

MACROECONOMIC AND BUDGETARY REVIEW 2024

No 7

GROSS DOMESTIC PRODUCT (GDP)

GDP 2023

40 348 mln €

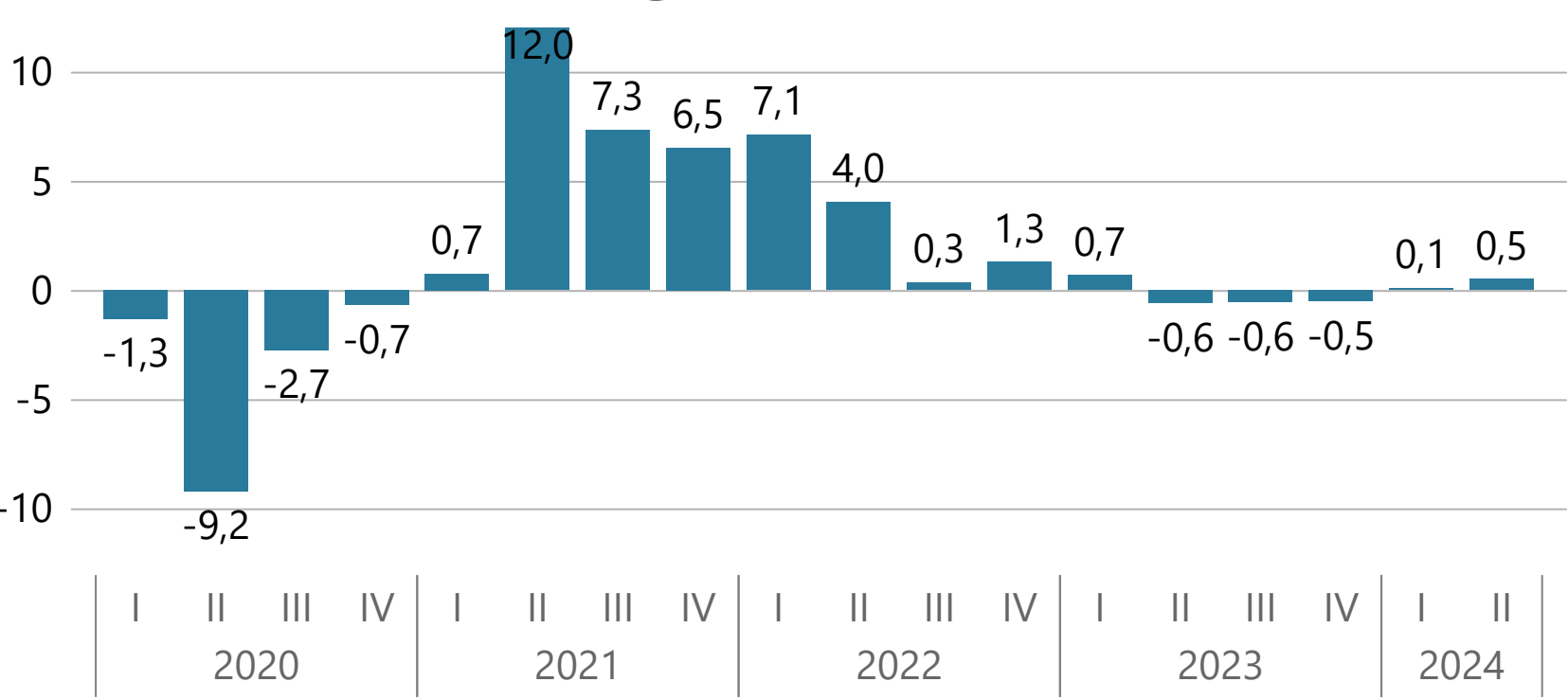
CSB, 24.05.2024.

GDP growth 2024

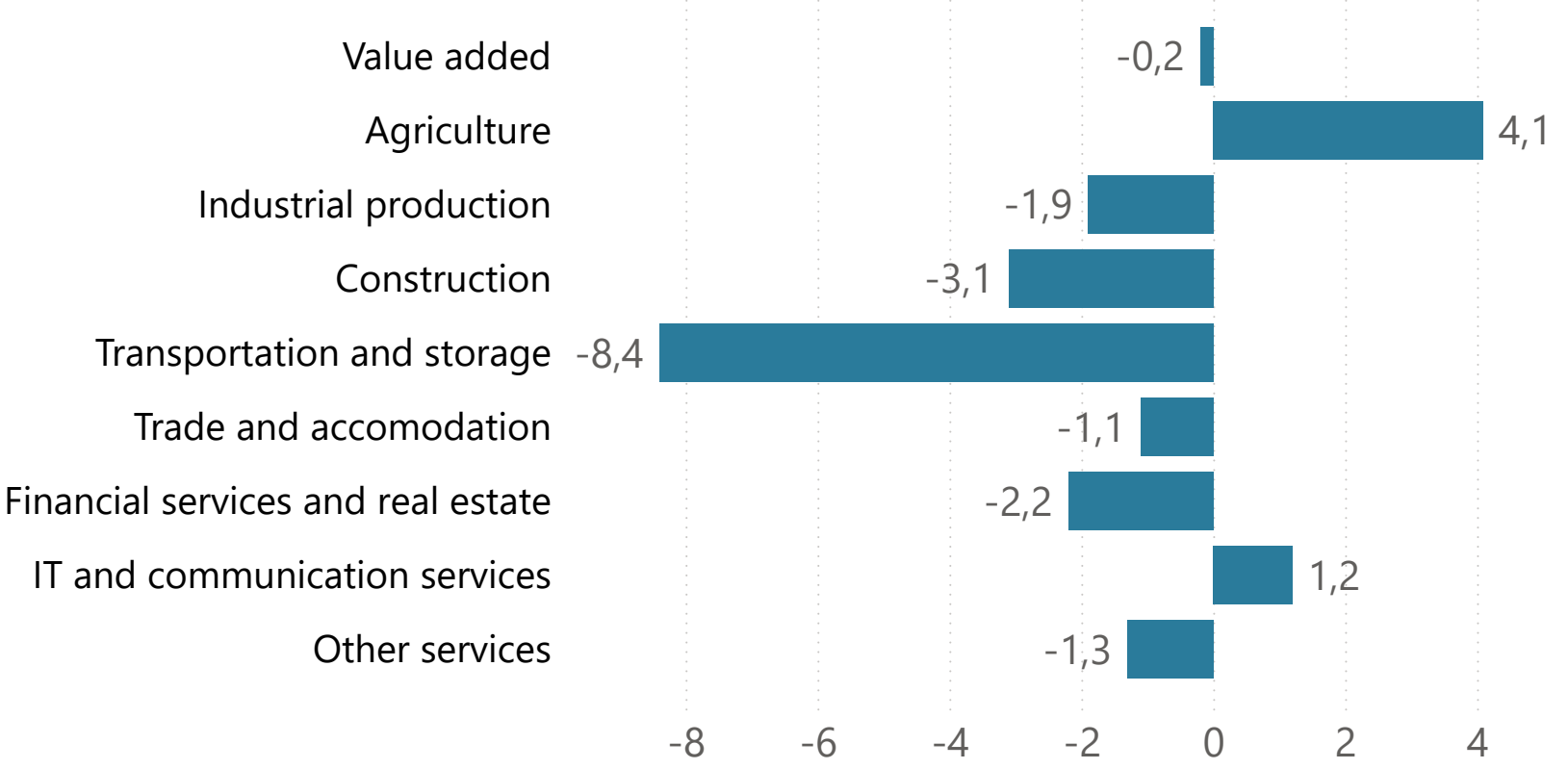
1,4%

MoF forecast, June 2024

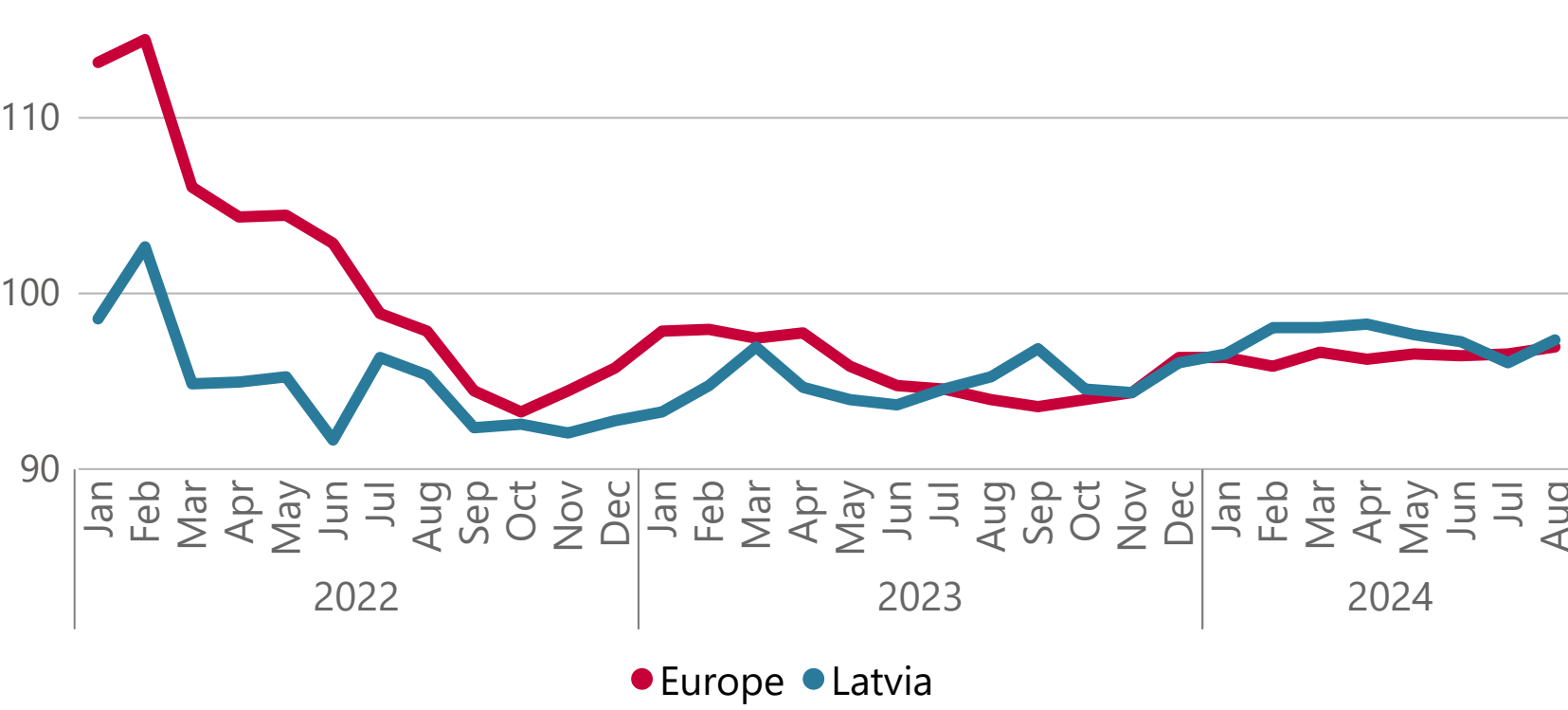
GDP growth, YoY%



GDP growth by sectoral breakdown
2024 1st half/2023 1st half



ESI Economic confidence



Source: European Commission; Central Statistical Bureau(CSB)

INFLATION

Inflation

0.7%

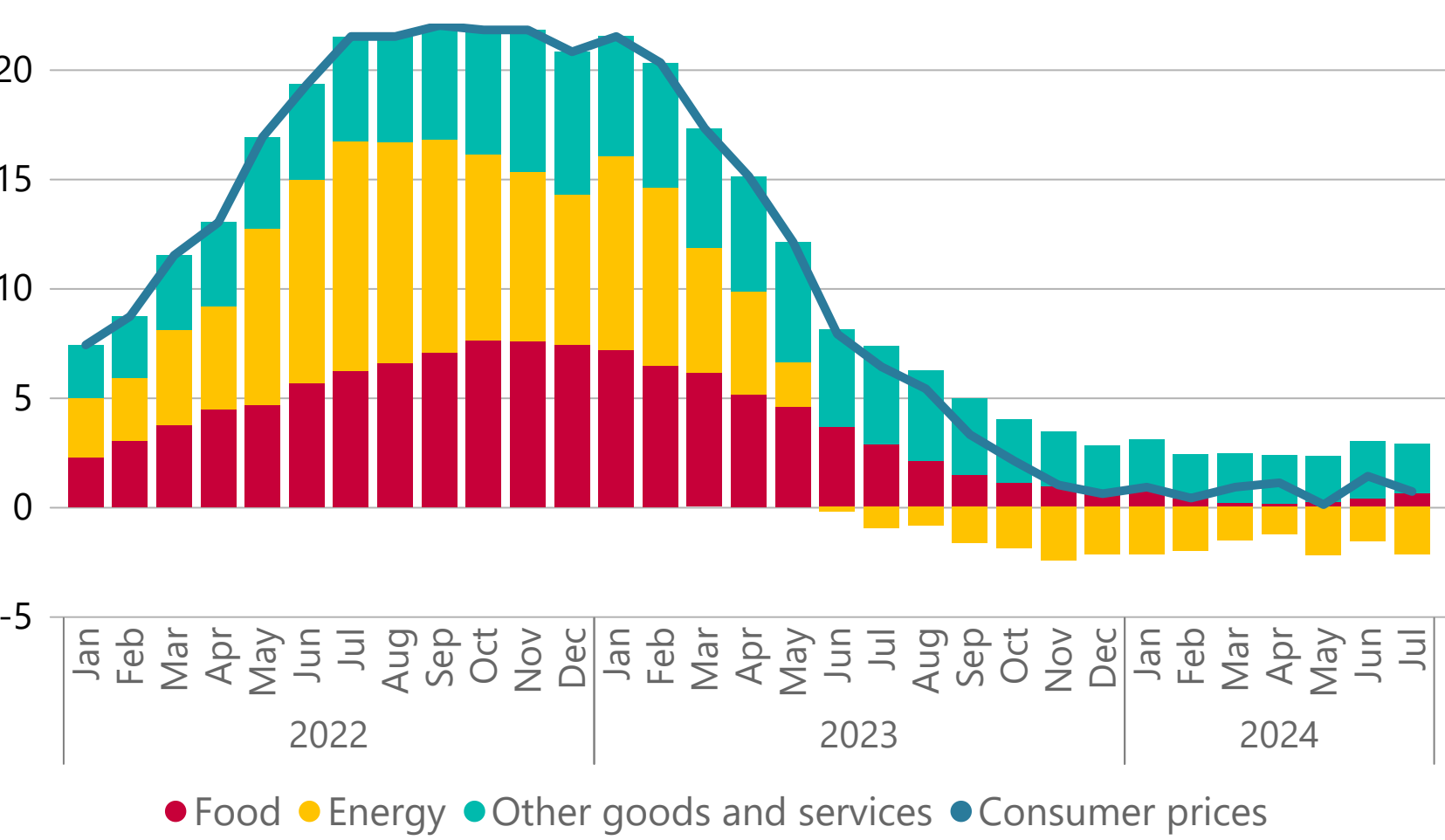
July 2024

Producer price rise

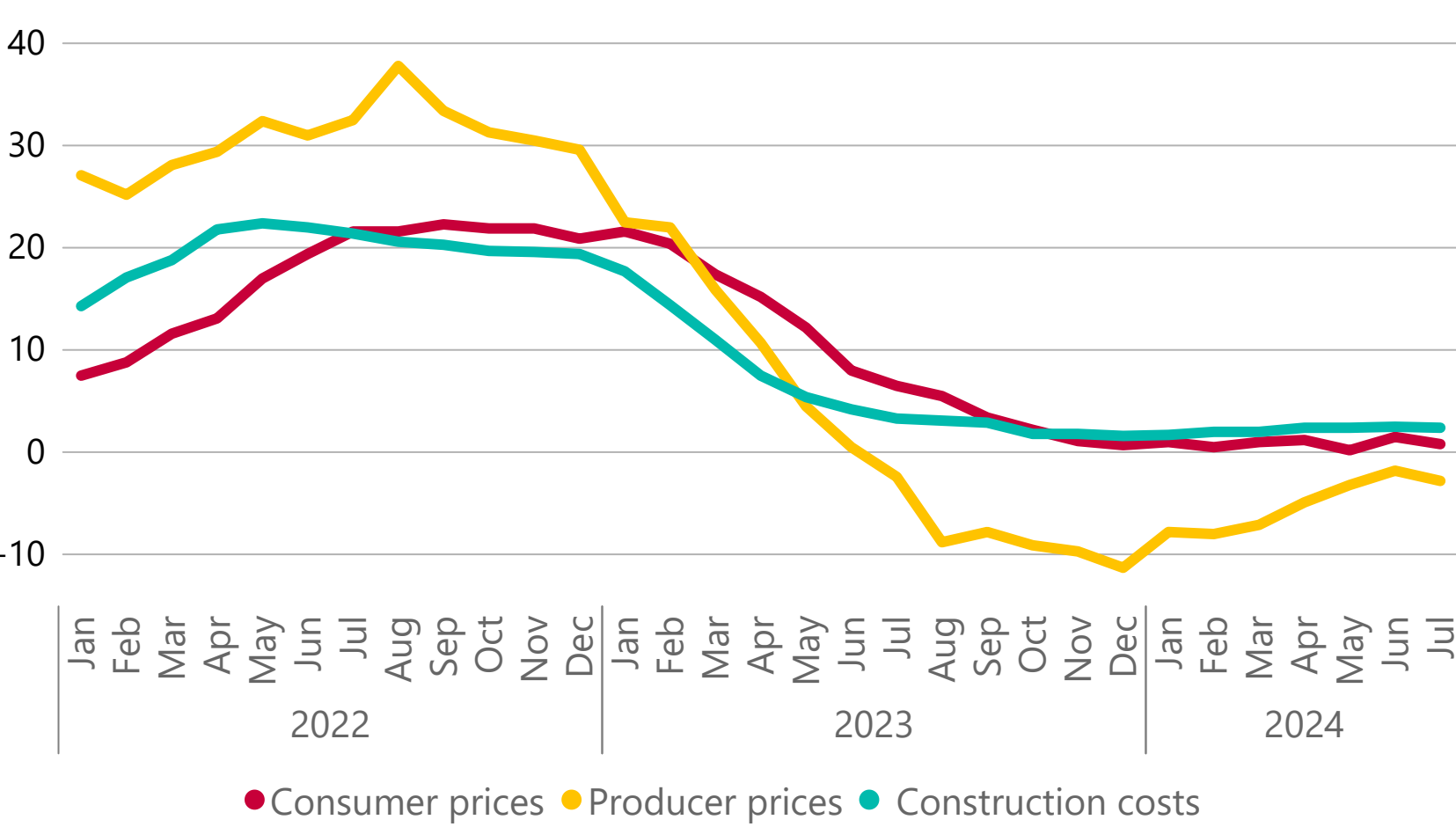
-2.9%

July 2024

Consumer prices, YoY%



Prices, YoY%



Source: CSB

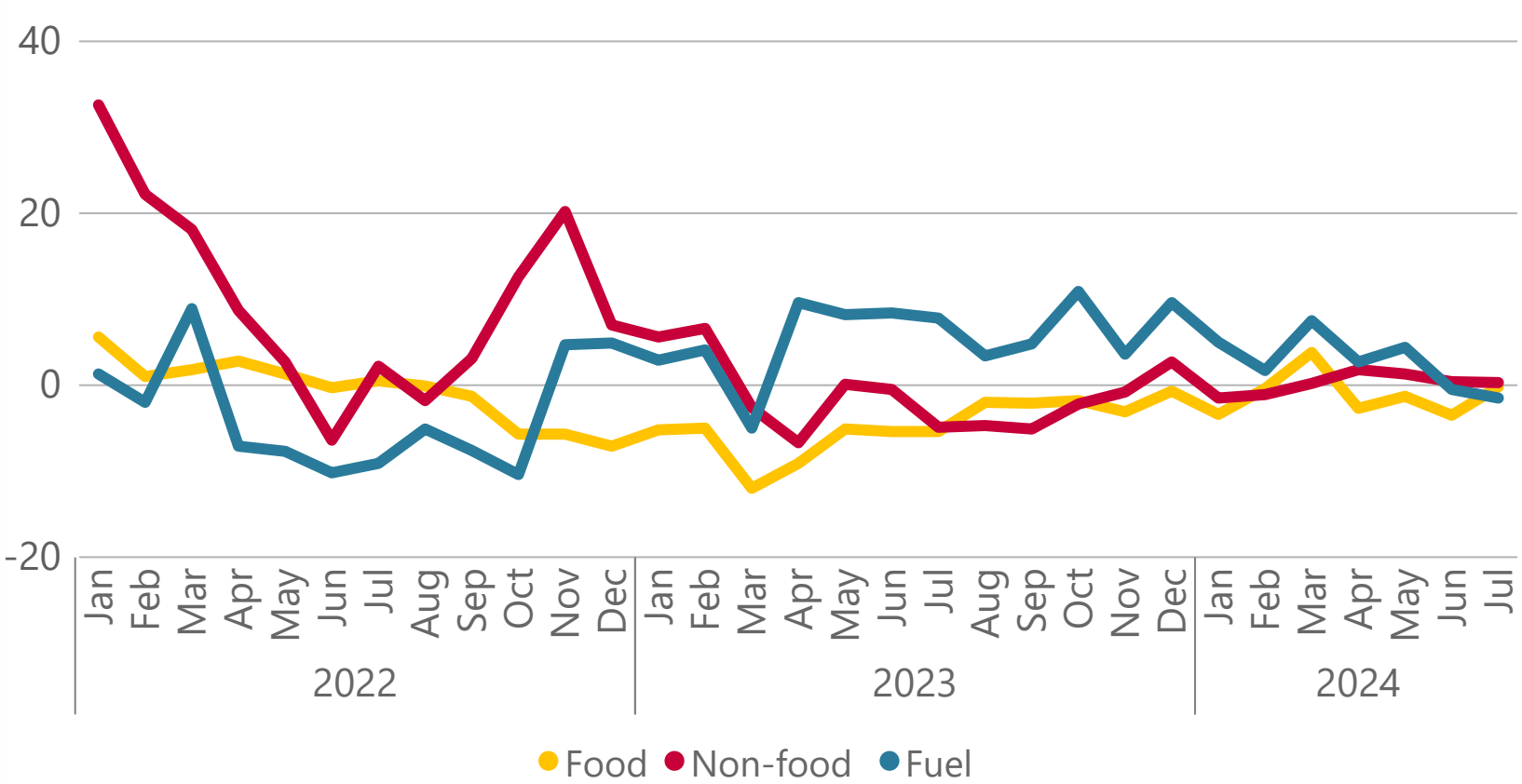
MAIN MACROECONOMIC INDICATORS

Indicator	2019	2020	2021	2022	2023	2024*	2025*	2026*	2027*	2028*
Nominal GDP growth, %	4,9	-1,5	10,8	15,1	5,1	3,8	5,9	5,5	5,4	5,1
Real GDP growth, %	0,6	-3,5	6,7	3	-0,3	1,4	2,9	2,8	2,6	2,3
GDP deflator, % change	4,3	2,1	3,8	11,8	5,4	2,4	2,9	2,7	2,7	2,7
Consumer price index, % change	2,8	0,2	3,3	17,3	8,9	1,2	2,2	2,5	2,5	2,5
Average monthly gross wage, EUR	1076	1143	1277	1373	1537	1655	1760	1865	1958	2056
nominal growth, %	7,2	6,2	11,7	7,5	11,9	7,7	6,3	6	5	5
real growth, %	4,2	6	8,2	-8,4	2,8	6,4	4	3,4	2,4	2,4
Number of persons employed, thsd	910	893	864	886	884	884	884	883	882	878
growth, %	0,1	-1,9	-3,2	2,6	-0,2	0	0	-0,1	-0,2	-0,4
Unemployment rate, %	6,3	8,1	7,6	6,9	6,5	6,7	6,3	6	5,5	4,9

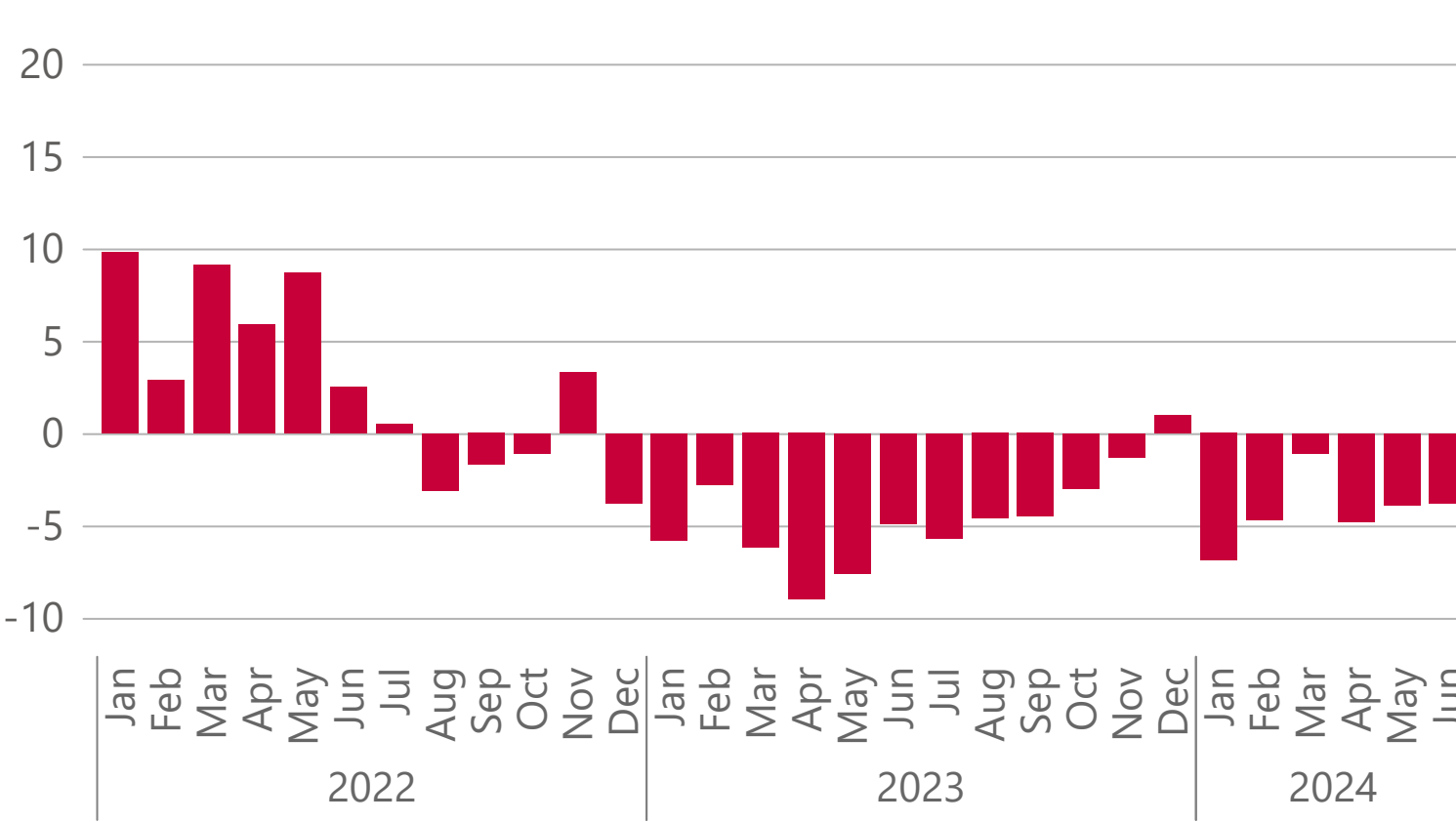
Source: CSB (24.05.2024), *forecasts of the Ministry of Finance of the Republic of Latvia (June 2024)

INDUSTRIES

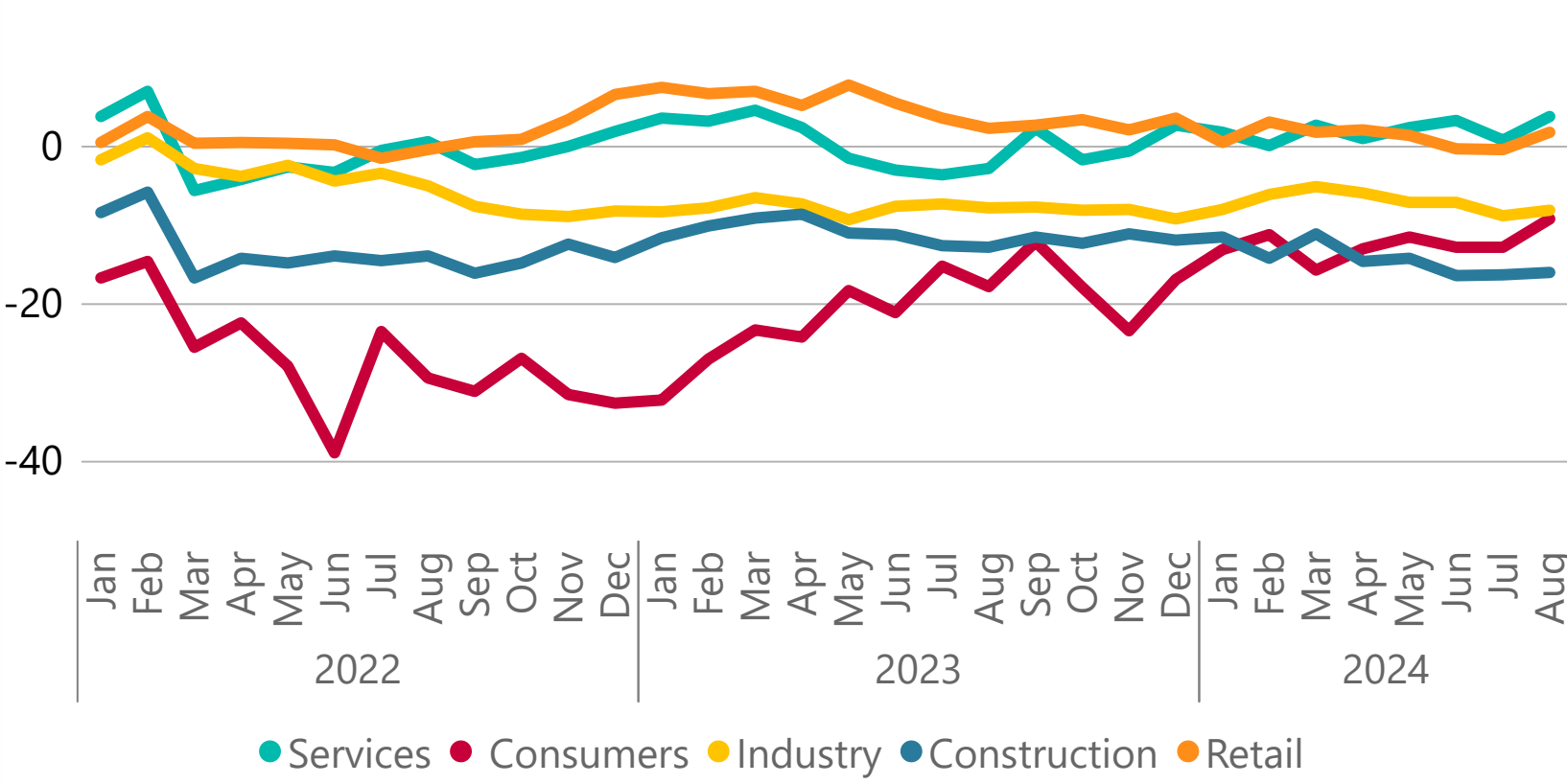
Retail trade growth, YoY%



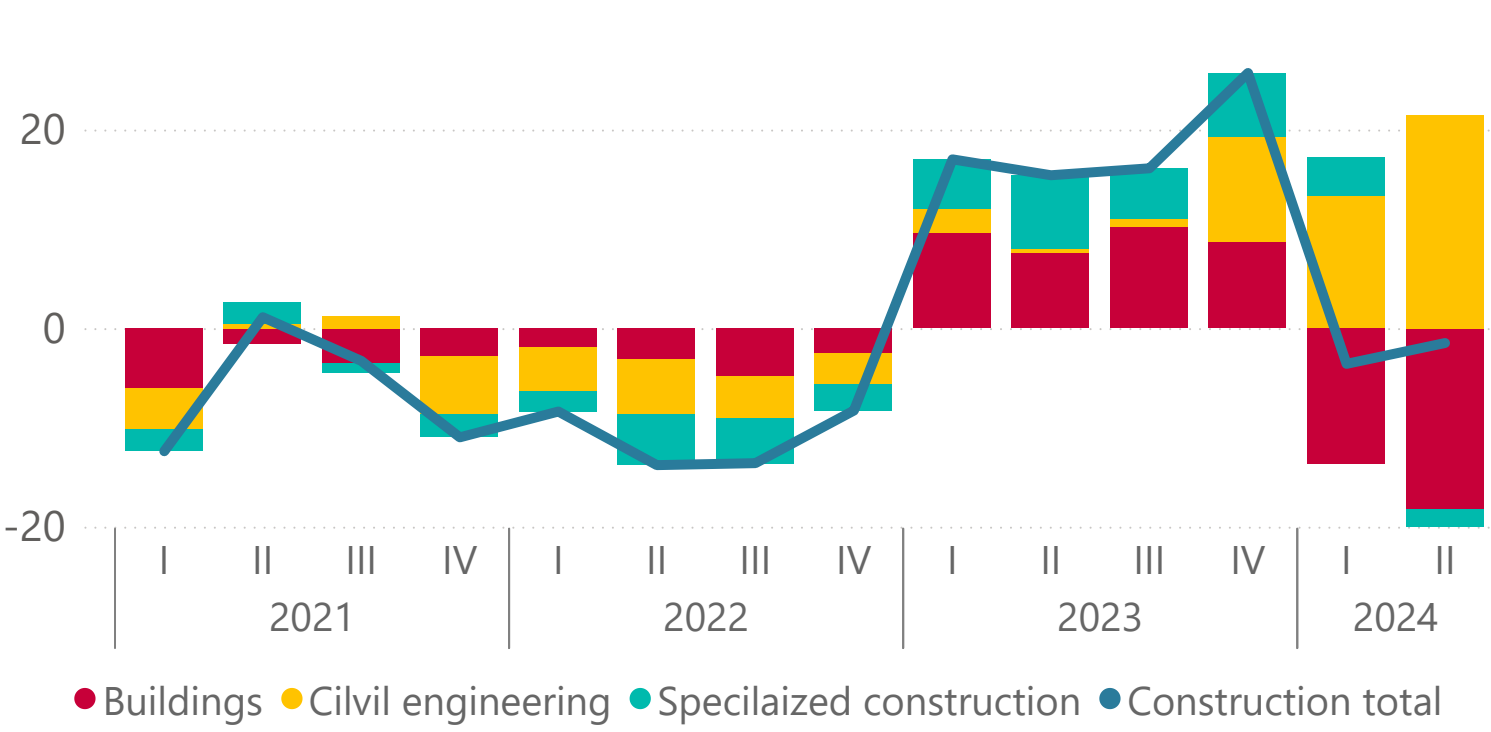
Manufacturing output, YoY%



ESI Sector Confidence Index in Latvia



Construction output at comparable prices, index; % YoY



Source: CSB, European Commission

UNEMPLOYMENT

Registered unemployment

5.2%

July 2024

Labour force survey

6.8%

July 2024</

GENERAL GOVERNMENT BUDGET

General government budget balance 2024

-2.6% of GDP

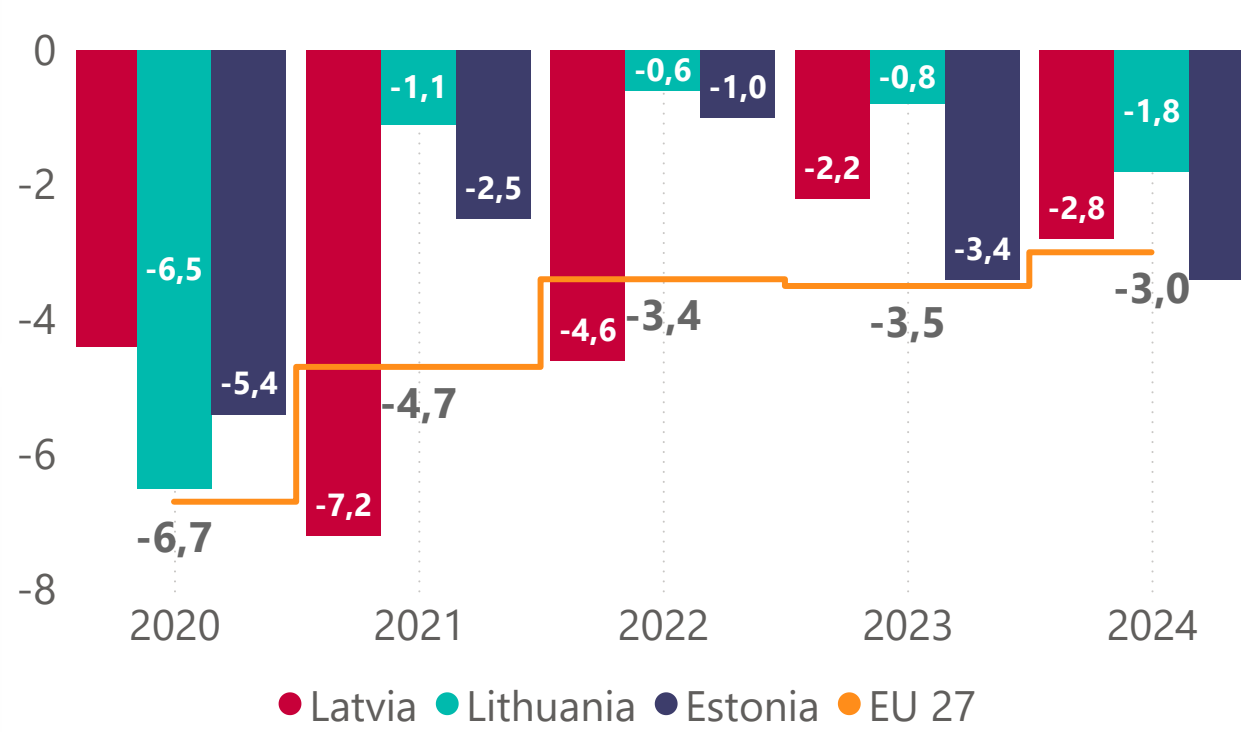
Forecast of MoF, August 2024

General government debt 2024

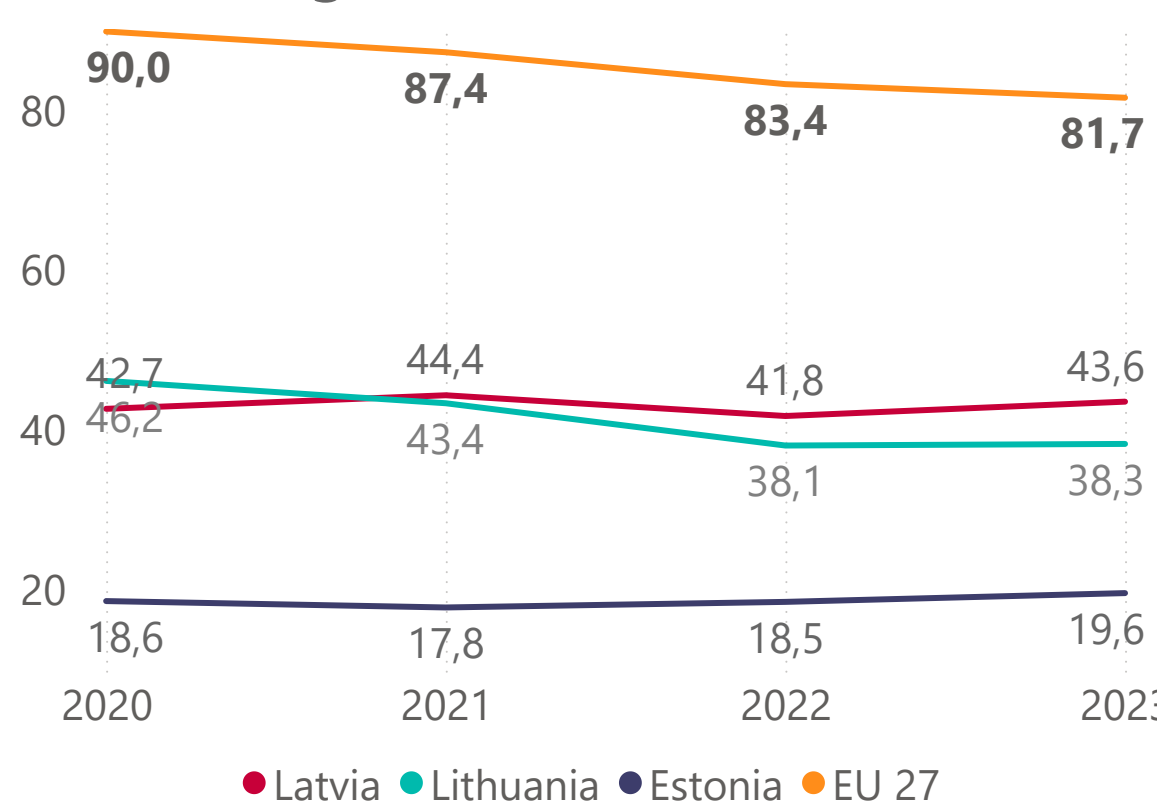
46% of GDP

Forecast of State Treasury, August 2024

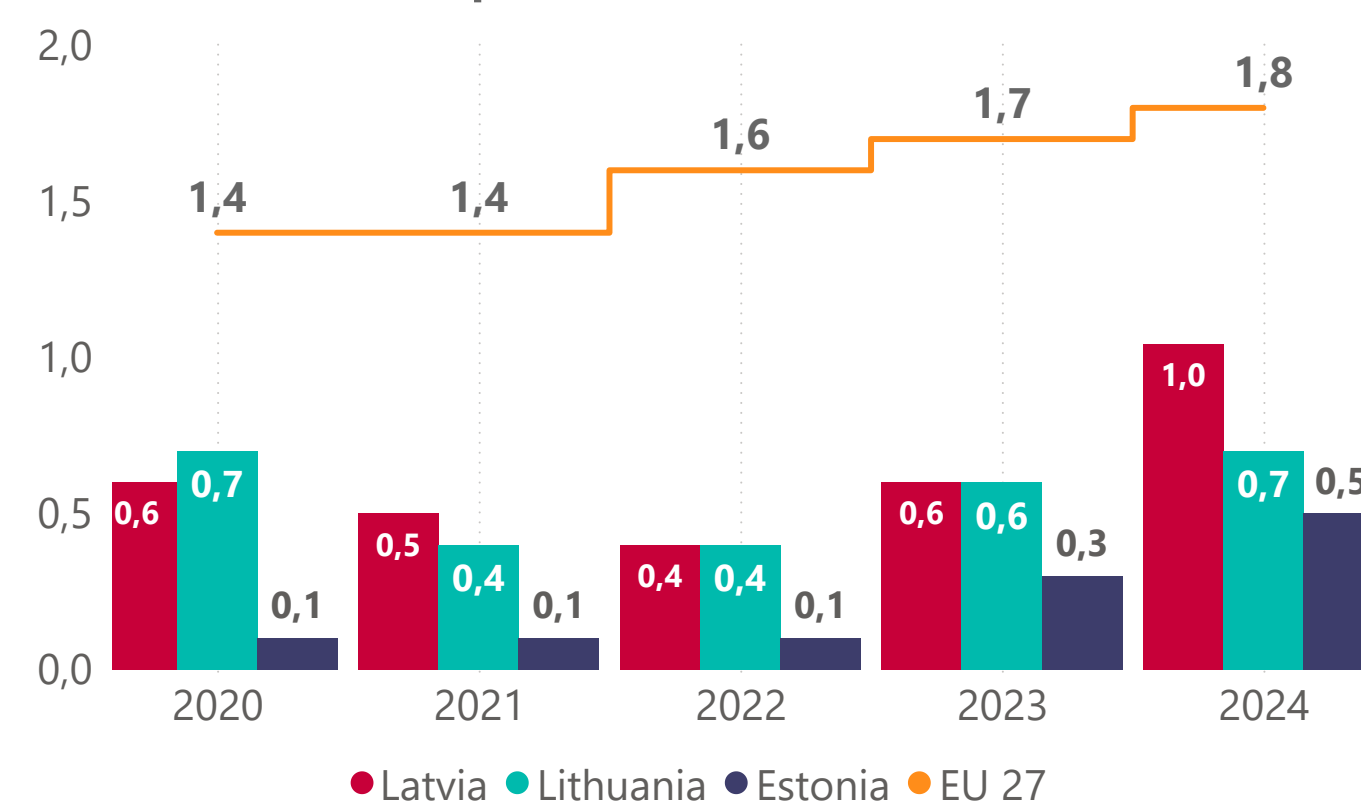
General government budget balance, % of GDP



General government debt, % of GDP



Interest expenditure (D.41), % of GDP

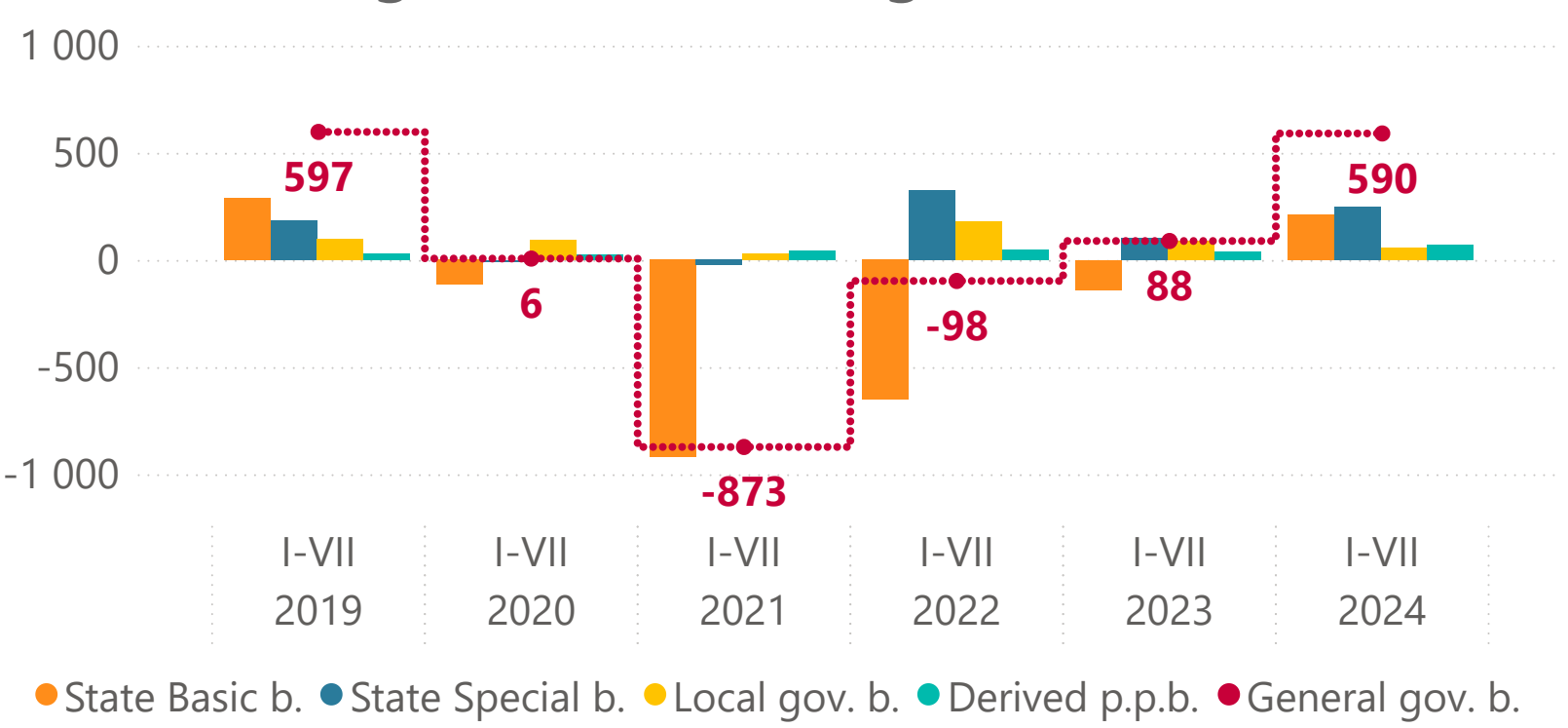


Source: Eurostat, European Commission forecasts Spring 2024 (AMECO)

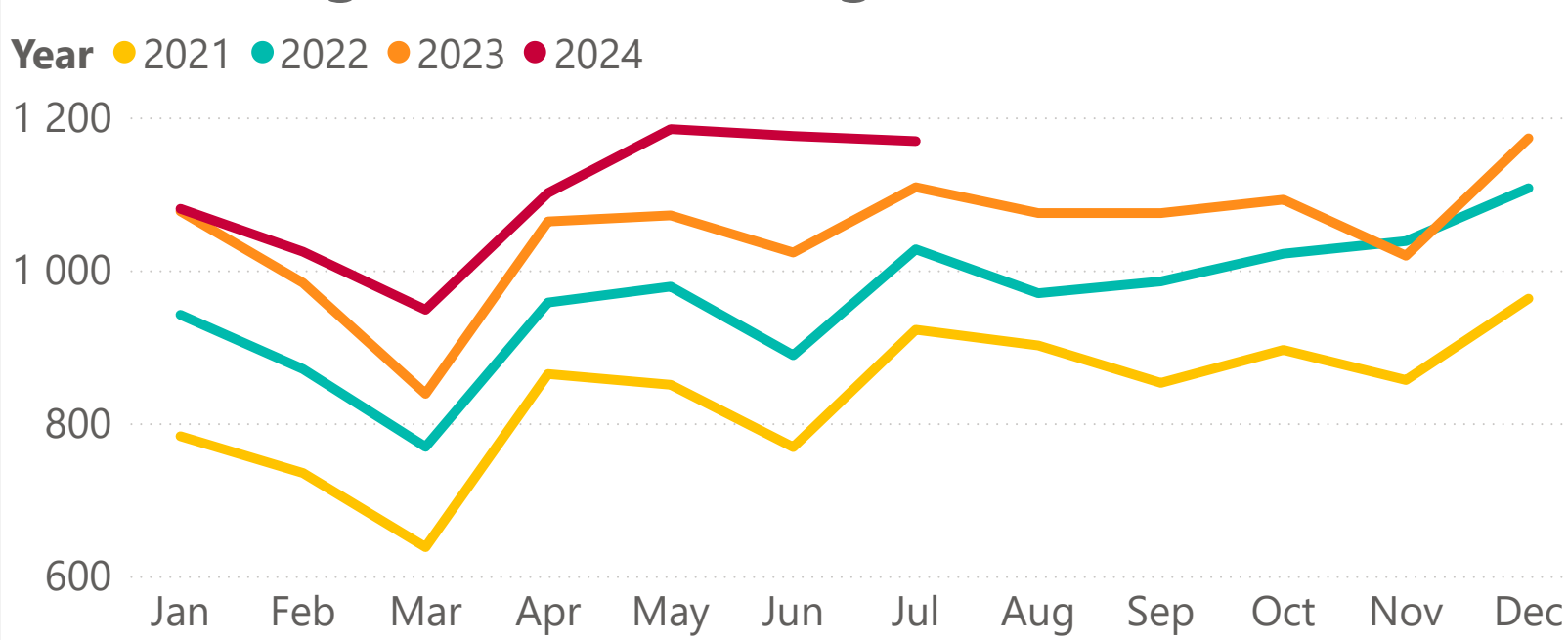
Source: Informative report "On forecasts of macroeconomic indicators, revenues and general government budget balance in 2024, 2025, 2026, 2027 and 2028" (August 20, 2024).

GENERAL GOVERNMENT BUDGET JANUARY-JULY 2024 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: State Treasury

General government budget tax revenue in January-July 2024, including revenue in the single tax account (-104.4 mln €) and excluding SSC at the 2nd pension pillar (480.7 mln €).

General government budget

	Execution, mln €	YoY, mln €	YoY,%
Revenue	10 491,8	1 348,0	14,7%
Expenditure	9 901,8	846,2	9,3%
Balance	590,0	501,8	

General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY,%
SSC	2 579,5	264,2	11,4%
VAT	2 148,4	-121,6	-5,4%
PIT	1 519,6	173,6	12,9%
EXCISE	680,3	6,9	1,0%
CIT	496,6	128,7	35,0%

General government budget

Revenue

Tax revenue	7 683,4	516,7	7,2%
Non tax revenue	905,9	156,6	20,9%
Self-earned revenue	313,1	29,4	10,4%
Foreign financial assistance	1 588,3	645,2	68,4%

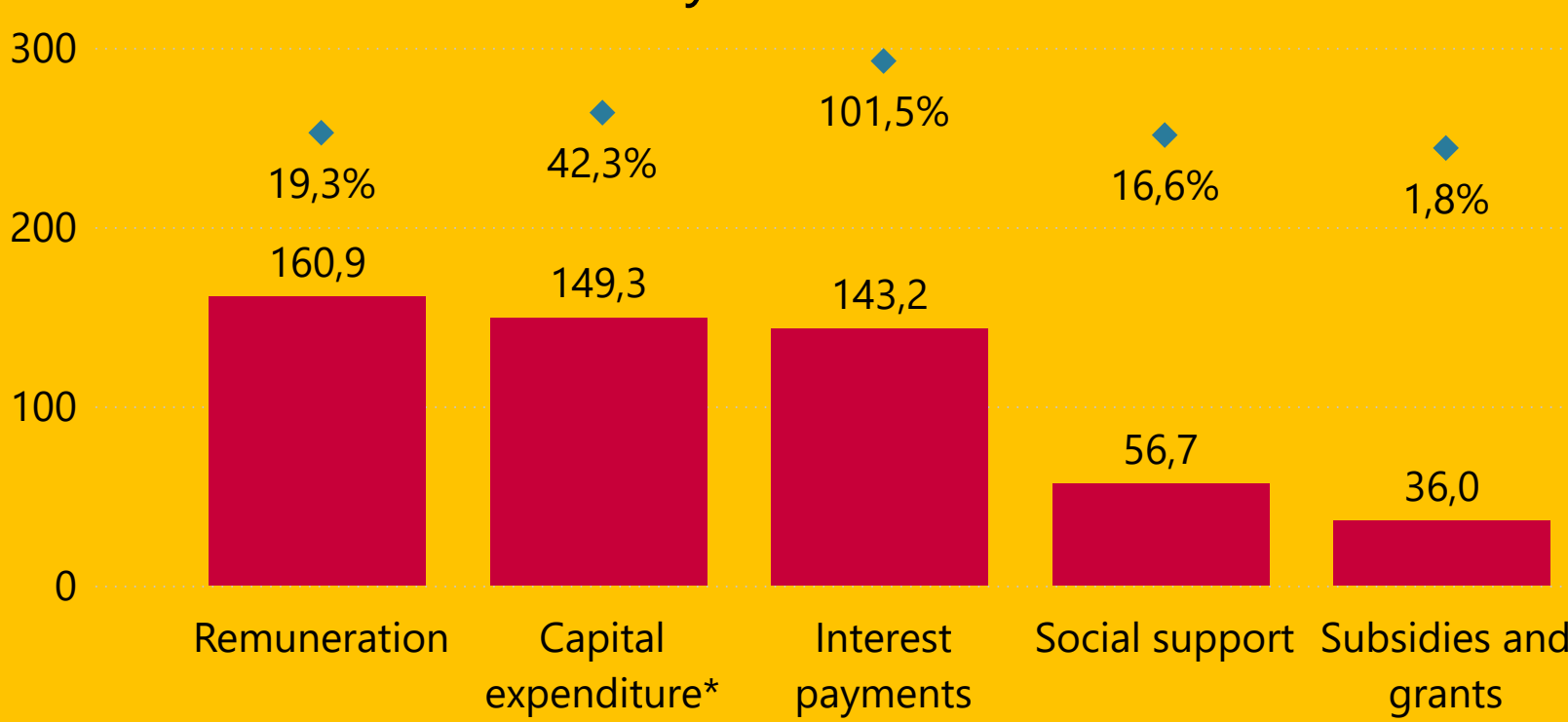
Expenditure

Remuneration	2 329,0	352,0	17,8%
Goods and services	1 079,7	-6,5	-0,6%
Interest payments	292,6	132,8	83,1%
Subsidies and grants	2 226,5	38,8	1,8%
Social support	3 007,9	206,7	7,4%
Payments to EU budget	219,7	10,9	5,2%
Capital expenditure	684,6	93,2	15,8%

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	6 401,5	983,8	18,2%
Expenditure	6 188,7	630,8	11,3%
Balance	212,8	352,9	

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



*Capital expenditure - fixed capital formation, excluding transfers between budget levels

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

STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	2 726,0	292,8	12,0%
Expenditure	2 475,9	143,2	6,1%
Balance	250,1	149,6	

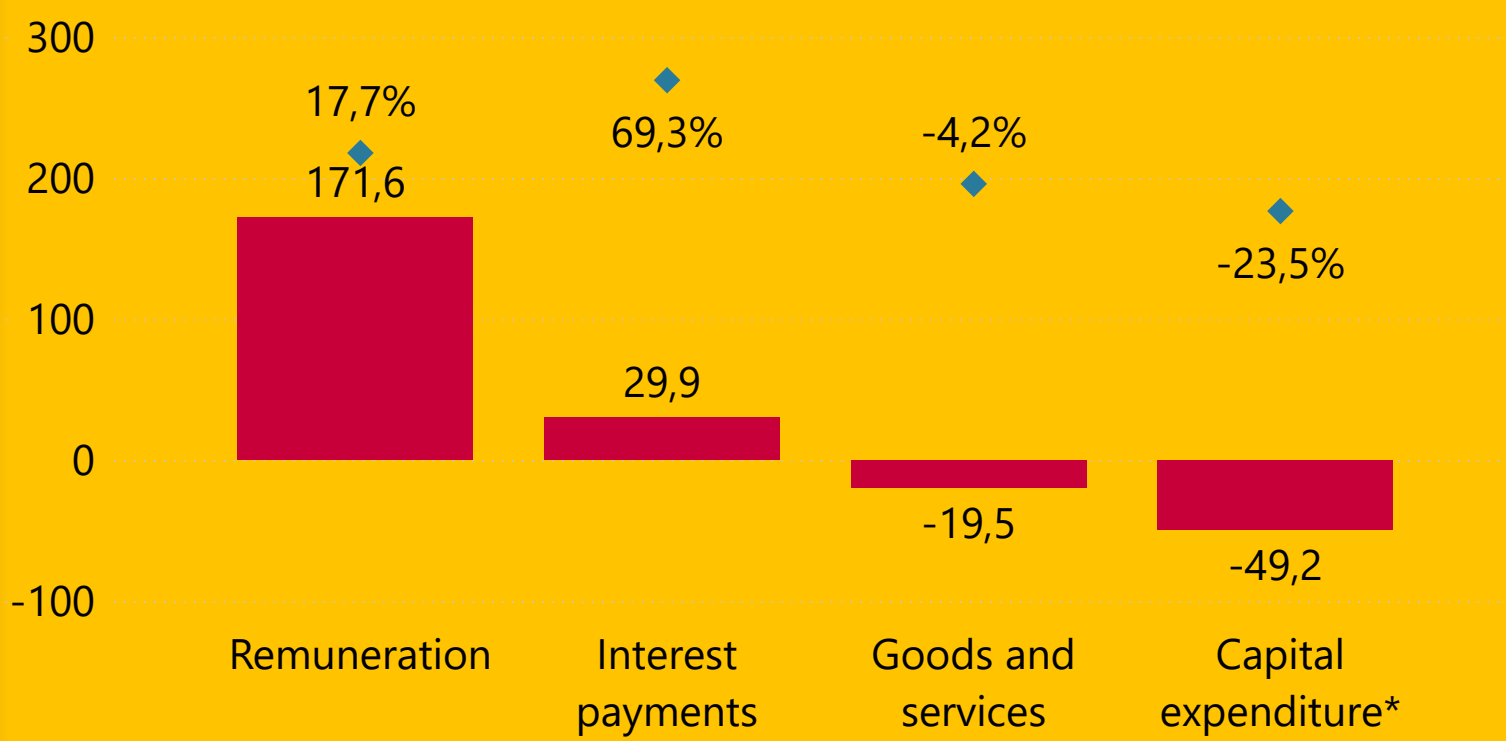
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

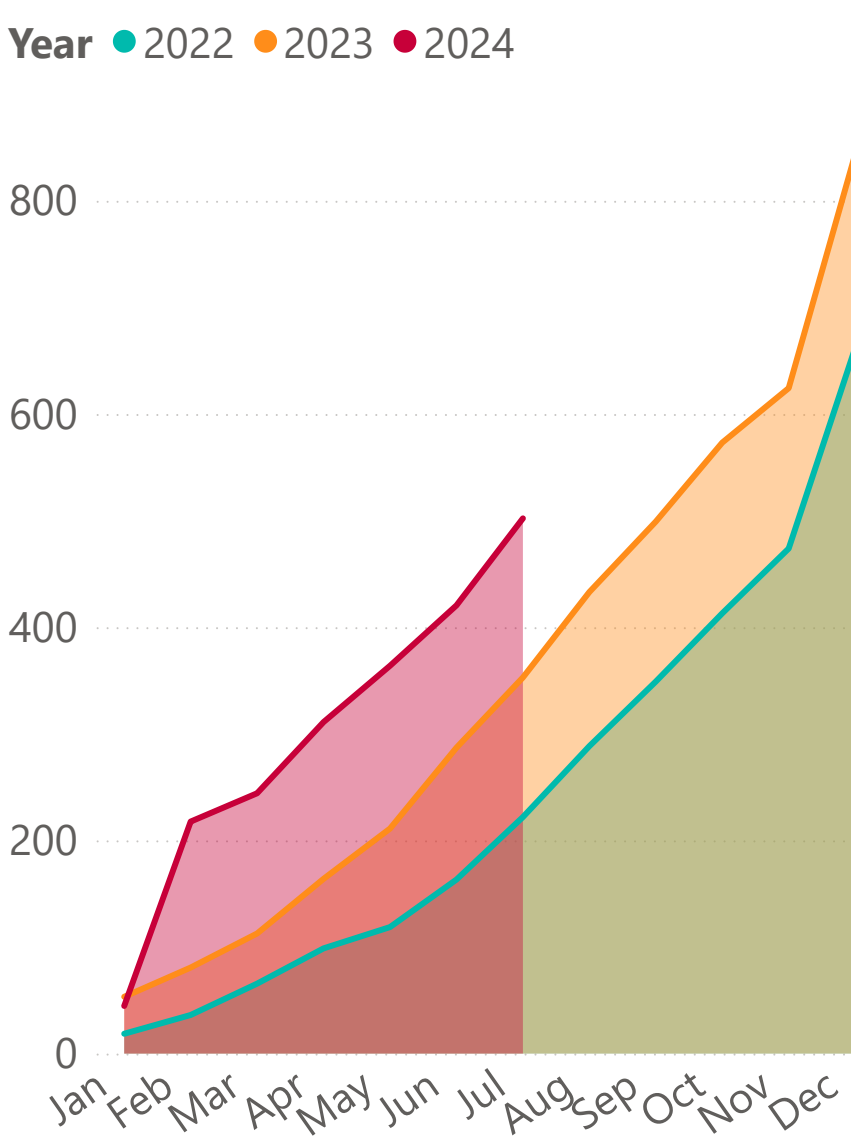
Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	2 175,9	116,4	5,6%
Expenditure	2 117,6	145,6	7,4%
Balance	58,3	-29,3	

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

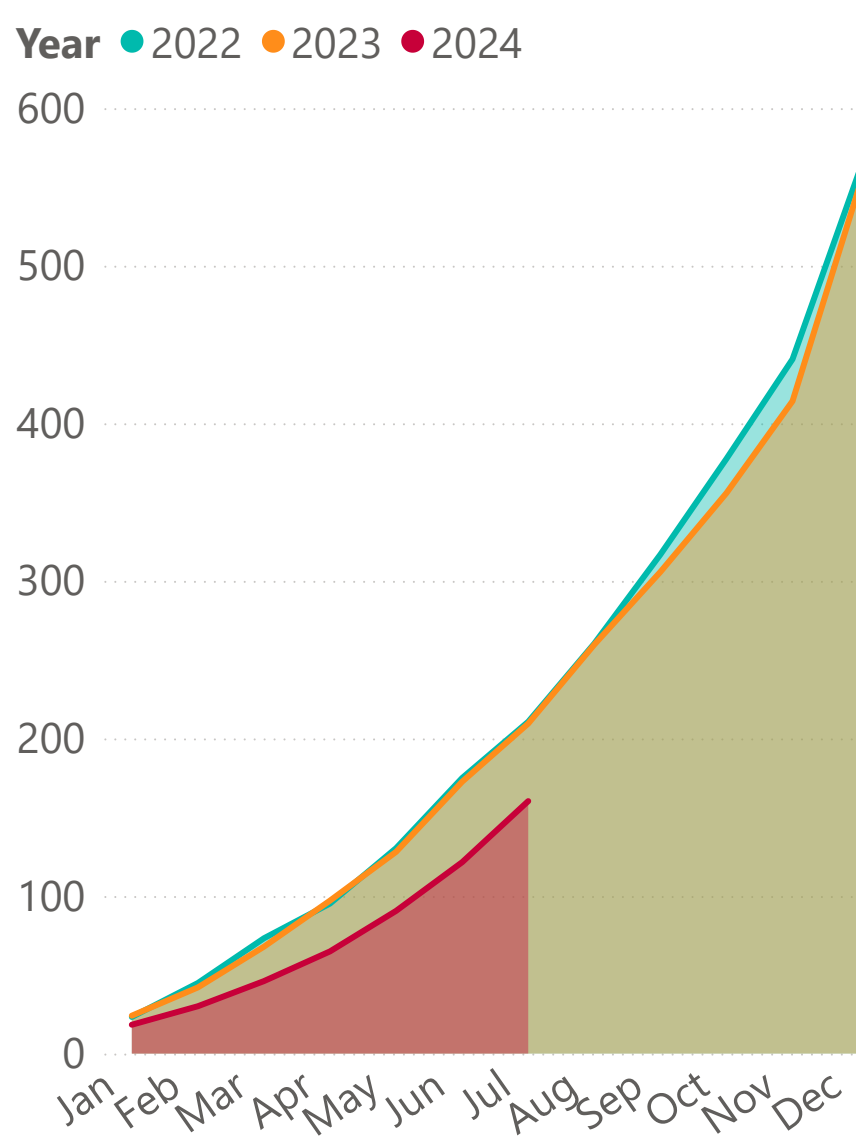


CAPITAL EXPENDITURE

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



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



Source: State Treasury

SOCIAL SECURITY

Old-age pensions recipients

435 013
(+0.2% YoY)
July 2024

Unemployment benefit recipients

31 962
(+9.1% YoY)
July 2024

Old-age pensions average amount

570€
(+7.3% YoY)
July 2024

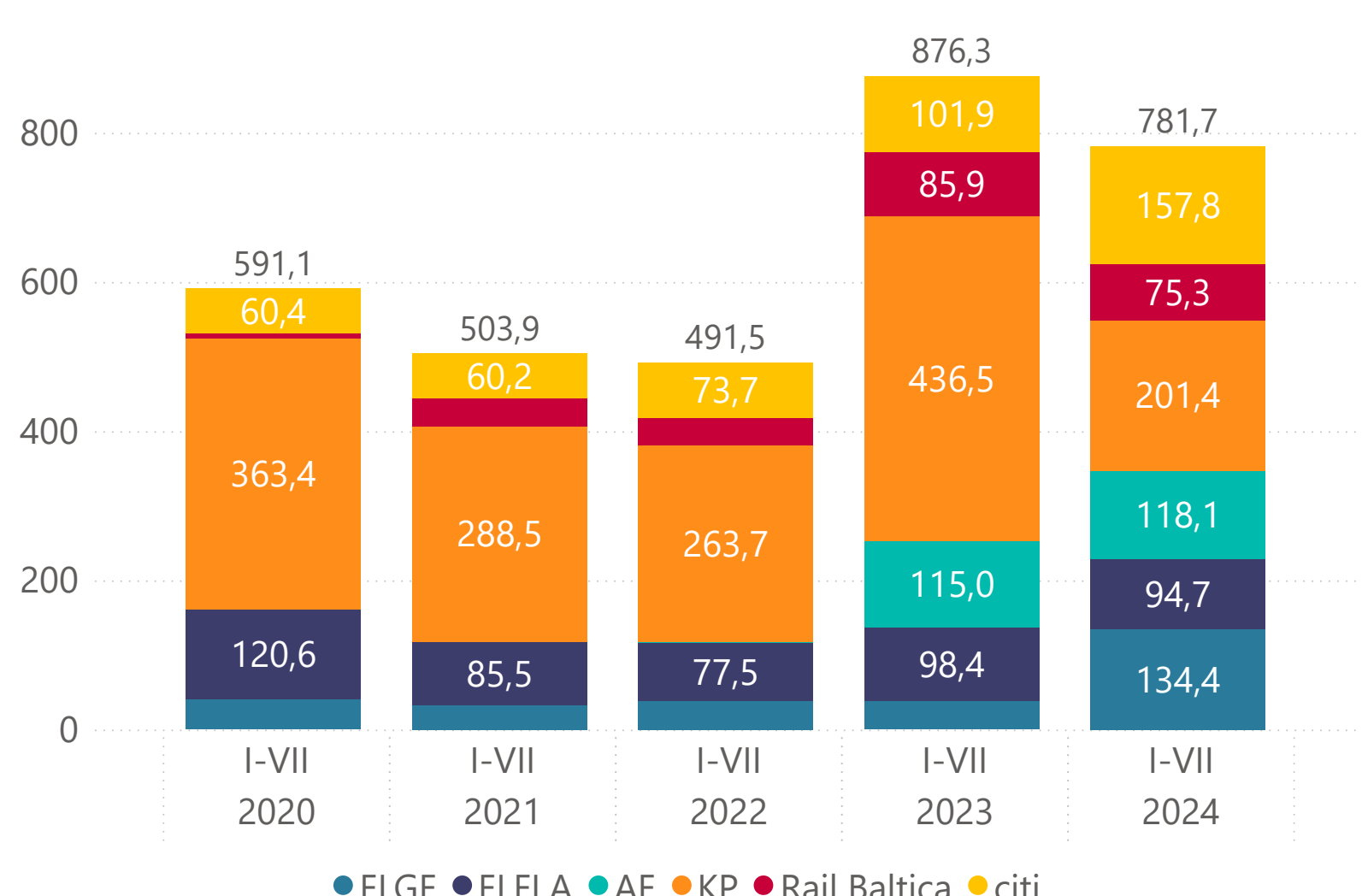
Unemployment benefit average amount

458€
(+9.2% YoY)
July 2024

Source: State Social Insurance Agency (SSIA)

FOREIGN FINANCIAL ASSISTANCE

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