

Fitch Ratings affirms Latvia's credit rating at "A-" level with a stable outlook

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On Friday, September 3, 2021, the international credit rating agency *Fitch Ratings* (Fitch) affirmed Latvia's credit rating at "A-" level with a stable outlook.

Fitch highlights the credible policy framework, membership of the European Union and the eurozone, as well as the fact that Latvia's government debt level is below the average of "A" rated peers as the main factors, which support Latvia's current credit rating level. According to the agency, Latvia's credit rating is limited by a significantly lower income level and higher net external debt than peers.

The agency believes that a stable outlook reflects confidence that the economy will continue show resilience to the shocks caused by the pandemic and the government will implement policies in line with the long-term sustainability of public finances.

Fitch, as possible factors which could influence the positive future development of the credit rating, mentions the government's ability to bring general government debt/GDP back to a firm downward path over the medium-term once the coronavirus subsides and the effective implementation of NGEU programmes together with structural reforms which could increase economic growth in the medium term and would mitigate the impact of long-term demographic challenges.

On the conversely, the future development of Latvia's credit rating could be negatively affected by a persistent upward trend in government debt-to-GDP, deterioration of the international competitiveness or structural shocks in key sectors of the economy, which would negatively affect Latvia's economic growth or financial stability.

The last time Fitch published Latvia's credit rating announcement was on March 19, 2021, when Latvia's credit rating affirmed at "A-" level with a stable outlook.

The full publication is available: <https://www.fitchratings.com/>

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