

MACROECONOMIC AND BUDGETARY REVIEW 2024

No 4

GROSS DOMESTIC PRODUCT (GDP)

GDP 2023

40 348 mln €

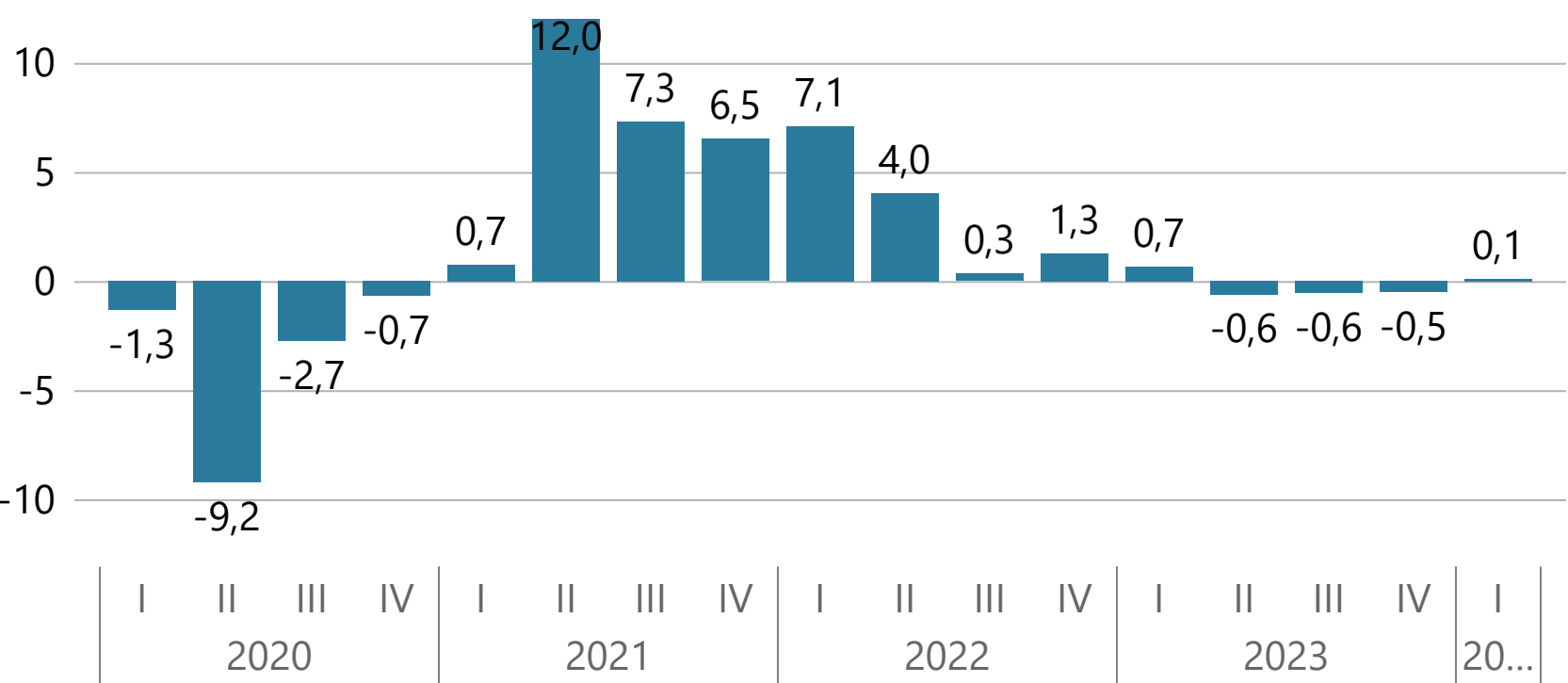
CSB, 24.05.2024.

GDP growth 2024

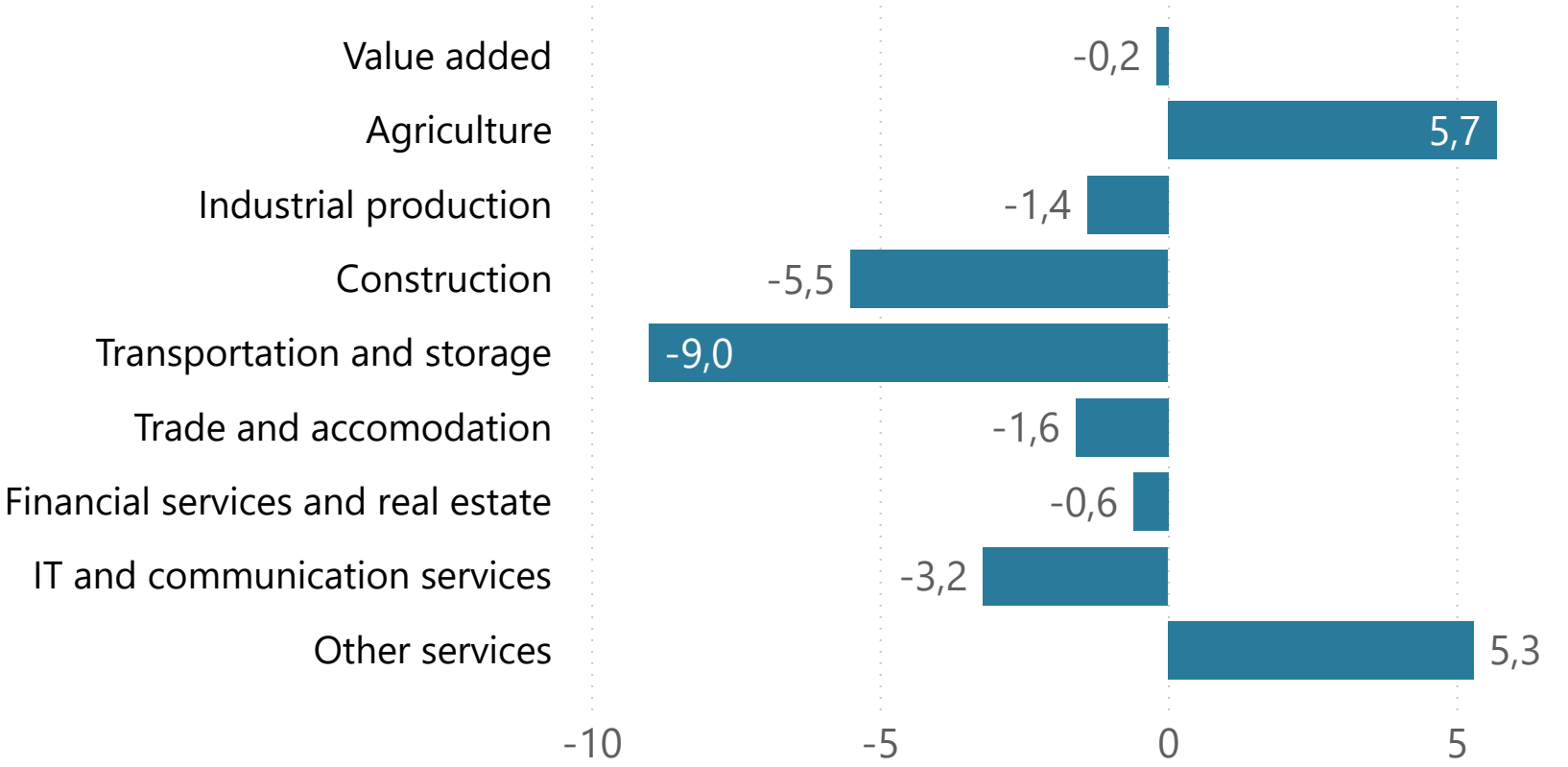
1,4%

MoF forecast, February 2024

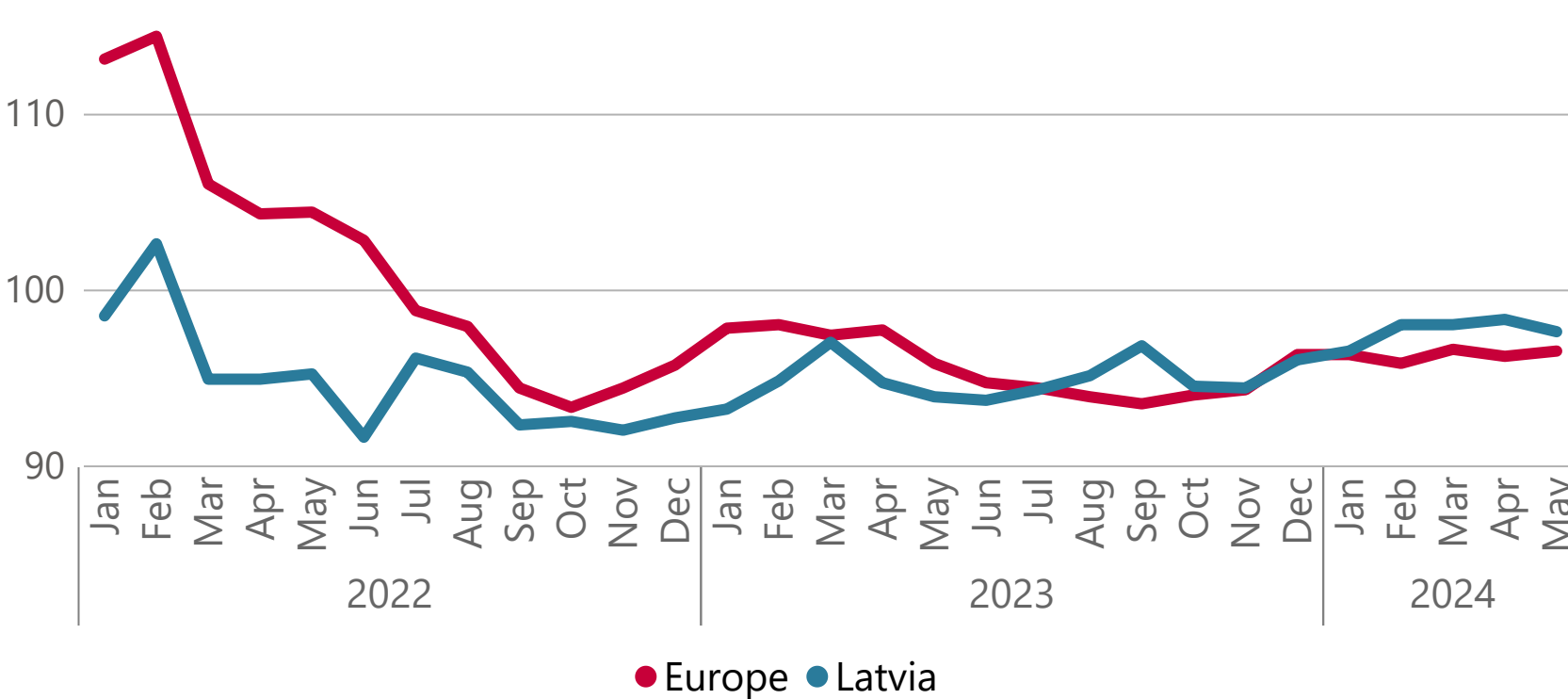
GDP growth, YoY%



GDP growth by sectoral breakdown 2024 Q1/2023 Q1



Economic confidence



Source: European Commission; Central Statistical Bureau(CSB)

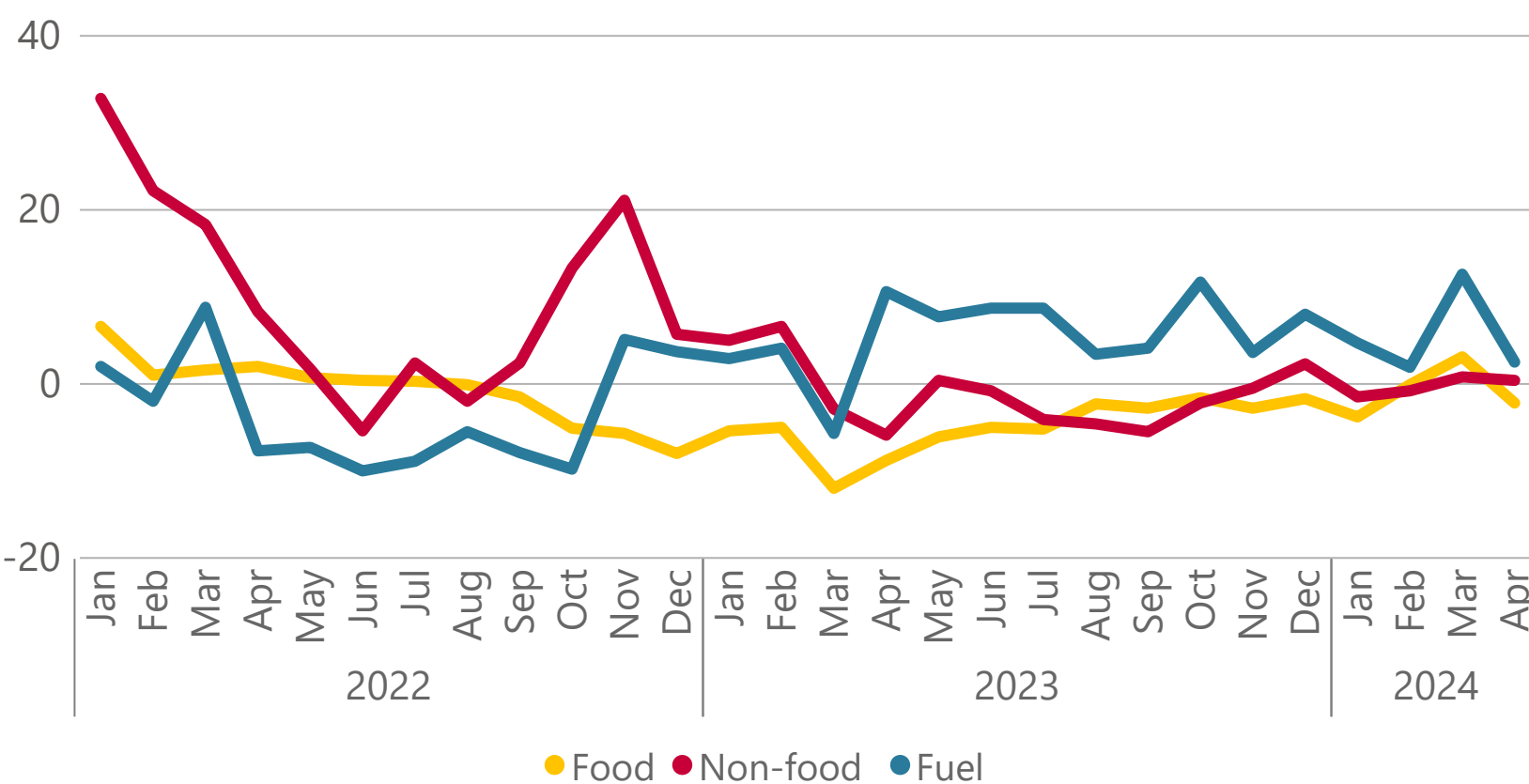
MAIN MACROECONOMIC INDICATORS

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

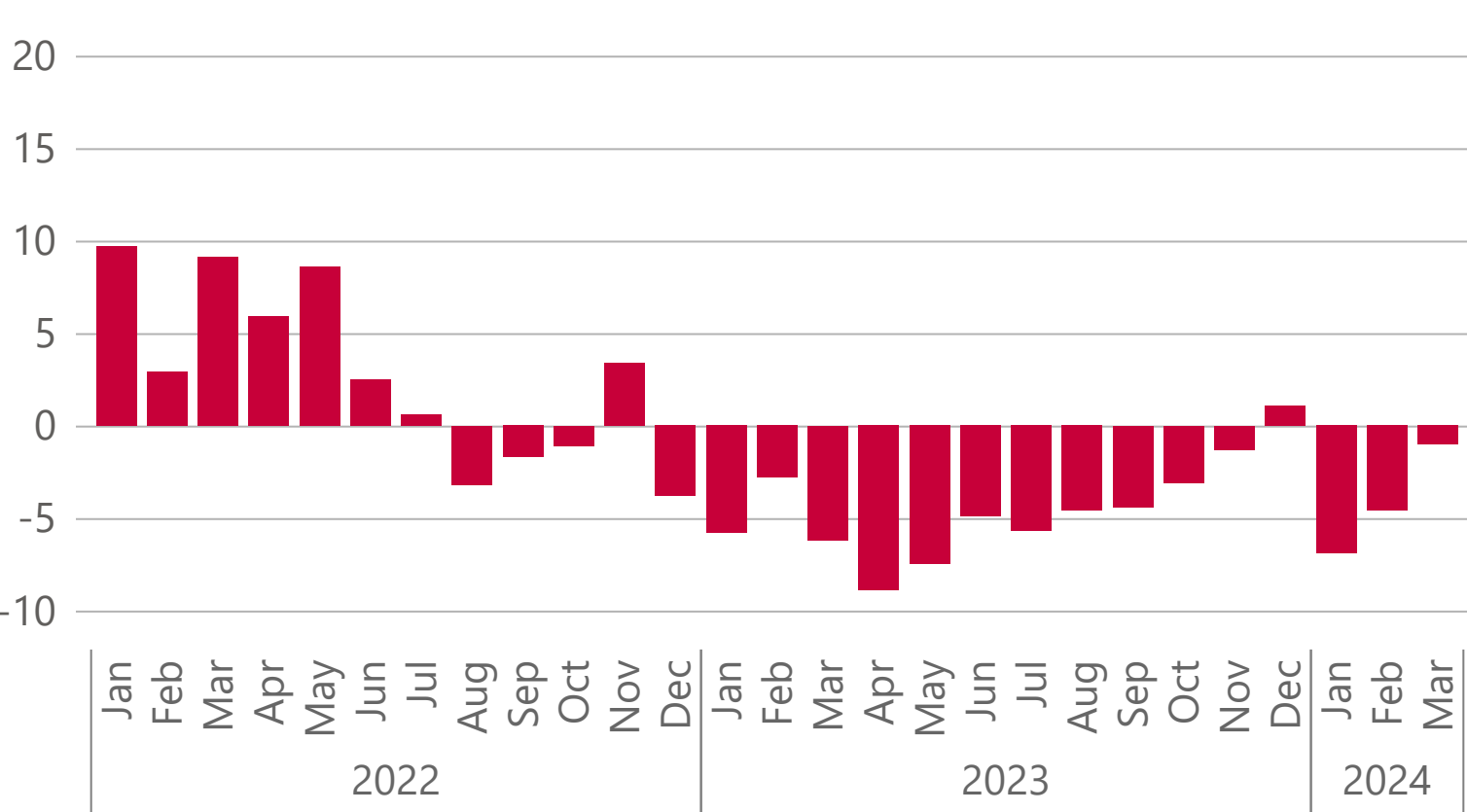
Source: CSB (24.05.2024), *forecasts of the Ministry of Finance of the Republic of Latvia (February 2024)

INDUSTRIES

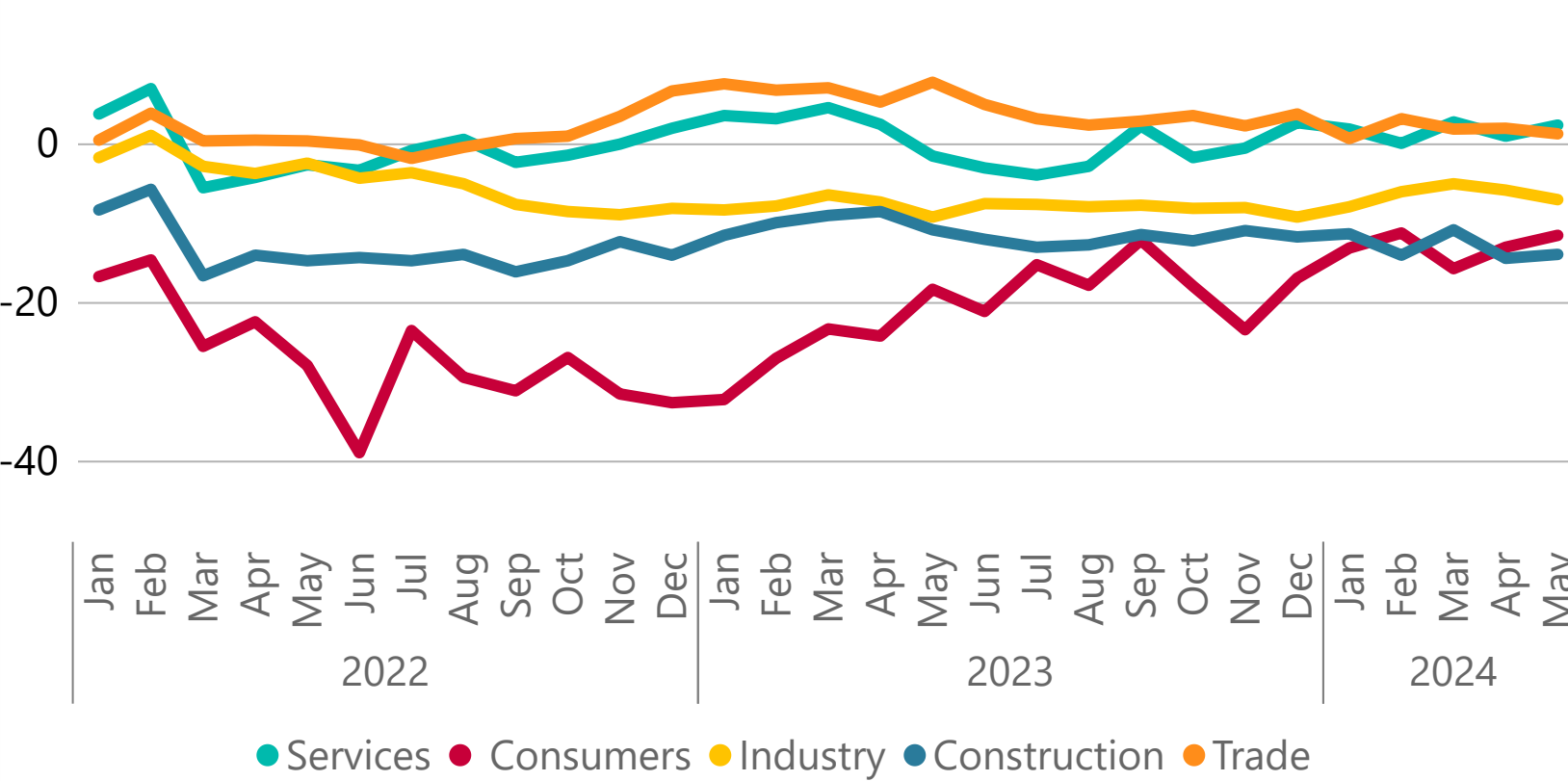
Retail trade growth, YoY%



Manufacturing output, YoY%

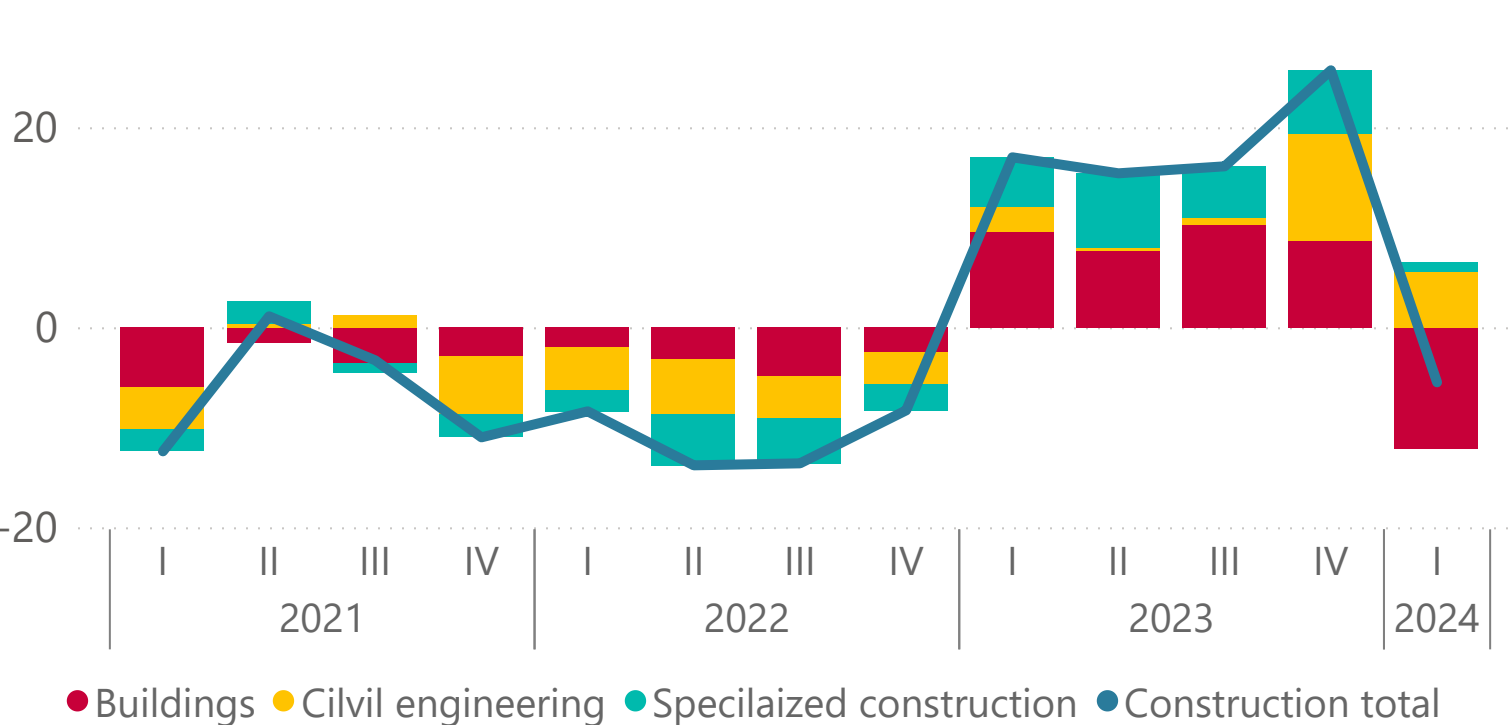


ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

Construction output at comparable prices, index; % YoY



INFLATION

Inflation

1.1%

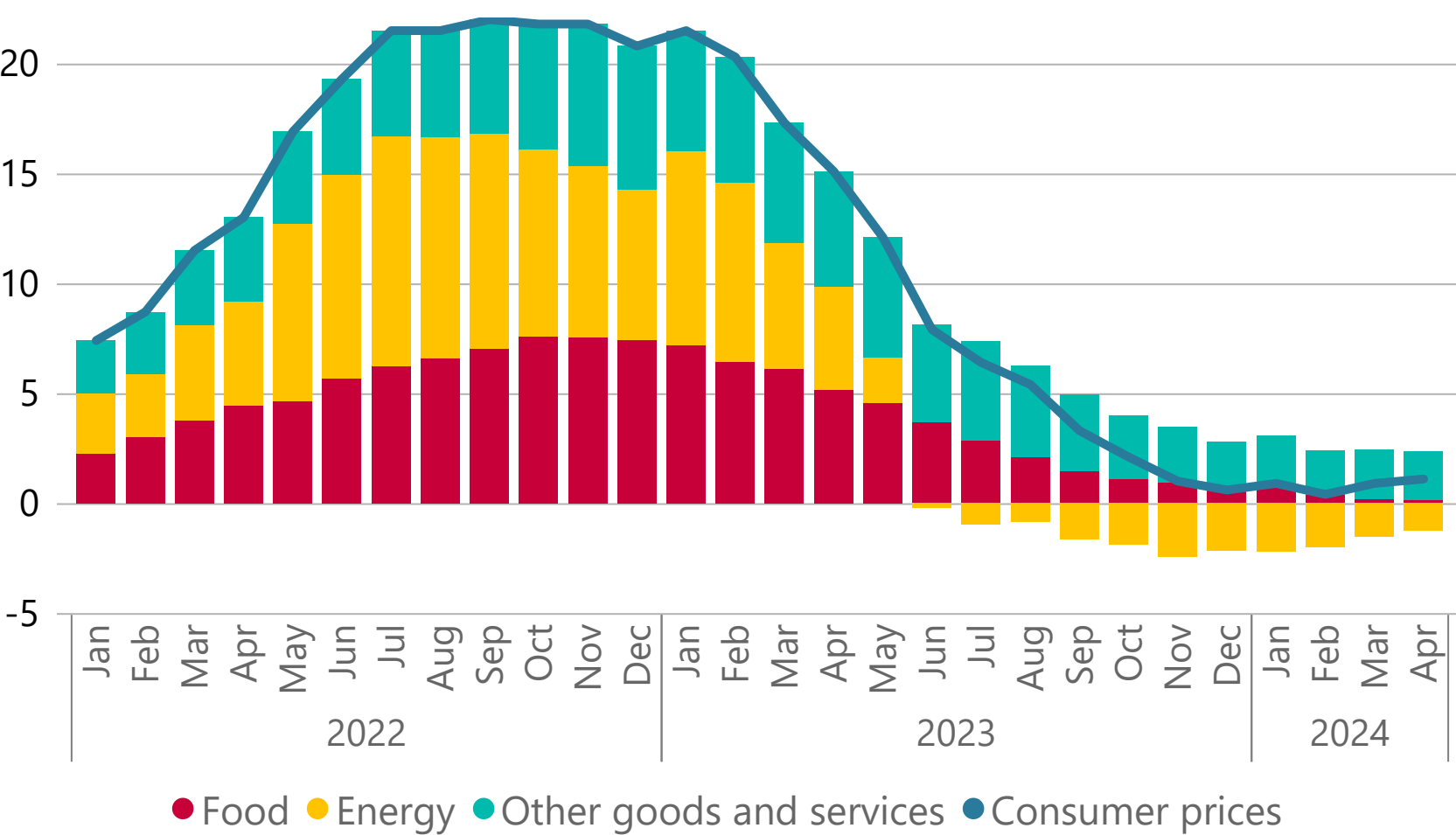
April 2023

Producer price rise

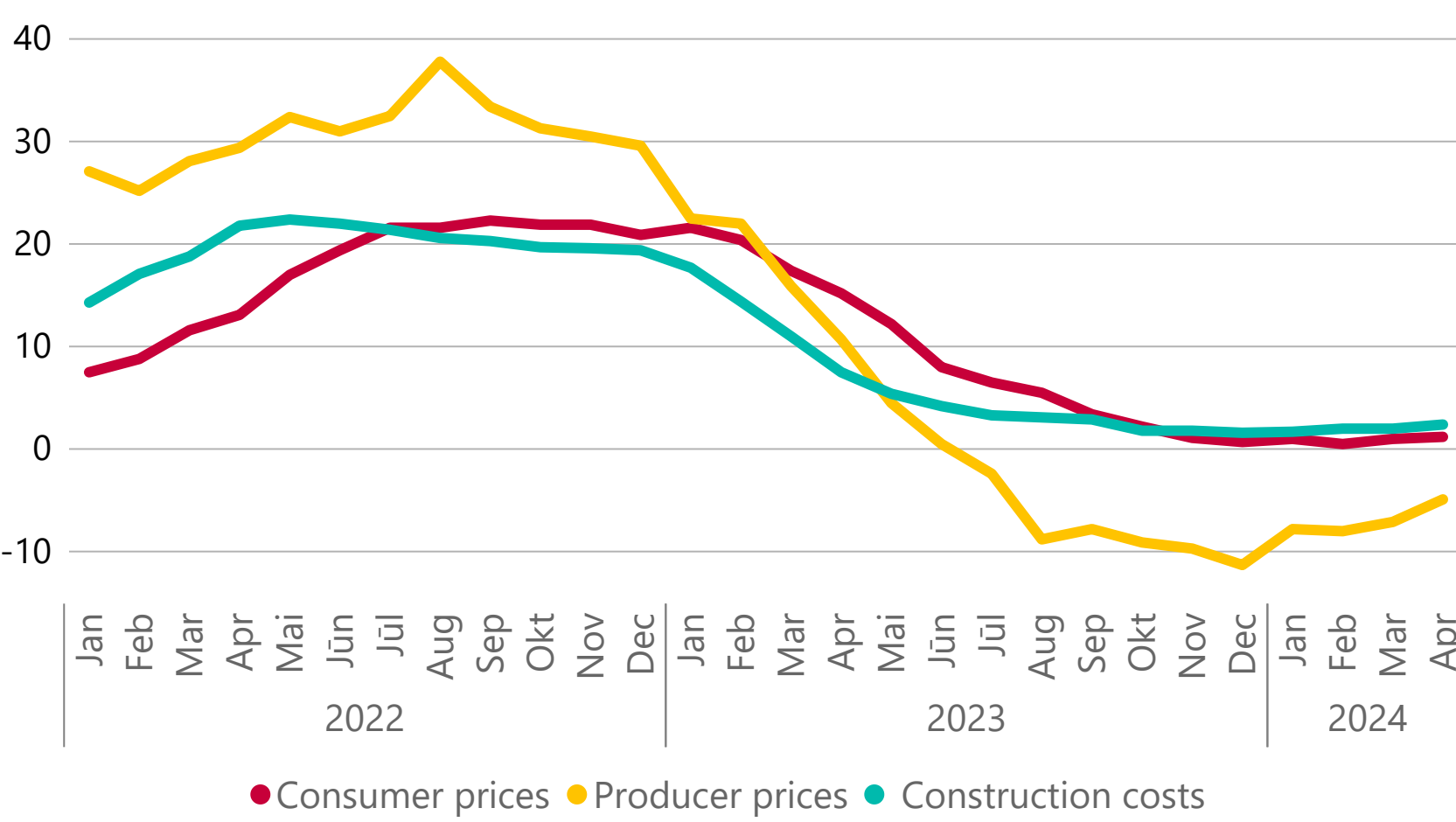
-5.0%

April 2023

Consumer prices, YoY%



Prices, YoY%



Source: CSB

UNEMPLOYMENT

Registered unemployment

5.4%

April 2023

Labour force survey

6.9%

April 2023

Private sector

1 614€
(+8.9% g/g)
1Q 2024

WAGE

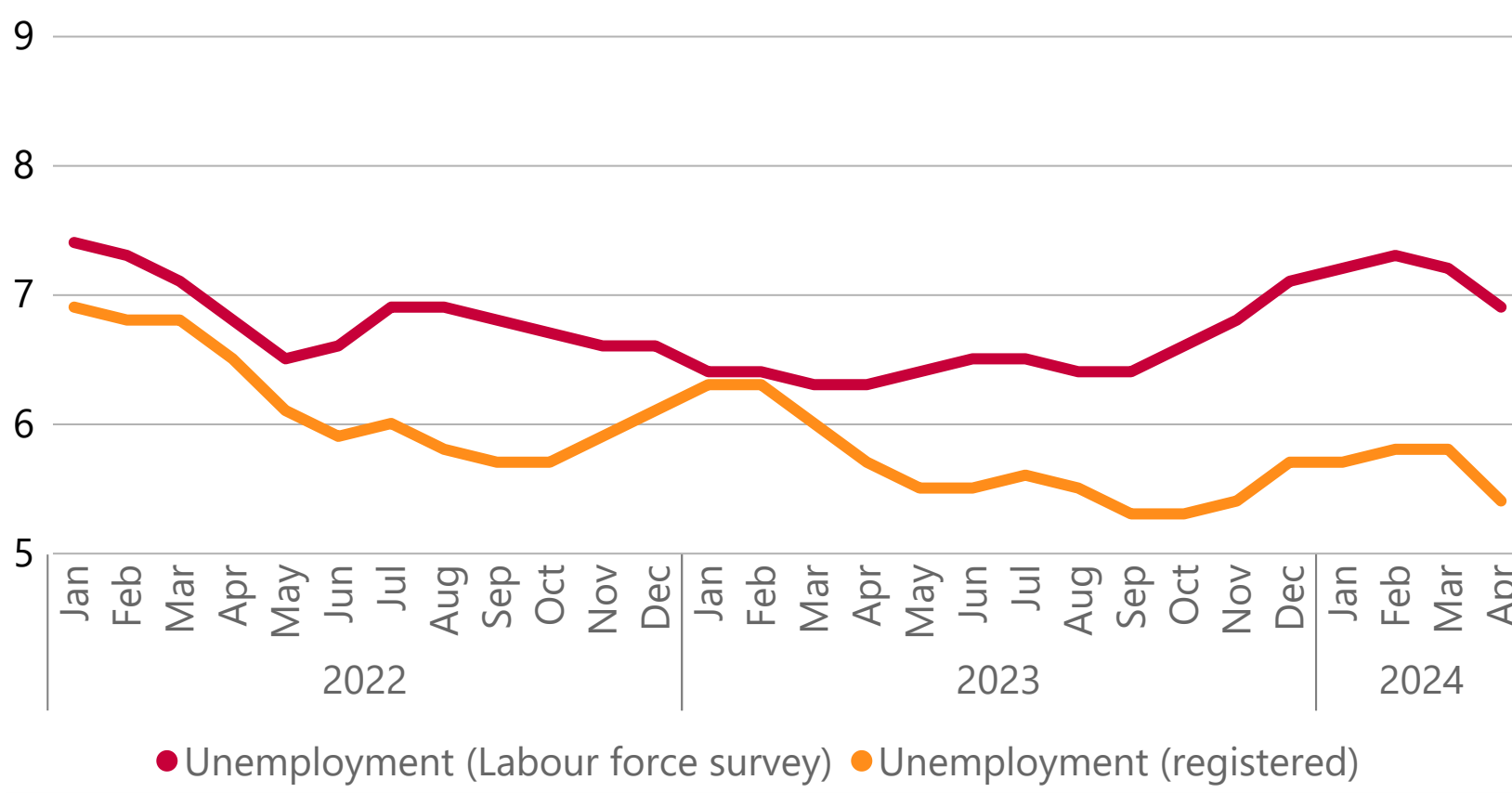
Public sector

1 657€
(+16.3% g/g)
1Q 2024

Total

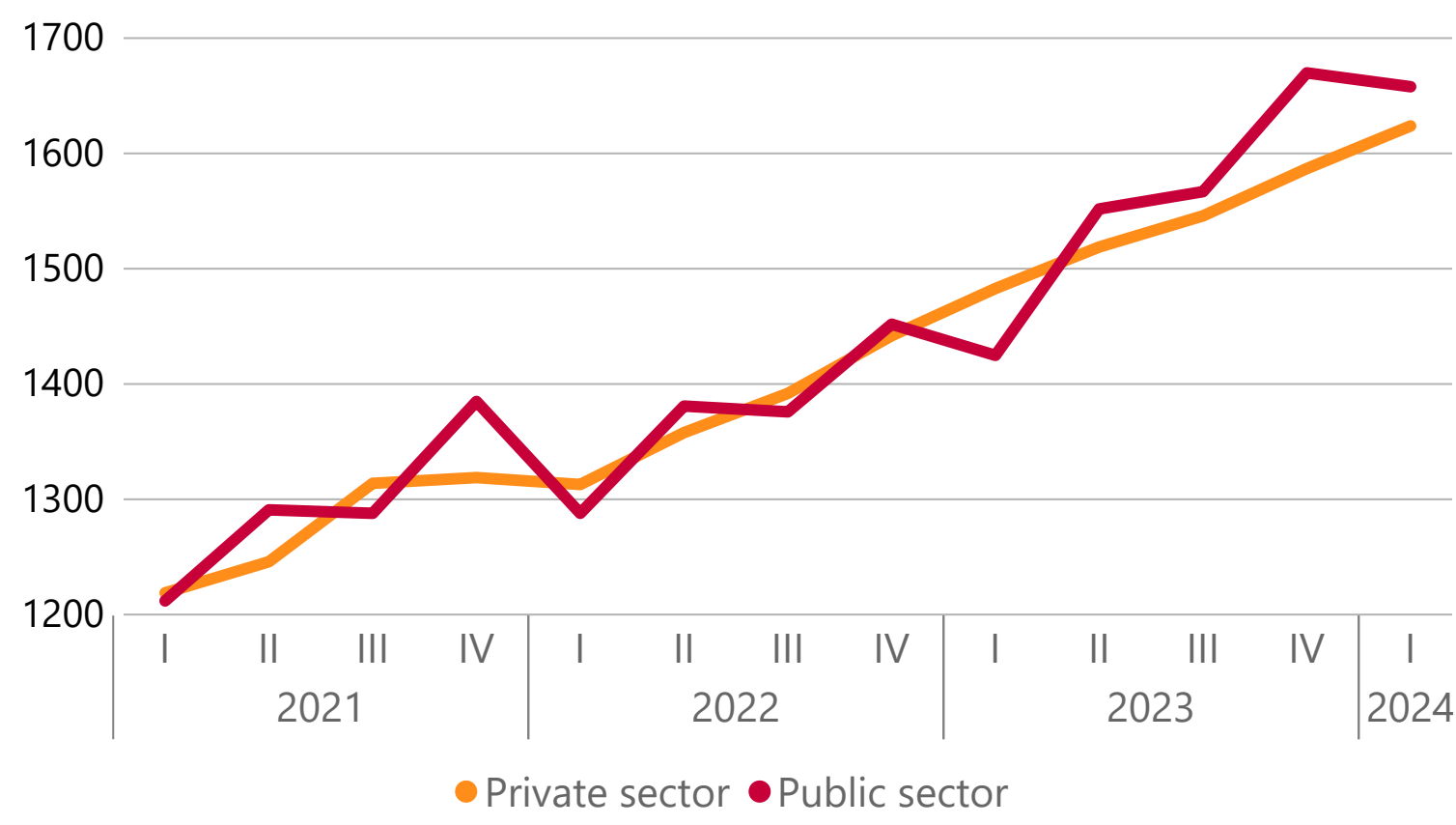
1 623€
(+11.0% g/g)
1Q 2024

Unemployment rate, %



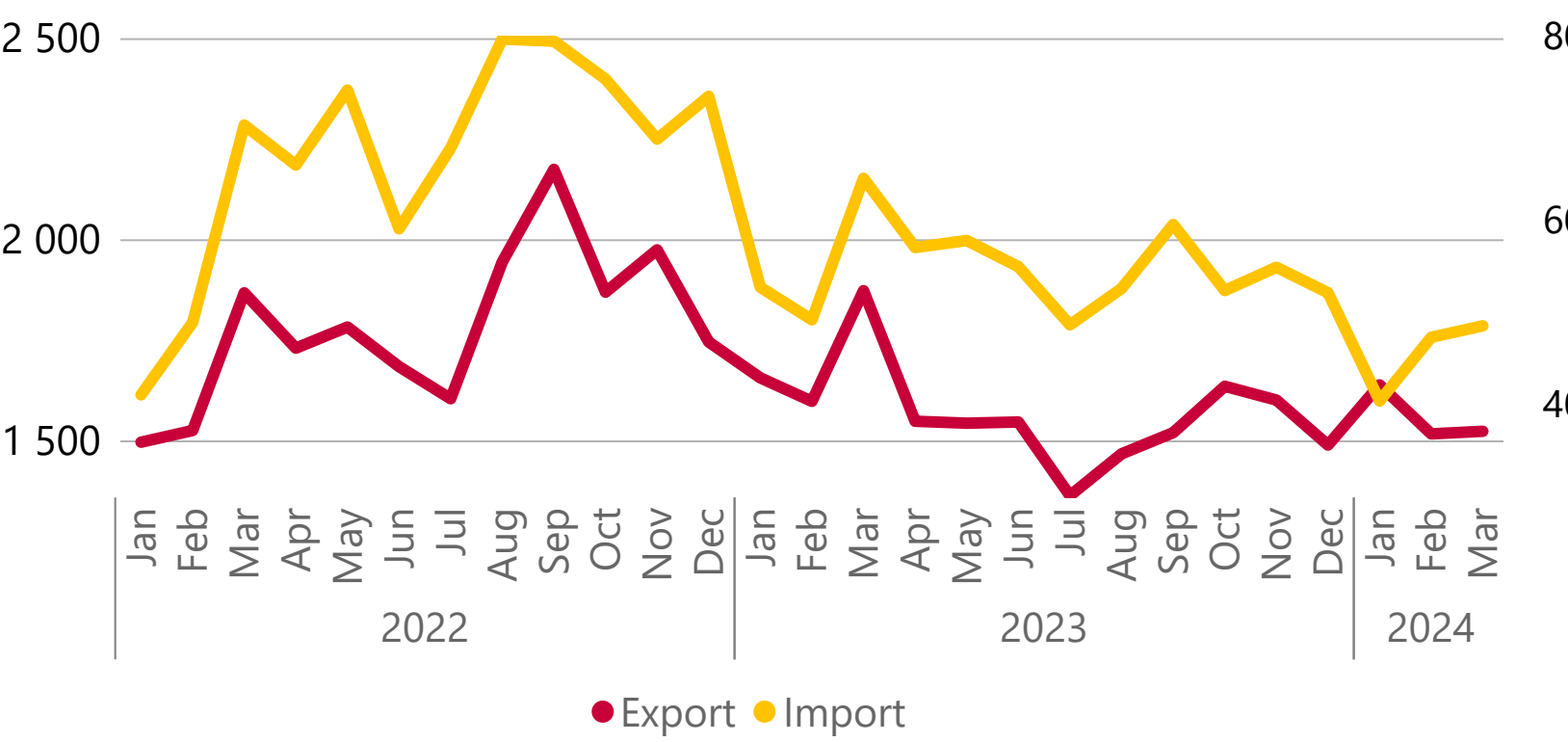
Source: CSB, State Employment Agency

Average monthly gross wage, €



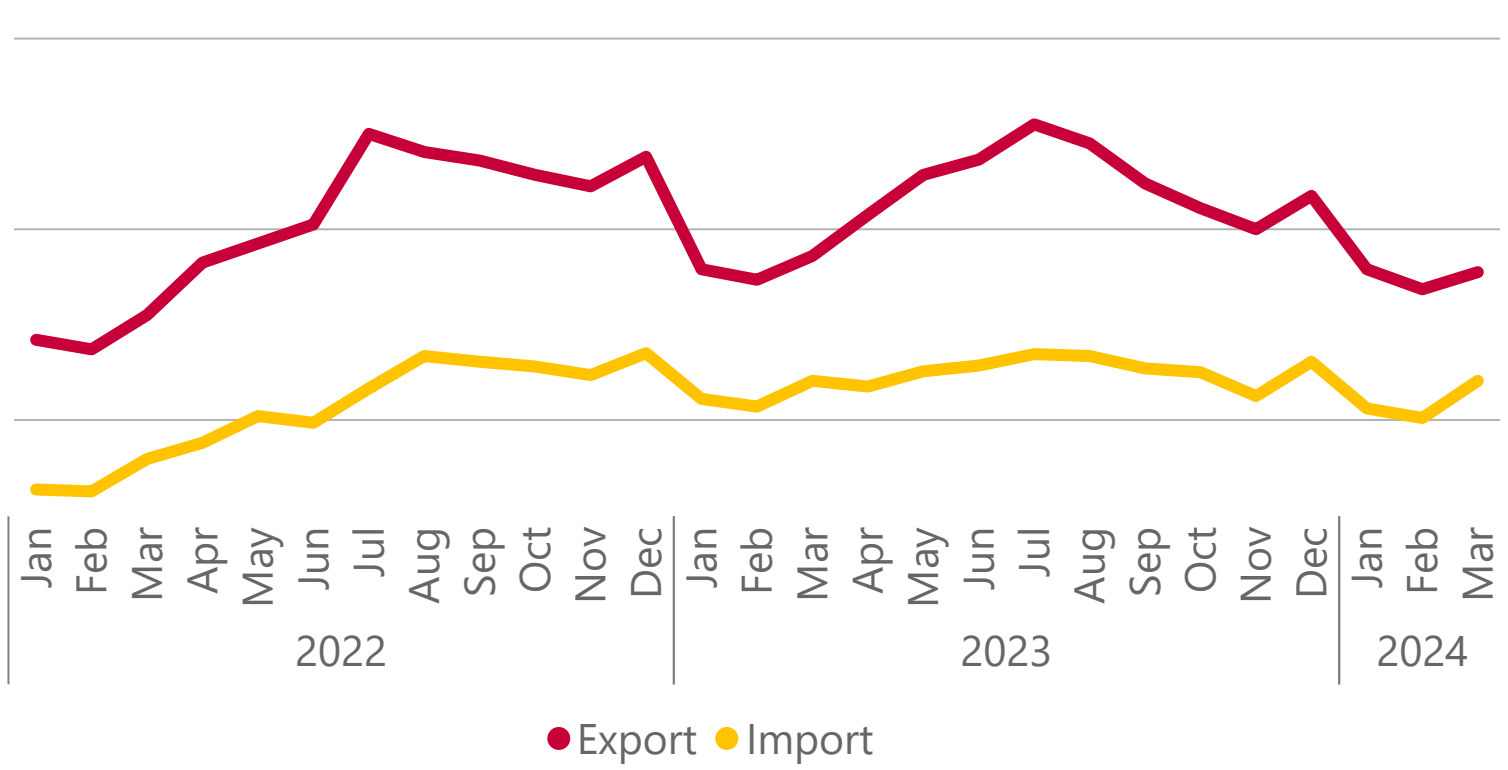
FOREIGN TRADE

Foreign trade (goods), mln €



Source: CSB; Bank of Latvia

Foreign trade (services), mln €



GENERAL GOVERNMENT BUDGET

General government budget balance 2024

-2.9% of GDP

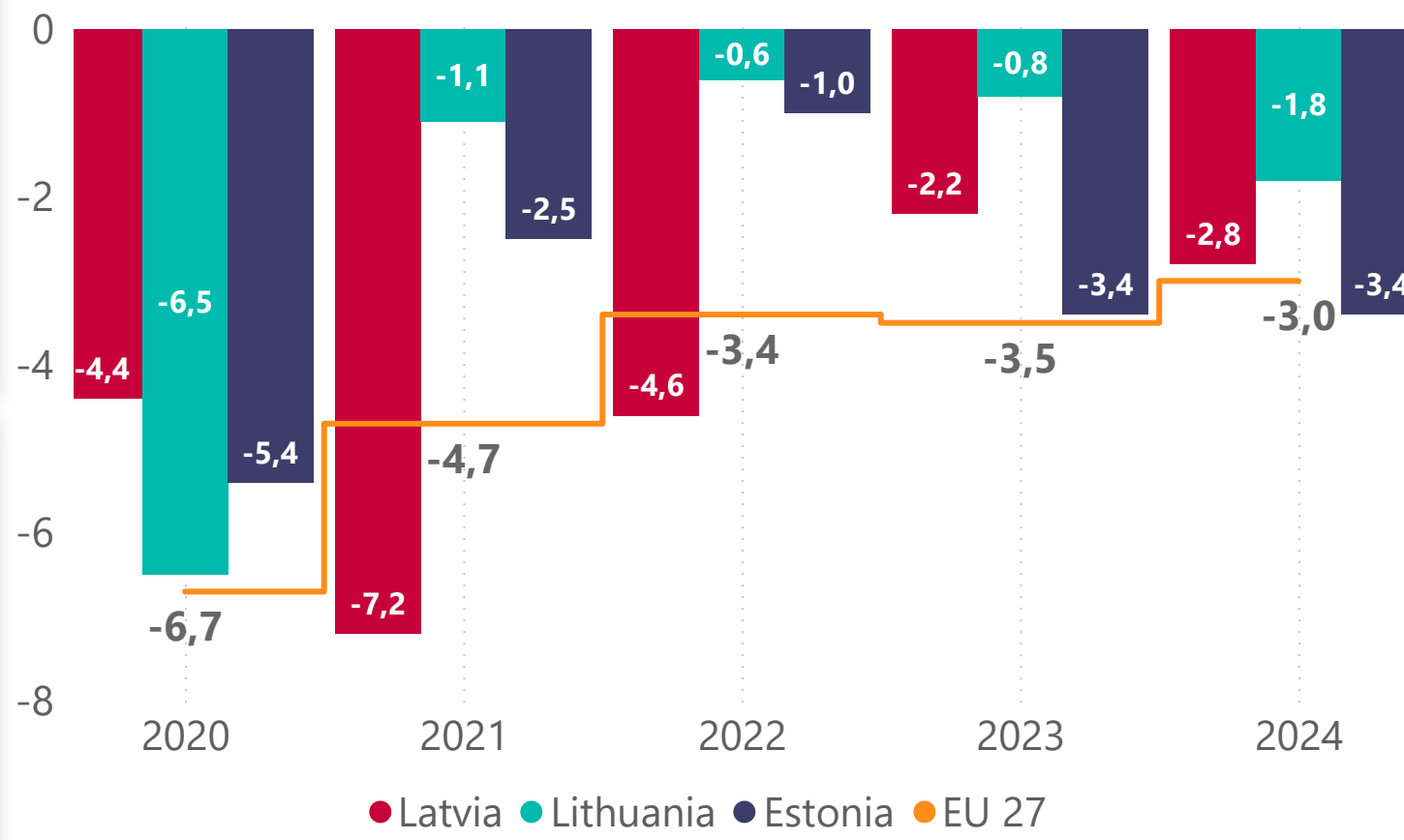
SP 2024-2028

General government debt 2024

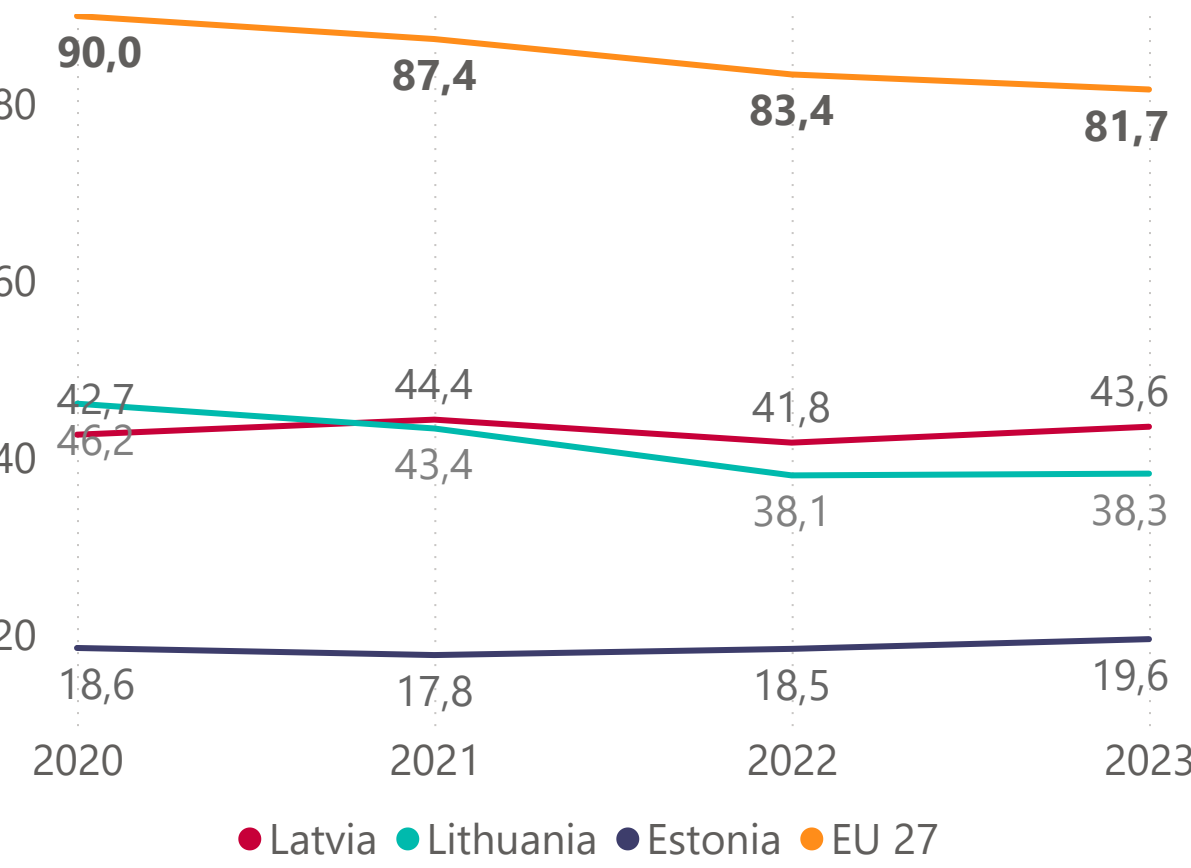
45.2% of GDP

SP 2024-2028

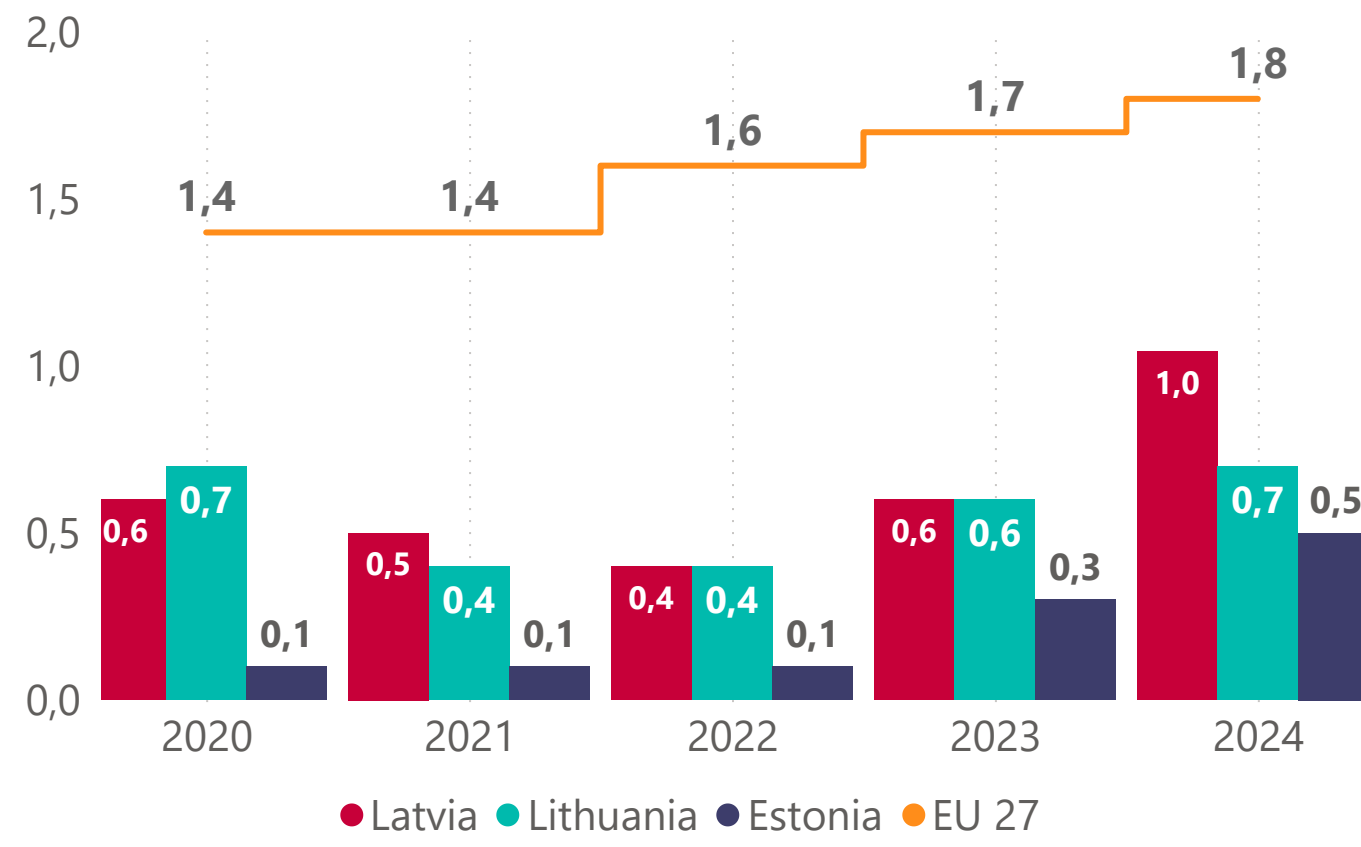
General government budget balance, % of GDP



General government debt, % of GDP



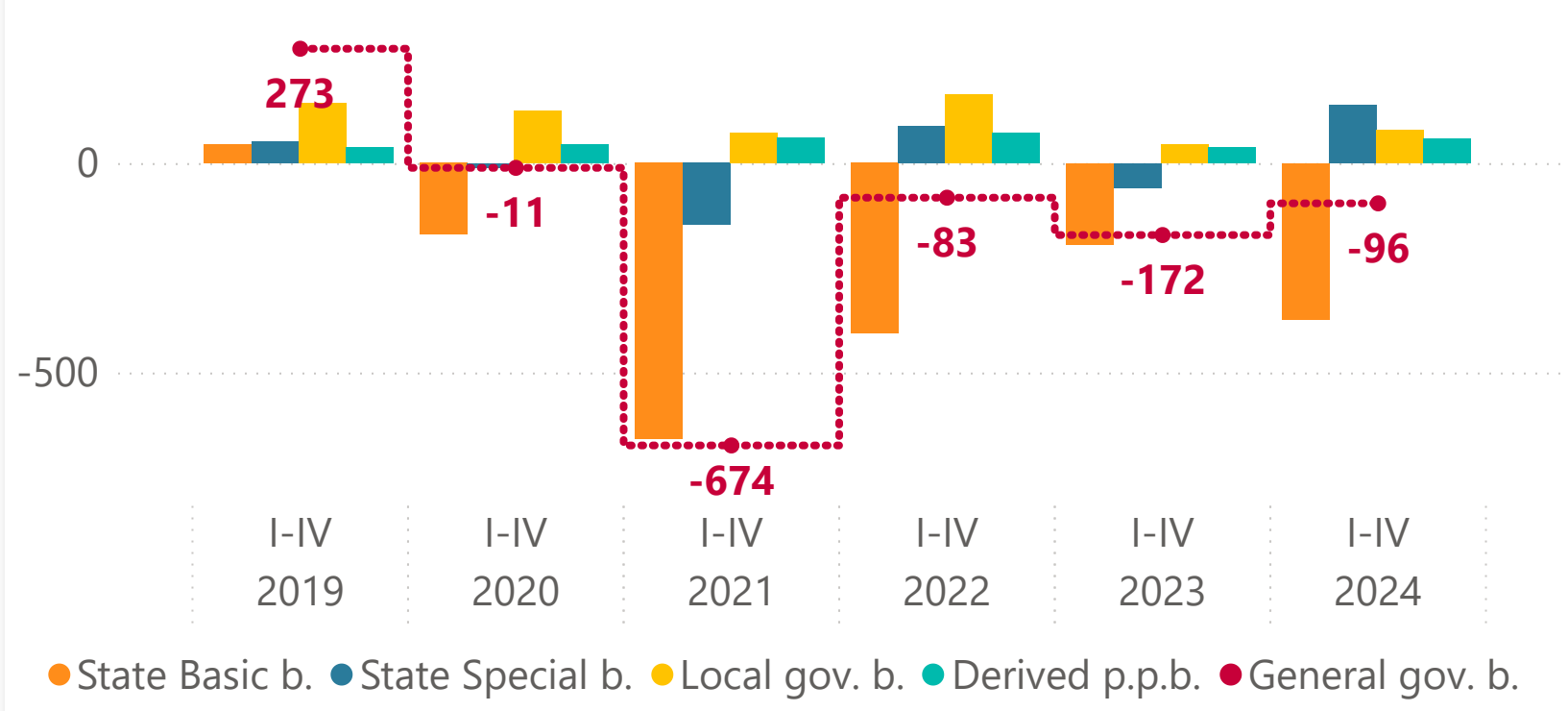
Interest expenditure (D.41), % of GDP



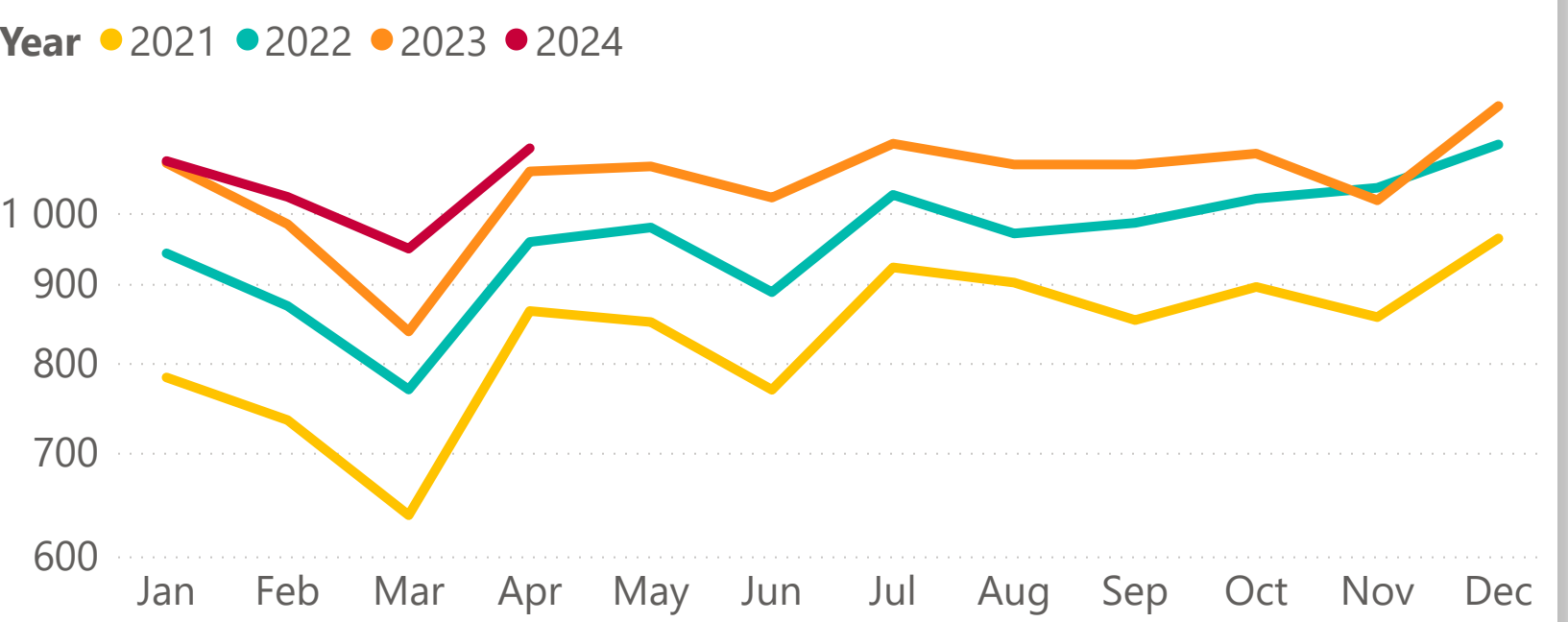
Source: Eurostat, European Commission forecasts Spring 2024, Stability programme of Latvia 2024-2028.

GENERAL GOVERNMENT BUDGET JANUARY-APRIL 2024 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: Treasury.

General government budget tax revenue in January-April 2024 including revenue in the single tax account -116.1 mln € and not included SSC revenues in 2nd pension tier 269.8 mln €.

General government budget

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	5 511,6	534,1	10,7%
Expenditure	5 607,6	458,4	8,9%
Balance	-96,1	75,6	

General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY, %
SSC	1 488,3	215,3	16,9%
VAT	1 159,7	-192,1	-14,2%
PIT	792,8	103,2	15,0%
EXCISE	373,3	1,0	0,3%
CIT	217,2	57,2	35,8%

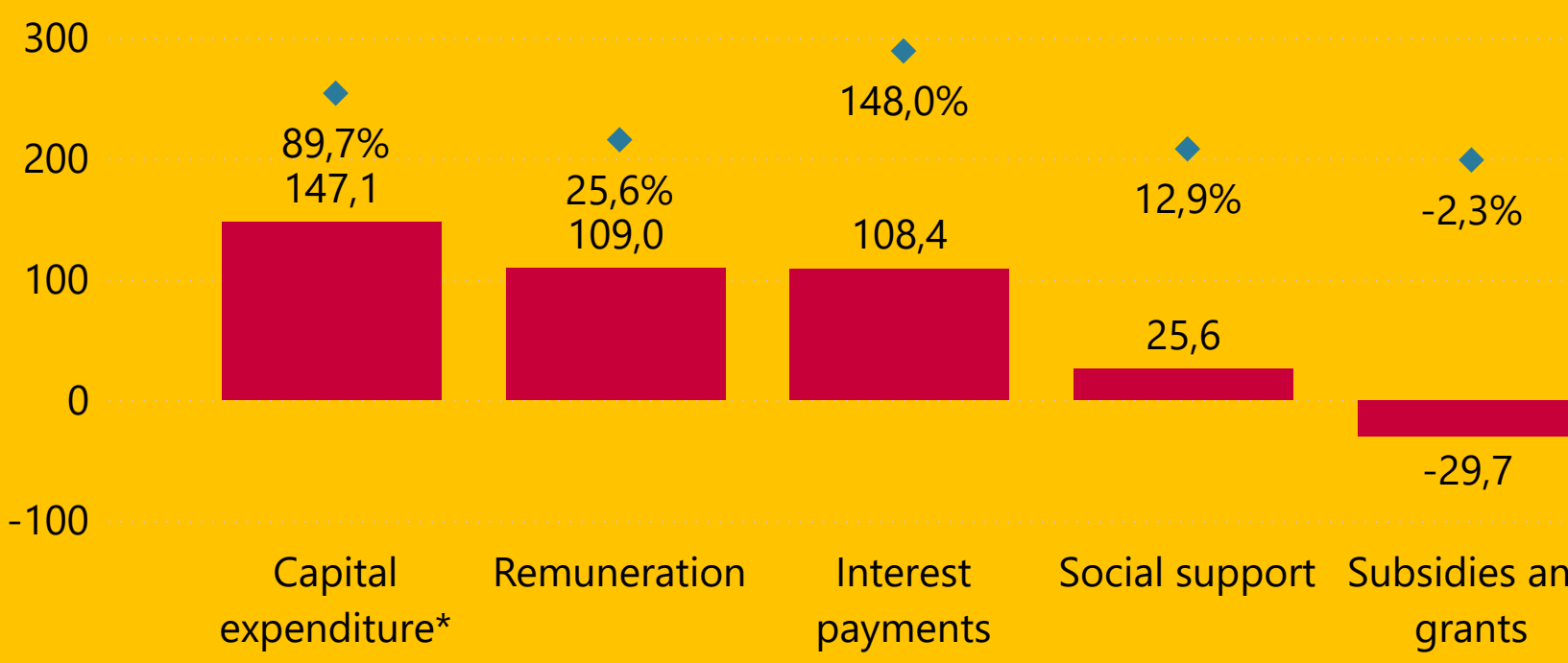
General government budget

General government budget	Execution, mln €	YoY, mln €	YoY, %
Revenue			
Tax revenue	4 154,3	191,3	4,8%
Non tax revenue	280,6	47,3	20,3%
Self-earned revenue	198,0	29,2	17,3%
Foreign financial assistance	878,2	266,5	43,6%
Expenditure			
Remuneration	1 199,9	207,9	21,0%
Goods and services	612,6	-19,2	-3,0%
Interest payments	193,2	108,5	127,9%
Subsidies and grants	1 324,8	-21,4	-1,6%
Social support	1 734,1	58,0	3,5%
Payments to EU budget	126,2	6,9	5,8%
Capital expenditure	387,7	109,6	39,4%

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	3 198,0	257,3	8,7%
Expenditure	3 571,7	436,5	13,9%
Balance	-373,7	-179,2	

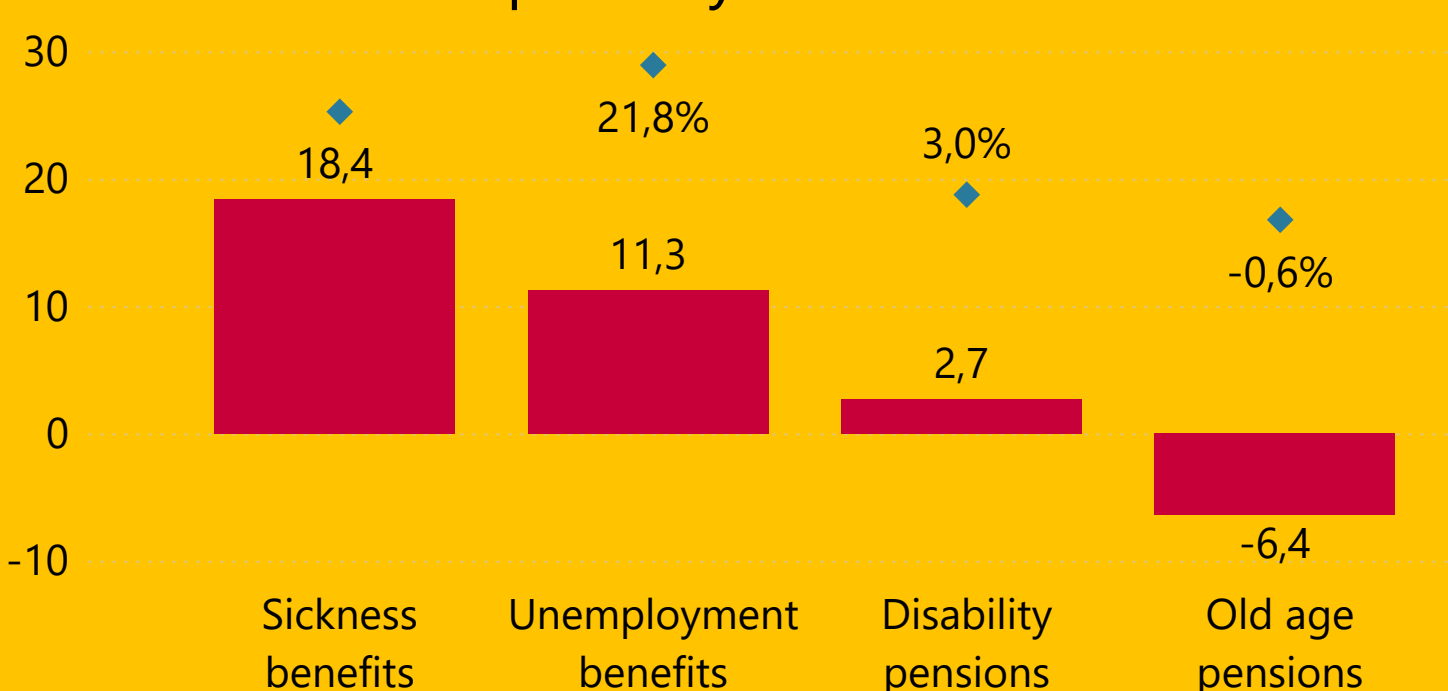
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 567,6	227,1	16,9%
Expenditure	1 428,0	28,5	2,0%
Balance	139,5	198,7	

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



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 194,1	106,9	9,8%
Expenditure	1 115,0	71,9	6,9%
Balance	79,2	35,0	

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

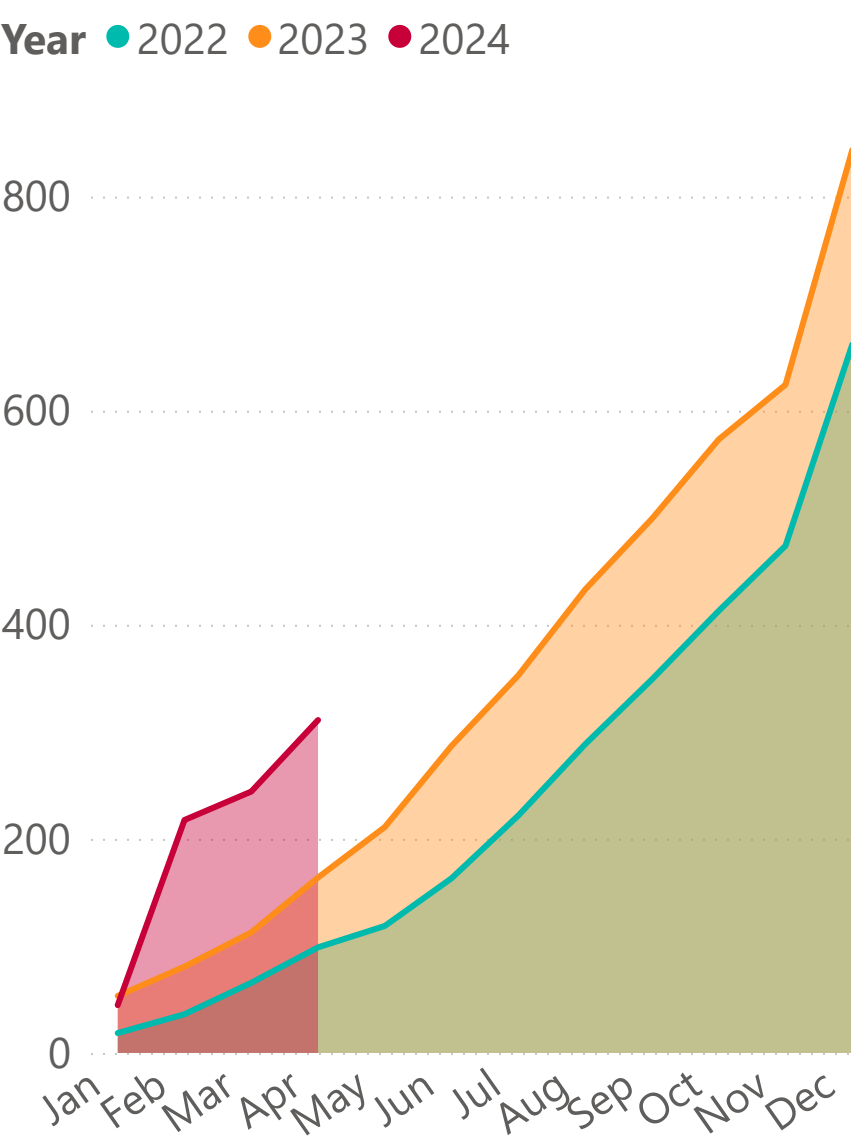


*Capital expenditure - fixed capital formation (not included transfers between budget levels)

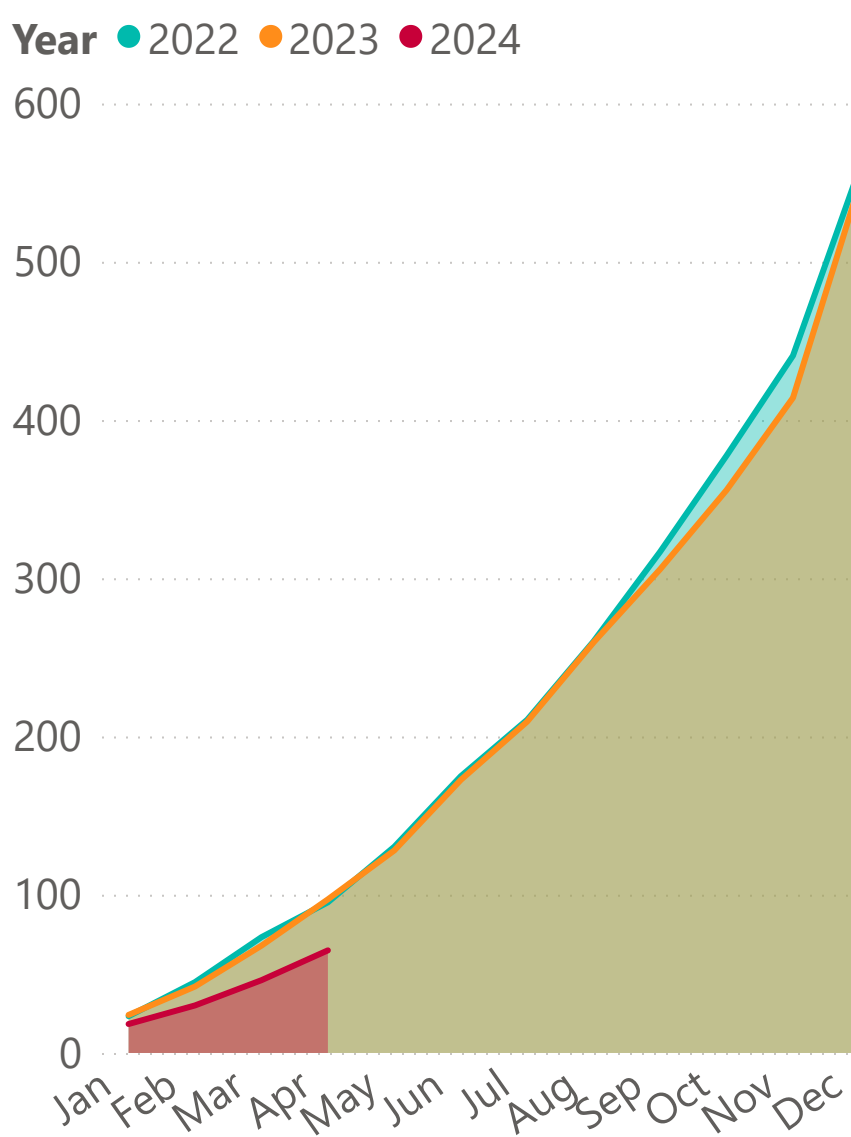
YoY - changes in mln euro against respective period year before; YoY% - changes in per cent against respective period year before

CAPITAL EXPENDITURE

State basic budget fixed capital formation (accumulated), mln €



Local government budget fixed capital formation (accumulated), mln €



Old age pensions recipients

433 261
(+0.1% YoY)
April 2024

Unemployment benefit recipients

34 382
(+10.2% YoY)
April 2024

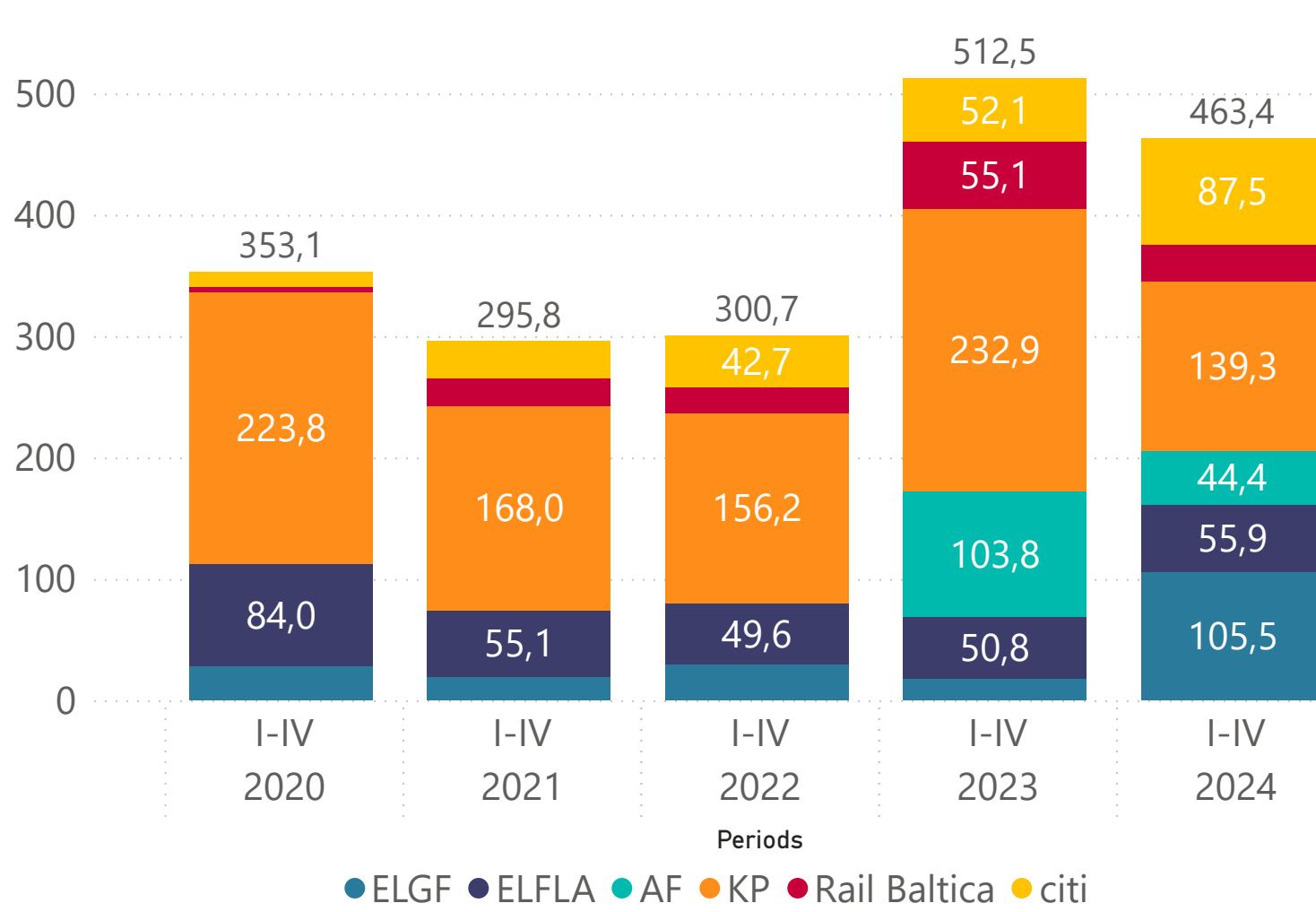
Old age pensions average amount

568€
(+7.4% YoY)
April 2024

Unemployment benefit average amount

458€
(+9.3% YoY)
April 2024

FFA expenditure, 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

Source: State Social Insurance Agency (SSIA)

Source: State Treasury