

MACROECONOMIC AND BUDGETARY REVIEW 2023

No 12

GROSS DOMESTIC PRODUCT (GDP)

GDP 2022

38 870 mln €

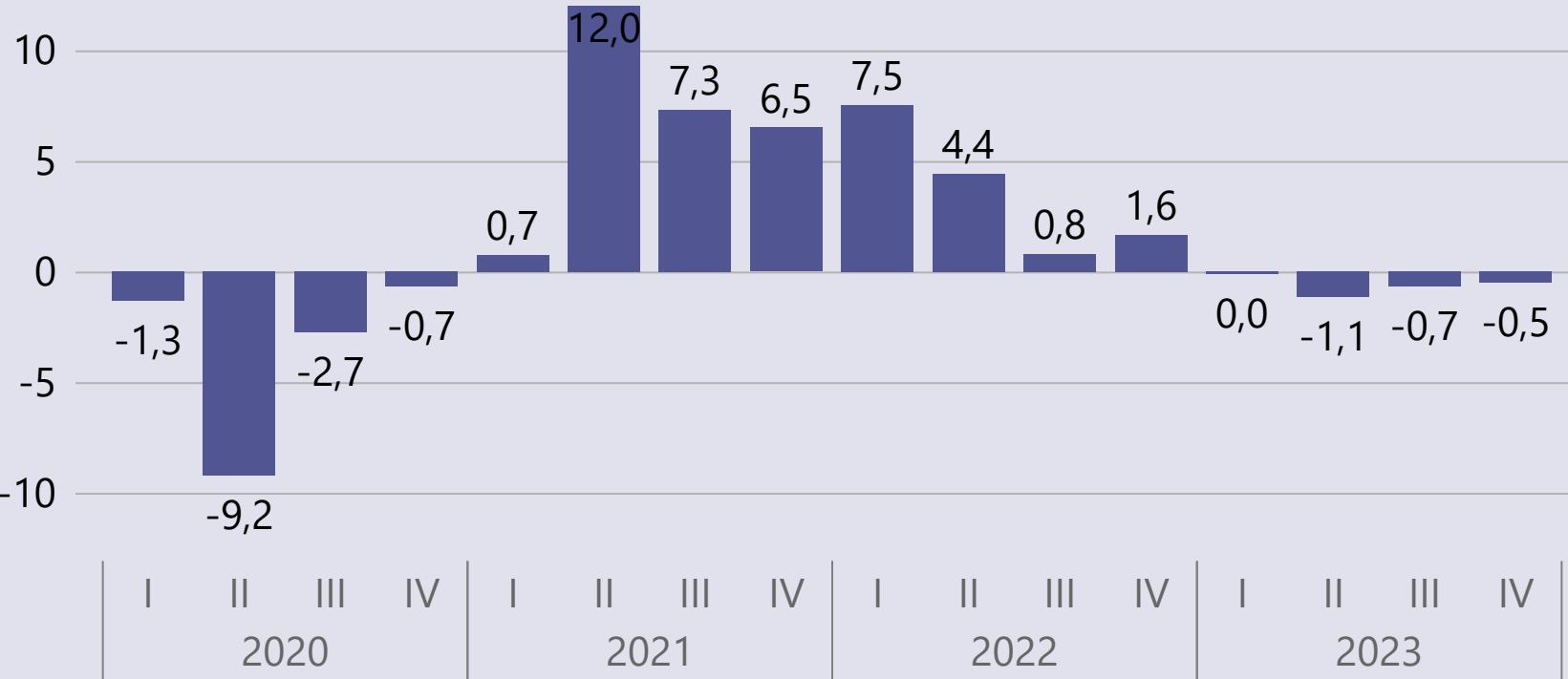
CSB, 29.09.2023.

GDP growth 2024

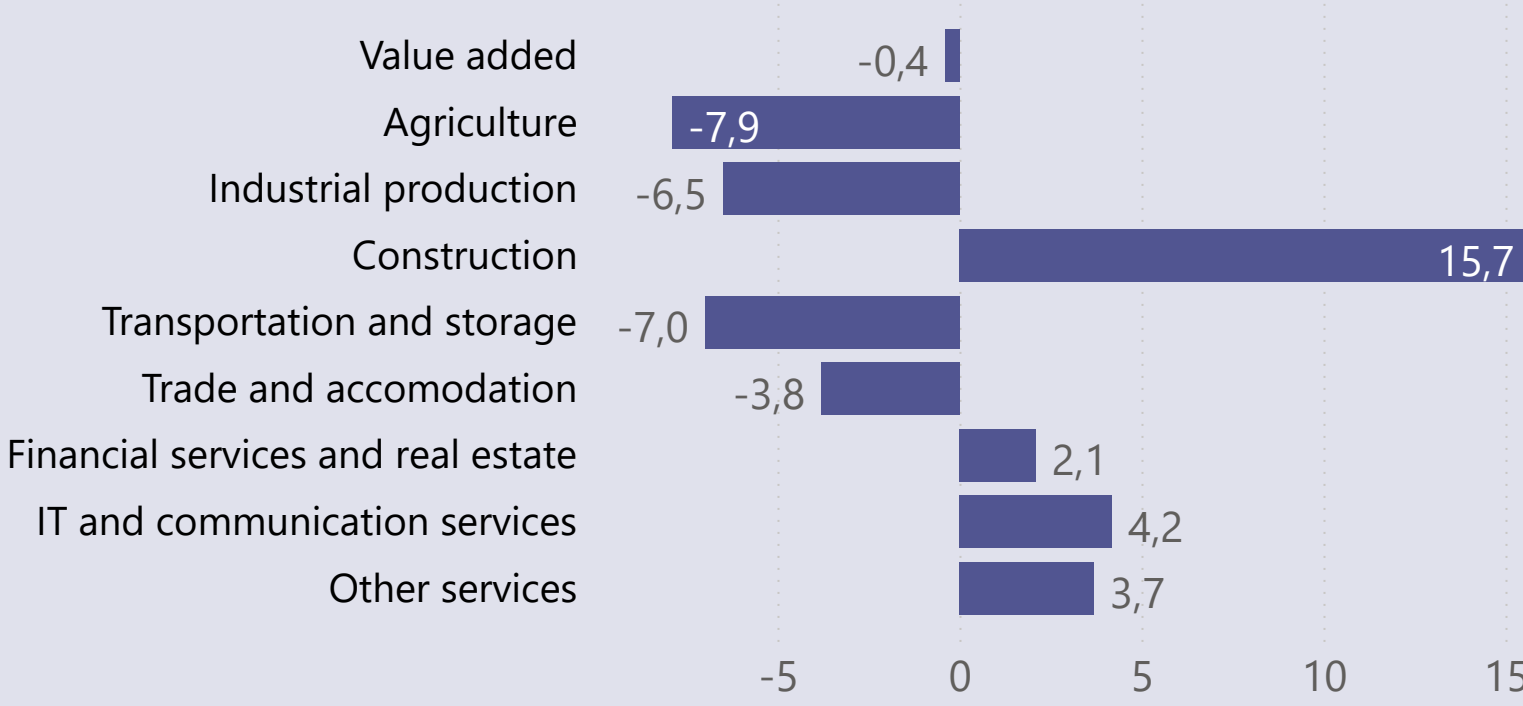
2.5%

MoF forecast, June 2023

GDP growth, YoY%

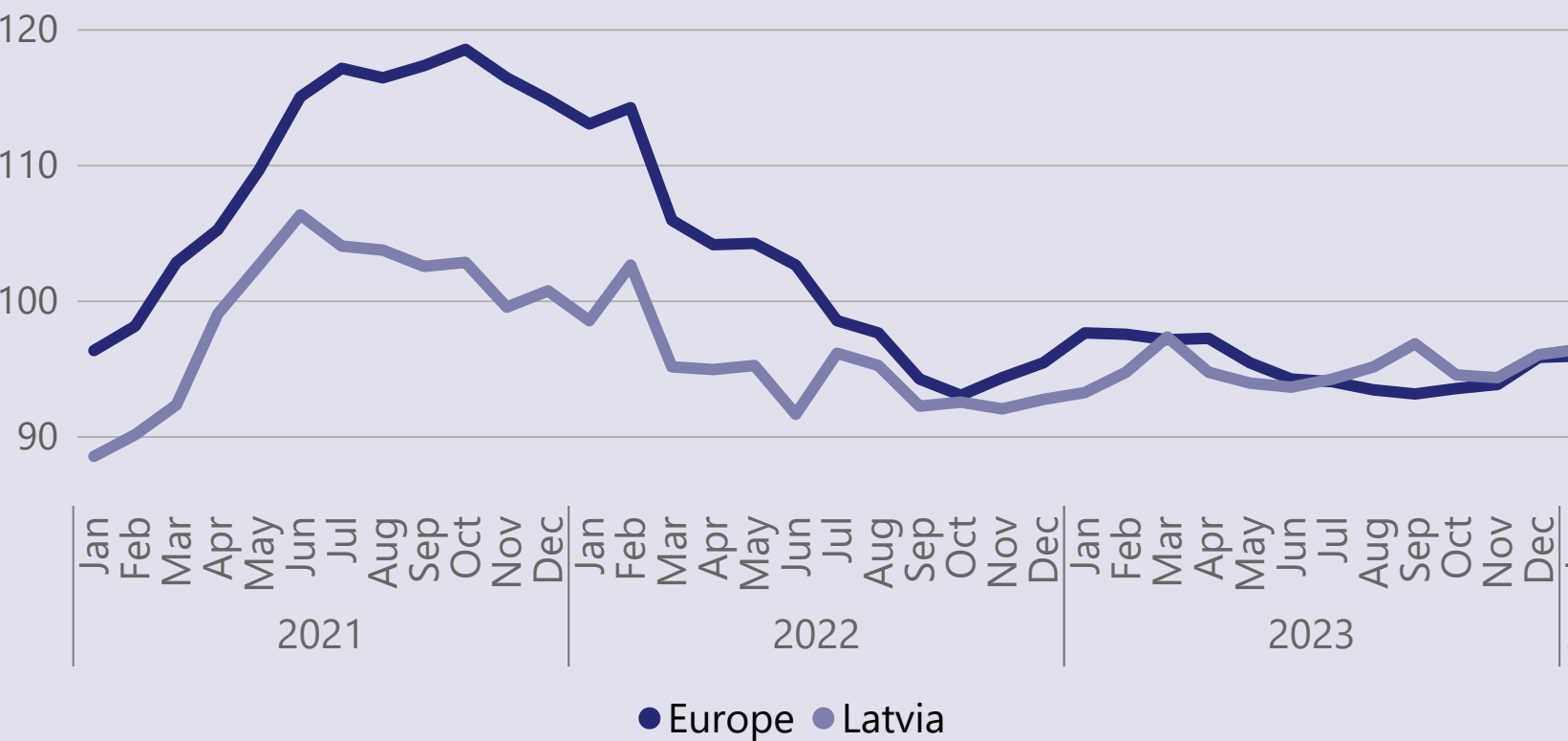


GDP growth by sectoral breakdown (2023 1-3rd Qrt/2022 1-3rd Qrt)



Source: Central Statistical Bureau(CSB); comparable prices, 4th Q 2023 early assessment

Economic confidence



Source: European Commission;

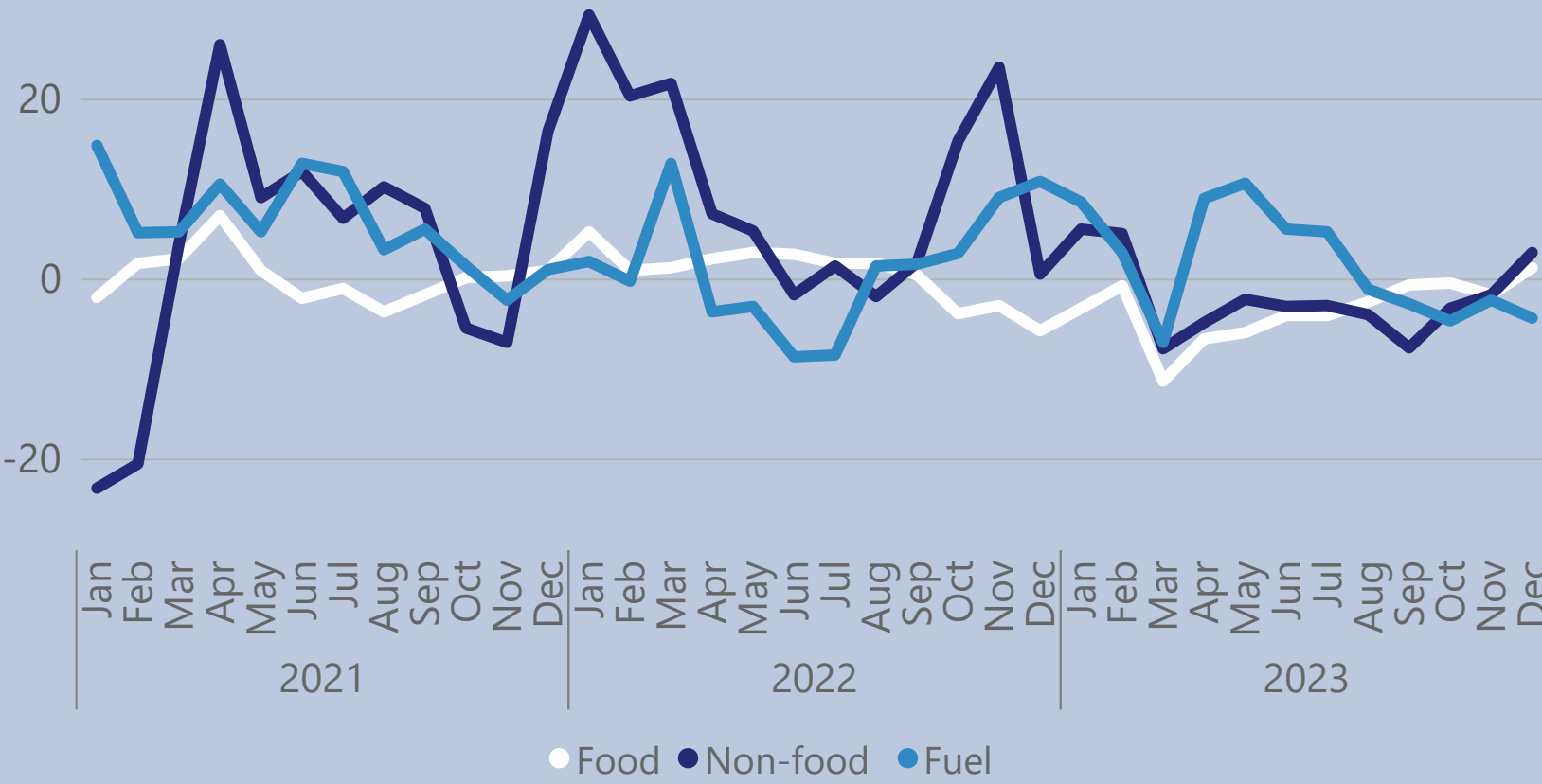
MAIN MACROECONOMIC INDICATORS

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

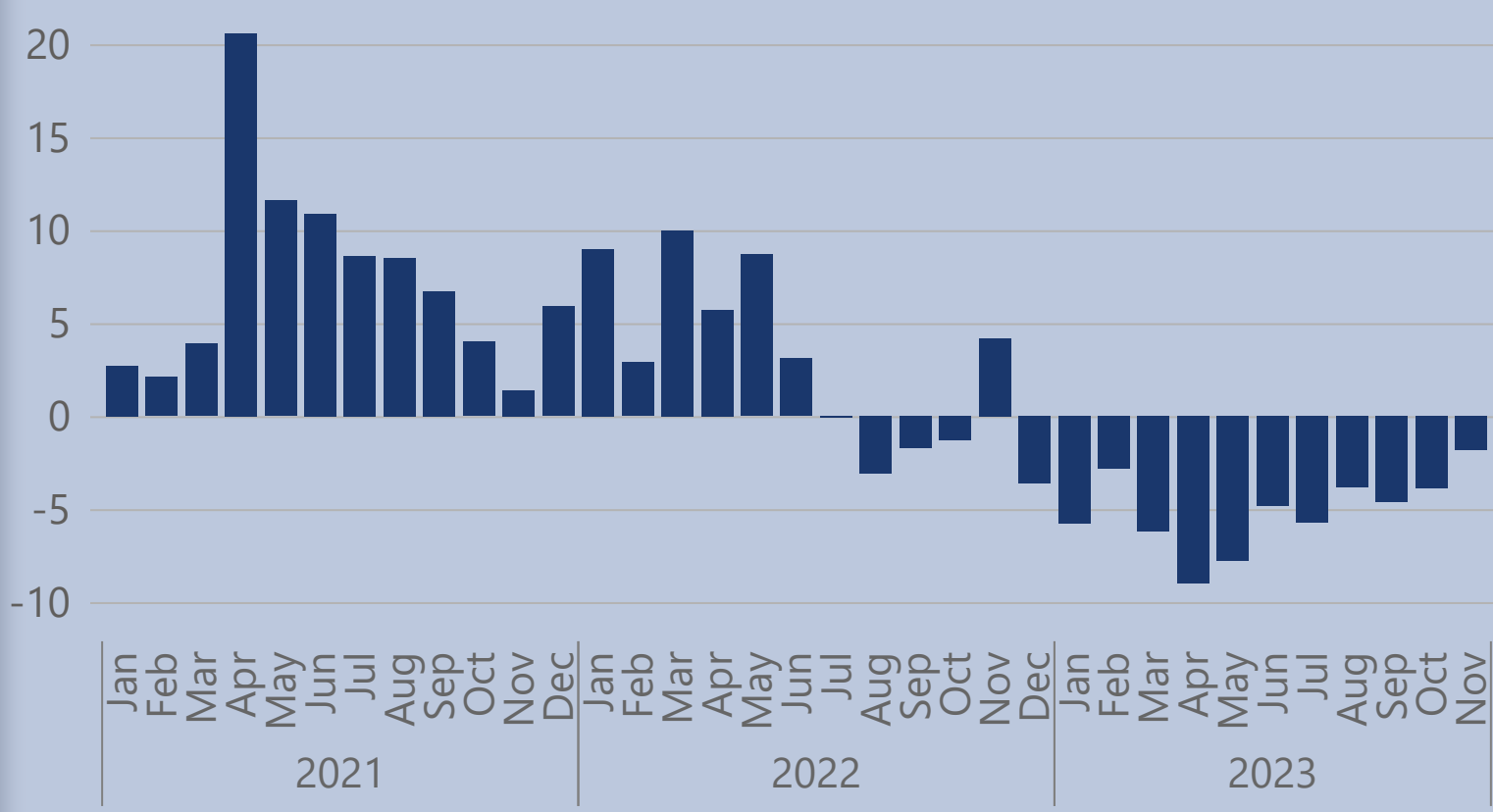
Source: CSB (29.09.2023), *forecasts of the Ministry of Finance of the Republic of Latvia (June 2023)

INDUSTRIES

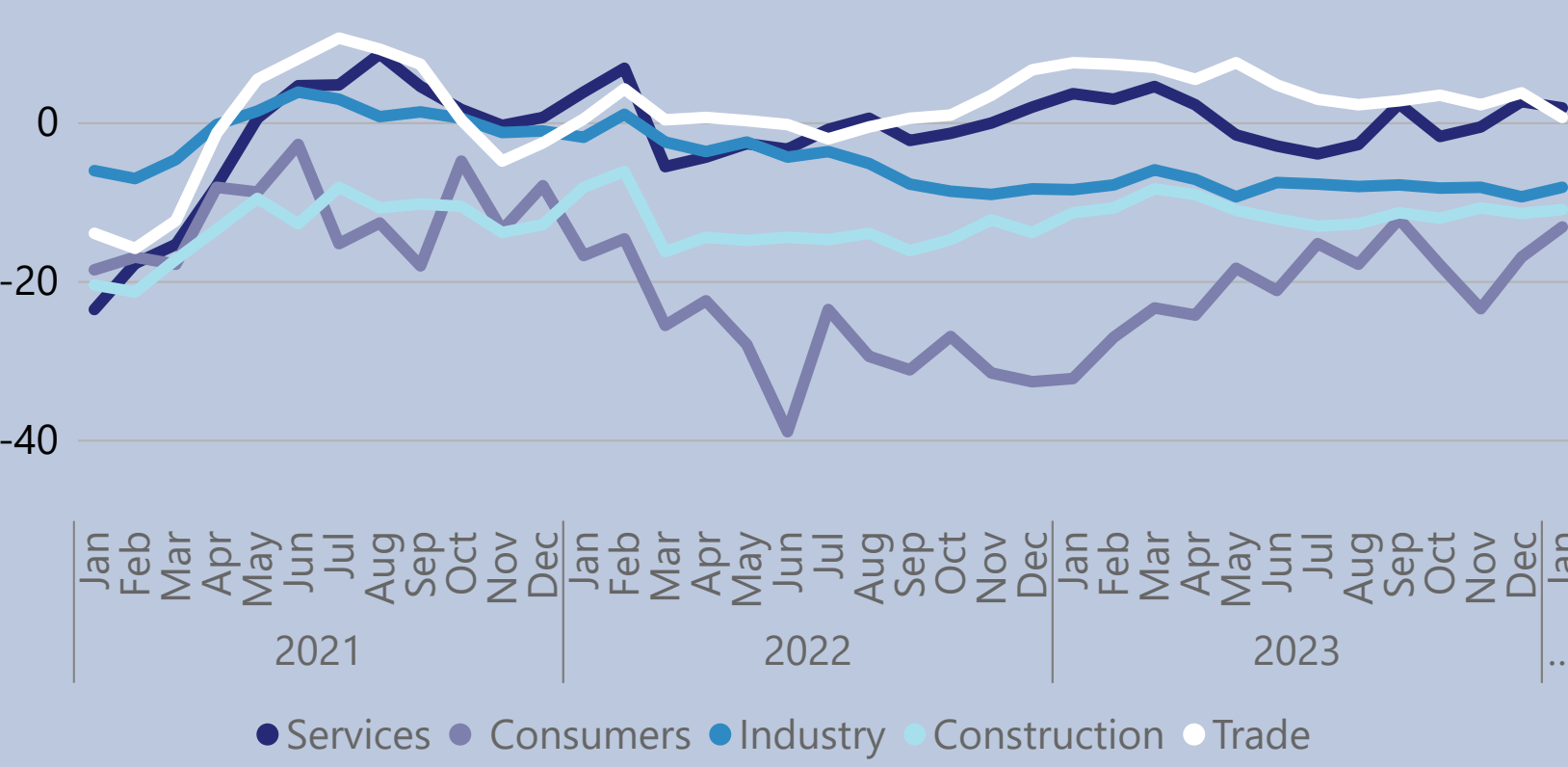
Retail trade growth, YoY%



Manufacturing output, YoY%

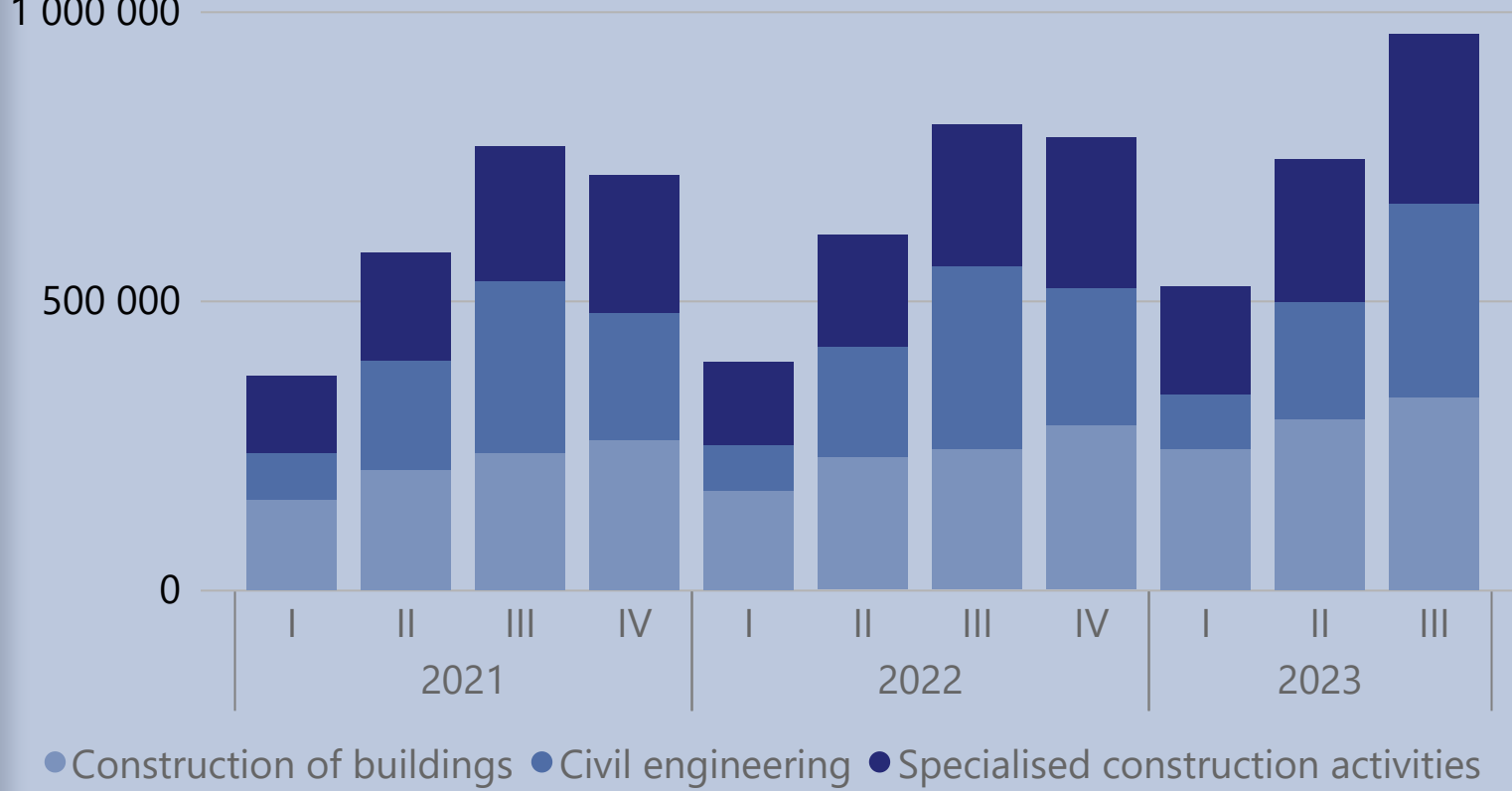


ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

Construction output at constant prices, thsd €



INFLATION

Inflation

0,6%

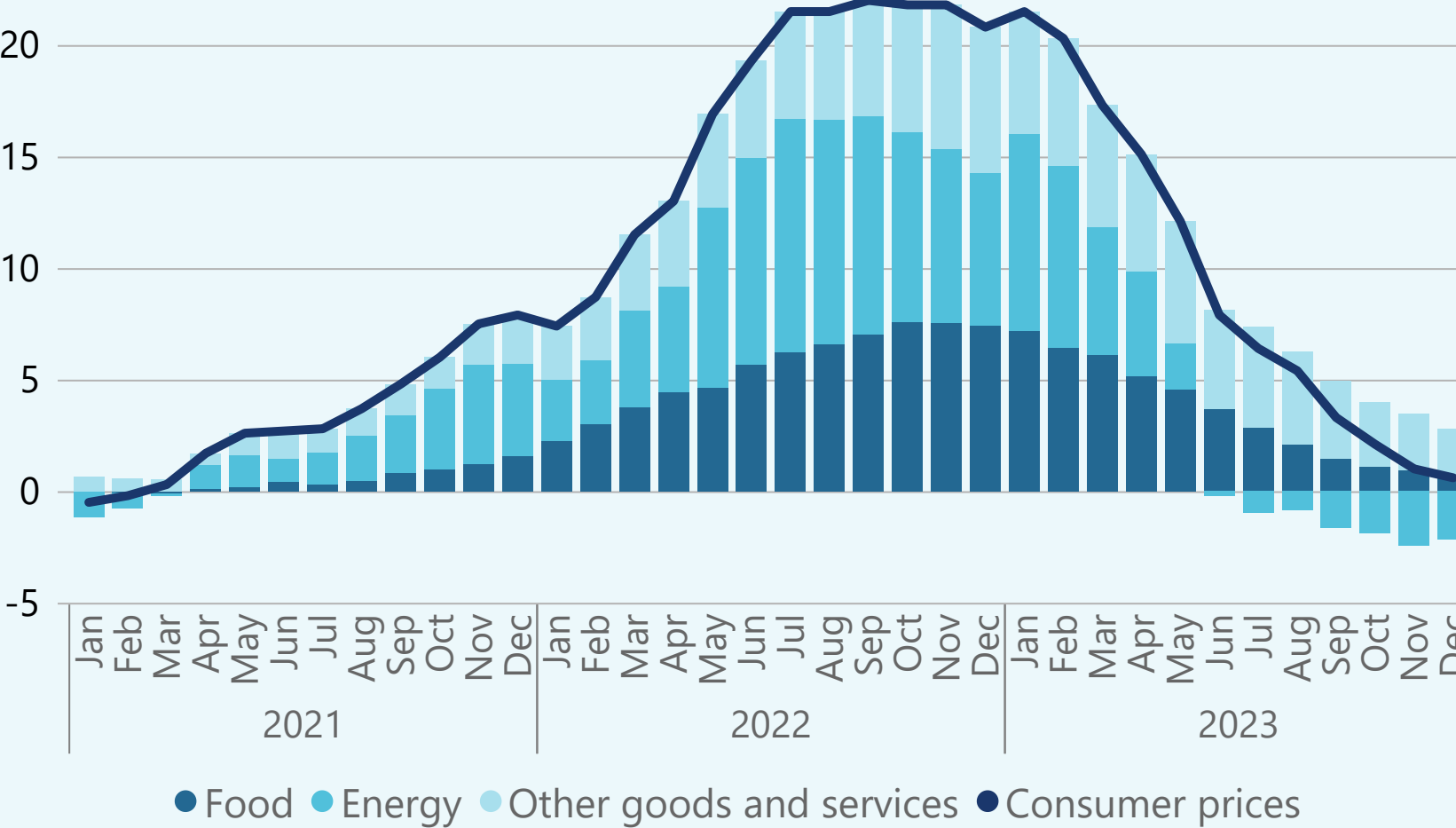
December 2023

Producer price rise

-11.3%

December 2023

Consumer prices, YoY%



UNEMPLOYMENT

Registered

5.7%

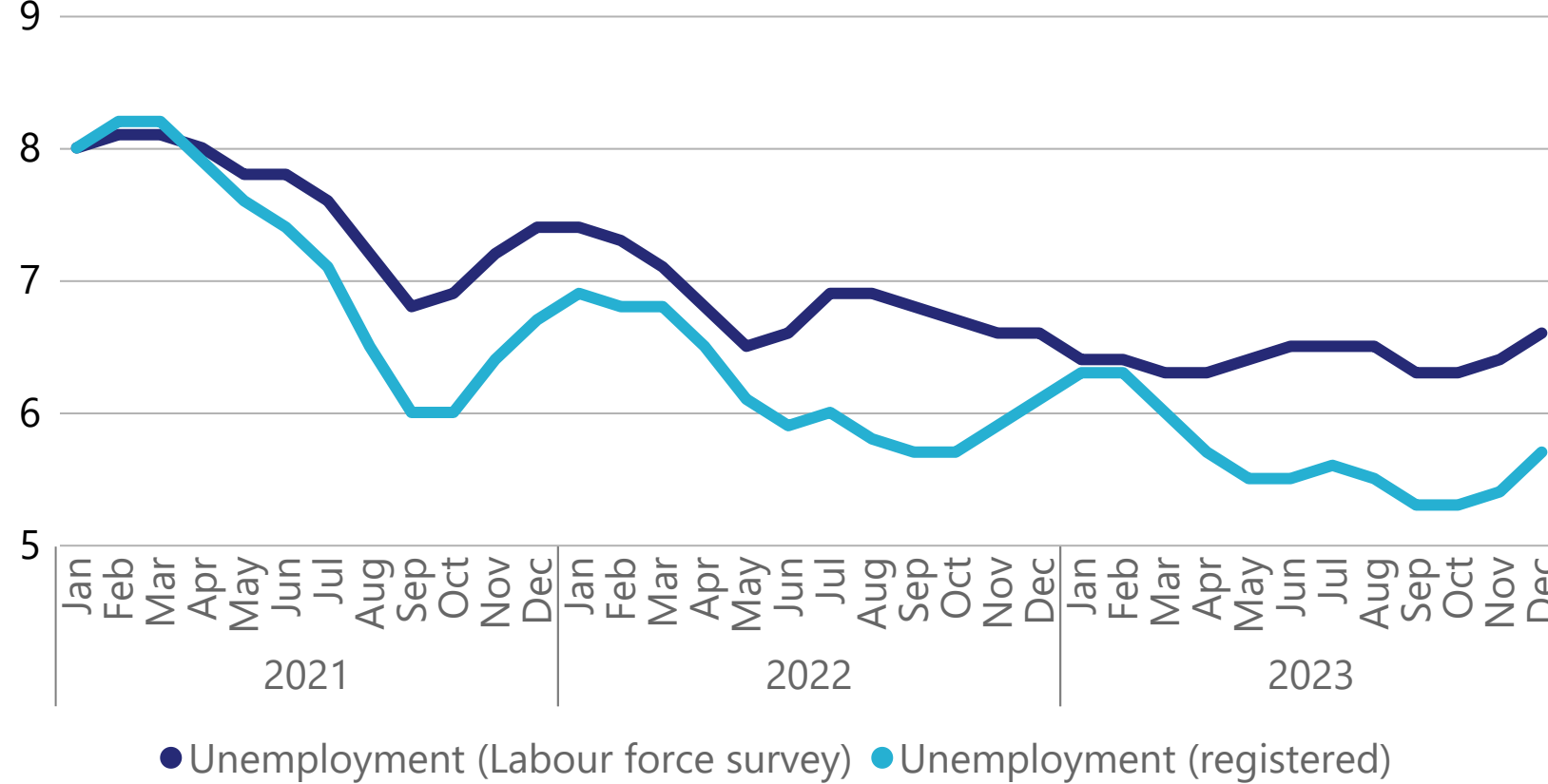
December 2023

Labour force survey

6.6%

December 2023

Unemployment rate, %



Source: CSB, State Employment Agency

WAGE

Private sector

1 546€
(+11.1% YoY)
3Q 2023

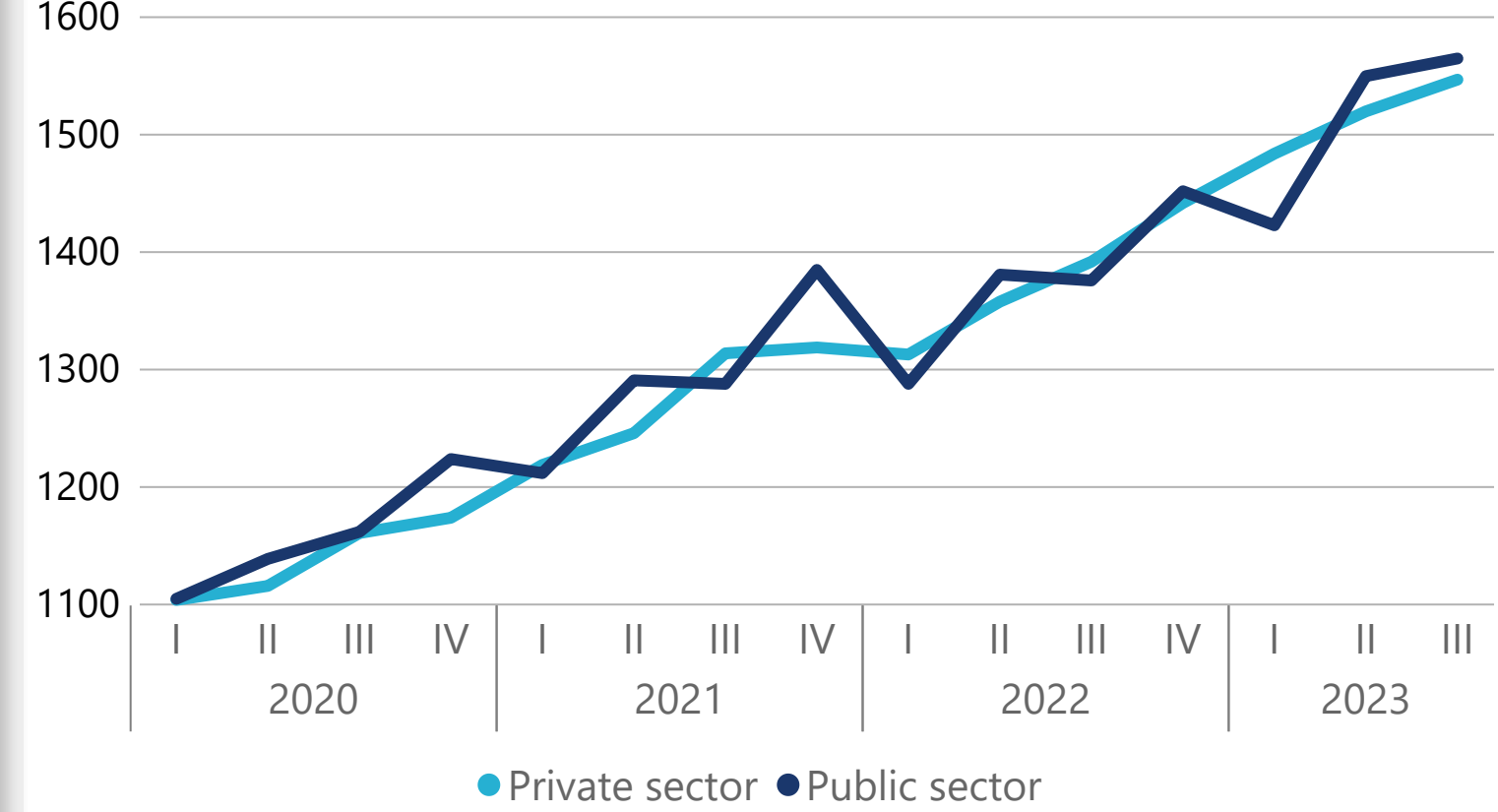
Public sector

1 564€
(+13.7% YoY)
3Q 2023

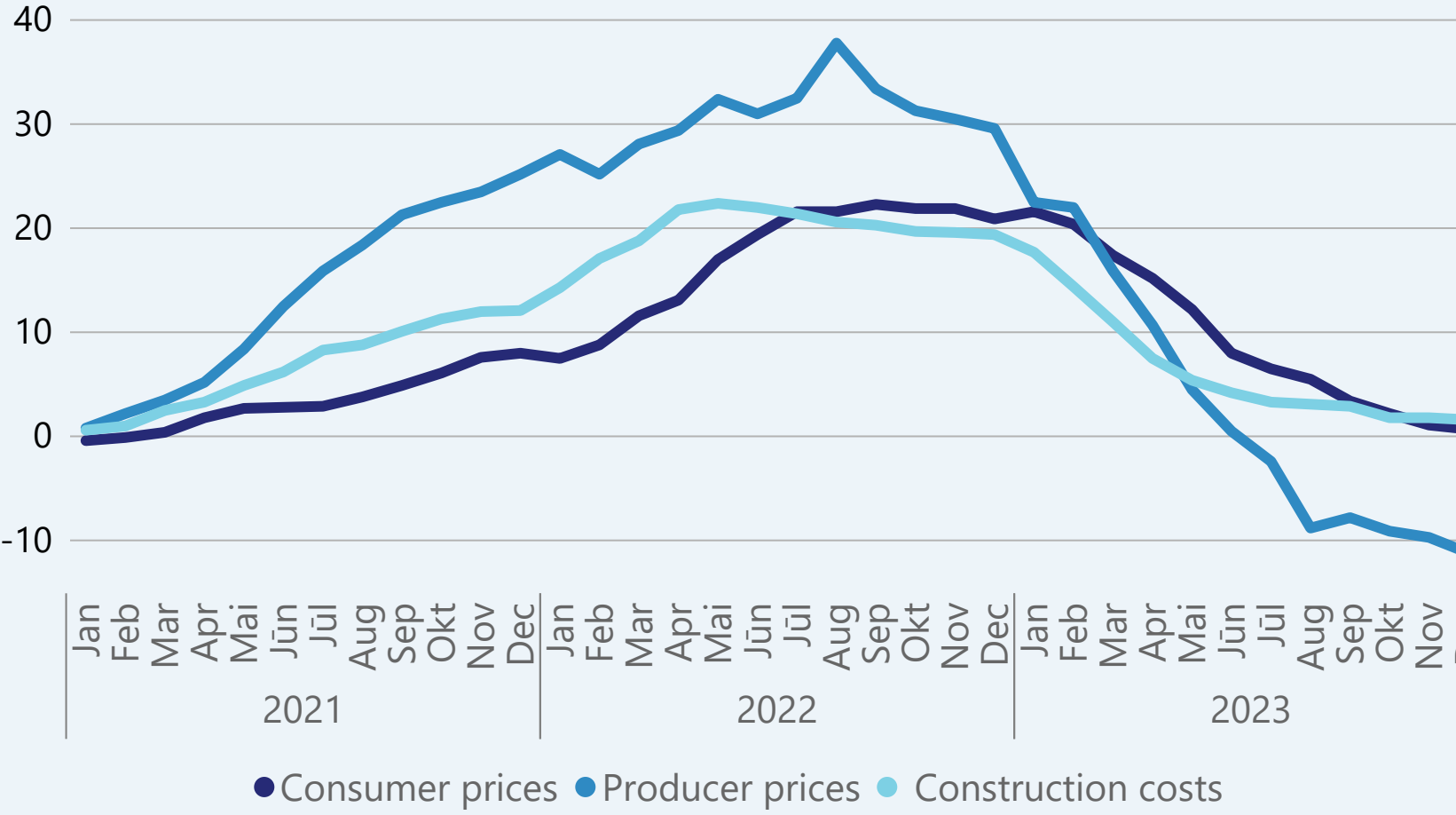
Total

1 549€
(+11.8% YoY)
3Q 2023

Average monthly gross wage, €



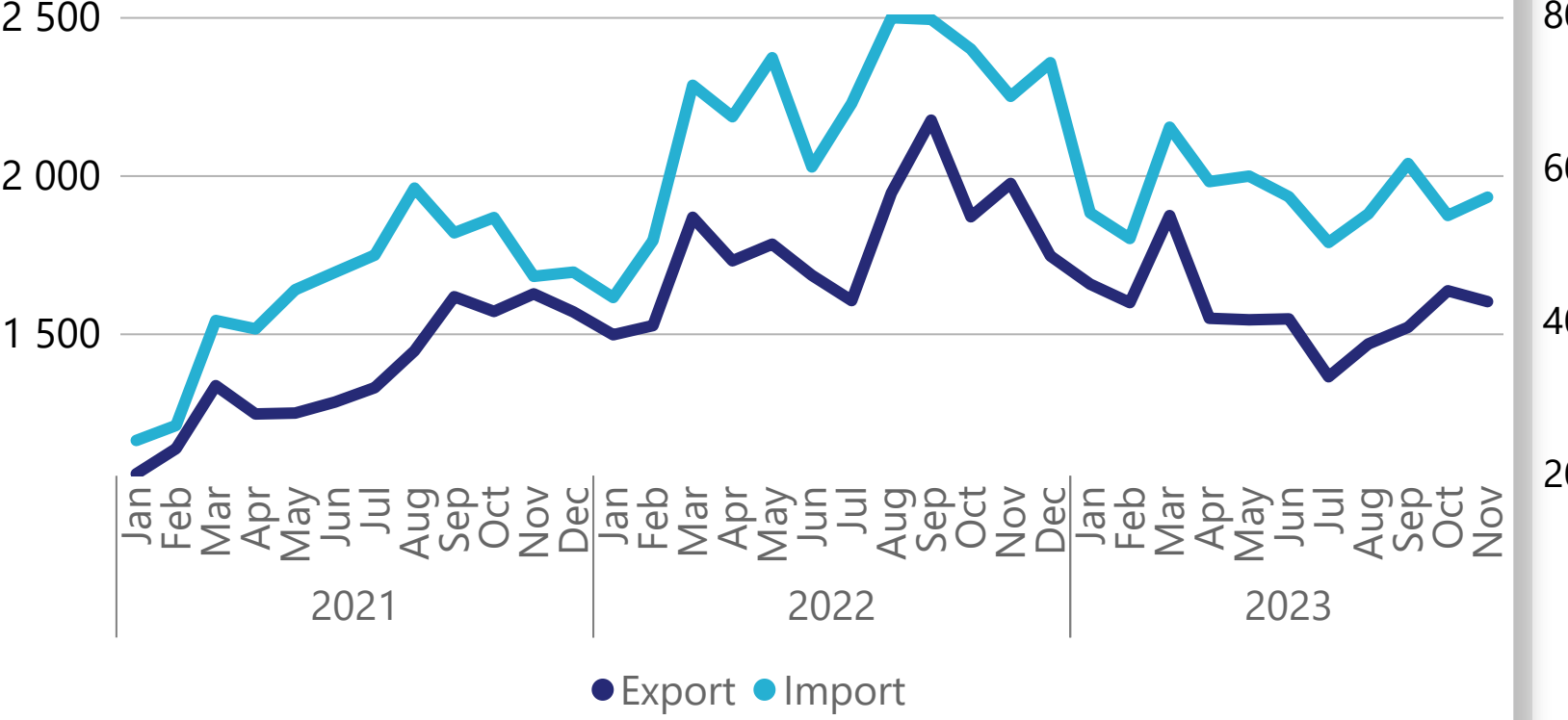
Prices, YoY%



Source: CSB

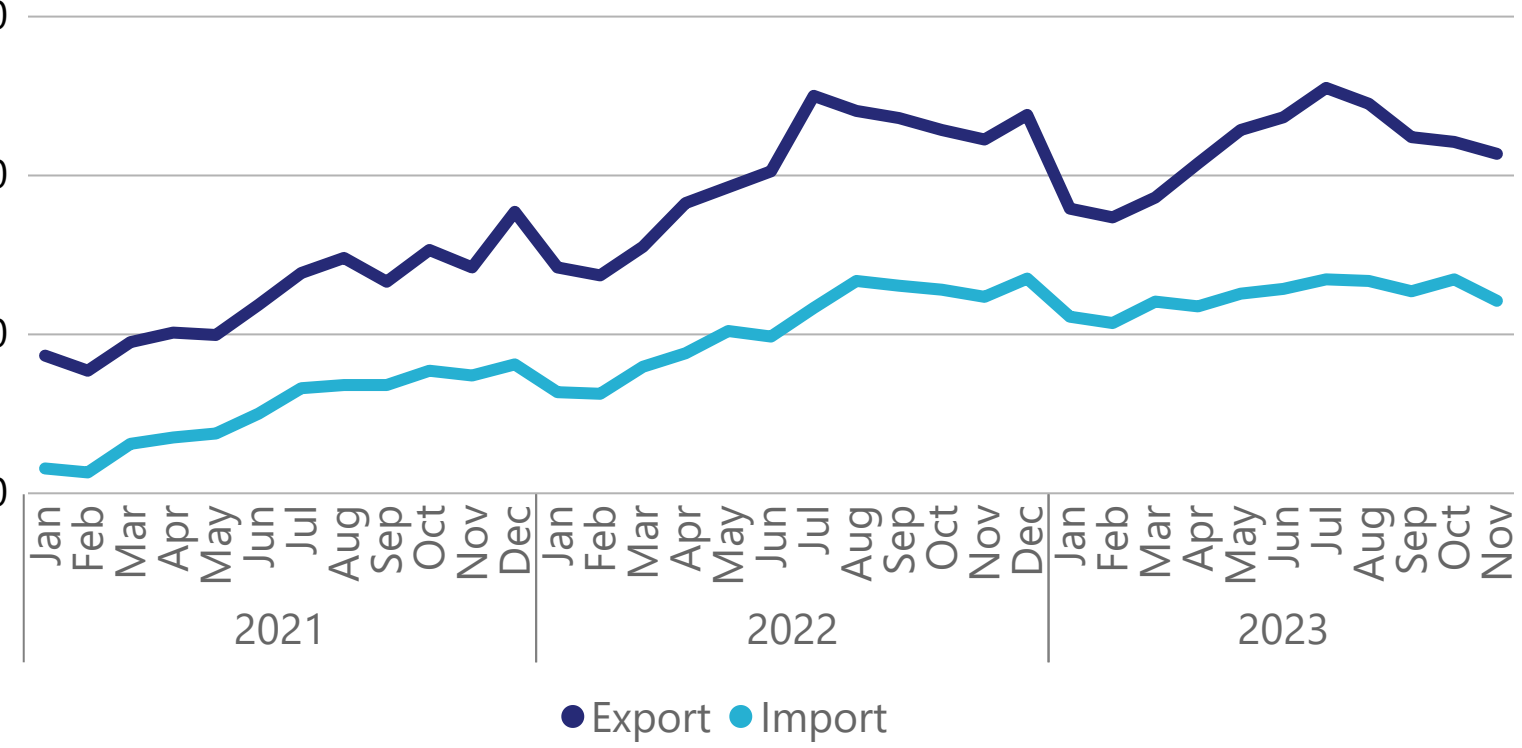
FOREIGN TRADE

Foreign trade (goods), mln €



Source: CSB; Bank of Latvia

Foreign trade (services), mln €



GENERAL GOVERNMENT BUDGET

General government budget balance 2023

-2.3% of GDP

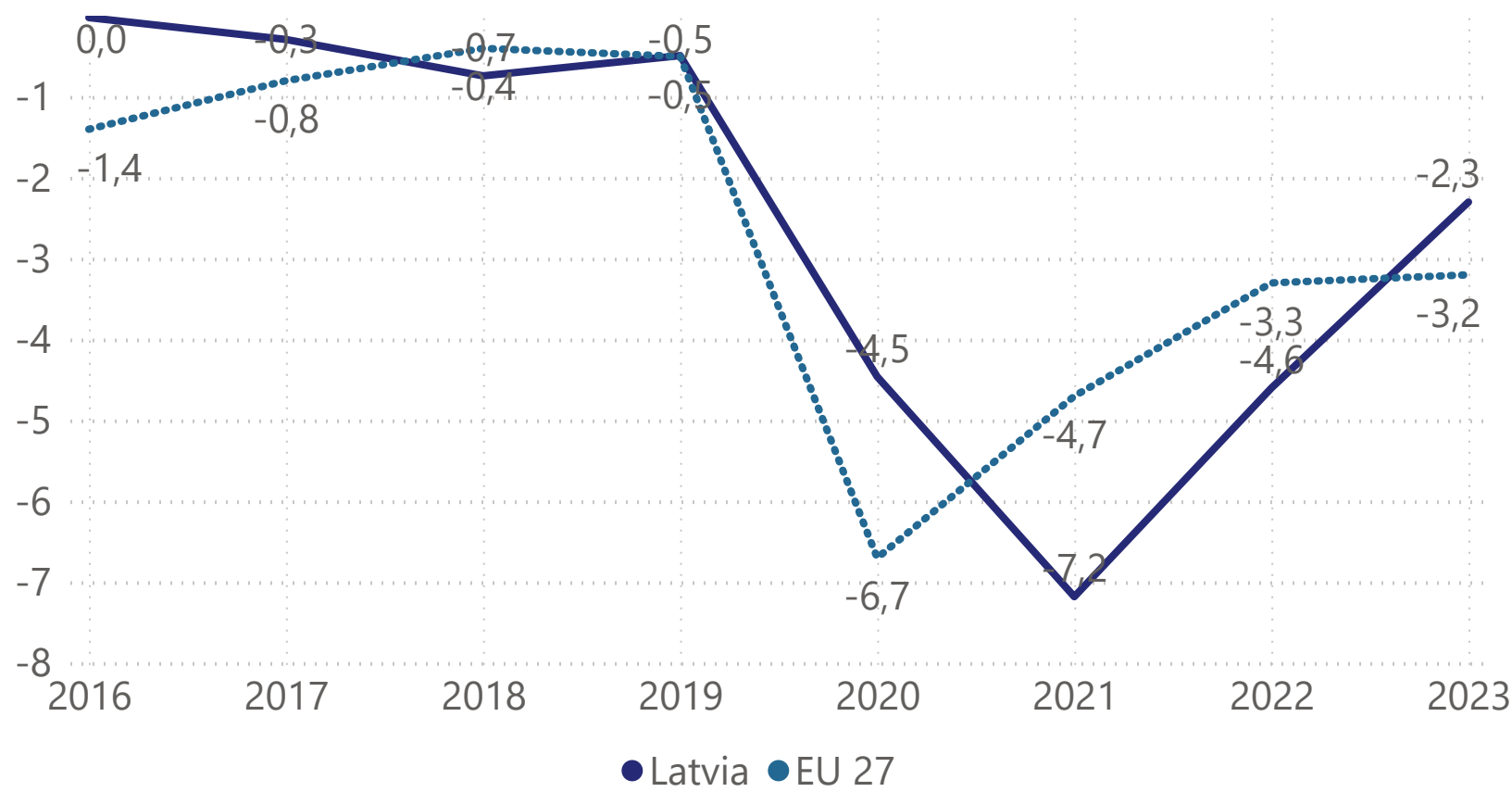
Assessment of MoF, January 2024

General government debt 2023

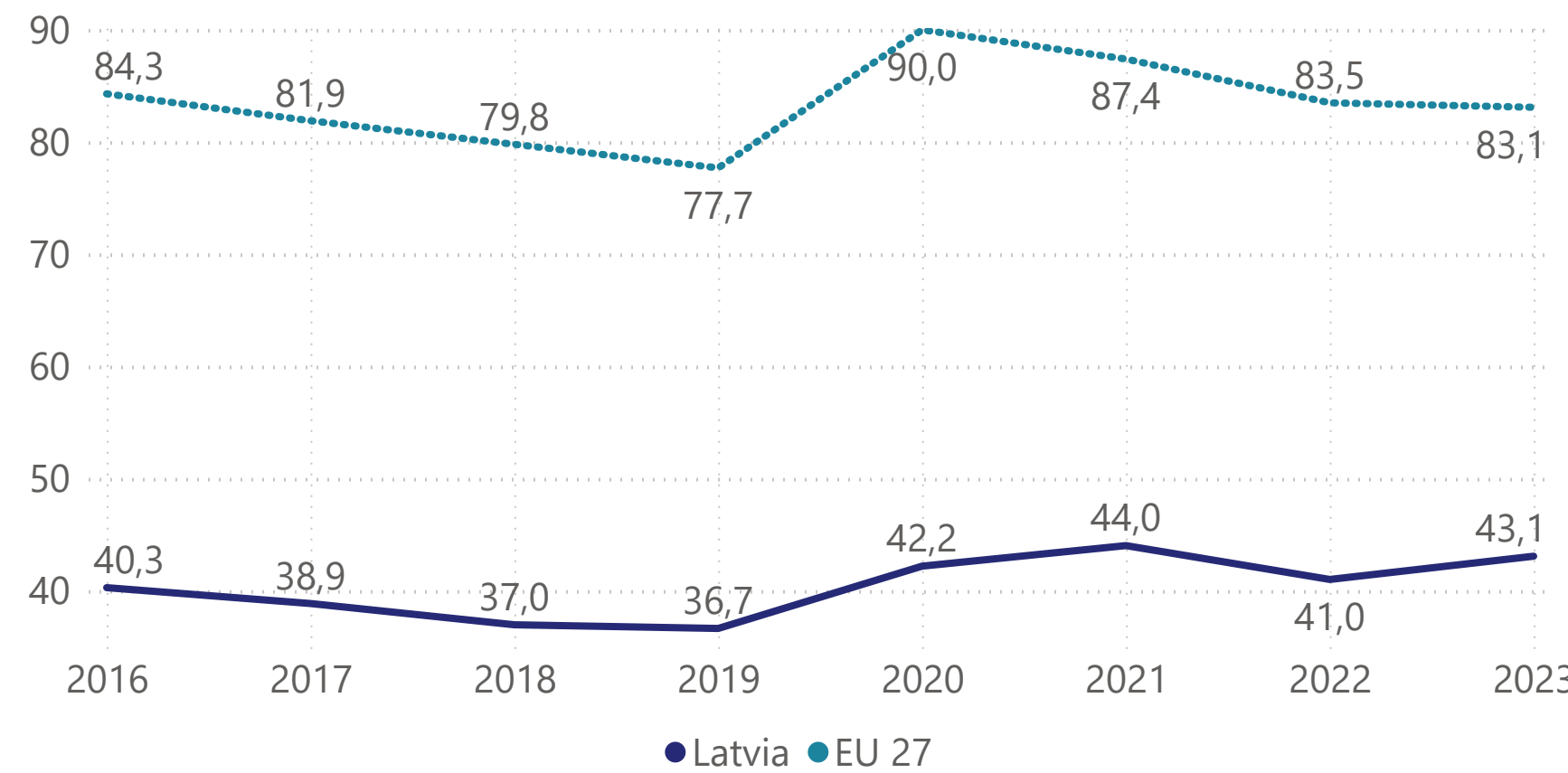
43.1% of GDP

Assessment of State Treasury, January 2024

General government budget balance, % of GDP



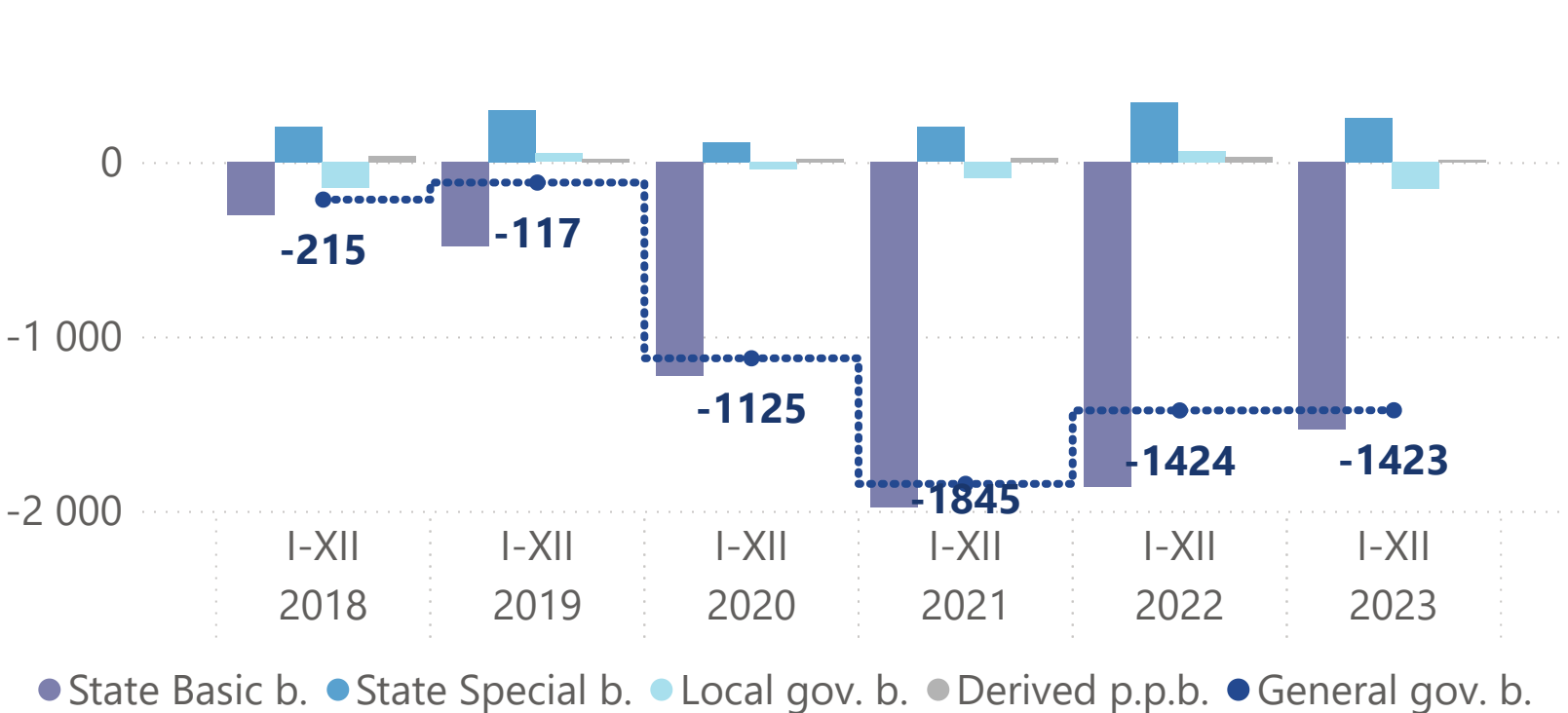
General government debt, % of GDP



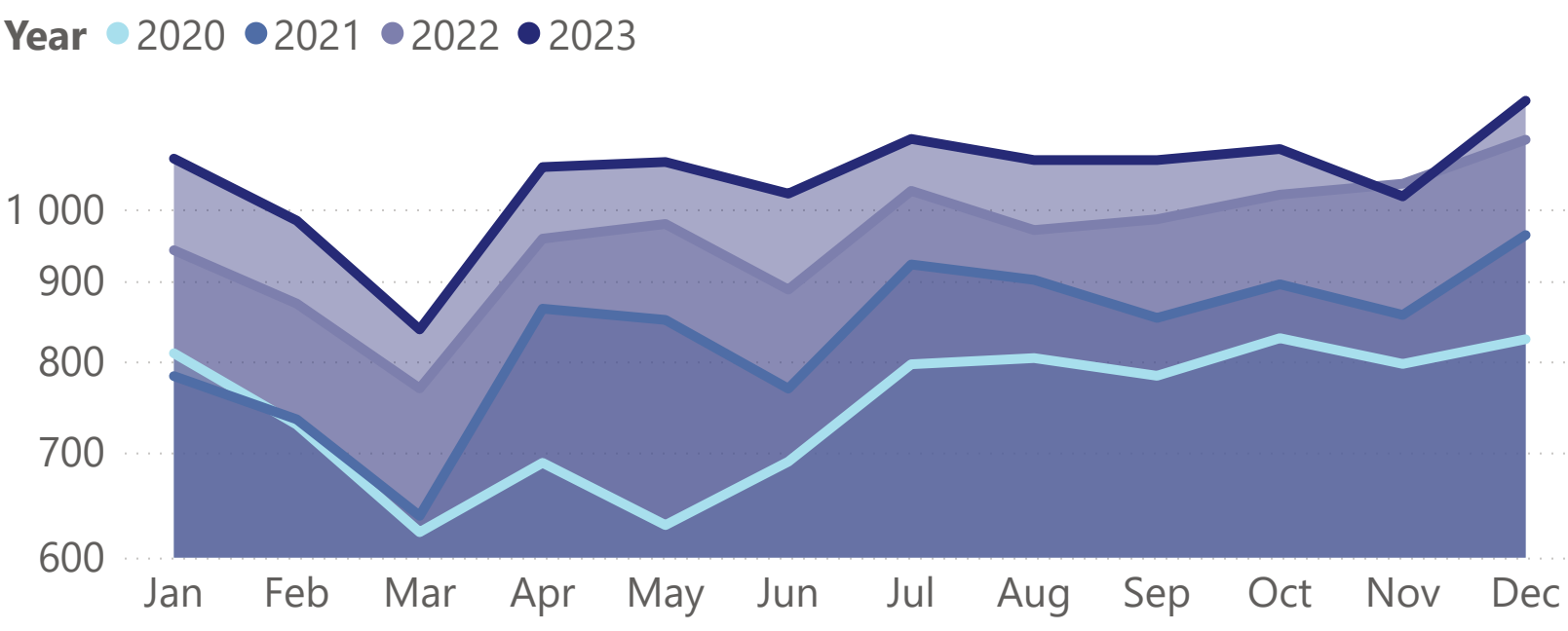
Source: Eurostat, Ministry of Finance, AMECO Autumn Forecast 2023.

GENERAL GOVERNMENT BUDGET 2023 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: Treasury.

General government budget tax revenue 2023 including revenue in the single tax account -38.8 mln € and not included SSC revenues in 2nd pension tier 775.8 mln €.

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	15 541,7	1 247,3	8,7%
Expenditure	16 964,7	1 246,4	7,9%
Balance	-1 422,9	1,0	

General government budget tax revenue

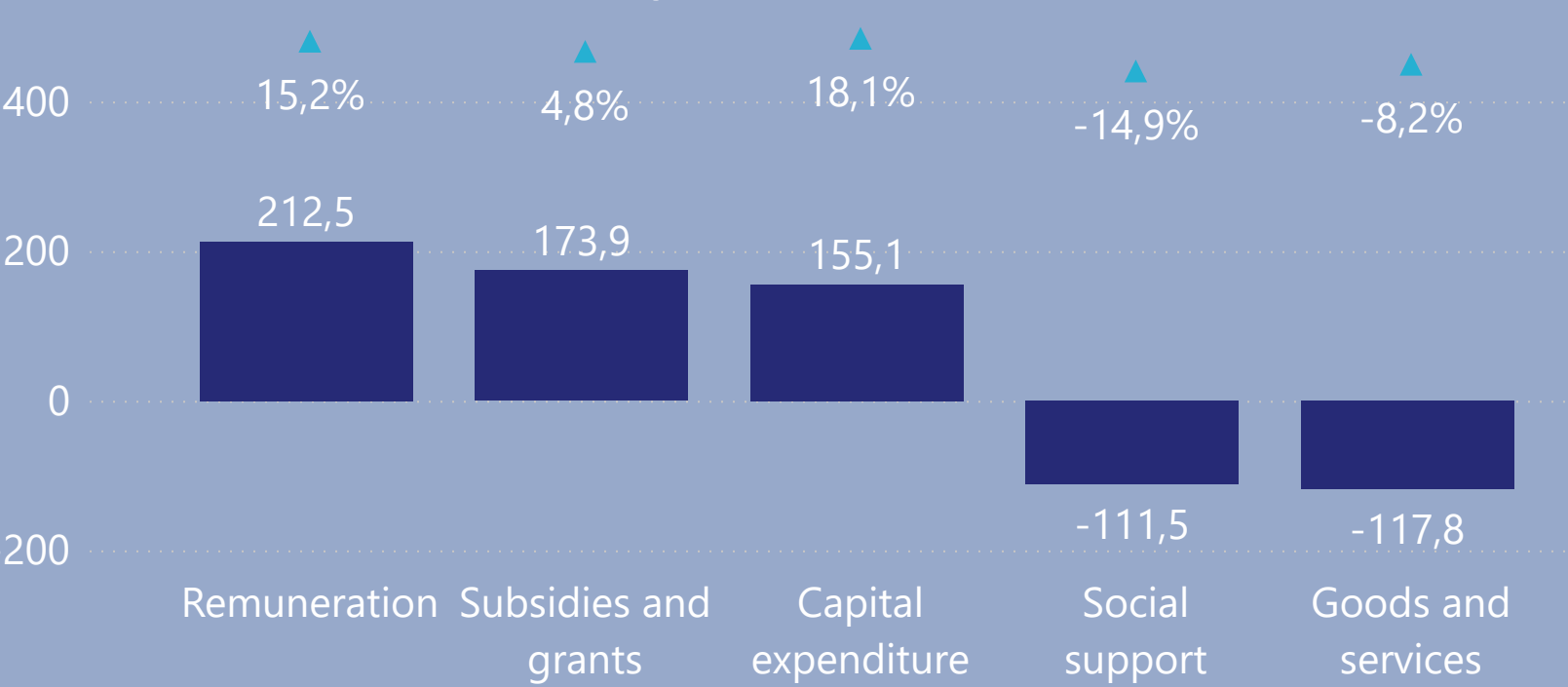
Tax type	Execution, mln €	YoY, mln €	YoY, %
SSC	4 023,5	357,4	9,7%
VAT	3 879,5	320,8	9,0%
PIT	2 500,7	238,3	10,5%
EXCISE	1 154,8	23,7	2,1%
CIT	544,8	166,1	43,8%

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue			
Tax revenue	12 600,4	1 043,1	9,0%
Non tax revenue	1 064,3	219,2	25,9%
Self-earned revenue	490,4	65,5	15,4%
Foreign financial assistance	1 384,6	-81,0	-5,5%
Expenditure			
Remuneration	3 601,4	481,3	15,4%
Goods and services	2 317,9	8,9	0,4%
Interest payments	228,7	32,2	16,4%
Subsidies and grants	4 036,1	195,3	5,1%
Social support	4 832,6	310,8	6,9%
Payments to EU budget	385,0	-6,9	-1,8%
Capital expenditure	1 456,3	176,0	13,7%

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	9 040,4	727,9	8,8%
Expenditure	10 571,4	396,4	3,9%
Balance	-1 531,0	331,5	

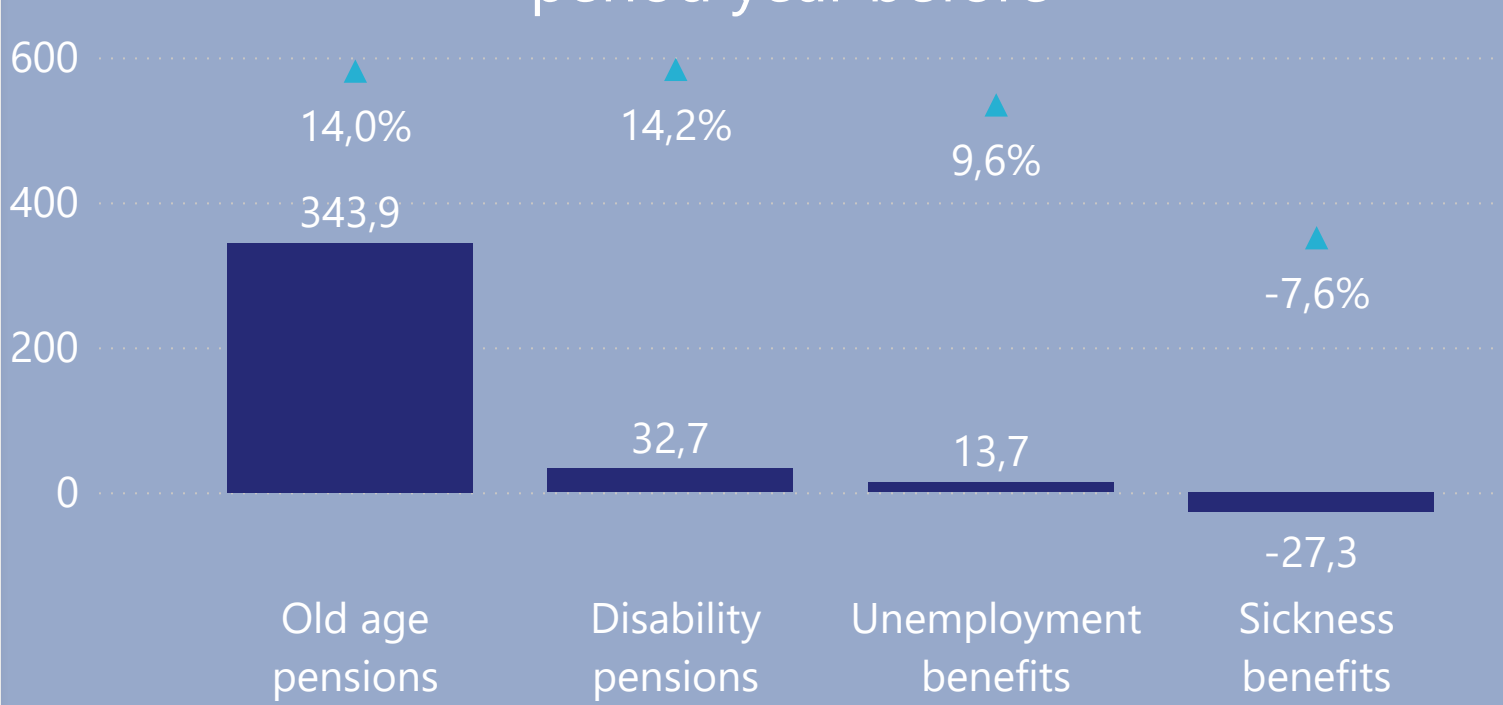
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	4 239,7	306,5	7,8%
Expenditure	3 988,3	398,6	11,1%
Balance	251,4	-92,1	

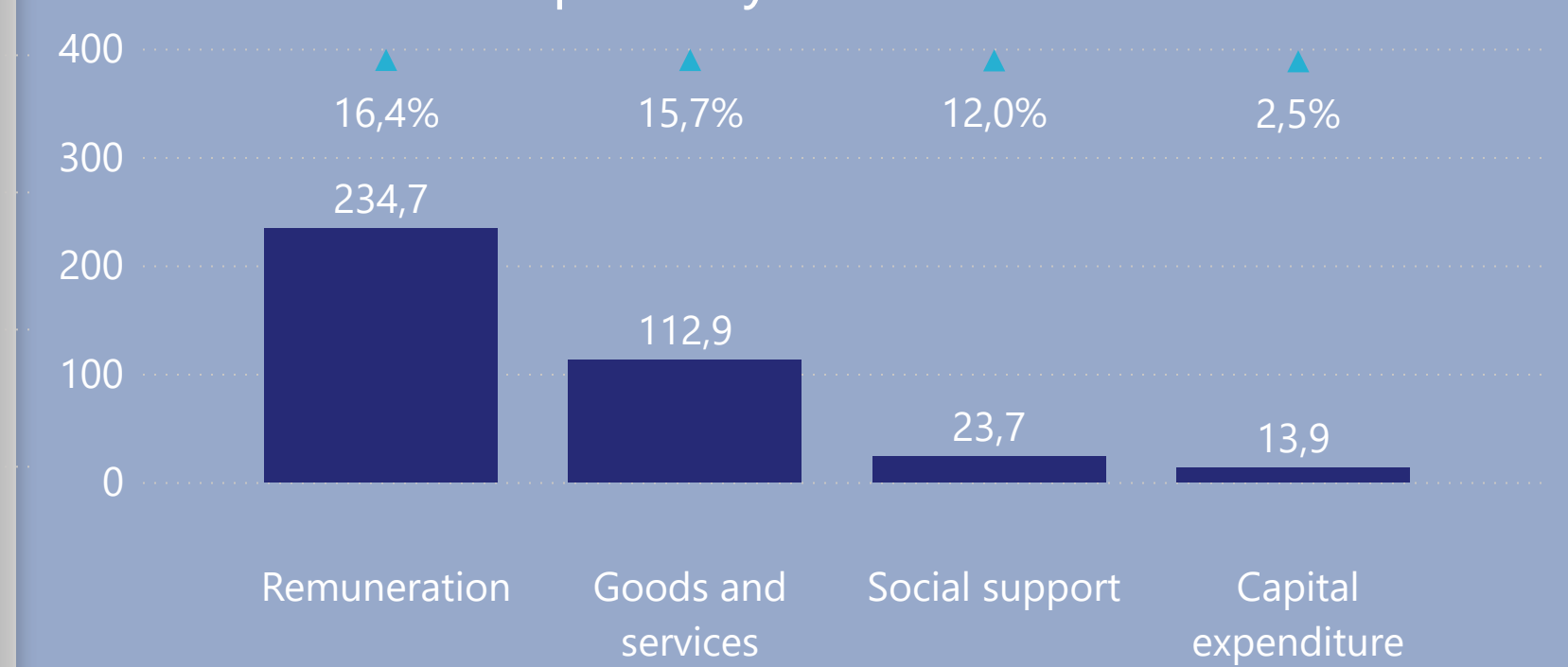
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	3 480,9	229,7	7,1%
Expenditure	3 636,9	448,6	14,1%
Balance	-156,0	-218,9	

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

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

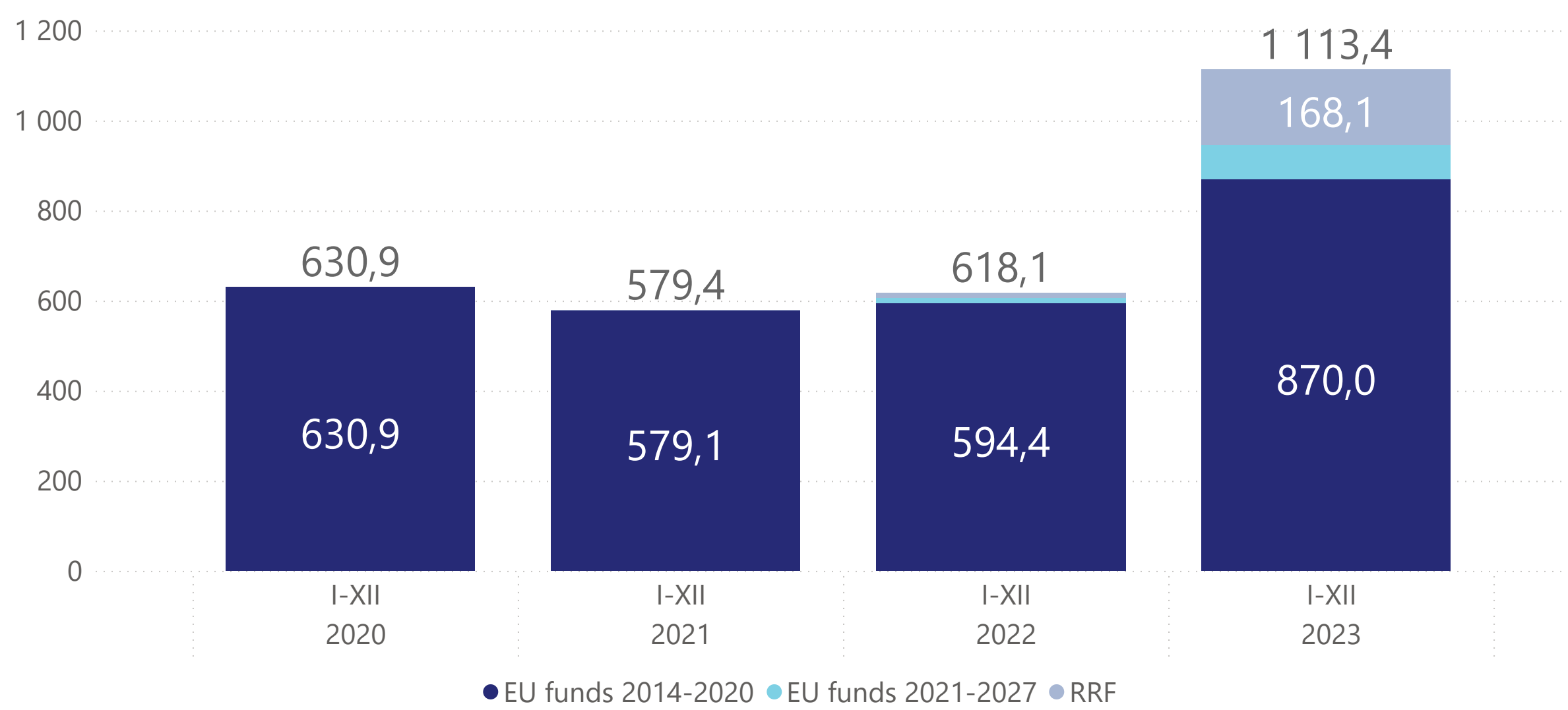
Measure	2020	2021	2022	2023
Covid-19	1281,7	2315,1	965,9	76,8
Energy		1,9	603,5	454,4
Ukraine			81,0	67,9
Total support measures	1281,7	2317,0	1650,4	599,1
% of GDP	4,3	6,9	4,2	1,5
Impact on budget balance	-960,8	-2104,7	-1481,0	-599,1
(% of GDP)	-3,2	-6,3	-3,8	-1,5

Source: Execution according to data from the State Treasury, State Revenue Service, ALTUM, etc. till December 31, 2023.

Impact on budget balance estimate on January 31, 2024.

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.