

# MACROECONOMIC AND BUDGETARY REVIEW 2024

## No 12

### GROSS DOMESTIC PRODUCT (GDP)

GDP 2023

**39 072 Mln €**

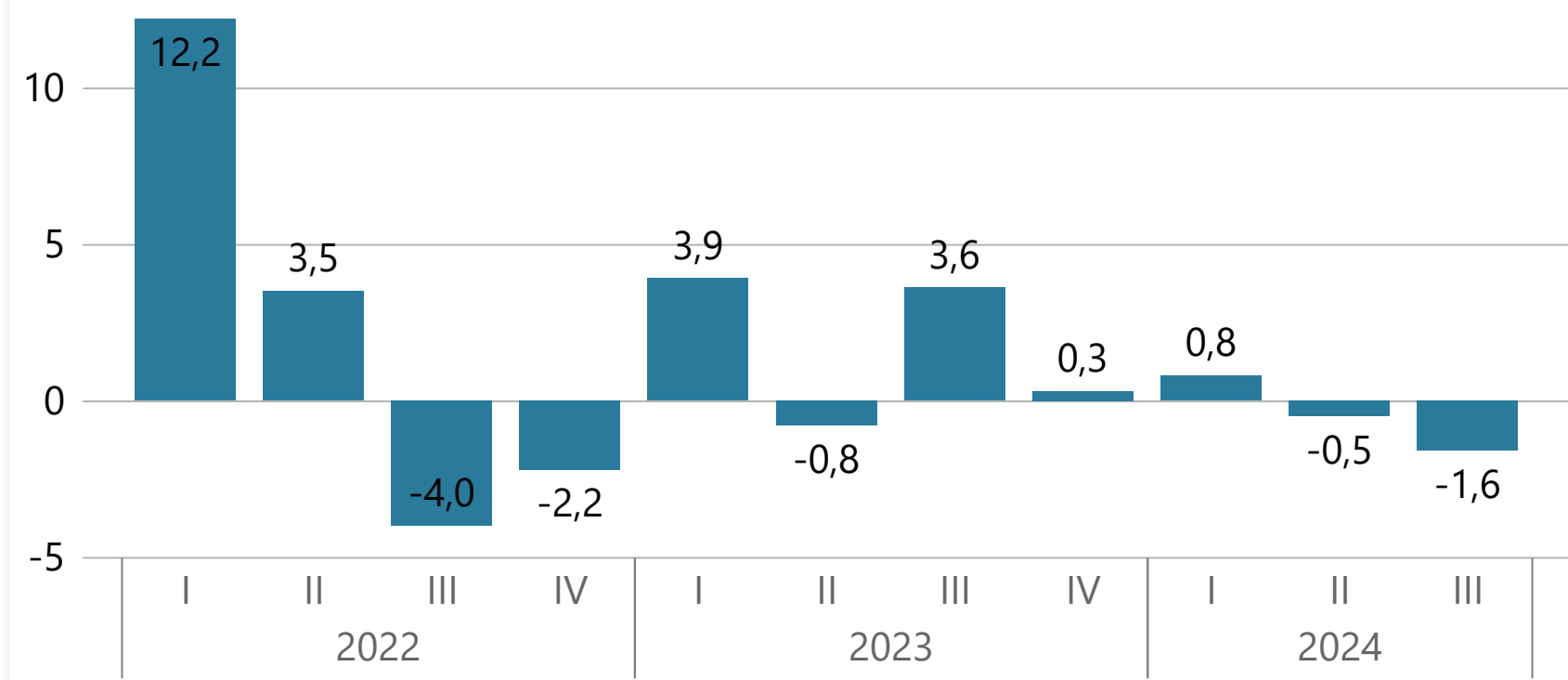
CSB, 29.11.2024.

GDP growth 2023

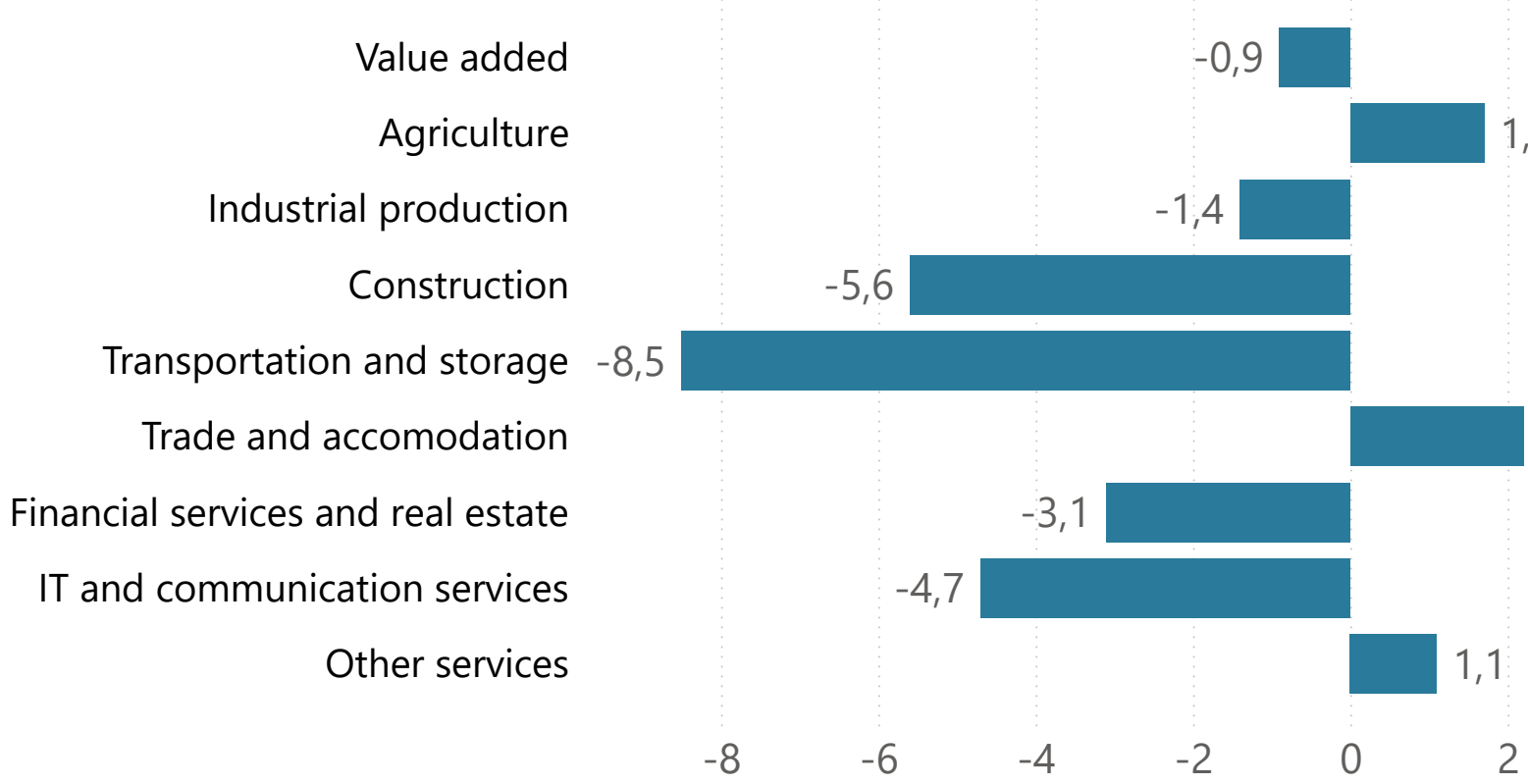
**1.7%**

CSB, 29.11.2024

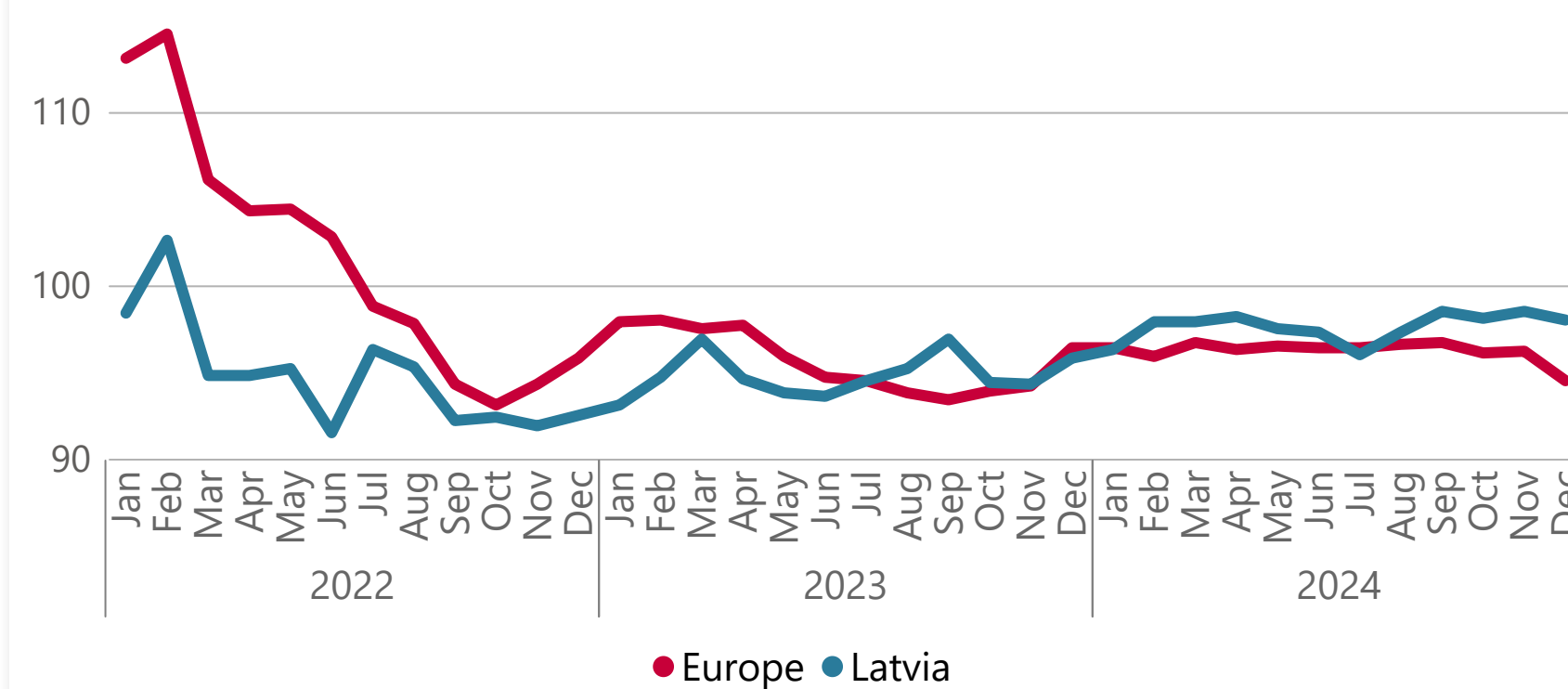
#### GDP growth, YoY%



#### GDP growth by sectoral breakdown 2024 Q I-III/2023 Q I-III



#### ESI Economic confidence



Source: European Commission; Central Statistical Bureau(CSB).

### INFLATION

#### Inflation

**2.2%**

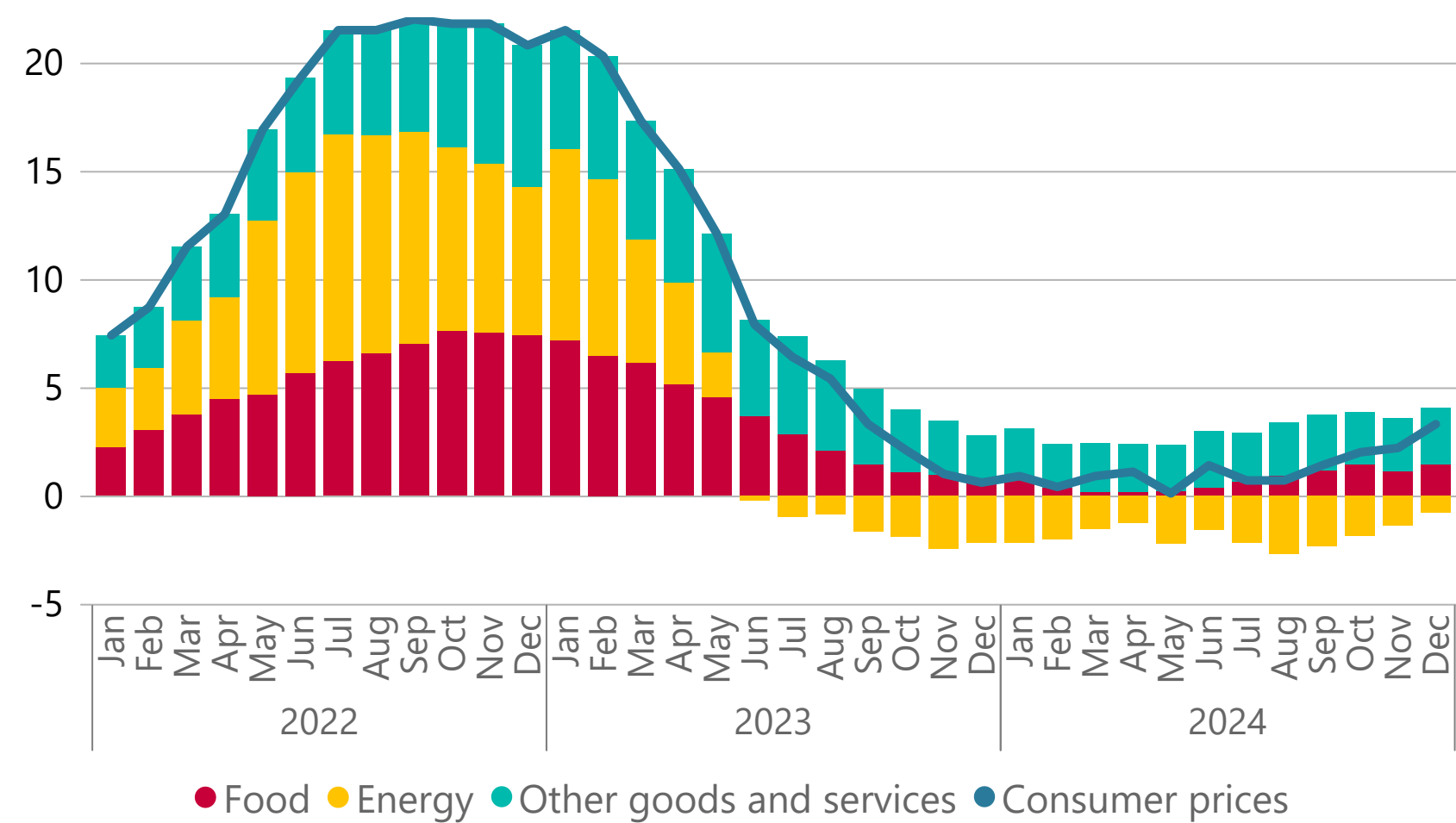
December 2024

#### Producer price rise

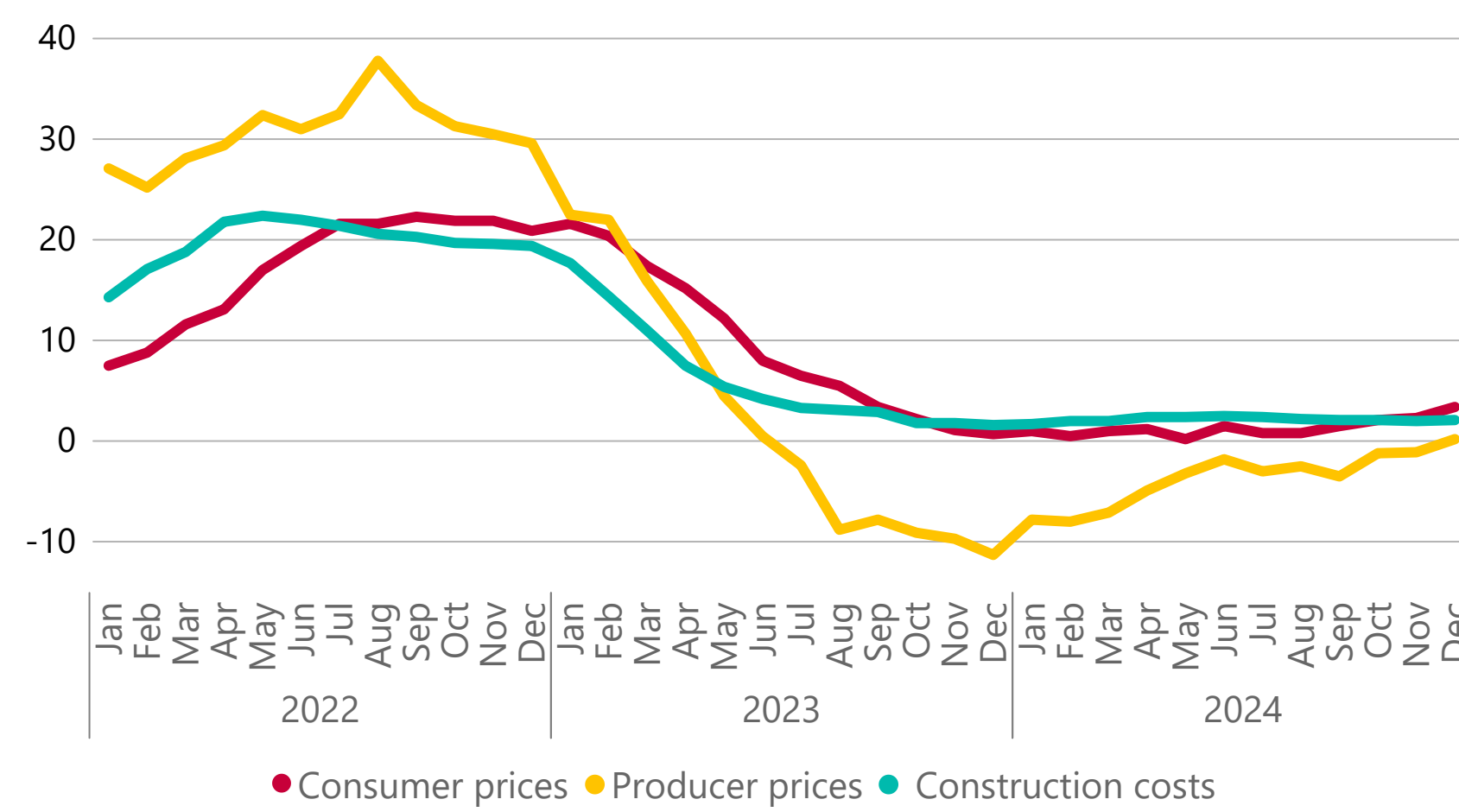
**-1.2%**

December 2024

#### Consumer prices, YoY%



#### Prices, YoY%



Source: CSB

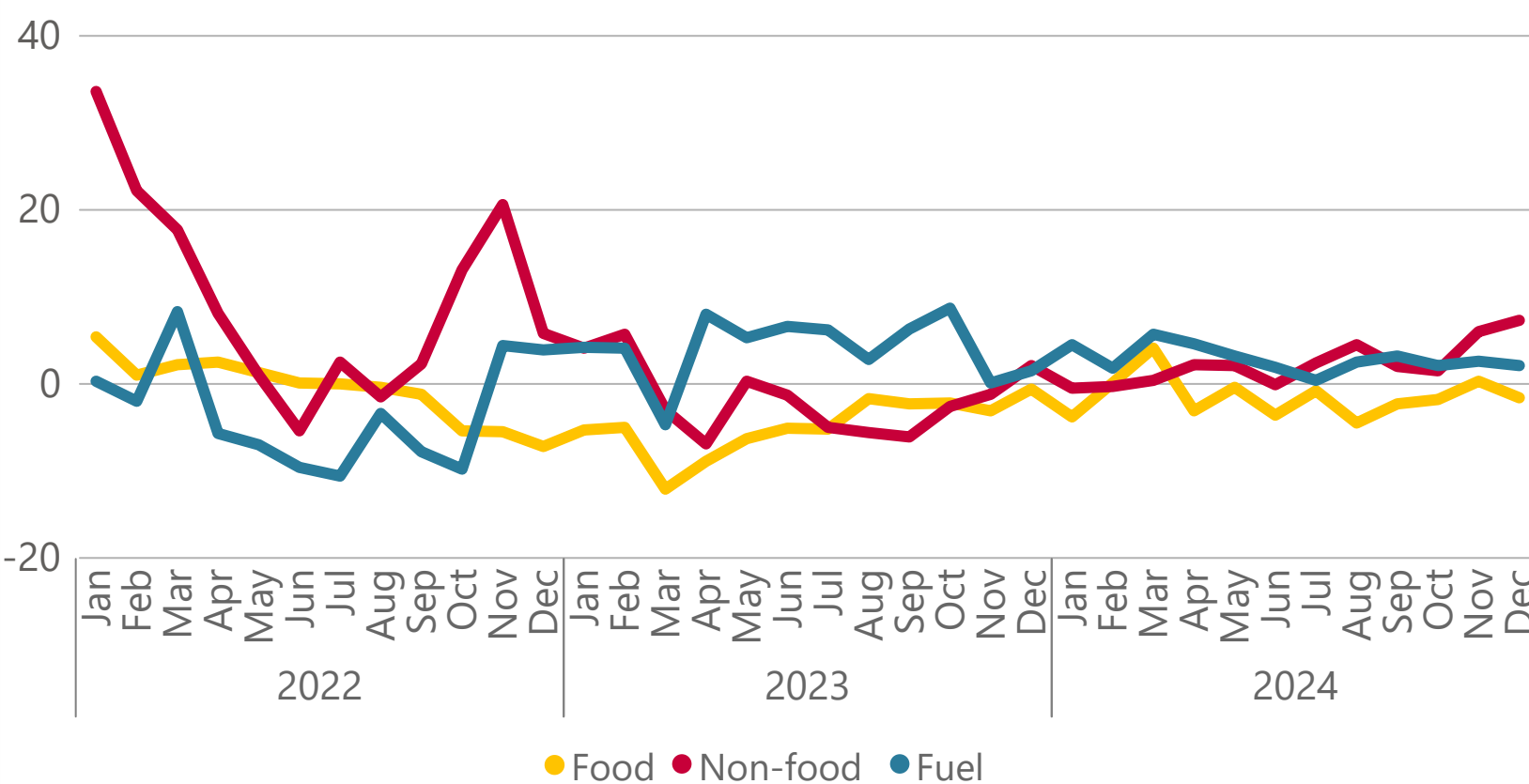
### MAIN MACROECONOMIC INDICATORS

| Indicator                        | 2019 | 2020 | 2021 | 2022 | 2023 | 2024* | 2025* | 2026* | 2027* | 2028* |
|----------------------------------|------|------|------|------|------|-------|-------|-------|-------|-------|
| Nominal GDP growth, %            | 5    | -1,2 | 10,5 | 11,8 | 8,2  | 3,8   | 5,9   | 5,5   | 5,4   | 5,1   |
| Real GDP growth, %               | 0,7  | -3,5 | 6,9  | 1,8  | 1,7  | 1,4   | 2,9   | 2,8   | 2,6   | 2,3   |
| GDP deflator, % change           | 4,3  | 2,4  | 3,3  | 9,8  | 6,4  | 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   |

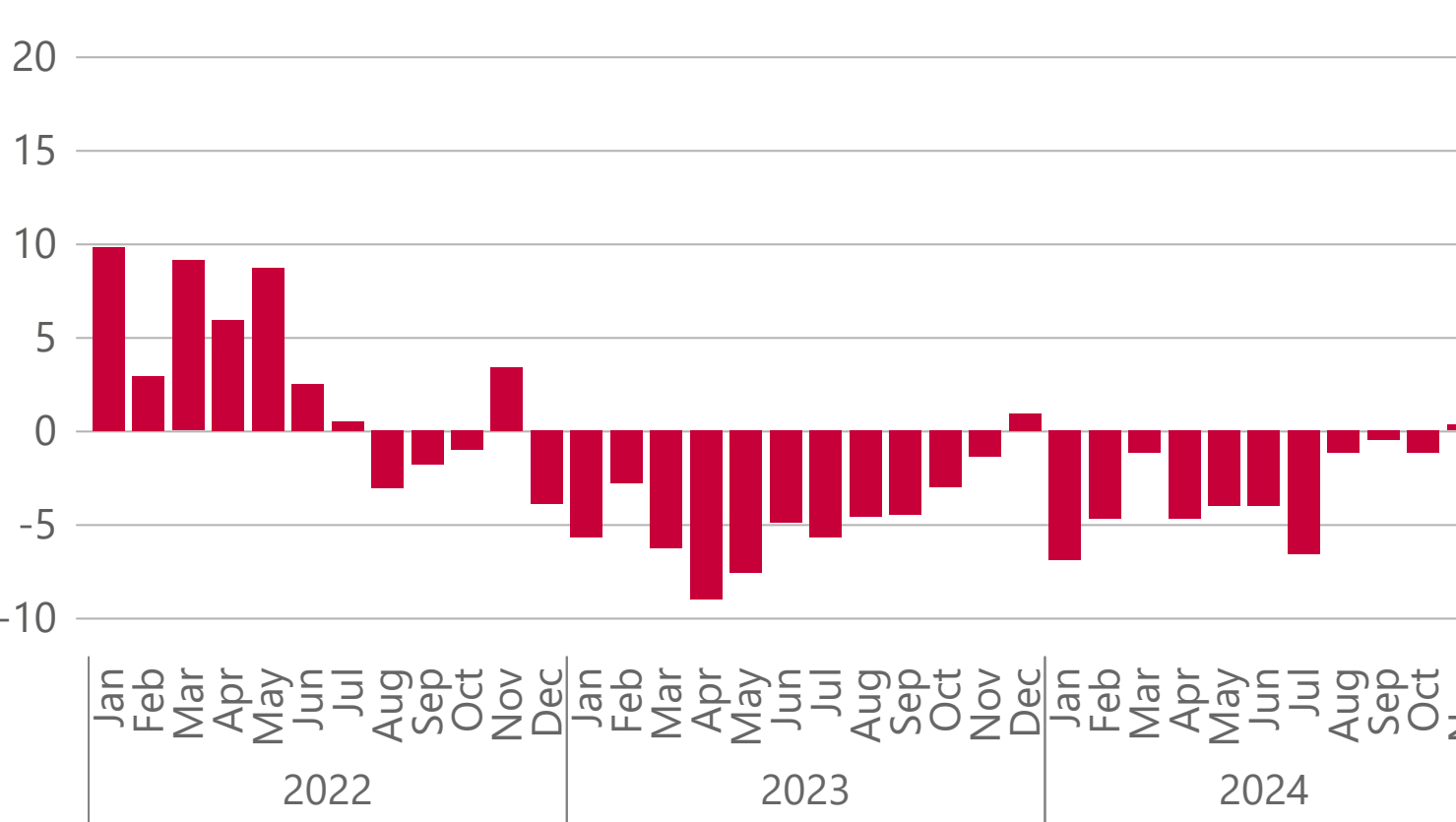
Source: CSB (29.11.2024), \*forecasts of the Ministry of Finance of the Republic of Latvia (June 2024)

### INDUSTRIES

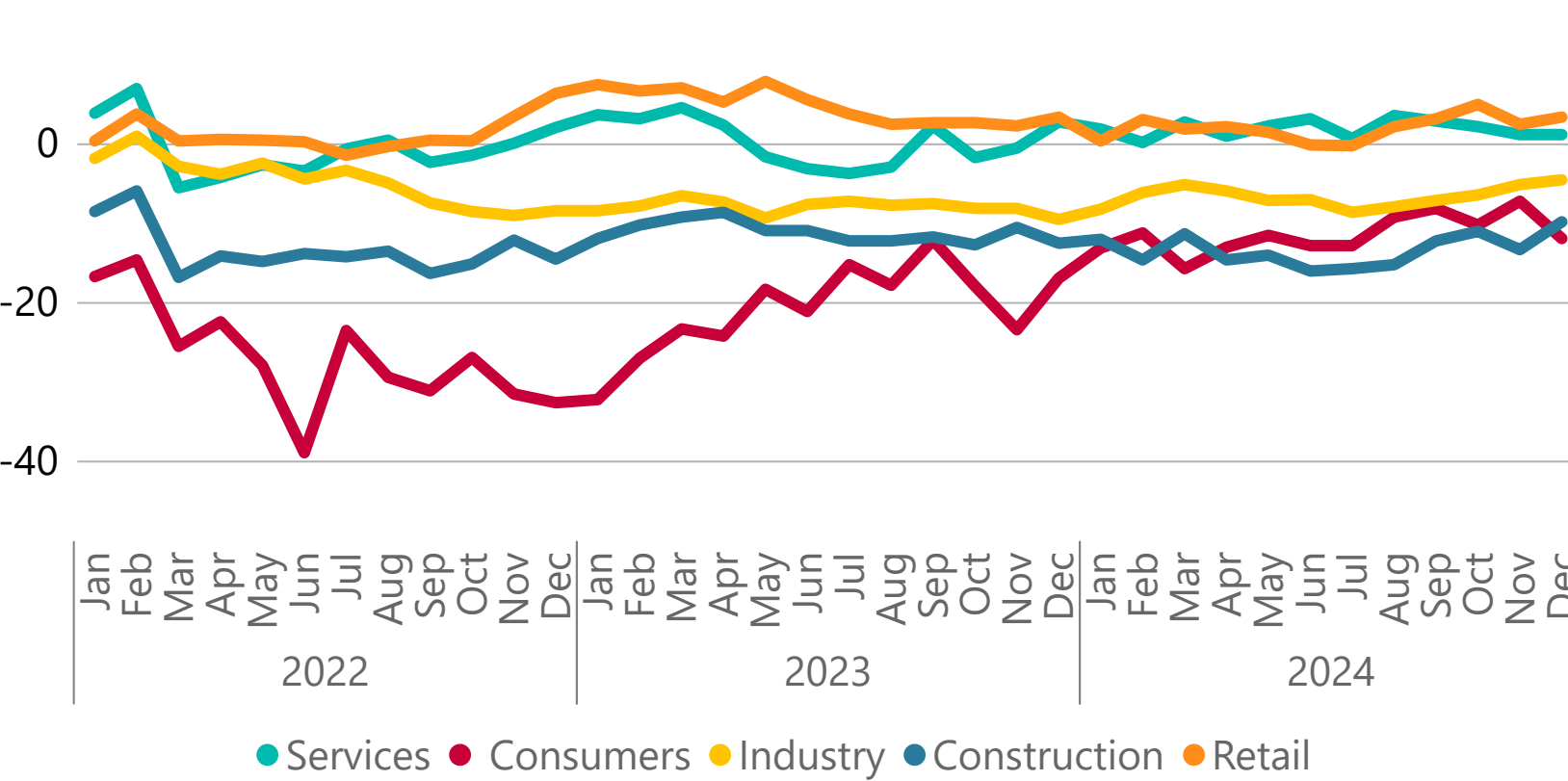
#### Retail trade growth, YoY%



#### Manufacturing output, YoY%

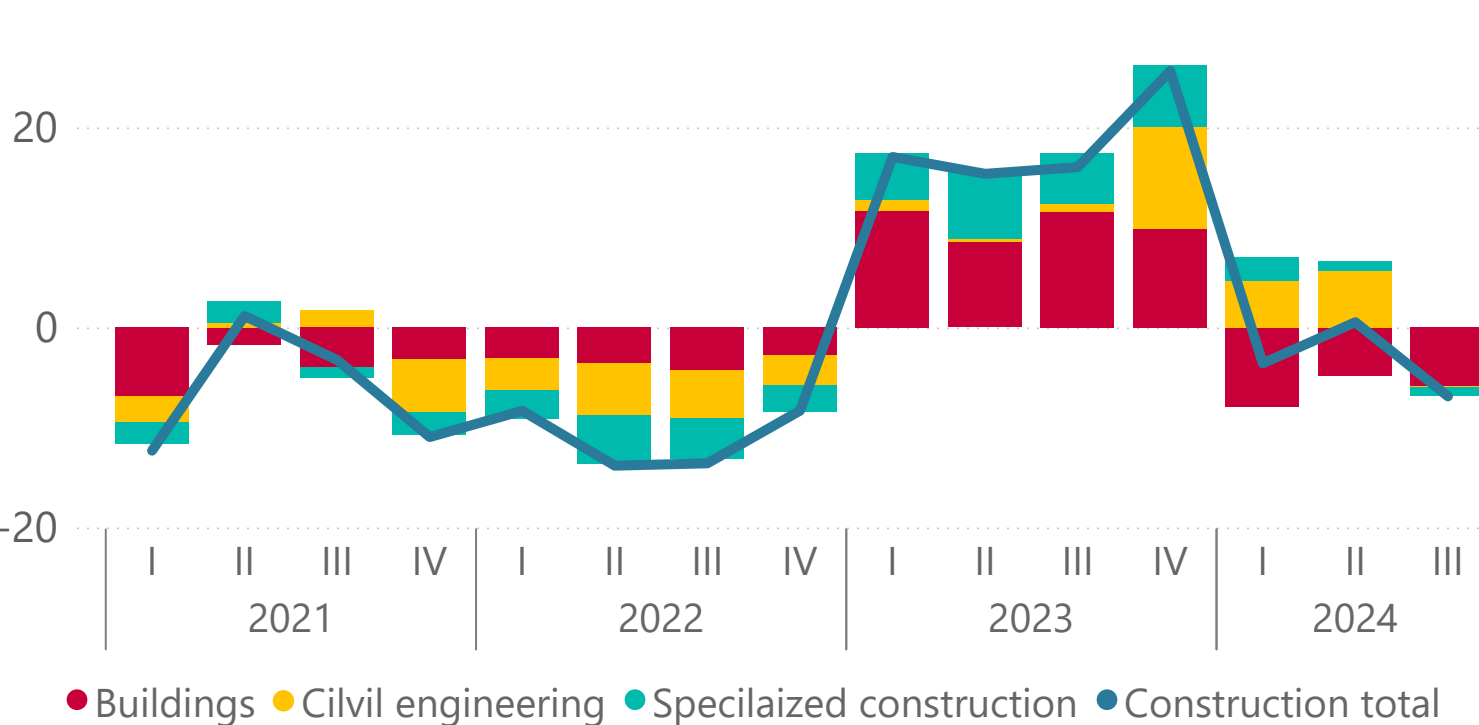


#### ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

#### Construction output at comparable prices, index; % YoY





# GENERAL GOVERNMENT BUDGET

## General government budget balance 2024

**-2.1% of GDP**

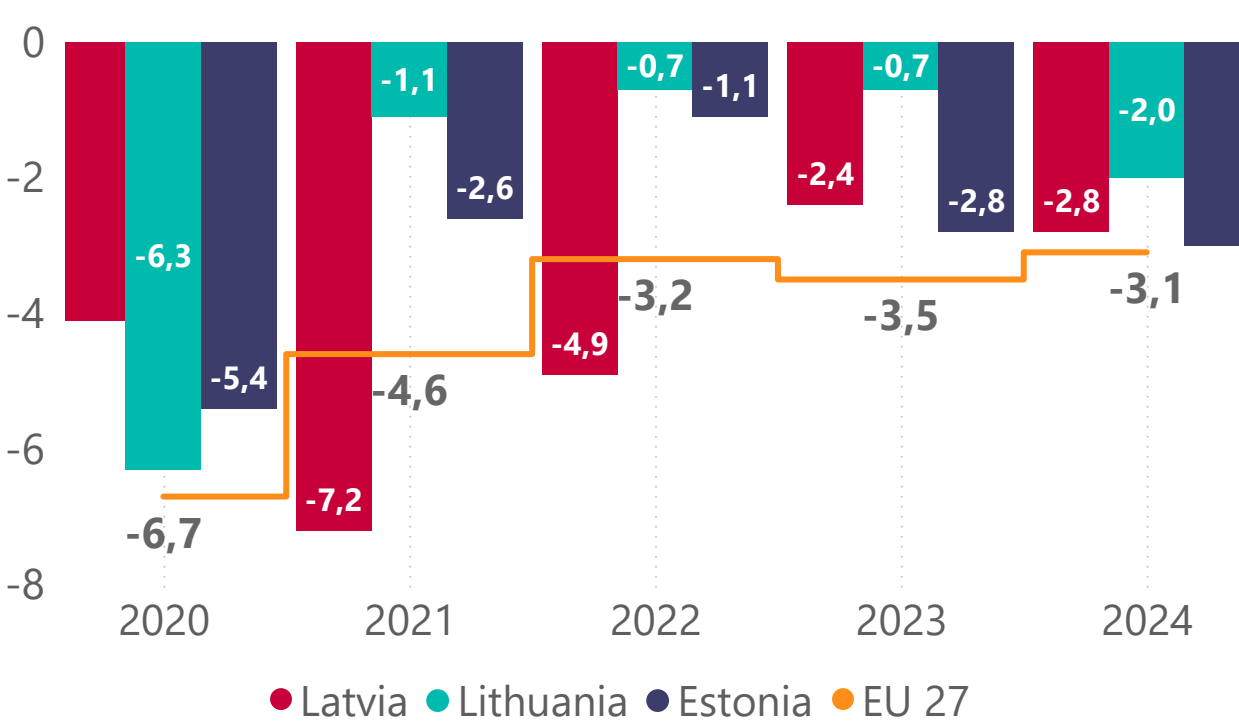
Assessment of MoF, January 2025

## General government debt 2024

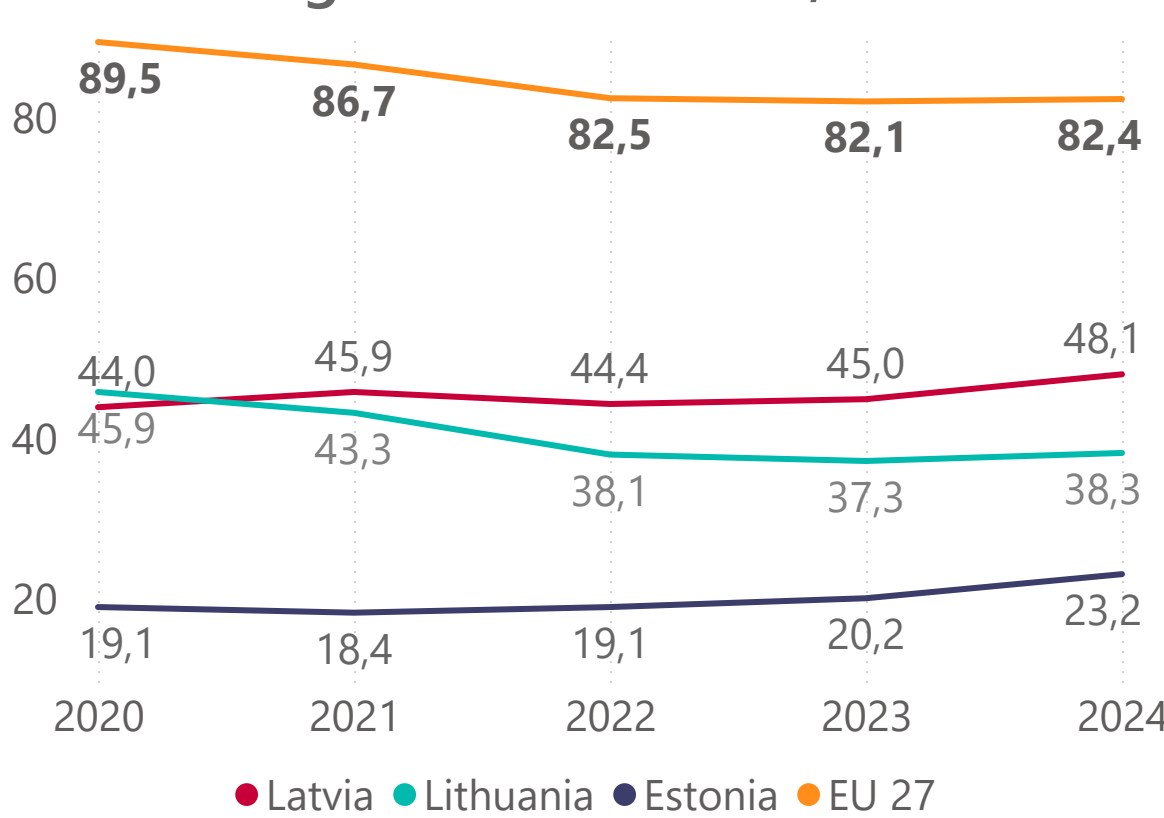
**47.7% of GDP**

Assessment of Treasury, January 2025

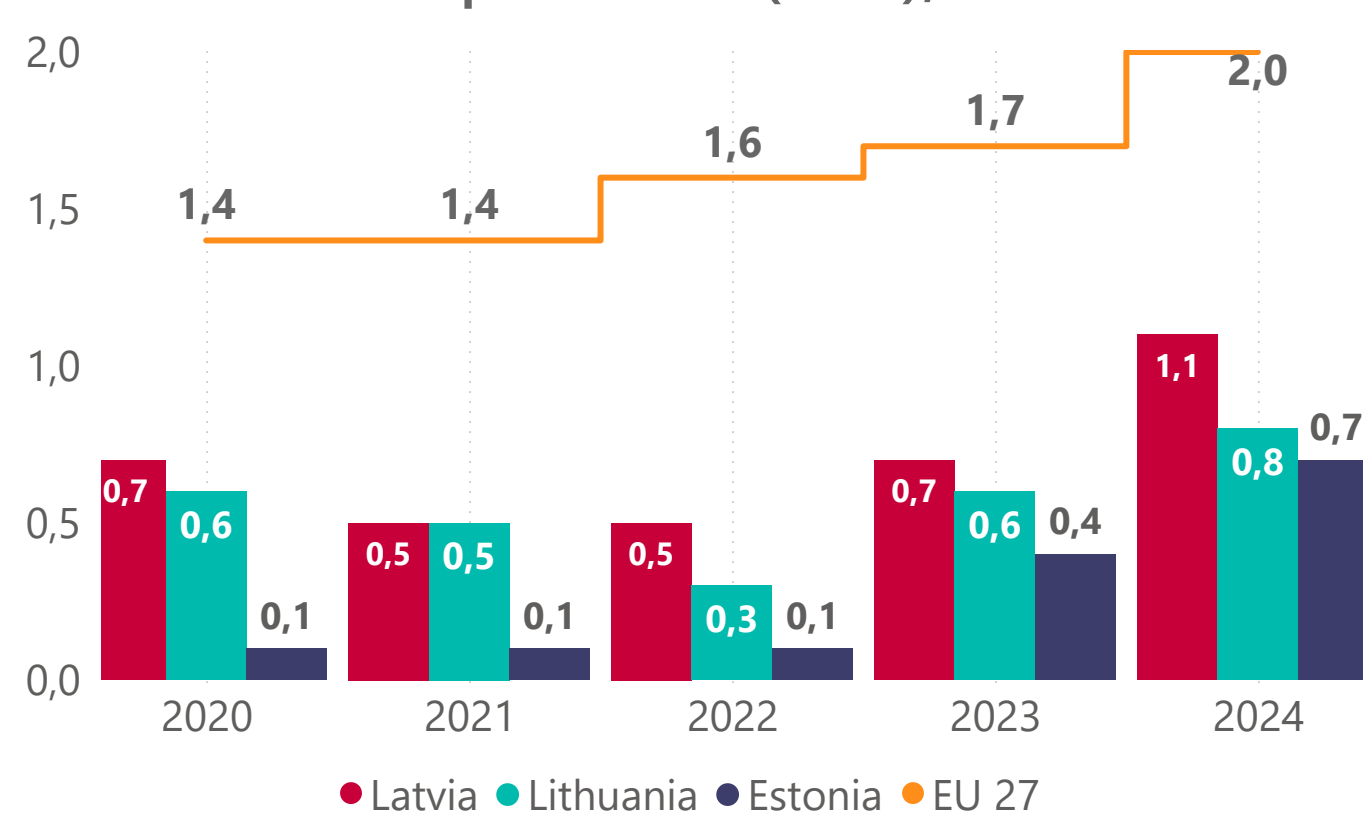
## General government budget balance, % of GDP



## General government debt, % of GDP



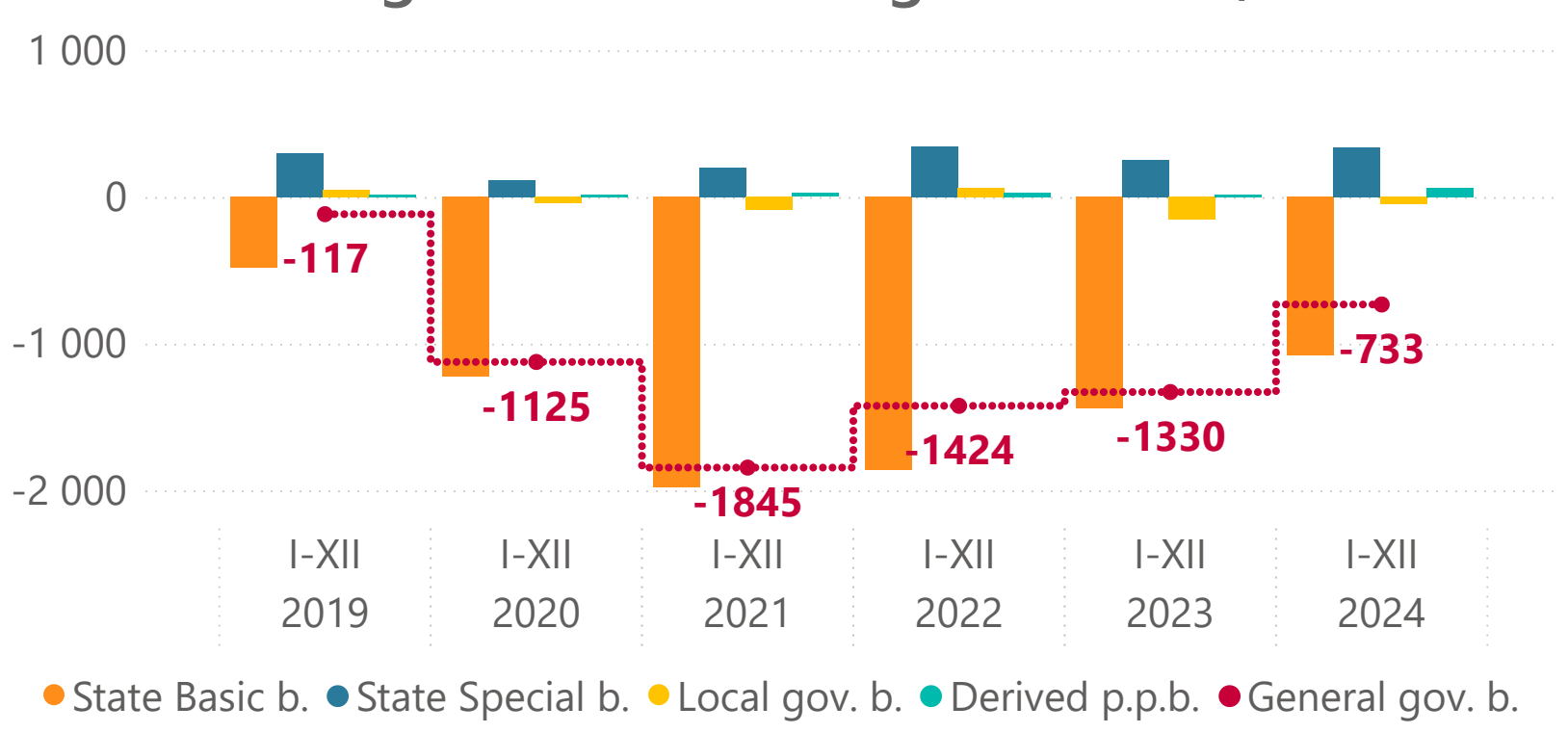
## Interest expenditure (D.41), % of GDP



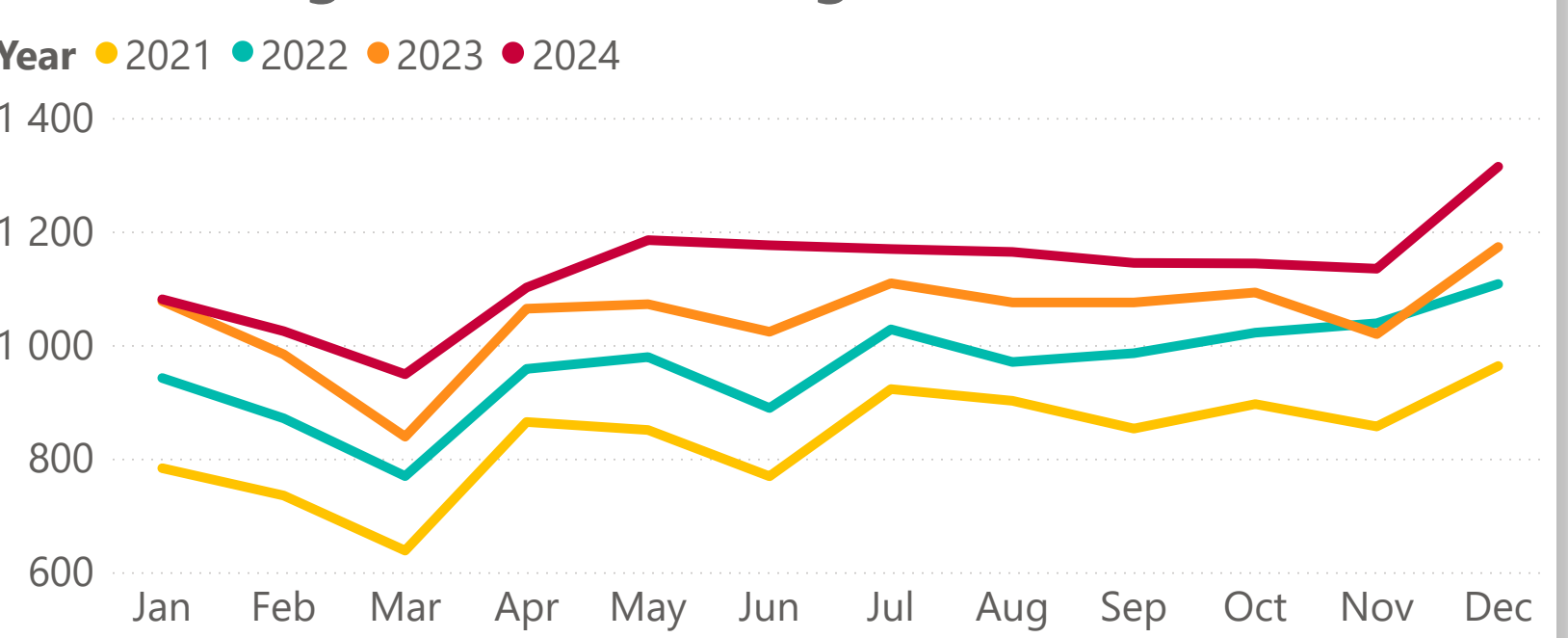
Source: Eurostat, European Commission forecasts Autumn 2024 (AMECO).

## GENERAL GOVERNMENT BUDGET 2024 ON CASH BASIS

### General government budget balance, mln €



### General government budget tax revenue, mln €



Source: State Treasury

General government budget tax revenue in 2024, including revenue in the single tax account (25,9 mln €) and excluding SSC at the 2nd pension pillar (846,7 mln €).

| General government budget | Execution, mln € | YoY, mln € | YoY, % |
|---------------------------|------------------|------------|--------|
| Revenue                   | 17 145,7         | 1 517,7    | 9,7%   |
| Expenditure               | 17 878,8         | 920,9      | 5,4%   |
| Balance                   | -733,1           | 596,8      |        |

### General government budget tax revenue

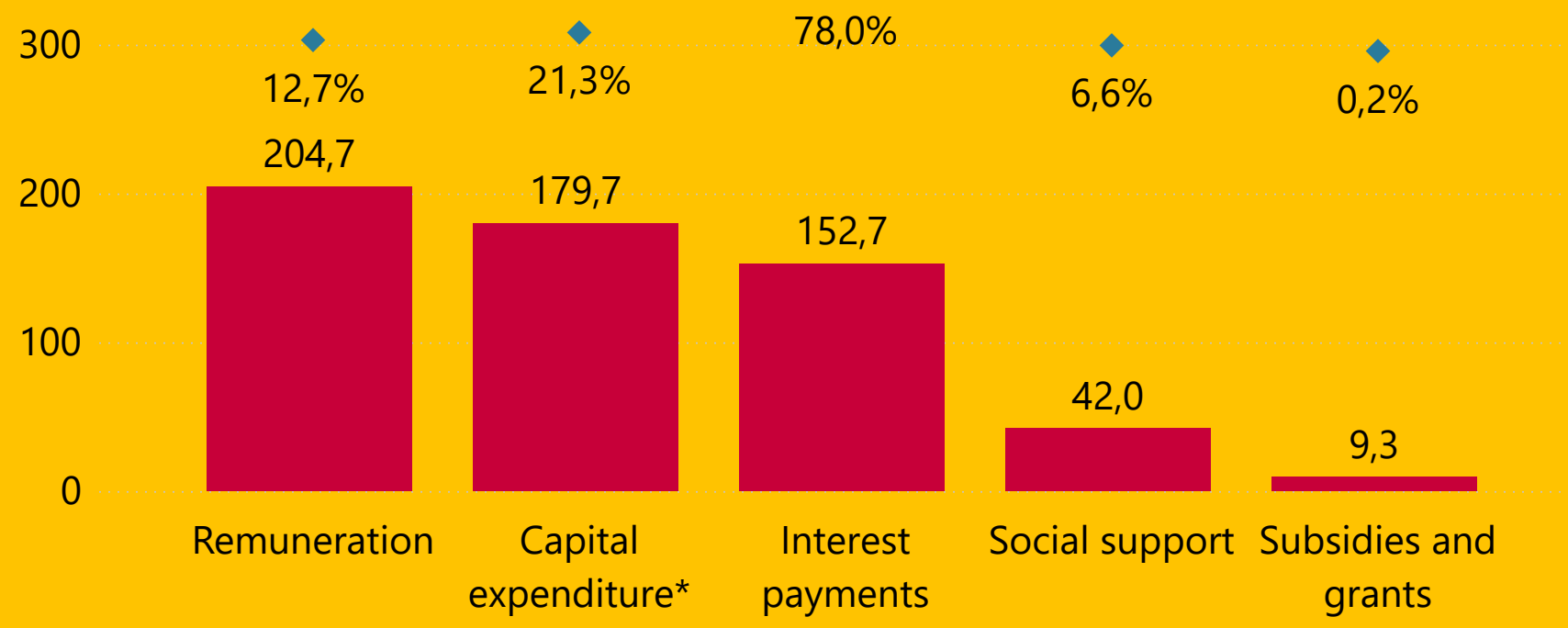
| Tax type | Execution, mln € | YoY, mln € | YoY, % |
|----------|------------------|------------|--------|
| SSC      | 4 398,2          | 374,9      | 9,3%   |
| VAT      | 3 882,4          | 2,8        | 0,1%   |
| PIT      | 2 811,0          | 310,3      | 12,4%  |
| EXCISE   | 1 190,8          | 36,0       | 3,1%   |
| CIT      | 719,4            | 174,6      | 32,1%  |

| General government budget    | Execution, mln € | YoY, mln € | YoY, % |
|------------------------------|------------------|------------|--------|
| <b>Revenue</b>               |                  |            |        |
| Tax revenue                  | 13 583,5         | 983,1      | 7,8%   |
| Non tax revenue              | 1 220,0          | 156,4      | 14,7%  |
| Self-earned revenue          | 538,6            | 54,8       | 11,3%  |
| Foreign financial assistance | 1 801,5          | 323,2      | 21,9%  |
| <b>Expenditure</b>           |                  |            |        |
| Remuneration                 | 4 083,9          | 482,4      | 13,4%  |
| Goods and services           | 2 135,9          | -177,0     | -7,7%  |
| Interest payments            | 372,0            | 143,0      | 62,5%  |
| Subsidies and grants         | 4 050,2          | 14,1       | 0,3%   |
| Social support               | 5 207,3          | 377,8      | 7,8%   |
| Payments to EU budget        | 360,9            | -24,1      | -6,3%  |
| Capital expenditure          | 1 549,9          | 92,5       | 6,3%   |

### STATE BASIC BUDGET

| State Basic Budget | Execution, mln € | YoY, mln € | YoY, % |
|--------------------|------------------|------------|--------|
| Revenue            | 10 003,4         | 874,0      | 9,6%   |
| Expenditure        | 11 086,0         | 518,6      | 4,9%   |
| Balance            | -1 082,6         | 355,5      |        |

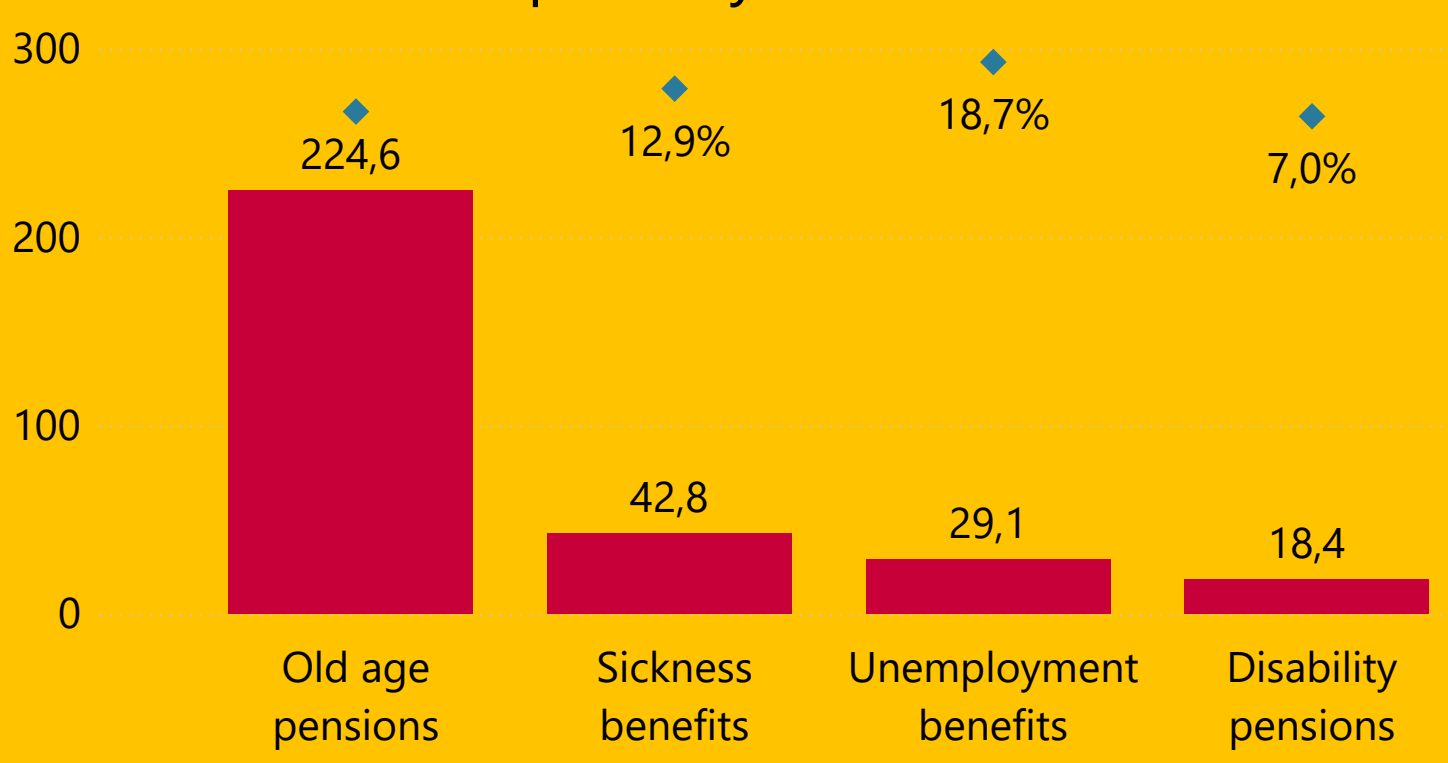
#### Major changes in mln € and % against respective period year before



### STATE SPECIAL BUDGET

| State Special Budget | Execution, mln € | YoY, mln € | YoY, % |
|----------------------|------------------|------------|--------|
| Revenue              | 4 649,0          | 409,3      | 9,7%   |
| Expenditure          | 4 311,9          | 323,6      | 8,1%   |
| Balance              | 337,1            | 85,7       |        |

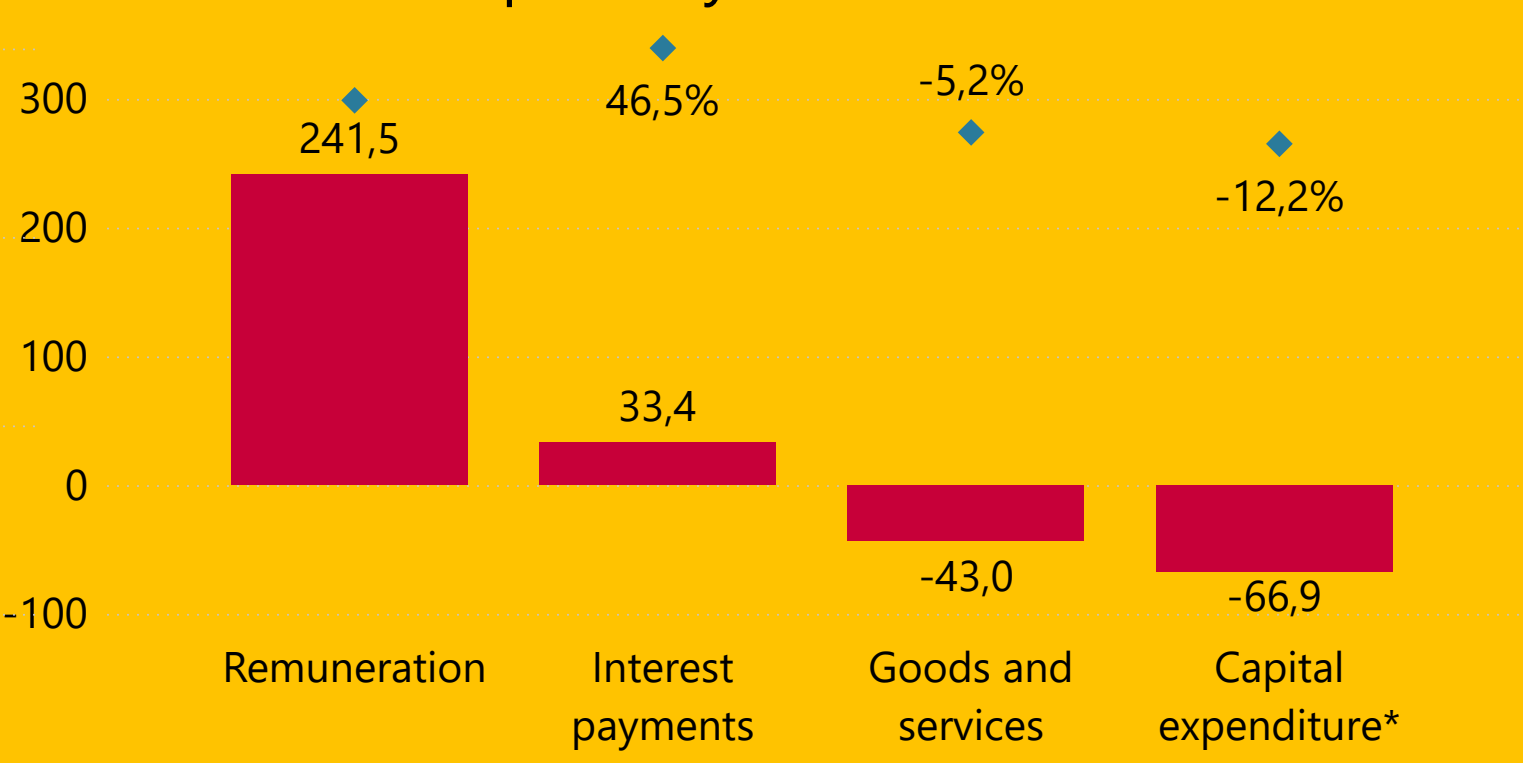
#### Major changes in mln € and % against respective period year before



### LOCAL GOVERNMENT BUDGET

| Local Government Budget | Execution, mln € | YoY, mln € | YoY, % |
|-------------------------|------------------|------------|--------|
| Revenue                 | 3 750,9          | 271,9      | 7,8%   |
| Expenditure             | 3 799,2          | 164,2      | 4,5%   |
| Balance                 | -48,3            | 107,6      |        |

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

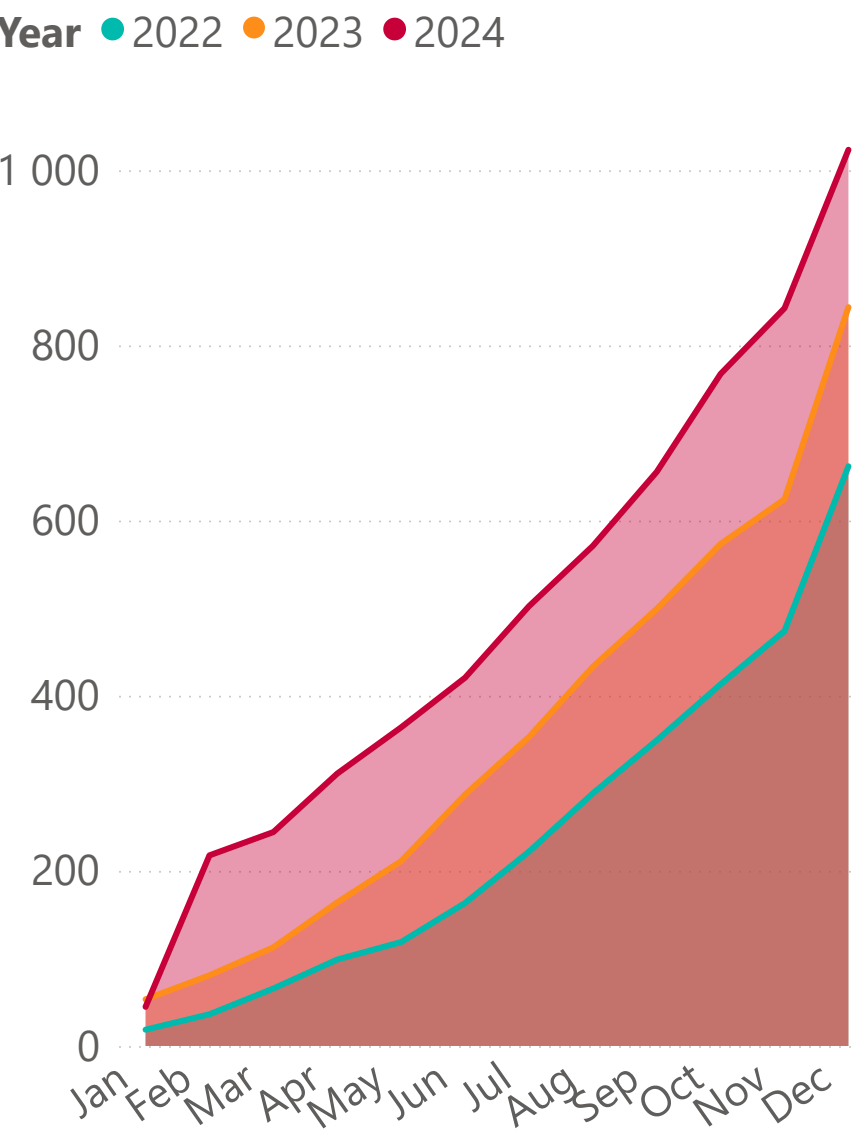


\*Capital expenditure - fixed capital formation, excluding transfers between budget levels

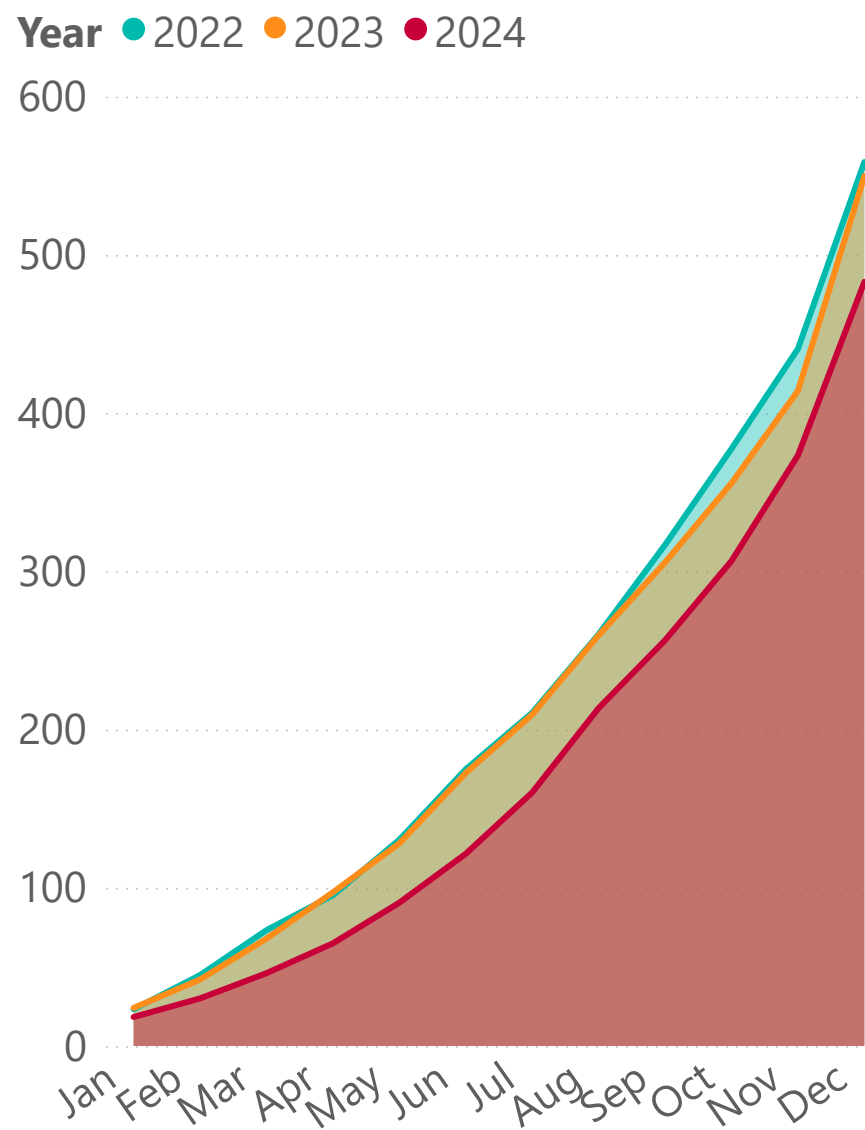
YoY - changes in mln euro against respective period year before; YoY% - changes in per cent against respective period year before

### 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

**433 385**  
(+0% YoY)  
December 2024

#### Unemployment benefit recipients

**31 052**  
(+2.9% YoY)  
December 2024

#### Old-age pensions average amount

**617€**  
(+9.5% YoY)  
December 2024

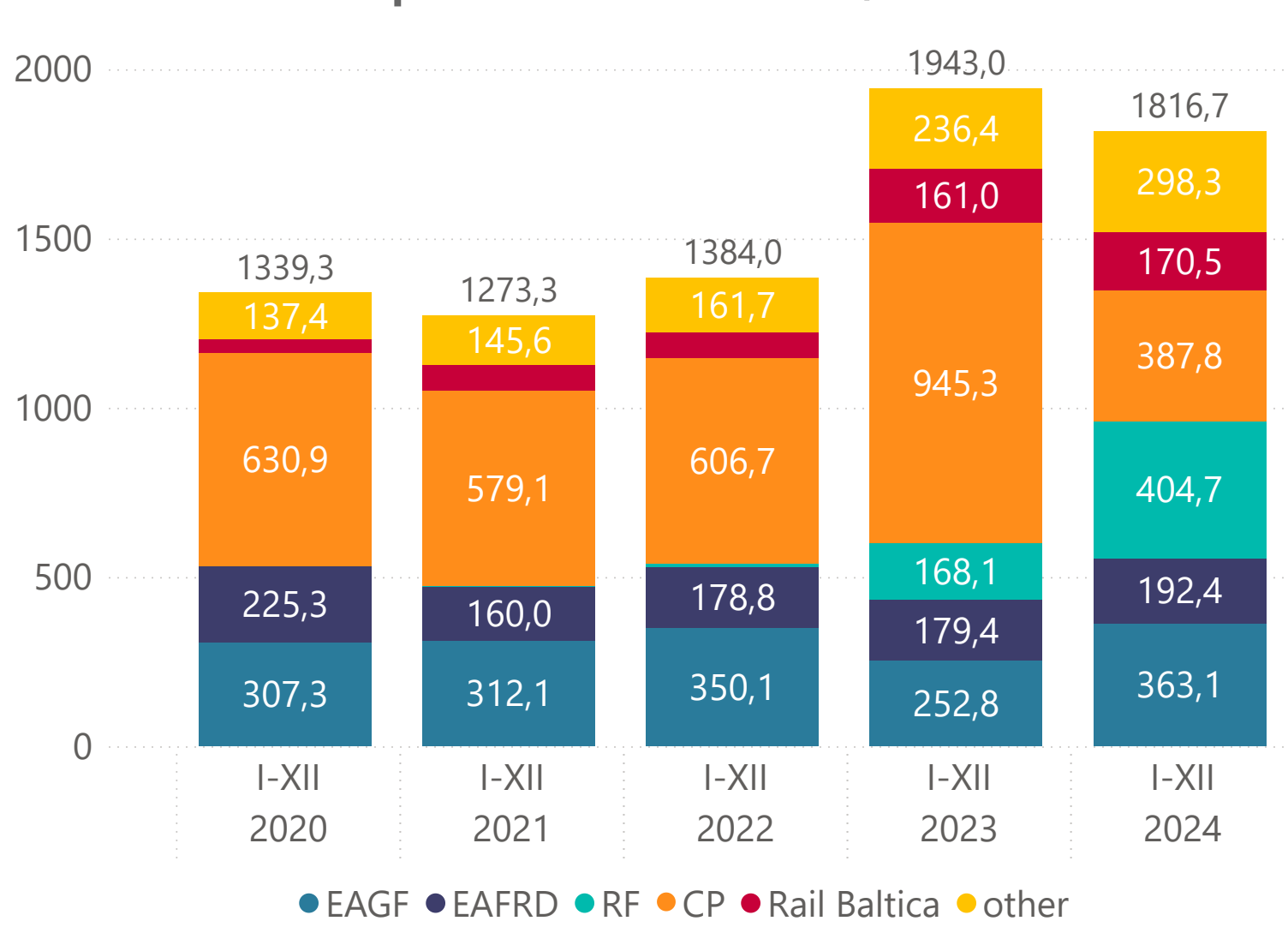
#### Unemployment benefit average amount

**484€**  
(+9.6% YoY)  
December 2024

Source: State Social Insurance Agency (SSIA)

### FOREIGN FINANCIAL ASSISTANCE

#### Expenditures of FFA, mln €



CP-Cohesion Policy Fund (European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund (CF)); RF- Recovery Fund; EAGF - European Agricultural Guarantee Fund; EAFRD - European Agricultural Fund for Rural Development

Source: State Treasury