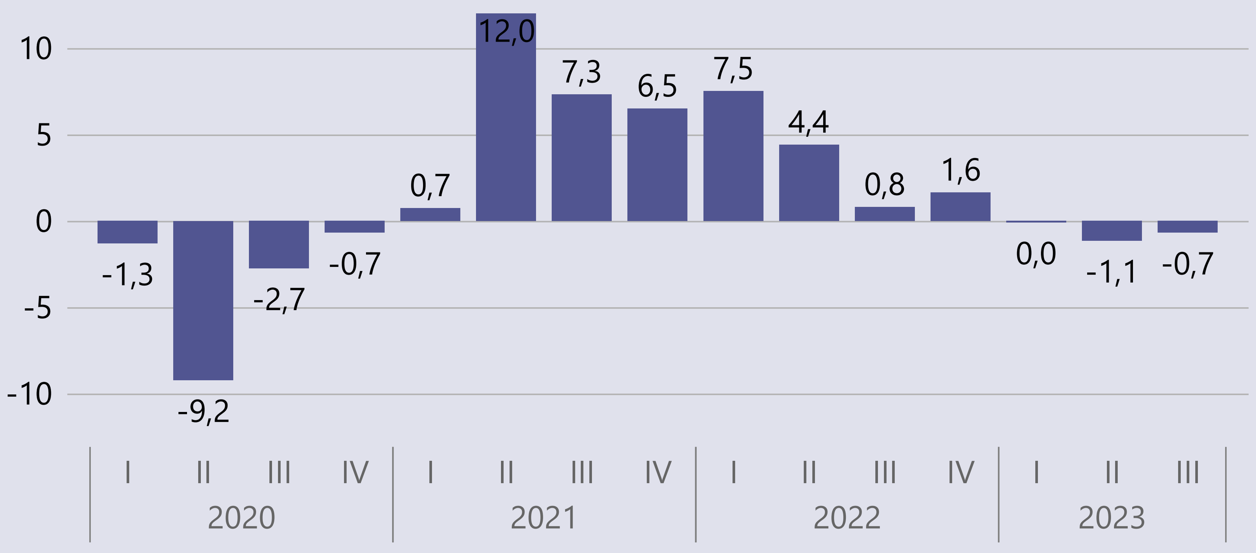
MACROECONOMIC AND BUDGETARY REVIEW 2023
No 10

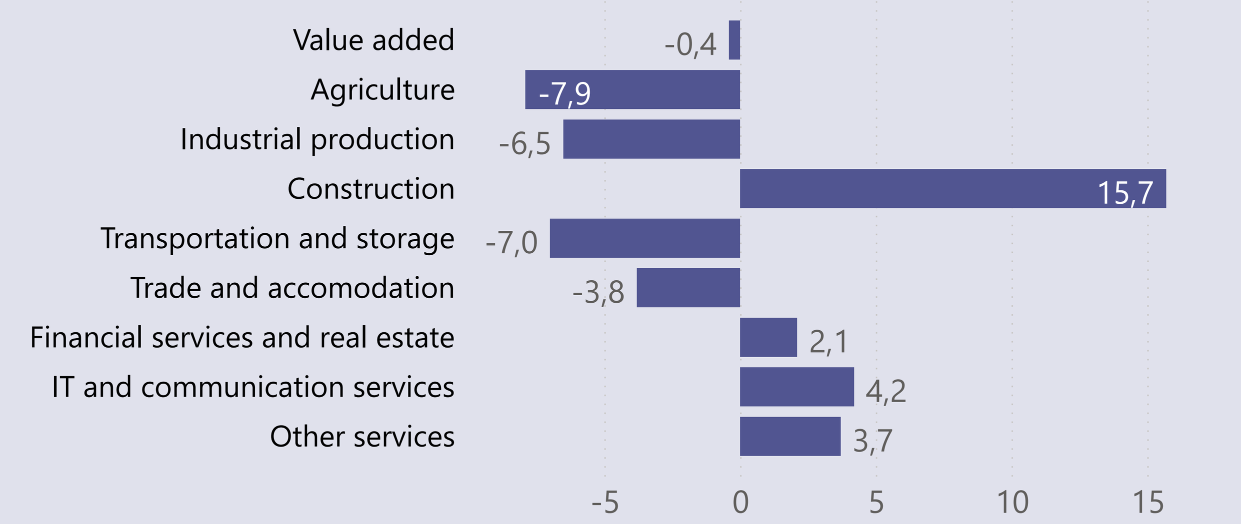
GROSS DOMESTIC PRODUCT (GDP)

GDP 2022	GDP growth 2024
38 870 mln €	**2.5%**
CSB, 29.09.2023.	MoF forecast, June 2023

GDP growth, YoY%

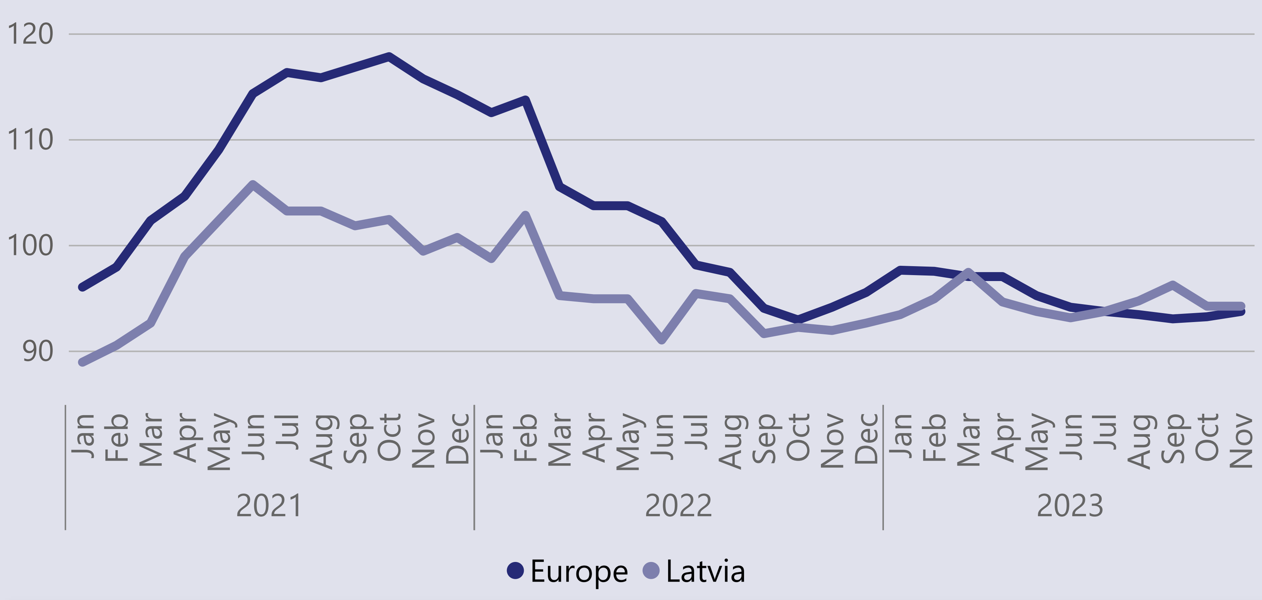


GDP growth by sectoral breakdown (2023 1-3rd Qrt/2022 1-3rd Qrt)



Source: Central Statistical Bureau(CSB); comparable prices

Economic confidence



Source: European Commission;

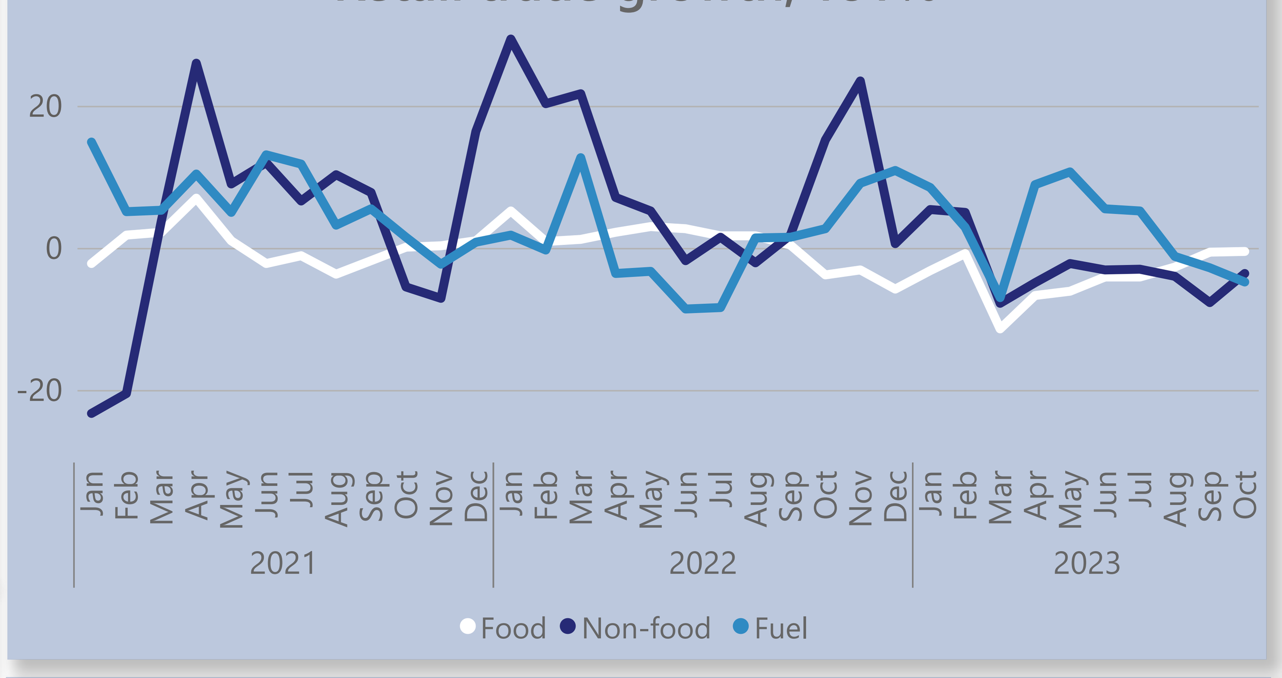
MAIN MACROECONOMIC INDICATORS

Indicator	2017	2018	2019	2020	2021	2022	2023*	2024*	2025*	2026*
Nominal GDP growth, %	6,4	8	4,9	-1,5	10,8	16,6	11	5,5	6,2	5,8
Real GDP growth, %	3,3	4	0,6	-3,5	6,7	3,4	1	2,5	2,9	2,9
GDP deflator, % change	2,9	3,9	4,3	2,1	3,8	12,8	9,9	2,9	3,2	2,8
Consumer price index, % change	2,9	2,5	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

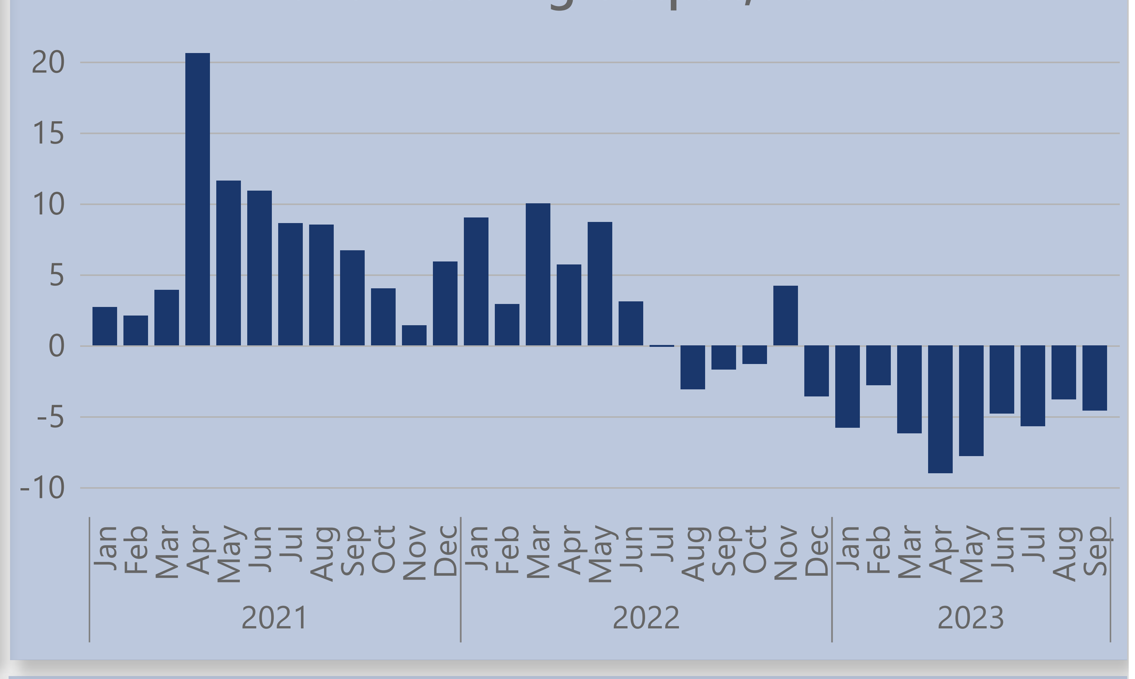
Source: CSB (29.09.2023), *forecasts of the Ministry of Finance of the Republic of Latvia (June 2023)

INDUSTRIES

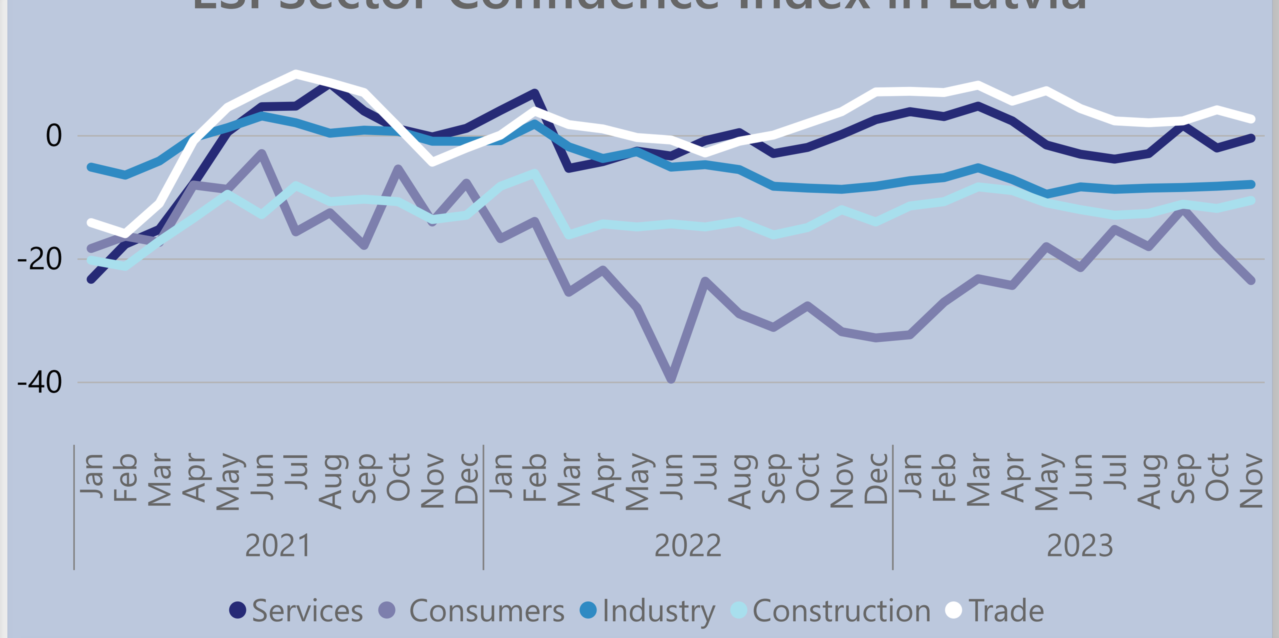
Retail trade growth, YoY%



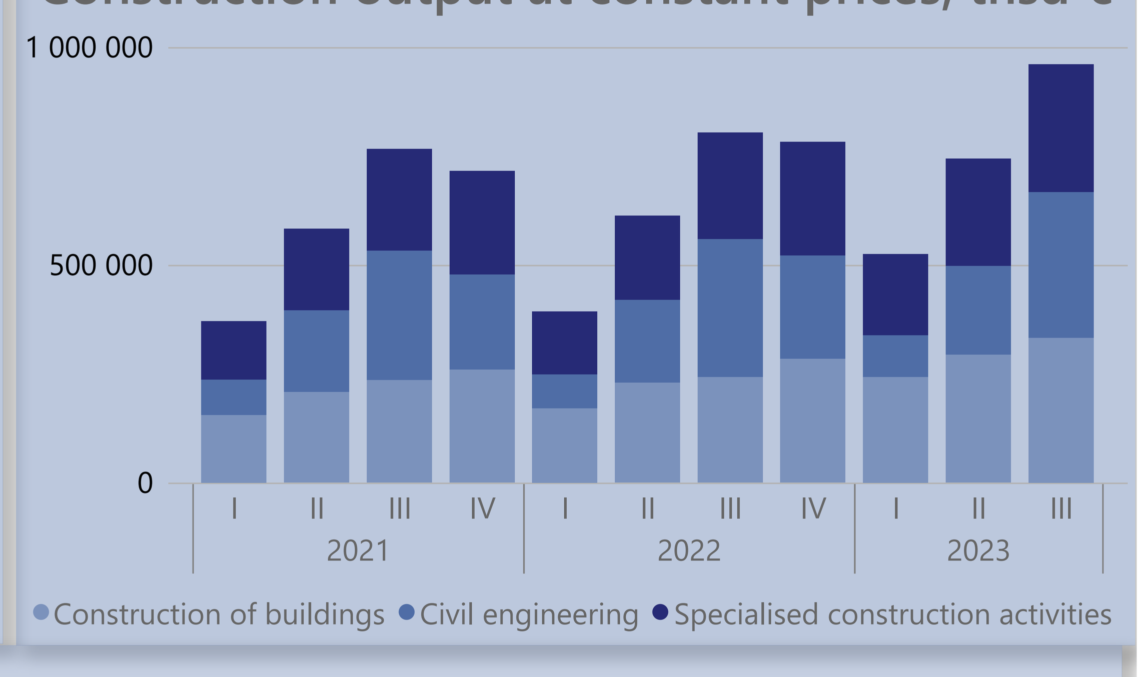
Manufacturing output, YoY%



ESI Sector Confidence Index in Latvia



Construction output at constant prices, thsd €

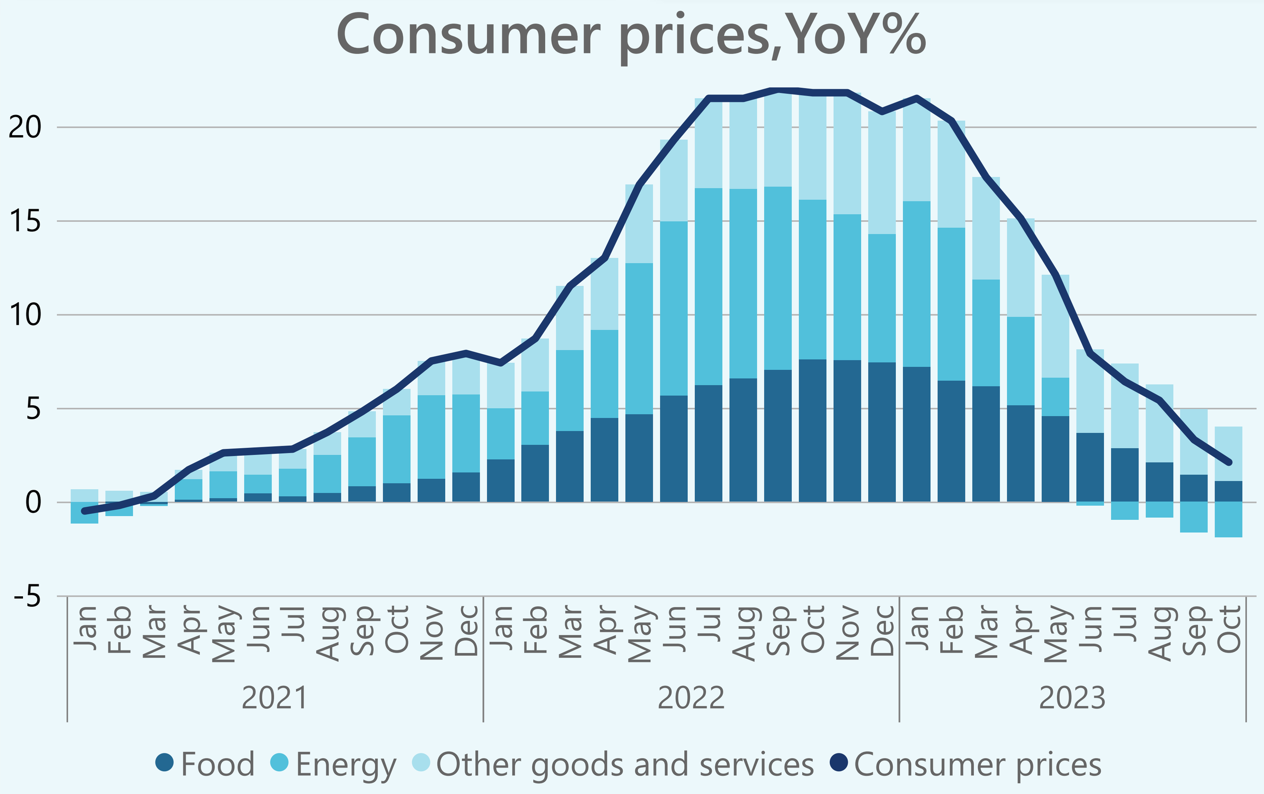


Source: CSB, European Commission

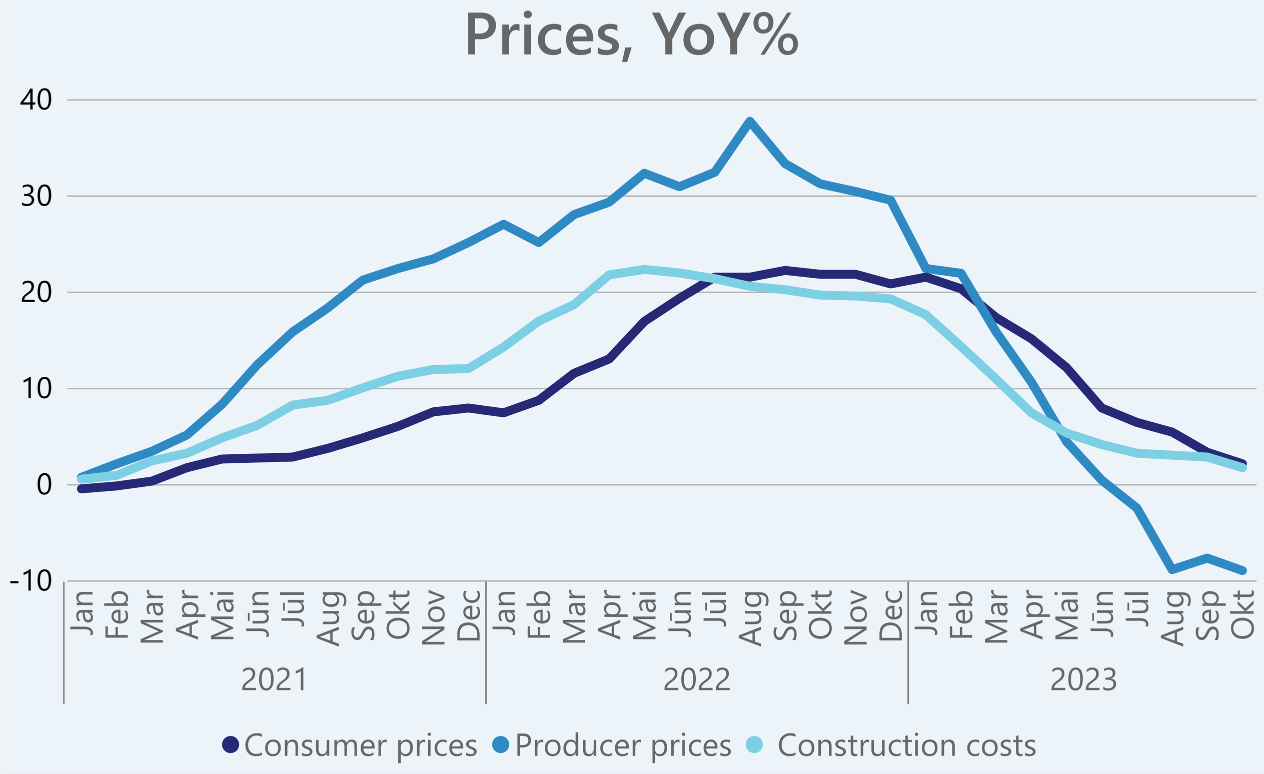
INFLATION

Inflation	Producer price rise
2,1%	**-9,0%**
October 2023	October 2023

Consumer prices,YoY%



Prices, YoY%

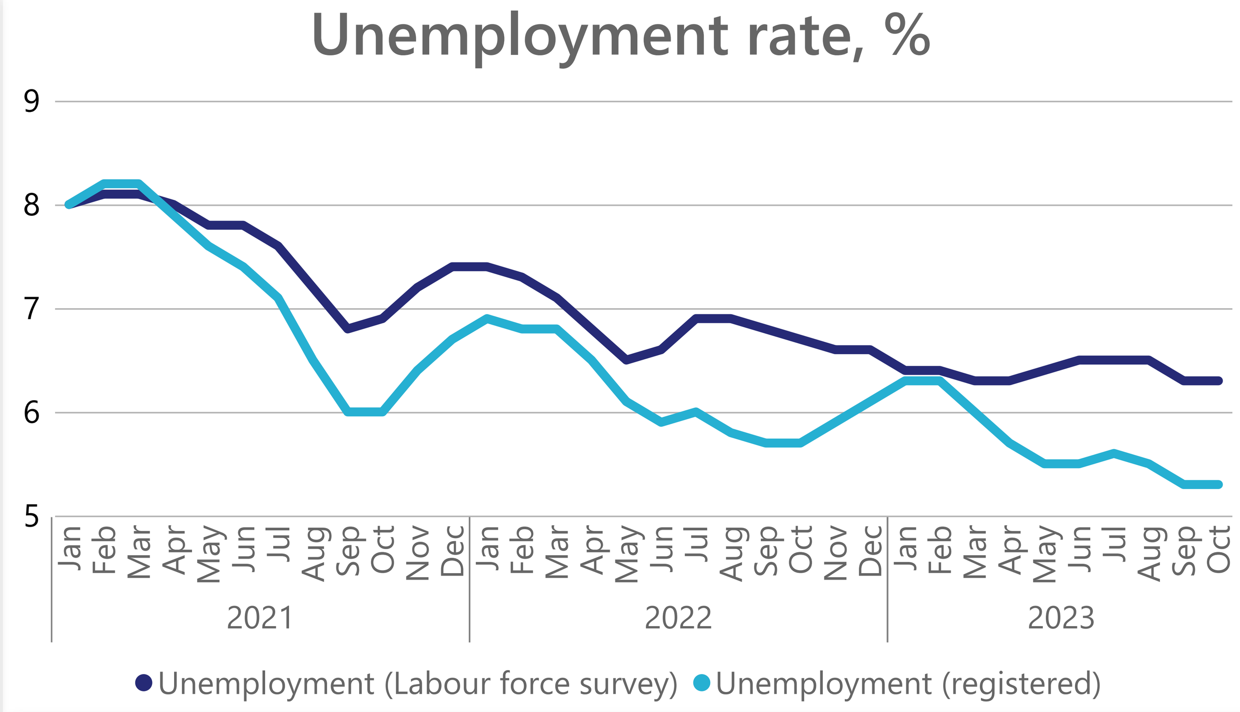


Source: CSB

UNEMPLOYMENT

Registered	Labour force survey
5.3%	**6.3%**
October 2023	October 2023

Unemployment rate, %



WAGE

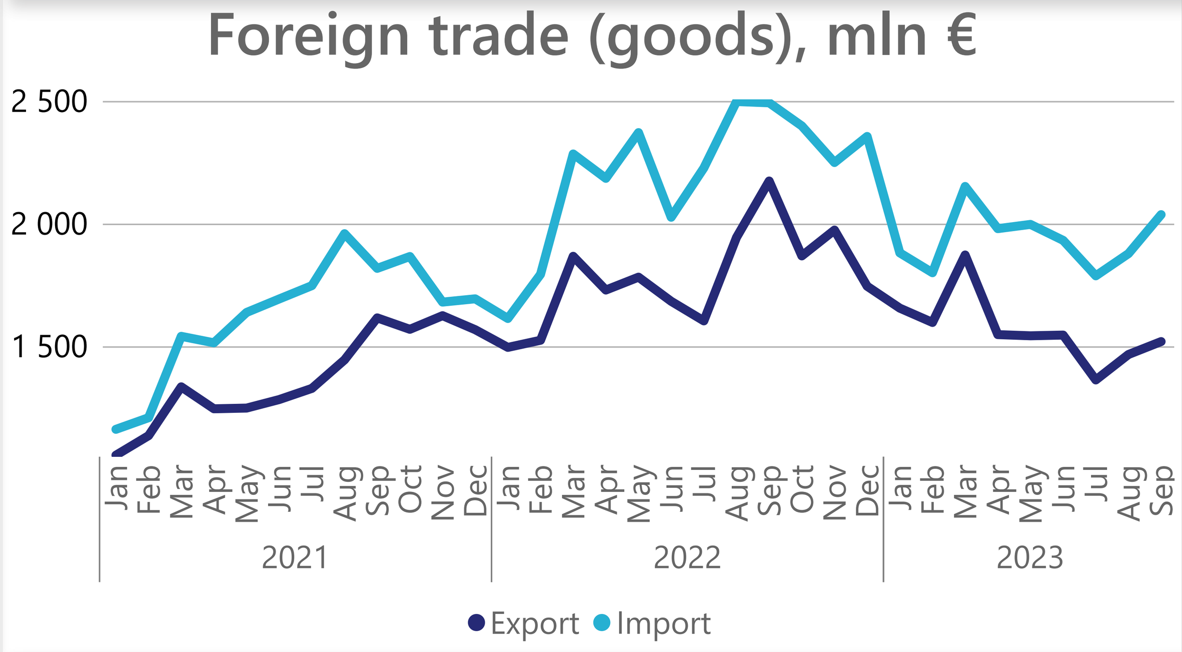
Private sector	Public sector	Total
1 546€ (+11.1% YoY)	**1 564€ (+13.7% YoY)**	**1 549€ (+11.8% YoY)**
3Q 2023	3Q 2023	3Q 2023

Average monthly gross wage, €

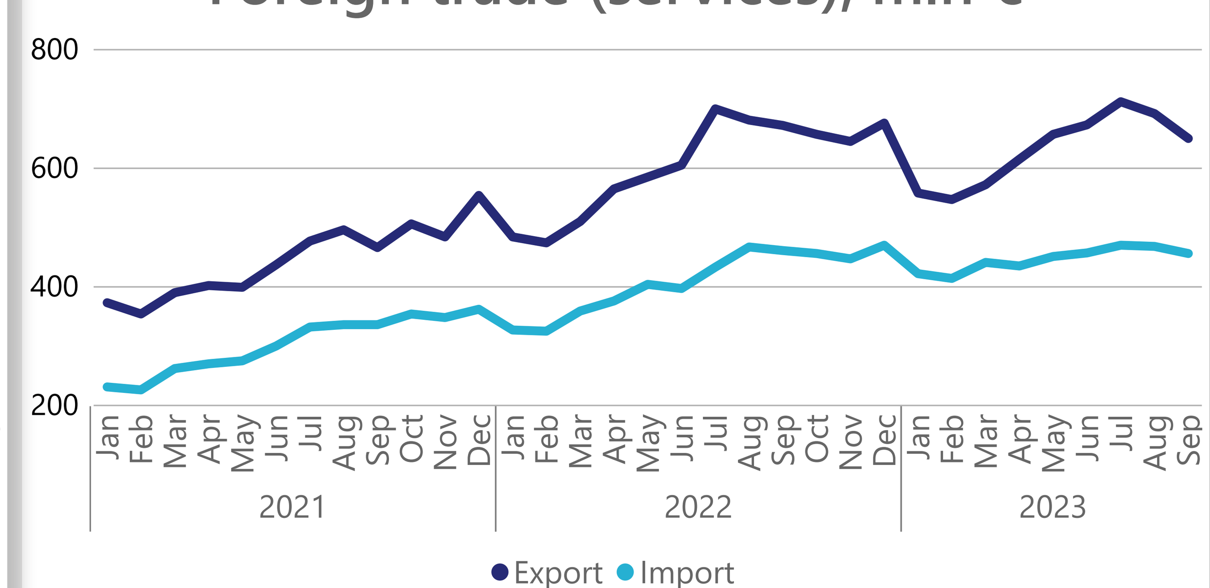
Source: CSB, State Employment Agency

FOREIGN TRADE

Foreign trade (goods), mln €



Foreign trade (services), mln €



Source: CSB; Bank of Latvia

GENERAL GOVERNMENT BUDGET

General government budget balance 2023

-2.7% of GDP

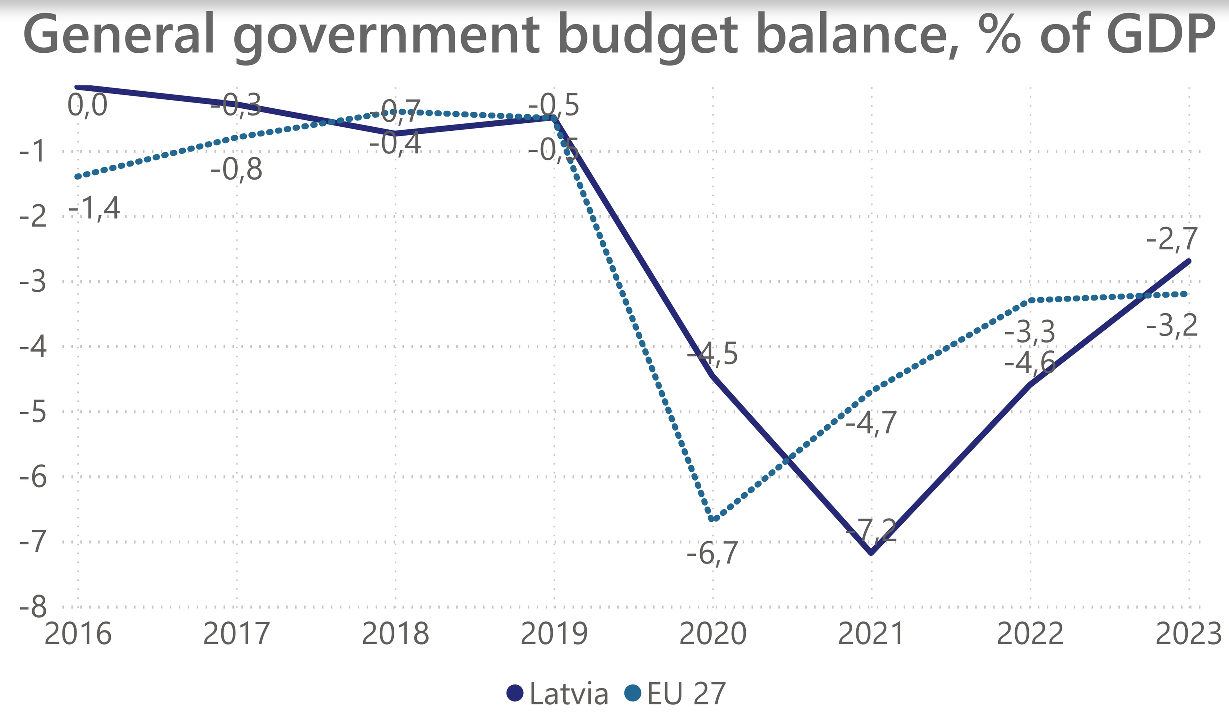
Forecast of MoF, October 2023

General government debt 2023

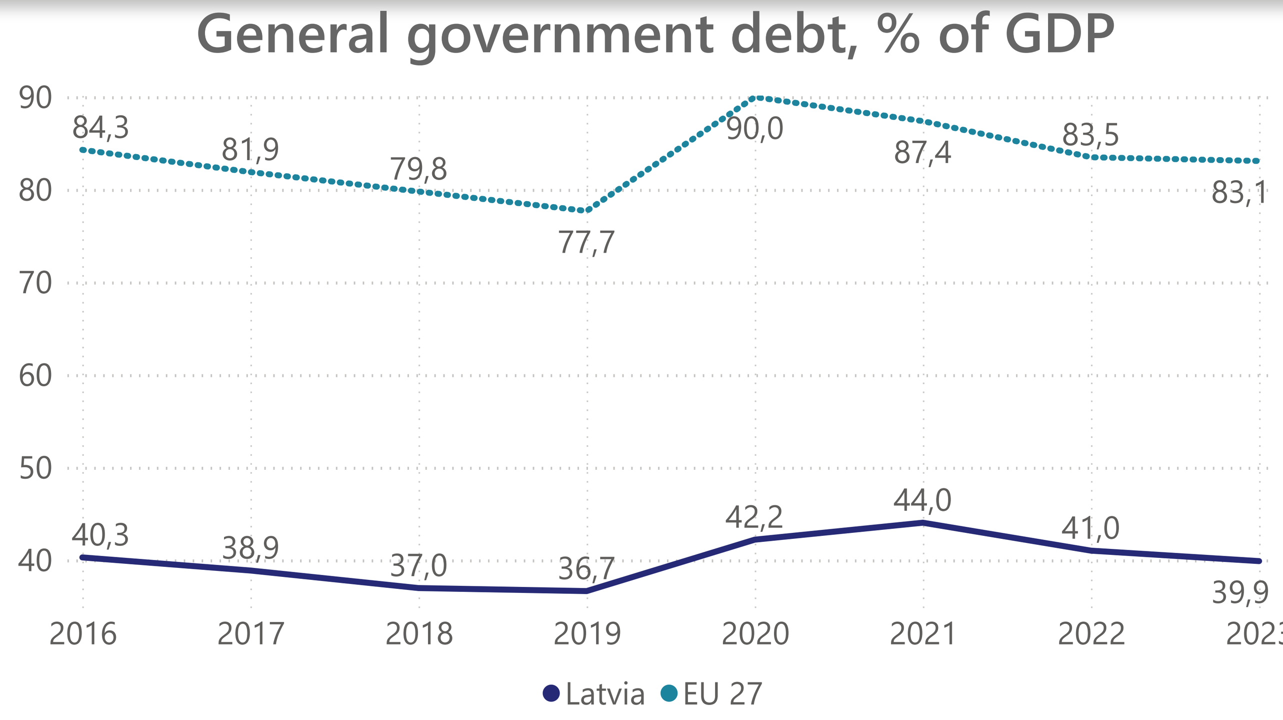
39.9% of GDP

Forecast of State Treasury, October 2023

General government budget balance, % of GDP



General government debt, % of GDP

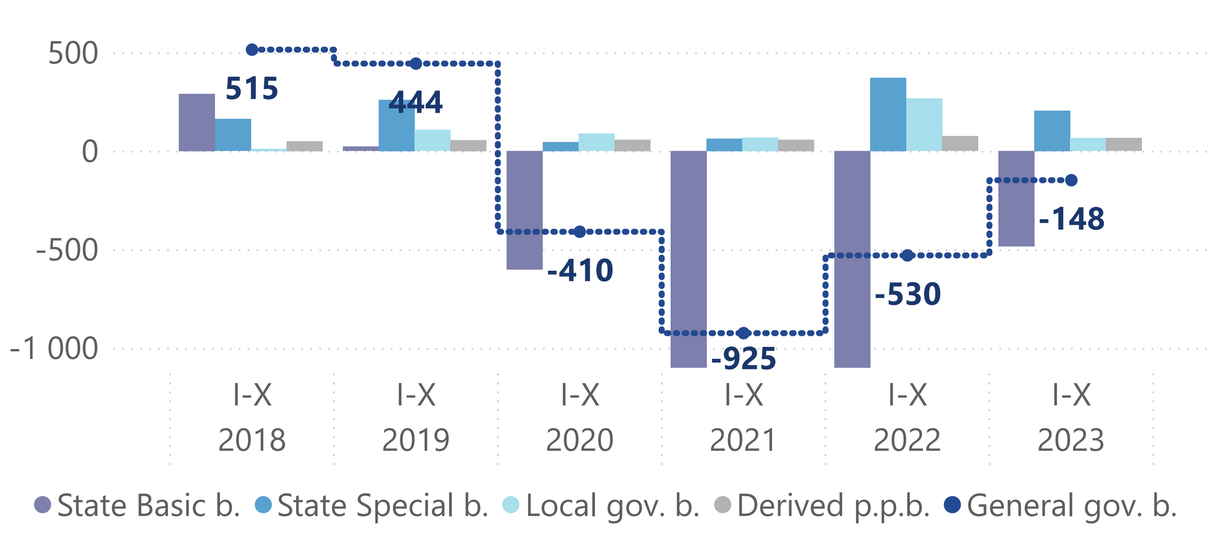


Source: Eurostat, Ministry of Finance, AMECO Autumn Forecast 2023.

GENERAL GOVERNMENT BUDGET IN JANUARY-OCTOBER 2023

ON CASH BASIS

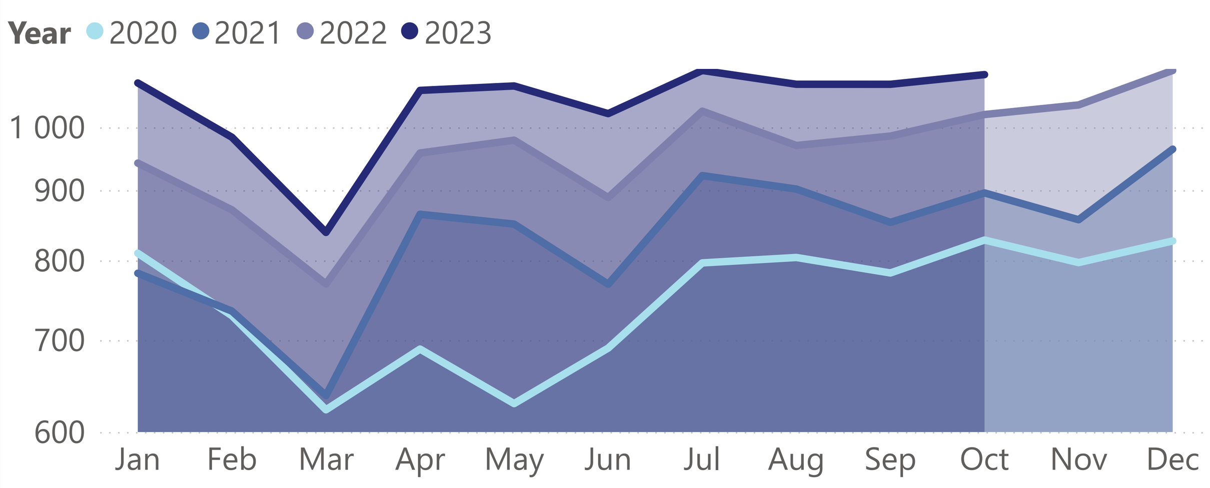
General government budget balance, mln €



General government budget	Execution, mln €	YoY, mln €	YoY,%
Revenue	12 829,3	1 197,0	10,3%
Expenditure	12 977,5	815,2	6,7%
Balance	-148,2	381,8	

General government budget	Execution, mln €	YoY, mln €	YoY,%
Revenue			
Tax revenue	10 408,7	997,1	10,6%
Non tax revenue	920,7	184,0	25,0%
Self-earned revenue	417,7	55,2	15,2%
Foreign financial assistance	1 080,6	-39,6	-3,5%
Expenditure			
Remuneration	2 801,5	374,8	15,4%
Goods and services	1 591,2	-233,1	-12,8%
Interest payments	203,5	27,7	15,7%
Subsidies and grants	3 023,8	198,6	7,0%
Social support	4 030,5	322,4	8,7%
Payments to EU budget	297,8	-30,0	-9,2%
Capital expenditure	972,0	142,9	17,2%

General government budget tax revenue, mln €



General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY,%
SSC	3 349,2	266,1	8,6%
VAT	3 254,0	401,9	14,1%
PIT	2 038,3	176,0	9,5%
EXCISE	972,9	23,5	2,5%
CIT	482,1	156,0	47,8%

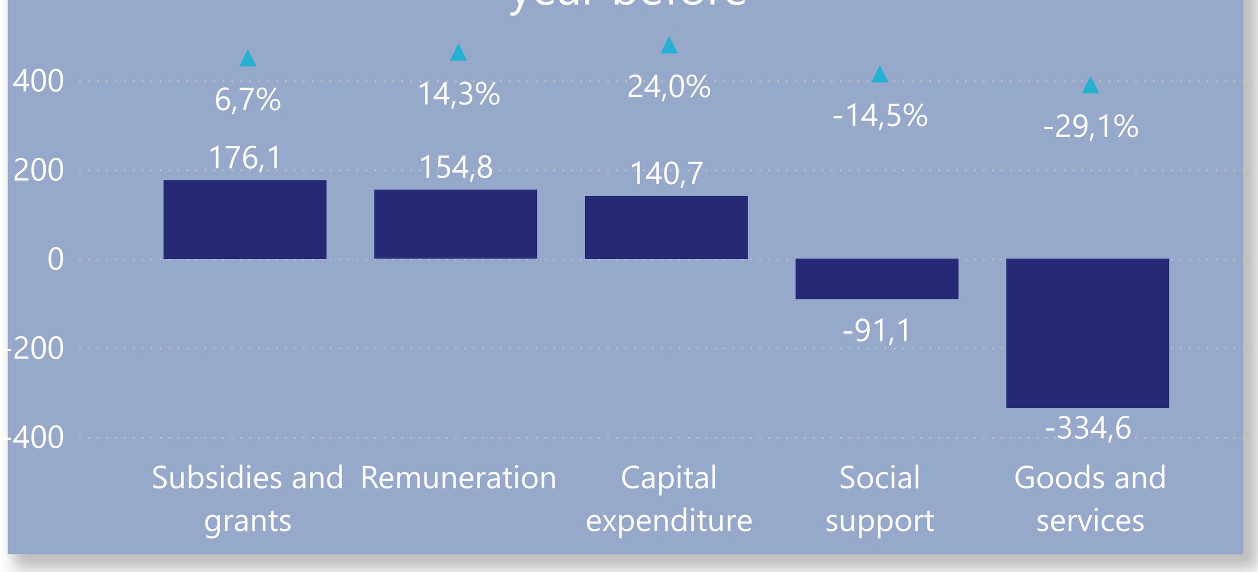
Source: Treasury.

General government budget tax revenue in January-October 2023 including revenue in the single tax account -154.2 mln € and not included SSC revenues in 2nd pension tier 639.5 mln €.

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	7 464,2	821,2	12,4%
Expenditure	7 949,1	63,7	0,8%
Balance	-484,9	757,5	

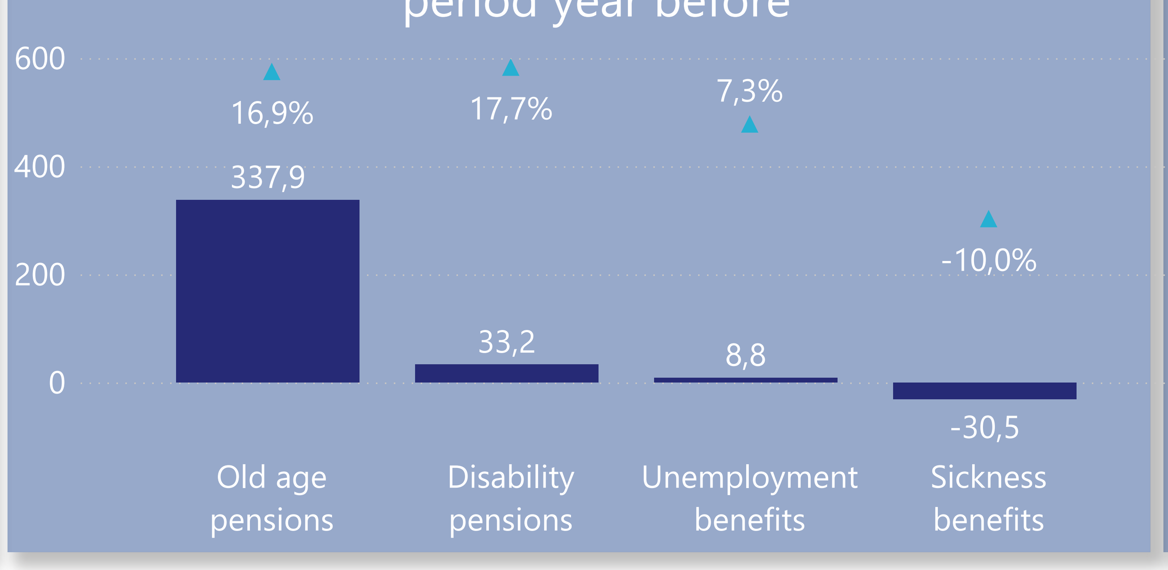
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	3 522,6	215,4	6,5%
Expenditure	3 317,5	382,3	13,0%
Balance	205,1	-166,9	

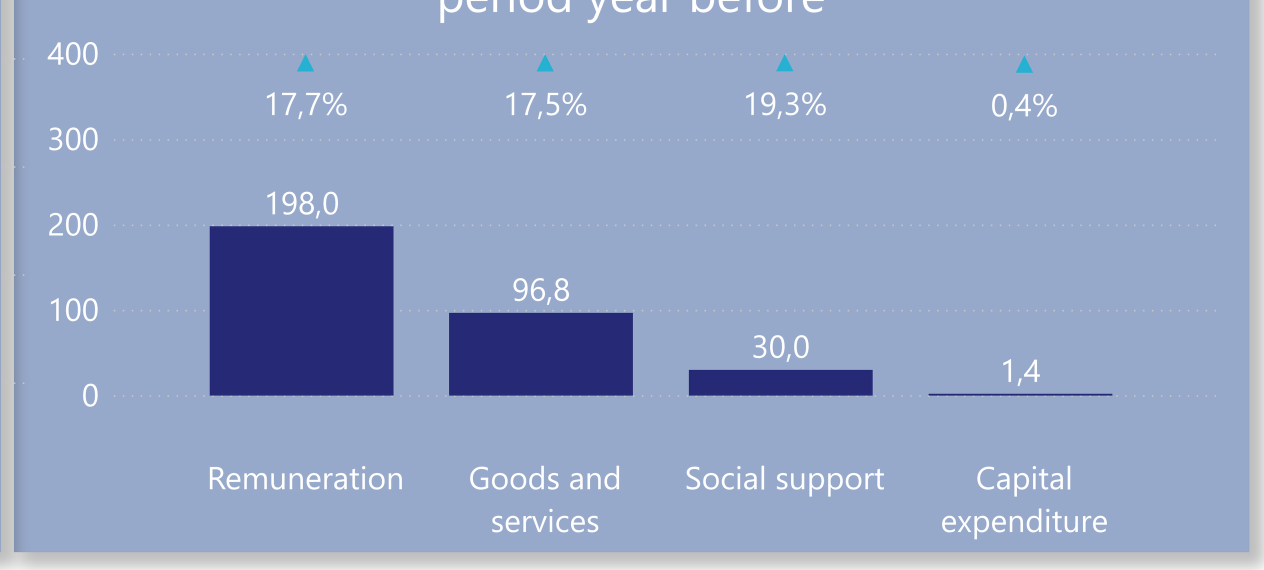
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	2 885,4	186,9	6,9%
Expenditure	2 819,8	387,8	15,9%
Balance	65,6	-200,8	

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

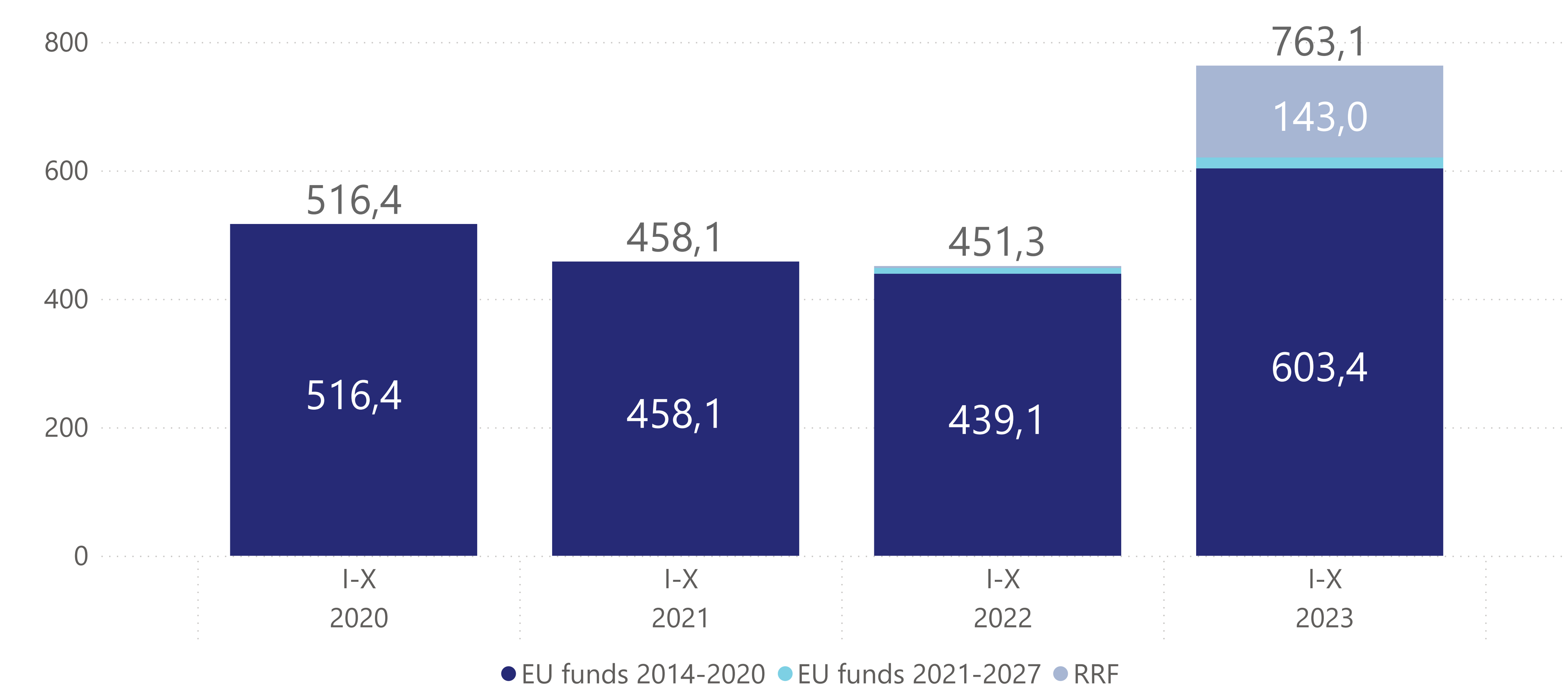
Total support and impact on general government budget balance, mln € and % of GDP

Measure	2020	2021	2022	2023*	2023**
Covid-19	1281,7	2315,1	965,9	56,6	100,8
Energy		1,9	603,5	420,9	652,0
Ukraine			81,0	57,5	102,0
Total support measures	1281,7	2317,0	1650,4	535,0	854,8
% of GDP	4,3	6,9	4,2	1,2	2,0
Impact on budget balance	-960,8	-2104,7	-1481,0	-540,9	-670,4
(% of GDP)	-3,2	-6,3	-3,8	-1,3	-1,6

Source: *Execution according to data from the State Treasury, State Revenue Service, ALTUM, etc. till October 31, 2023.
**Plan according to the government decisions till September 26, 2023.
Impact on budget balance estimate on October 16, 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.