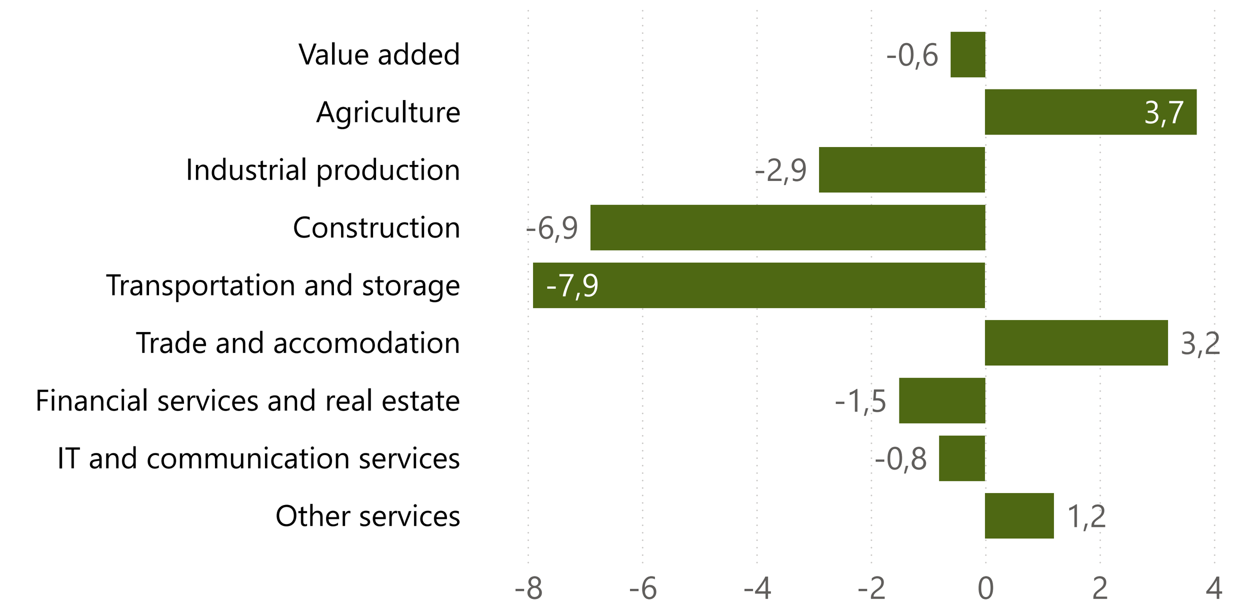
MACROECONOMIC AND BUDGETARY REVIEW 2025
No 2

GROSS DOMESTIC PRODUCT (GDP)

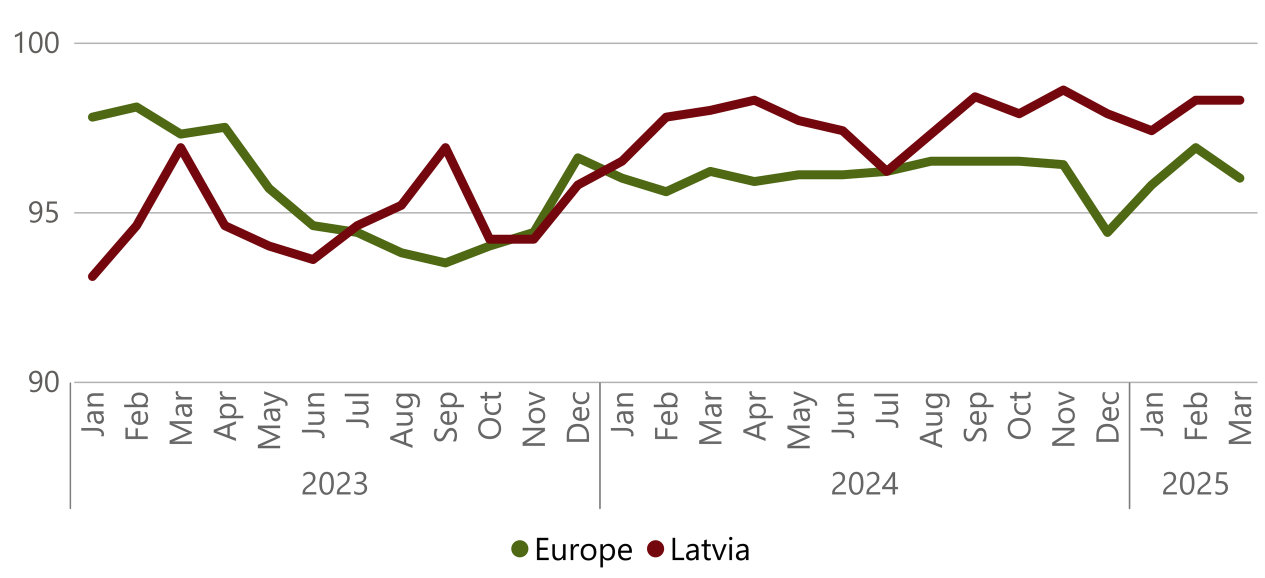
GDP 2024	GDP growth 2025
40 208 Mln €	**1.2%**
CSB, 28.02.2025	MoF forecast, February 2025

GDP growth, YoY%

GDP growth by sectoral breakdown 2024/2023



ESI Economic confidence



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

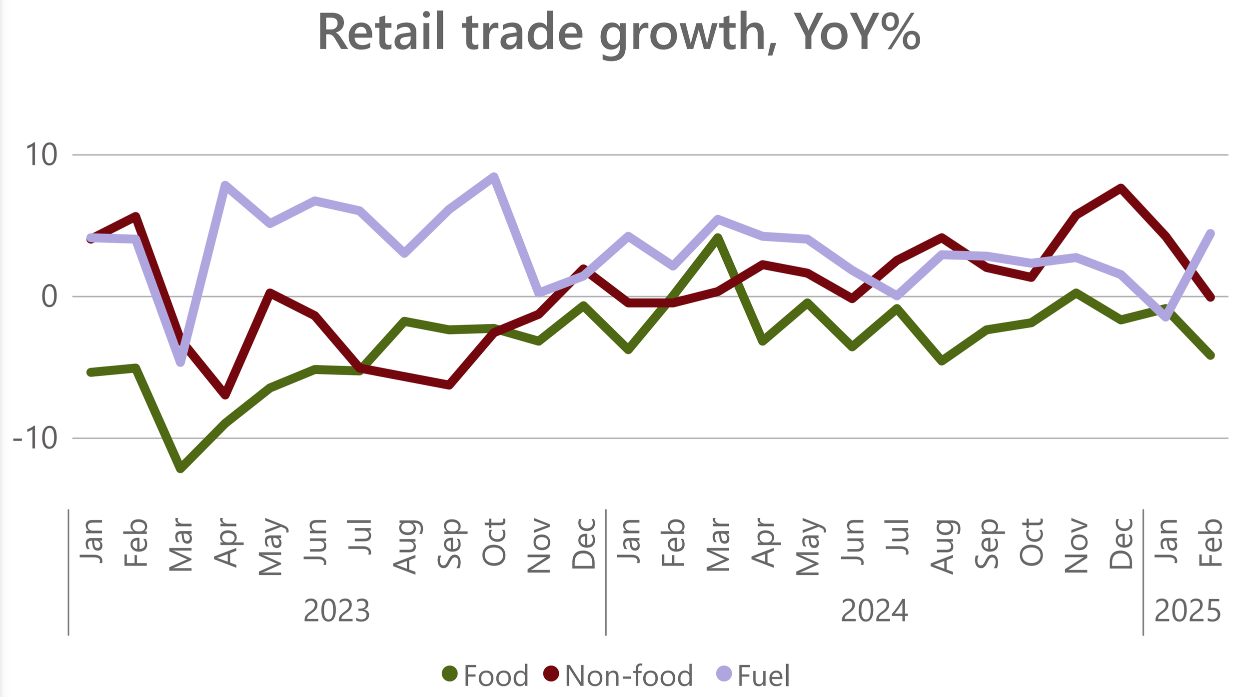
MAIN MACROECONOMIC INDICATORS

Indicator	2019	2020	2021	2022	2023	2024	2025*	2026*	2027*	2028*
Nominal GDP growth, %	5	-1,2	10,5	11,8	9,1	2,1	4,3	4,8	4,9	4,6
Real GDP growth, %	0,7	-3,5	6,9	1,8	2,9	-0,4	1,2	2,1	2,2	2,2
GDP deflator, % change	4,3	2,4	3,3	9,8	6	2,6	3,1	2,7	2,7	2,4
Consumer price index, % change	2,8	0,2	3,3	17,3	8,9	1,3	2,5	2,2	2,5	2,5
Average monthly gross wage, EUR	1076	1143	1277	1373	1537	1685	1783	1881	1975	2074
nominal growth, %	7,2	6,2	11,7	7,5	11,9	9,6	5,8	5,5	5	5
real growth, %	4,2	6	8,2	-8,4	2,8	8,2	3,2	3,2	2,4	2,4
Number of persons employed, thsd	910	893	864	886	884	877	876	875	873	869
growth, %	0,1	-1,9	-3,2	2,6	-0,2	-0,8	-0,1	-0,1	-0,2	-0,5
Unemployment rate, %	6,3	8,1	7,6	6,9	6,5	6,9	6,7	6,3	5,7	5,2

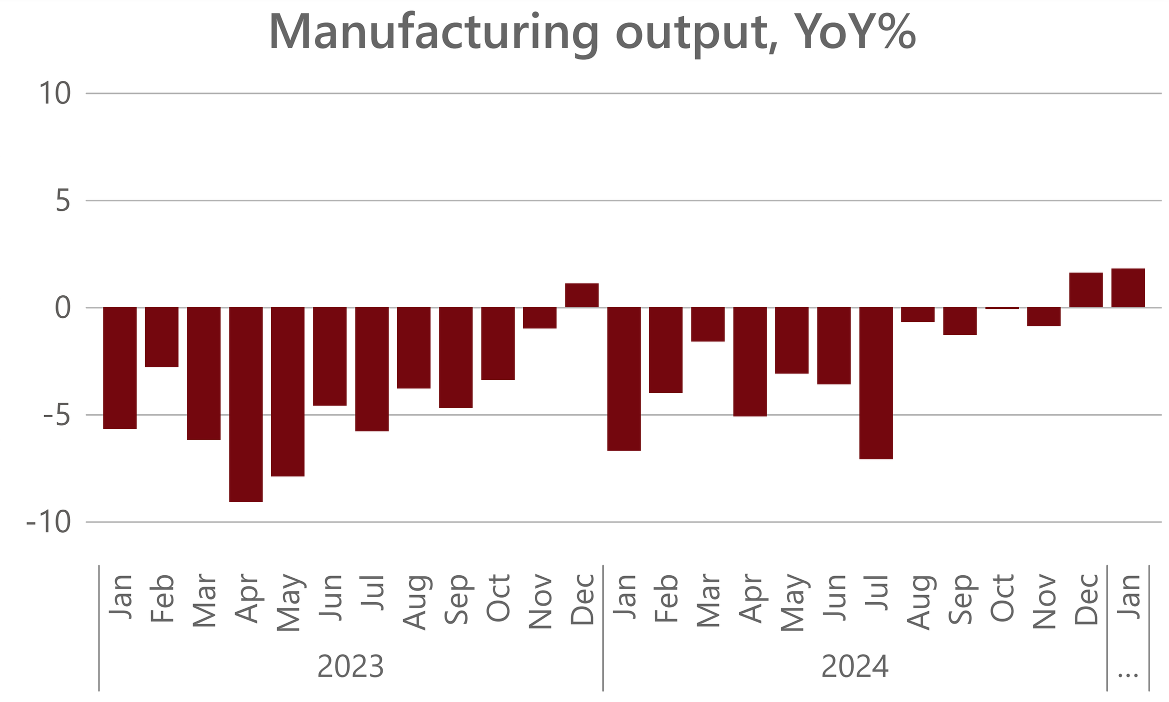
Source: CSB (28.02.2025), *forecasts of the Ministry of Finance of the Republic of Latvia (February 2025)

INDUSTRIES

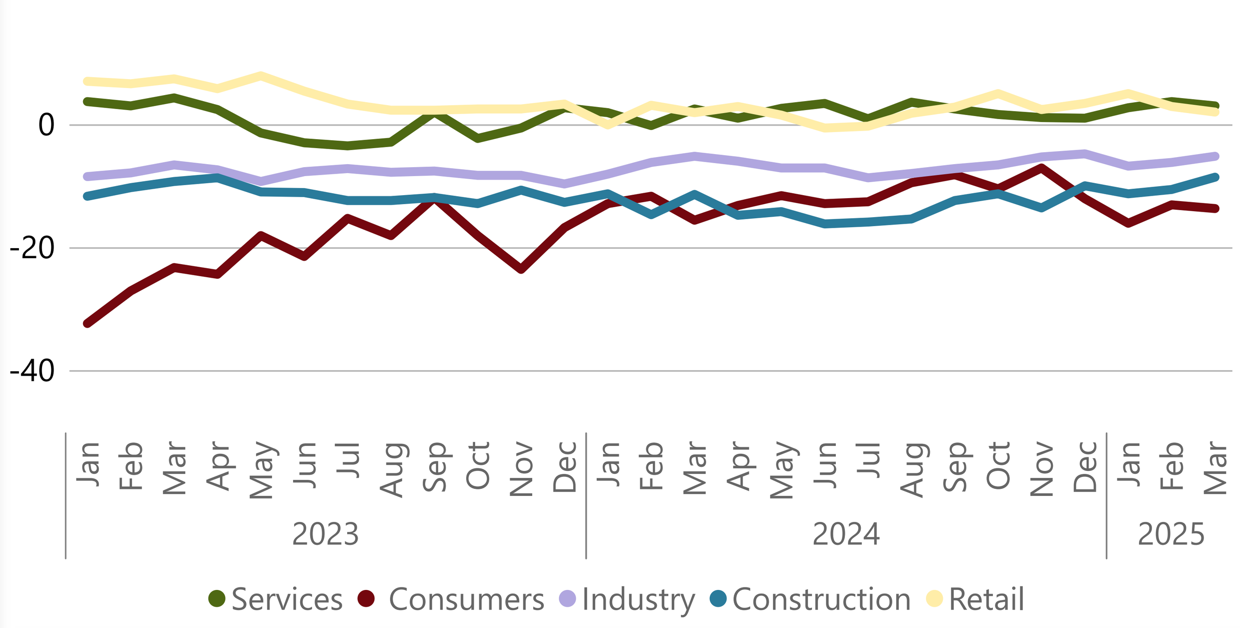
Retail trade growth, YoY%



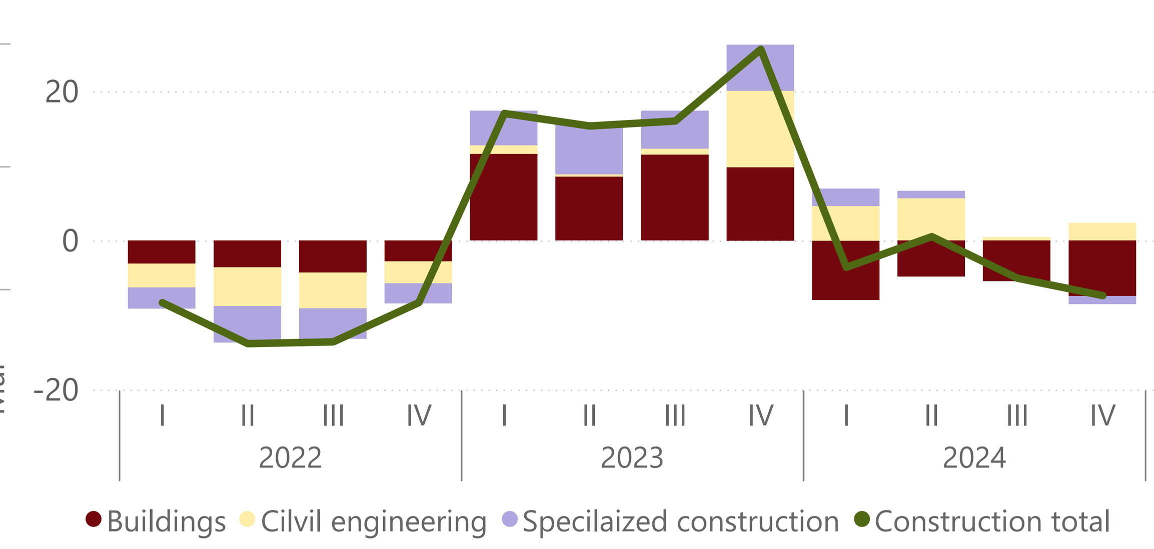
Manufacturing output, YoY%



ESI Sector Confidence Index in Latvia



Construction output at comparable prices, index; % YoY

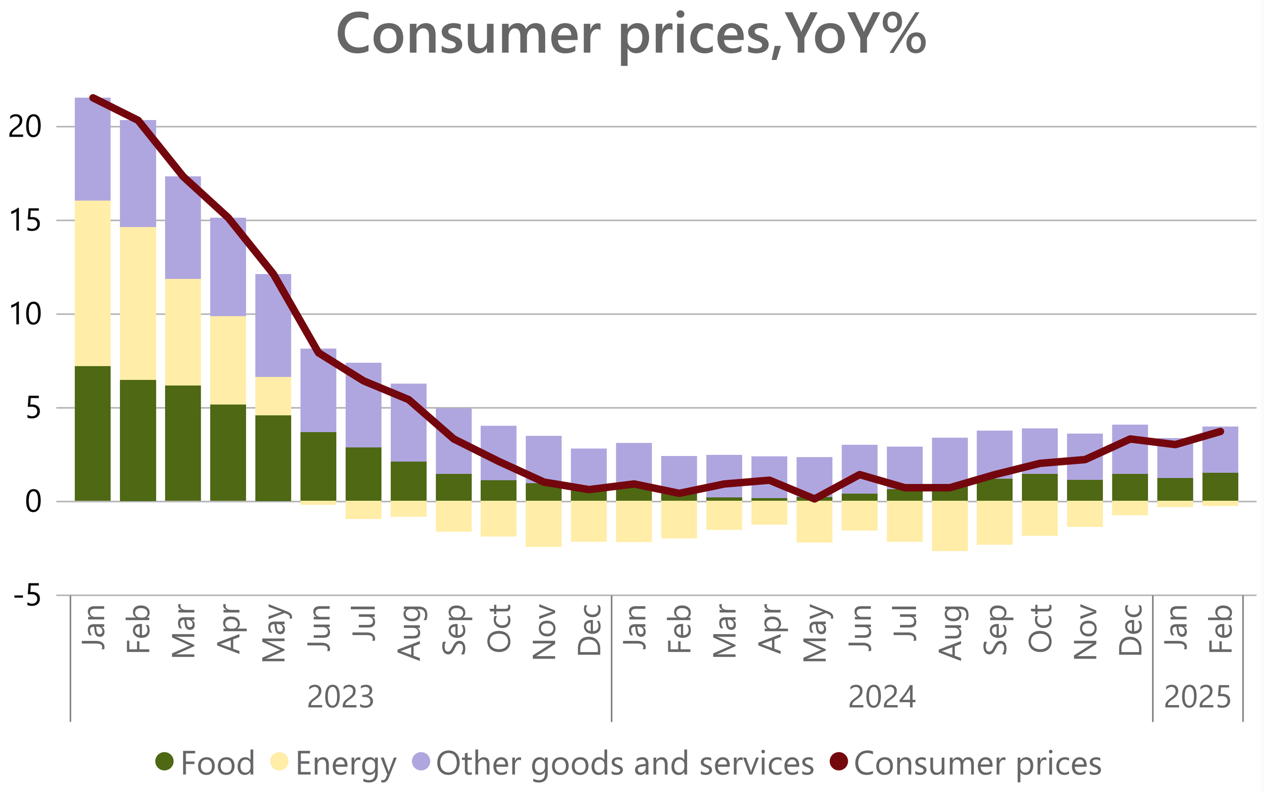


Source: CSB, European Commission

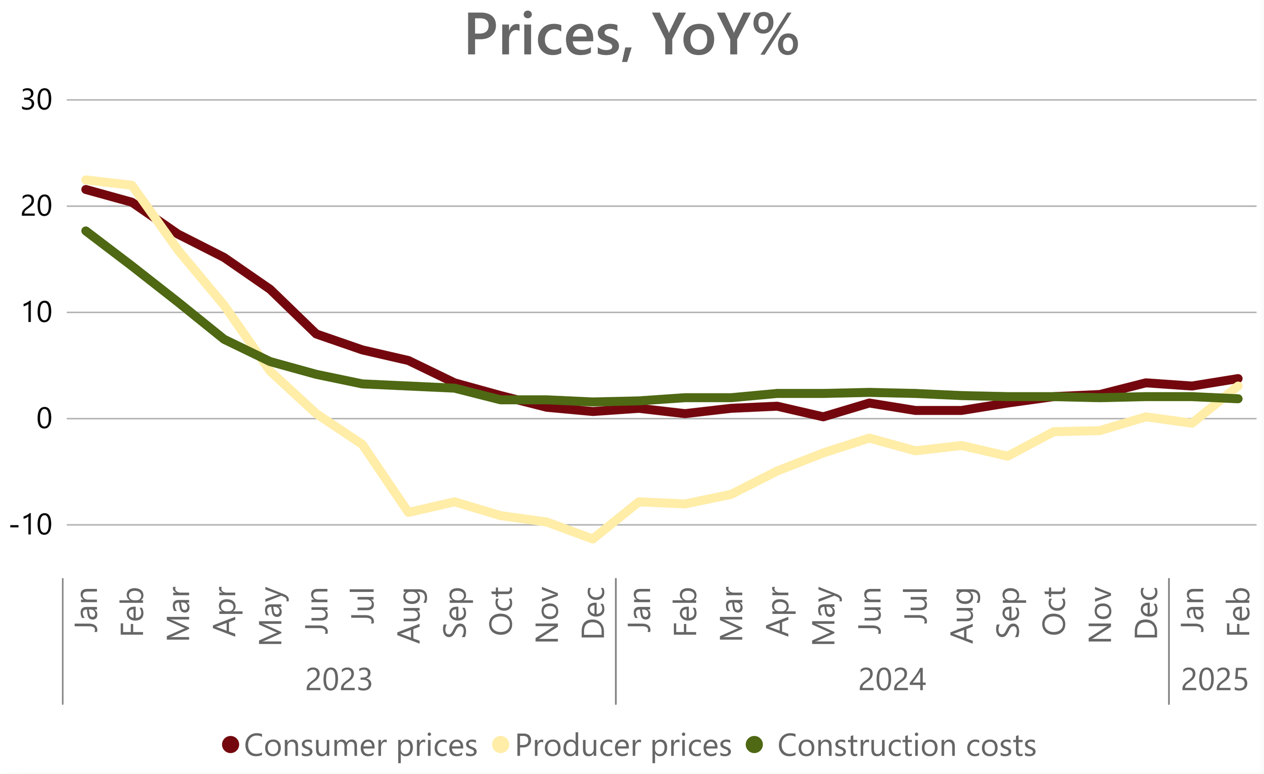
INFLATION

Inflation	Producer price rise
3.7%	**3.0%**
February 2025	February 2025

Consumer prices,YoY%



Prices, YoY%



Source: CSB

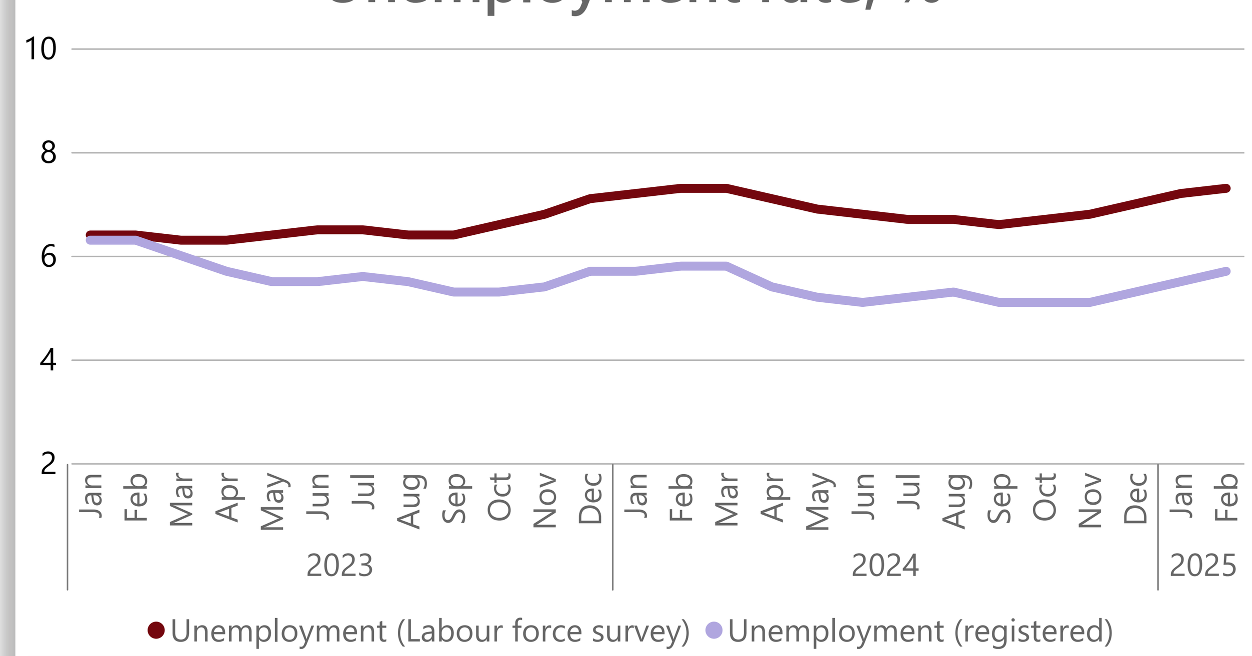
UNEMPLOYMENT

Registered unemployment	Labour force survey
5.7%	**7.3%**
February 2025	February 2025

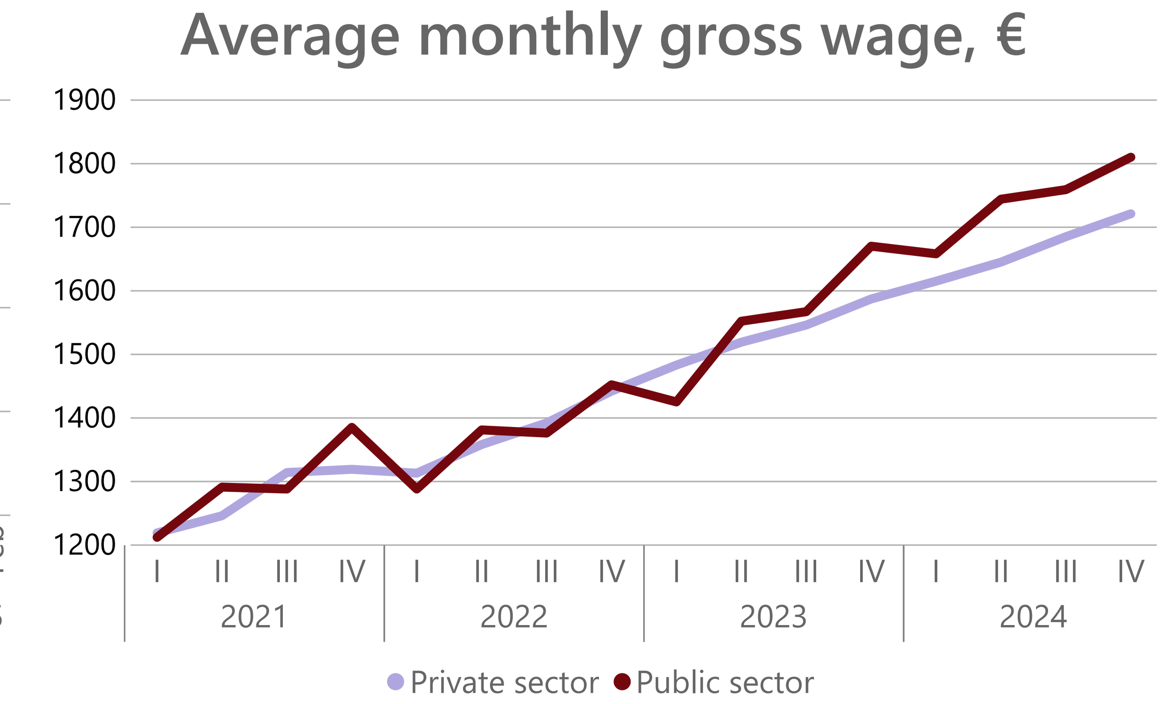
WAGE

Private sector	Public sector	Total
1 720€ (+8.5% YoY)	**1 809€ (+8.4% YoY)**	**1 744€ (+8.3% YoY)**
4thQ 2024	4thQ 2024	4thQ 2024

Unemployment rate, %



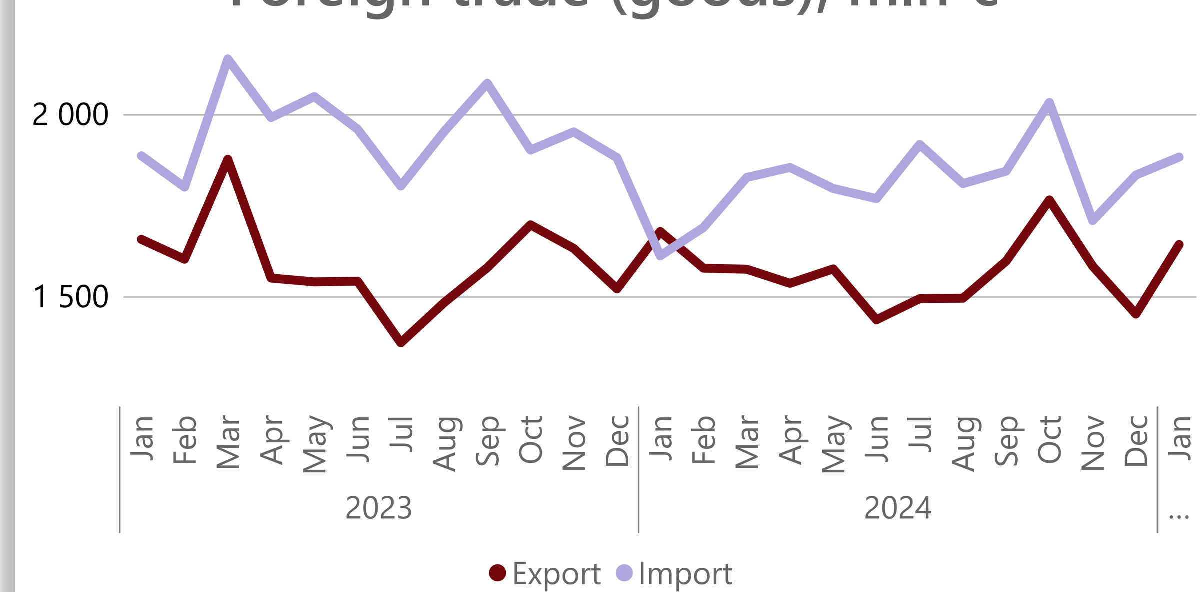
Average monthly gross wage, €



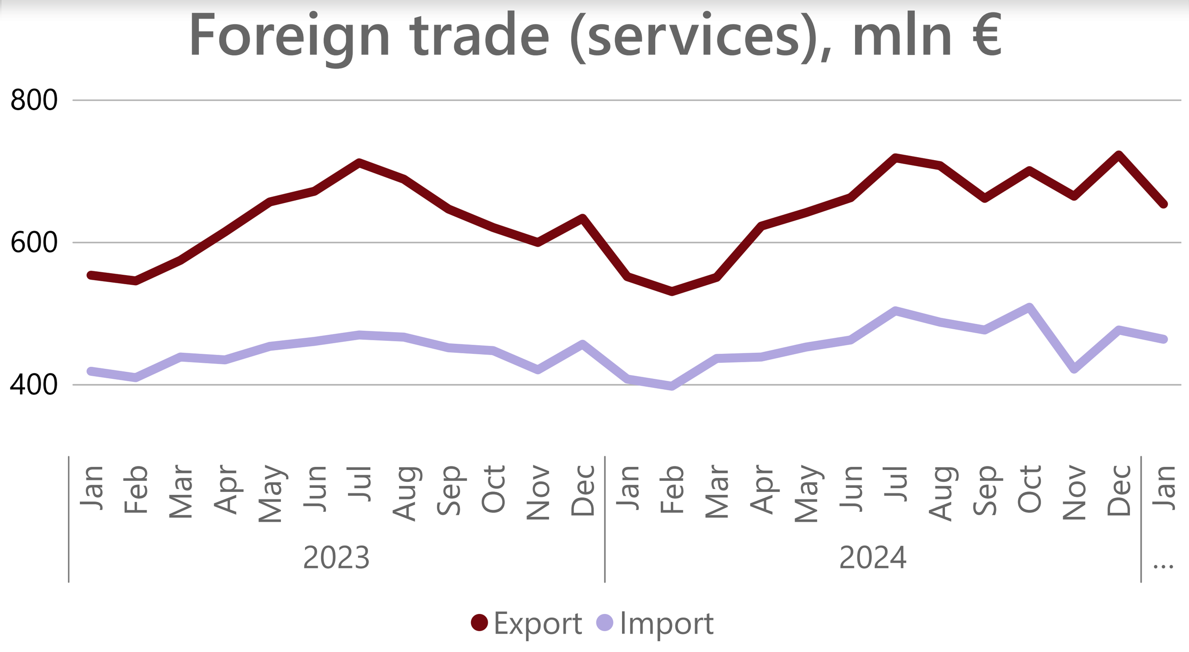
Source: CSB, State Employment Agency

FOREIGN TRADE

Foreign trade (goods), mln €



Foreign trade (services), mln €



Source: CSB; Bank of Latvia

GENERAL GOVERNMENT BUDGET

General government budget balance 2024

-2.1% of GDP

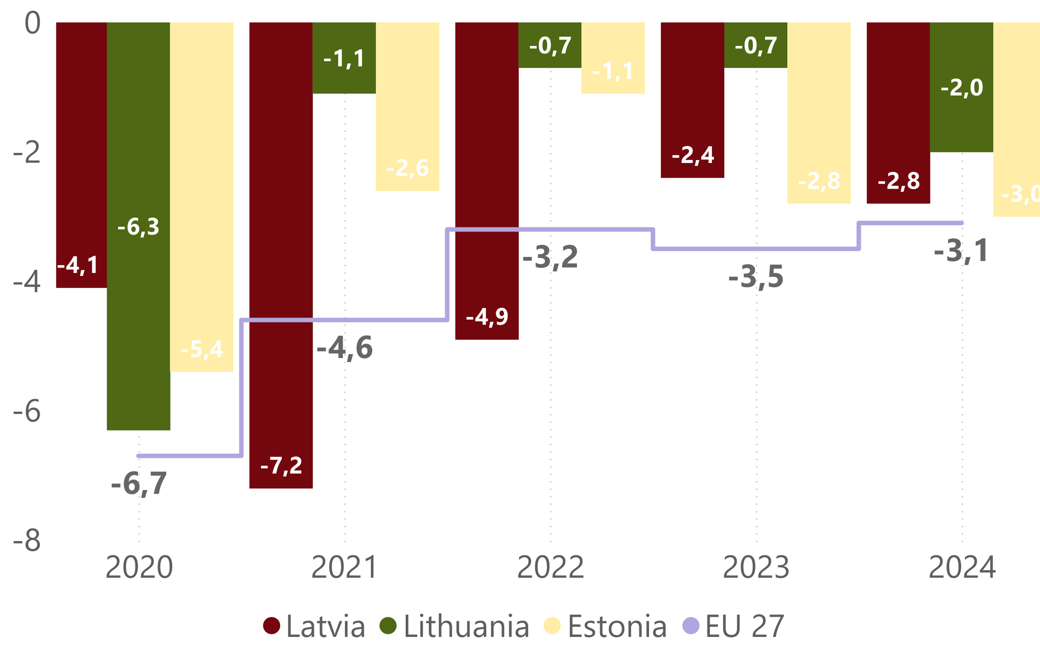
Assessment of MoF, January 2025

General government debt 2024

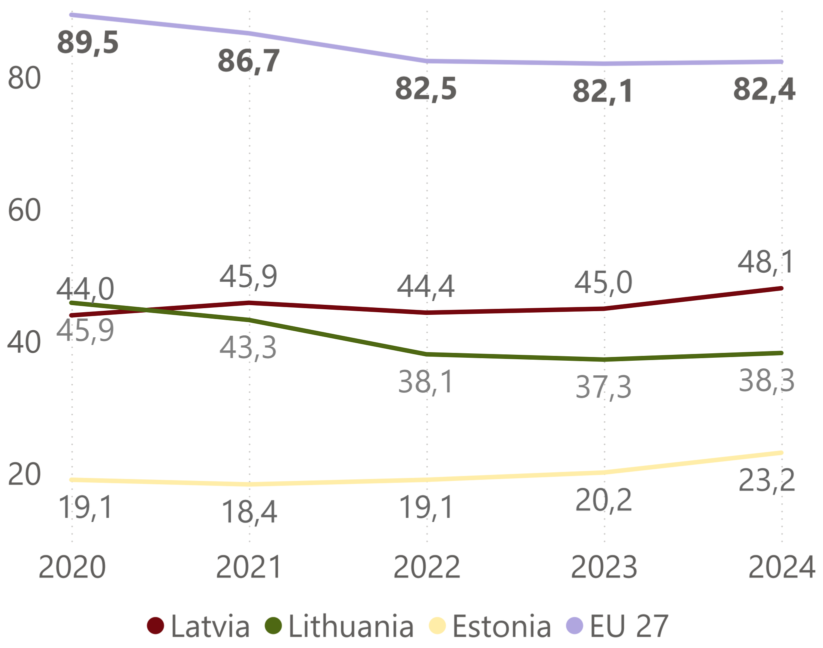
47.7% of GDP

Assessment of Treasury, January 2025

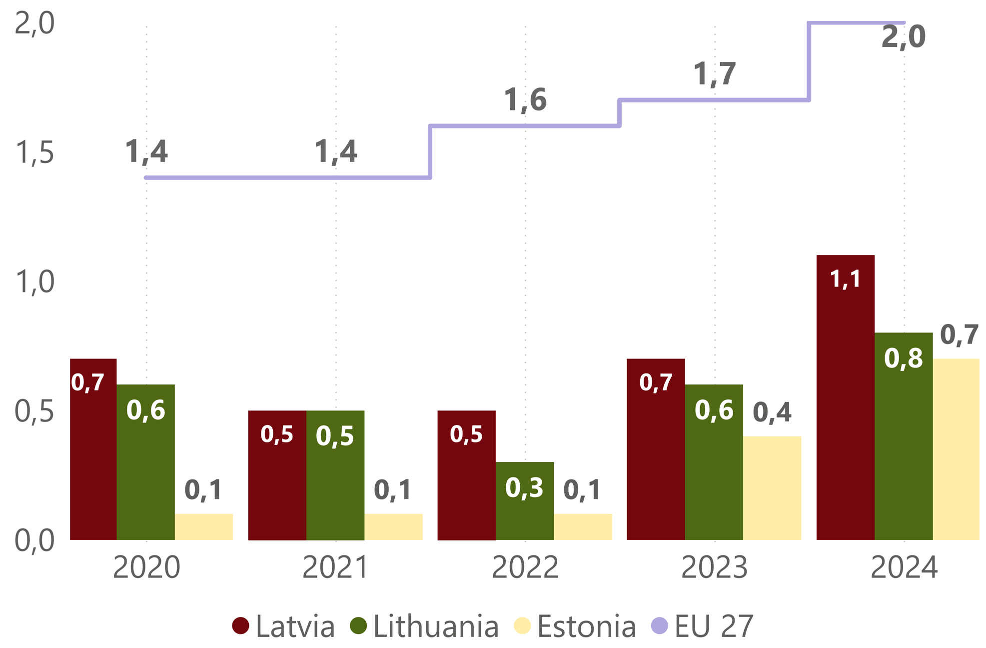
General government budget balance, % of GDP



General government debt, % of GDP



Interest expenditure (D.41), % of GDP

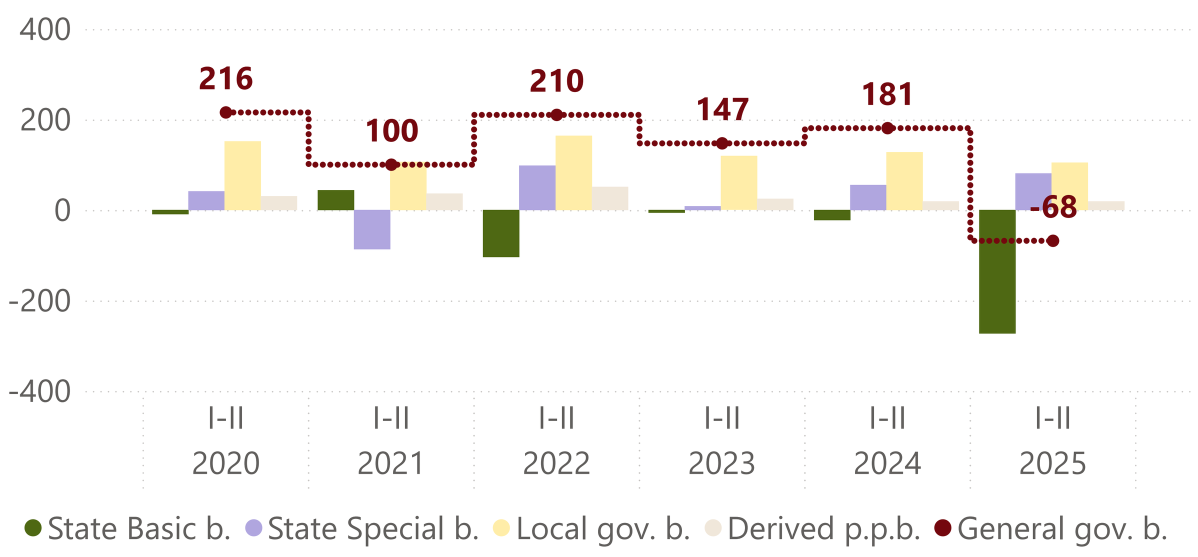


Source: Eurostat, European Commission forecasts Autumn 2024 (AMECO).

GENERAL GOVERNMENT BUDGET JANUARY-FEBRUARY 2025

ON CASH BASIS

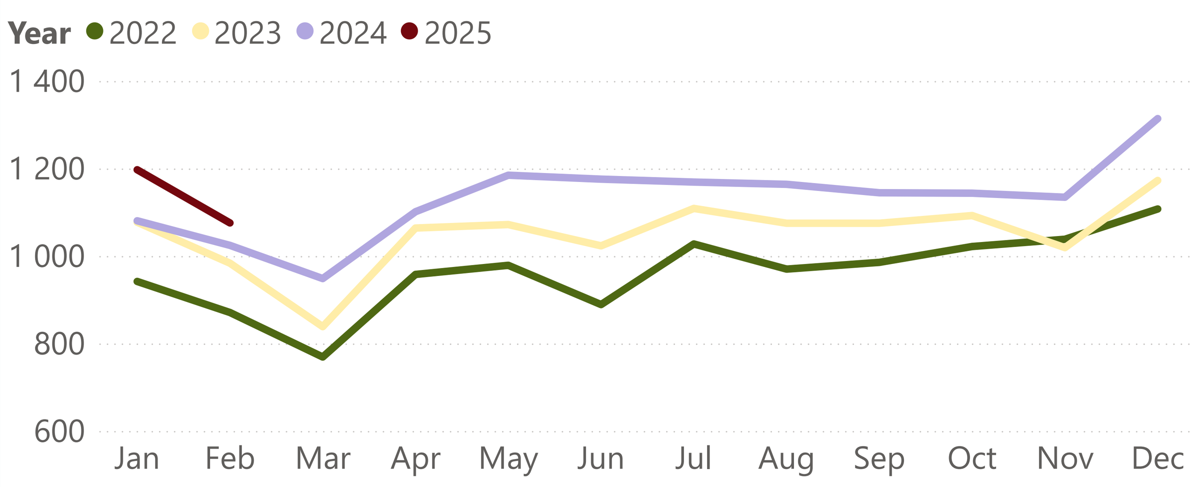
General government budget balance, mln €



General government budget	Execution, mln €	YoY, mln €	YoY,%
Revenue	2 892,4	-20,0	-0,7%
Expenditure	2 960,5	229,0	8,4%
Balance	-68,1	-249,0	

General government budget	Execution, mln €	YoY, mln €	YoY,%
Revenue			
Tax revenue	2 272,6	167,9	8,0%
Non tax revenue	135,9	-18,7	-12,1%
Self-earned revenue	96,7	-8,4	-8,0%
Foreign financial assistance	387,0	-160,8	-29,3%
Expenditure			
Remuneration	565,4	17,9	3,3%
Goods and services	416,4	96,0	30,0%
Interest payments	147,4	52,9	56,0%
Subsidies and grants	643,0	77,8	13,8%
Social support	933,5	52,0	5,9%
Payments to EU budget	65,0	12,1	22,8%
Capital expenditure	177,3	-75,2	-29,8%

General government budget tax revenue, mln €



General government budget tax revenue

Tax type	Execution, mln €	YoY, mln €	YoY,%
SSC	790,0	40,6	5,4%
VAT	626,4	19,7	3,2%
PIT	558,2	46,7	9,1%
EXCISE	195,0	3,1	1,6%
CIT	157,1	69,9	80,1%

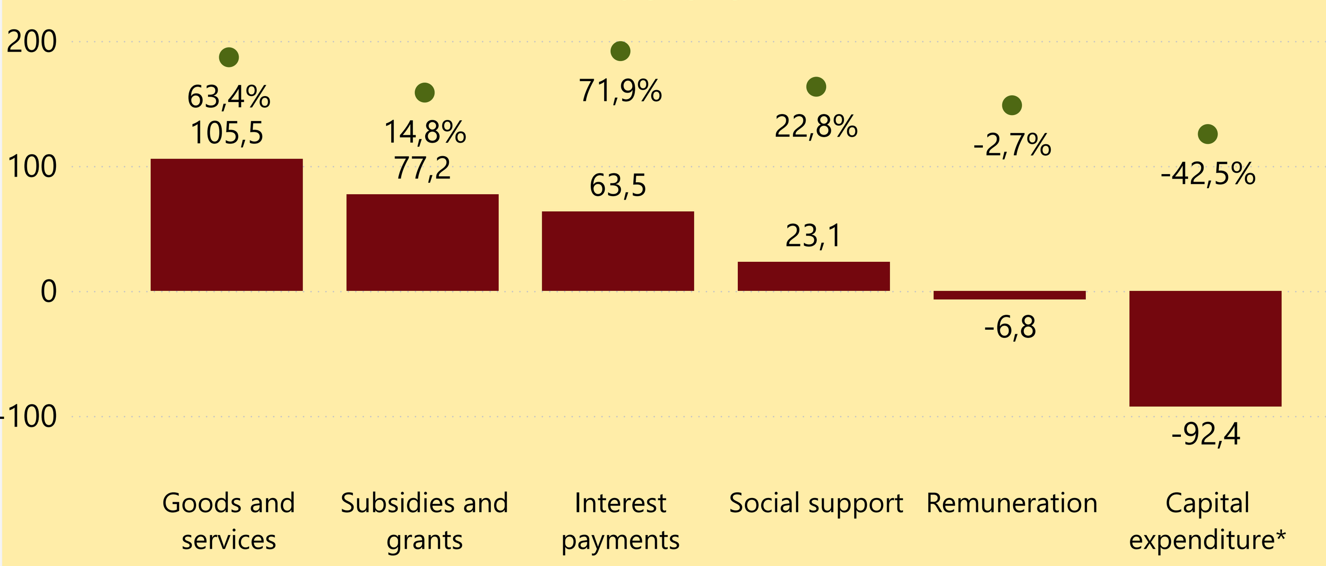
Source: State Treasury

General government budget tax revenue in January-February 2025, including revenue in the single tax account (-173.2 mln €) and excluding SSC at the 2nd pension pillar (142.8 mln €).

STATE BASIC BUDGET

State Basic Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	1 666,3	-1,0	-0,1%
Expenditure	1 939,4	249,8	14,8%
Balance	-273,1	-250,8	

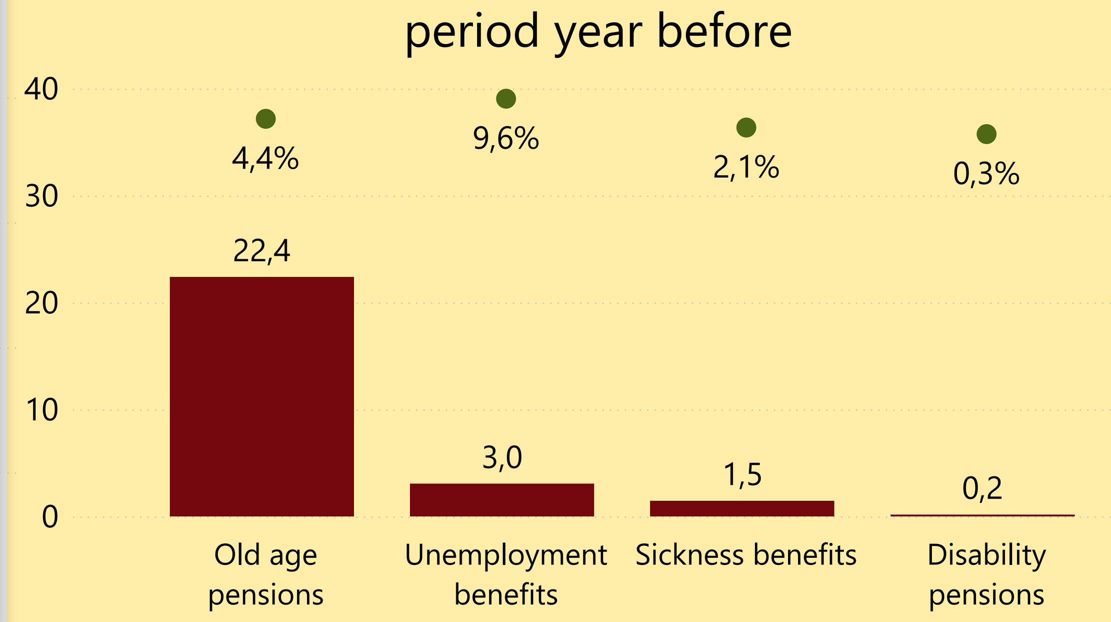
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

State Special Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	848,6	54,2	6,8%
Expenditure	767,4	28,4	3,8%
Balance	81,2	25,8	

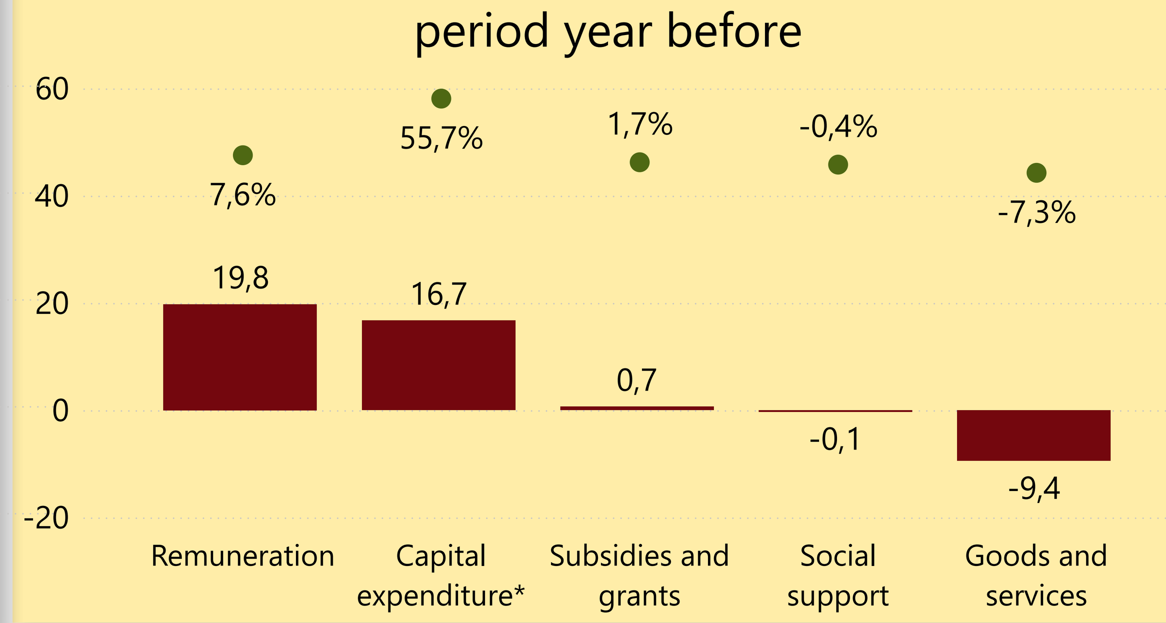
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

Local Government Budget	Execution, mln €	YoY, mln €	YoY, %
Revenue	655,5	2,2	0,3%
Expenditure	550,8	25,7	4,9%
Balance	104,7	-23,5	

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

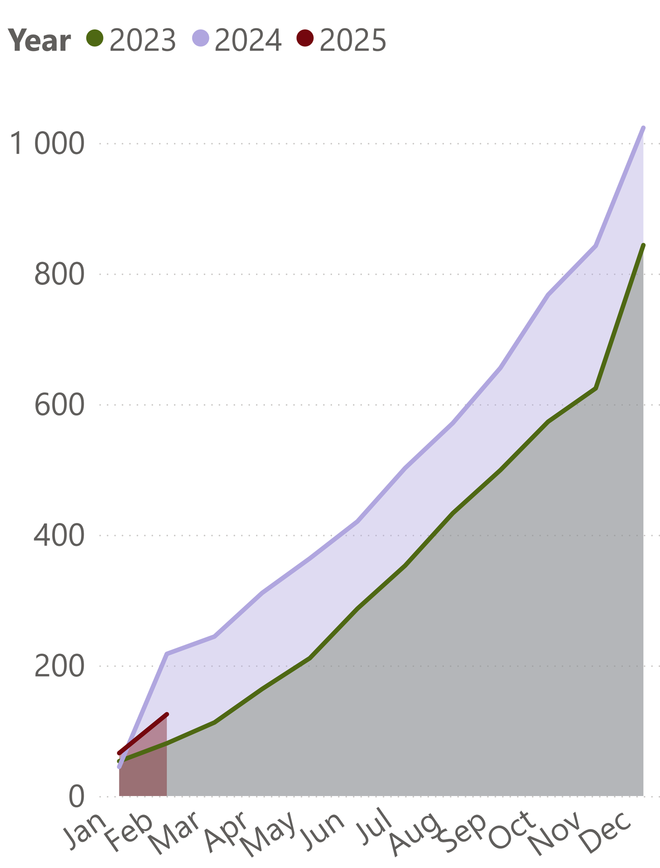


*Capital expenditure - fixed capital formation, excluding transfers between budget levels

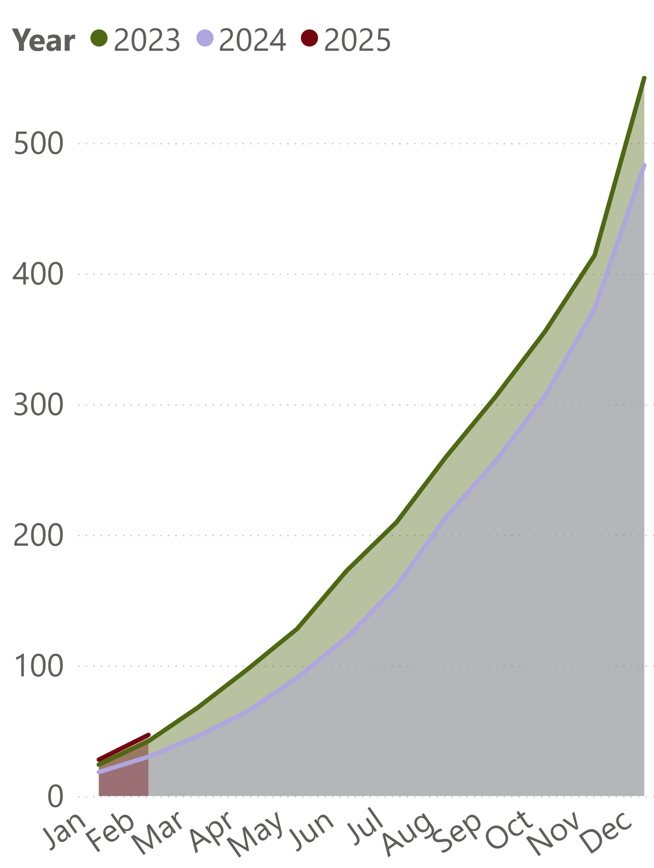
YoY - changes in mln euro against respective period year before; YoY% - changes in per cent against respective period year before

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

431 270 (+0.3% YoY)

February 2025

Old-age pensions average amount

605€ (+12.1% YoY)

February 2025

Unempoyment benefit recipients

35 174 (+0.2% YoY)

February 2025

Unemployment benefit average amount

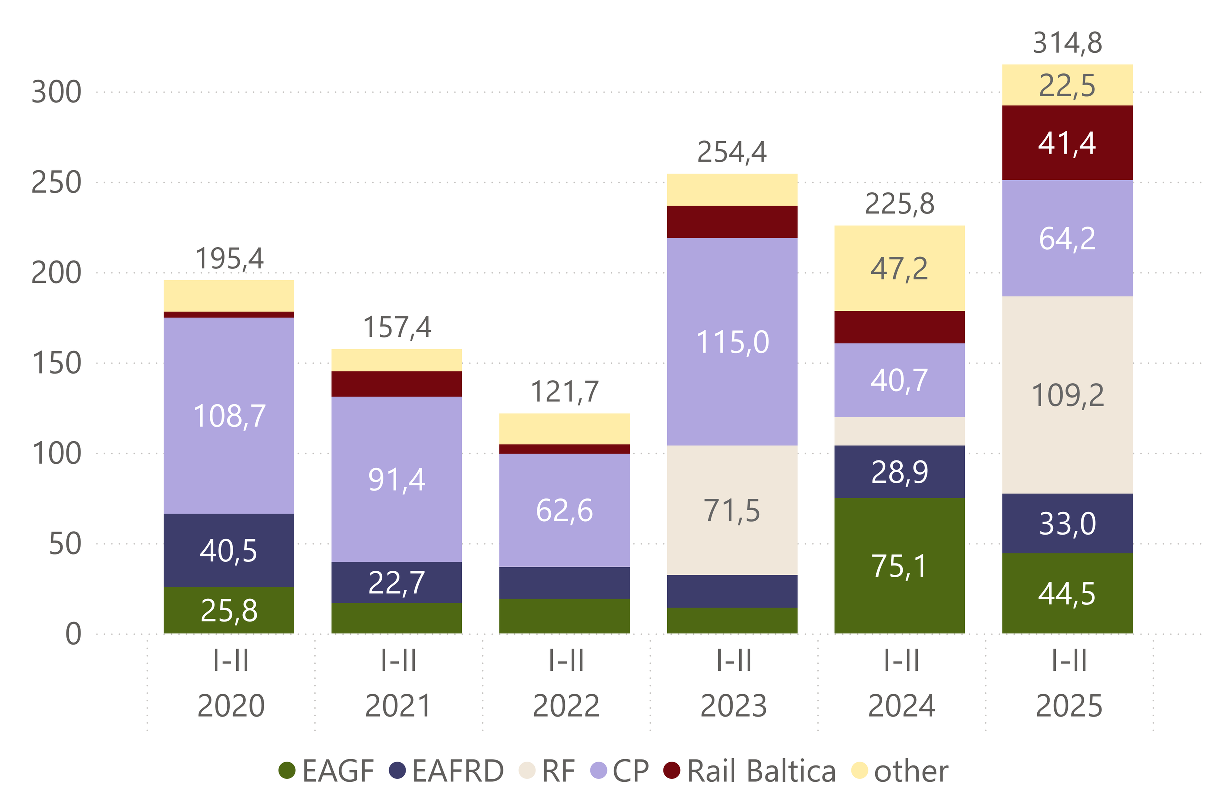
504€ (+9.0% YoY)

February 2025

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