

MACROECONOMIC AND BUDGETARY REVIEW 2024

No 2

GROSS DOMESTIC PRODUCT (GDP)

GDP 2023

40 348 mln €

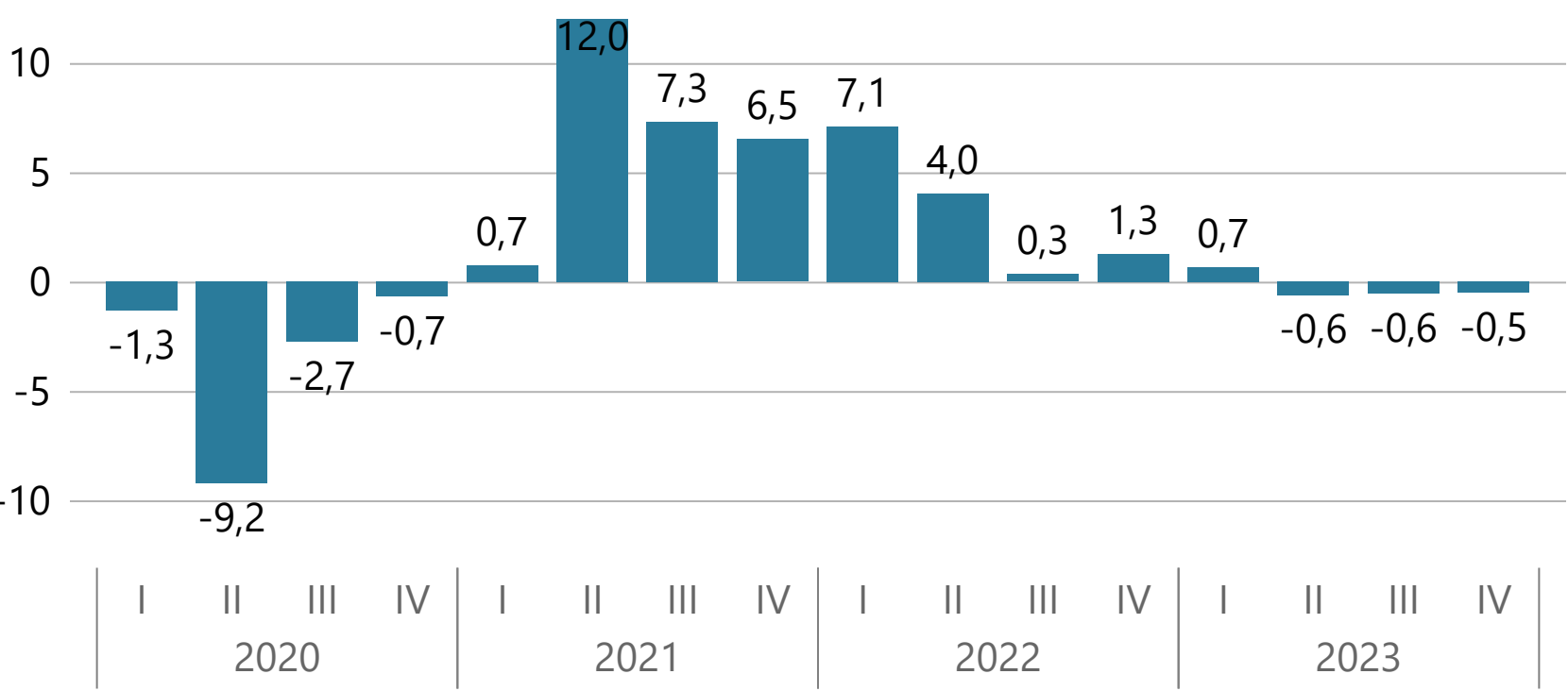
CSB, 25.03.2024.

GDP growth 2024

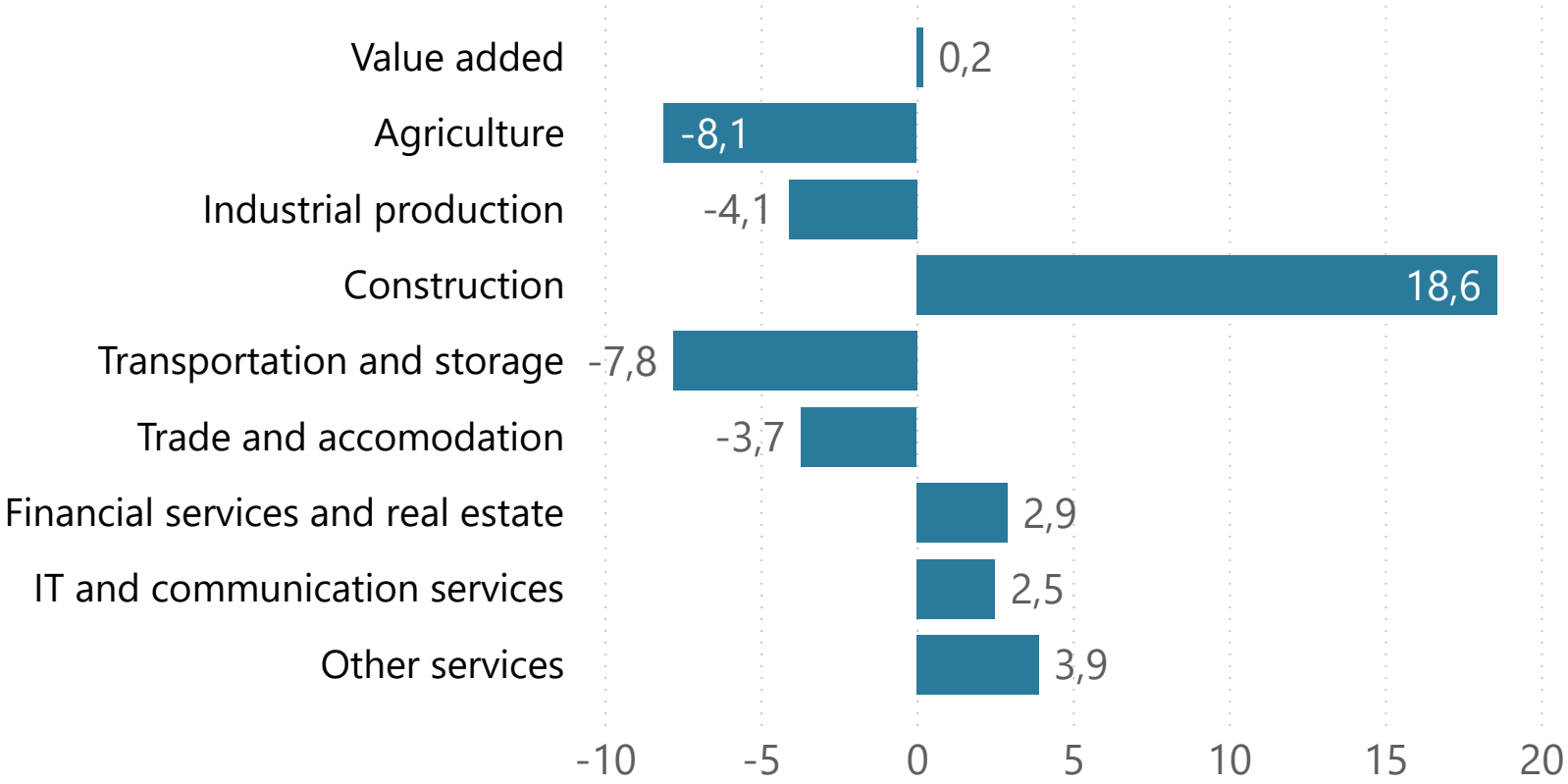
1,4%

MoF forecast, February 2024

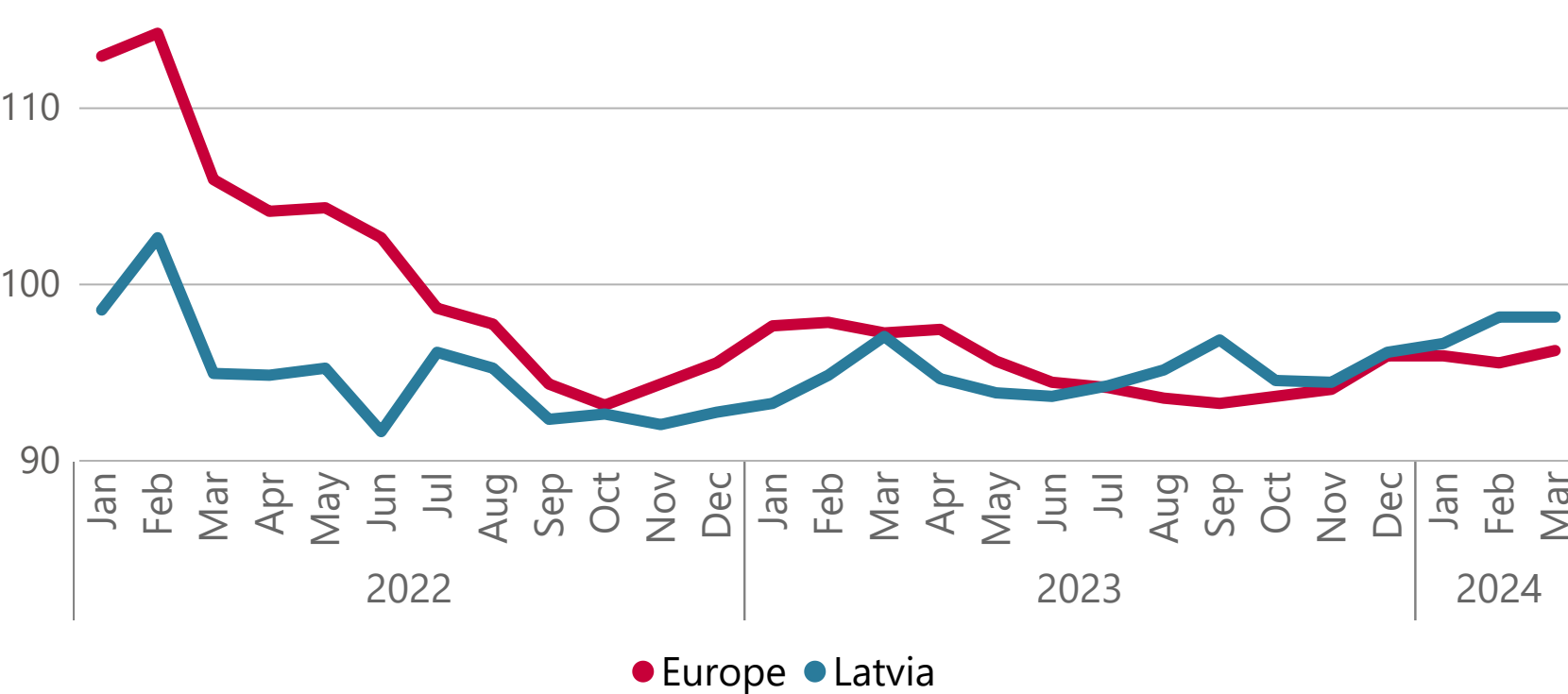
GDP growth, YoY%



GDP growth by sectoral breakdown 2023/2022



Economic confidence



Source: European Commission; Central Statistical Bureau(CSB); comparable prices

INFLATION

Inflation

0.9%

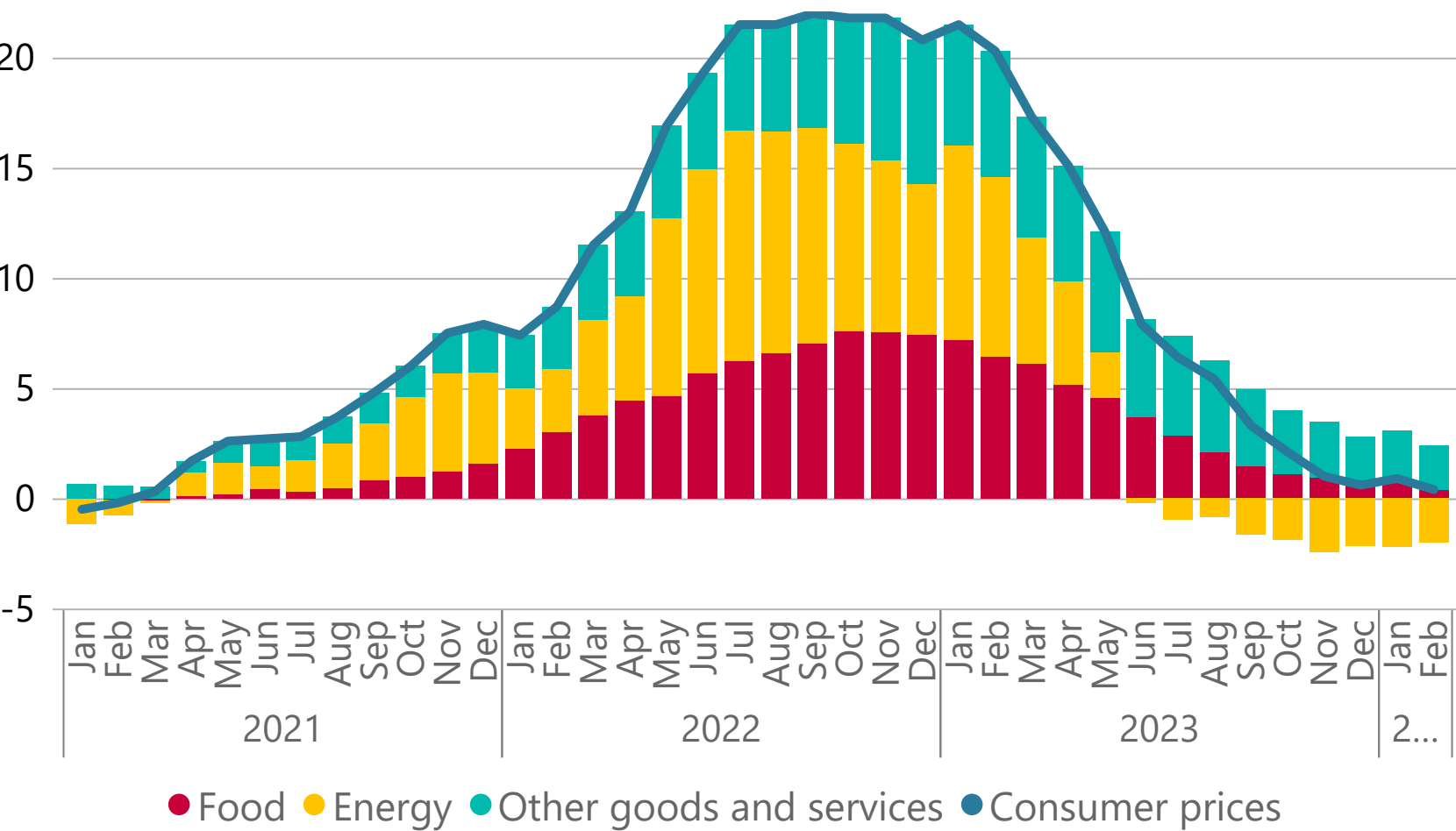
February 2023

Producer price rise

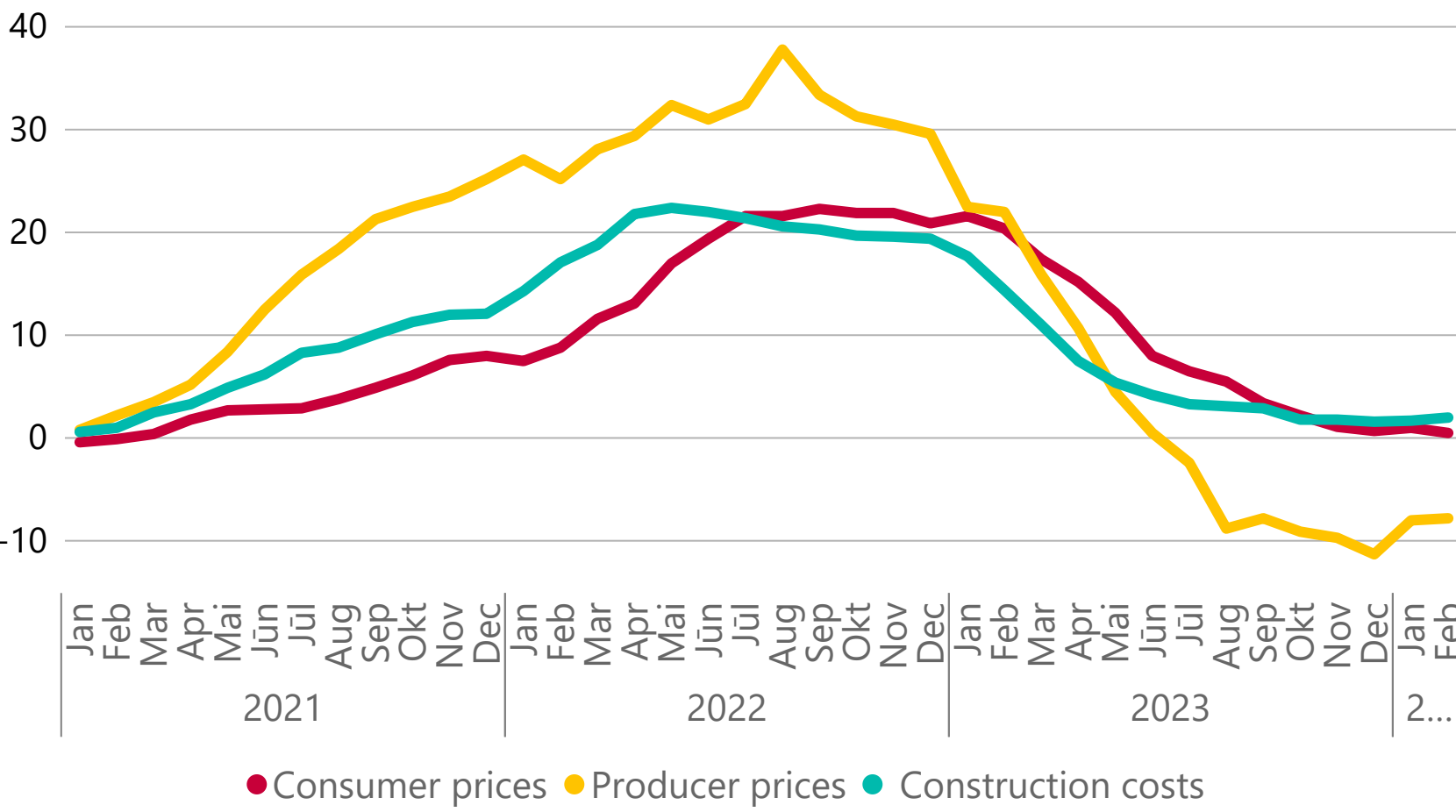
-8.1%

February 2023

Consumer prices, YoY%



Prices, YoY%



Source: CSB

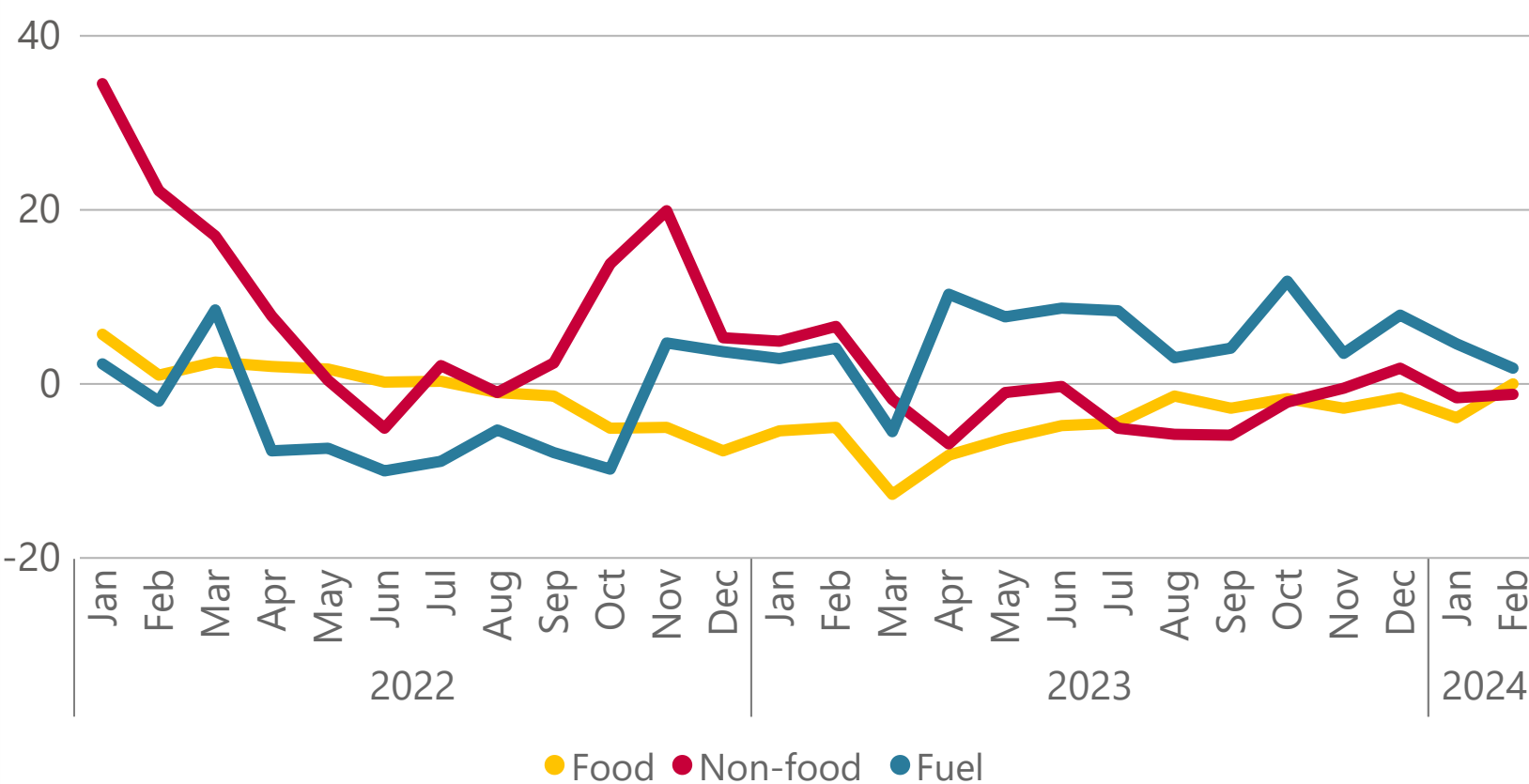
MAIN MACROECONOMIC INDICATORS

Indicator	2019	2020	2021	2022	2023	2024*	2025*	2026*	2027*	2028*
Nominal GDP growth, %	4,9	-1,5	10,8	15,1	5,1	4,1	6	5,3	5,1	5,1
Real GDP growth, %	0,6	-3,5	6,7	3	-0,3	1,4	2,9	2,5	2,3	2,3
GDP deflator, % change	4,3	2,1	3,8	11,8	5,4	2,7	3	2,7	2,7	2,7
Consumer price index, % change	2,8	0,2	3,3	17,3	8,9	1,6	2,5	2,5	2,5	2,5
Average monthly gross wage, EUR	1076	1143	1277	1373	1537	1652	1760	1865	1959	2056
nominal growth, %	7,2	6,2	11,7	7,5	11,9	7,5	6,5	6	5	5
real growth, %	4,2	6	8,2	-8,4	2,8	5,8	3,9	3,4	2,4	2,4
Number of persons employed, thsd	910	893	864	886	884	884	884	882	879	876
growth, %	0,1	-1,9	-3,2	2,6	-0,2	0	0	-0,3	-0,3	-0,3
Unemployment rate, %	6,3	8,1	7,6	6,9	6,5	6,4	6	6	5,5	4,9

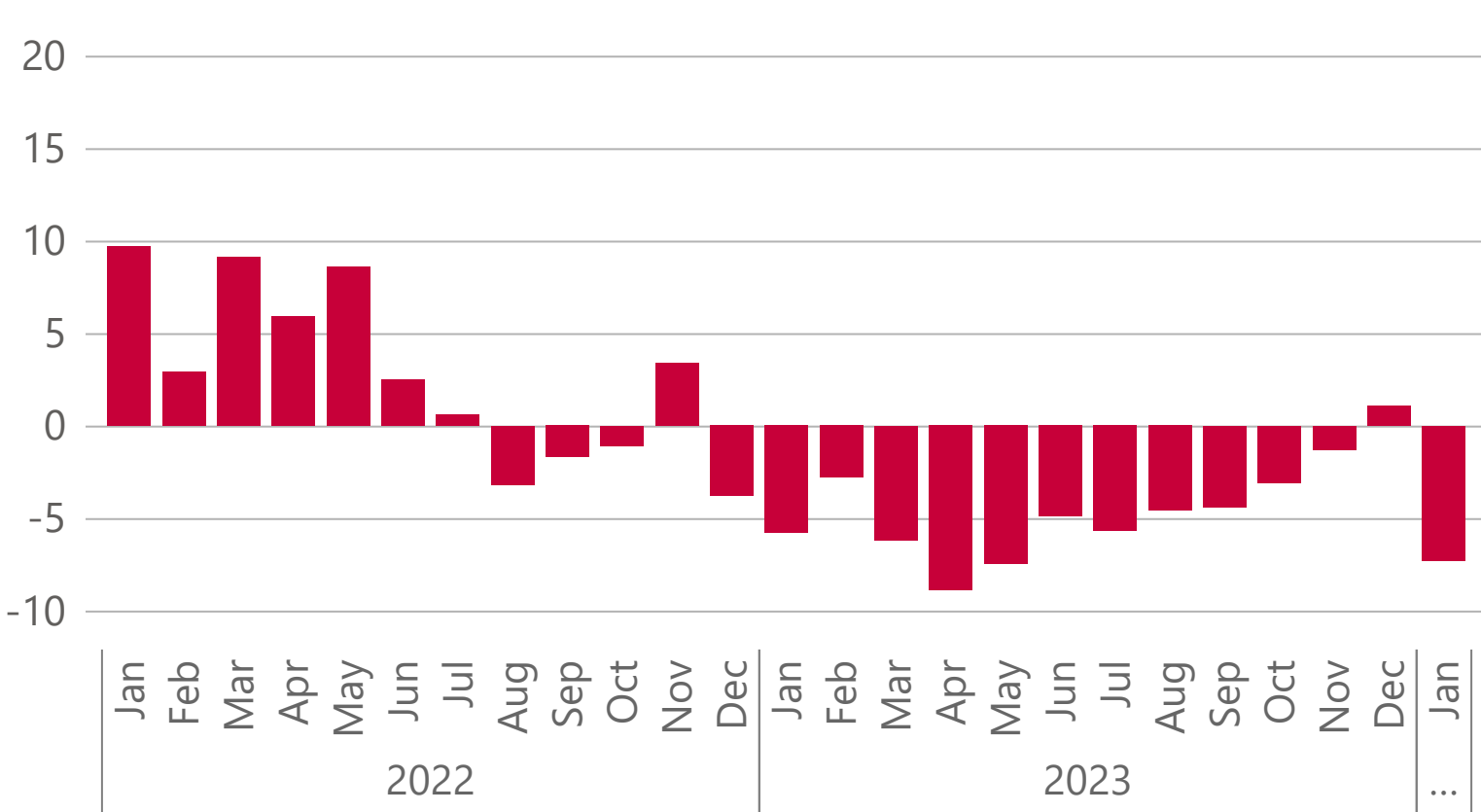
Source: CSB (25.03.2024), *forecasts of the Ministry of Finance of the Republic of Latvia (February 2024)

INDUSTRIES

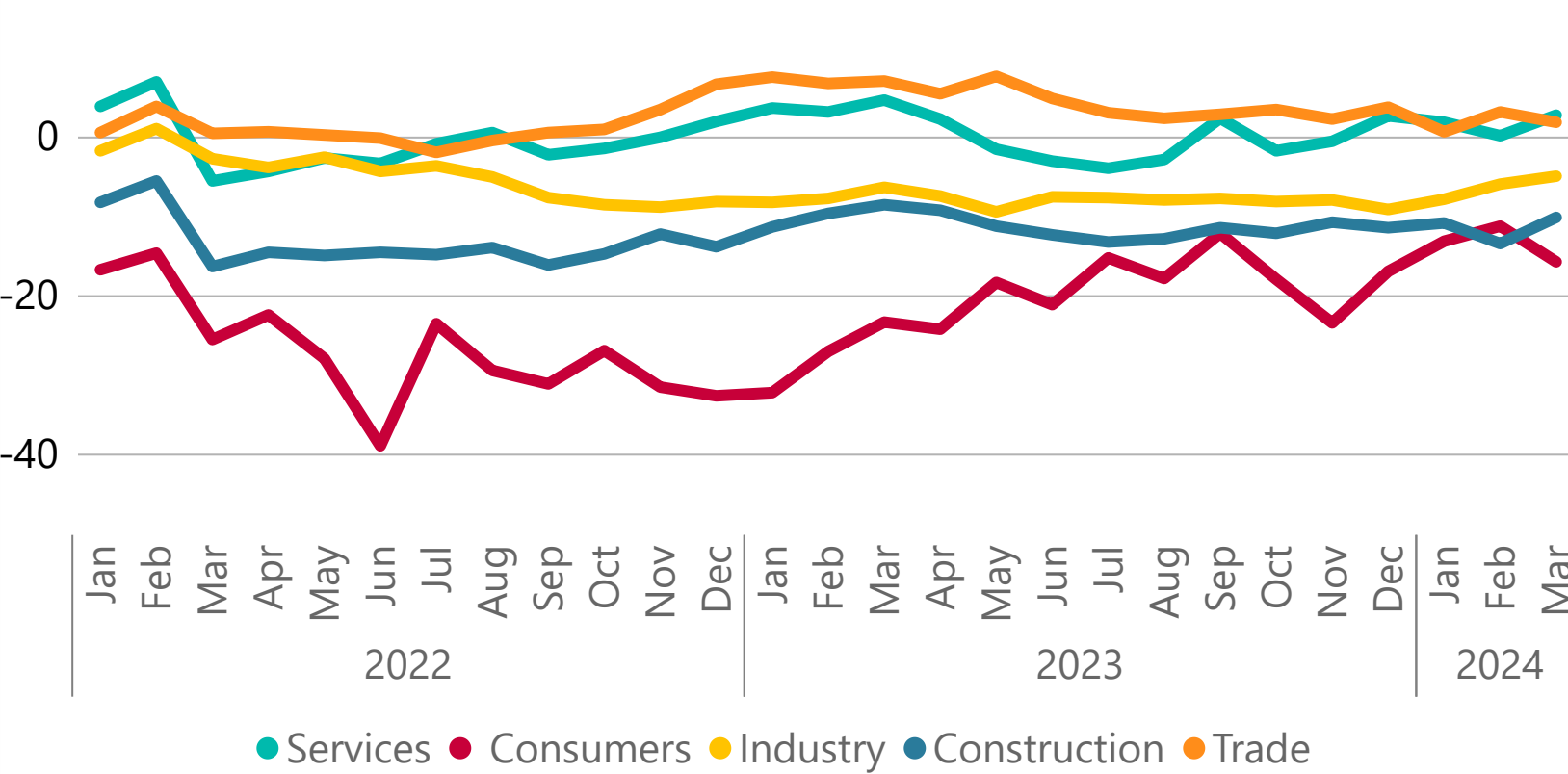
Retail trade growth, YoY%



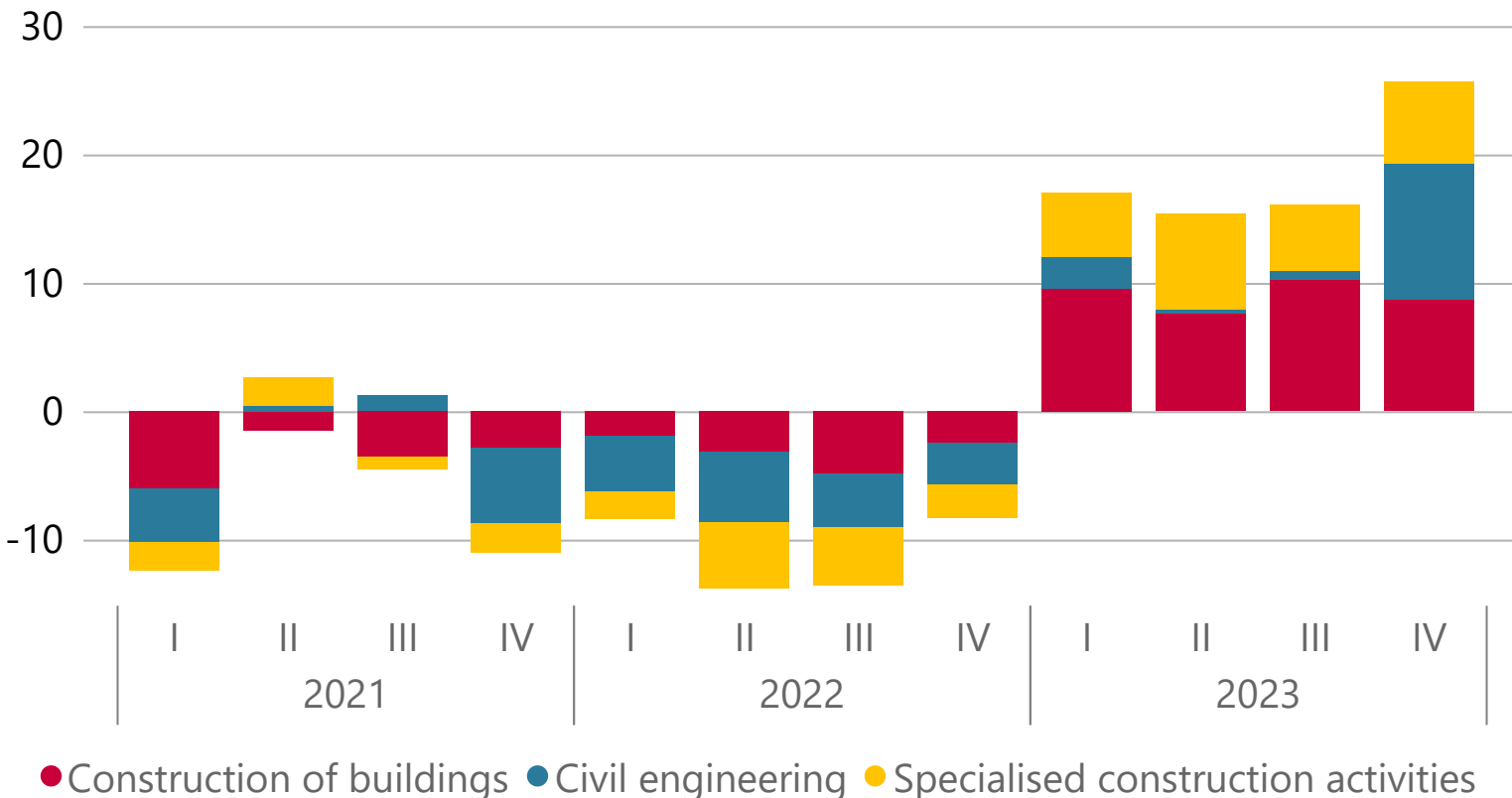
Manufacturing output, YoY%



ESI Sector Confidence Index in Latvia



Construction output at comparable prices, index



Source: CSB, European Commission

UNEMPLOYMENT

Registered unemployment

5.7%

February 2023

Labour force survey

7.1%

February 2023

Private sector

1 586€
(+10.1% YoY)
4Q 2023

WAGE

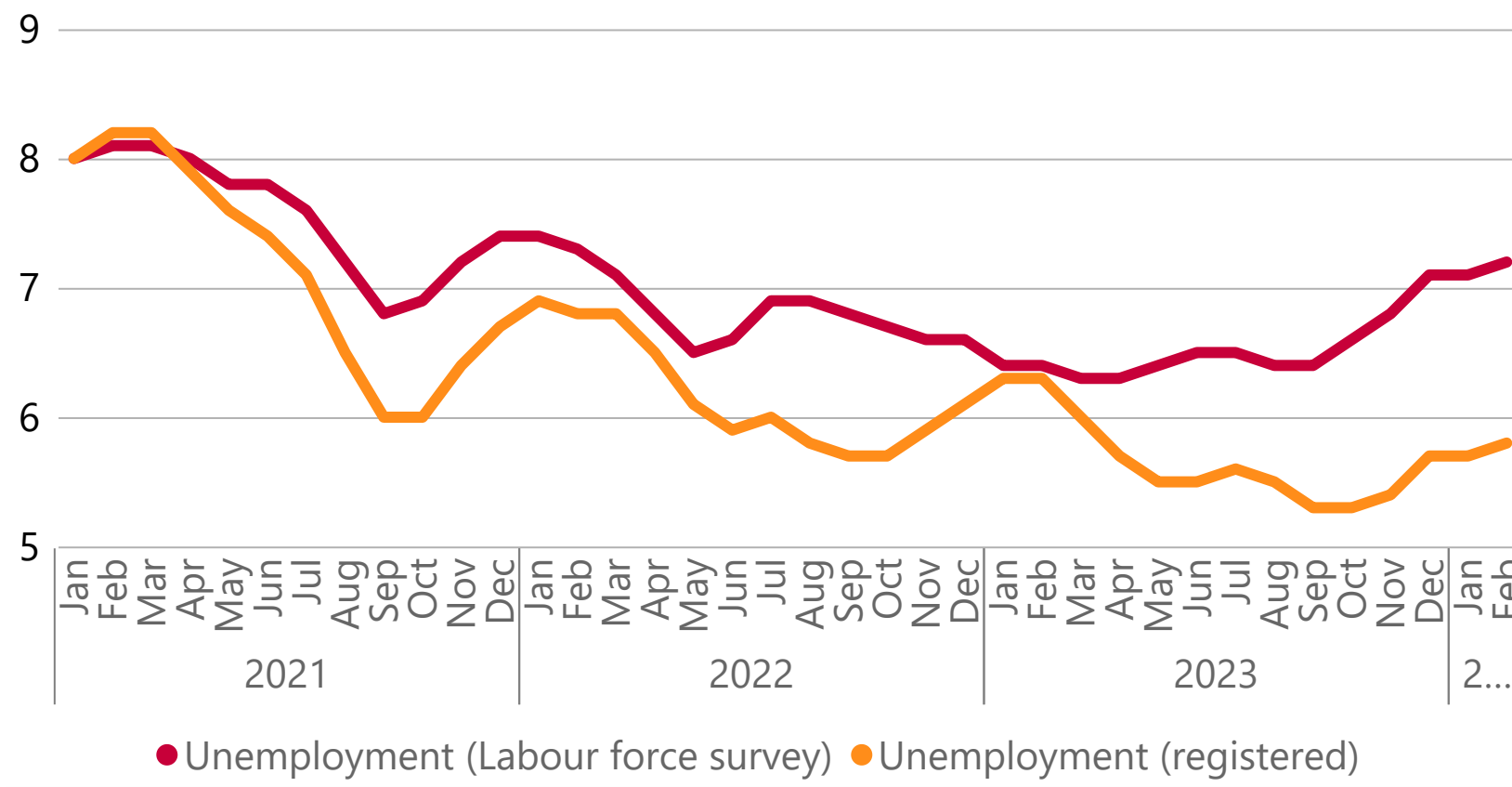
Public sector

1 669€
(+15.0% YoY)
4Q 2023

Total

1 610€
(+11.6% YoY)
4Q 2023

Unemployment rate, %



GENERAL GOVERNMENT BUDGET

General government budget balance 2023

-2.3% of GDP

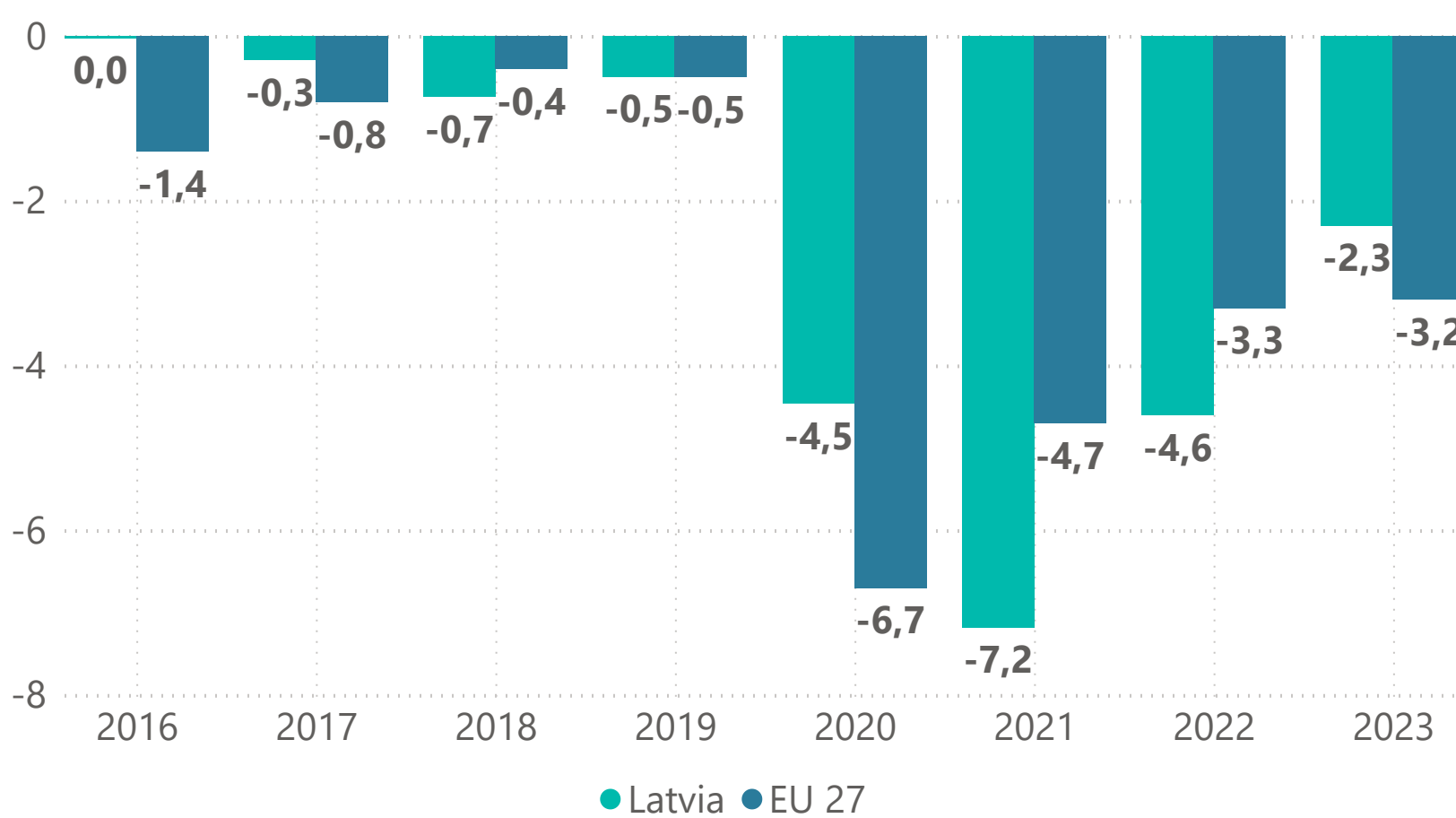
Assessment of MoF, January 2024

General government debt 2023

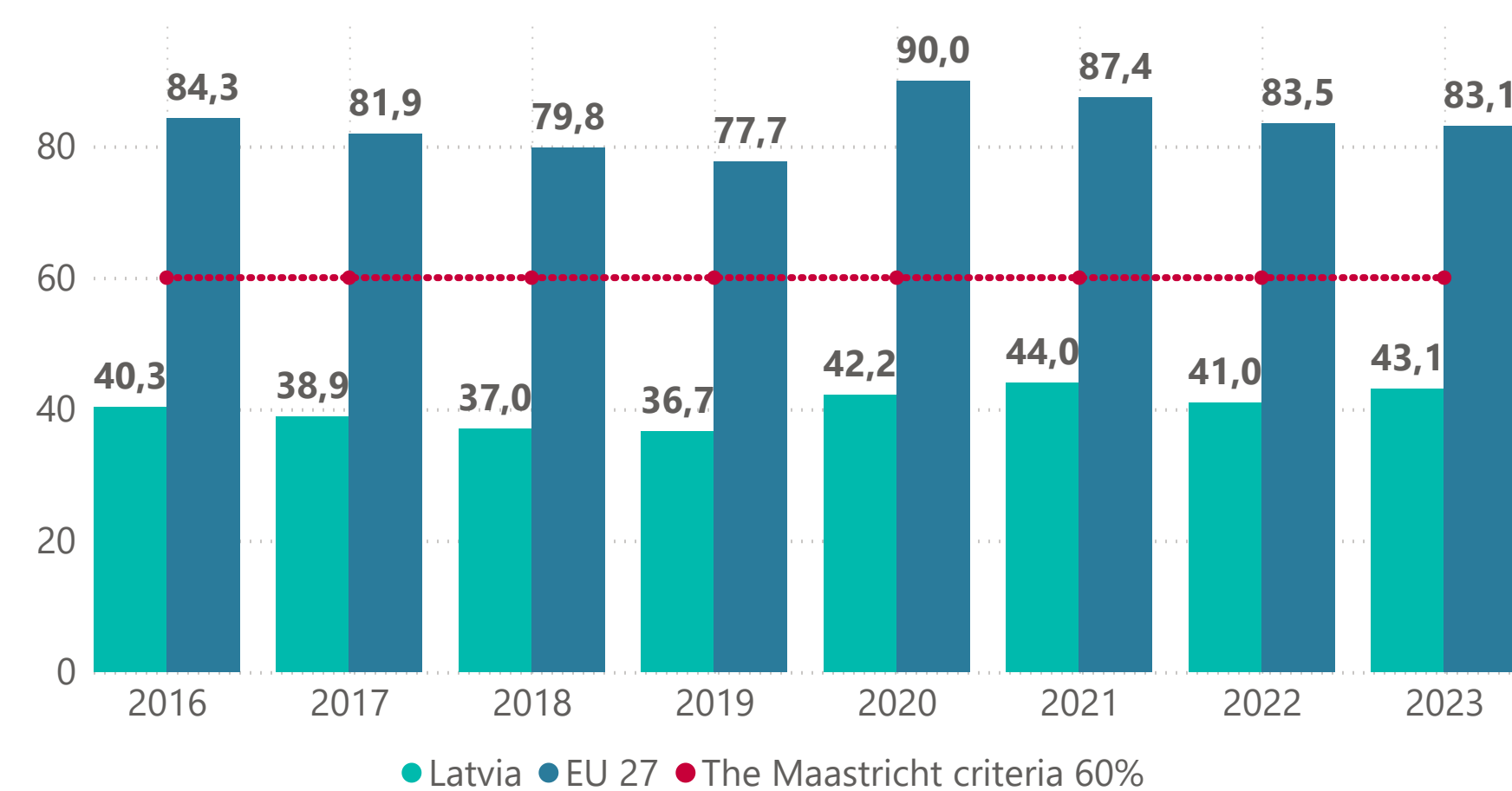
43.1% of GDP

Assessment of State Treasury, January 2024

General government budget balance, % of GDP



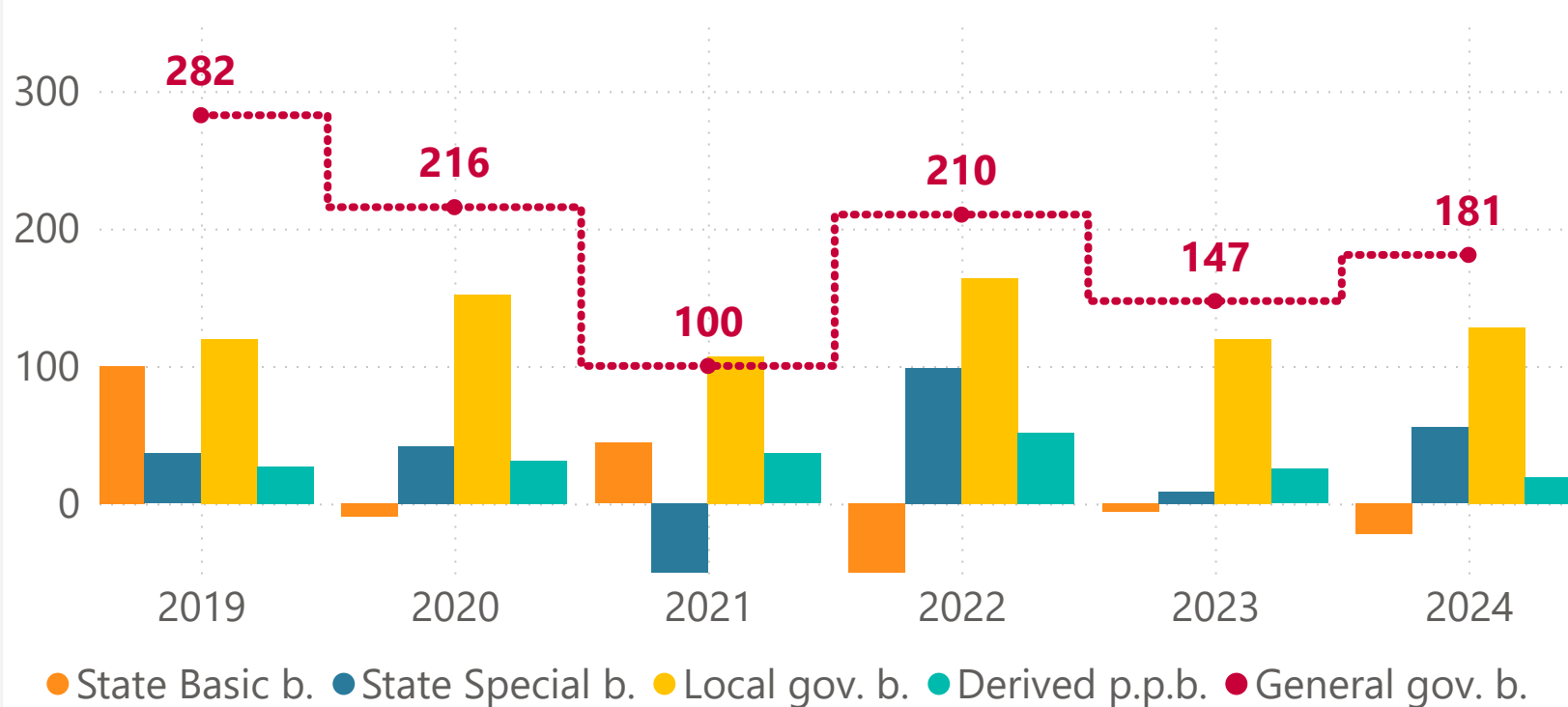
General government debt, % of GDP



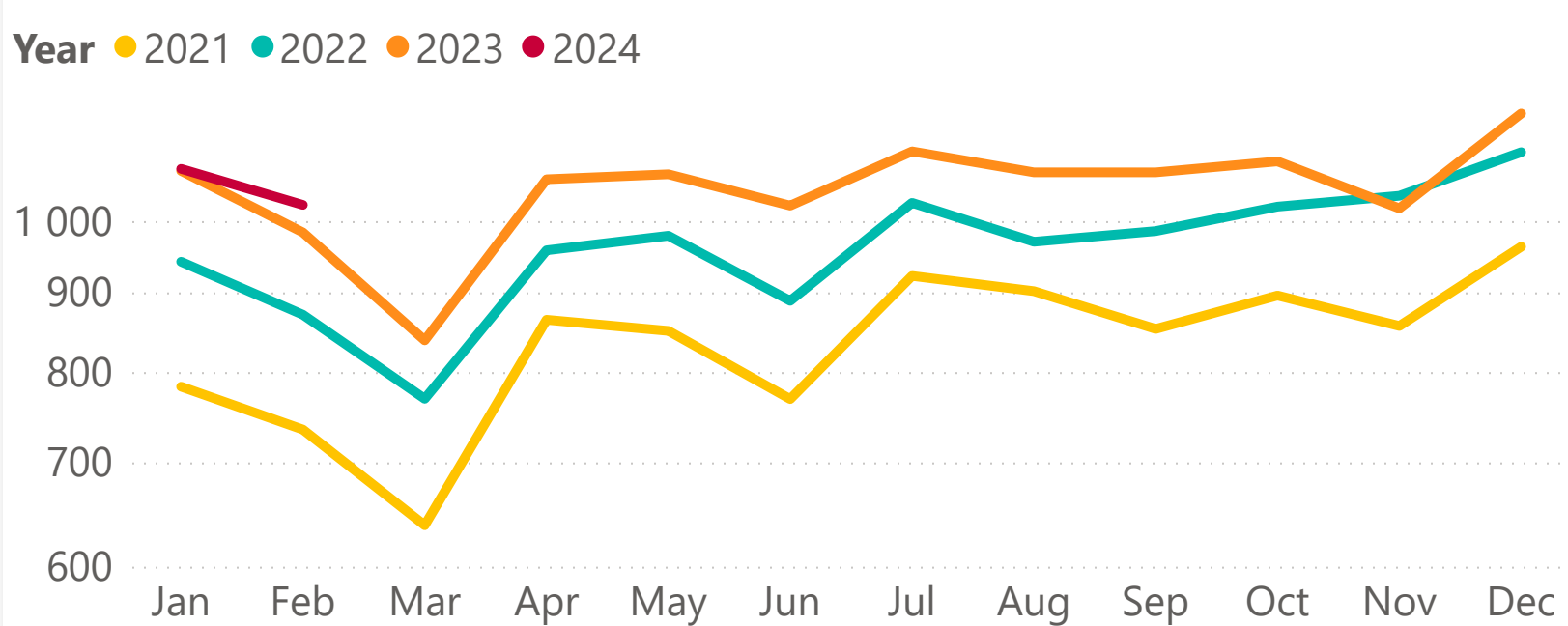
Source: Eurostat, Ministry of Finance, AMECO Autumn Forecast 2023.

GENERAL GOVERNMENT BUDGET JANUARY-FEBRUARY 2024 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: Treasury.

General government budget tax revenue in January 2024 including revenue in the single tax account -152.7 mln € and not included SSC revenues in 2nd pension tier 132.4 mln €.

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	2 912,0	269,4	10,2%
Expenditure	2 731,5	236,3	9,5%
Balance	180,9	33,6	

General government budget tax revenue

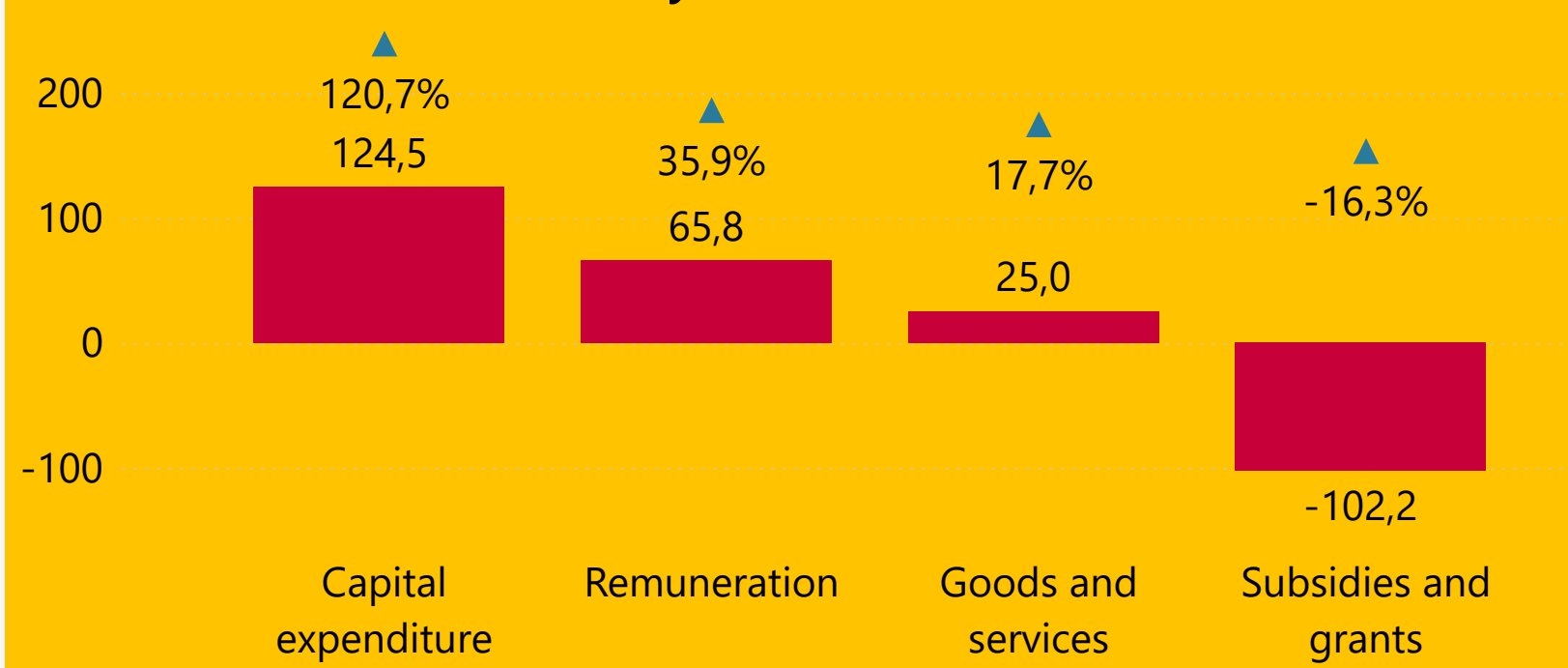
Tax type	Execution, mln €	YoY, mln €	YoY, %
SSC	749,4	73,0	10,8%
VAT	606,7	-81,2	-11,8%
PIT	511,5	68,1	15,3%
EXCISE	191,8	5,0	2,7%
CIT	87,2	6,1	7,5%

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue			
Tax revenue	2 104,7	44,1	2,1%
Non tax revenue	154,6	52,3	51,1%
Self-earned revenue	105,1	18,4	21,2%
Foreign financial assistance	547,8	155,1	39,5%
Expenditure			
Remuneration	547,5	116,8	27,1%
Goods and services	320,5	14,3	4,7%
Interest payments	94,5	41,6	78,7%
Subsidies and grants	565,2	-96,9	-14,6%
Social support	881,5	42,0	5,0%
Payments to EU budget	52,9	-11,0	-17,2%
Capital expenditure	252,5	122,3	94,0%

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 667,4	155,9	10,3%
Expenditure	1 689,6	172,0	11,3%
Balance	-22,3	-16,1	

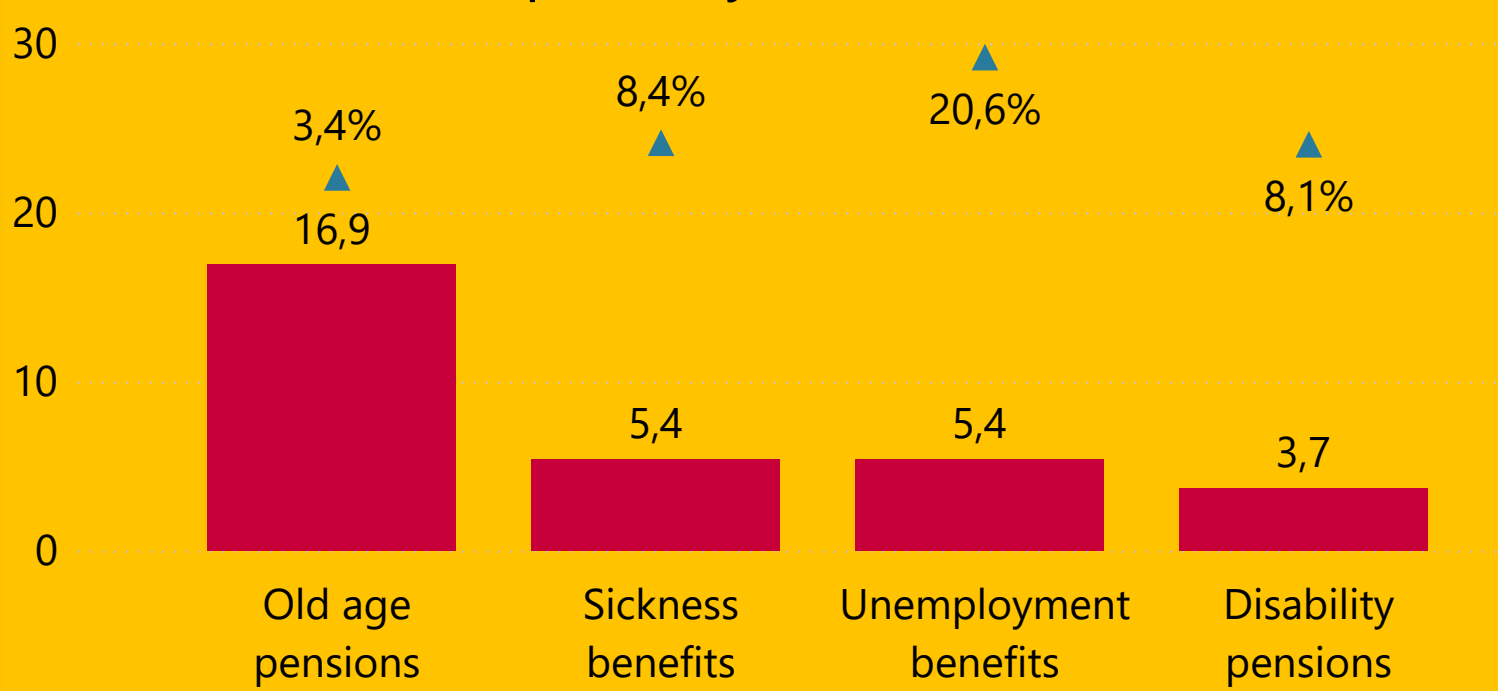
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	794,4	81,9	11,5%
Expenditure	739,0	35,3	5,0%
Balance	55,5	46,6	

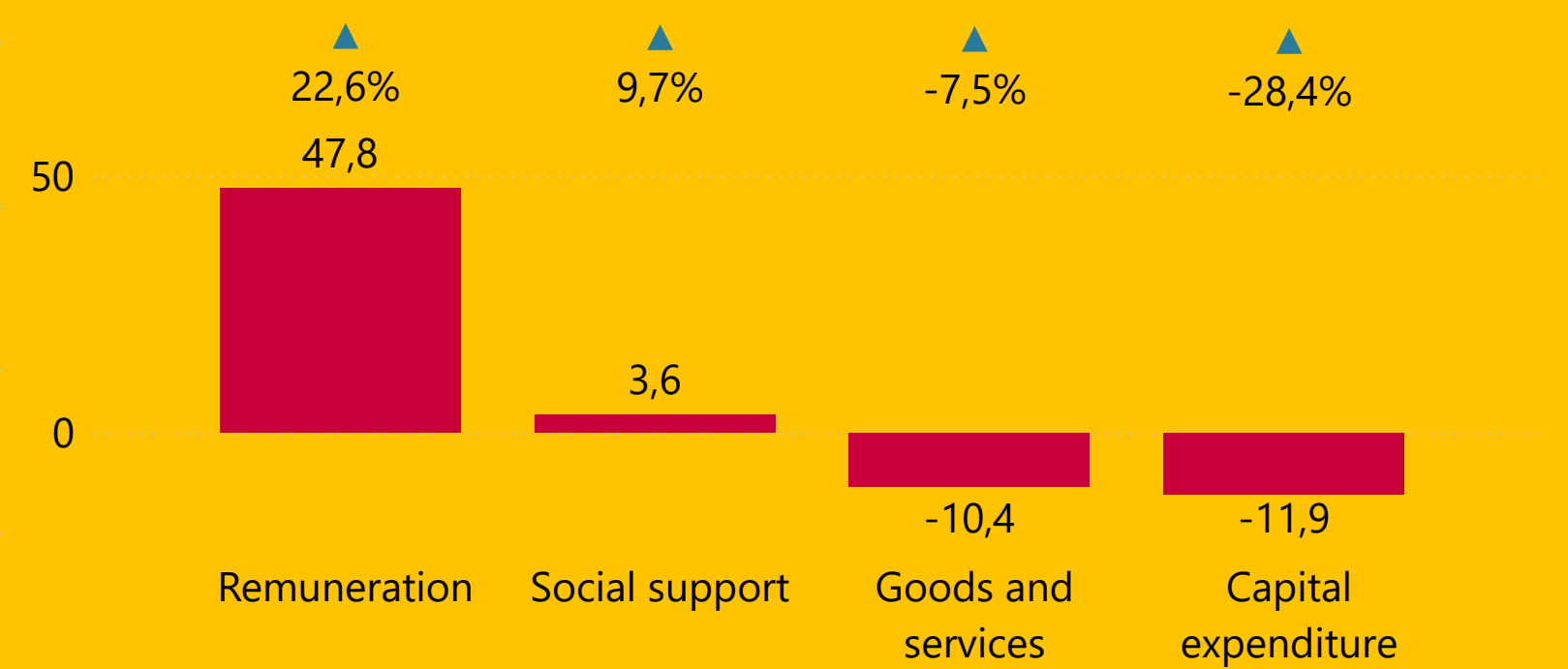
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	653,3	54,6	9,1%
Expenditure	525,2	45,9	9,6%
Balance	128,2	8,7	

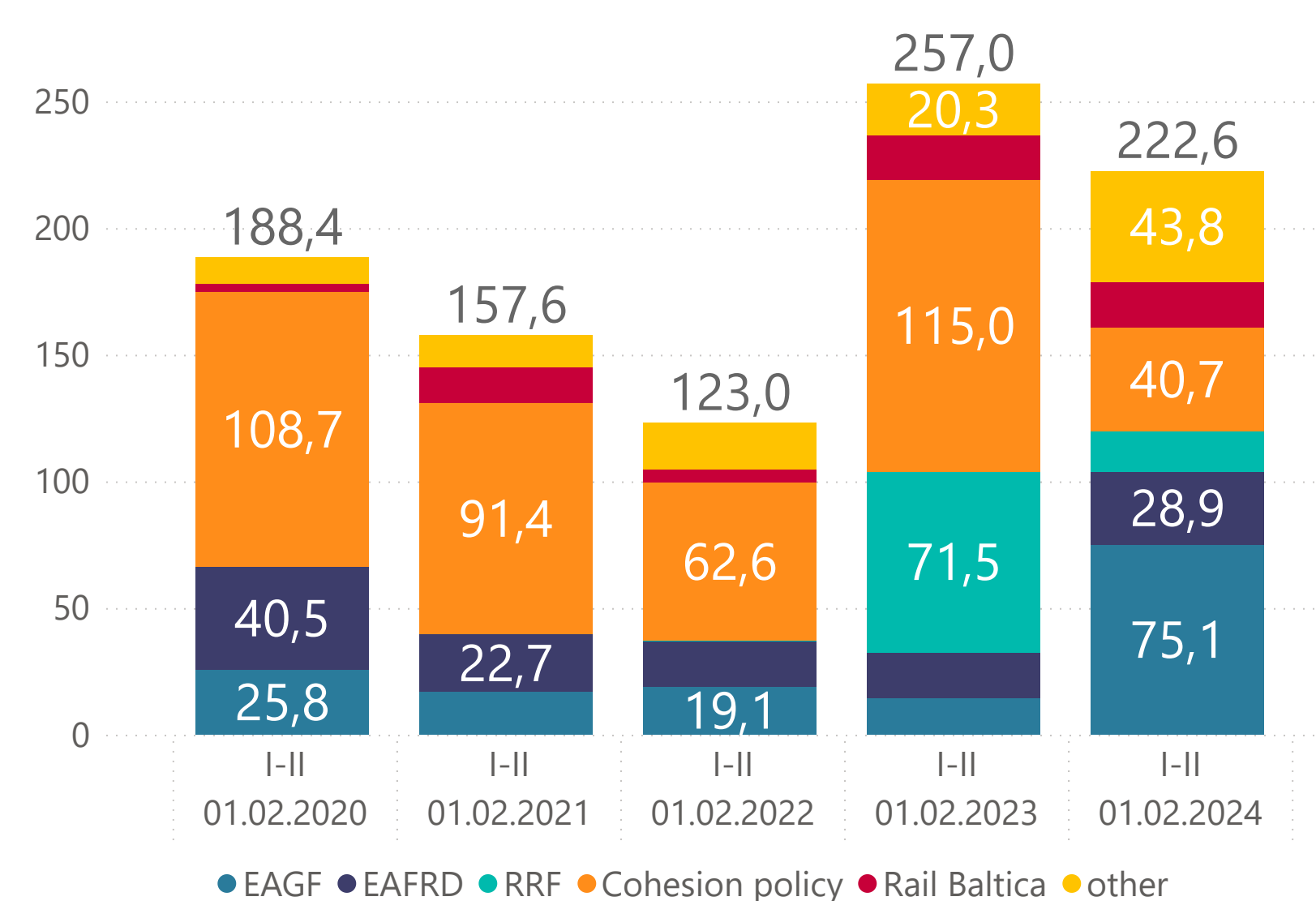
Major changes in mln € and % against respective period year before



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

EUROPEAN UNION FUNDS

Investments of EU funds, mln €



Cohesion policy (European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund (CF)), RRF- Recovery and Resilience Facility plan, EAGF - European Agricultural Guarantee Fund; EAFRD - European Agricultural Fund for Rural Development

Source: State Treasury

SOCIAL SUPPORT

Old age pensions recipients

434 855
(+0.1% YoY)
February 2024

Unemployment benefit recipients

35 112
(+9% YoY)
February 2024

Old age pensions average amount

567€
(+7.4% YoY)
February 2024

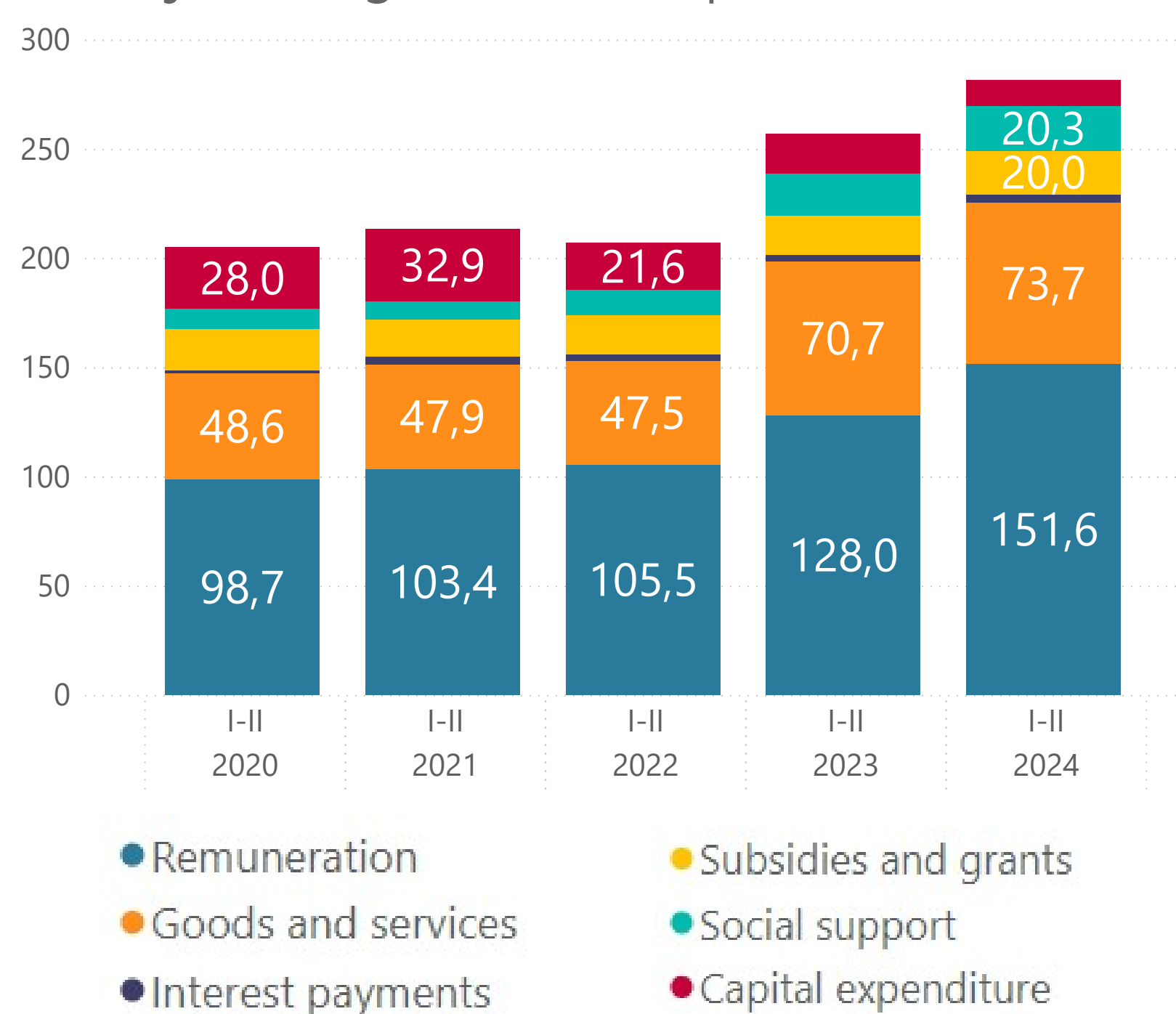
Unemployment benefit average amount

463€
(+10.3% YoY)
February 2024

Source: State Social Insurance Agency (SSIA)

LOCAL GOVERNMENT EXPENDITURE

Major local government expenditures, mln €



Source: State Treasury