

MACROECONOMIC AND BUDGETARY REVIEW 2023

No 5

GROSS DOMESTIC PRODUCT (GDP)

GDP 2022

39 063 mln €

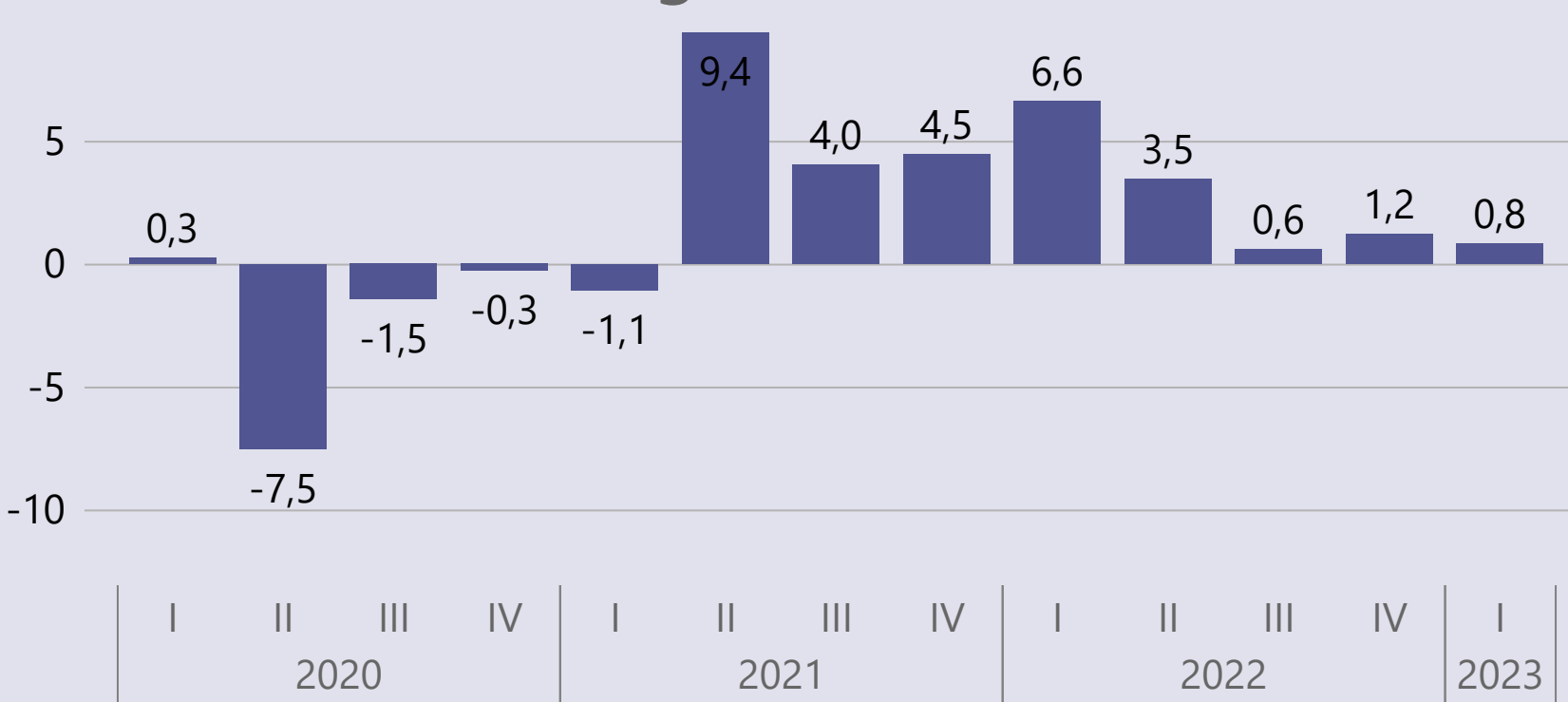
CSB, 21.04.2023.

GDP growth 2023

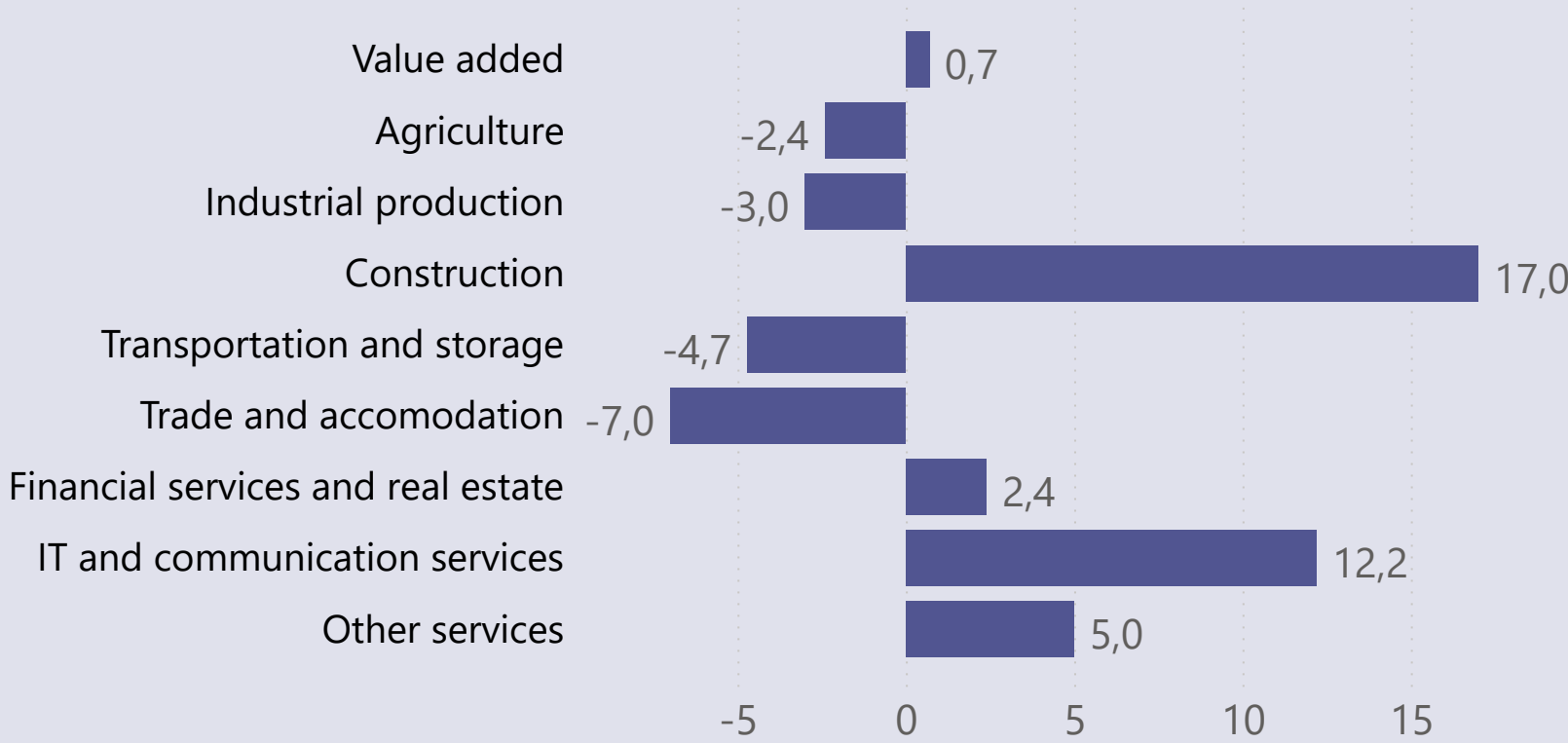
1.0%

MoF forecast, June 2023

GDP growth, YoY%

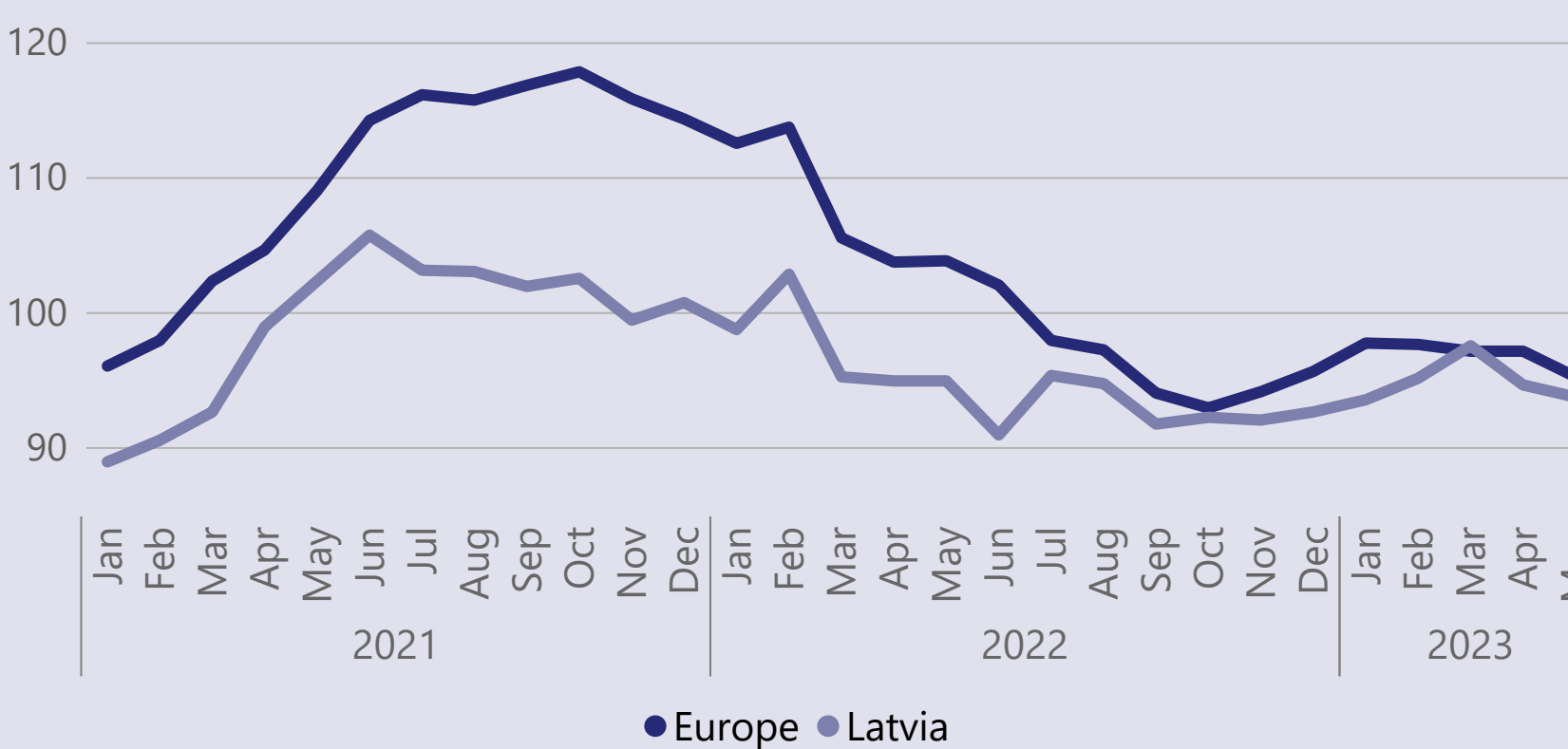


GDP growth by sectoral breakdown (2023 1st Q/2022 1st Q)



Source: Central Statistical Bureau(CSB); comparable prices

Economic confidence



Source: European Commission

INFLATION

Inflation

12.1%

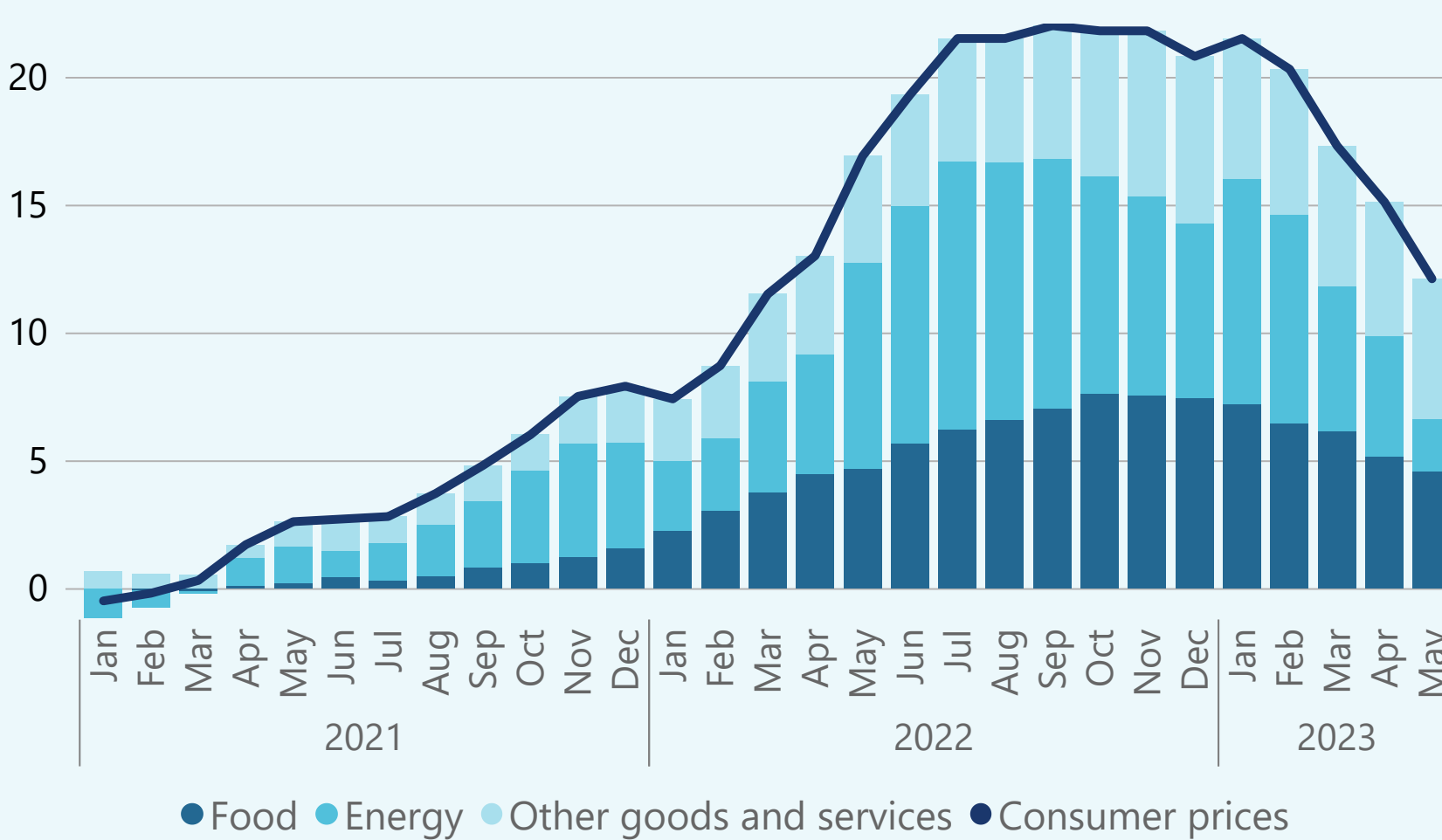
May 2023

Producer price rise

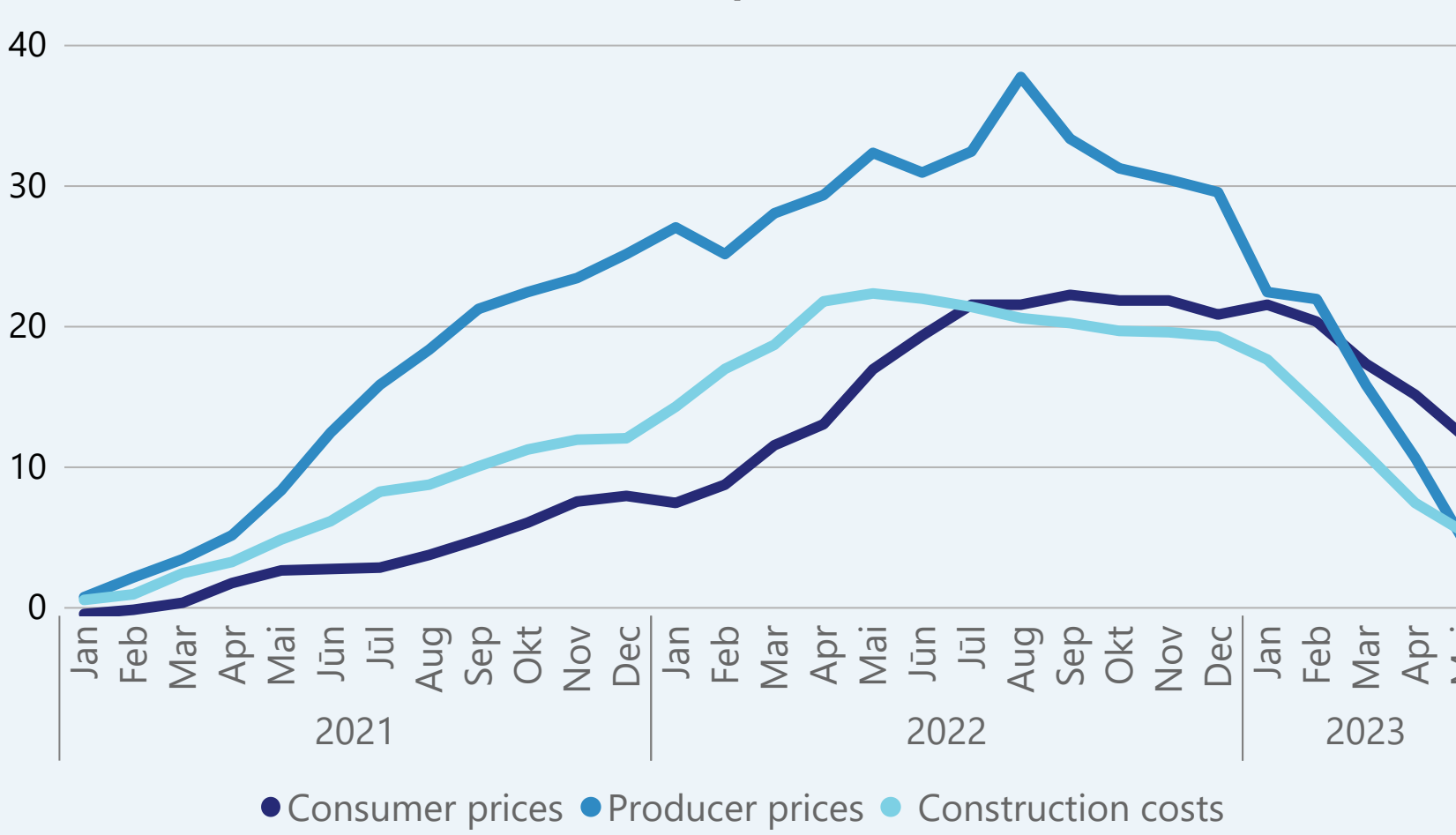
4,6%

May 2023

Consumer prices, YoY%



Prices, YoY%



Source: CSB

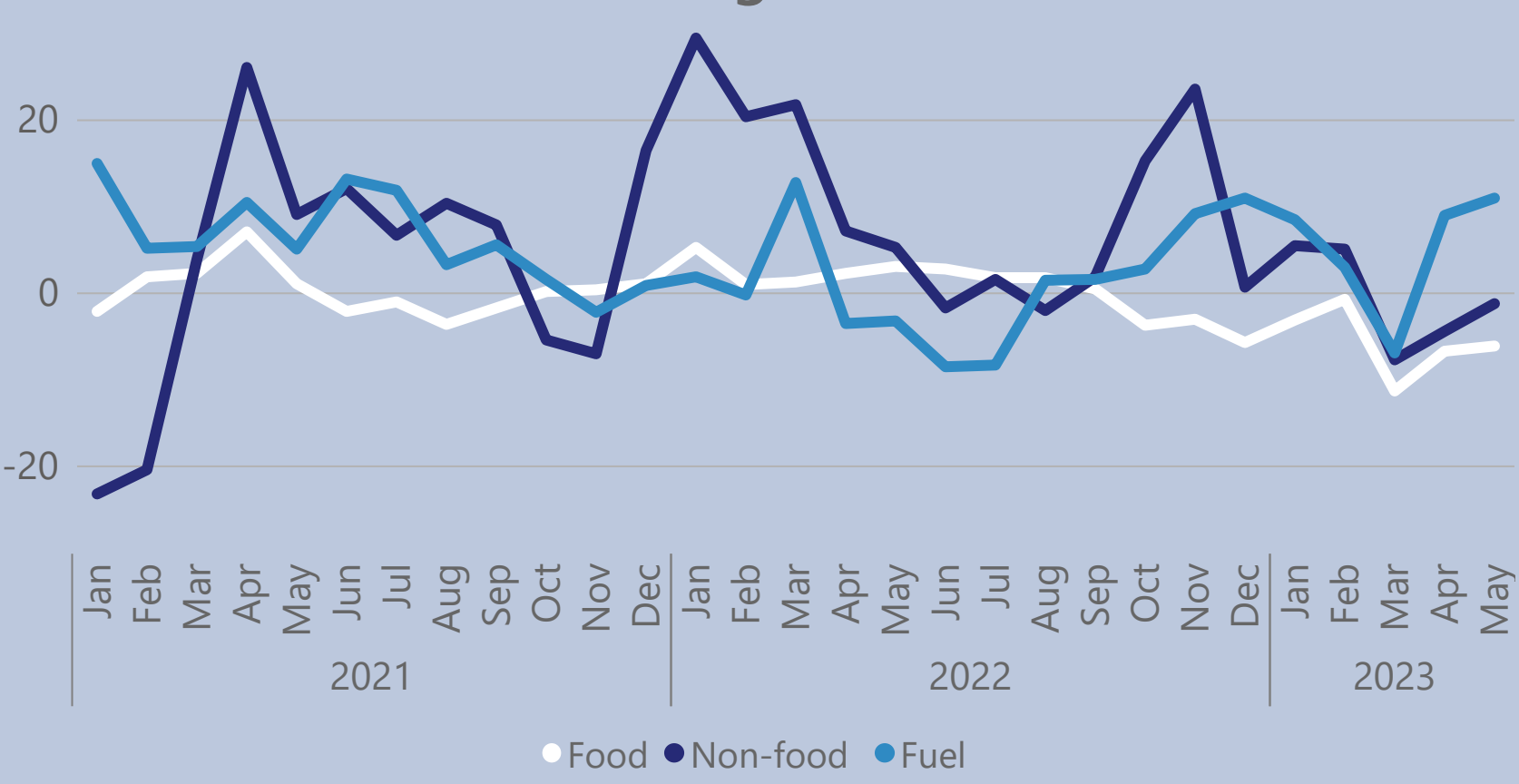
MAIN MACROECONOMIC INDICATORS

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

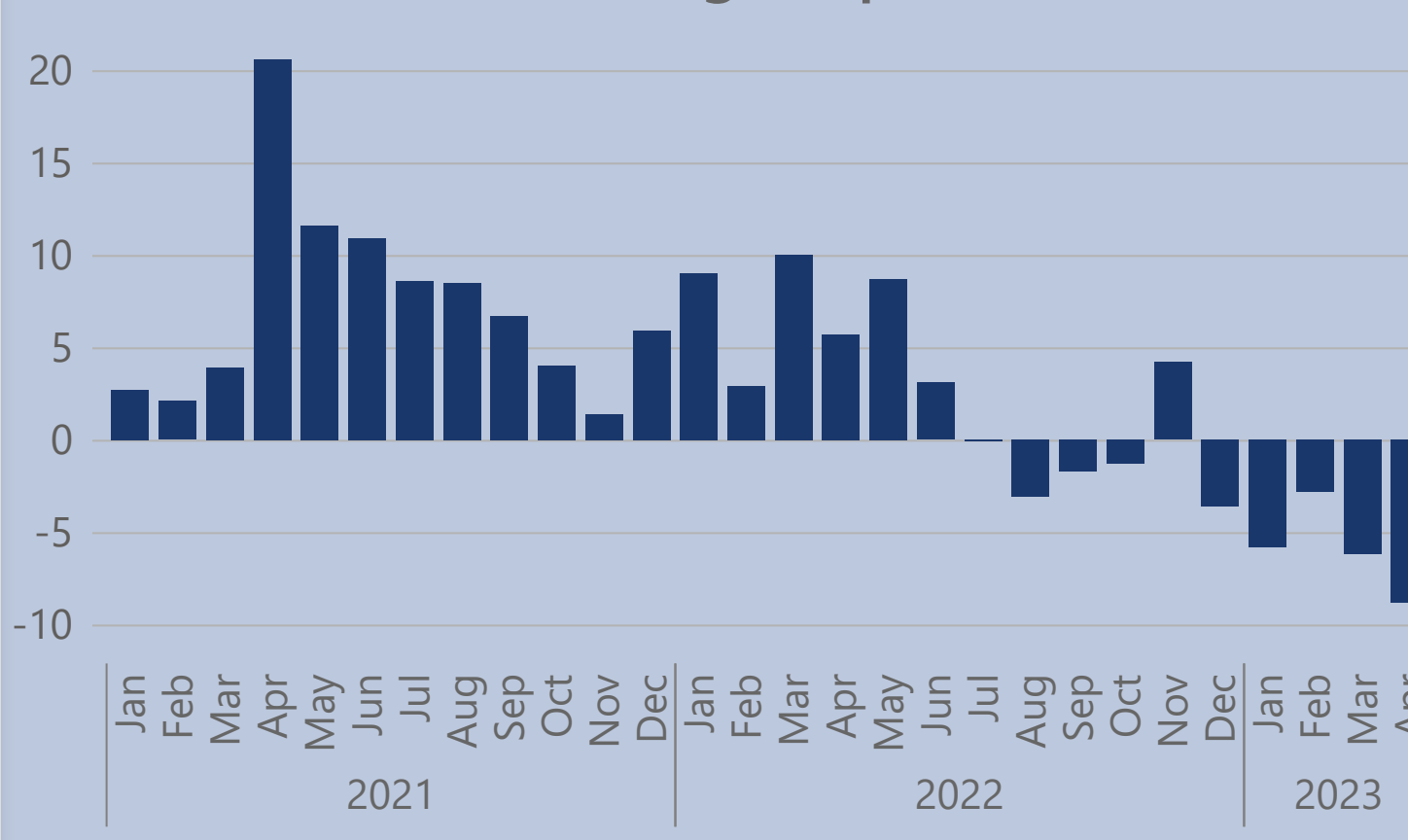
Source: CSB (21.04.2023), *forecasts of the Ministry of Finance of the Republic of Latvia (June 2023)

INDUSTRIES

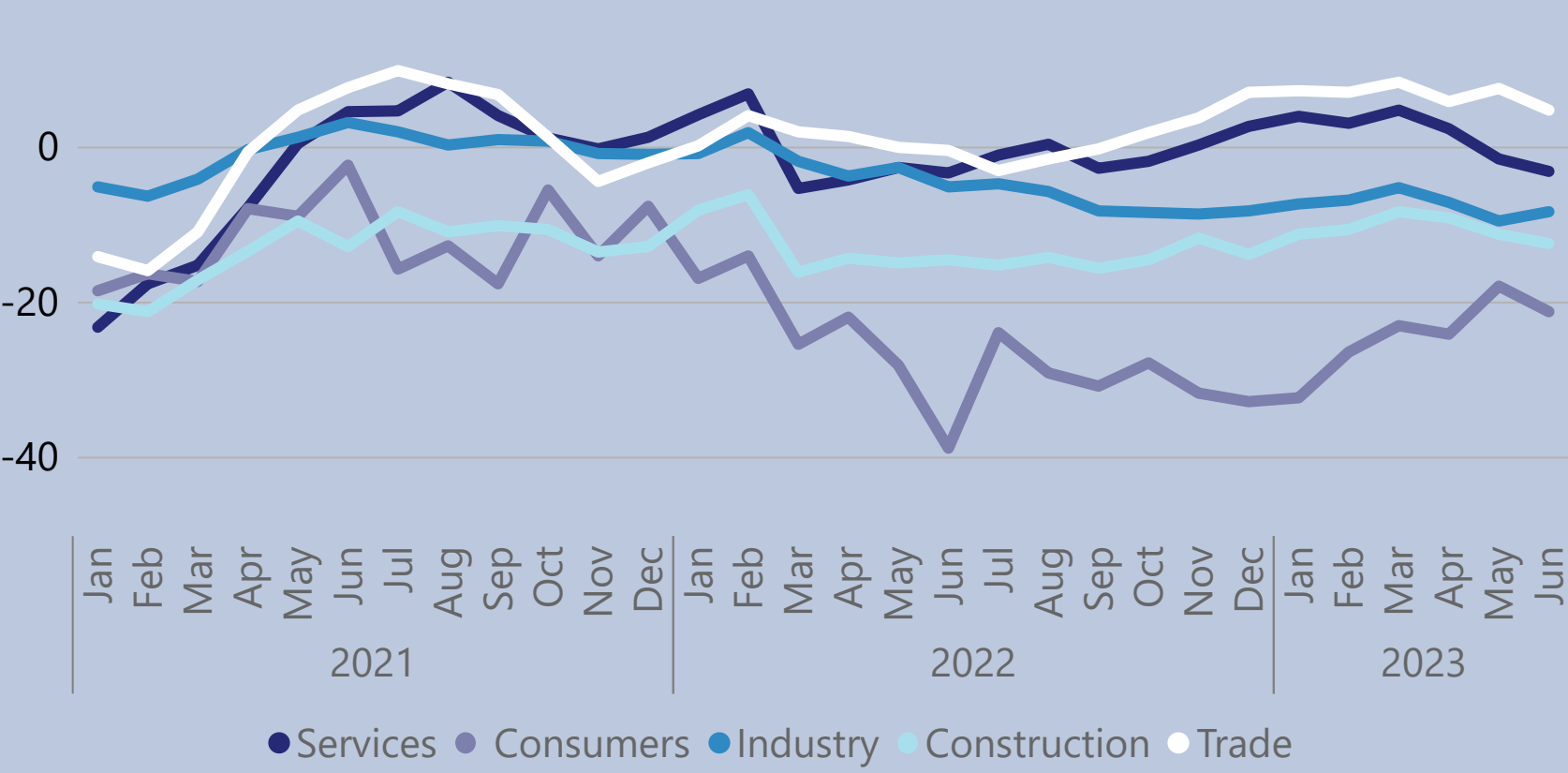
Retail trade growth, YoY%



Manufacturing output, YoY%

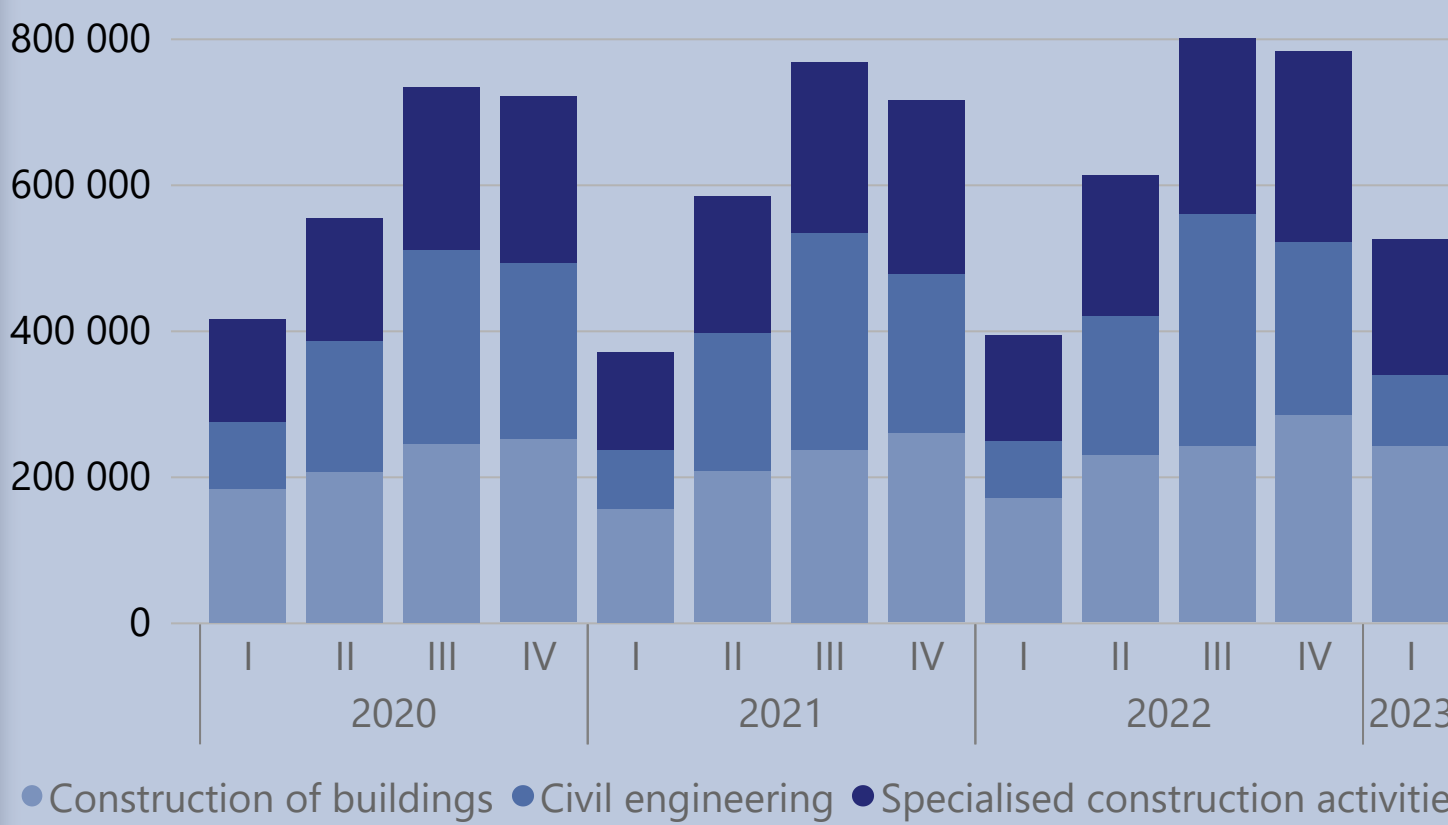


ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

Construction output at constant prices, thsd €



UNEMPLOYMENT

Registered

5.5%

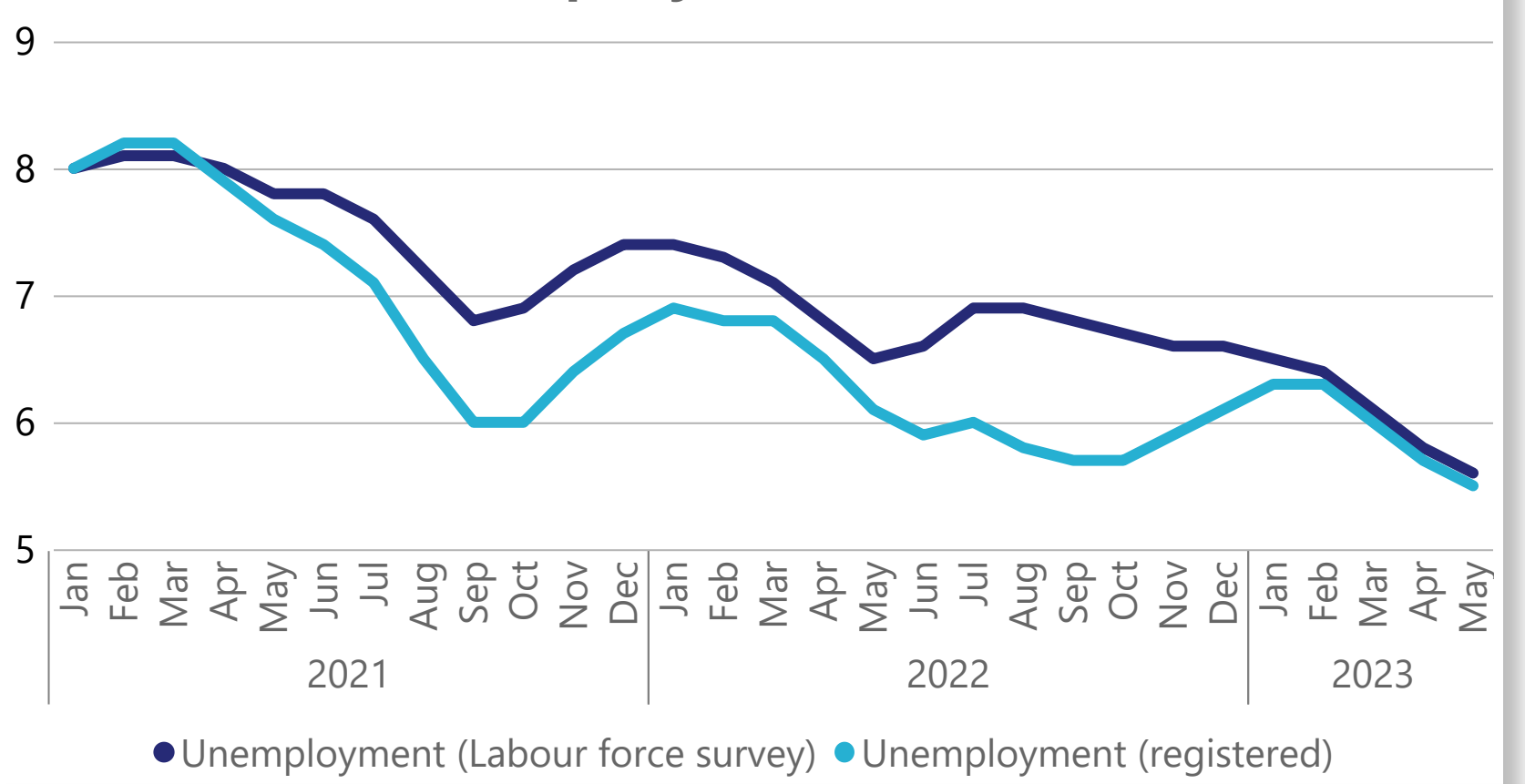
May 2023

Labour force survey

5.6%

May 2023

Unemployment rate, %



Source:

GENERAL GOVERNMENT BUDGET

General government budget balance 2023

-4.0% of GDP

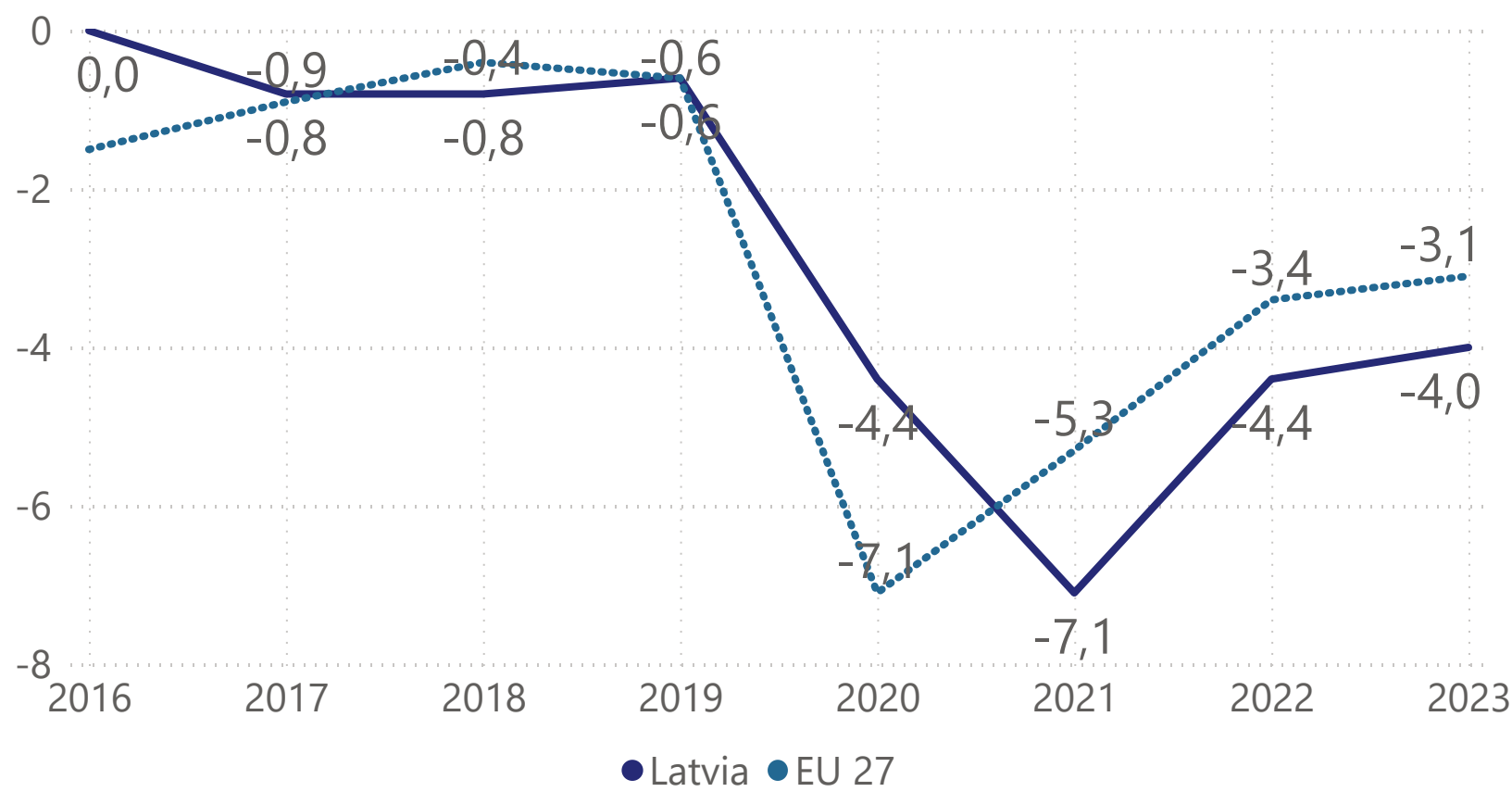
Forecast of MoF, March 2023

General government debt 2023

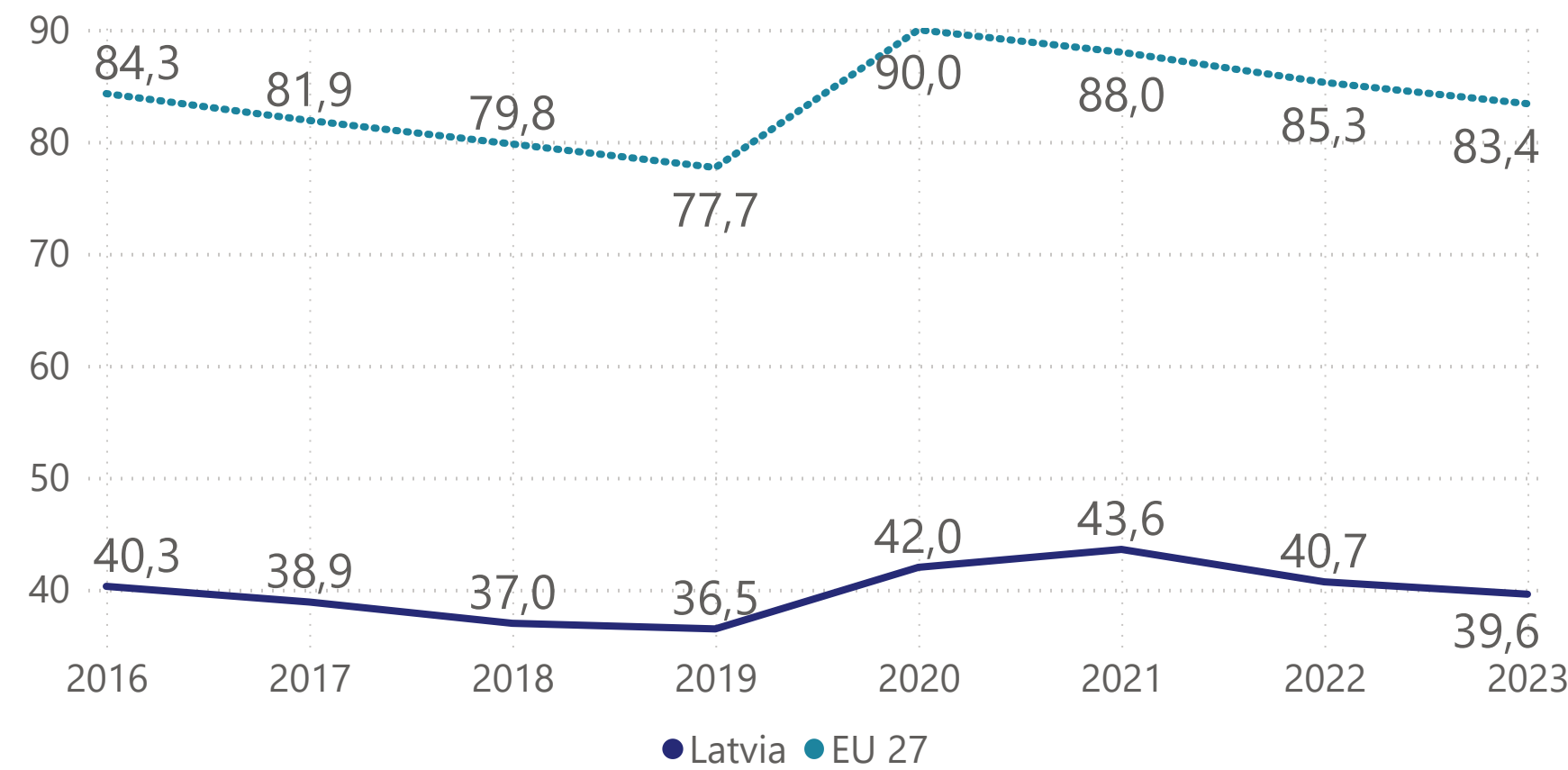
39.6% of GDP

Forecast of State Treasury, March 2023

General government budget balance, % of GDP



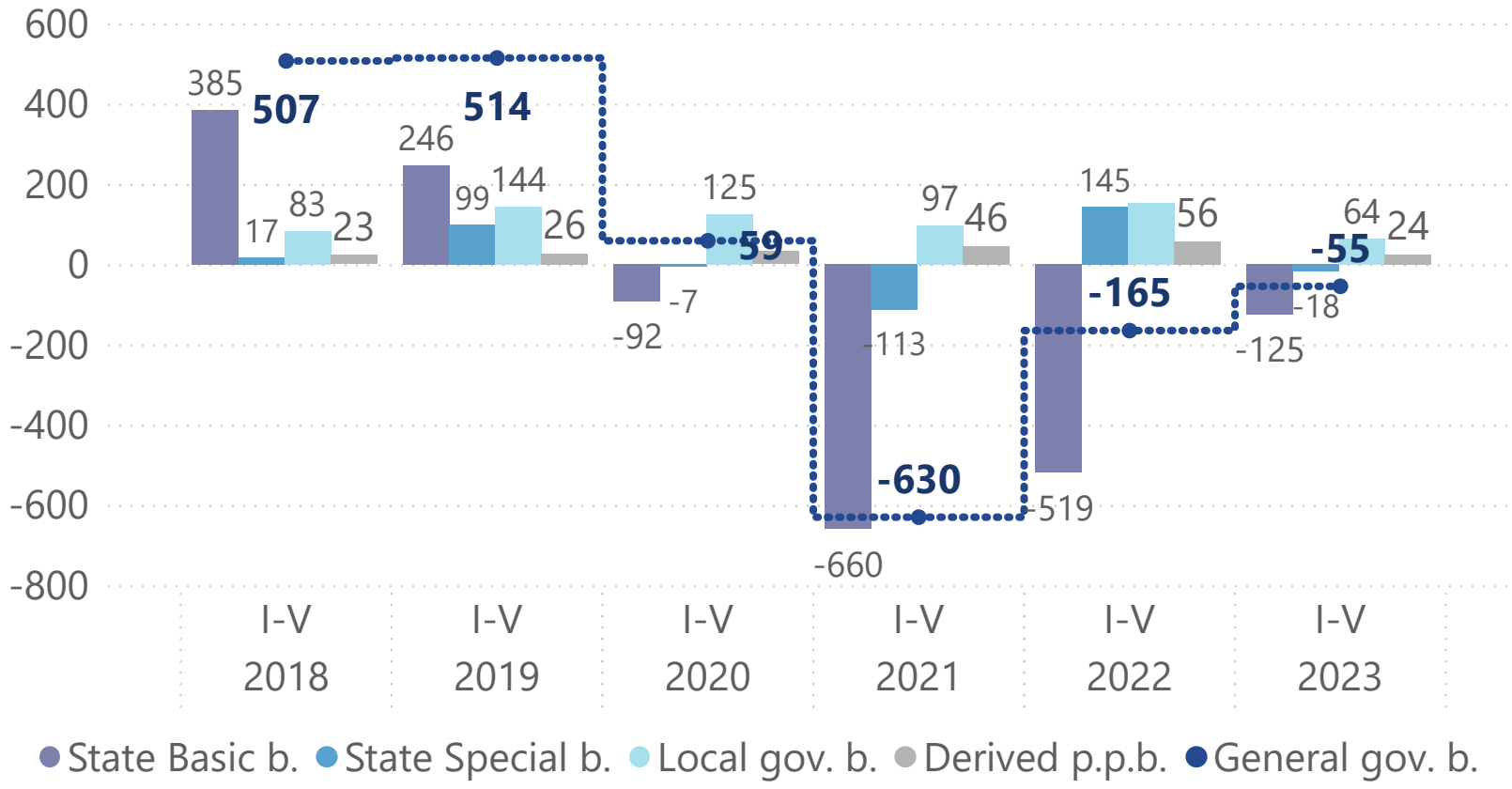
General government debt, % of GDP



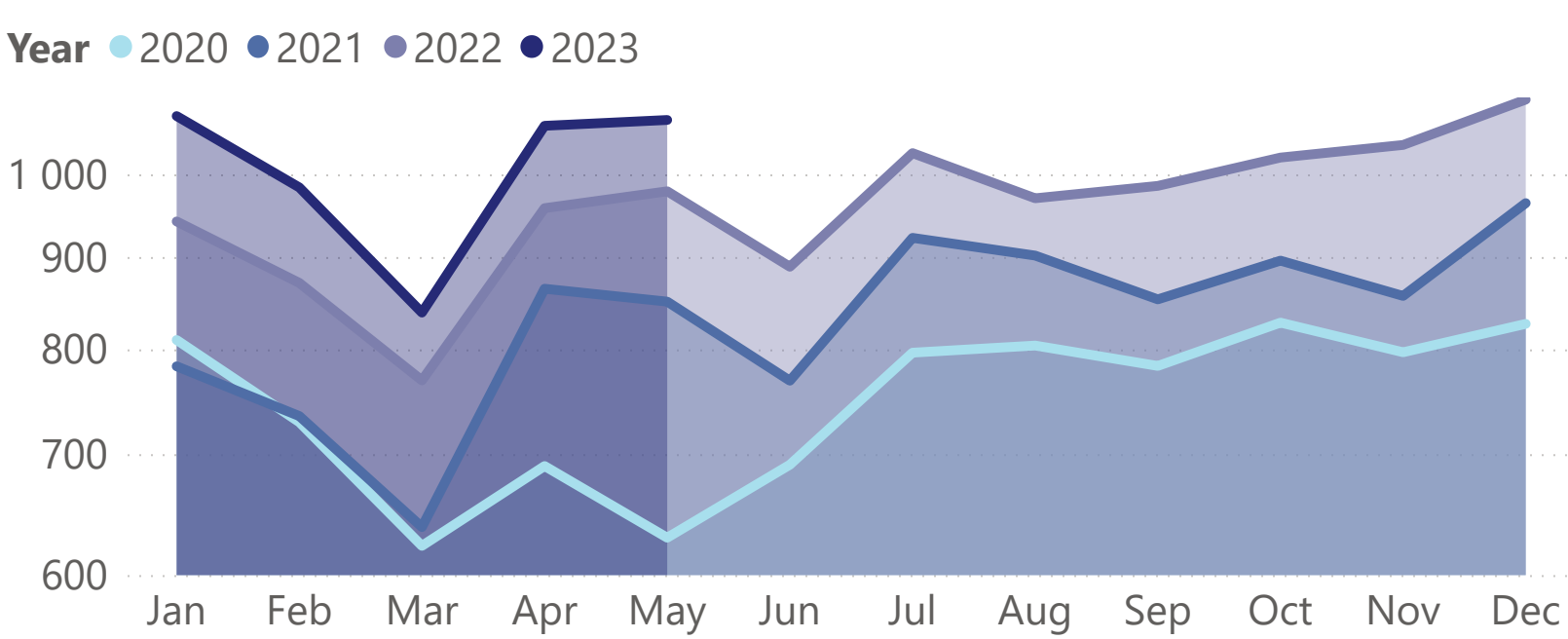
Source: Eurostat, AMECO Spring Forecast 2023, "Stability Programme of Latvia 2023-2026".

GENERAL GOVERNMENT BUDGET IN JANUARY-MAY 2023 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	6 380,0	705,2	12,4%
Expenditure	6 434,7	594,8	10,2%
Balance	-54,7	110,4	

General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY, %
VAT	1 641,6	322,5	24,5%
SSC	1 604,3	111,8	7,5%
PIT	870,7	50,3	6,1%
EXCISE	466,8	19,0	4,2%
CIT	210,3	42,1	25,0%

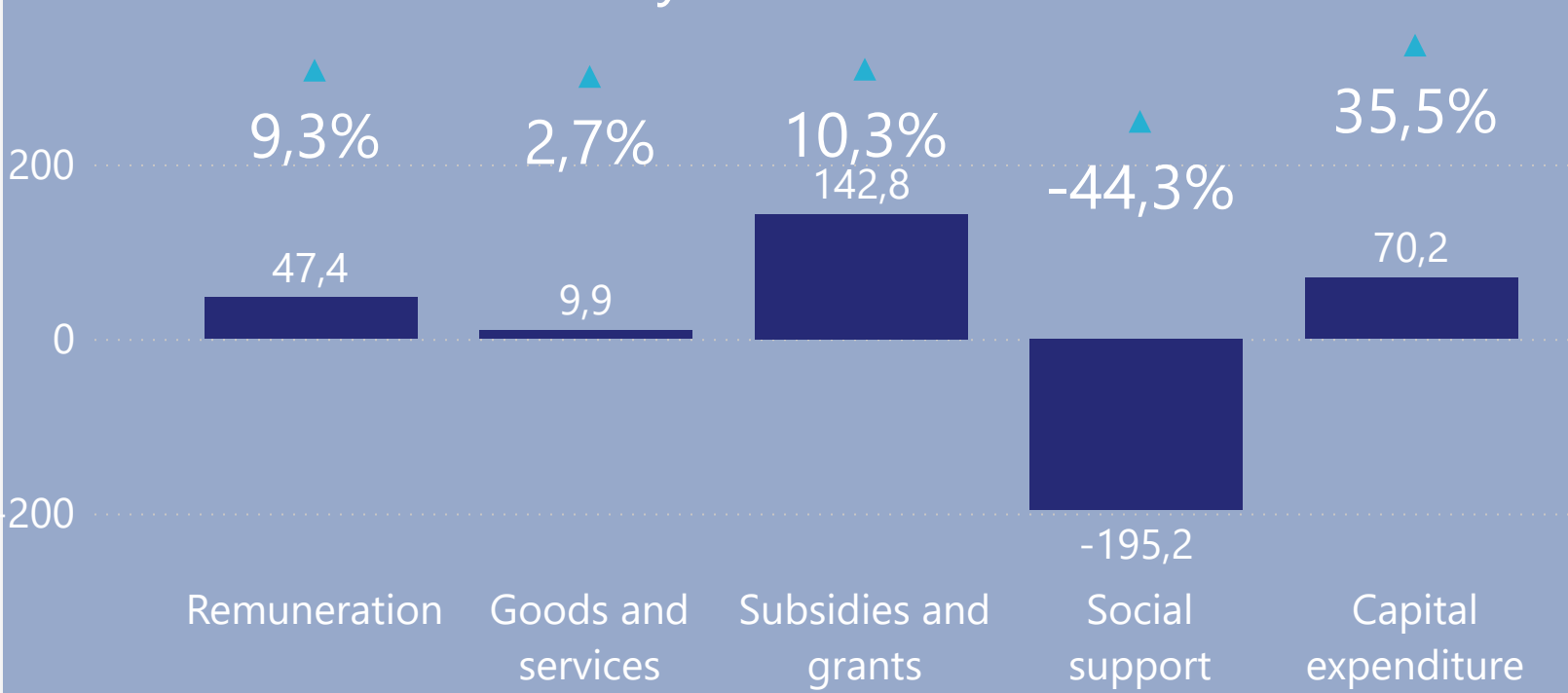
Source: Treasury. General government budget tax revenue in January-May 2023 including revenue in the single tax account -43.4 mln € and not included SSC revenues in 2ng pension tier 309.1 mln €.

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue			
Tax revenue	5 034,8	516,6	11,4%
Non tax revenue	425,5	101,0	31,1%
Foreign financial assistance	709,8	68,1	10,6%
Self-earned revenue	209,2	19,4	10,2%
Expenditure			
Remuneration	1 282,1	155,7	13,8%
Subsidies and grants	1 635,2	151,3	10,2%
Goods and services	780,4	95,4	13,9%
Capital expenditure	359,8	93,5	35,1%
Social support	2 053,5	93,0	4,7%
Interest payments	153,2	30,7	25,1%
Payments to EU budget	147,3	-20,8	-12,4%

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	3 785,8	512,7	15,7%
Expenditure	3 910,6	118,7	3,1%
Balance	-124,8	394,0	

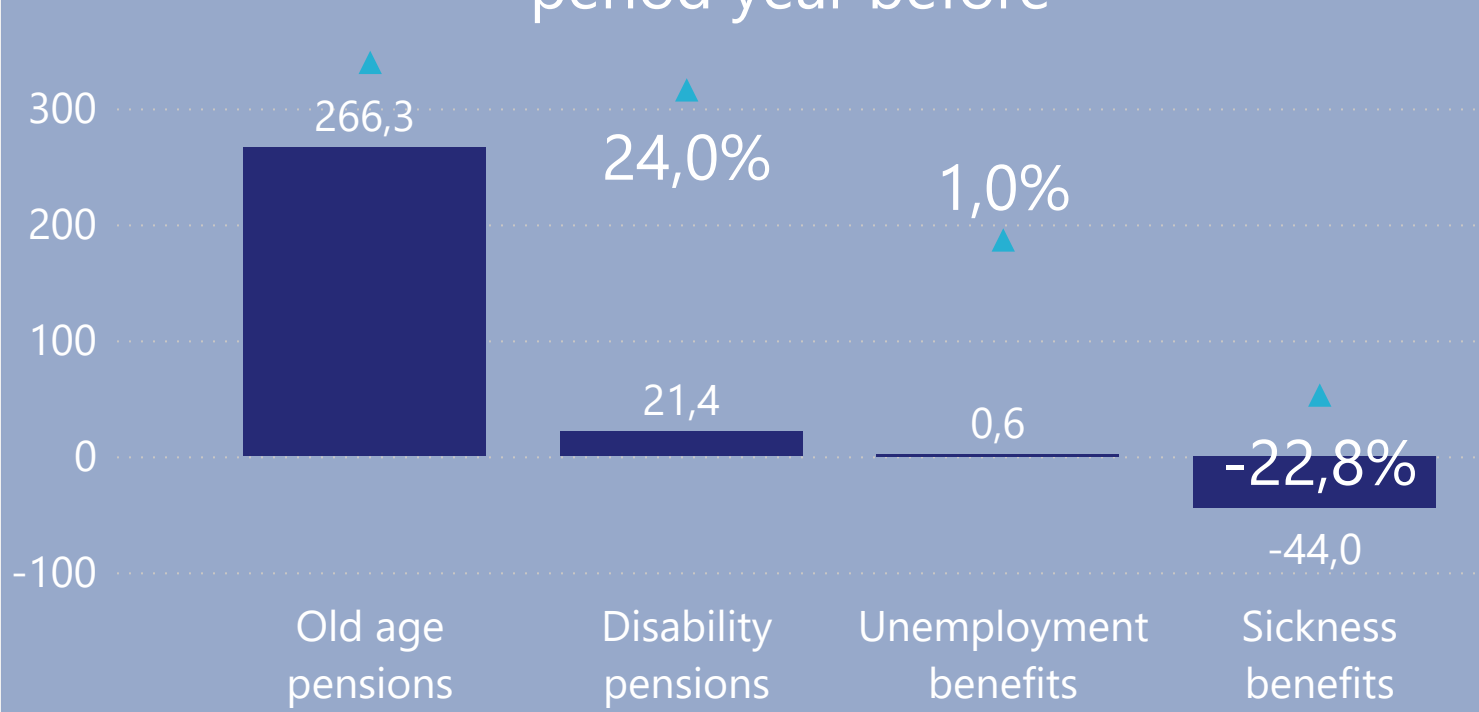
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 692,3	100,6	6,3%
Expenditure	1 710,6	263,7	18,2%
Balance	-18,3	-163,1	

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



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 382,3	132,3	10,6%
Expenditure	1 318,0	221,4	20,2%
Balance	64,2	-89,1	

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

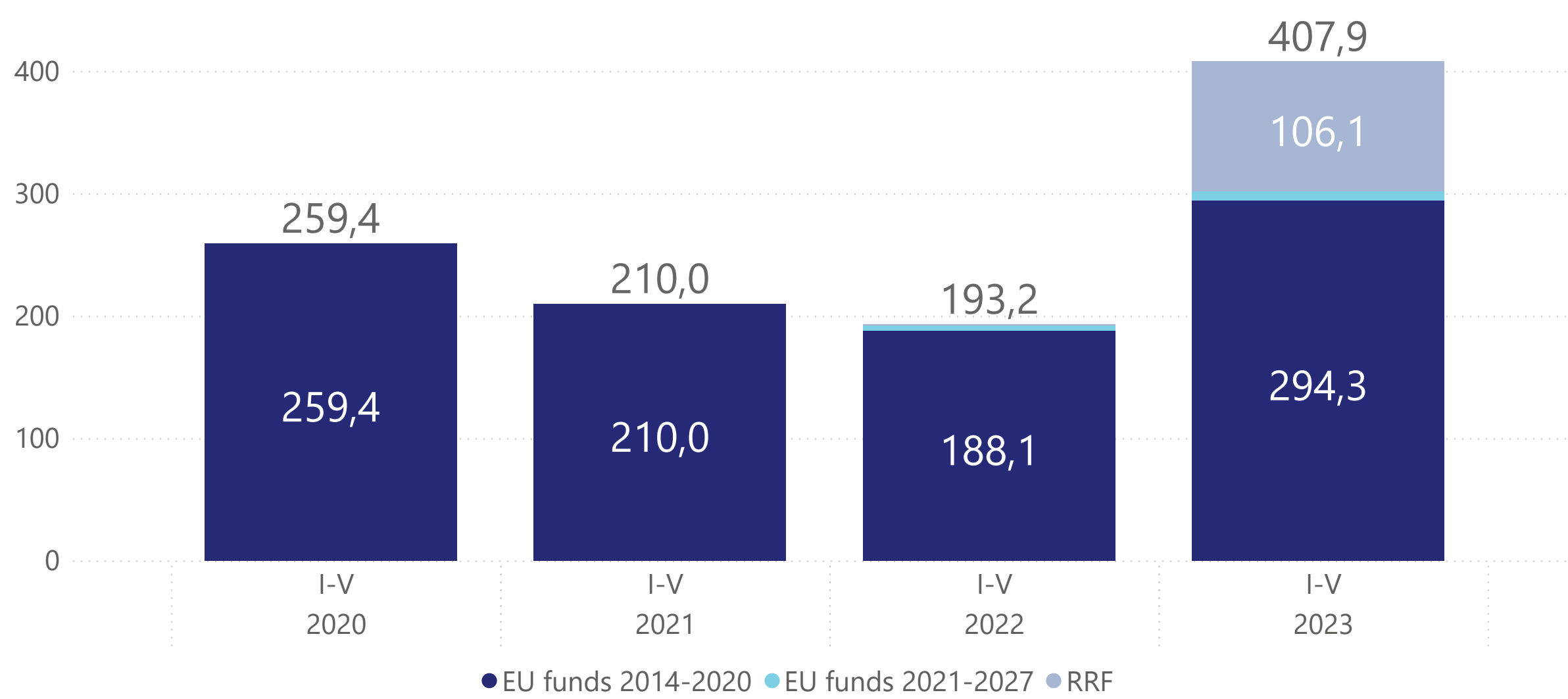
Total support and impact on general government budget balance, mln € and % of GDP

Measure	2020	2021	2022	2023	2023p
Covid-19	1281,7	2315,1	965,9	15,2	100,8
Energy		1,9	603,5	391,4	621,6
Ukraine			81,0	17,0	102,0
Total support measures	1281,7	2317,0	1650,4	423,6	824,4
% of GDP	4,2	6,9	4,2	1,0	1,9
Impact on budget balance	-960,8	-2104,7	-1481,0	-423,6	-856,3
(% of GDP)	-3,2	-6,3	-3,8	-1,0	-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 May 31st, 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.