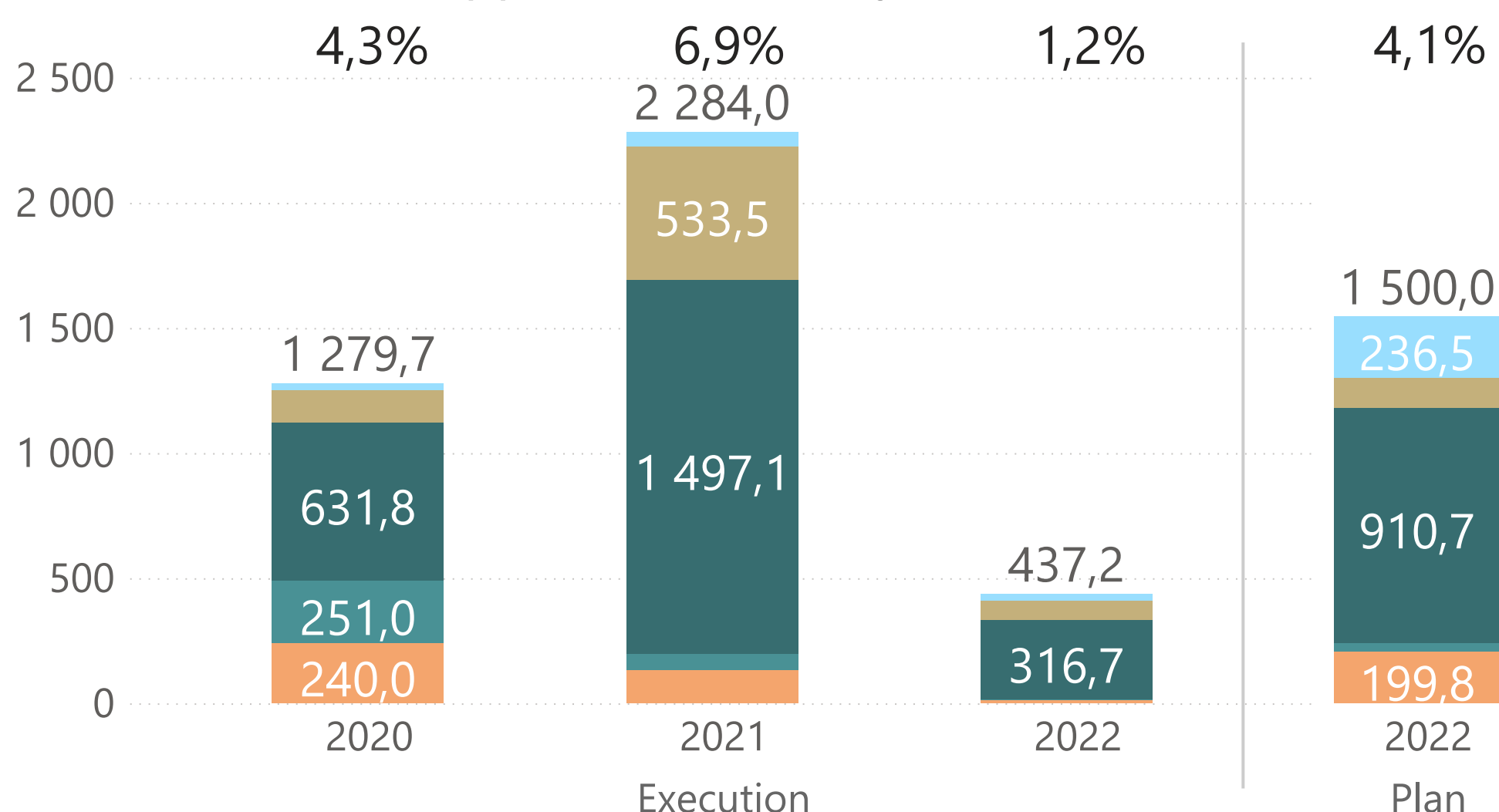
Major changes in mln € and % against respective period year before



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

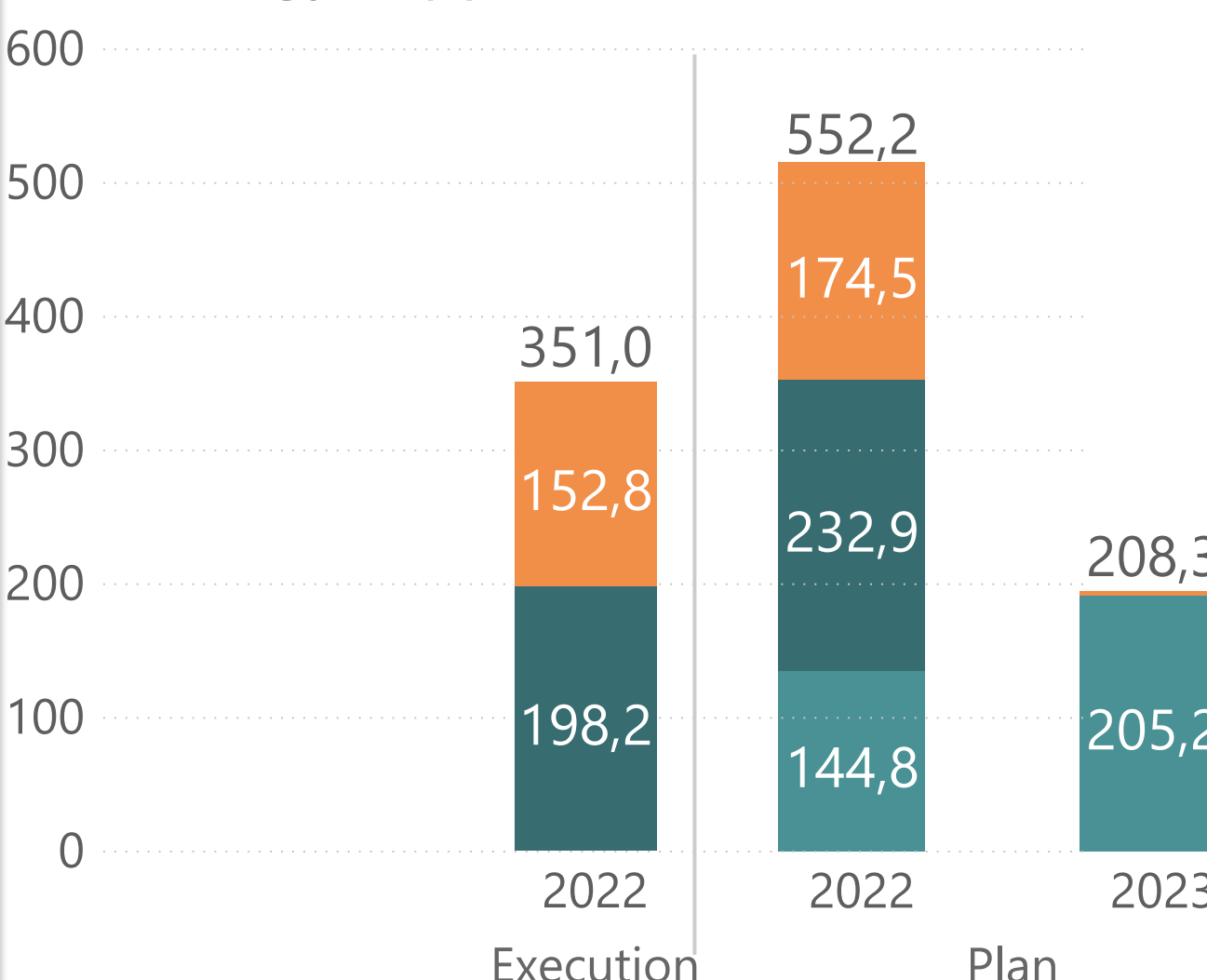


Impact on budget balance

	mln €	% of GDP
Execution	-958,8	-3,3%
Plan	-2 104,4	-6,4%
2022	-406,0	-1,1%
2022 Plan	-659,7	-1,8%

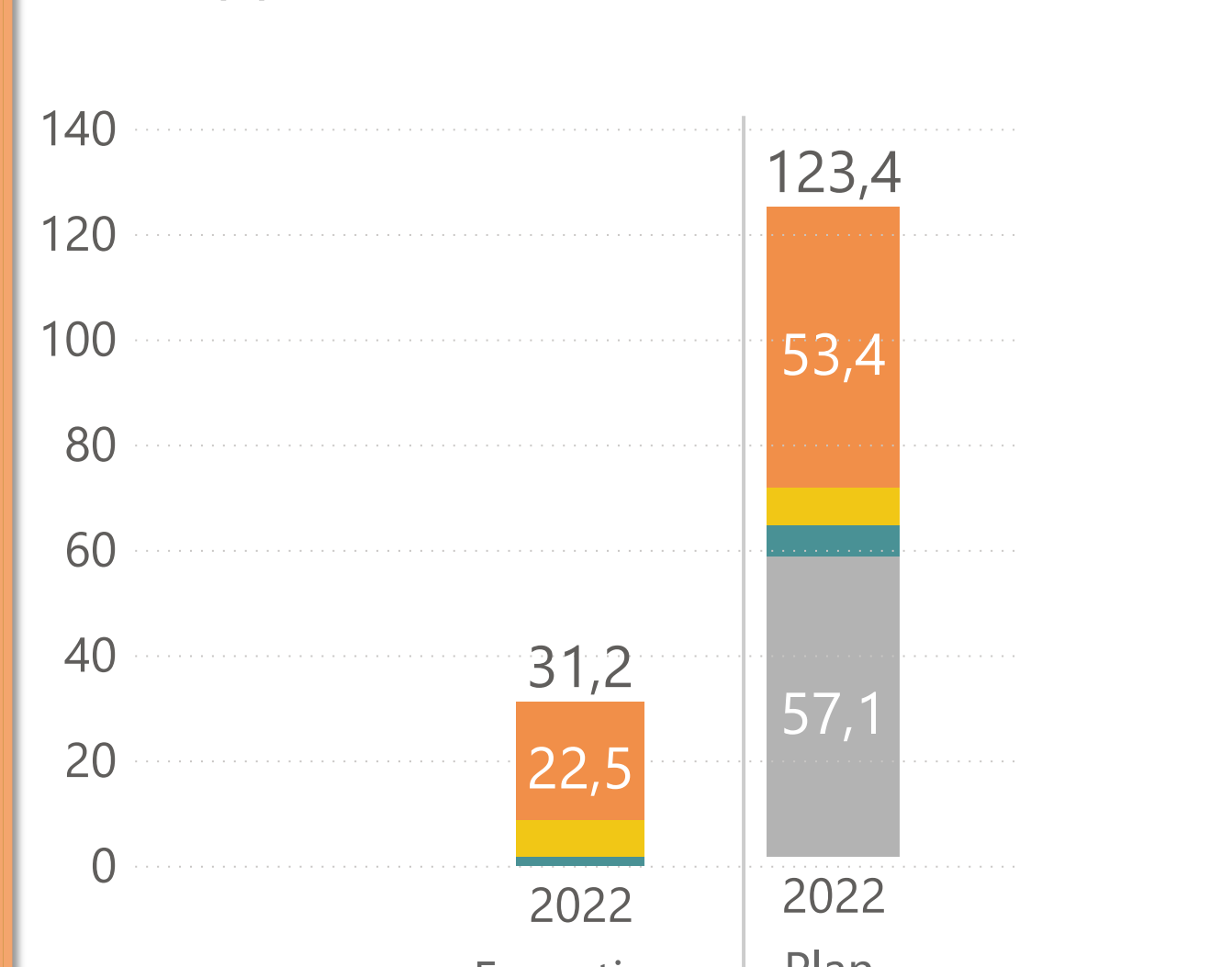
Loans and guarantees In the field of taxation
Sectoral support Benefits Restructuring of EU funds

Energy support measures, mln €



Social benefits
Compensatory measures to reduce price increase
2022/2023 Heating season

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 June 30, 2022. Execution according to data from the State Treasury, State Revenue Service, ALTUM, etc. till June 30, 2022.