

MACROECONOMIC AND BUDGETARY REVIEW 2023

No 4

GROSS DOMESTIC PRODUCT (GDP)

GDP 2022

39 063 mln €

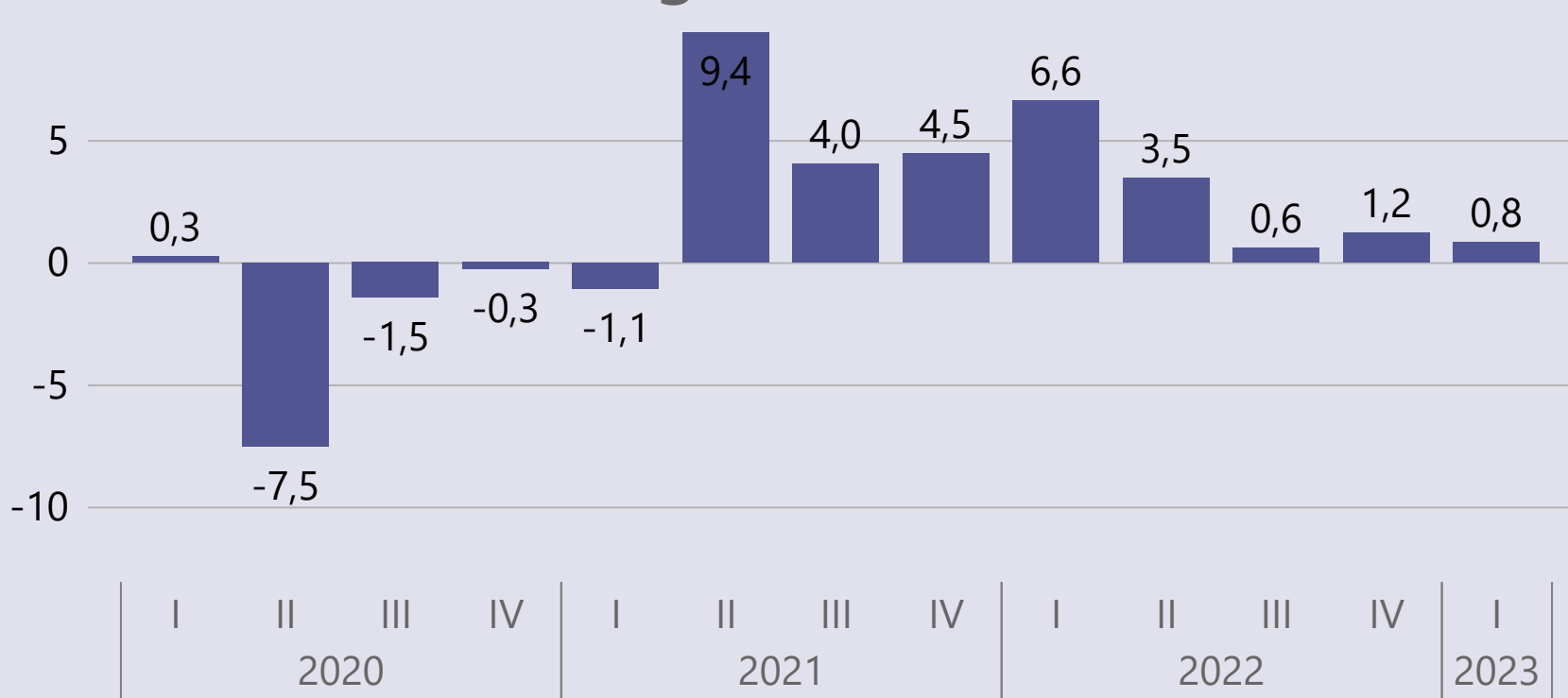
CSB, 21.04.2023.

GDP growth 2023

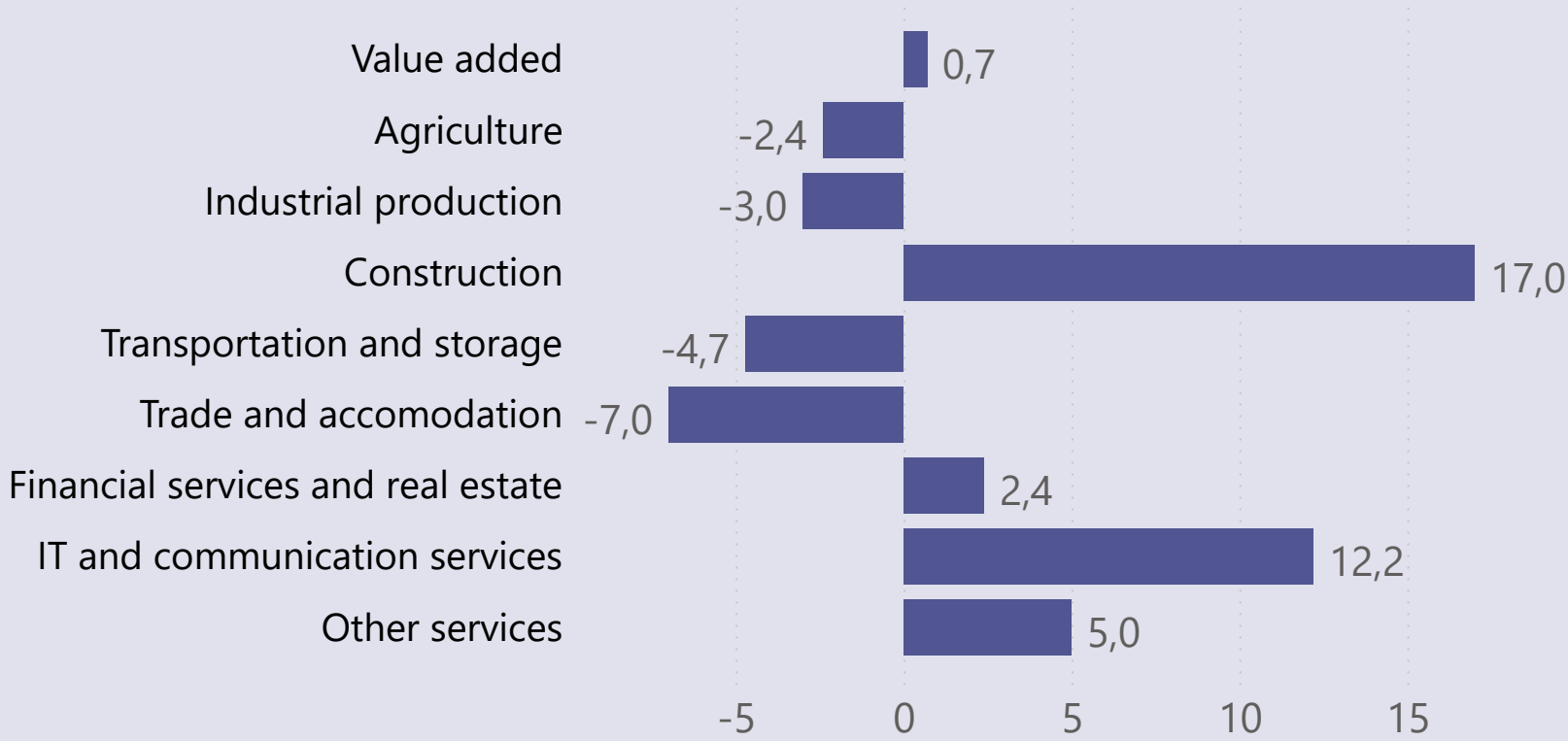
0.0%

MoF forecast, February 2023

GDP growth, YoY%

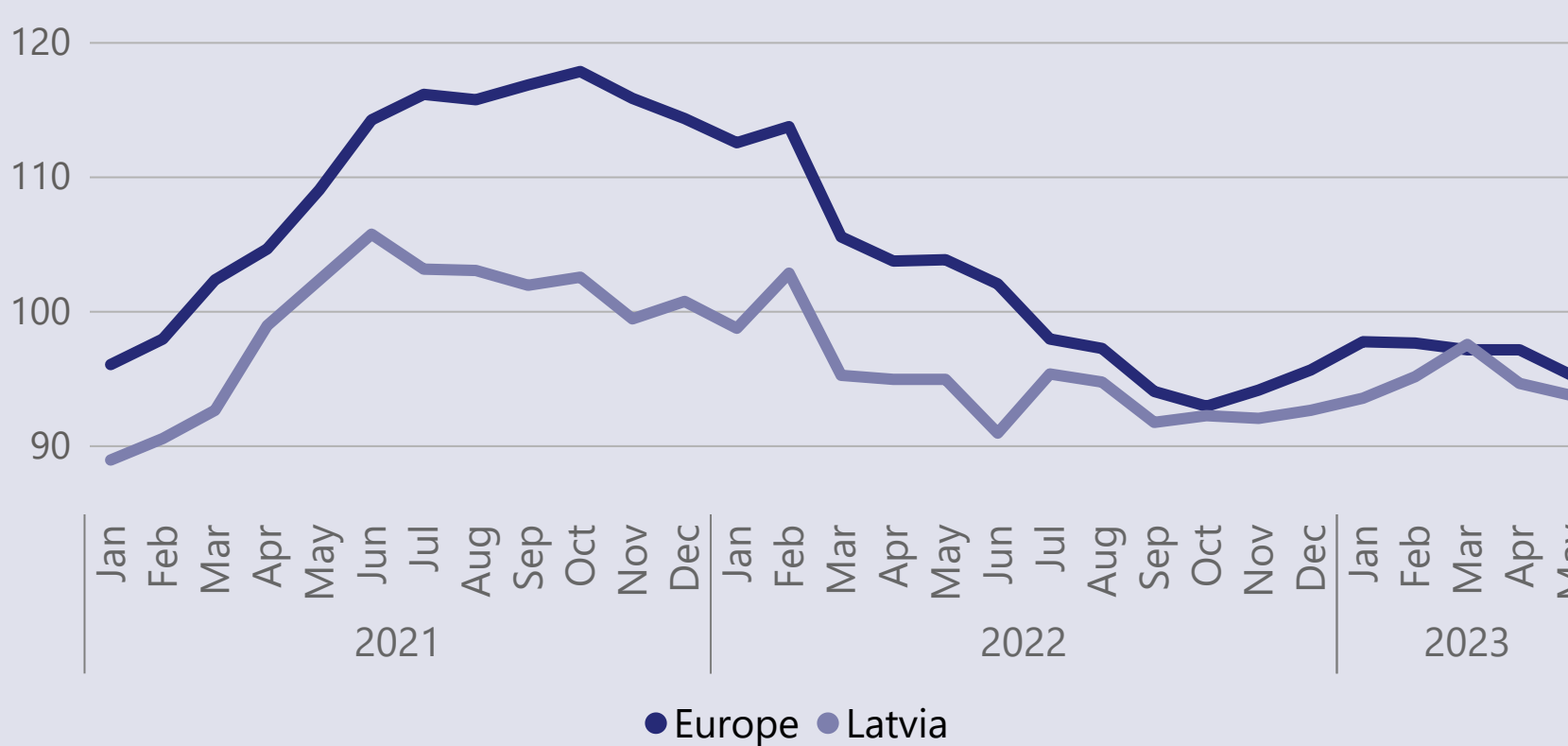


GDP growth by sectoral breakdown (2023 1st Q/2022 1st Q)



Source: Central Statistical Bureau(CSB); comparable prices

Economic confidence



Source: European Commission

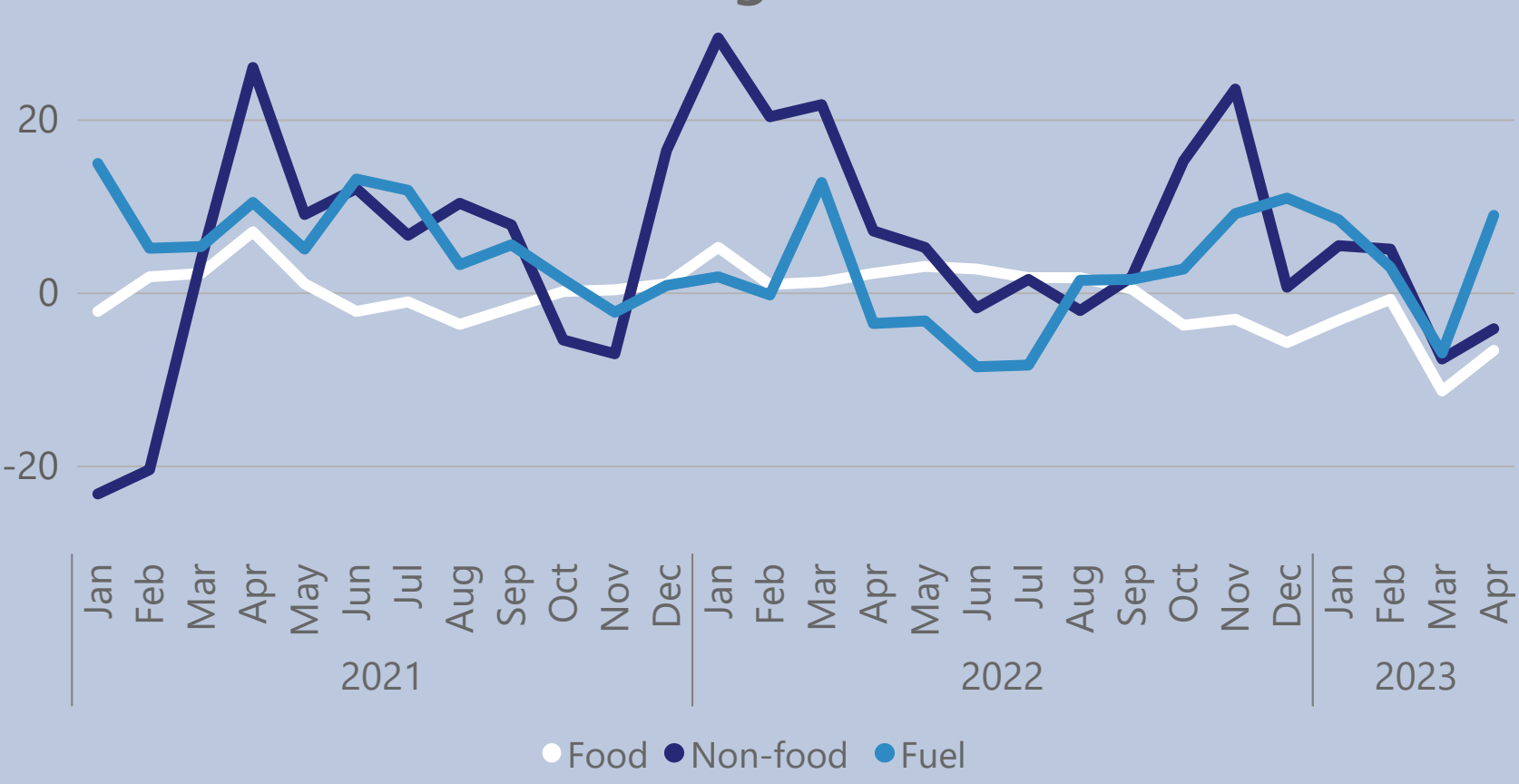
MAIN MACROECONOMIC INDICATORS

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	11,7	5,5	5,7	5,5
Real GDP growth, %	3,3	4	2,6	-2,3	4,3	2,8	0	2	2,9	2,8
GDP deflator, % change	2,9	3,9	2,6	1	6,5	13,1	11,7	3,4	2,7	2,7
Consumer price index, % change	2,9	2,5	2,8	0,2	3,3	17,3	10	2,2	2,5	2,5
Average monthly gross wage, EUR	926	1004	1076	1143	1277	1373	1490	1587	1666	1732
nominal growth, %	7,8	8,4	7,2	6,2	11,7	7,5	8,5	6,5	5	4
real growth, %	4,7	5,7	4,2	6	8,2	-8,4	-1,4	4,2	2,4	1,5
Number of persons employed, thsd	895	909	910	893	864	886	886	884	882	877
growth, %	0,2	1,6	0,1	-1,9	-3,2	2,6	0	-0,2	-0,3	-0,6
Unemployment rate, %	8,7	7,4	6,3	8,1	7,6	6,9	7,1	6,8	6,4	6,4

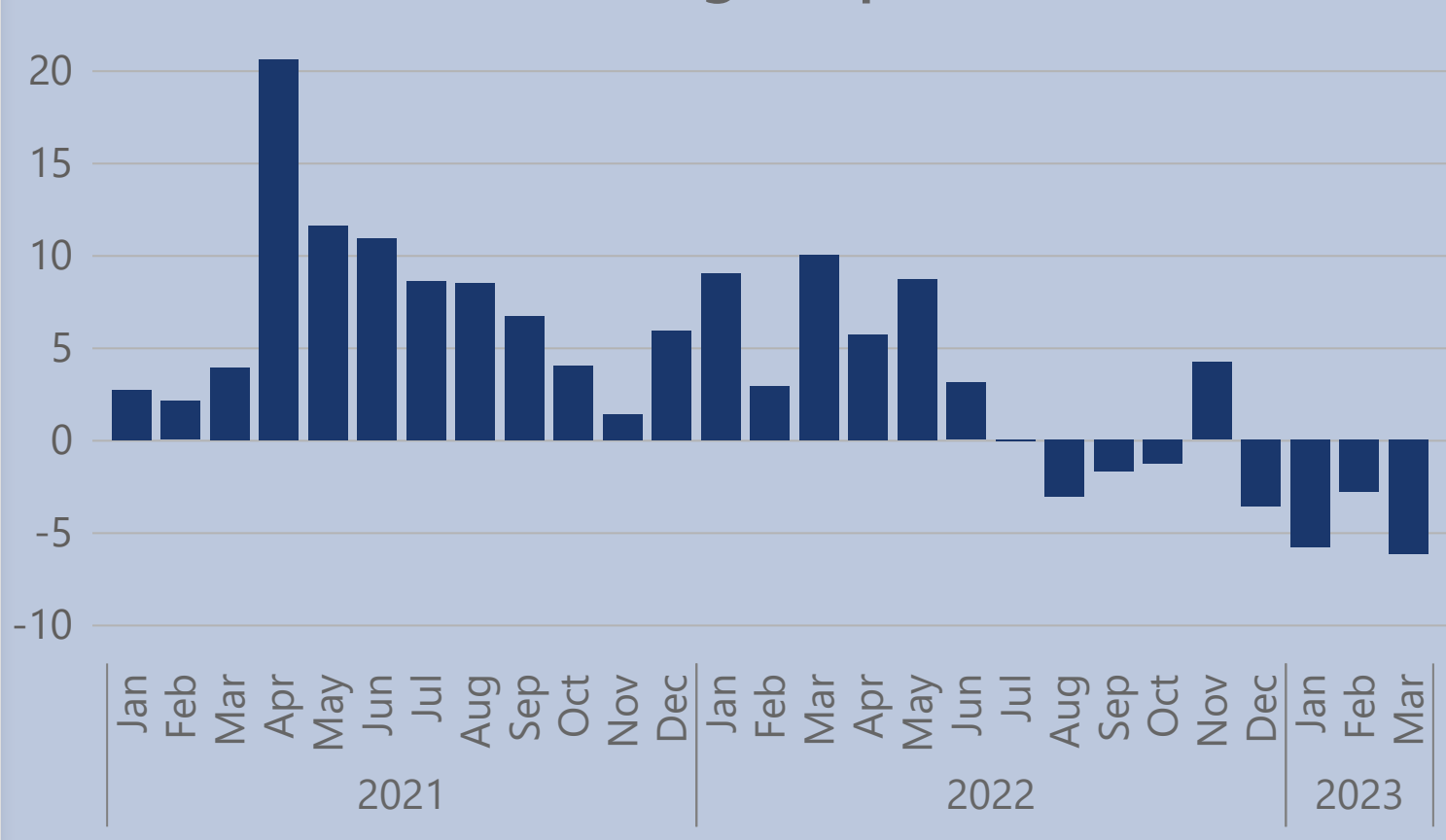
Source: CSB (21.04.2023), *forecasts of the Ministry of Finance of the Republic of Latvia (February 2023)

INDUSTRIES

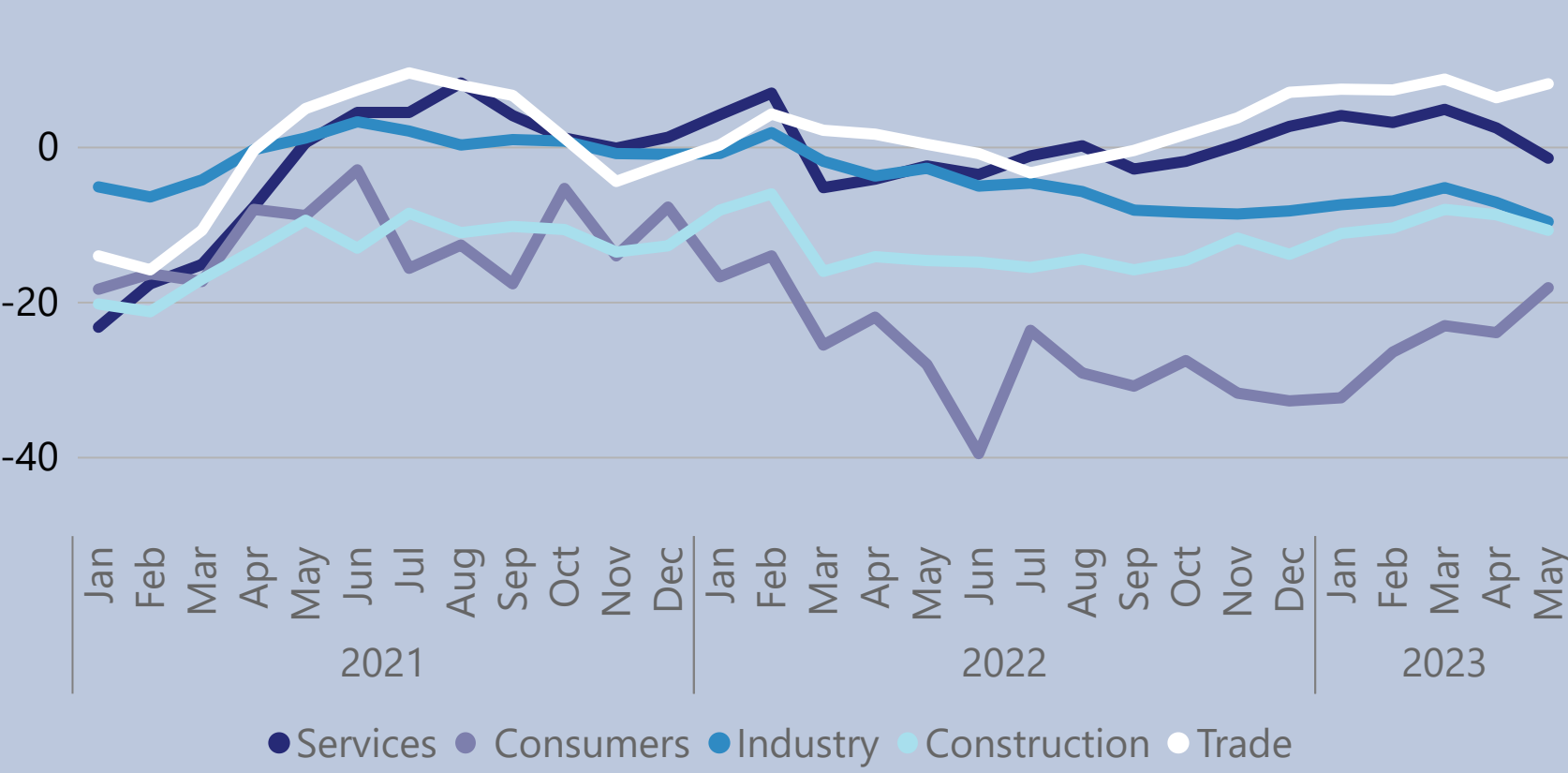
Retail trade growth, YoY%



Manufacturing output, YoY%

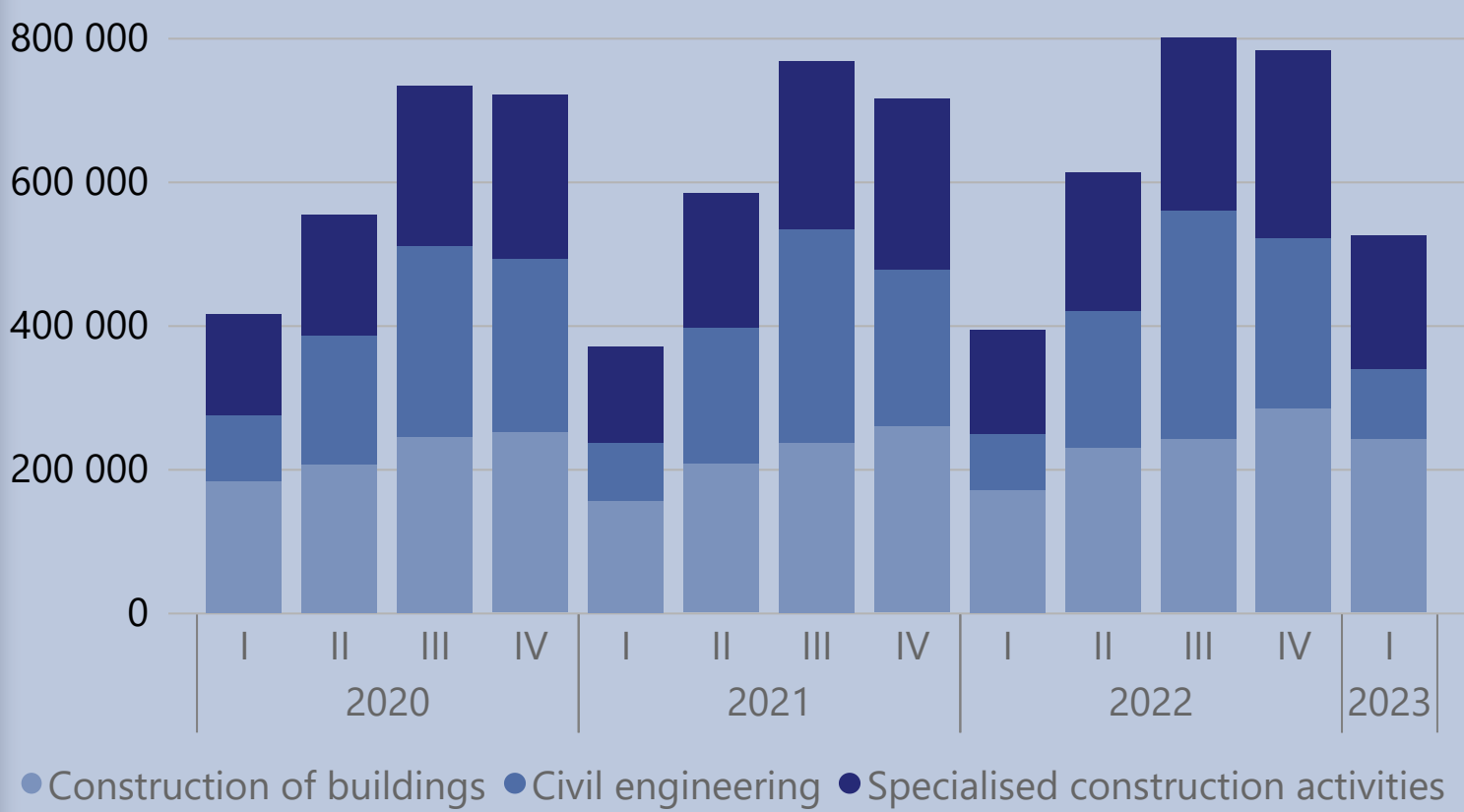


ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

Construction output at constant prices, thsd €



Source: CSB, European Commission

INFLATION

Inflation

15.1%

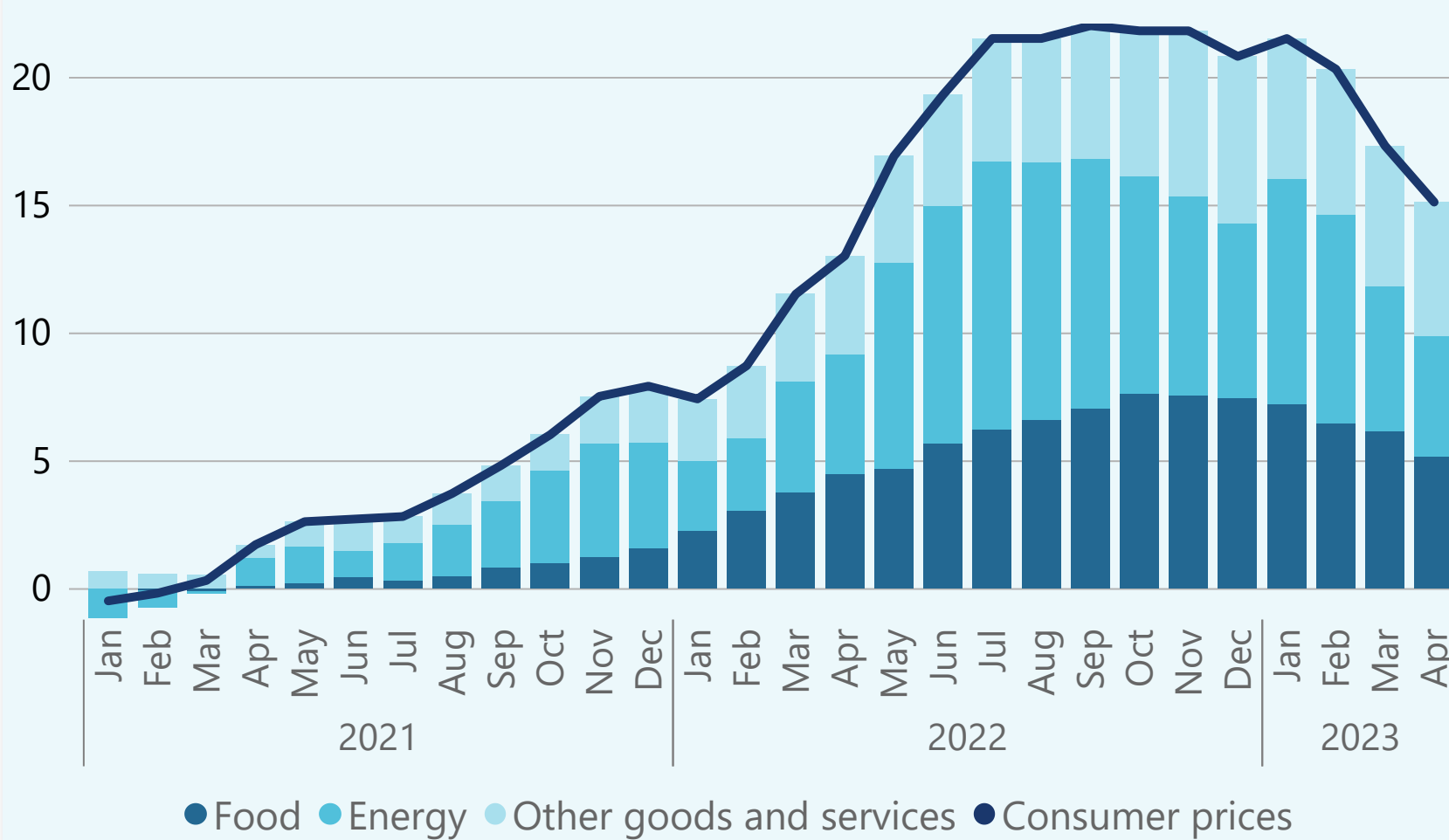
April 2023

Producer price rise

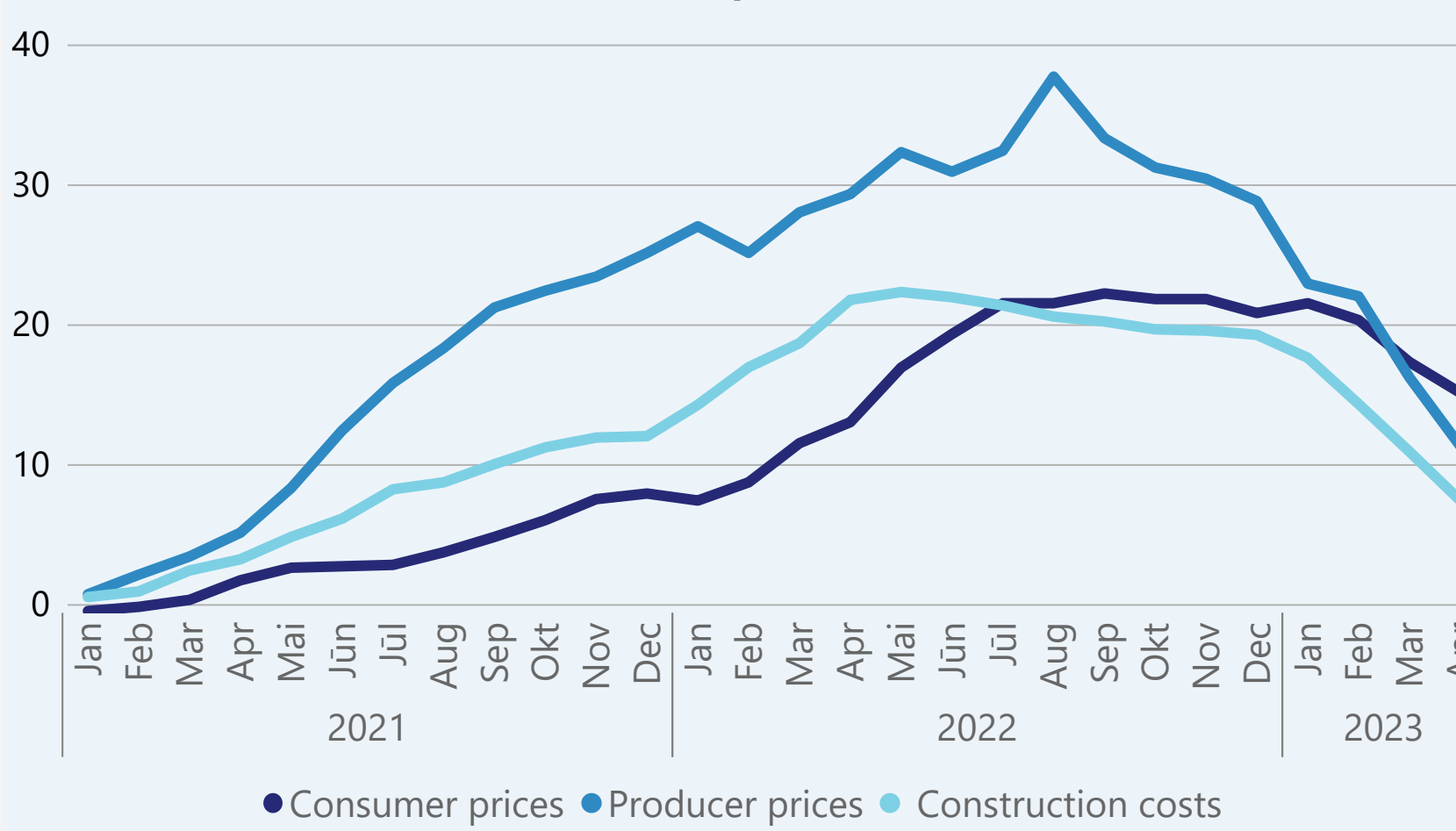
11.3%

April 2023

Consumer prices, YoY%



Prices, YoY%



Source: CSB

UNEMPLOYMENT

Registered

5.7%

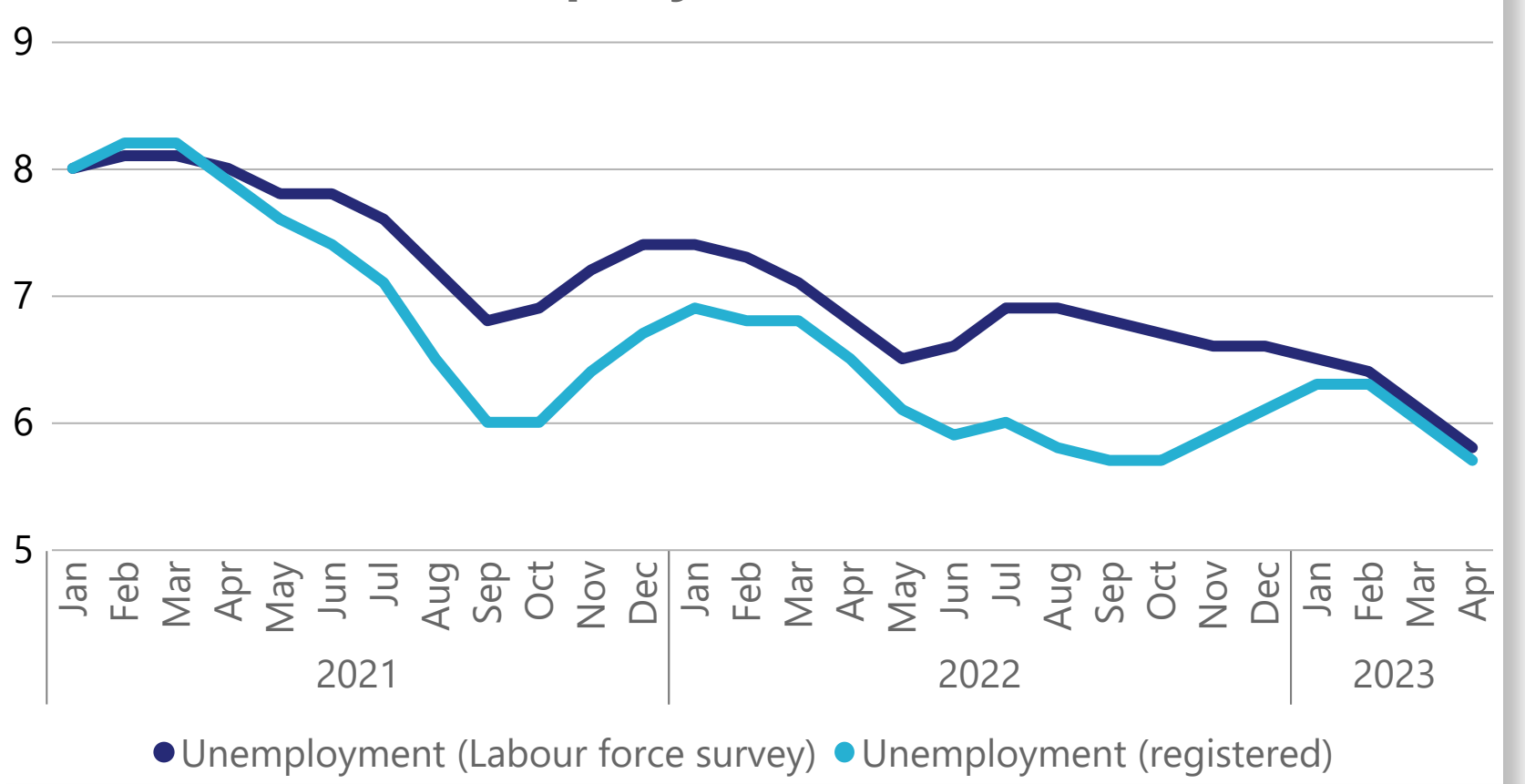
April 2023

Labour force survey

5.8%

April 2023

Unemployment rate, %



GENERAL GOVERNMENT BUDGET

General government budget balance 2023

-4.0% of GDP

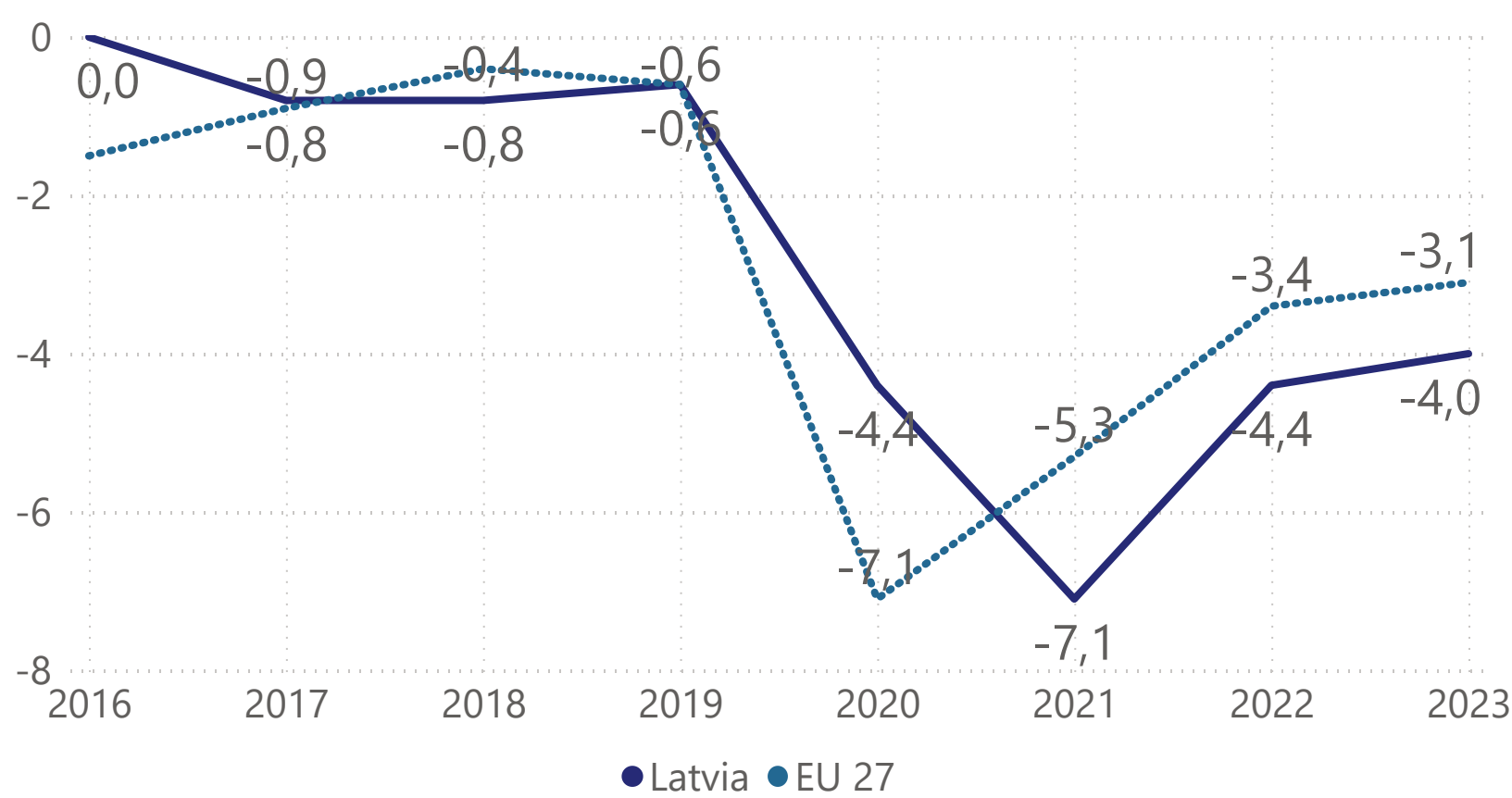
Forecast of MoF, March 2023

General government debt 2023

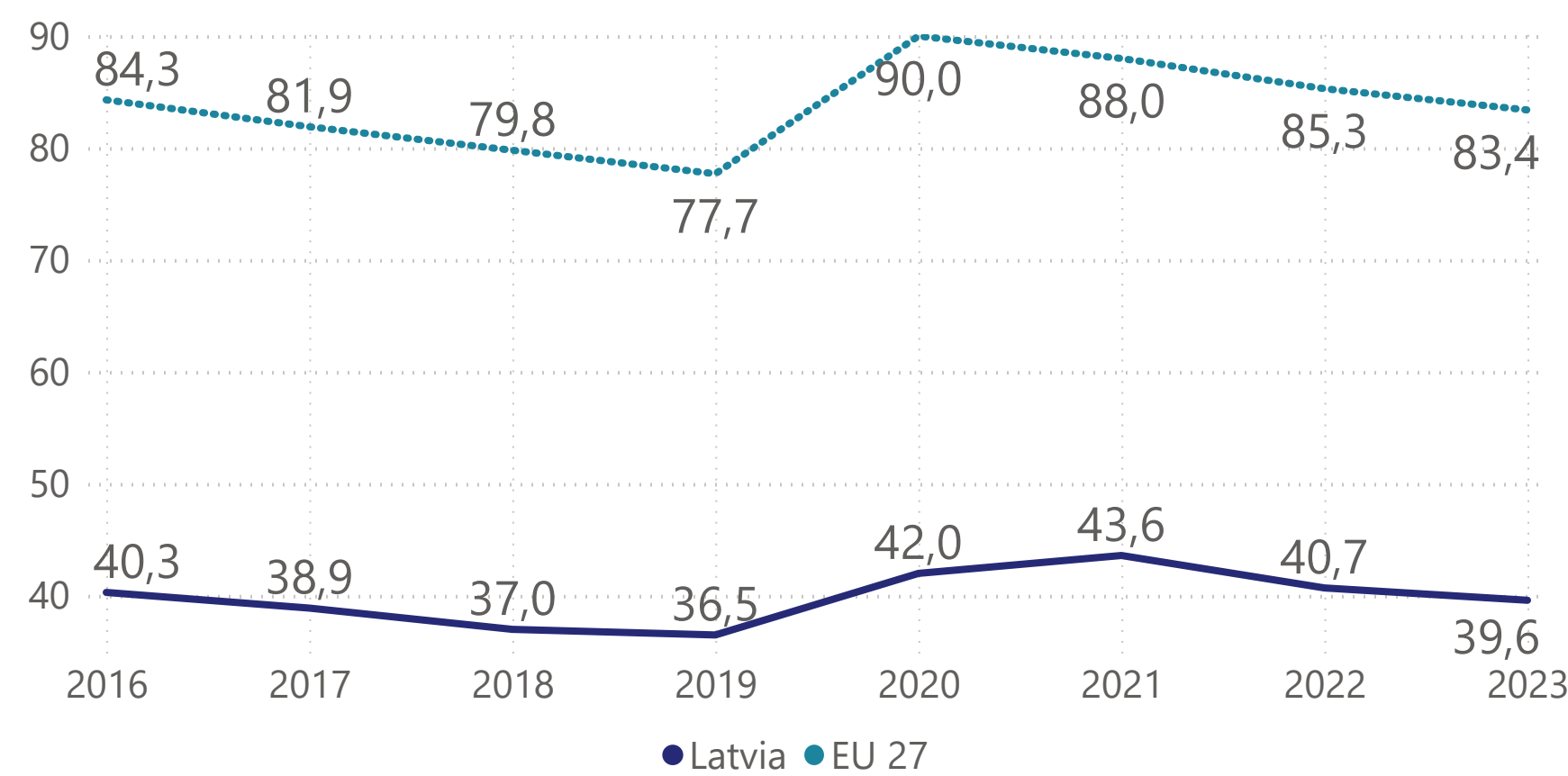
39.6% of GDP

Forecast of State Treasury, March 2023

General government budget balance, % of GDP



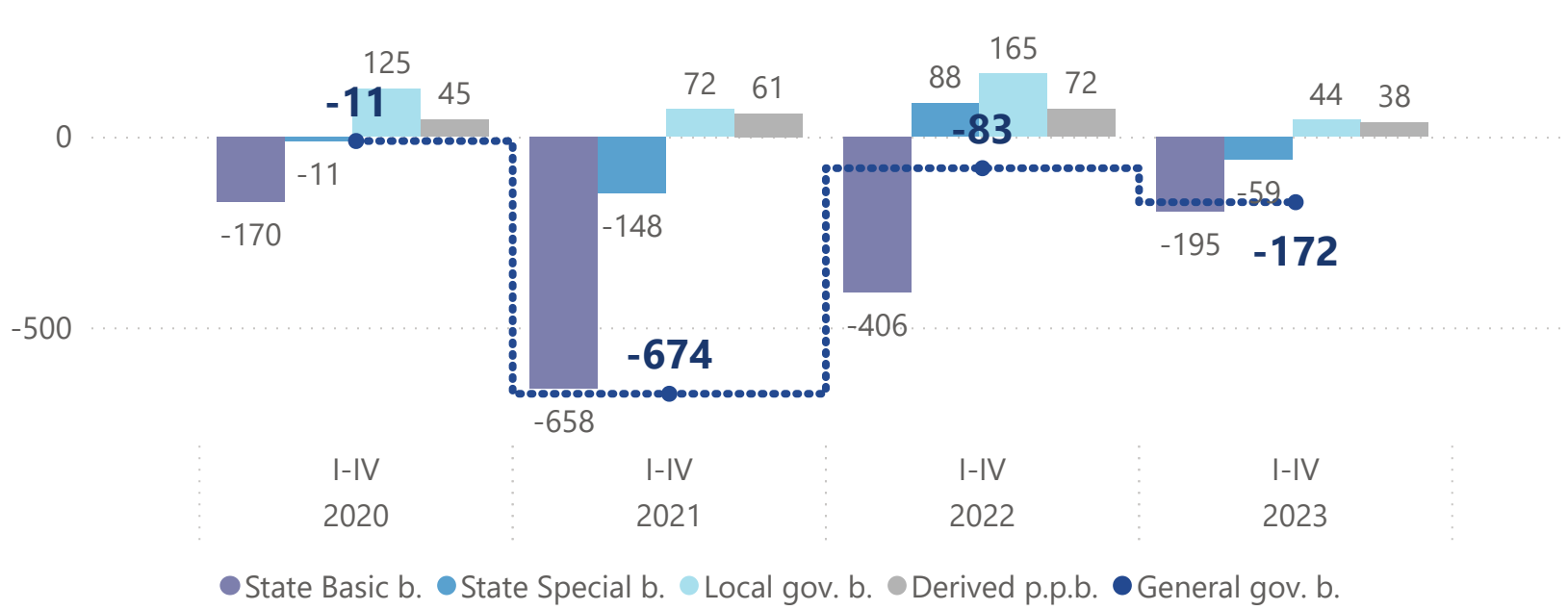
General government debt, % of GDP



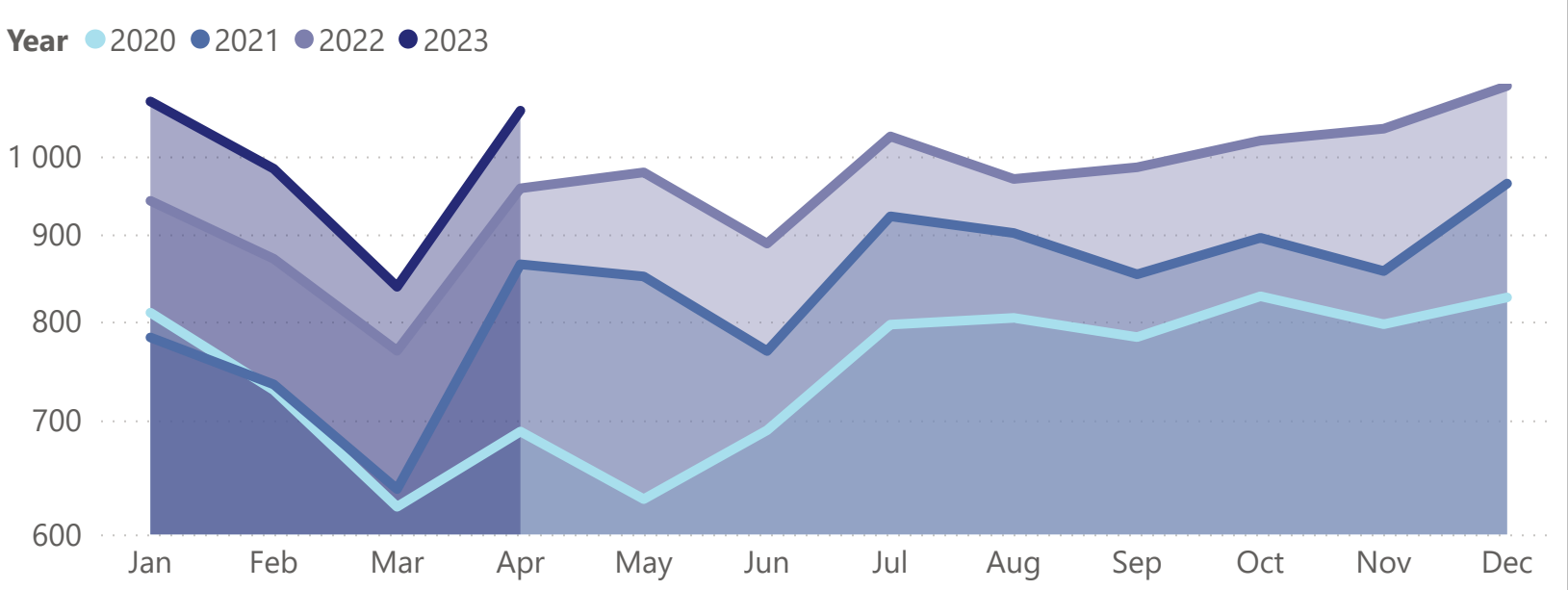
Source: Eurostat, AMECO Spring Forecast 2023, "Stability Programme of Latvia 2023-2026".

GENERAL GOVERNMENT BUDGET IN JANUARY-APRIL 2023 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	4 977,5	444,3	9,8%
Expenditure	5 149,2	533,4	11,6%
Balance	-171,7	-89,2	

General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY, %
VAT	1 351,8	274,7	25,5%
SSC	1 272,9	94,3	8,0%
PIT	689,6	44,5	6,9%
EXCISE	372,2	14,1	3,9%
CIT	160,0	41,2	34,7%

General government budget	Execution, mln €	YoY, mln €	YoY, %
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Revenue

Tax revenue	3 963,0	423,5	12,0%
Non tax revenue	233,4	-2,6	-1,1%
Self-earned revenue	168,8	12,3	7,9%
Foreign financial assistance	611,7	11,0	1,8%

Expenditure

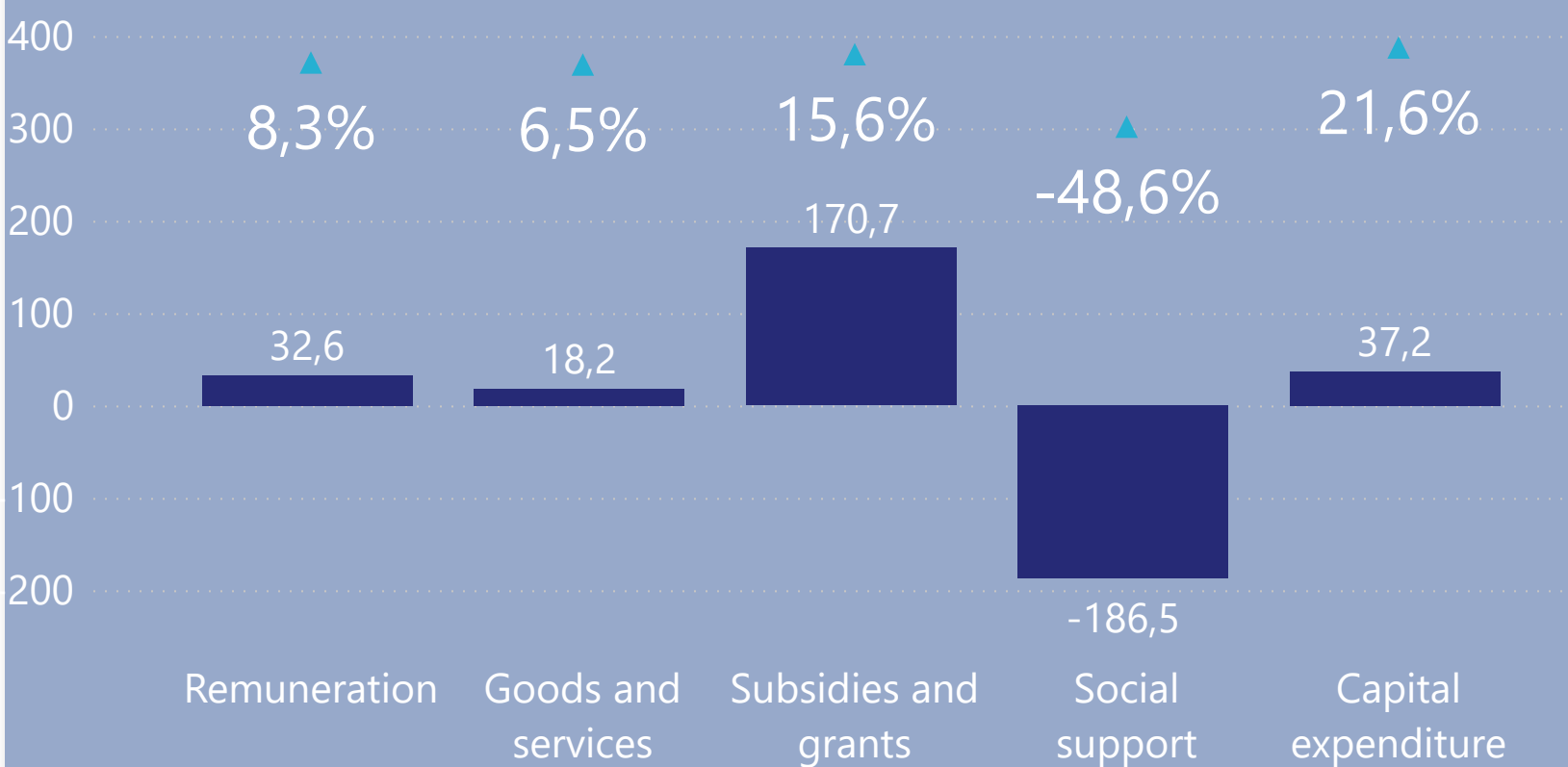
Remuneration	992,0	127,8	14,8%
Goods and services	631,8	96,2	18,0%
Interest payments	84,8	20,2	31,3%
Subsidies and grants	1 346,2	172,1	14,7%
Social support	1 676,2	65,9	4,1%
Payments to EU budget	119,2	-14,9	-11,1%
Capital expenditure	278,1	71,2	34,4%

Source: Treasury. General government budget tax revenue in January-February 2023 including revenue in the single tax account -123.2 mln € and not included SSC revenues in 2ng pension tier 120.2 mln €.

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	2 940,7	311,6	11,9%
Expenditure	3 135,2	99,6	3,3%
Balance	-194,5	211,9	

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

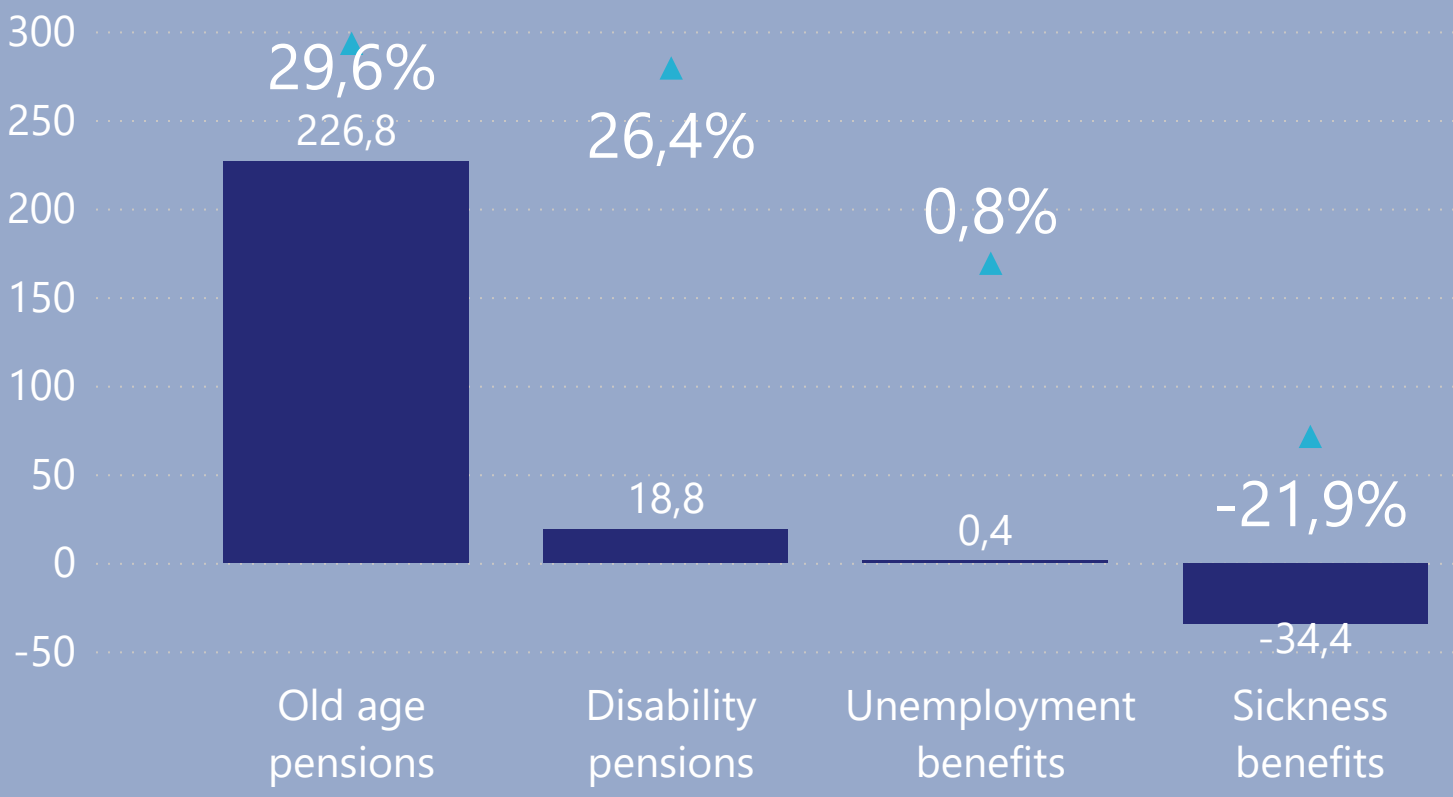


YoY - changes in mln euro against respective period year before; YoY% - changes in per cent against respective period year before

STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 340,4	81,9	6,5%
Expenditure	1 399,6	228,7	19,5%
Balance	-59,1	-146,8	

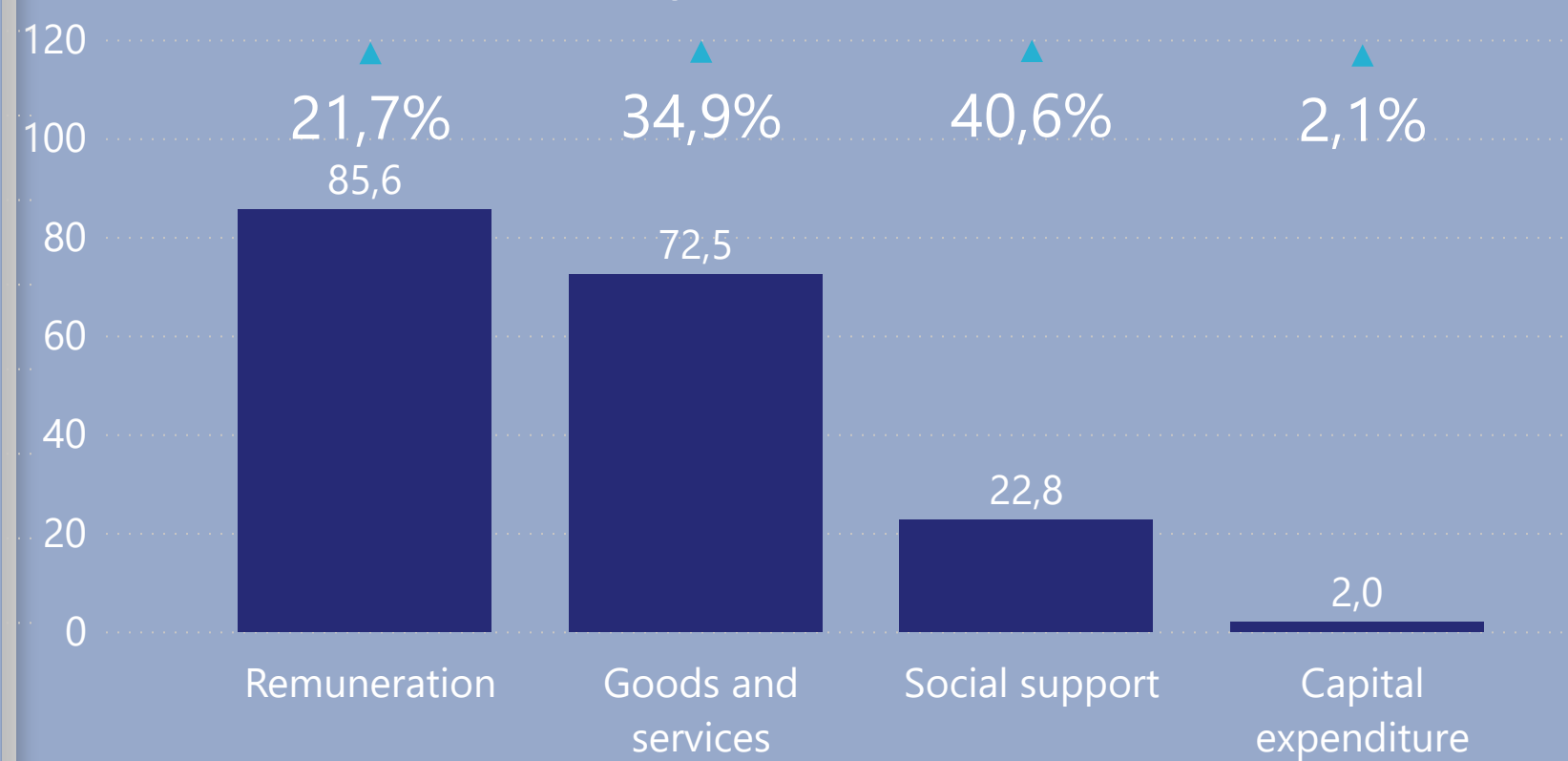
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 087,2	80,1	8,0%
Expenditure	1 043,1	200,6	23,8%
Balance	44,2	-120,5	

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



CRISIS SUPPORT MEASURES

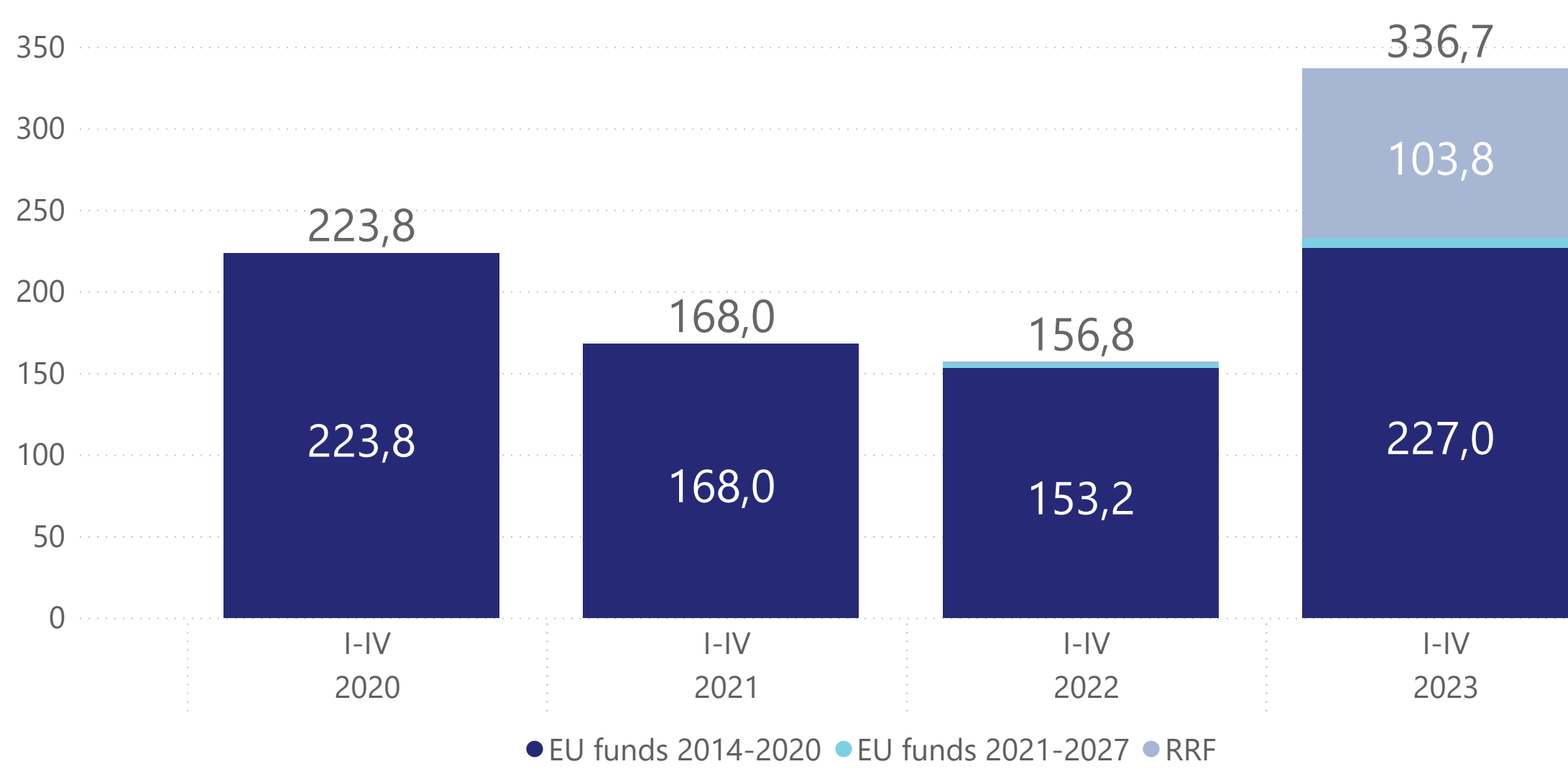
Total support and impact on general government budget balance, mln € and % of GDP

Measure	2020	2021	2022	2023	2023p
Covid-19	1281,7	2315,1	965,9	1,2	100,8
Energy		1,9	603,5	345,0	621,6
Ukraine			81,0	14,8	102,0
Total support measures	1281,7	2317,0	1650,4	360,9	824,4
% of GDP	4,2	6,9	4,2	0,8	1,9
Impact on budget balance	-960,8	-2104,7	-1481,0	-360,9	-856,3
(% of GDP)	-3,2	-6,3	-3,8	-0,8	-2,0

Source: Plan according to the government decisions till May 16th,2023. Execution according to data from the State Treasury, State Revenue Service, ALTUM, etc. till April 30st, 2023.

EUROPEAN UNION FUNDS

Investments of EU funds, mln €



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.