

MACROECONOMIC AND BUDGETARY REVIEW 2024

No 3

GROSS DOMESTIC PRODUCT (GDP)

GDP 2023

40 348 mln €

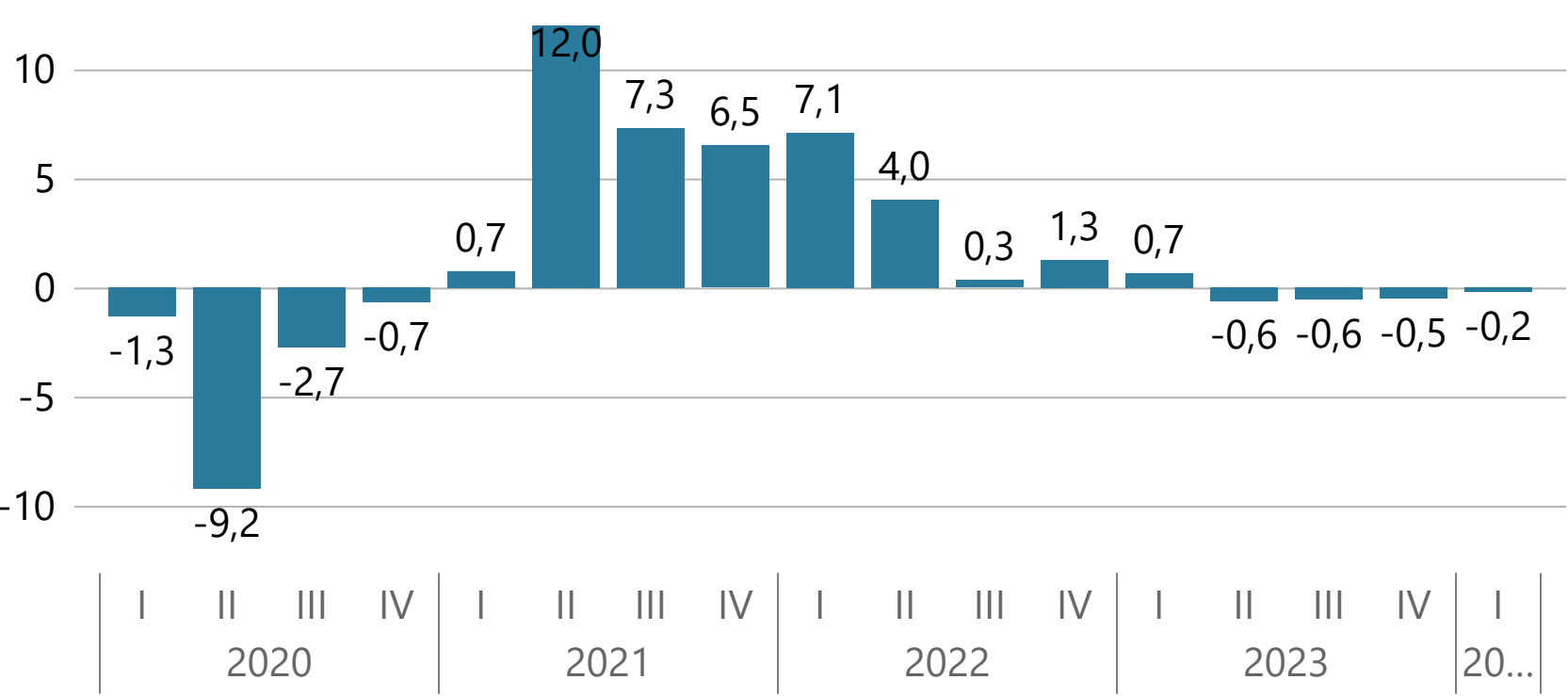
CSB, 25.03.2024.

GDP growth 2024

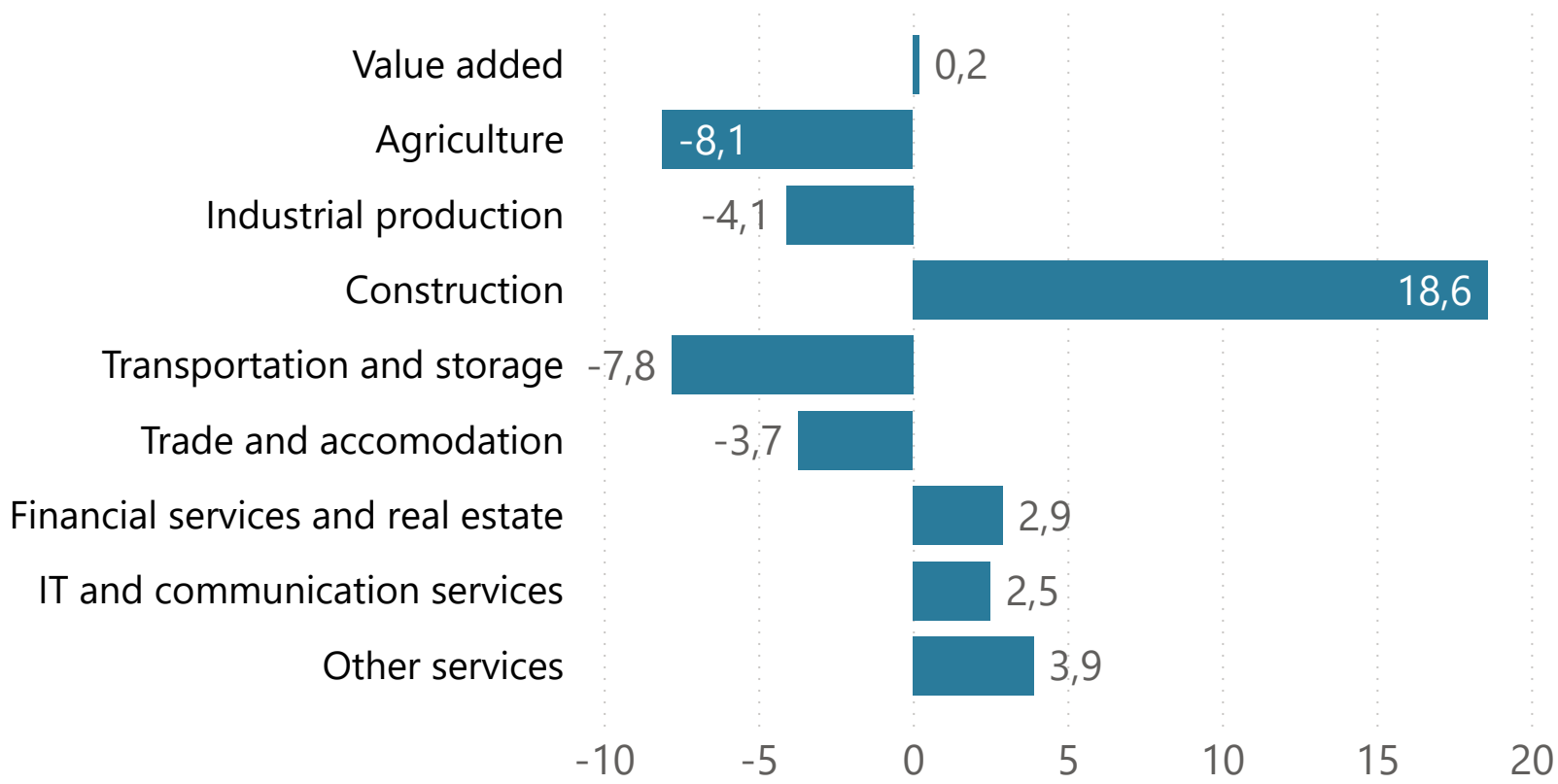
1,4%

MoF forecast, February 2024

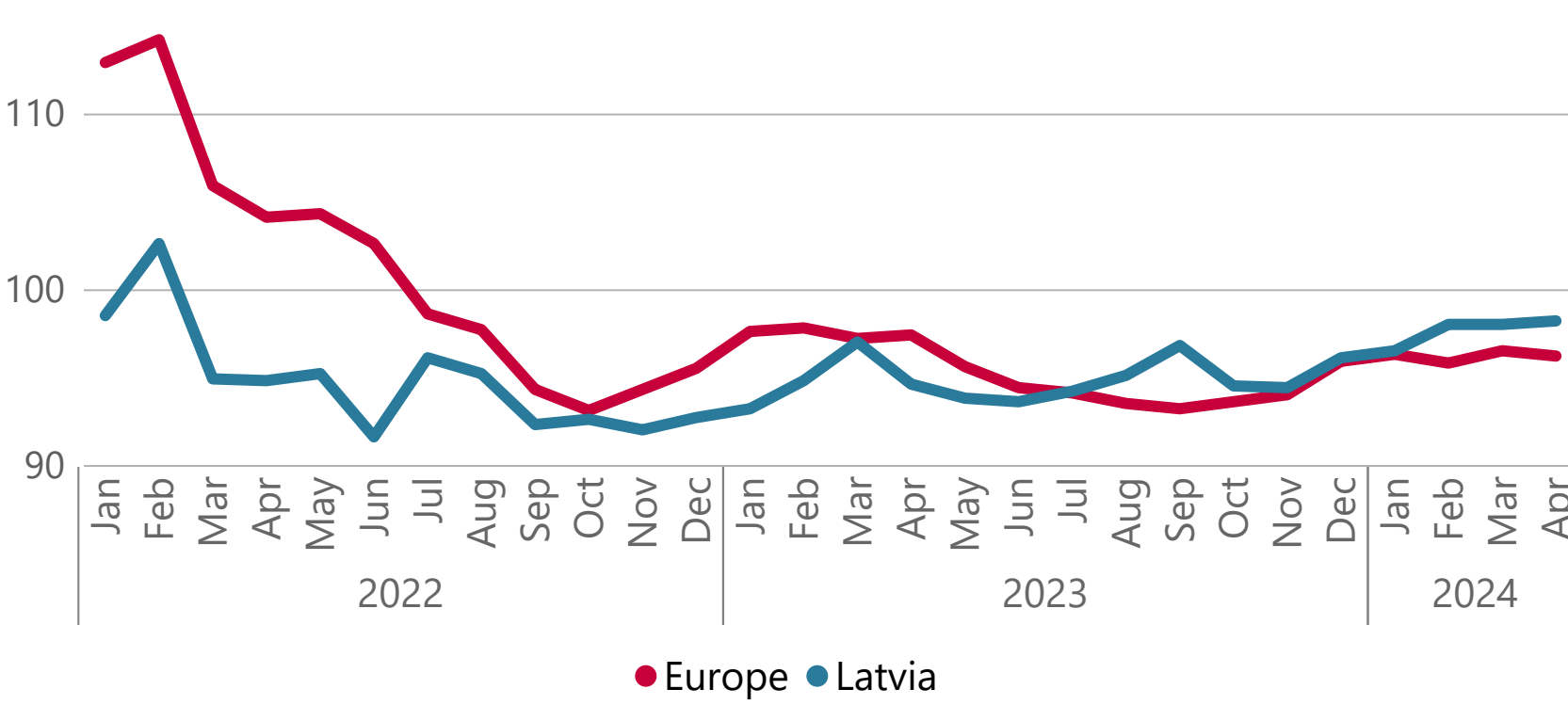
GDP growth, YoY%



GDP growth by sectoral breakdown 2023/2022



Economic confidence



Source: European Commission; Central Statistical Bureau(CSB); comparable prices; 2024 I early assessment

INFLATION

Inflation

0.9%

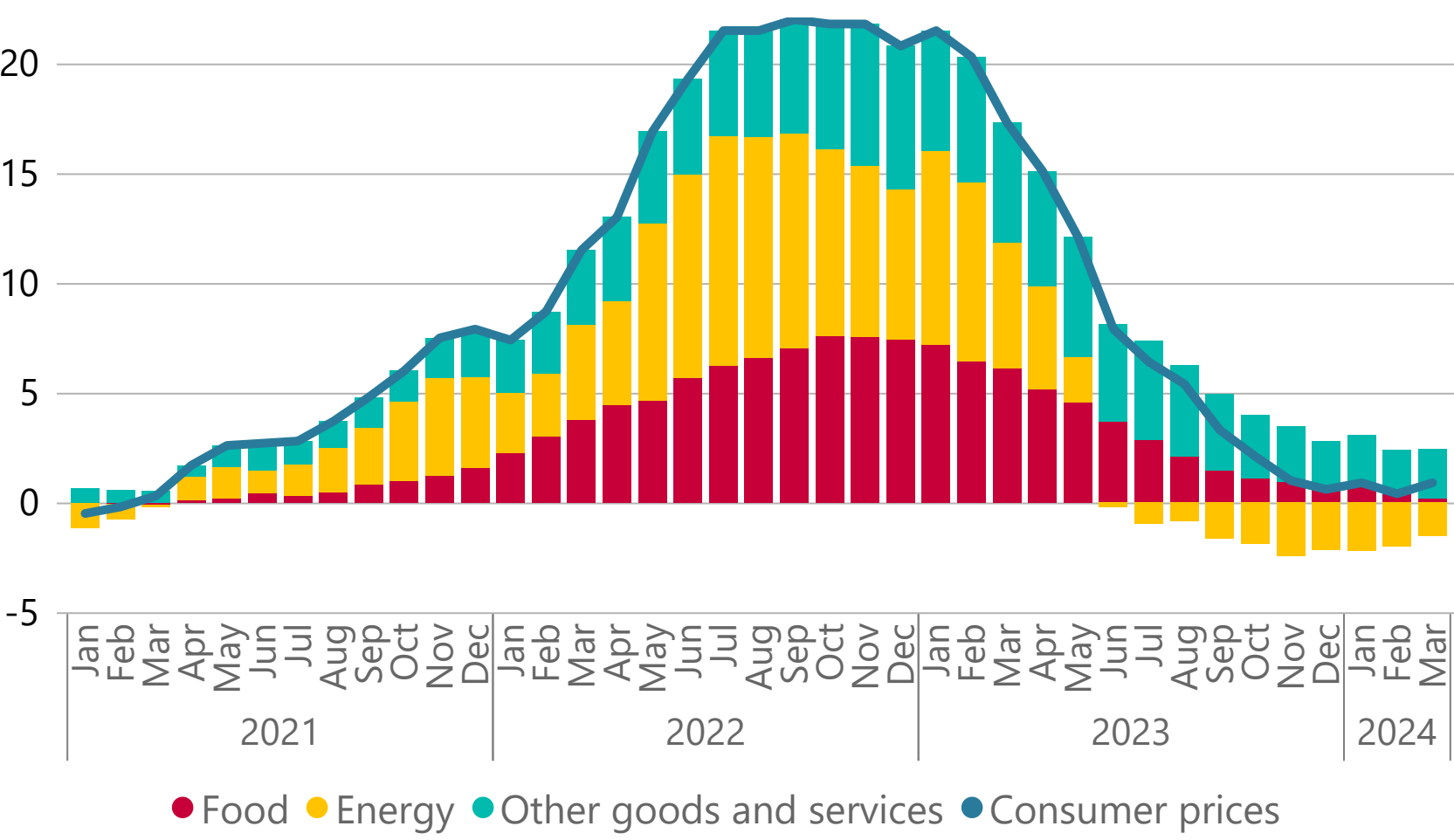
March 2023

Producer price rise

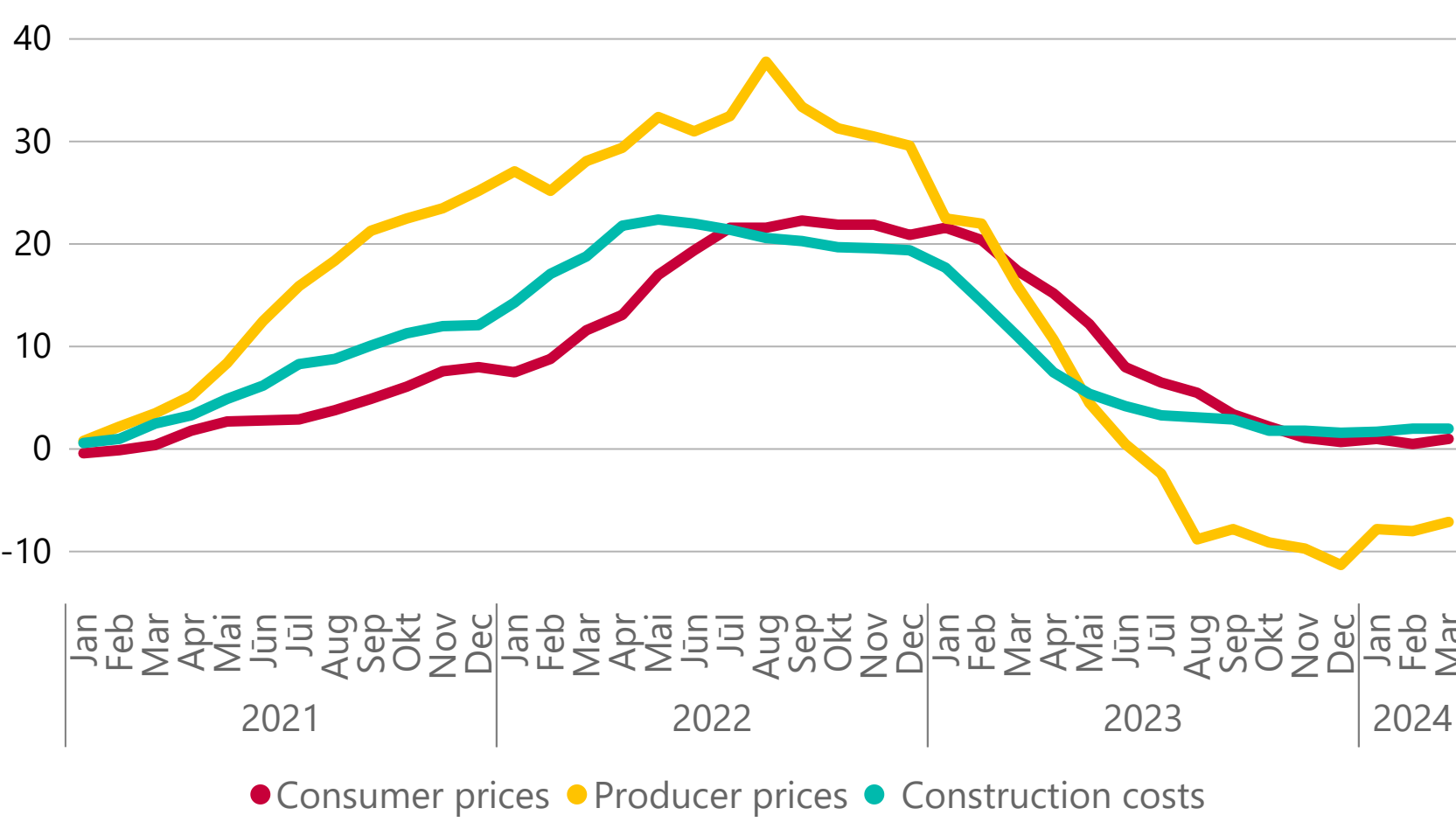
-7.2%

March 2023

Consumer prices, YoY%



Prices, YoY%



Source: CSB

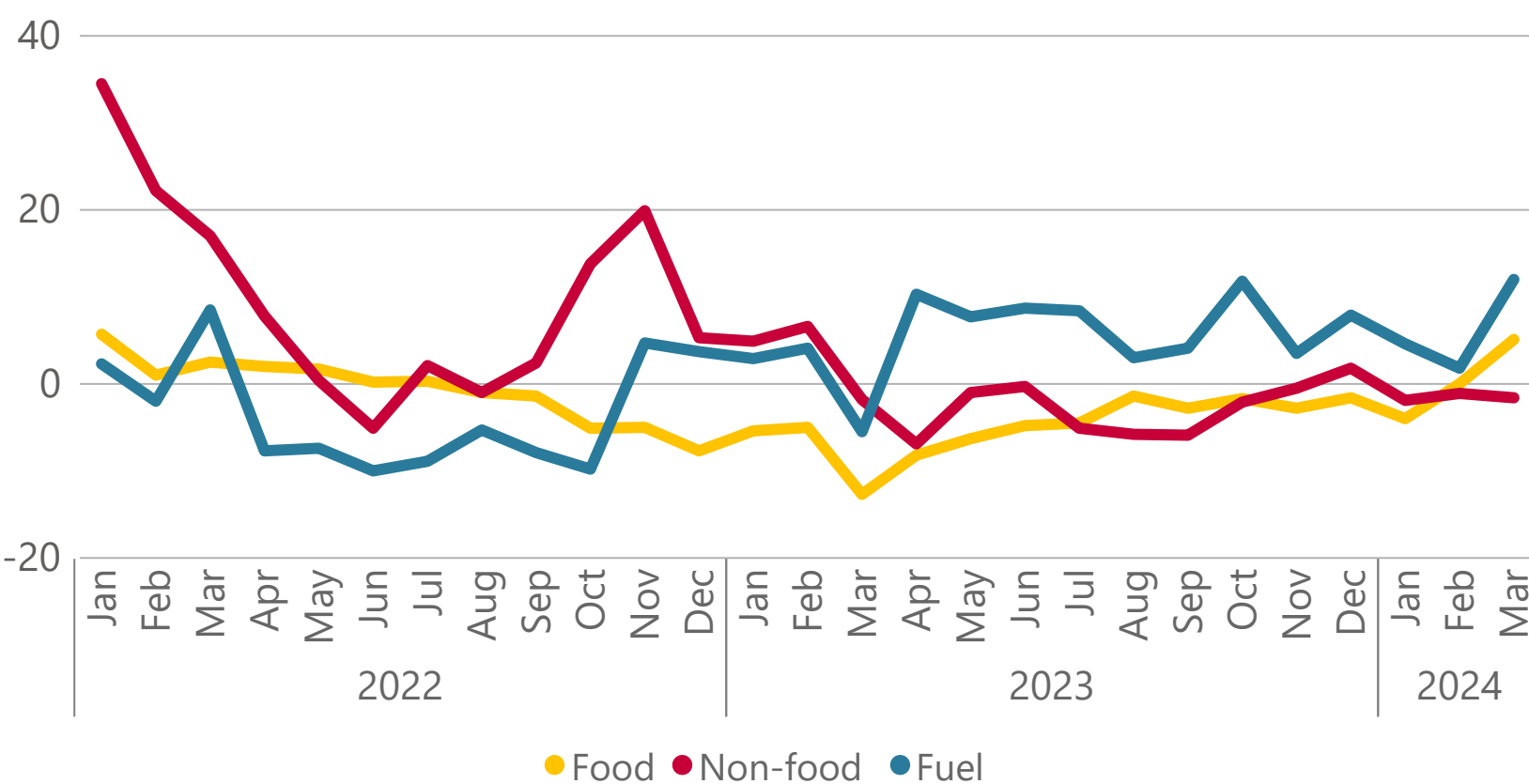
MAIN MACROECONOMIC INDICATORS

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

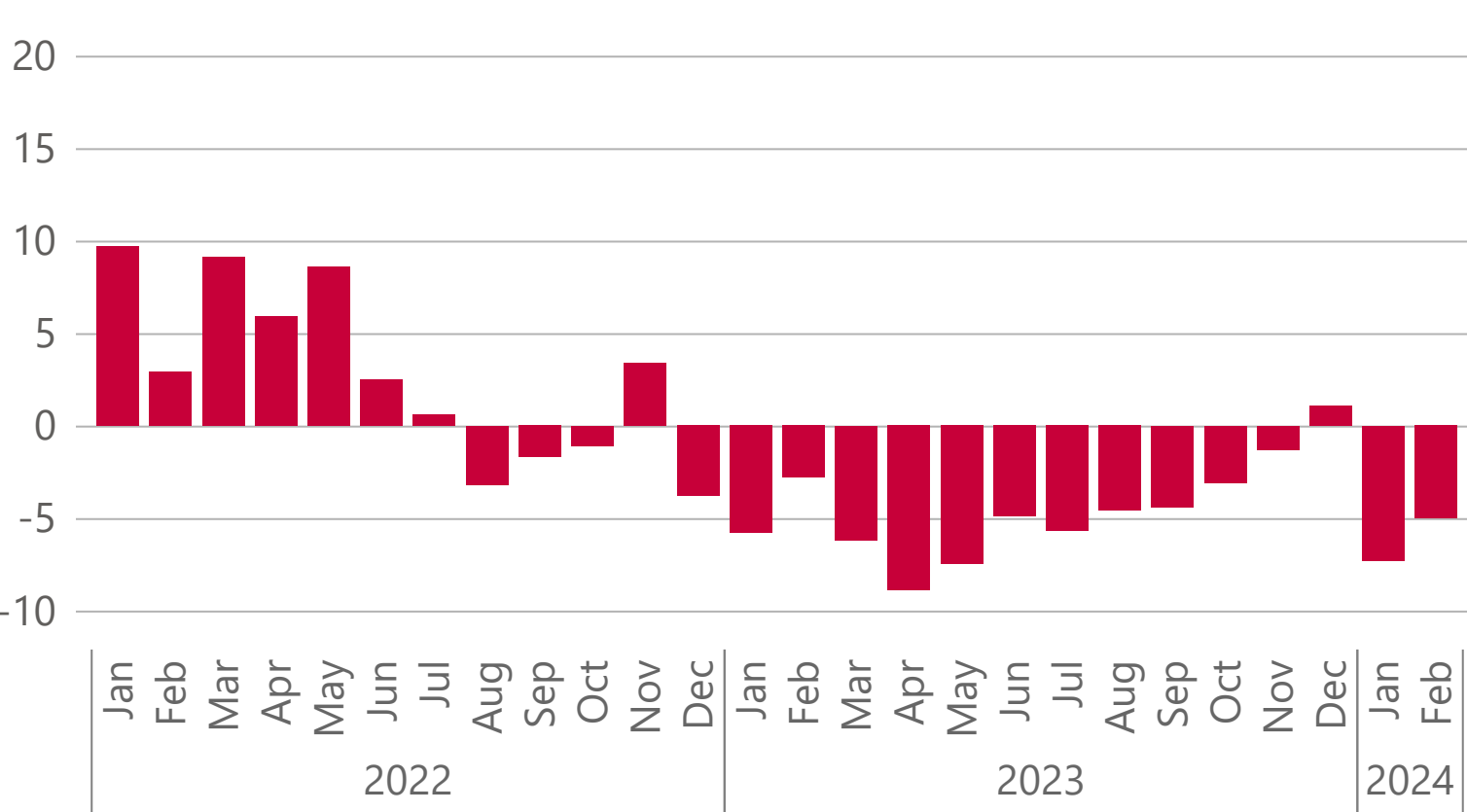
Source: CSB (25.03.2024), *forecasts of the Ministry of Finance of the Republic of Latvia (February 2024)

INDUSTRIES

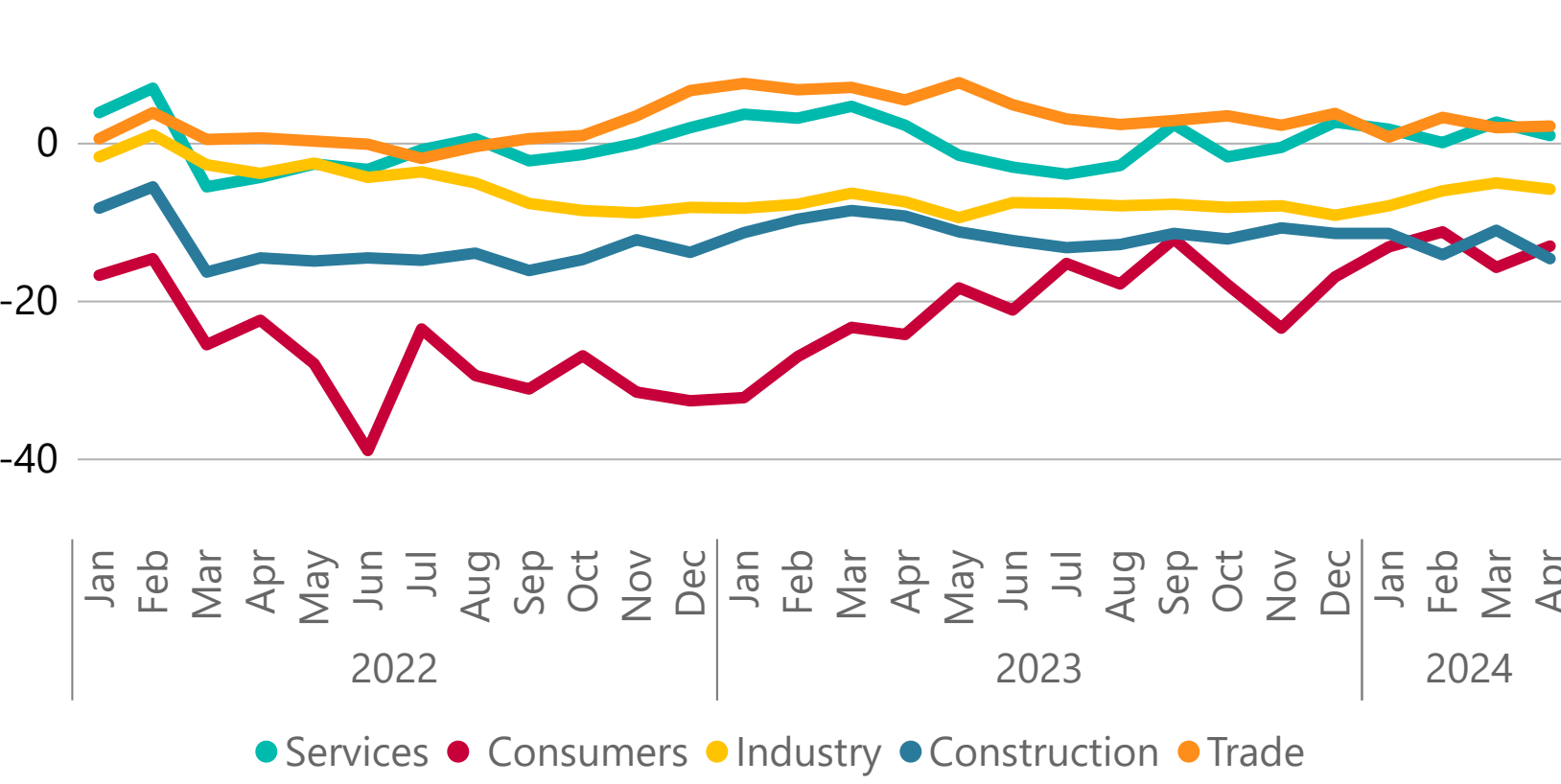
Retail trade growth, YoY%



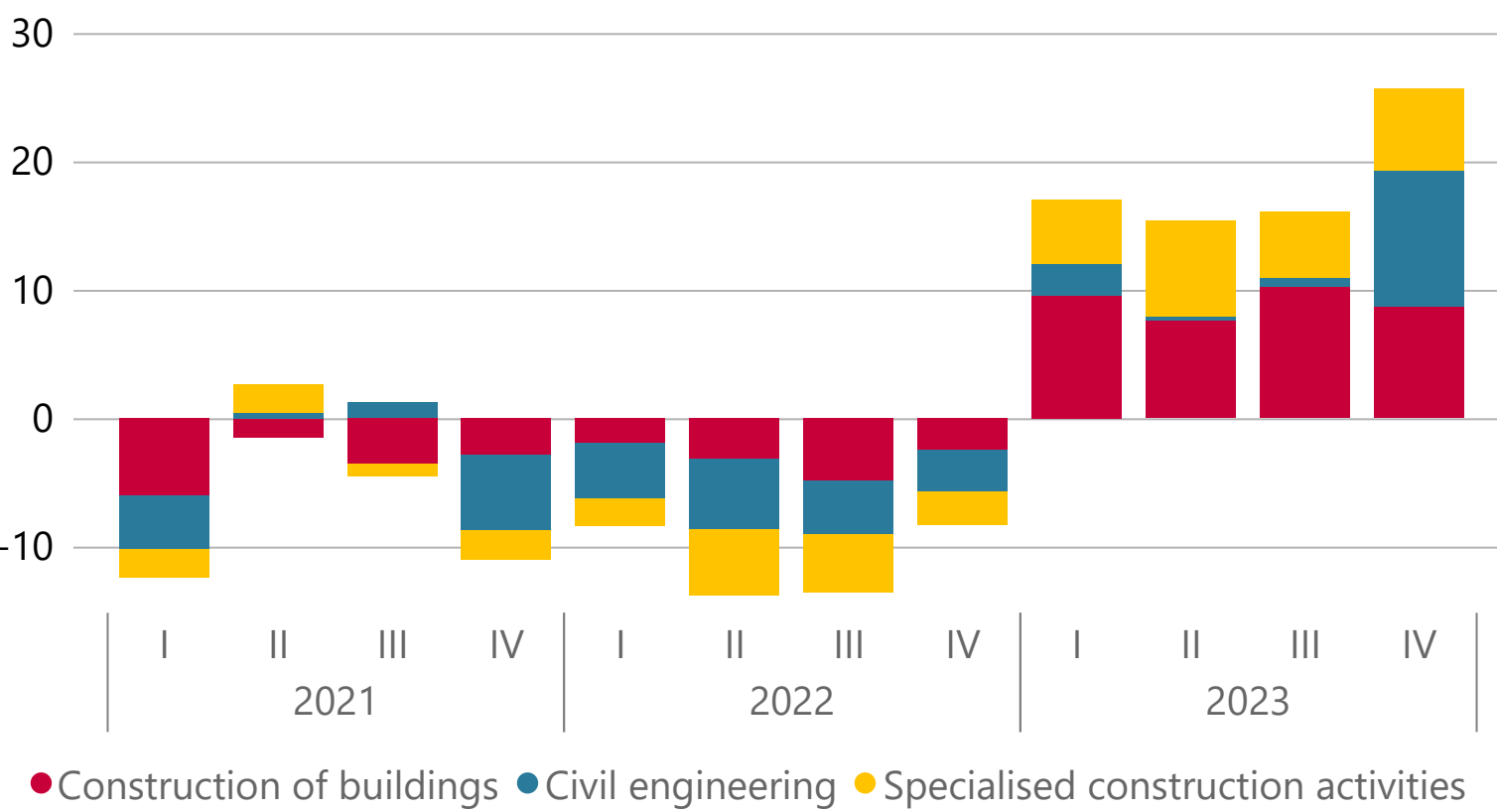
Manufacturing output, YoY%



ESI Sector Confidence Index in Latvia



Construction output at comparable prices, index



Source: CSB, European Commission

UNEMPLOYMENT

Registered unemployment

5.8%

March 2023

Labour force survey

GENERAL GOVERNMENT BUDGET

General government budget balance 2023

-2.2% of GDP

Eurostat, April 2024

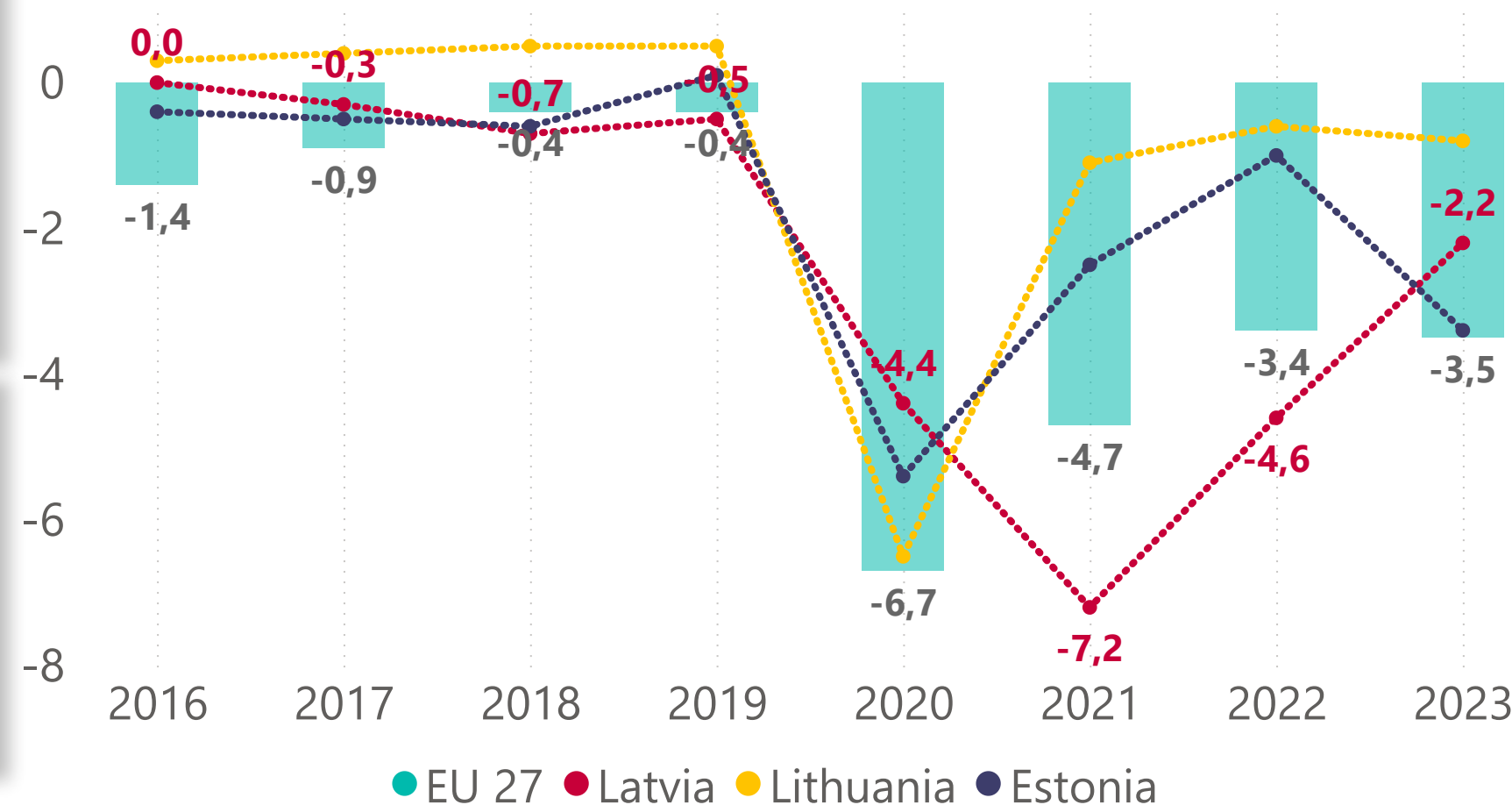
General government debt 2023

43.6% of GDP

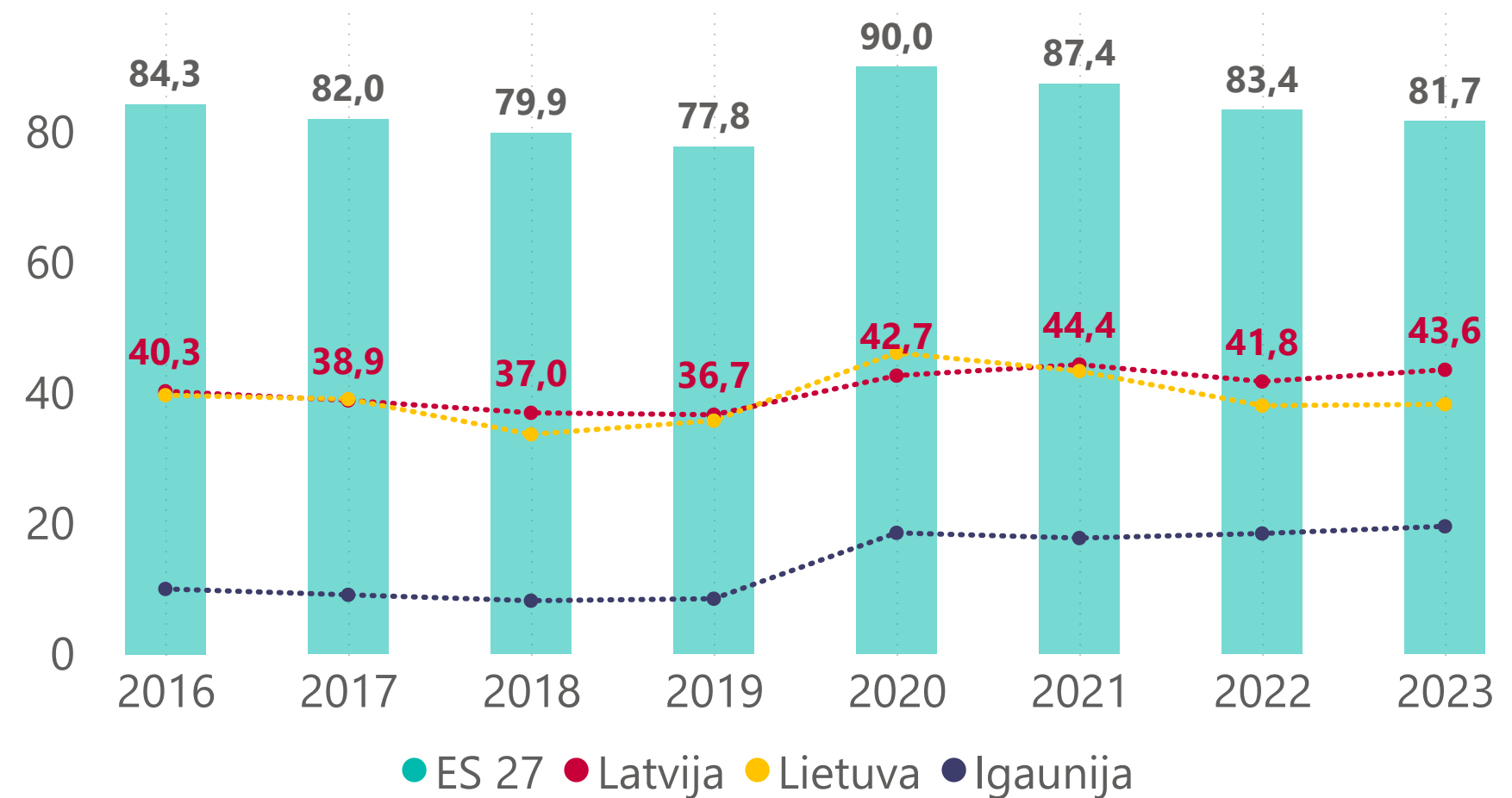
Eurostat, April 2024

Source: Eurostat

General government budget balance, % of GDP

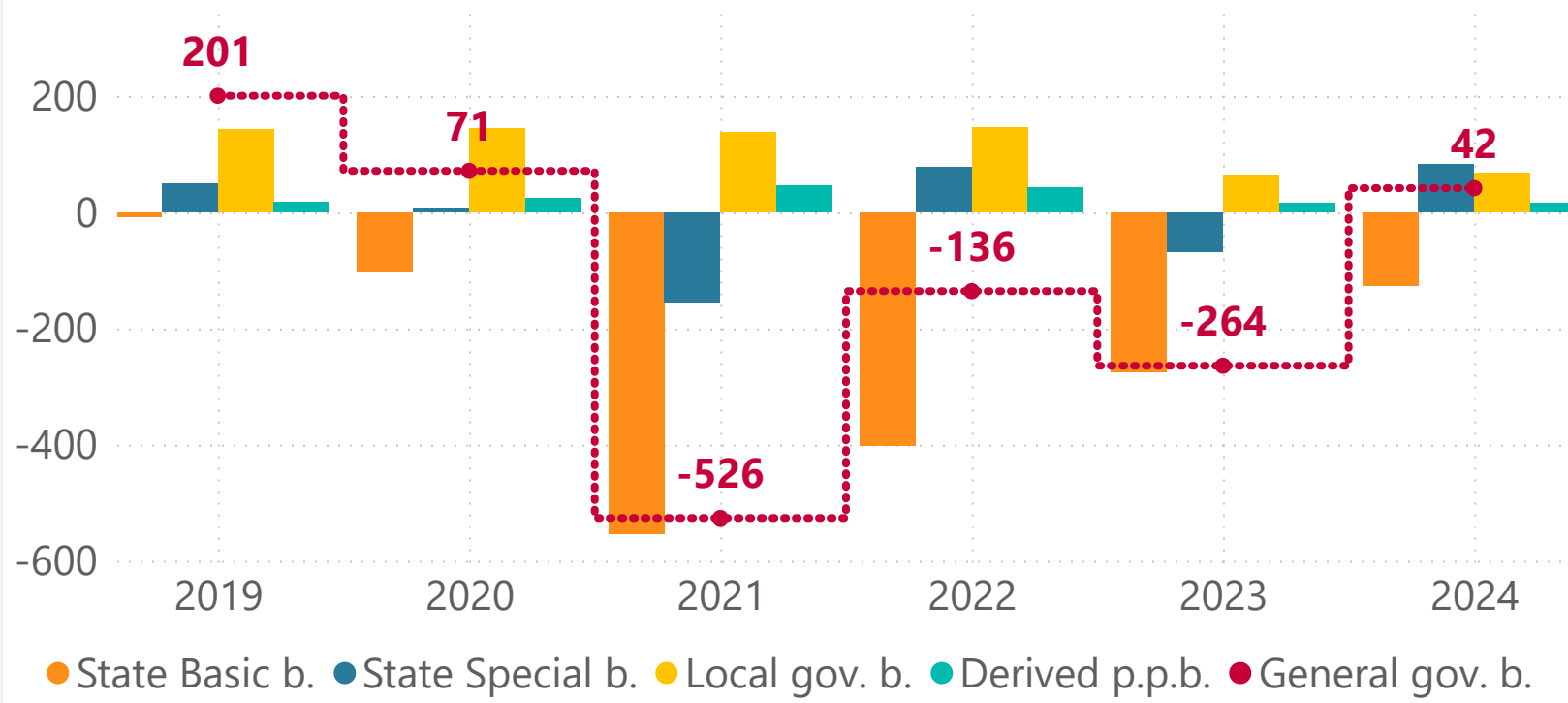


General government debt, % of GDP

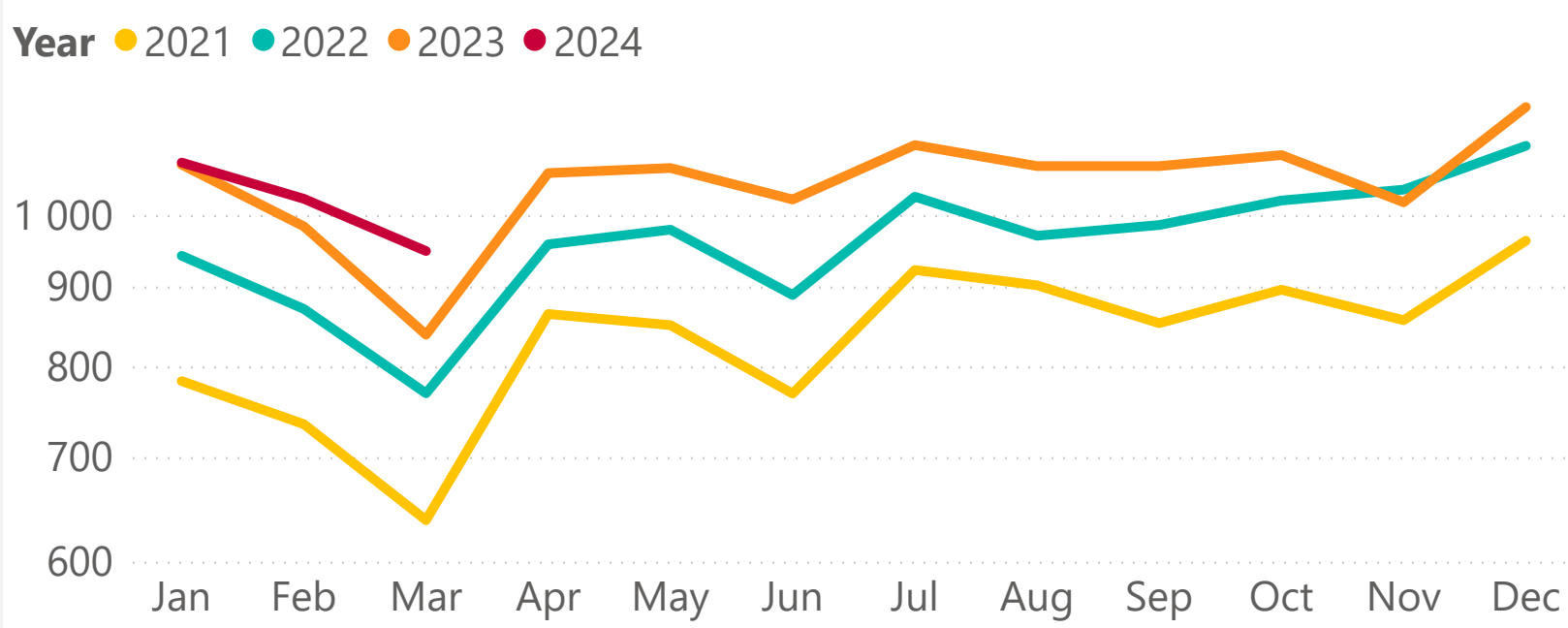


GENERAL GOVERNMENT BUDGET JANUARY-MARCH 2024 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: Treasury.

General government budget tax revenue in January-March 2024 including revenue in the single tax account -72,6 mln € and not included SSC revenues in 2nd pension tier 198.9 mln €.

General government budget

	Execution, mln €	YoY, mln €	YoY, %
Revenue	4 095,5	511,0	14,3%
Expenditure	4 054,3	205,8	5,3%
Balance	41,6	305,6	

General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY, %
SSC	1 085,6	157,6	17,0%
VAT	901,8	-111,6	-11,0%
PIT	574,0	61,4	12,0%
EXCISE	275,1	-4,0	-1,4%
CIT	111,5	-0,6	-0,5%

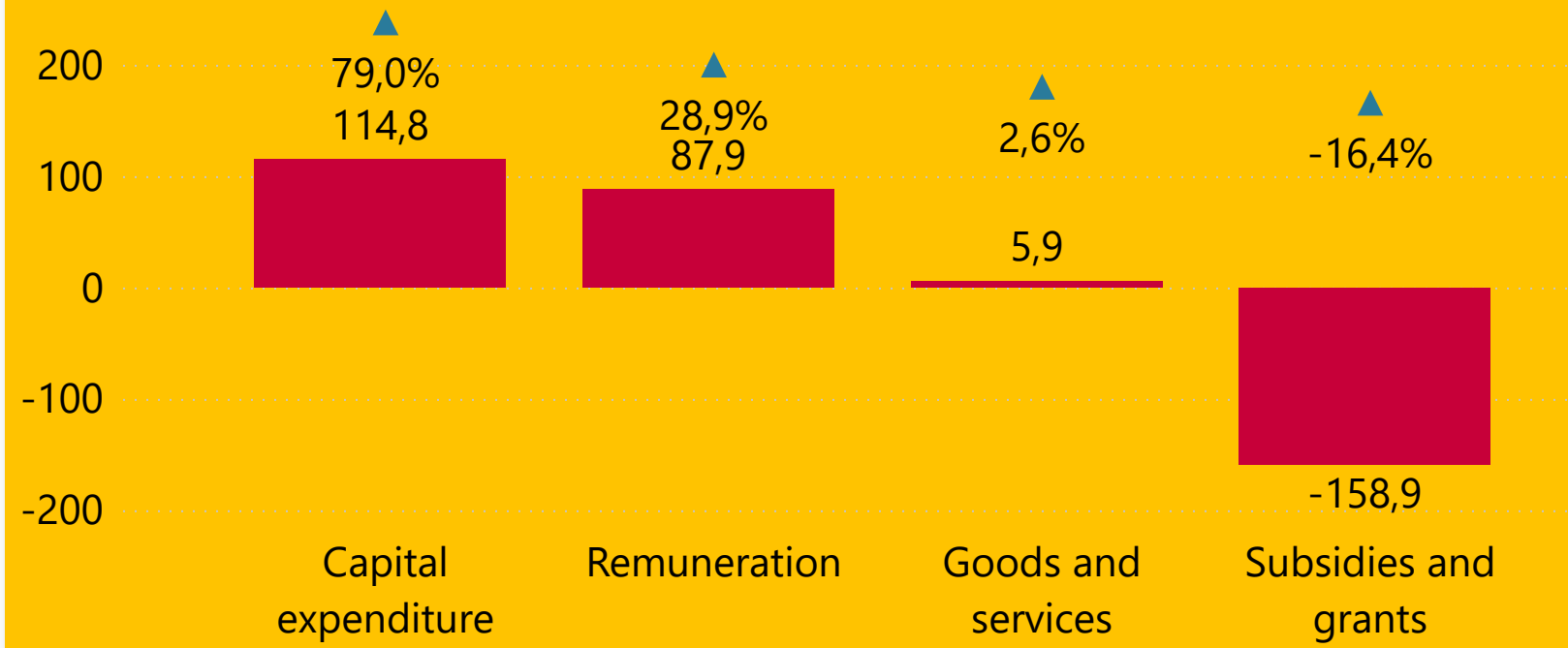
General government budget

	Execution, mln €	YoY, mln €	YoY, %
Revenue			
Tax revenue	3 053,1	154,0	5,3%
Non tax revenue	202,7	46,6	29,9%
Self-earned revenue	148,5	21,0	16,5%
Foreign financial assistance	691,1	290,0	72,3%
Expenditure			
Remuneration	874,2	162,6	22,9%
Goods and services	458,3	-21,6	-4,5%
Interest payments	144,0	71,4	98,3%
Subsidies and grants	876,8	-151,5	-14,7%
Social support	1 279,2	21,9	1,7%
Payments to EU budget	99,2	8,6	9,5%
Capital expenditure	298,5	105,9	55,0%

STATE BASIC BUDGET

	State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue		2 369,2	324,6	15,9%
Expenditure		2 495,3	176,0	7,6%
Balance		-126,1	148,6	

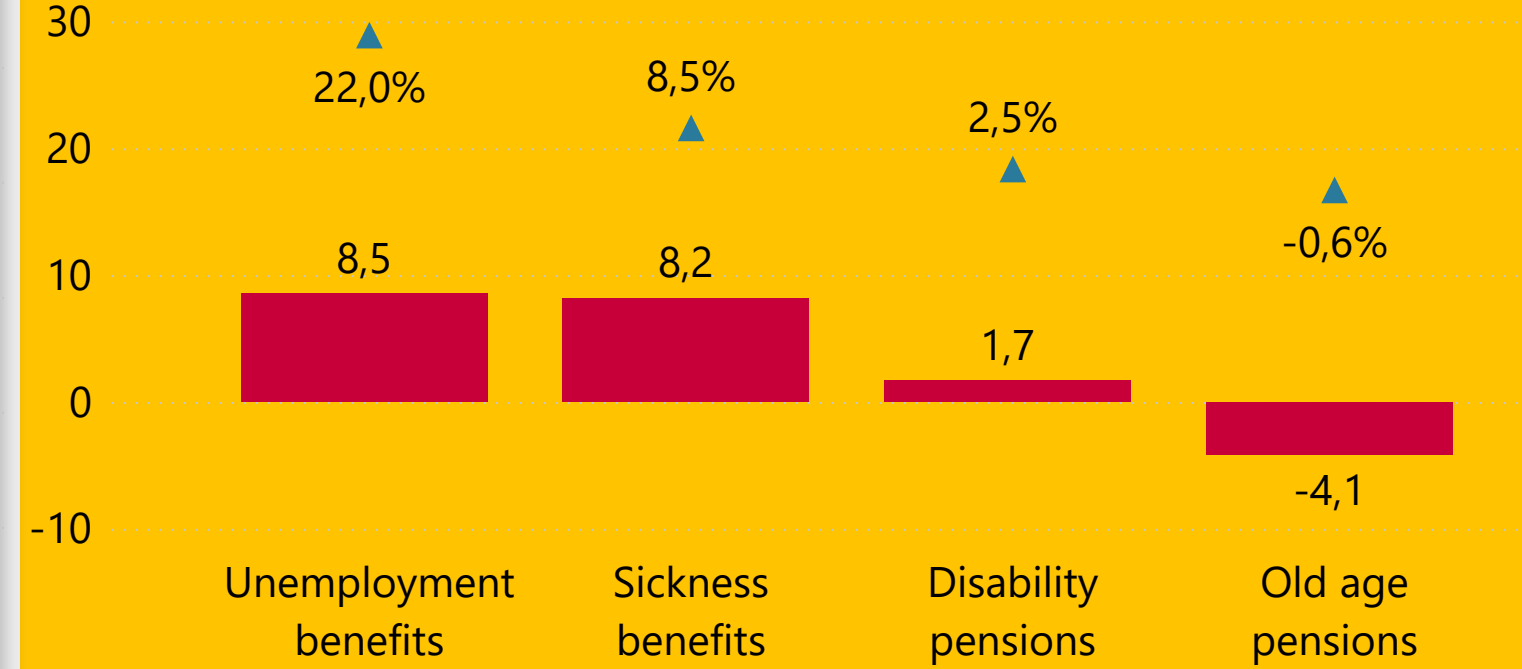
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

	State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue		1 149,3	167,5	17,1%
Expenditure		1 066,1	16,3	1,6%
Balance		83,3	151,1	

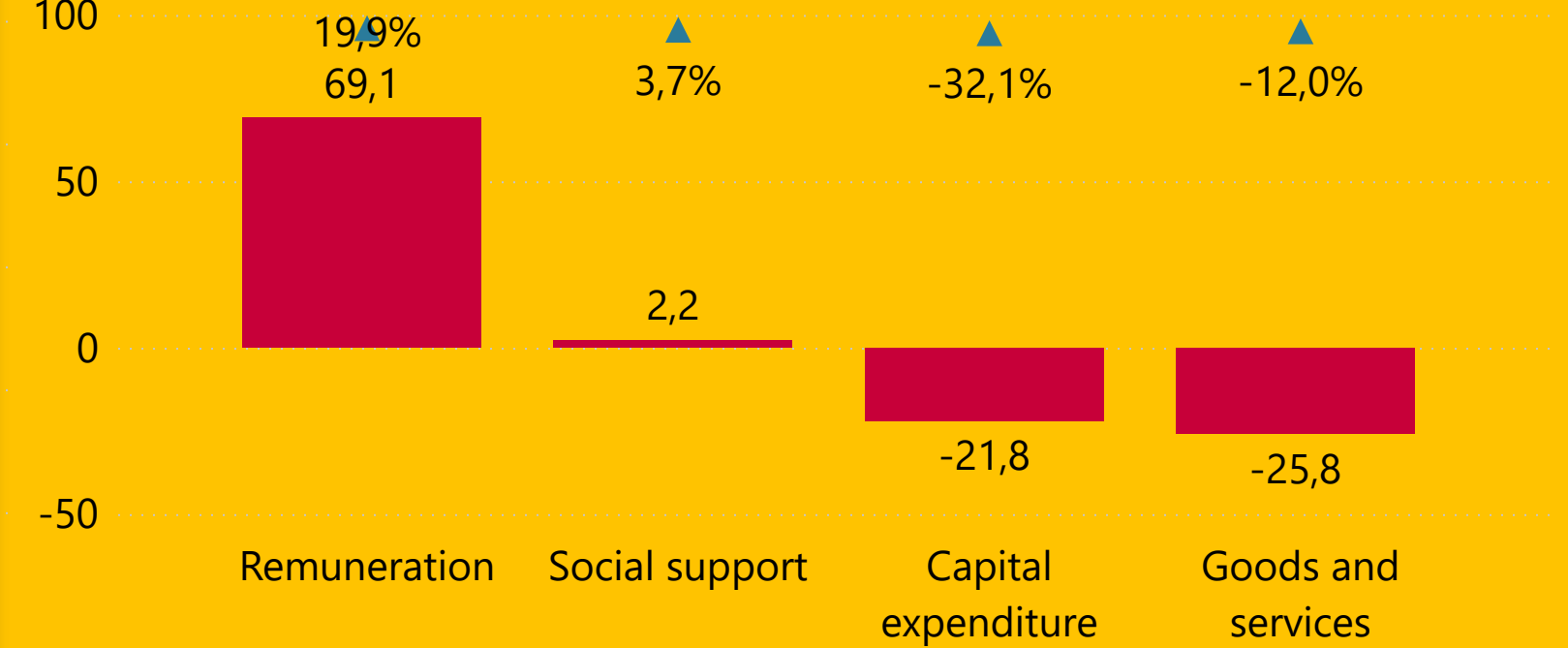
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

	Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue		873,2	48,8	5,9%
Expenditure		805,3	44,4	5,8%
Balance		67,8	4,4	

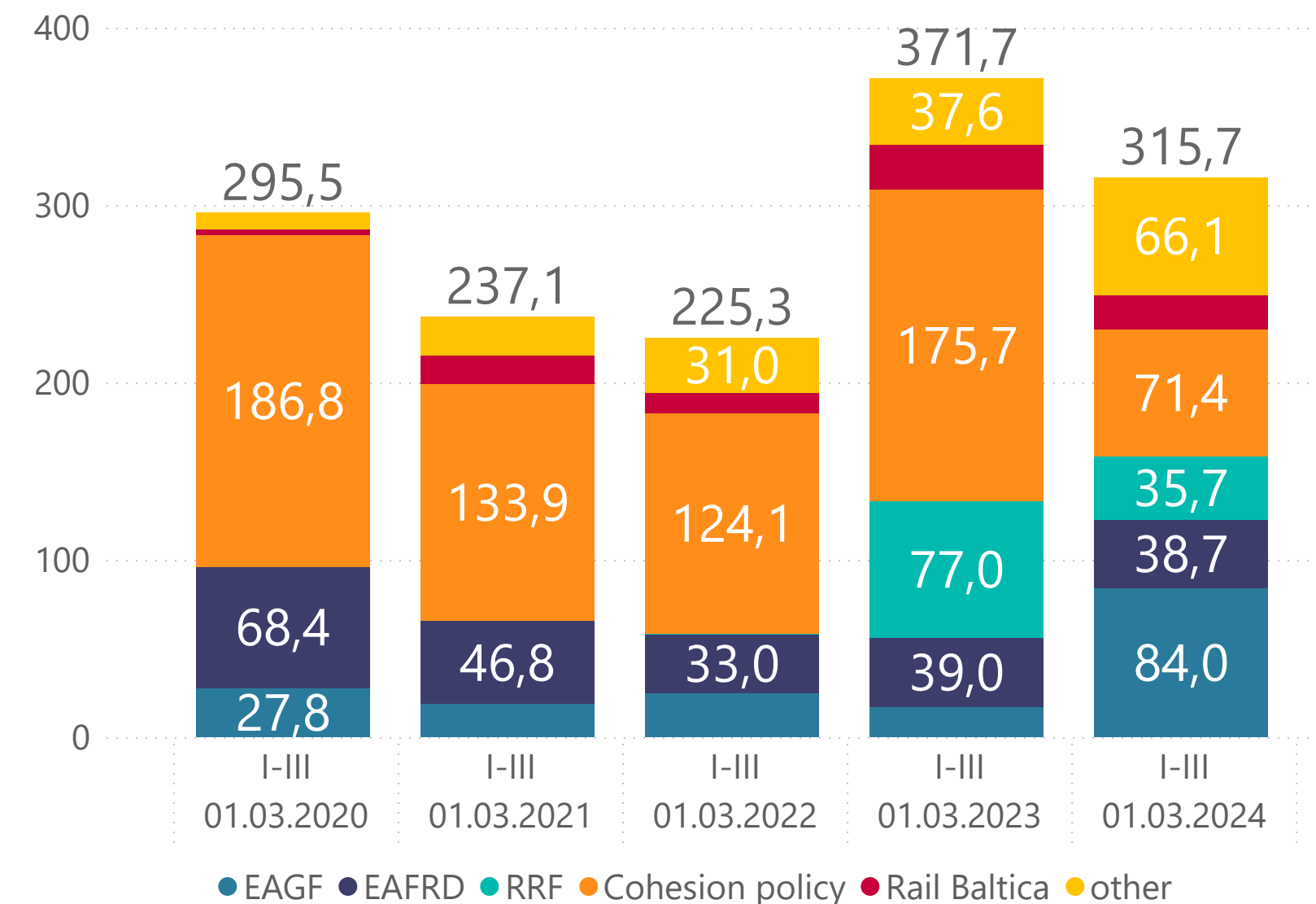
Major changes in mln € and % against respective period year before



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

433 508

(+0.0% YoY)

March 2024

Old age pensions average amount

567€

(+7.4% YoY)

March 2024

Unemployment benefit recipients

34 408

(+9.8% YoY)

March 2024

Unemployment benefit average amount

445€

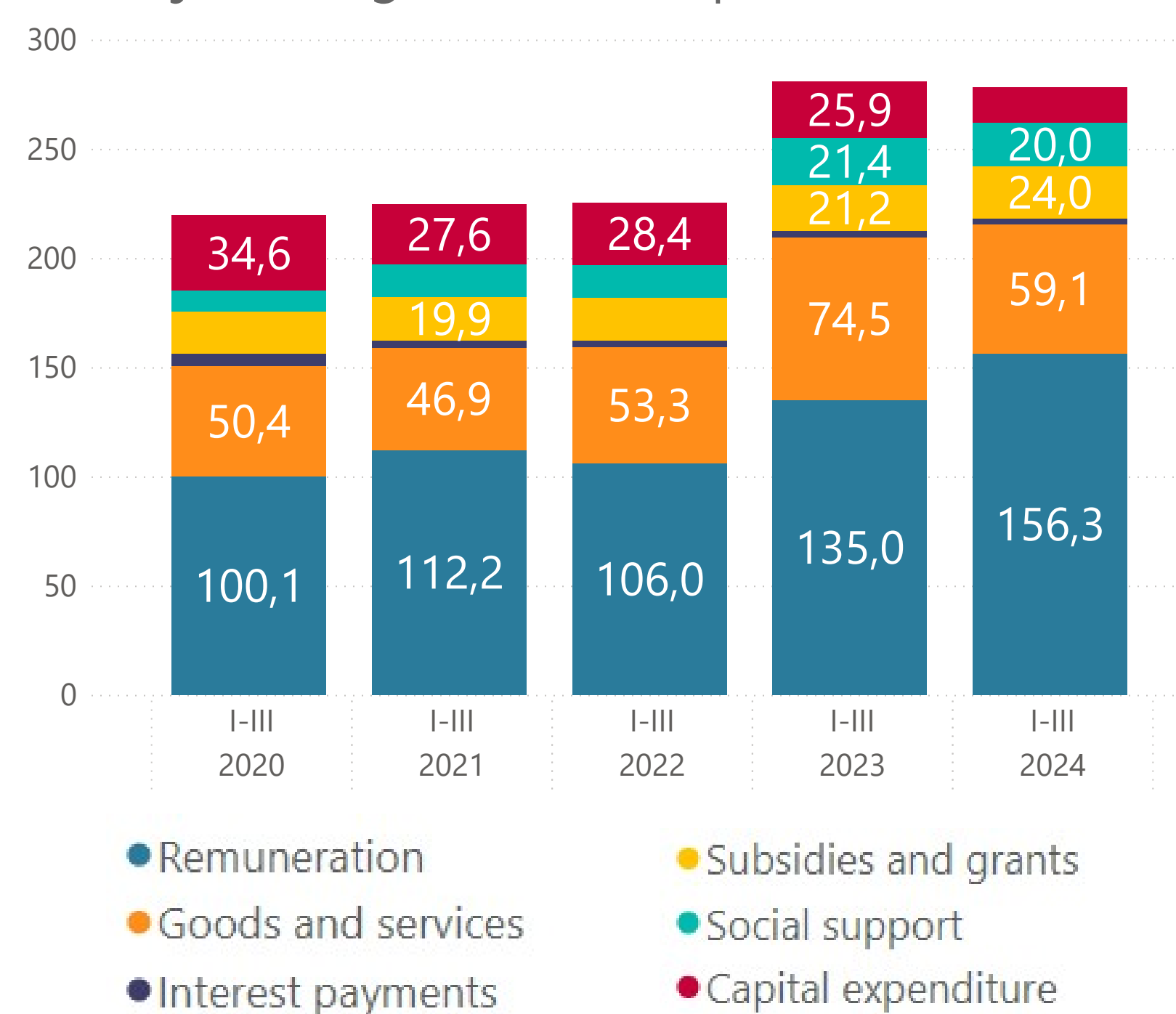
(+12.9% YoY)

March 2024

Source: State Social Insurance Agency (SSIA)

LOCAL GOVERNMENT EXPENDITURE

Major local government expenditures, mln €



Source: State Treasury