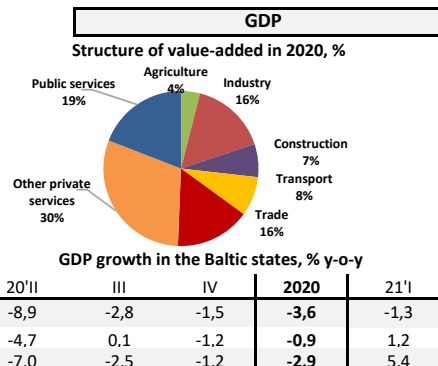
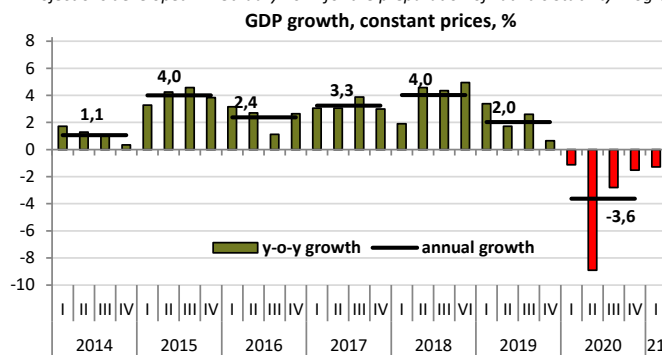


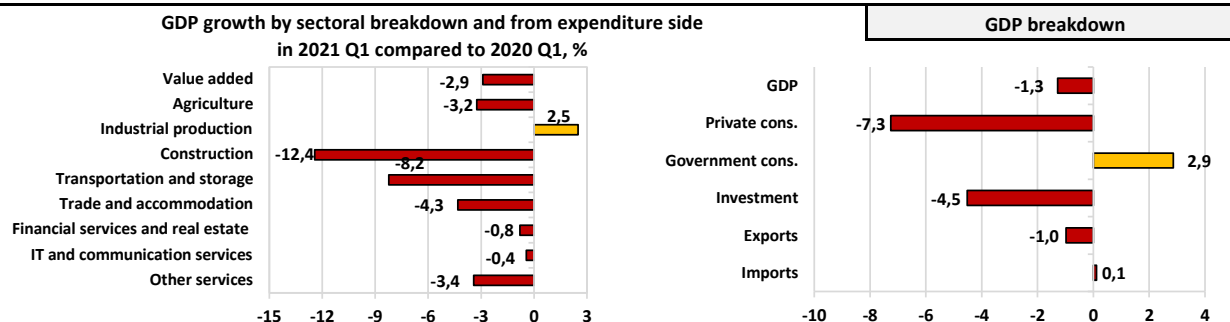
Main macroeconomic indicators		Forecasts**			
	2020*	2021	2022	2023	2024
Gross domestic product (GDP)					
current prices (mln euro and growth, %)	29334	4,4	6,4	5,2	5,0
constant prices (mln euro and growth, %)	26555	3,0	4,5	3,2	2,8
GDP deflator (y-o-y), %	0,1	1,4	1,8	2,0	2,1
Consumer price index (y-o-y), %	0,2	1,4	2,0	2,0	2,0
Average monthly gross wage (euro and growth at current prices, %)	1143	4,0	5,0	5,0	5,0
Employment (thsd and growth rate, %)	893	-0,4	1,0	0,3	0,0
Jobseeker rate (annual average), %	8,1	8,3	7,1	6,3	5,9
Exports of goods and services					
current prices (mln euro and growth, %)	17682	5,9	7,2	7,1	7,2
constant prices (mln euro and growth, %)	16967	4,3	4,7	4,0	4,0
Imports of goods and services, mln euro					
current prices (mln euro and growth, %)	17342	6,5	8,6	8,1	7,5
constant prices (mln euro and growth, %)	18149	4,9	5,4	4,0	3,3

*GDP for 2020 according to CSB data published on 26/02/2021

** Projections developed in February 2021 for the preparation of Latvia's Stability Programme 2021-2024



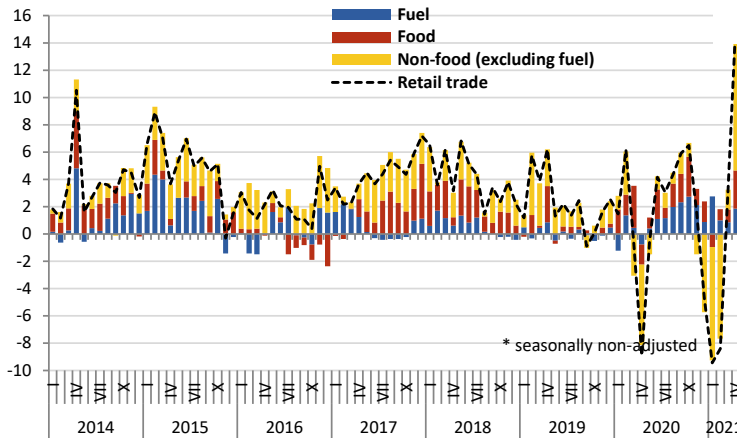
Data compiled by the Central Statistical Bureau (CSB) shows that in the 1st quarter of 2021, compared to the 1st quarter of 2020, gross domestic product (GDP) decreased by 1.3% (according to seasonally and calendar non-adjusted data). This decline is 0.9 percentage points less than the CSB had calculated in the GDP flash estimate published a month ago and less than the decline in GDP in the fourth quarter of last year. The data of the first quarter shows that Latvia overcame the second wave of the COVID-19 crisis with smaller losses, although this year the restrictions set to reduce the morbidity were much stricter. Better economic performance in the second wave of the crisis was prescribed by both better adaptation of companies to Covid's situation and more extensive state aid measures, enabling that the industries affected by the crisis do not completely cease operations and supporting of the consumption. After a decline in the first quarter overall the rapid resumption of economic growth is expected in the coming quarters of 2021, which is ensured by the lifting of Covid-19 restrictions, state support for consumption and investment infrastructure as well as the favorable situation in the world and Latvia's main foreign trade partners. The external environment is currently characterized by a rapid improvement of business and consumer sentiment and the EC's Economic Sentiment Index ESI is currently the most positive within the European Union countries since February 2018. Latvia also demonstrated that the ESI index has improved in recent months, reaching its highest level in May since the December 2018.



On the sectoral side, the largest positive impact on the development of the Latvian economy in the first quarter of this year was in the health and social care sector, where, thanks to increased public funding, an increase of 19.7% was achieved. The financial services sector grew by 15.2% and the overall indicators were also positively affected by growth in manufacturing by 1.6% and in energy and mining by 5.9%. Also, due to increased wholesale volumes, the trade sector recorded a total increase of 2.0%, while retail sales decreased by 5.1% due to Covid-19 restrictions. Overall, the largest negative impact on economic performance in the first quarter was left by the sectors directly affected by the Covid-19 restrictions, including commercial services by 11.7%, accommodation and food service by 53.3% and transport by 8.2%. However, unlike in the first quarter of last year, the transport sector was no longer significantly affected by the decline in Russian transit, where cargo volumes have already fallen to a very low level, and accordingly the decline in the sector was no longer as sharp as last year. Unlike last year, when the construction sector maintained stable growth, construction volumes have fallen by 12.4% in the first quarter of this year, due to the worst weather conditions for construction and a slight decrease in public investment expenditure earlier this year.

Source: CSP, Eurostat, Ministry of Finance of the Republic of Latvia

Retail trade growth contributions by product type*, y-o-y, %



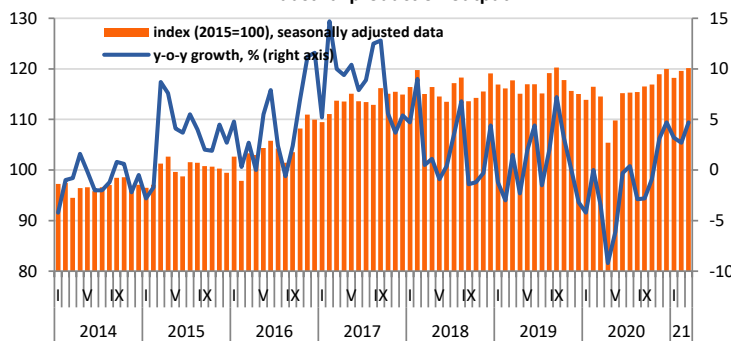
Retail trade

Structure of retail trade turnover in 2020, %

16	42	42
Y-o-y growth, c.a., 2020 Jan.-April		
Total	+0,2%	Non-food (excl. fuel) -4,8%
Food	+2,2%	Fuel +8,7%

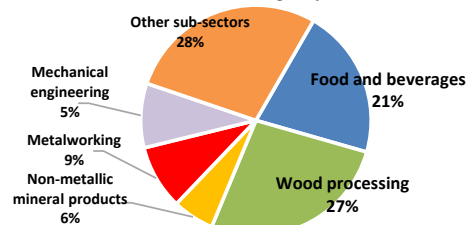
In April of this year, compared to April of the previous year, retail sales volumes have increased by 15.6%. This was due to the low base in April last year, when trade restrictions were introduced to alleviate the pandemic, as well as the easing of restrictions from 7 April this year. Retail trade in non-food products (excluding fuel) increased by 25.9%, while retail trade in food products increased by 6.9%. Sales of automotive fuel in April increased by 10.5% year-on-year, while fuel prices returned to pre-crisis levels.

Industrial production output



Industry

Structure of manufacturing output in 2020, %

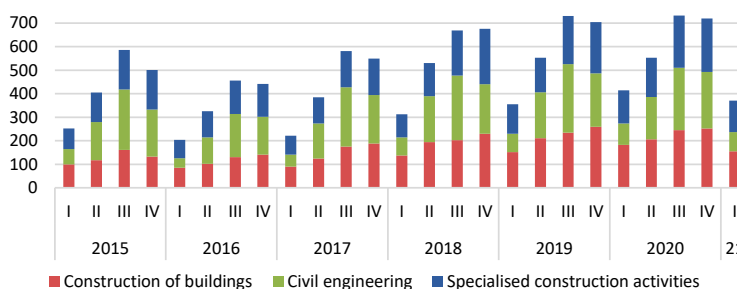


Industry, y-o-y growth, 2021 Jan.-March c.a.

Industry total	+3.6%	Mining, quarrying	+1.6%
Manufacturing	+2.7%	Energy	+7.9%

In March 2021, compared to a corresponding month a year ago, industrial production sector demonstrated output growth by 4.7% which was determined not only by sector's ability to adapt to current situation prevailed by the pandemic but also last year's base when industry as well as overall economy faced Covid-19 for the first time. In March, growth was registered in all industrial production sectors – output volumes of mining and quarrying increased by 11.2% y-o-y, electricity and gas supply expanded by 7.4% y-o-y and the largest industrial production sector - manufacturing – demonstrated growth of 3.8% y-o-y. Among the manufacturing sub-sectors, strong output expansion was registered in mechanical engineering and metalworking industries – manufacture of fabricated metal products increased by 8.0% y-o-y, manufacture of machinery and equipment as well as manufacture of motor vehicles and trailers where output volumes were declining even before the pandemic hence in these sub-sectors base was lower already since mid-2020, in March of this year demonstrated growth by 23.1% and 17.1% y-o-y, correspondingly. Meanwhile, growth rate in wood processing, demonstrating strong expansion for the last couple of months and thus ensuring manufacturing growth, in March of this year slowed down to 1.3%. However, output contraction continued in manufacture of food products – by 2.9% y-o-y, manufacture of non-metallic mineral products – by 4.4% y-o-y, as well as in repair and installation of machinery and equipment – by 34.1% y-o-y.

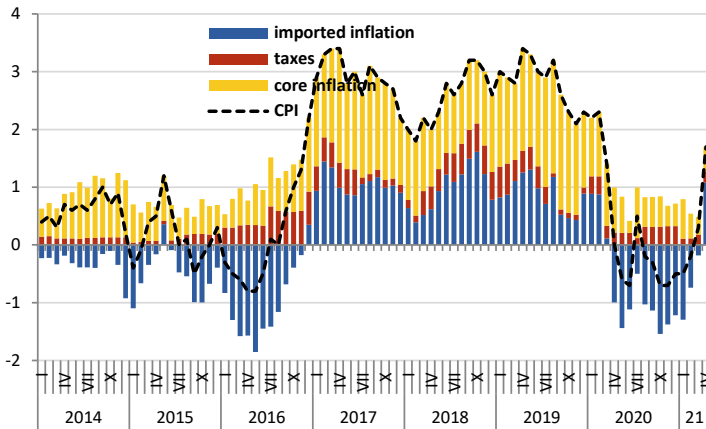
Construction output at constant prices, mln. euro



Construction

In the first quarter of 2021, compared to a corresponding quarter a year ago, construction output in current prices decreased by 10.7% due to last year's high base. The largest negative contribution on sector's results was provided by construction of buildings which contracted by 14.9% y-o-y – decline was registered for construction of both residential buildings and such non-residential buildings as hotels, industrial buildings and warehouses, farm-buildings. Meanwhile, civil engineering output decreased by 11.2% y-o-y and specialised construction activities were by 4.8% lower than a year ago. In Q1 2021, the expected construction space as indicated in the granted building permits declined by 17.8% y-o-y, stimulated by falling construction plans for residential buildings, industrial buildings and warehouses, trade buildings.

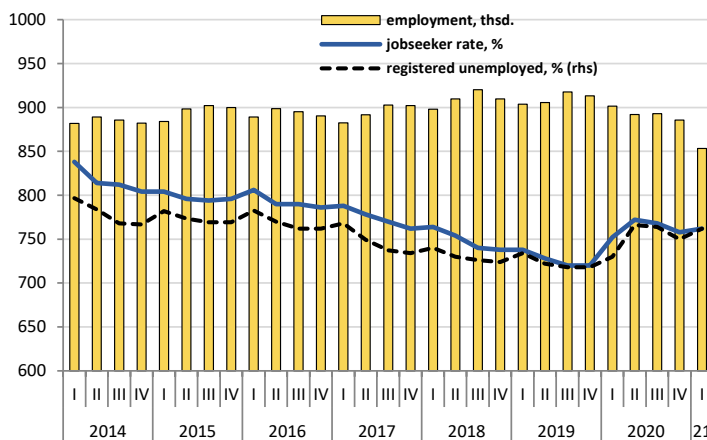
Inflation breakdown by origin, y-o-y, %



Inflation

In April 2021 compared to March 2021, consumer prices increased by 0.9%. In annual terms, price growth was even more pronounced, namely, 1.7% y-o-y, which was the strongest consumer price increase since March of the last year. In April, consumer price growth was determined largely by external factors, i.e., rising oil prices in the global markets. Thus, fuel prices in gas stations increased by 24.8% y-o-y. Although prices for energy resources in the global markets increase, prices for gas and heating in Latvia are still declining which is explained by methodology to determine tariffs for these services. Hence, in April gas prices were by 2.7% lower than a year ago while prices for heating declined by 5.4% y-o-y. However, service sectors directly affected by Covid-19 still face the negative consequences caused by the pandemic, for instance, prices for air transport decreased by 3.8% y-o-y in April and accommodation services – by 5.4% y-o-y.

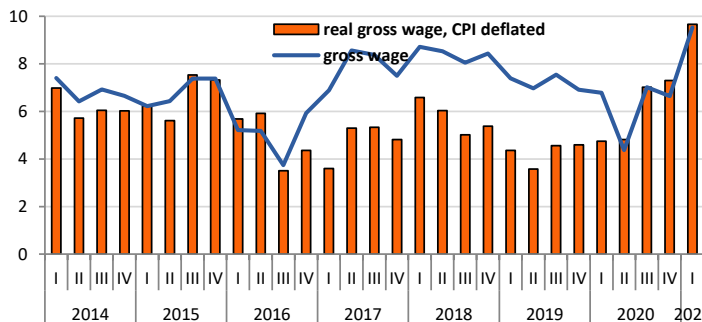
Unemployment rate, % of economically active population (15-74)



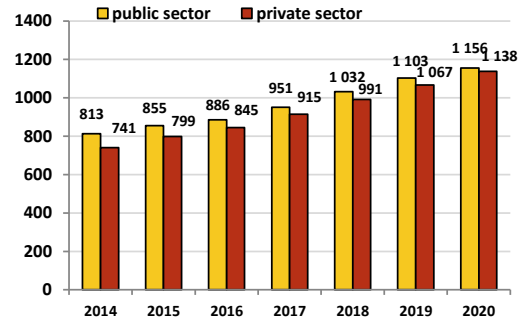
Employment

In the first quarter of this year, along with the repeated outbreak of Covid-19 and the restrictions imposed on its suspension, according to the CSB Labor Force Survey data the unemployment rate in Latvia increased to 8.1%. This unemployment rate is 0.2 percentage points higher than in the fourth quarter of last year, but during the year the unemployment rate has increased by 0.5 percentage points. Such an increase in unemployment can be assessed as very moderate and the increase in unemployment has been significantly limited both by state support in the form of downtime benefits and wage subsidies, and by the fact that the economy has already adapted better to Covid constraints in the second wave of the crisis. The number of employed persons in the national economy in the first quarter was by 5,4% or 48,3 thousand less than a year ago. The registered unemployment rate, which had fallen to 7,4% at the end of October, returned to 8,2% at the end March, but then began to fall again, driven by both seasonal factors and a recovery in economic growth. According to preliminary data, in the penultimate week of May, the unemployment rate has fallen to 7,7% and is already 0,5 percentage points lower than a year ago.

Wage dynamics, changes year over year, %

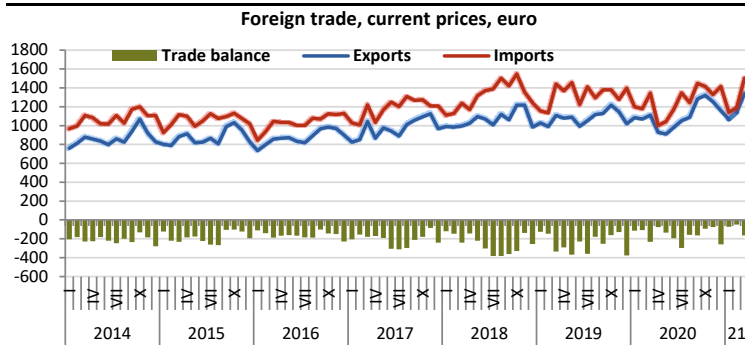


Wages, euro



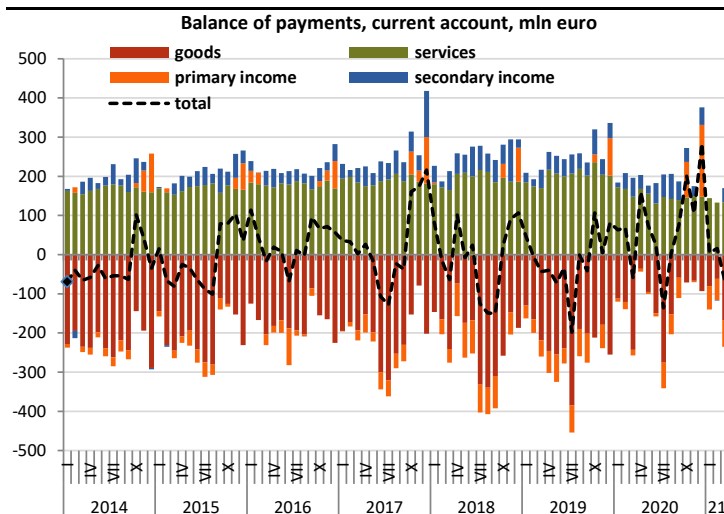
Despite the Covid-19 crisis, the average monthly gross wage in 2020, compared to the previous year, increased by 6,2% to 1,143 euros. In the first quarter of 2021, when a large number of low-wage earners went idle and the minimum wage increased to 500 euros, wage growth became even faster. The average salary increased by 9,5% compared to the corresponding quarter of the previous year, reaching 1207 euros. Slightly faster wage growth in the first quarter was in the public sector, where the average monthly gross wage increased by 9,7% to 1211 euros, while in the private sector it grew by 9,5% to 1208 euros. Changes in average wages and salaries were significantly affected not only by changes in employees' wages, but also by structural changes in the labor market- start-ups and closures and changes in the number and workload of employees. The number of full-time employees decreased by 61,3 thousand or 8,2% in the first quarter, which was affected by redundancies, reduction of workloads and a decrease in the number of employees due to paid downtime benefits. The total amount of the salaries paid in the country as a whole increased slightly – by 0,6% or 14,3 million euro.

Source: CSP, Eurostat, Ministry of Finance of the Republic of Latvia



Foreign trade		
Exports, Jan-Mar 2021	Structure	Annual growth
Total	100%	8,6%
Food	19,4%	1,6%
Wood	18,7%	19,2%
Mech/Electr appl	17,7%	9,4%
Metals	8,6%	5,3%
Chemical manuf.	8,5%	19,8%
Mineral products	5,3%	29,1%
Transport vehicles	4,7%	-11,8%
Plastics	3,5%	9,7%
Others	13,6%	3,1%

Due to the favorable external environment, Latvia's exports of goods in March 2021 showed a rapid increase. The value of exported goods grew by 20.6% y-o-y, reaching 1340 mln euro. It should be noted that the impact of the pandemic was not yet felt in the export data in March last year, therefore the rapid growth of exports is not related to the low base, but directly to the improvement of external demand. The Covid-19 crisis significantly affected Latvia's exports of goods in the second quarter of last year, thus, with the current export volumes remaining, the growth rate of goods exports is likely to increase in the second quarter of this year. The improvement in external demand is also evidenced by the fact that a rapid increase in exports of goods was also recorded in comparison with the previous month (+ 17.4%). It is important to note that the increase in exports recorded in all product groups. While the largest contribution to the growth of merchandise exports was provided by a 35.0% y-o-y increase in exports of wood and wood products. In the first quarter of 2021, the value of exports of goods was 8.6% higher than in the corresponding period last year. The largest contribution to the growth of exports was provided by wood and wood products export increase by 19.2% if compared to corresponding period 2021. A significant contribution to the growth of exports of goods was also ensured by the 9.4% increase in exports of mechanical appliances and electrical equipment. Unlike the wood and wood products group, export growth in this product group is more diversified. A sharp increase in exports was also recorded for mineral products (29.1%) and chemical products (19%). The value of imports of goods increased by 8.5% y-o-y in March this year. While in the first quarter of 2021, total value of imports was by 2,6% higher than a year ago.



Current account

In March 2021, Latvia's balance of payments current account recorded a deficit of 66 mln euro. Thus, compared to March of the previous year, the deficit increased by 5 mln euro. With the exception of the goods account, the deterioration was recorded for all components of the current account. With exports of goods growing faster than imports of goods, the balance of the goods account has improved by 76 mln euro, with the deficit decreasing to 167 mln euro. The services account surplus decrease by 14 mln euro was driven by declining exports of services and rising imports. The surplus of the services account slowed down to 134 mln euro. Due to higher dividend payments to foreign investors, primary income account balance deteriorated by 54 mln euro. While secondary income account balance decreased by 12 mln euro due to the higher Latvia's payment to EU budget and other factors. Overall, in the first quarter of 2021, the total current account deficit amounted to 45 mln euro.

Main macroeconomic indicators, annual growth rates (unless stated otherwise)										
	IV	19'I	II	III	IV	20'I	II	III	IV	21'I
GDP, constant prices, %	4,9	3,4	1,7	2,6	0,7	-1,1	-8,9	-2,8	-1,5	-1,3
GDP, current prices, %	9,2	6,9	4,5	4,7	2,0	-0,1	-9,8	-3,0	-1,2	-1
Inflation, %	2,9	2,9	3,3	2,9	2,2	1,9	-0,4	0,0	-0,6	-0,1
Nominal wages, %	8,3	7,4	7,0	7,6	6,9	6,8	4,3	7,0	6,7	9,5
Real wages, CPI deflated, %	5,4	4,5	3,7	4,7	4,7	4,9	4,7	7,0	7,3	9,6
Employed persons, %	0,8	0,6	-0,4	-0,2	0,4	-0,2	-1,5	-2,7	-3,0	5,4
Unemployed, % of active pop.	6,9	6,9	6,4	6,0	6,0	7,6	8,6	8,4	7,9	8,1
Productivity, %	4,1	2,7	2,2	2,9	0,3	-0,9	-7,5	-0,1	1,6	4,3
Retail trade, %	2,7	3,6	3,2	1,0	1,5	2,3	-1,7	4,4	0,8	-4,7
Industrial production, %	0,9	-0,8	1,4	2,5	0,0	-2,6	-5,1	-1,8	2,2	3,6
Goods exports, %	7,3	5,2	-1,1	3,4	-1,0	4,6	-10,8	3,7	10,2	8,6
Goods imports, %	12,3	7,3	4,9	-5,2	-2,2	-0,2	-20,5	-1,1	2,7	3
Trade balance, mln euro	-723,7	-606,6	-886,6	-789,0	-665,8	-454,4	-399,4	-620,3	-428,6	-285,3
Current account, % of GDP	2,8	0,0	-1,9	-3,0	2,4	1,0	3,8	-0,7	7,5	n.d.a.

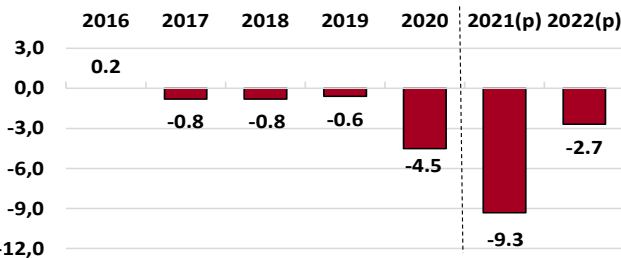
Source: CSP, Eurostat, Ministry of Finance of the Republic of Latvia, Bank of Latvia

According to the Eurostat Government finance statistics, in 2020 general government budget deficit was 1.3 billion euro or 4.5% of GDP, of which 3.3% of GDP was affected by Covid-19 support measures. The Covid-19 pandemic will affect general government revenue in 2020, compared to 2019, decreased by 0.4% and was 11.5 billion euro, but expenditure increased by 9.5% and reached 12.7 billion euro. It should be noted that the amount of the 2020 deficit can be specified by submitting a notification to Eurostat to the CSB in October this year.

Until May 23 the amount of support measures approved by the government for mitigating the effects of Covid-19 by 2021 was amounted to 3.4 billion euro or 11.1% of GDP. The forecasts included in the Latvian Stability Program for 2021-2024 envisage, that the general government budget deficit in 2021 will reach 9.3% of GDP. In turn, in 2022, with economic development accelerating and tax revenue increasing, it is forecasted that the general government budget deficit at constant policy will reduce, and will comprise 2.7% of GDP.

General government budget balance

General government budget balance, % of GDP



According to the ESA 2010

Consolidated General Budget

Budget Revenue and Expenditure (according to cash flow methodology)

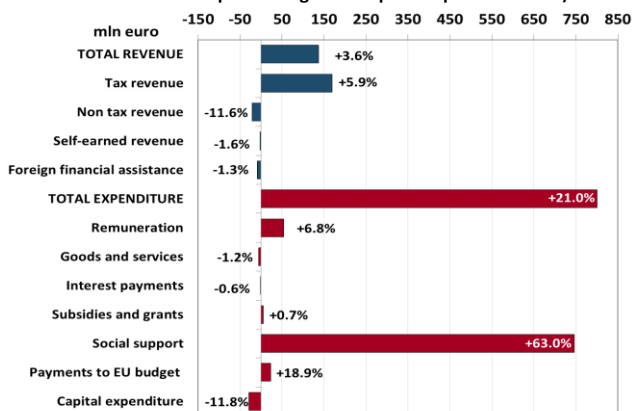
	2020 I-IV execution mln euro	2021 I-IV execution mln euro	Execution changes 2021/2020, mln euro	Execution changes 2021/2020, %
CONSOLIDATED GENERAL BUDGET**				
Revenue	3793,6	3931,1	137,5	3,6%
Expenditure	3804,9	4605,1	800,2	21,0%
<i>Financial Balance</i>	-11,3	-674,0	-662,7	
CONSOLIDATED STATE BUDGET*				
Revenue	3179,6	3377,4	197,8	6,2%
Expenditure	3316,0	4123,1	807,1	24,3%
<i>Financial Balance</i>	-136,4	-745,8	-609,3	
State basic budget				
Revenue**	2201,2	2473,9	272,7	12,4%
Expenditure	2371,5	3132,3	760,8	32,1%
<i>Financial Balance</i>	-170,3	-658,4	-488,1	
State special budget				
Revenue	990,3	932,1	-58,1	-5,9%
Expenditure	1001,3	1079,6	78,3	7,8%
<i>Financial Balance</i>	-11,1	-147,5	-136,4	
CONSOLIDATED LOCAL GOVERNMENT BUDGET***				
Revenue	961,5	895,1	-66,3	-6,9%
Expenditure	836,4	823,4	-13,0	-1,6%
<i>Financial Balance</i>	125,1	71,8	-53,4	

*Including grants, donations and derived public persons

**Starting from January 2021 the revenue of the state basic budget includes revenue, which have been paid into the single tax account and not broken down by type of tax and general budget levels

***Including grants and donations

Revenue and Expenditure in I-IV 2021 (cash based changes in mln euro and in per cent against respective period of 2020)

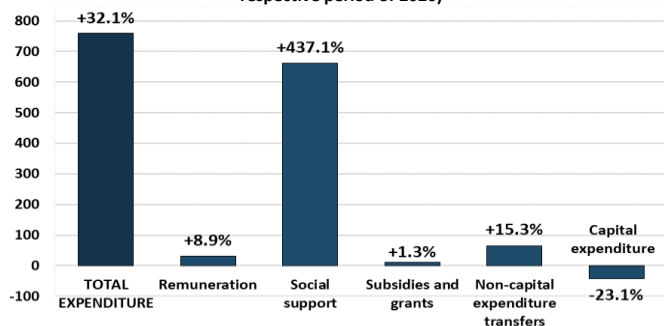


According to the StateTreasury data in the first four months of this year general government budget expenditures grew significantly faster (4605.1 mln euro) than revenues (3931.1 mln euro), amounting to 674 mln euro deficit, while in the corresponding period last year the general government budget deficit was significantly lower - just 11.3 mln euro.

Source: The State Treasury, Ministry of Finance of the Republic of Latvia, Eurostat, Latvia's Stability Programme 2021-2024



State Basic Budget Expenditure in I-IV 2021
(cash based changes in mln euro and in per cent against respective period of 2020)



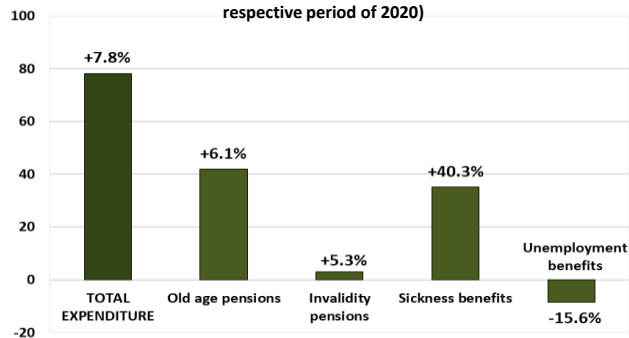
According to the State Treasury data, in the first four months of this year, the state budget expenditure was 3132.3 mln euro, which was by 760.8 mln euro or 32.1% more compared to the corresponding period last year. The increase in basic budget expenditure has been influenced by the government's approved support to the economy to mitigate the effects of Covid-19, this finances programs that were not in the expenditure last year before the Covid-19 crisis. This aid has mainly affected social expenditure, which have increased by 661.3 mln euro or more than 4 times and amounting to 812.6 mln euro. Costs of employee downtime allowances and wage subsidies, as well as grants to enterprises for working capital in the first four months this year amounted to 355.7 mln euro. Also, by the end of April, 187 mln euro for families with children 500 euro in the form of a child benefits and 109.4 mln euro for the payment of benefits to pensioners and persons with disabilities in the amount of 200 euro. Non-capital expenditure transfers in the first four months of this year was 491.1 mln euro, which was by 65.1 mln euro or 15.3% more compared to the corresponding period last year. More than half of the transfers were made to municipalities.

Expenditures for remuneration in the four months of this year were made by 31.2 mln. euros or 8.9% more than last year, amounting to 382.7 mln euro. The increase was driven by higher expenditures in health care and interior sectors, including allowances for work under Covid-19.

Capital expenditures in the basic budget in January-April of this year, compared to the corresponding period of 2020, have decreased by 42.6 mln euro or 23.1%, amounted 142.1 mln euro. The decrease in capital expenditure was influenced by lower capital expenditure in the National Armed Forces.

State Budget

State Special Budget Expenditure in I-IV 2021
(cash based changes in mln euro and in per cent against respective period of 2020)



In the first four months of this year, state special budget expenditures was 1079.6 mln euro, which was by 78.3 mln euro or 7.8% more than in the corresponding period last year.

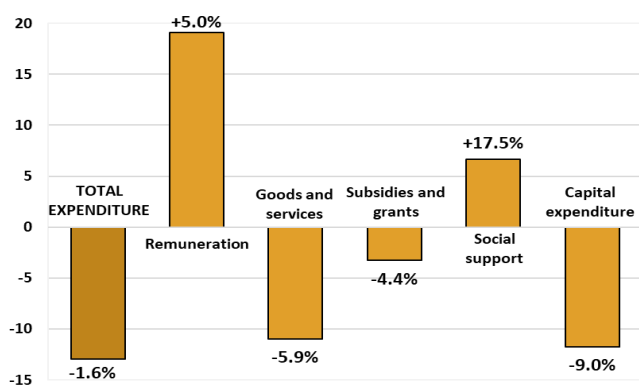
In the first four months of this year, expenditure on old age pensions increased by 41.9 mln euro or 6.1%, amounting to 730.2 mln euro. Their growth is facilitated by the indexation of pensions carried out in October last year.

Due to Covid-19, in the January-April of this year, the state special budget expenditures for sickness benefits have significantly increased, amounting to 122.5 mln euro, which was by 35.2 mln euro or 40.3% higher than in the first four months of 2020. The increase was facilitated by changes in legislation, when sick leaves are paid from the state budget in case of suspicion of Covid-19 from the first day. According to the data of the State Social Insurance Agency, in the first four months of this year the number of recipients of sickness benefits increased by 34% compared to the corresponding period of the previous year. If in 2020 an average of 44.6 thousand sickness benefits were paid per month, then this year this indicator has increased to 62.3 thousand, of which in 40% of cases the support costs were related to incapacity for work caused by Covid-19.

In turn, expenditure on unemployment benefits in January-April of this year was 46.2 mln euro, which was by 8.5 mln euro or 15.6% lower than in the first four months last year, affected by a reduction in the average amount of benefit paid from 369 euro to 315 euro, or 14.8%, related to changes in the duration and amount of unemployment benefit payments made at the beginning of 2020.

Consolidated Local Government Budget

Expenditure in I-IV 2021 (changes in mln euro and in per cent against respective period of 2020)



Consolidated local government budget expenditures in the first four months of this year has decreased by 13 mln euro or 1.6% compared to the January-April of 2020, amounting to 823.4 mln euro. The decrease in expenditure was mainly due to a decrease in capital expenditures as well as expenditure on goods and services.

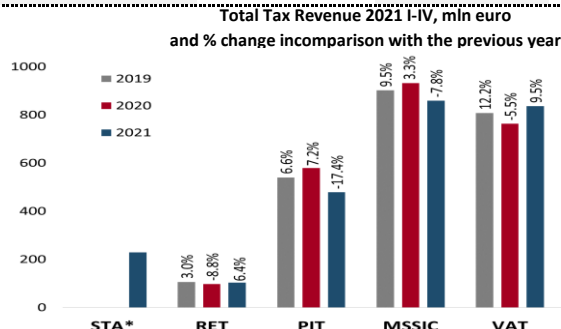
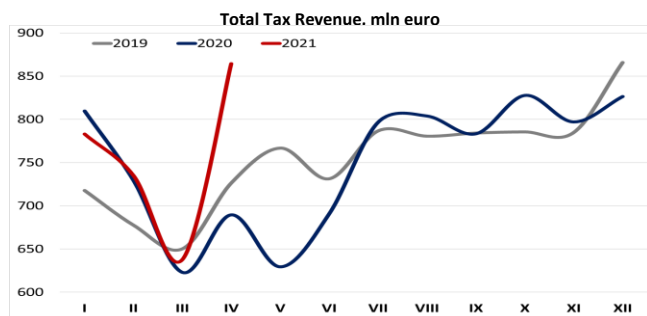
Capital expenditures decreased by 11.8 mln euro or 9% compared to the January-April of 2020, which is related to the end of the 2014-2020 investment cycle of EU funds, at the same time financial resources of EU funds for 2021-2027 are not yet available, which results in reduction of foreign financial assistance expenditure. Expenditures for basic functions have remained at the level of the previous year, continuing the implementation of investment projects approved in 2020 for local governments using the additional borrowing limit to prevent the consequences of the Covid-19 crisis. It is expected that the amount of capital expenditures will further increase due to implementation of investment projects by local governments, including high-readiness investment projects related to overcoming the Covid-19 crisis.

In the first four months of 2021 expenditure on goods and services has also decreased by 11 mln euro or 5.9% less than in the corresponding period last year. The decrease can be explained by the reduction of expenditures for electricity, various office supplies and inventory, as well as for the implementation of public activities of institutions.

Expenses for remuneration have increased by 19.1 mln euro or 5%, including increase of payment for additional work by 4.3 mln euro or 53.7%.

The amount of social payments has also increased by 6.6 mln euro or 17.5%, which can be explained by the increase in such social services expenditures for the population as payment for home care and services provided by social care and rehabilitation institutions.

			Tax Revenue	
Consolidated General budget Tax Revenue				
	2020 I-IV execution, mln euro	2021 I-IV execution, mln euro	Execution changes 2021/2020, mln euro	Execution changes 2021/2020, %
Consolidated general budget tax revenue	2851,2	3020,1	168,9	5,9%
Mandatory state social insurance contributions	932,2	859,1	-73,1	-7,8%
<i>in State special budget</i>	900,5	829,7	-70,8	-7,9%
<i>in State budget (1% for the health)</i>	31,8	29,4	-2,3	-7,3%
Value added tax	763,0	836,1	73,1	9,6%
Personal income tax	578,9	478,3	-100,6	-17,4%
<i>in State budget</i>	113,6	86,6	-27,0	-23,7%
<i>in Local government budget</i>	465,3	391,6	-73,7	-15,8%
Excise tax	321,9	336,2	14,3	4,4%
Corporate income tax	64,6	92,4	27,8	43,1%
Real estate tax	96,9	103,1	6,2	6,4%
Unallocated funds in the single tax account		228,4		
Informative:				
<i>Social security contributions to the state funded pension scheme</i>	200,8	187,8	-13,0	-6,5%



*Unallocated funds in the single tax account

General budget tax revenue in January-April 2021 amounted to 3 020.1 mln euro, which was by 168.9 mln euro or 5.9% more than in the first four month of 2020. While in January-March tax revenues were received close to the level of the corresponding period of 2020, in April they already exceeded tax revenue level by 174.8 mln euro or 25.4% of this month of 2020. The rapid growth can be partly explained by the low revenue base in the early stages of the pandemic in April 2020, however, it should be noted that the amount of tax revenue received in April this year in amount of 864.4 mln euro also exceeds the tax revenue received in April 2019 by 19%. Revenue from value added tax (VAT) increased by 59.3 mln euro in or 32.7%, excise tax revenue by 16.8 mln euro or 21%, mandatory state social insurance contributions (MSSIC) by 16.3 mln euro or 6.8% and corporate income tax (CIT) revenue by 15.8 mln euro or 49.6%.

In April, according to the State Revenue Service (SRS), the largest increase in tax revenues was observed in the trade and manufacturing industries, IT and healthcare. Reduction of restrictions in the trade sector had a positive effect on VAT revenues. At the beginning of the year, the situation in trade could not yet be assessed as favorable, however, already in March, retail trade turnover at current prices was 4.6% higher than in March 2020. The increase in manufacturing revenues should be noted in the computer, electronic and optical equipment industry, which has stood out positively among other industries, increasing the amount of CIT paid in April.

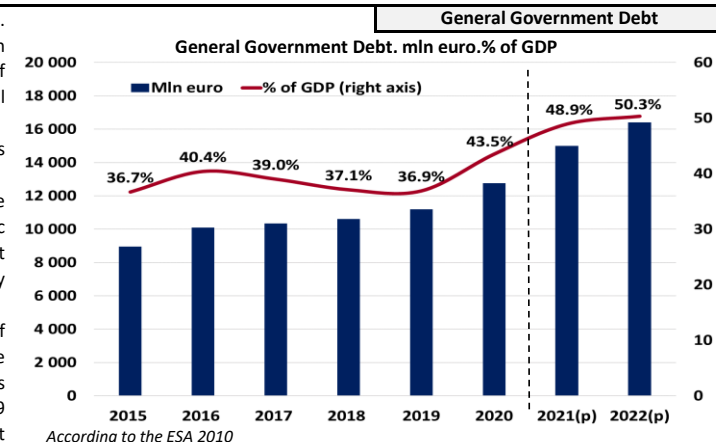
According to Eurostat data general government debt in 2020 was 43.5% of GDP. The significant increase compared to 2019 is due to a significant increase in borrowing, which was affected by the financing required to mitigate the effects of the Covid-19 outbreak. The Treasury forecasts that general government debt will increase to 48.9% of GDP in 2021 and 50.3% of GDP in 2022.

May 14, 2021, the international credit rating agency Moody's affirmed Latvia's credit rating at A3 level with stable outlook.

Moody's underpins the credit rating affirmation at high A3 level with relative resilience of the Latvian economy to the shocks caused by the Covid-19 pandemic and strong economic growth potential, moderate debt burden and strong debt affordability metrics, and the country's significant progress in tackling money laundering-related financial sector risks.

In March of this year, the Treasury issued 10-year bonds, attracting financing of 1.250 billion euro. This was the first loan to attract the necessary financing in the international financial markets in 2021. The loan is intended to provide resources for the financing of mitigation measures and economic support for the Covid-19 outbreak, as well as for the financing of other budgetary needs and the fulfillment of public debt obligations.

Source: The State Treasury, Eurostat, Ministry of Finance of the Republic of Latvia, Latvia's Stability Programme 2021-2024



According to the ESA 2010