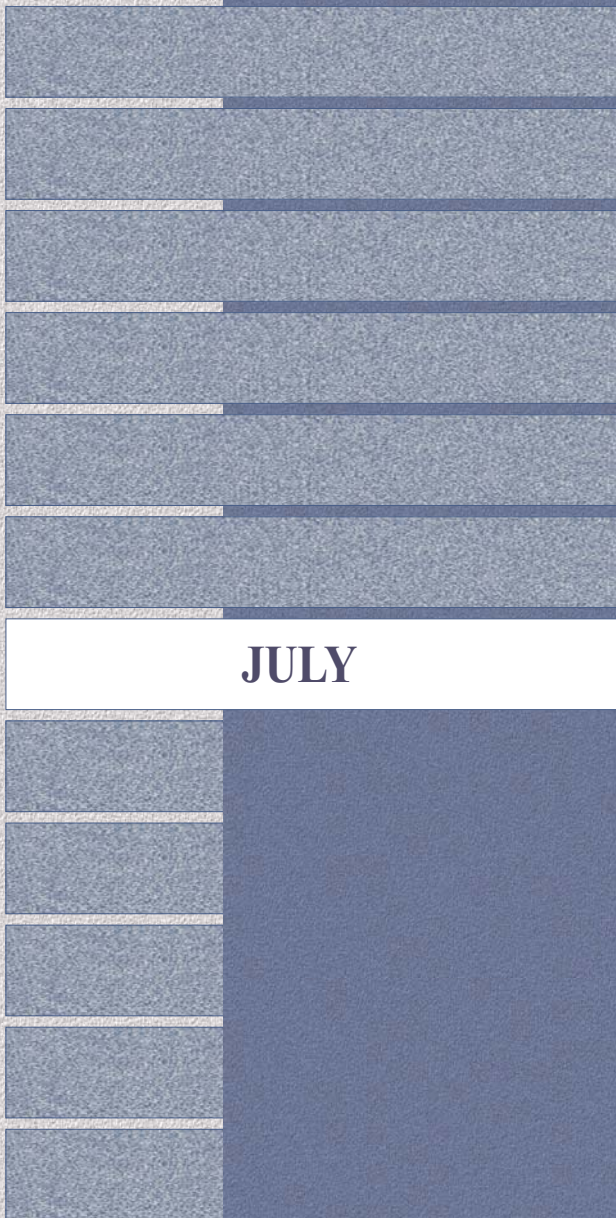


**MACROECONOMIC  
DEVELOPMENTS  
REPORT**

**2011**





# MACROECONOMIC DEVELOPMENTS REPORT

## July 2011

MACROECONOMIC DEVELOPMENTS REPORT  
July 2011, No 7

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## Abbreviations

CIF – cost, insurance and freight at the importer's border  
CIS – Commonwealth of Independent States  
CPI – Consumer Price Index  
CSB – Central Statistical Bureau of Latvia  
EC – European Commission  
ECB – European Central Bank  
EMU – Economic and Monetary Union  
ESA 95 – European System of Accounts 1995  
EU – European Union  
EU15 – EU countries before 1 May 2004  
EU27 – current EU countries  
EURIBOR – Euro Interbank Offered Rate  
FOB – free on board at the exporter's border  
FRS – Federal Reserve System  
GDP – gross domestic product  
HICP – Harmonised Index of Consumer Prices  
IMF – International Monetary Fund  
MFI – monetary financial institution  
NA – no answer  
OFI – other financial intermediary (other than an insurance corporation or a pension fund)  
OPEC – Organization of the Petroleum Exporting Countries  
PPI – Producer Price Index  
RIGIBOR – Riga Interbank Offered Rate  
SEA – State Employment Agency  
SJSC – state joint stock company  
Treasury – Treasury of the Republic of Latvia  
UK – United Kingdom  
ULCM – unit labour costs in manufacturing  
US – United States of America  
VAT – value added tax

## Executive Summary

Although the risks of double-dip global recession have not materialised, economic and financial vulnerabilities still exist, which consistently with the worst-case scenario could also undermine the future growth prospects of the entire global economy. Major risks to the global economic growth relate to further developments in several euro area member states as well as the inflationary pressure caused by rising global oil and food prices and the respective reaction of the policy-makers.

Despite the existing risks, Latvia's exports of goods continued to grow in annual terms and Latvia's export shares also expanded further almost in all major trade partner states. This happened on account of improved competitiveness of Latvian producers and higher prices of exported output driven by global price rises. Nevertheless, although the external sector situation is currently rather good, the uncertainty surrounding the future development outlook is deepened by the deterioration observed in the second quarter confidence indicators of both export orders and competitiveness assessment.

Despite the economic situation remaining fragile in several euro area member states, the ECB raised the key interest rates in April and July 2011 in the face of the rising inflation risks. Conversely, the Bank of Latvia left the refinancing rate, deposit facility rate and marginal lending facility rate unchanged. On the one hand, high excess liquidity in the market persisted. On the other hand, the overall lending activity remains low and the aggregate loans granted to residents continue to shrink. The loan portfolio development trends were determined by the lack of quality demand from customers as well as the precautionary bank policies affected by the experience of the last few years and the general uncertainty about the next year budget and the selected consolidation paths.

Looking ahead, certainty attained in the fiscal sector would also provide additional steadiness for lending: the increase in loans granted in lats, observed for several months already, and the fact that the decline in corporate lending stopped in May can both be regarded as a positive signal. The prospects of lending recovery already within a year's time are also supported by increasing competitiveness among banks as a result of several new players on the domestic credit market as well as stabilisation of the quality indicators of the bank loan portfolio.

Private consumption continued on an upward trend in the first quarter, albeit remaining low from a historical perspective, although the conditions of the labour market gradually improved and the wage bill in the economy grew. This suggests that households remain prudent in their spending and planning their long-term finances. The consumer concerns are still deepened by the debates about the prospective fiscal consolidation measures of the forthcoming year; therefore, any larger purchases are postponed. Accumulation of savings, which accelerated again in the first quarter, also points to presence of uncertainty among households.

Although investment increased in the first quarter, the overall level of investment remains considerably lower in comparison with the pre-crisis period. The uncertainty surrounding the planned fiscal consolidation and any associated potential tax policy changes still exerts a dampening impact on investment growth. The potential investors gradually start facing the problem of labour shortage. A positive signal helping to attract foreign investment is the Latvian sovereign credit rating outlook upgrades announced by international credit rating agencies.

Notwithstanding a downturn in output recorded at the beginning of 2011, manufacturing rebounded considerably in March and April. Industrial confidence indicators, in turn, deteriorated in April and May, thus raising concerns about the future volume of output.

Nevertheless, against the background of sustainable industrial growth, the registered unemployment rate started to decline again in spring following a semi-annual period of stabilisation. Compared with the historical high of the registered unemployment in March 2010, the number of registered unemployed declined almost by a quarter. In spring, for the first time since the economic overheating characterised by labour shortage, the information about the planned increase in the number of staff provided by employers to the SEA suggested that the planned increase in the number of employees exceeded the number of planned lay-offs. The above development might point to the growing labour demand and business concerns that due to the declining unemployment they might be unable to engage the employees required for business expansion.

The growth in consumer prices accelerated between March and May. The rise in inflation was driven by supply side factors, the hiking global energy and food prices in particular. At the beginning of the year, the global oil and food prices were significantly higher than previously expected. In June, however, the impact of the global prices to the prices in Latvia slightly weakened, with price stabilisation reflected in both the prices on fuel as well as on food. The weak demand captured by persistently low retail trade turnover figures and impacted by the high unemployment rate keeps holding consumer prices down. Meanwhile, the demand itself continues to be limited by rising prices of goods of prime necessity, food and energy in particular. Nevertheless, high inflation expectations act as an additional risk factor signalling an eventual spill-over of costs into consumer prices.

Considering the rise of inflation caused by external factors in the first months of the year, the forecast of the annual headline inflation is revised upwards to 4.7%. Inflation growth is expected to halt in the second half of the year and the price movements will moderate starting from the next year. The medium-term risks to this inflation forecast are balanced.

The GDP growth forecast for 2011 remains unchanged (3.3%), and the economic growth beyond 2011 will most likely remain moderate as well. The risks to these forecasts are also balanced. On the one hand, positive trends, particularly in the area of exports, are observed in Latvia's economy. On the other hand, uncertainty remains high and one cannot be confident as to how the situation, particularly in the field of budget and taxes, will develop. Thus further significant adjustments to the future path to be followed by the economy may result in certain developments in the remaining months of 2011, particularly in relation to 2012 budget and the selected means of cutting the budgetary deficit.

Table 1  
GDP PROJECTIONS  
(%)

	2011 <sup>1</sup>	2011 <sup>2</sup>	2011 <sup>3</sup>	2012 <sup>3</sup>
Denmark	2.3	n.i.*	2.0	2.0
Sweden	2.6	n.i.	3.8	3.5
Finland	2.0	n.i.	3.1	2.5
Germany	2.0	2.2	2.5	2.1
UK	2.0	2.0	1.7	2.3
Estonia	3.5	n.i.	3.3	3.7
Lithuania	3.1	n.i.	4.6	3.8
Poland	3.7	n.i.	3.8	3.6
Russia	4.3	4.5	4.8	4.5
Euro area	1.5	1.5	1.6	1.8
US	2.3	3.0	2.8	2.9
Total global economy	4.2	4.4	4.4	4.5

\* No information.

Sources: October 2010 (1), January 2011 (2), and April 2011 (3) issues of the *World Economic Outlook* (IMF).

# 1. External Sector and Exports

## 1.1 External economic environment

In April 2011, the IMF released the latest GDP projections, which *vis-à-vis* those published at the beginning of the year remained broadly unchanged (see Table 1). The risks of double-dip global recession have not materialised. Although the inventory build-up cycle has almost come to an end and the fiscal stimulus packages have been replaced by fiscal consolidation in several developed economies, private consumption is gradually rising in most countries. Nevertheless, economic and financial vulnerabilities still exist, which consistently with the worst-case scenario could also undermine the future growth prospects of the entire global economy.

The debt crisis in some countries notwithstanding, the euro area economy continued expanding. In the euro area overall, investments driven by low interest rates, fast export expansion and increasing utilisation of capacity are expected to grow in 2011. The first quarter data likewise suggest that the GDP growth has been fuelled by stronger investment inflows. Yet cross-country differences are pronounced and continue to intensify, giving rise to concerns about the economic growth trends in the near future. The positive euro area development is largely underpinned by the growth in Germany's GDP, while Greece and Portugal are likely to face a GDP downturn. In spring, the interest rate spreads on Greece's credit default swaps and yields on government bonds widened sharply, augmenting the risk of Greek debt restructuring. In addition, despite stabilisation of global food and energy prices in recent months, the inflation outlook for the euro area has been revised upwards.

The economies of Lithuania and Estonia are recovering successfully. In the first quarter, an annual rise in all Lithuania's GDP components was observed for the first time since the crisis, with investment recording a particular growth. Manufacturing and retail trade also expanded very buoyantly. Meanwhile, private consumption was under the downward pressure of rising energy prices. Despite the projected higher gross wages in 2011, an increase in real purchasing power is unlikely due to surging inflation. Of all GDP components, the domestic demand grew most in Estonia in the first quarter. As government's

financial situation was better than expected, the financial market conditions improved. The euro-changeover-underpinned worries about price hikes in Estonia did not materialise, since according to the Eurostat estimates core inflation did not increase. The food and energy price hikes exert most upward pressure on inflation.

Because of high unemployment and the negative trends in real wages and salaries, the domestic demand in the UK continues to be weak. Moreover, fiscal consolidation is still pressing people's purchasing power down. Although inflation has been notably soaring above the Bank of England's target for an extended period now, the central bank has refrained from raising the base rate.

Largely on account of oil price hikes, the Russian rouble appreciated markedly in early 2011. Even though imports from the US are less costly, inflation still lingers high in Russia. In order to contain inflationary pressures, the Central Bank of the Russian Federation raised the refinancing rate once again in May (to 8.25%). However, the GDP growth is most likely to accelerate in the second half of the year when the budget expenditure increases.

The Polish economy is advancing robustly, while several risks to the economic outlook are in place. Since government consumption contracted at the beginning of 2011, the country's fiscal policy is not sufficiently tight in the context of high current account deficit (partly on account of parliamentary elections at the year's end). In May, at the same time, the mounting inflation pressure made *Narodowy Bank Polski* raise the base rate again. This may give rise to capital inflows and appreciation of the Polish zloty, with interest rate spreads *vis-à-vis* the euro area expanding.

The Swedish economy continues to record a steeper upturn than the other Scandinavian countries, yet the first quarter data suggest some deceleration in the GDP growth due to less stimulating economic policy. The rise in housing prices and household borrowing moderated due to tighter monetary policy. In the meantime, the appreciation of the Swedish krona contributed negatively to corporate profits and stock prices.

In Denmark, a quarter-on-quarter GDP decrease was recorded for the second consecutive quarter. Net exports, both annual and quarterly, were the sole GDP component with a positive contribution. The recovery



Chart 1.1  
LATVIA'S EXPORTS TO THE EU COUNTRIES OUTSIDE  
THE EURO AREA AND UNDERLYING FACTORS  
(annual percentage changes)

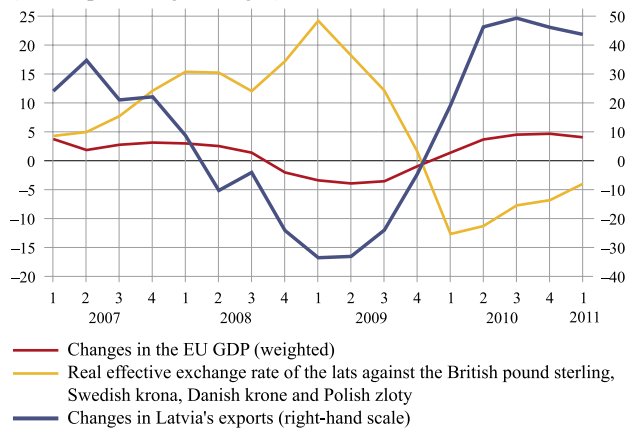


Chart 1.2  
LATVIA'S EXPORTS TO RUSSIA AND UNDERLYING  
FACTORS  
(annual percentage changes)

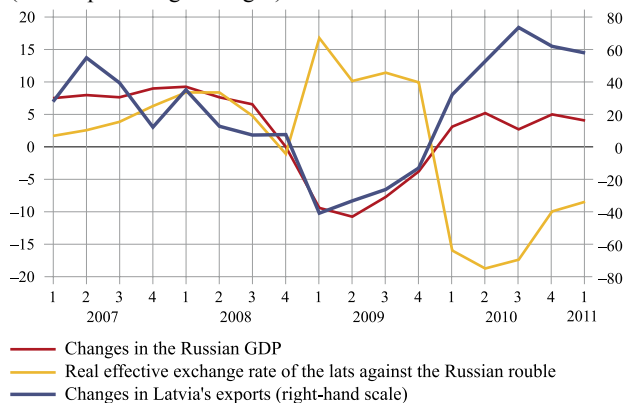
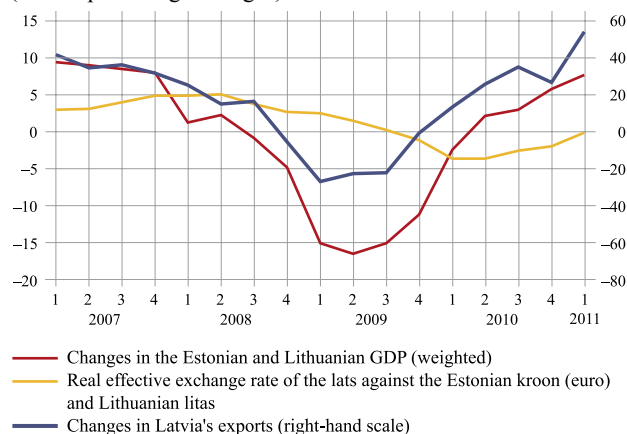


Chart 1.3  
LATVIA'S EXPORTS TO ESTONIA AND LITHUANIA AND  
UNDERLYING FACTORS  
(annual percentage changes)



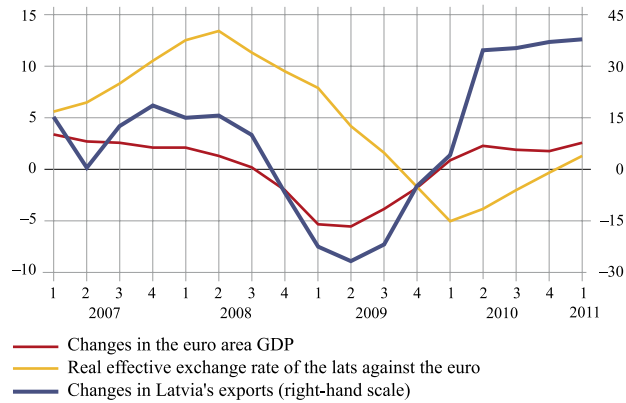
of the Danish economy is adversely affected by an extremely high level of household debt and slowly rising income of population. Interest rates, which Denmark's central bank raised in April, could have a negative impact on the revival of private consumption.

## 1.2 Latvia's competitiveness and developments in exports

Following a steep rise in 2010, the activity in foreign trade moderated somewhat in line with the previous projections. In the first quarter, goods exports contracted slightly quarter-on-quarter, yet the annual growth rate remained strong. It was primarily driven by higher prices of major Latvian export goods in foreign markets. Also year-on-year, export volumes augmented substantially, with the annual growth in real exports reaching 21.5%. Exports to all major trade partners expanded notably (see Charts 1.1–1.4). Latvia's export shares continued to increase in all major trade partners, except Estonia (see Chart 1.5). The shares expanded in most countries on account of improved competitiveness of Latvian producers and higher prices of exported output, driven by global price rises rather than shrinkages in trade partners' imports (see Chart 1.6). In the first quarter, the terms of trade improved for almost all export commodity groups, except wood, mineral products, and building materials whose terms of trade deteriorated as a result of hiking import prices.

In the first quarter, almost all major groups of export goods, among them base metals and articles of base metals, wood and articles of wood, mineral products, products of the chemical and allied industries, transport vehicles as well as textile and textile articles, recorded increases both in quarterly and annual terms. The economic instability resulting from political unrest in Egypt affected Latvian exports of sawn wood to this country. In the first quarter, the UK retained its leading position as the largest export market of Latvian sawn wood, while Egypt slid down to the fifth position after Germany, Japan, and the Netherlands. Wood businesses argue, however, that Latvian producers have managed to restructure their export market by now. Although Japan was hit by a natural disaster, Latvian sawn wood exports to this country increased year-on-year and the rising demand in the Japanese market anticipated in the coming months is likely to contribute positively to Latvia's exports of wood.

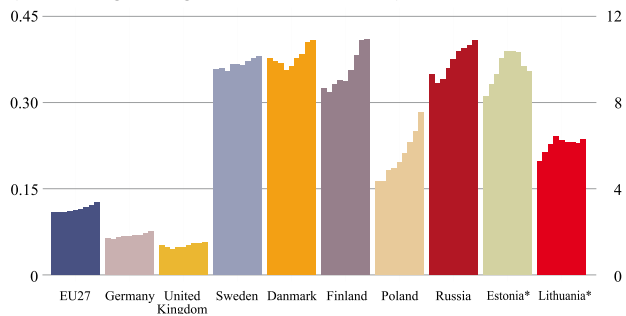
Chart 1.4  
LATVIA'S EXPORTS TO THE EURO AREA COUNTRIES  
AND UNDERLYING FACTORS  
(annual percentage changes)



As the domestic demand remained sluggish, the quarter-on-quarter decline in imports (7.9%) exceeded that in exports. The strong annual growth in imports (36.2%) has still been fuelled more by expansion of export-oriented manufacturing branches than stabilisation of domestic market situation.

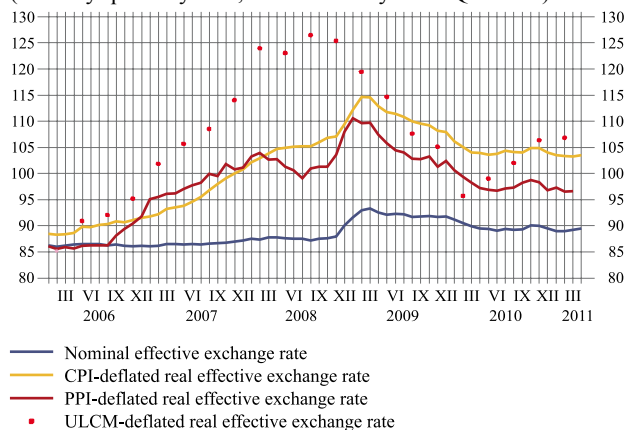
The second quarter confidence indicators of both export orders and competitiveness assessment have deteriorated. It implies that producers' optimism observed at the beginning of the year was abating due to rising raw material prices and eventual moderation in demand. Given the current political uncertainty and adverse effects of fiscal consolidation on domestic demand, exports are likely to act further as the primary driver of economic growth in Latvia. Global trade, including most part of Latvia's major trade partners, is expected to develop at a somewhat slower pace than in 2010 but slightly faster than was projected at the beginning of 2011. Export oriented industries continue to push up production, giving rise to hopes that the upward output trends will persist also in the future.

Chart 1.5  
LATVIA'S EXPORTS AGAINST MAJOR TRADE  
PARTNERS' IMPORTS  
(%; moving average; 2009 Q1–2011 Q1)



\* Estonia and Lithuania – right-hand scale.

Chart 1.6  
EFFECTIVE EXCHANGE RATE OF THE LATS  
(monthly/quarterly data; index: January 2000/Q1 = 100)



## 2. Financial market developments

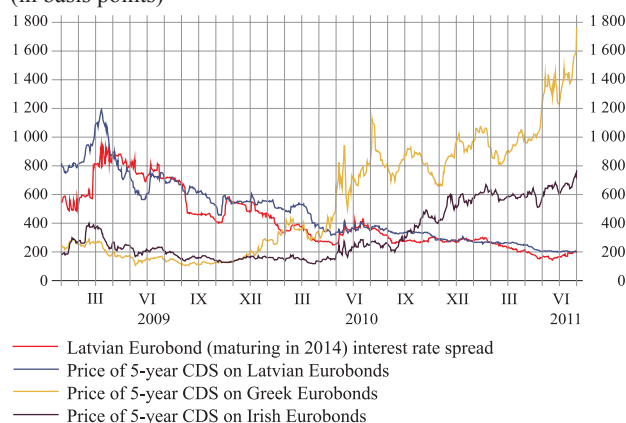
### 2.1 Foreign financial markets

Already in March major turbulences reoccurred in financial markets of peripheral euro area countries. In the light of weaker than anticipated economic indicators and budget performance in Greece, the issue of Greece's insolvency became topical again in the beginning of March. Moreover, following the failure to attract required financial resources at reasonable interest rates via bond auctions in the beginning of April the Portuguese government had to make a formal request for assistance to the EC. Accordingly, Portugal succeeded in reaching an agreement on an EU and IMF loan of 78 billion euro. Market participants' assessment regarding the situation in Ireland was also critical, as they believed that its government might incur additional expenditure related to bank financing needs.

Market participants' anxiety aggravated further at the beginning of May due to doubts regarding Greece's ability to return to the global financial markets within the next few years. There have been more and more active discussions regarding the need for a voluntary or forced restructuring of Greece's debt. Credit rating agencies responded to the difficulties in peripheral countries in a timely manner by significantly downgrading credit rating of these countries and their banks. According to Standard & Poor's assessment, Greece's credit rating has currently become the lowest among the rated countries. Financial markets remained tense even after the euro area countries agreed on a new rescue package for Greece at the beginning of July (see Chart 2.1). Even though the US government debt reached the maximum level set by the government and there have been difficulties in agreeing on the reduction of government deficit, market participants view the possibility of international credit rating agencies putting into practice their warnings regarding downgrading of the US credit rating as unlikely. Their focus is more on the euro area countries.

Global stock prices and higher-rated bond yields tended to decrease between February and June, with concerns prevailing regarding the outlook for future economic growth as well as the debt crises aggravating in Greece and other peripheral euro area countries with high government debt and budget

Chart 2.1  
RISK PRECEPTION INDICATORS OF LATVIA, GREECE AND IRELAND  
(in basis points)



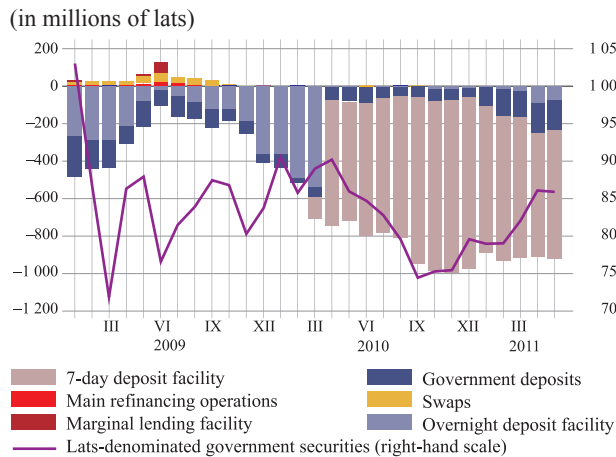
deficit levels. In March, security prices were affected by the earthquake in Japan as well as turbulences in Middle East and North Africa. Until May, oil prices displayed a gradual growth trend, which was, however, followed by a decrease due to market participants' weaker assessment of the outlook for global economic growth.

The euro appreciated against the US dollar between February and the beginning of May: initially the exchange rate was influenced by the market participants' expectations regarding the potential increase of the euro base rate, while the prospects of growing US dollar base rate in the near future were relatively small. Already at the beginning of April, the expectations materialised and the ECB increased the euro base rate by 25 percentage points to 1.25%, the decision being based upon the rising inflation risk. At the beginning of July, the Governing Council of the ECB again raised the euro base rate by 25 percentage points, this time on account of excess liquidity and the resulting pressure on prices.

At its June meeting, the Governing Council of the ECB offered no surprises to the market participants by deciding to continue providing unlimited financing to banks through monetary operations at the refinancing rate for as long as necessary (at least until 11 October 2011). The ECB also announced that it would conduct three-month tenders in July, August and September offering banks to borrow unlimited funds at the weighted average euro refinancing rate of the transaction period. The ECB takes a strong position against the restructuring of Greek debt, accepting only solutions, which are based on the voluntary principle. The FRS did not change the US dollar base rate, reiterating the FRS plans to retain low interest rates for a protracted period. The issue of whether a third quantitative economic stimulus programme will be introduced in the US is vital to the markets. It is believed that such programme might most likely be introduced in the next year. The Bank of England also did not change the base rate and the size of its asset purchase facility. In response to the anxiety caused by the earthquake, the Bank of Japan conducted extraordinary monetary operations in March injecting large additional resources in the money market. The Bank of Japan also increased its asset purchase programme in March and introduced a new credit line in June.



Chart 2.2  
AVERAGE BALANCES OF THE BANK OF LATVIA'S  
MONETARY OPERATIONS AND GOVERNMENT LATS  
DEPOSITS



## 2.2 The Bank of Latvia's operations and bank liquidity

Between March and May, high excess bank liquidity persisted (see Chart 2.2). In May, the monthly average amount of bank reserve requirements contracted by 7.9% in comparison with February. Each month they recorded a month-on-month decline as banks continued to limit the amount of attracted funds. In May, currency in circulation grew by 3.4% on average in comparison with February. Along with the recovery of the economy, the demand for currency in circulation strengthened. The average amount of the government deposit in lats with the Bank of Latvia increased by 11.3%. As the government performed foreign exchange transactions in Latvian banks, with the amount of converted funds balancing out within a month, the average amount of the government lats deposit expanded. As a result of the overall impact of the above three factors, bank liquidity grew by 12.6 million lats.

Bank liquidity decreased on account of euro purchases for lats from the Bank of Latvia. Euro purchases from the Bank of Latvia are likely to continue also in the coming months as residents have to pay interest and principals of the loans borrowed in euro, and the amount of new loans granted remains limited.

The Bank of Latvia left the refinancing rate (3.5%), deposit facility rate and marginal lending facility rate unchanged. In May, the Bank of Latvia's overnight and 7-day deposit facility averaged 760.3 million lats (3.4% lower than in February). Although the overall bank excess liquidity had moderated somewhat, it remained high enough to prevent banks from participating in the auctions of main refinancing operations and foreign exchange swaps. No recourse to the marginal lending facility was recorded either.

As a result of excess liquidity the money market interest rates remained low. The weighted average interest rate on overnight transactions, the most liquid transactions on the lats money market, rose from 0.26% in February to 0.34% in May whereas 3- and 6-month RIGIBOR declined in May in comparison with February (to 0.78% and 1.36% respectively, thus falling below the EURIBOR of the respective maturity; see Chart 2.3). The political turbulences in late May (President of Latvia motion to dissolve the Saeima of the Republic of Latvia) did not affect the money market and bank liquidity. First, the summer season set in when the financial markets are less

Chart 2.3  
SPREAD BETWEEN THE LATS AND EURO MONEY  
MARKET RATES  
(%)

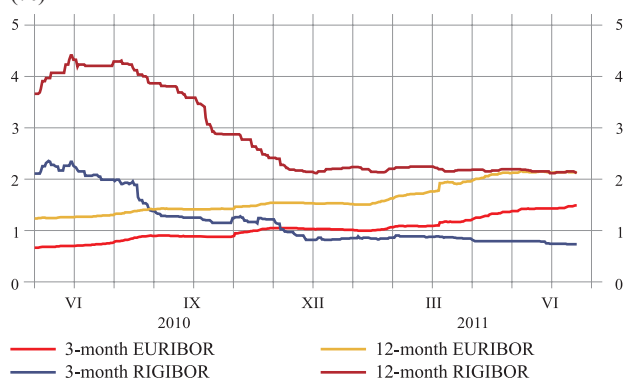
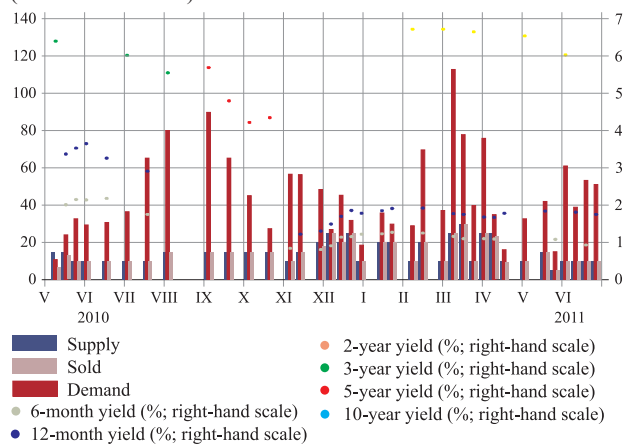


Chart 2.4  
AUCTIONS OF LATS-DENOMINATED GOVERNMENT  
DEBT SECURITIES

(in millions of lats)



active, and the Greek debt issue grew topical in the euro area. Second, a longer-term perspective is more essential. If the budget for 2012 is drafted without long delay and continues moving close to balance, it is highly likely there will be no negative surprises related to the lats money market and bank liquidity in 2011.

### 2.3 Securities market

In March–May, the Treasury supplied government securities in the amount of 165.0 million lats on the primary market. The bid amount reached 507.0 million lats and the amount sold stood at 162.6 million lats. At the end of February, the average yield on 6-month Treasury bills stood at 1.25% while at the end of May it was 1.08%, with the 10-year Treasury bond yield posting a more pronounced decline from 6.72% to 6.03% (see Chart 2.4). The pick-up in the demand for government securities resulted from improvement in Latvia's credibility also reflected in the ratings assigned by the international credit rating agencies.

On the NASDAQ OMX Riga secondary market the bid yield on long-term Treasury bonds with the longest maturity (maturing in 2021) shrank from 6.70% at the end of February down to 6.0% at the end of May. The bid yield on mortgage bonds of the SJSC *Latvijas Hipotēku un zemes banka*, maturing in 2013, declined from 3.75% to 3.50%.

According to Bloomberg, the bid yield on Latvian Eurobonds maturing in 2018 also fell from 5.26% at the end of February to 4.97% at the end of May. The spread *vis-à-vis* the benchmark narrowed from 247 basis points to 229 basis points.

On 9 June, Latvia issued 10-year Eurobonds worth 500 million USD, with the yield of 5.49% (238 basis points above the respective maturity mid-swap rates). The demand was substantial (3.6 billion US dollars). Overall the issue was a success, mostly due to the national fiscal reforms implemented so far. The previous issue of Latvian Eurobonds was held in 2008 in the amount of 400 million euro, with the yield of 5.53% and a 120 basis point credit risk margin above the currency swap interest rate. Thus the issue of 9 June recorded a slightly lower yield and a higher credit risk margin than in 2008. It has a notable potential to moderate in the future, provided that the fiscal consolidation is continued. On the basis of the credit default swap margin quotations, on 9 June the

interest rate on the Latvian 10-year US dollar loan should have been 5.33%.

Overall, the decrease in both interest rates and risk margin on government securities suggests the recovery of the financial market confidence in Latvia and in the economic course pursued by the government. However, it should be kept in mind that the confidence can be easily lost again unless the fiscal consolidation process launched three years ago is successfully completed in 2011.

## 2.4 Interest rates

Chart 2.5  
SHORT-TERM INTEREST RATES ON LATS LOANS (%)

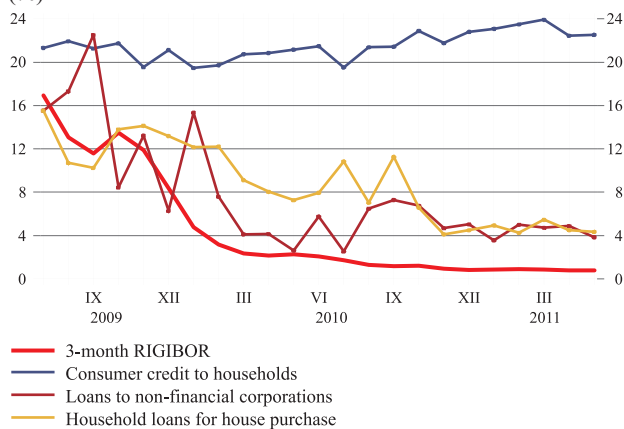
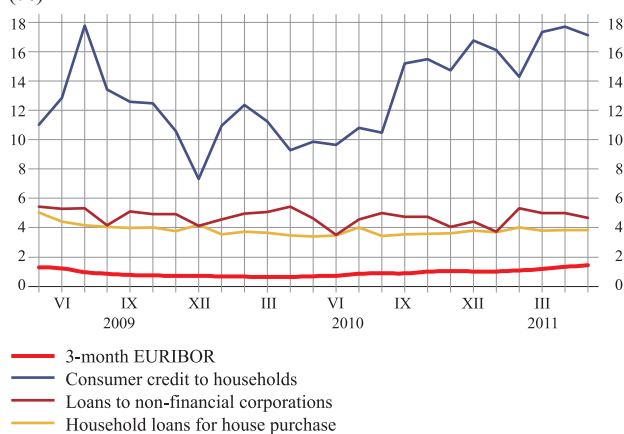


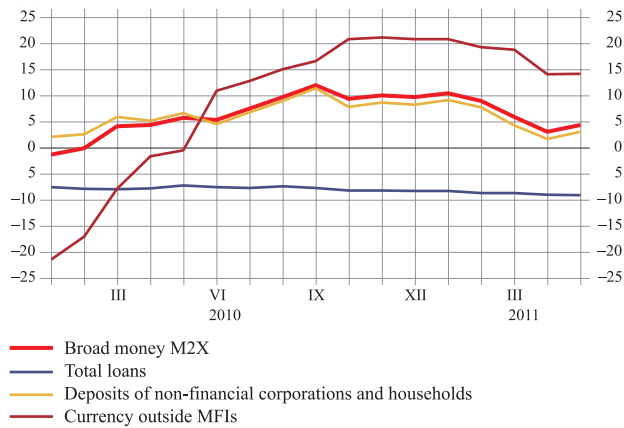
Chart 2.6  
SHORT-TERM INTEREST RATES ON EURO LOANS (%)



The margins on loans granted in euro on top the money market indices followed a downward trend, offsetting the upward impact on interest rates resulting from a rise in the euro money market indices. Margins on loans to households for house purchase and to non-financial corporations granted in lats approached those on loans granted in euro. In February–May, interest rate on loans granted by MFIs to households for house purchase in lats with a floating interest rate and an initial rate fixation period of up to 1 year (hereinafter, the short-term interest rate) edged up by 0.1 percentage point (to 4.3%) whereas the short-term interest rate on loans granted in euro declined by 0.2 percentage point (to 3.9%). The short-term interest rate on loans granted to non-financial corporations in lats and euro moved down by 1.2 percentage points (to 3.8%) and 0.6 percentage point (to 4.7%) respectively (see Charts 2.5 and 2.6).

As the lats money market indices stabilised, the weighted average interest rate on short-term time deposits received from non-financial corporations in lats posted minimal change in February–May, shrinking by 0.1 percentage point (to 0.3%). The weighted average interest rate on short-term time deposits received from households in lats fell by 1.4 percentage points (down to 0.5%), with the interest rates of banks with lower and higher interest rate level moving closer and the amount of new deposits posting an increase in banks with a lower interest rate. The rise in euro money market indices had minor impact on the weighted average interest rate on short-term deposits received in euro from non-financial corporations so far, moving up by 0.1 percentage point (to 1.0%) in February–May, while that on household short-term time deposits contracted by 0.3 percentage point (to 1.6%).

Chart 2.7  
ANNUAL CHANGES IN MONETARY AGGREGATES (%)



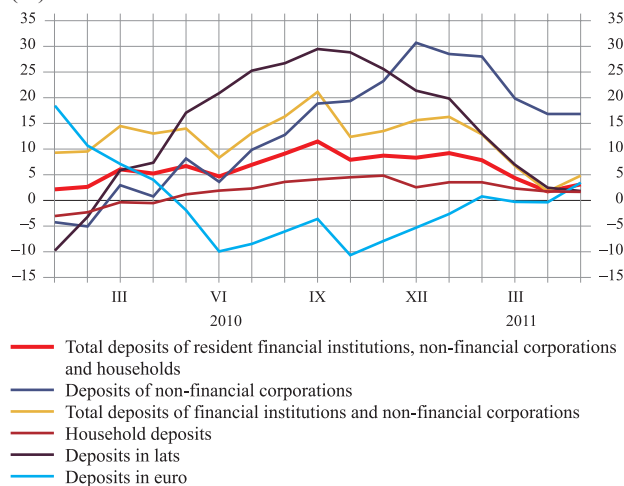
## 2.5 Money supply

In the first half of 2011, situation in the financial markets remained stable, growth in the real sector of the economy continued, posting relative acceleration in the export-oriented sectors and considerable volatility in the domestic demand-related branches. Hence the upward trend of the key monetary aggregate developments, seen in the previous year, no longer persisted (see Chart 2.7). The annual growth rates of broad money and deposits gradually moderated and the actual outstanding amounts of these aggregates fluctuated below the level observed in December 2010.

In the first quarter, the broad monetary aggregate M3 decreased by 0.5%, approaching its record high observed in December 2010 only in late May, albeit not exceeding it yet. Money supply expanded on account of the growing income from exports and the current account surplus of the balance of payments, as well as a rise in inflation; it contracted as a result of prudent spending of non-financial corporations and households due to persistent uncertainty with respect to future fiscal consolidation processes and the political outlook.

Since March, the M3 annual growth rate has fallen below 10% (6.2% in May) whereas looking at the components of M3 the highest annual growth was reported for M1, the most liquid component of money supply (19.0%). The increase in this particular monetary aggregate composed of demand deposits and cash still suggested that the market participants remained cautious towards making savings, as it was accompanied by a further decline in time deposits with the annual rate of decrease reaching 8.7% in May.

Chart 2.8  
ANNUAL RATE OF CHANGE OF RESIDENT DEPOSITS (%)



In the first five months of 2011, the total deposits of resident financial institutions, non-financial corporations and households shrank by 0.5%, with the annual growth rate of resident deposits moderating to 3.1% (see Chart 2.8). Deposits in euro grew by 3.4% (including an increase of 7.0% in the corporate sector) mostly on account of the positive impact of exports. Deposits in lats contracted by 4.1%, reflecting a trend of savings utilisation in the context of growing tax burden and rising inflation. The strengthening economic activity resulted in an increase in deposits of non-financial corporations (an overall pick-up of 2.9%), while in May household deposits were still 0.1% below the level recorded in December.



Chart 2.9  
ANNUAL RATE OF CHANGE IN LOANS TO RESIDENTS (%)

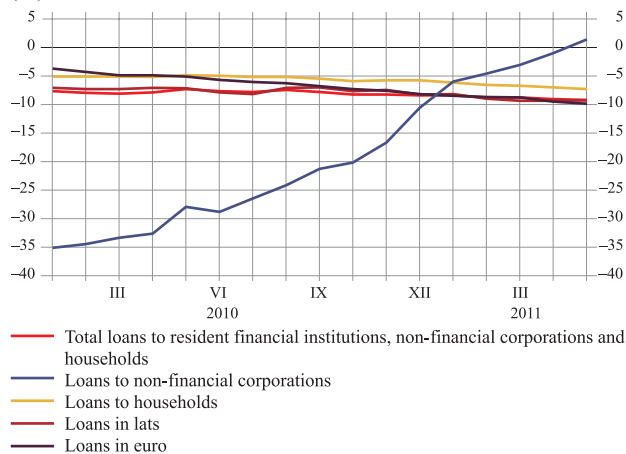
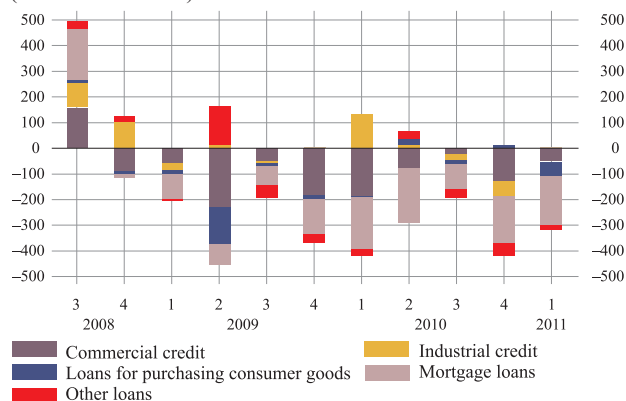


Chart 2.10  
CHANGES IN LOANS TO RESIDENTS (in millions of lats)



The long-standing stagnation in the lending market persisted: in the first quarter loans granted to the private sector decreased by 2.6% (by 3.2% in the fourth quarter of 2010), contracting by 0.9% in April, whereas May saw an even more moderate decline of a mere 0.3% (see Chart 2.9). The loan portfolio development trends were determined by the lack of quality demand from customers as well as the precautionary bank policies affected by the experience of the last few years. The loan portfolio also shrank on account of the repaid loans exceeding new loans and the ongoing balance sheet cleaning via write-offs of lost loans.

The annual rate of lending decline increased from 8.3% in January to 9.1% in May. Bank policies towards non-financial corporations and households had no essential differences: loans granted in January–May declined by 3.2% and 3.3% respectively. Lending to households has been declining at an almost stable monthly rate for a longer time as a result of gradual repayment of household loans whereas loans to non-financial corporations remained broadly unchanged in May after an accelerated fall in the first months of 2011. Commercial credit posted a more pronounced decrease, while industrial credit granted to corporations even edged up slightly (see Chart 2.10). In the first four months of 2011, credit to most major sectors of the economy, except agriculture, transportation by road and chemical industry, shrank.

As the economic recovery slightly lost momentum in the first quarter, a decline in the money supply in comparison with the seasonally high level observed at the end of 2010 was quite logical. However, the positive news regarding the macroeconomic development of Latvia already in May contributed to the recovery of the money supply growth. Despite the fact that not all sectors recorded rapid and credible growth, an increasing number of macroeconomic indicators suggested that in general the economic situation was stable. It was also confirmed by the international credit rating agency Moody's upgrading its outlook for Latvia and the successful issue of the Latvian government bonds in the international markets.

With the unemployment rate declining and wages and salaries posting a moderate rise, the prolonged stagnation of the domestic demand could end, also promoting the money supply growth. Certainty attained in the fiscal sector would also provide additional steadiness for lending: the increase in loans

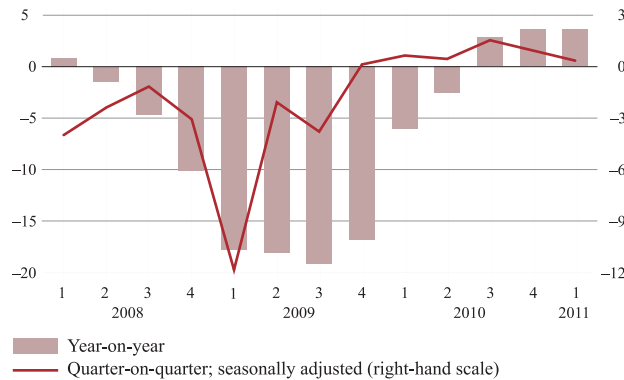
Table 2  
MONETARY AGGREGATES  
(quarterly figures are averages)

	Outstanding amount as percentage of M3 2011 V	Annual growth rates								
		2010			2011					
		Q2	Q3	Q4	I	II	III	Q1	IV	V
<b>m1</b>	58.0	6.9	15.5	22.8	27.4	26.3	19.0	24.2	16.7	19.0
Currency in circulation	12.5	3.0	14.9	21.1	21.0	19.4	18.9	19.8	14.2	14.3
Overnight deposits	45.5	8.1	15.7	23.2	29.3	28.3	19.0	25.5	17.4	20.3
M2 – M1 (= other short-term deposits)	40.4	1.4	3.4	-1.3	-4.5	-6.8	-5.7	-5.7	-9.4	-7.5
Deposits with an agreed maturity of up to 2 years	36.7	4.0	5.3	-1.1	-5.2	-7.4	-6.6	-6.4	-10.6	-8.7
Deposits redeemable at notice of up to 3 months	3.7	-20.5	-13.4	-3.0	1.7	-1.2	4.0	1.5	4.5	5.8
<b>m2</b>	98.4	4.2	9.7	11.1	11.8	10.2	7.1	9.7	4.3	6.5
M3 – M2 (= marketable instruments)	1.6	50.1	72.7	33.4	12.7	2.0	7.8	7.5	5.0	-9.5
<b>m3</b>	100.0	4.8	10.5	11.5	11.8	10.0	7.1	9.6	4.3	6.2
<b>Credit to residents</b>		-7.5	-8.0	-7.8	-7.8	-8.2	-8.2	-8.1	-7.8	-8.0
Credit to general government		-16.7	-24.2	-11.8	-12.1	-13.2	-13.8	-13.0	2.0	3.9
Credit to the private sector		-7.1	-7.2	-7.7	-7.6	-7.9	-7.9	-7.8	-8.2	-8.5
Loans to the private sector		-7.5	-7.6	-8.2	-8.3	-8.7	-8.7	-8.6	-9.0	-9.1
<b>Longer-term financial liabilities (excluding capital and reserves)</b>		13.9	19.4	13.5	21.3	15.8	18.1	18.4	18.8	-17.9

Source: Bank of Latvia.

granted in lats, observed for several months already, and the fact that the decline in corporate lending stopped in May can both be regarded as a positive signal. The prospects of lending recovery already within a year's time are also supported by increasing competitiveness among banks as a result of several new players on the domestic credit market as well as stabilisation of the quality indicators of the bank loan portfolio.

Chart 3.1  
CHANGES IN GDP  
(at constant prices; %)

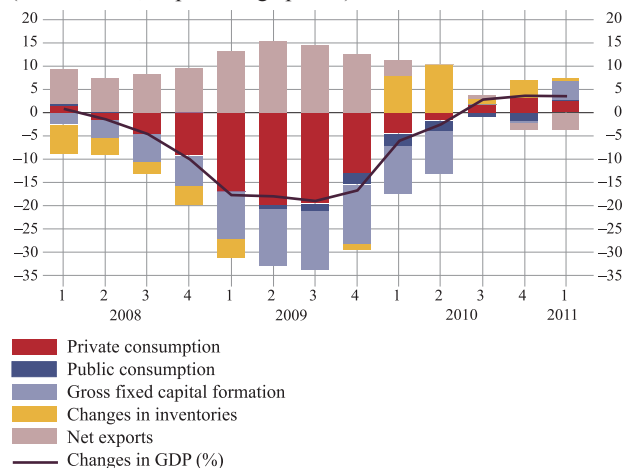


## 3. Domestic Demand

In the first quarter, real GDP increased by 0.3% quarter-on-quarter, thereby marking the sixth consecutive quarter of quarterly economic growth. The annual GDP growth, in turn, reached 3.5% in the first quarter (see Chart 3.1). This particular quarter should be considered a breaking point for the growth-supporting factors.

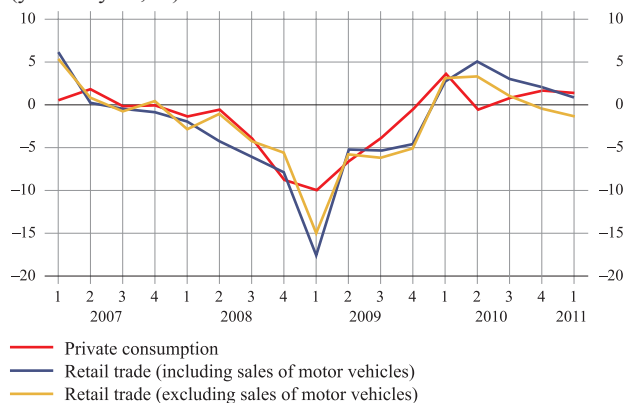
Private consumption continued on an upward trend according to seasonally-adjusted data, albeit remaining low from a historical perspective, although the conditions of the labour market gradually improved and the wage bill in the economy grew. This suggests that households remain prudent in their spending and planning their long-term finances. Annual growth of private consumption climbed to 3.6%.

Chart 3.2  
BREAKDOWN BY ANNUAL CHANGES IN GDP  
(demand side; in percentage points)



Investment improved notably in the first quarter. This was supported by a significant increase in non-financial investment into electricity and gas supply, transport as well as public administration, education and health sectors. Although the growth rates are impressive, it has to be taken into account that the first quarter of a year is historically marked by low investment activity; therefore, the overall developments in this particular quarter are significantly affected by the implementation of individual projects.

Chart 3.3  
CHANGES IN PRIVATE CONSUMPTION AND RETAIL TRADE TURNOVER  
(year-on-year; %)



Despite the persistent upward trend followed by the exports of goods and services, their growth started to decelerate in the first quarter. At the same time, the growth of goods and services imports accelerated. This was supported by a combination of a gradual recovery of private consumption, growing investment as well as further expansion of exports and also build-up of stocks. As a result, the net contribution of exports to the annual GDP growth remained negative for the second consecutive quarter (see Chart 3.2).

### 3.1 Private consumption

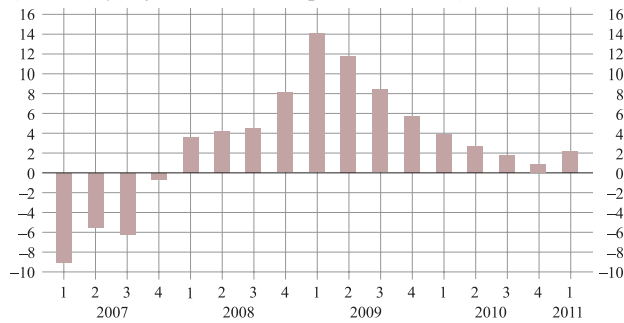
The previous assumption that private consumption could be dampened in the first quarter did not materialise: a 1.1% quarter-on-quarter increase was reported. At the same time, retail trade turnover at constant prices contracted, yet its growth rate was close to that of the private consumption if the sales of motor vehicles are included (see Chart 3.3).

Private consumption was kept from increasing even more notably by the rising utility payments at the beginning of 2011 due to the relatively cold winter

Chart 3.4

SAVINGS

(seasonally adjusted\*, % of disposable income)



\* As of Q1 2009, the Bank of Latvia estimates.

Chart 3.5

CONSUMER CONFIDENCE INDICATOR AND UNDERLYING FACTORS

(net responses; in percentage points)

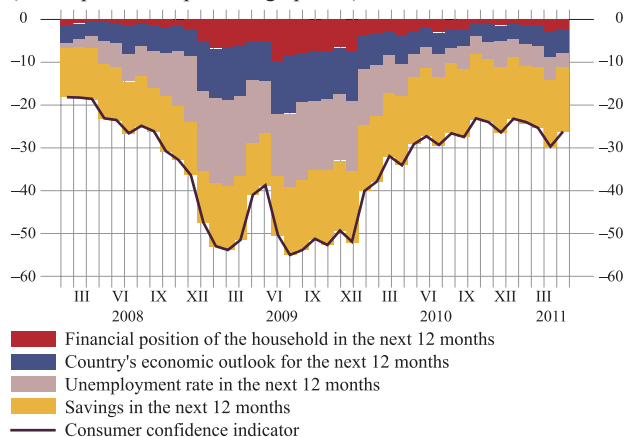
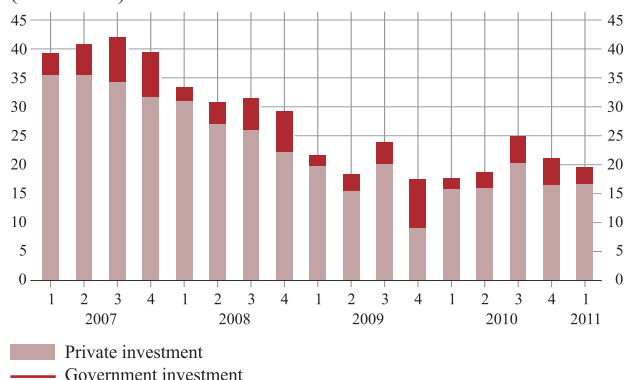


Chart 3.6

CONTRIBUTION OF PRIVATE AND GOVERNMENT INVESTMENT TO GDP

(% of GDP)



season. Fuel consumption decreased as a result of the price hike. Confidence indicators surveyed by the EC suggest that consumers remain quite sceptical in both their perception of the future general economic situation as well as own financial situation. Only unemployment fears are gradually easing. It is possible that the consumer concerns are still deepened by the debates about the prospective fiscal consolidation measures of the forthcoming year; therefore, any larger purchases are postponed.

Statistics on savings also point to the uncertainty plaguing households. According to the Bank of Latvia's estimate, accumulation of household savings (expressed as a percentage of disposable income) accelerated again in the first quarter for the first time since the first quarter of 2009 (see Chart 3.4). On the one hand, it can be explained by seasonal factors: after the traditional spending spree of the last quarter of a year households usually become thrifter with their finances. On the other hand, it still points to the consumer uncertainty regarding the level of their future income. This is also confirmed by the EC consumer confidence index which has demonstrated no significant improvement since the beginning of 2010, while other confidence indicators have grown considerably (see Chart 3.5).

### 3.2 Private investment

In the first quarter, gross fixed capital formation increased by 8.2% quarter-on-quarter, with the annual growth rate reaching 28.4%. Nevertheless, the overall level of investment remains considerably lower in comparison with the pre-crisis period. Thus, in the first quarter, gross fixed capital formation expressed as a percentage of GDP still amounted to roughly only a half of the peak value reached in the second quarter of 2009 (see Chart 3.6).

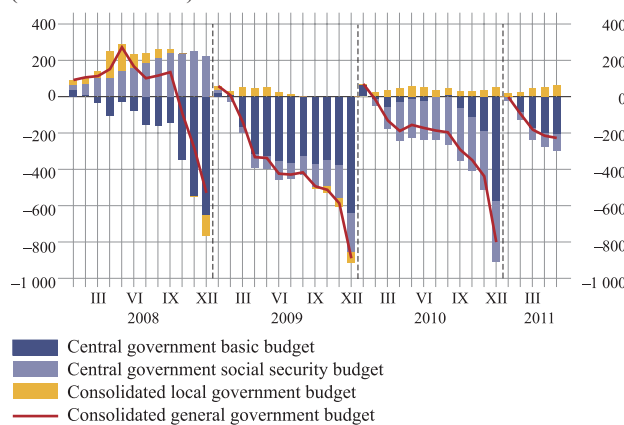
At the same time, the non-financial investment statistics reveal changes in the investment profile. As compared to the situation observed a few years ago, manufacturing, electricity and water supply as well as the transport sector receive a considerably larger part of investment.

Nevertheless, the uncertainty surrounding the planned fiscal consolidation efforts and any associated potential tax policy changes still exerts a dampening impact on investment growth. The potential investors also gradually start facing the problem of labour shortage: one can invest in new equipment, yet it is not always possible to train qualified staff to work with this equipment in a short span of time.



A positive signal helping to attract foreign investment is the Latvian sovereign credit rating outlook upgrades announced by international credit rating agencies. Although they do not guarantee an improvement in the rating itself, they act as a significant signal to confirm that the ratings will be upgraded, provided that the implemented economic policy remains on the right track. The successful issue of the Latvian government bonds also serves as a positive signal to potential investors. Yet in addition to the previously-mentioned factors, a negative factor also appeared in 2011: the latest political hassle could act as a source of concern for foreign investors in the short-term. Nevertheless, it should not have any long-term consequences, as long as the government remains on the current fiscal consolidation and budget deficit cutting path.

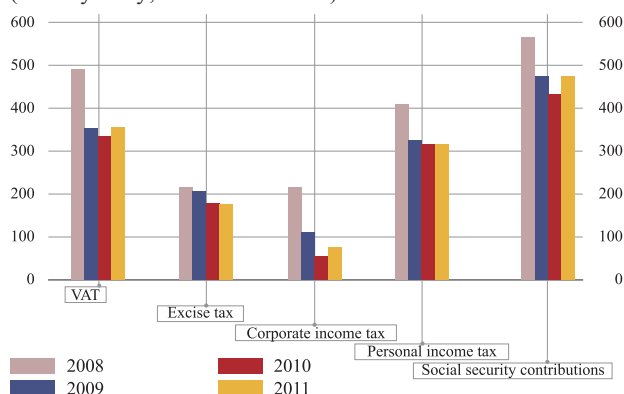
Chart 3.7  
ACCRUED BALANCE OF THE GENERAL GOVERNMENT CONSOLIDATED BUDGET BY SUB-BUDGETS  
(in millions of lats)



### 3.3 Government expenditure and budget

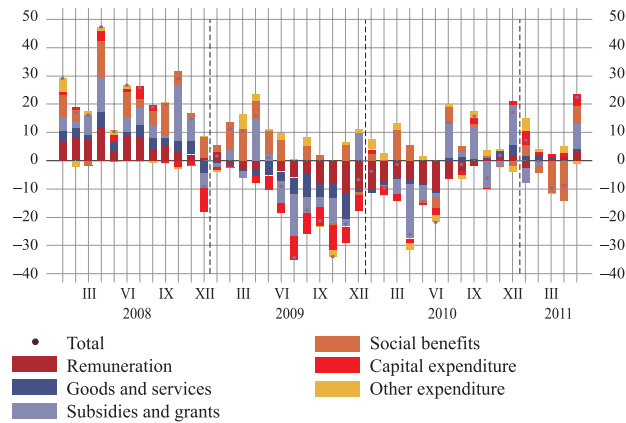
In the first five months of 2011, the deficit of the general government consolidated budget exceeded the figure reported in the respective period of the previous year (see Chart 3.7). The budget expenditure remained broadly unchanged, whereas the revenue contracted as a result of diminished non-tax revenue and foreign financial assistance flows. The inflows from the EU funds stalled due to delays in processing the documentation for projects co-financed from the EU policy instruments, but they can be expected to resume in the second half of the year. Income from business and property was lower in 2011 on account of the fact that due to shrinking profits the contribution paid in by the Bank of Latvia was smaller as well as because of the revenue received from selling the state-owned greenhouse gas emission units in the previous year.

Chart 3.8  
SELECTED TAX REVENUE  
(January–May; in millions of lats)



The decline observed in the non-tax revenue items was partly offset by higher tax collections. With the economy recovering as well as under the impact of several tax raises, the tax collections continued to grow month by month. All tax revenue items (with the exception of personal income tax because of both reduced tax base and rate as well as the excise taxes) posted an increase (see Chart 3.8). In May, it became evident that the corporate profit in 2010 had been higher than expected; therefore, corporate income tax revenue increased accordingly and significantly exceeded the level of the previous year. Revenue from social insurance contributions increased more than can be explained by the rate raise implemented at the beginning of the year, pointing to resumed economic activity.

Chart 3.9  
RATE OF CHANGE IN GENERAL GOVERNMENT  
CONSOLIDATED BUDGET EXPENDITURE  
(year-on-year; %)



In the first five months of 2011, the expenditure of the general government consolidated budget was roughly at the level of the respective period of the previous year. Although expenditure on EU funds co-financed projects grew as reflected by an increase in the subsidies and grants and capital expenditure items, social benefit costs were lower than in the respective period of 2010 when the withheld part of pensions was repaid and also on account of shrinking expenditure on unemployment benefits due to a decline in the number of unemployed and parental, maternity and paternity benefits due to both a smaller number of beneficiaries and the introduced cap on benefits (see Chart 3.9). Current expenditure was further boosted by the growing costs of interest on government borrowing as well as compensations to employees, taking into account the minimum wage and salary increase effective as of the beginning of the year and the pay raise in the judicial system.

In April, budget amendments for implementation of additional 2011 fiscal consolidation measures were adopted, with the planned overall effect in the remaining months of the year amounting to 27.9 million lats. The fiscal consolidation measures weigh mainly on the revenue side and include changes in excise tax, VAT, gambling tax etc. This further increase in the tax burden will have a negative impact on domestic demand in the second half of 2011. Moreover, the planned increase in excise tax rates could contribute to the growth of the grey economy.

According to the CSB data, the deficit of the consolidated general government budget (based on ESA 95 methodology) amounted to 983.9 million lats or 7.7% of GDP in 2010. It means that Latvia has managed to stay below the threshold of the budgetary deficit (8.5% of GDP) agreed with the donors in 2010.

The general government debt (based on ESA 95 methodology) totalled 44.7% of GDP at the end of 2010, representing an 891.7 million lats or 8.0 percentage point increase over the end of 2009. The data compiled according to the national methodology show that the domestic debt grew by 24.1 million lats in the first five months of the year as a result of the net issuance of government securities on the domestic market, whereas the external debt contracted slightly on account of exchange rate fluctuations. On 9 June 2011, Latvia successfully launched an issue of 10-year Eurobonds worth 500 million USD. This issue will help to increase the sustainability of the public financing flows in view of the approaching maturity dates under the international loan programme.

Chart 4.1  
DYNAMICS OF MANUFACTURING OUTPUT  
(at constant prices; %)

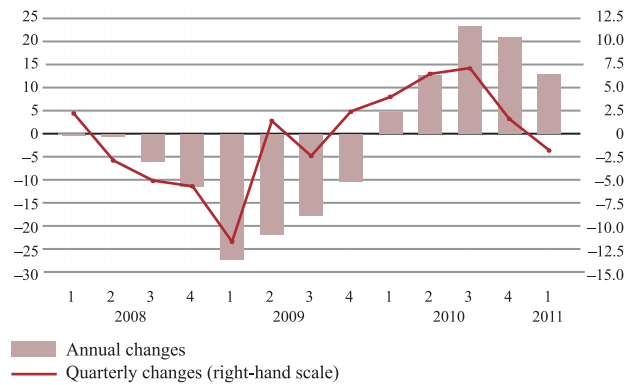


Chart 4.2  
PRODUCTION CAPACITY UTILISATION IN MANUFACTURING (%)

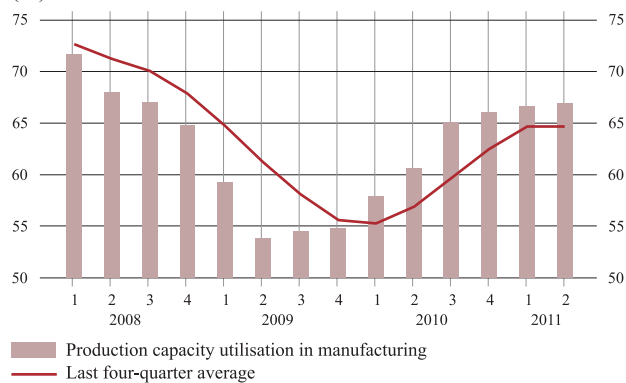
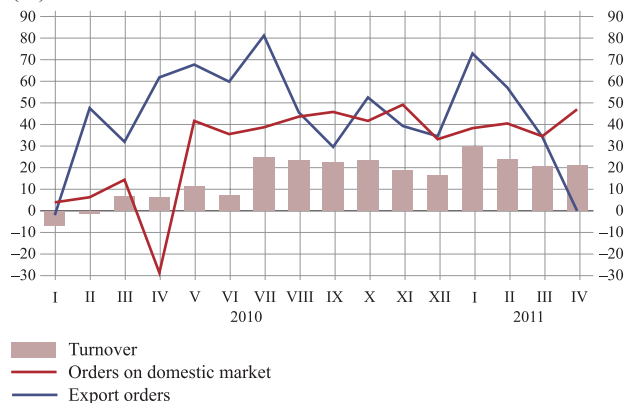


Chart 4.3  
ANNUAL INCREASE IN THE TURNOVER AND NEW ORDERS OF MANUFACTURING (%)



## 4. Aggregate Supply

### 4.1 Industry and construction

In the first quarter, manufacturing output shrank by 1.8% quarter-on-quarter but increased by 12.9% year-on-year. Notwithstanding a downturn in output recorded at the beginning of 2011, manufacturing rebounded considerably (3.7% in March; 4.4% in April; see Chart 4.1).

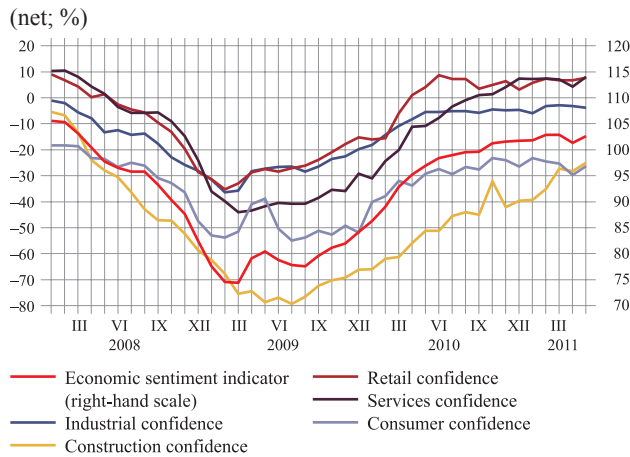
The annual growth rate of the majority of manufacturing sub-sectors remained positive, excluding the manufacturing of chemicals and chemical products, paper and paper products and beverages. Manufacturing of beverages, textile articles, chemicals and chemical products, basic pharmaceutical products and preparations, rubber and plastics products as well as non-metallic mineral products recorded negative growth compared to the beginning of the year.

Overall production capacity utilisation expanded negligibly in the first quarter, reaching 67.0% (see Chart 4.2); the situation, however, differs by sectors. Manufacturing of food products (66.5%), wood and wood products (75.9%), wearing apparel (73.6%) as well as metals recorded the highest production capacity utilisation. Production capacity utilisation in manufacturing of beverages (58.4%), non-metallic mineral products (55.1%) and electronic equipment (57.8%) remained at its low.

In February and March, the turnover of industrial output in exports followed a downward path, albeit rose on domestic market, suggesting that manufacturing was gradually re-orientating to a steadily expanding domestic market while uncertainty increased in the external environment (see Chart 4.3). However, the statistics of orders shows that already a traditional trend, with the volume of new export orders moving up in February and March and that of domestic market declining, will continue in the near future.

Confidence indicators aggregated by the EC improved in February and March, albeit deteriorated in April and May on account of the expected future orders, thus raising concerns about the future volume of output (see Chart 4.4). In April and May, business confidence indicators also deteriorated globally, and this development might have a negative impact on manufacturing in Latvia, in particular regarding

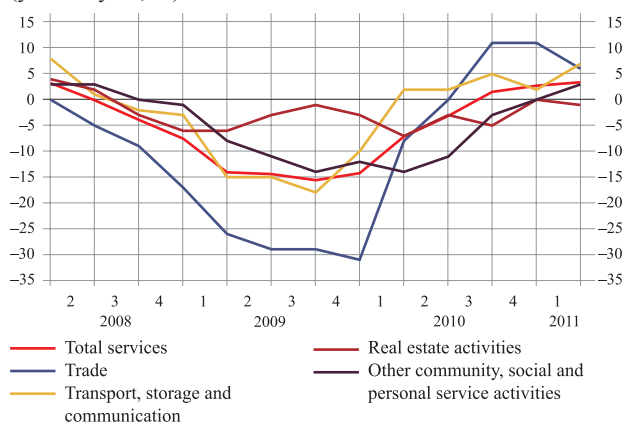
Chart 4.4  
ECONOMIC SENTIMENT AND CONFIDENCE INDICATORS



the companies producing intermediate goods (raw materials) and supplying them to external markets.

In the first quarter, the output of construction sector decreased by 15.0% at constant prices quarter-on-quarter. Hence the calendar adjusted annual rate of increase was negative (-15.1%) in the first quarter. Poor performance of the construction sector both in the fourth quarter of 2010 and first quarter of 2011, is mainly attributable to adverse weather conditions for construction. However, the construction confidence indicator has improved by 14.6 points since the beginning of the year (the improvement of confidence indicator was the highest in Latvia; although it has to be noted that the above development is on account of a low base). The capacity of issued building permits also increased by 30.9% in the first quarter. A positive phenomenon is the fact that the building permits have been issued for the construction of production buildings and warehouses, with their total space exceeding by 175.7% that of the first quarter of 2010. Hence the construction confidence indicators and capacity of issued building permits suggest a potential growth recovery in the above sector as of the second quarter.

Chart 4.5  
CHANGES IN MAIN TYPES OF SERVICES (year-on-year; %)



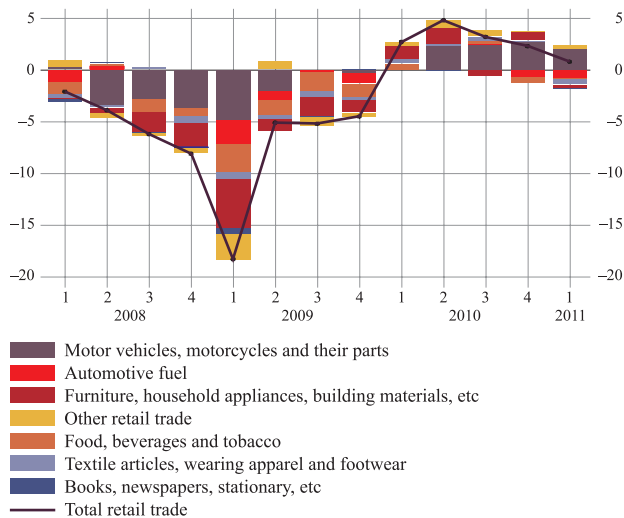
## 4.2 Services

The contribution of services sector at constant prices recorded a year-on-year increase of 3.4% in the first quarter, with the steepest rise (27.6%) observed in hotel and restaurant businesses. Hotel occupancy rate had already pointed to the above development. The contribution of health care services also increased by 4.7%. The contribution of financial intermediation and real estate and business activities continued to shrink (by 1.9% and 0.3% respectively; see Chart 4.5).

In the first quarter, retail trade turnover declined by 1.6% quarter-on-quarter. As prices were rising, the above development was on account of decreasing fuel trade (by 5.8%). The trade in food products continued on a downward path, albeit in some months the turnover of food product trade rose. Retail trade turnover recorded a quarter-on-quarter growth of 0.8% and a year-on-year increase of 11.6% (see Chart 4.6) due to the inclusion of the sales of motor vehicles in the official statistics of retail trade.

In the first quarter, performance of transport sector improved notably. Value added recorded a quarter-on-quarter rise of 6.6%. The above performance would have been even better, should the freezing Freeport

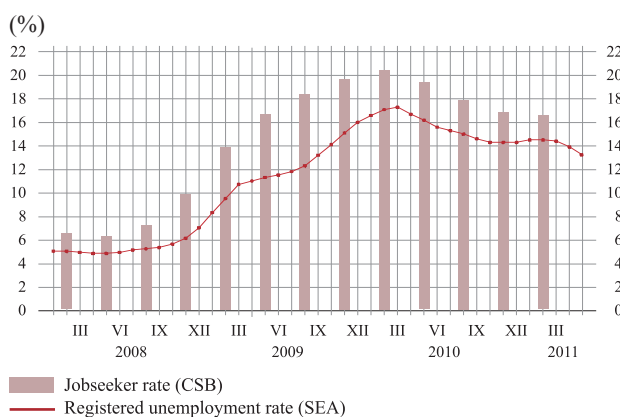
Chart 4.6  
CONTRIBUTION TO REAL QUARTERLY RETAIL GROWTH  
(in percentage points)



of Riga aquatorium cause no problems. Overall, cargoes loaded and reloaded at ports amounted to 16.4 thousand tons in the first quarter (a year-on-year rise of 4.7%). The most buoyant year-on-year growth in freight turnover was recorded at Liepāja port (18.4%), while the largest contribution was attributable to Riga port, with the freight volume expanding by 7.5%. At Ventspils port, the annual freight turnover shrank for the seventh consecutive quarter (by 0.7% in the first quarter). Annual rise in freight turnover by rail amounted to 11.7% (the annual rate of increase was positive for the first time since the second quarter of 2009). In the first quarter, freight transportation by road rose by 17.0% in comparison with the respective period of the previous year.

Expansion of the transport sector also continued in April and May. Annual rate of increase in freight turnover reached 15.8% and 26.0% at ports respectively, while freight turnover by rail increased by 26.7% and 27.4% respectively. The vigorous pickup in the volume of freight can be mostly attributable to two reasons. First, the economy of the Russian Federation is developing relatively well; moreover, the prices of raw materials are elevated on the world commodity exchanges, allowing the Russian Federation to increase exports. Second, the fact that the ports of St. Petersburg, Murmansk and even Odessa froze in winter contributed positively to the operation of the Baltic State ports, facilitating a notable increase in transportation flow through the latter. In May, cargoes loaded and reloaded at Riga port and Ventspils port recorded a year-on-year rise of 26.0% and 27.9% respectively. A minor decline in the flow of transportation is, however, expected in the coming months, since the above ports of the Russian Federation already operate at full capacity.

Chart 4.7  
REGISTERED UNEMPLOYMENT AND JOBSEEKER RATES

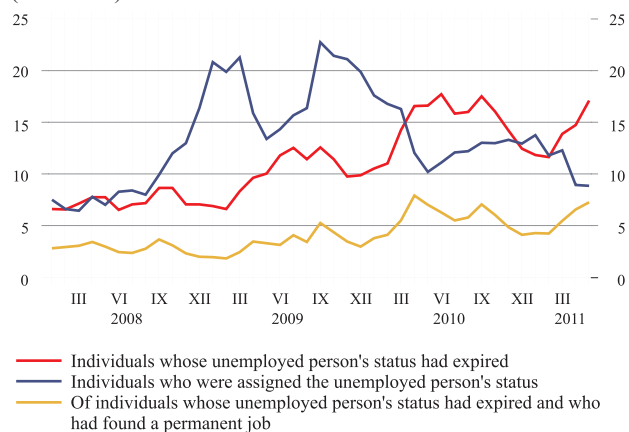


### 4.3 Labour market

In spring, the registered unemployment rate started to decline again following a semi-annual period of stabilisation. In April and May the above rate shrank on average by 0.6 percentage point per month, more buoyantly than in the previous year and also other post-crisis periods after Latvia had regained independence (at the end of May, 13.2% of economically active population; see Chart 4.7). Although a substantial decrease in unemployment in spring and summer is partly on account of seasonal work, the data over longer horizons explicitly reflect the impact of fundamental factors. As compared to the historical high of the registered unemployment

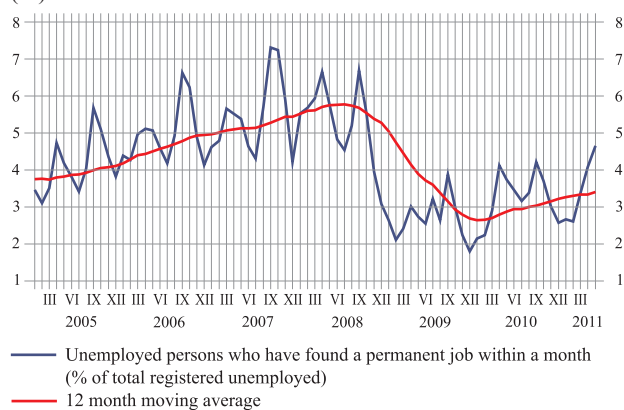


**Chart 4.8**  
NUMBER OF INDIVIDUALS WHO WERE ASSIGNED THE UNEMPLOYED PERSON'S STATUS AND THAT OF INDIVIDUALS WHOSE UNEMPLOYED PERSON'S STATUS HAD EXPIRED (thousands)



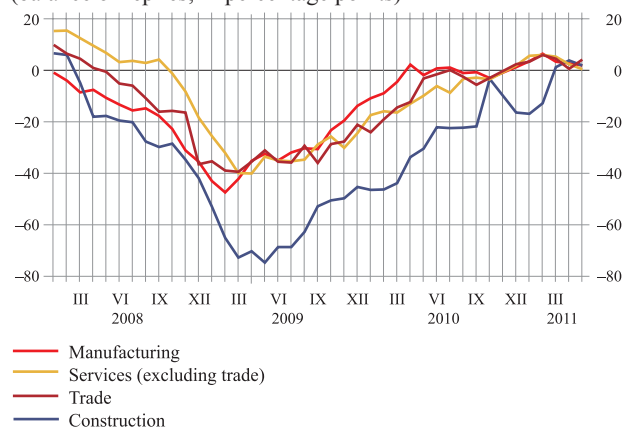
in March 2010, it shrank by 4.1 percentage points, with the number of unemployed persons declining almost by a quarter. The number of newly-registered unemployed persons was around 9 thousand in May and April, similar to the average figures of 2004 and 2005 (see Chart 4.8). Thus the two and a half year period of steep decline in the number of employees is over and currently the staff rotation has returned to its historical average.

**Chart 4.9**  
THE RATE OF REGISTERED UNEMPLOYED WHO FOUND A PERMANENT JOB WITHIN A MONTH (%)



The number of vacancies registered with the SEA reached 3.7 thousand at the end of May (a high of the last 30 months). In spring, for the first time since the economic overheating characterised by labour shortage, the information about the planned increase in the number of staff provided by employers to the SEA suggested that the increase in the planned number of employees exceeded the number of planned lay-offs. The above development might point to the growing labour demand and business concerns that due to the declining unemployment they might be unable to engage the employees required for business expansion. Therefore the companies apply to the SEA on a timely basis in order to engage employees trained accordingly or to be able to train them respectively.

**Chart 4.10**  
DATA FROM BUSINESS SURVEYS ON PROJECTED 3-MONTH EMPLOYMENT DYNAMICS (balance of replies; in percentage points)

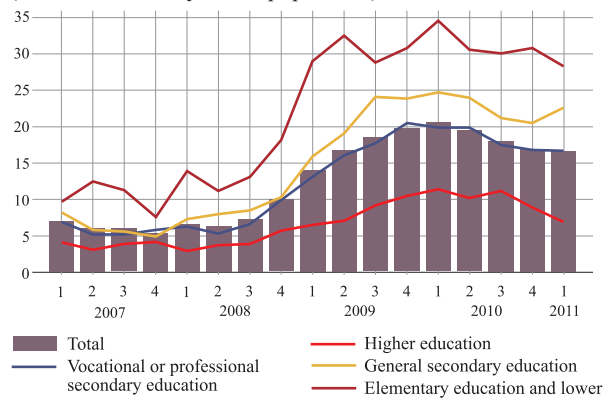


In May, 7.3 thousand of the registered unemployed had found a permanent job. In spring, approximately 4%–5% of the registered unemployed found a permanent job each month (a minor year-on-year rise; see Chart 4.9). Although the labour demand strengthens along with the economic recovery, it is increasingly difficult to find appropriate employees. With the demand for skilled employees gradually rising, the number of such unemployed persons registered with the SEA is declining, whereas the rate of unemployed who have elementary education and general secondary education and whose official language skills stipulated by the certification are at a low level is moving up.

Business survey data indicate that currently a more dynamic or slower growth and active job creation in any sector are not to be expected (see Chart 4.10). The above development differs substantially from the one observed in the corresponding period of the previous year when employment expectations of businesses were more optimistic in manufacturing and more pessimistic in construction than in other sectors, with the annual average indicator remaining negative across all sectors. Industry was the key driver of GDP growth and job creation in the previous year, while construction evidenced the steepest drop in output and employment.

Chart 4.11

**JOBSEEKERS BY EDUCATIONAL LEVEL**  
(% of economically active population)



According to the CSB labour survey, the rate of jobseekers has declined by 0.3 percentage point over the quarter. A slower decrease in the rate of jobseekers at the beginning of the year was natural. The above trend was supported both by seasonal factors and smaller number of individuals involved in the temporary employment activities implemented by the SEA. Meanwhile, the rate of job seekers, adjusted both seasonally and to the impact of temporary employment, continued to shrink in the first quarter almost as buoyantly as before. According to the CSB labour survey data, the annual rate of increase in employment reached 3.1% in the first quarter. The CSB labour survey data precisely show the segmentation of labour market by qualification. For instance, the unemployment rate of individuals with higher education was almost at the pre-crisis level; while that of individuals with elementary education remained close to 30% (see Chart 4.11).

Chart 4.12

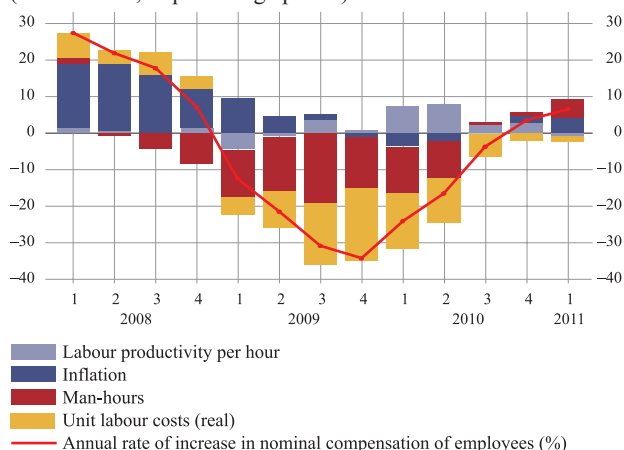
**ANNUAL CHANGES IN THE AVERAGE MONTHLY WAGES FOR FULL-TIME JOB**  
(%)



The annual rate of increase in the average monthly gross wage for full-time job accelerated in the first quarter (to 4.6%; see Chart 4.12). In the public sector, a more buoyant growth of wages (6.4%) was attributable to a partial compensation paid as of the end of 2010 for the teacher pay cuts carried out at the beginning of the 2009–2010 academic year. Higher wages in public administration (5.9%) are most likely attributable to further lay-offs of lower-skilled civil servants as well as the compensation for the previous steep wage cuts of some senior experts. The accelerated wage rise also observed in private sector (3.6%) was largely driven by higher minimum wages (11%, up to 200 lats) at the beginning of 2011, as the majority of employees receiving minimum wages were employed in the private sector, thus reflecting the distribution of the so-called "envelope wages".

Chart 4.13

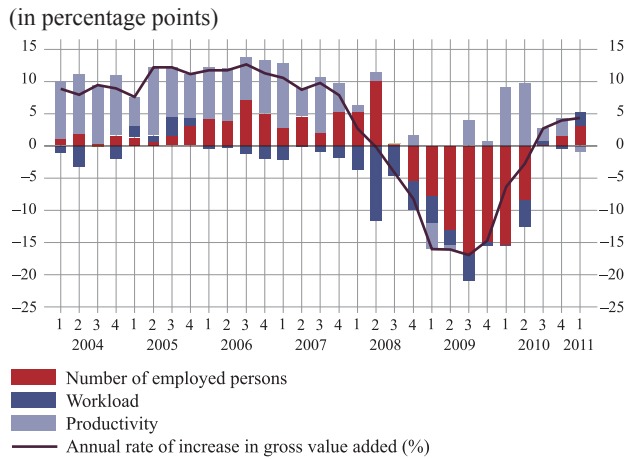
**ANNUAL RATE OF INCREASE IN NOMINAL LABOUR COSTS BY COMPONENT**  
(contribution; in percentage points)



In 2010, the economic recovery was mainly supported by productivity enhancement, with the employment growth picking up only at the end of the year and low workload (the number of hours worked per employee) prevailing, albeit in the first quarter of 2011, an increase in workload and more vigorous rise in the number of employees were recorded. Hence the annual changes in labour productivity per hour worked became negative (see Chart 4.13). At the same time, the rate of increase in labour productivity per person employed (taking into consideration the changes in labour productivity and workload) remained positive.

The annual rate of change in real unit labour costs was negative, with the increasing compensation to

Chart 4.14  
DECOMPOSITION OF ANNUAL RATE OF INCREASE IN GROSS VALUE ADDED



employees reflecting a rise in the number of man-hours (both the number of employees and workload following an upward path; see Chart 4.14) as well as inflation. Thus real unit labour costs declined almost by one-quarter as compared to their maximum value in mid-2008, contributing to the restoration of the economic competitiveness and reaching the level of the turn of 2005 and 2006 in the first quarter (see Chart 4.15). At the same time, nominal unit labour costs recorded a gradual rise since the second half of 2010 and reached the level of mid-2007.

Chart 4.15  
UNIT LABOUR COST INDEX  
(Q1 2000 = 100; seasonally adjusted data)

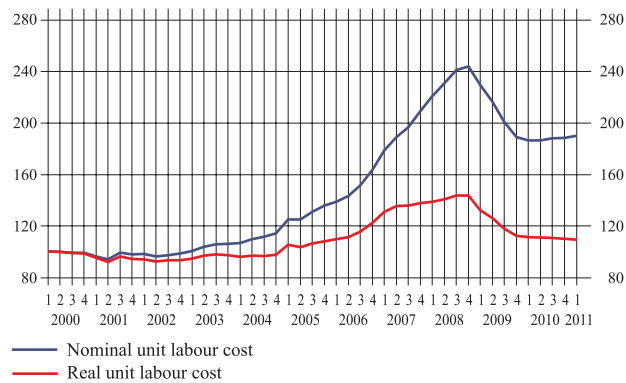


Chart 5.1  
OVERALL CHANGES IN CPI (%) AND CHANGES BY COMPONENT  
(in percentage points)

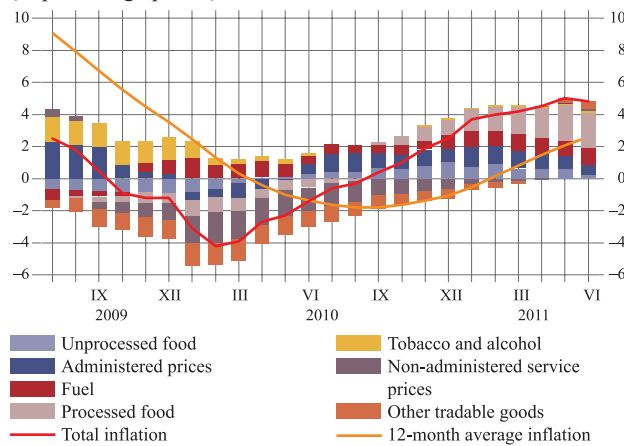


Chart 5.2  
IMPACT OF ENERGY AND FOOD PRICE CHANGES ON INFLATION  
(in percentage points)

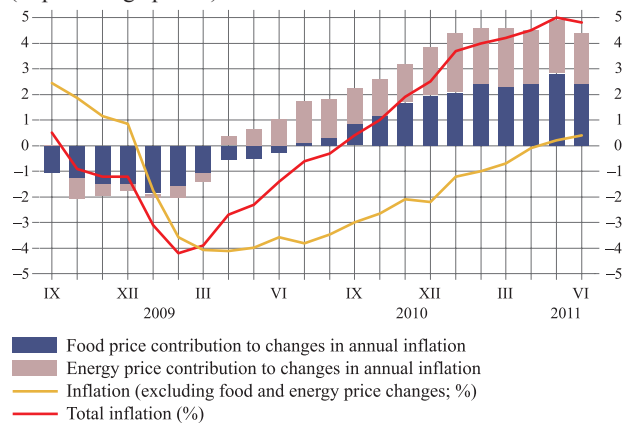
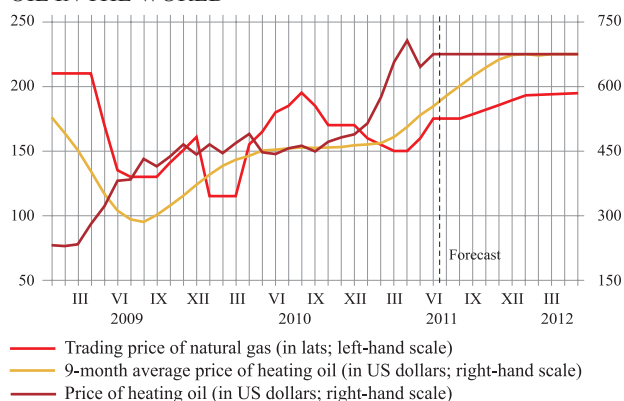


Chart 5.3  
PRICES OF NATURAL GAS IN LATVIA AND HEATING OIL IN THE WORLD



## 5. Costs and Prices

Between March and May, the growth in consumer prices accelerated and annual headline inflation rose to 5.0% in May (1 percentage point above the level in February). As before, the rise in inflation was driven by supply side factors, the hiking global energy and food prices in particular. However in June, the global price pressure on prices in Latvia abated somewhat, and price stabilisation was reflected in both fuel and food prices, with the latter dropping by 0.2% for the first time over the last 10 months; meanwhile, overall annual inflation declined to 4.8% (see Chart 5.1).

4.4 percentage points of the overall growth in consumer prices came from the jump in food and energy prices. With food prices rising at the global level, their annual increase measured 10.6%, pushing annual inflation up 2.4 percentage points (see Chart 5.2).

Meanwhile, fuel prices in May were 16.6% above the level of the corresponding period of the previous year. The rise in administered energy prices was primarily underpinned by higher tariffs introduced by the JSC *Latvenergo*: electricity costs increased by 14.1% and overall were 26.7% higher year-on-year. Following the downward trend which started at the close of the previous year, the sales price of natural gas rose again in May (with a nine-month lag against the global energy market developments; see Chart 5.3) and, as a result, the heating tariffs also soared. Overall, energy prices in May were 13.6% higher year-on-year, pushing annual inflation up by 2.1 percentage points.

The significant pressure from production costs is reflected in producer price dynamics (see Chart 5.4). The latter were 1.0% up in May and 7.8% year-on-year. Month-on-month producer price rises were recorded for the output produced for both domestic and export markets (1.2% and 0.7% respectively). Hikes in producer prices were most affected by more expensive production of energy resources (10.2%) and similarly costlier manufacture of food (by 12.2%) and wood (by 14.2%) products.

The weak demand, on the other hand, captured by persistently low retail trade turnover figures and impacted by similarly persistent high unemployment rate, keeps holding consumer prices down. Meanwhile, the demand itself continues to be limited

Chart 5.4  
THE ANNUAL RATE OF CHANGE IN PPI AND CONTRIBUTION OF ITS COMPONENTS  
(in percentage points)

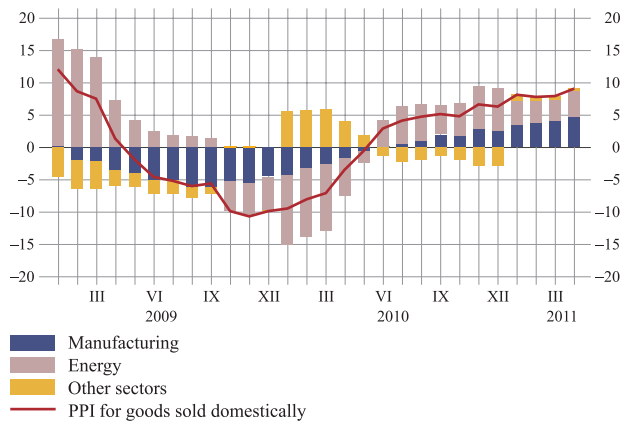


Chart 5.5  
OIL PRICES ON GLOBAL MARKET  
(lats/barrel)

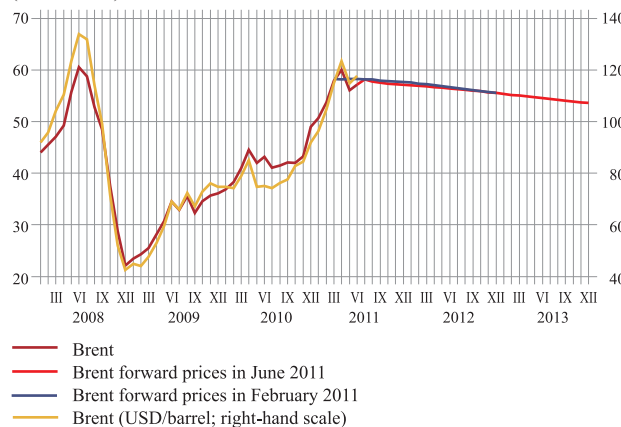
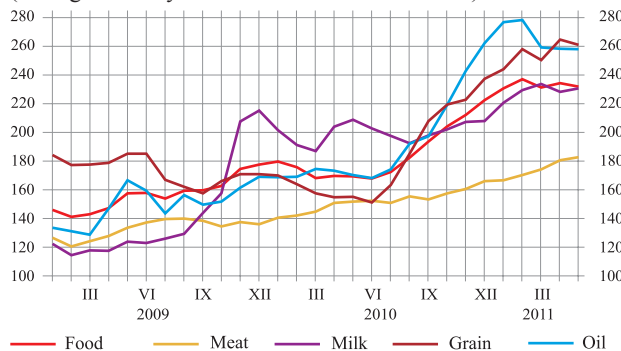


Chart 5.6  
GLOBAL FOOD PRICES  
(average monthly indicator of 2002–2004 = 100)



by rising prices of goods of prime necessity, food and energy in particular.

Affected by long-lasting high unemployment rate, the weak domestic demand was responsible for a meagre 0.2% year-on-year increase in the contribution by non-administered services. Prices continued to be lower for housing repair (-1.7%), transportation (-1.9%), telephone (-1.8%), tourism (-2.2%) and other services. The prices of other tradable goods (except food and energy resources) were up 1.3% year-on-year.

In May, the global energy prices stabilised, reversing from the previous downward trend (see Chart 5.5). The US Energy Information Administration predicts that with the demand for oil in Asian economies still strengthening, the pressure on oil prices will be sustained. The Energy Information Administration expects, at the same time, that the market will respond to eventually high price levels by boosting production, while stock levels are expected to decline further. Unrest in North African countries is giving rise to significant oil-price-related uncertainty.

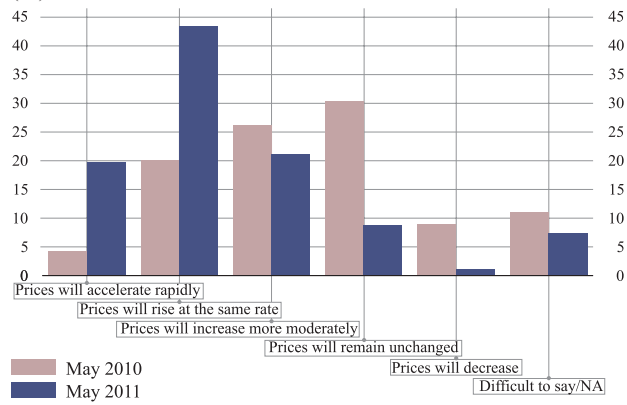
In recent months, the global food prices have stabilised as well (see Chart 5.6). According to the data of the UN Food and Agriculture Organisation, in May the global food price index lost 2.2% from its February high. The prices of sugar and oil dropped most (by 25.7% and 7.8% respectively against the beginning of the year). The prices of grain and milk had stabilised in previous months. The future price dynamics is likely to depend on the new grain harvest, which the UN Food and Agriculture Organisation projects to be good in Russia and Ukraine and poorer in other European regions and North America. If the demand for food products strengthens and energy remains costly, sharp price drops are unlikely.

Against February, population's inflation expectations have decreased. 63.0% of respondents anticipate a significant price rise due to hiking energy prices and tax rates, whereas 29.8% believe that price hikes will moderate or halt or prices will even go down (see Chart 5.7).

The high unemployment rate and weak recovery of domestic demand now and in the near future notwithstanding, the consumer prices are expected to continue on an upward trend, supported by sustainably high global food and energy prices, and



Chart 5.7  
BREAKDOWN OF HOUSEHOLD EXPECTATIONS FOR  
CONSUMER PRICE CHANGES IN NEXT 12 MONTHS  
(%)



the national tax policy. Moreover, high inflation expectations act as an additional risk factor signalling an eventual spill-over of costs into consumer prices.

Chart 6.1  
CURRENT ACCOUNT OF LATVIA'S BALANCE OF PAYMENTS AND ITS COMPONENTS  
(% of GDP)

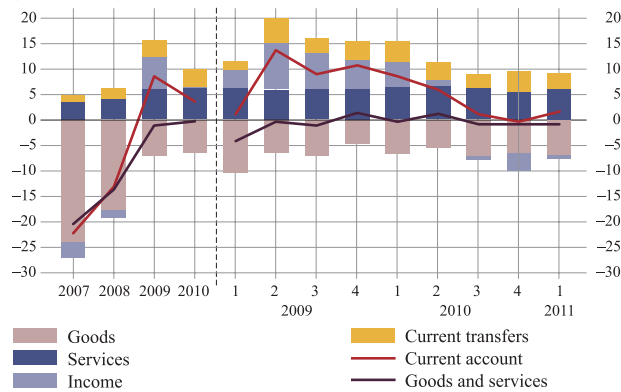


Chart 6.2  
DYNAMICS OF EXPORTS OF GOODS  
(year-on-year; %)

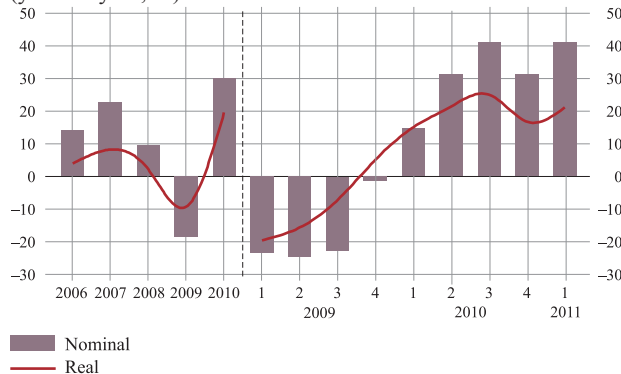
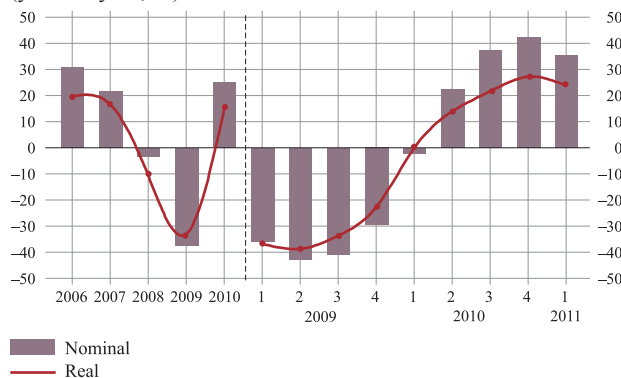


Chart 6.3  
DYNAMICS OF IMPORTS OF GOODS  
(year-on-year; %)



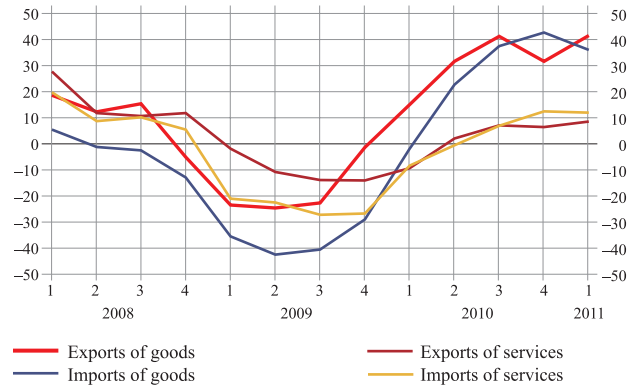
## 6. Balance of Payments

According to monthly data, the current account surplus in Latvia's balance of payments reached 94.0 million lats in the first four months of 2011 (1.7% of GDP in the first quarter; see Chart 6.1). The current account balance primarily improved on account of a decline in the income account deficit in comparison with the end of 2010, as a considerable amount of dividends is not usually paid out at the beginning of the year. The improvement was also underpinned by a decrease in the goods and services trade balance deficit, with seasonal contracting in exports falling behind that of imports (for the dynamics of exports and imports of goods, see Charts 6.2 and 6.3). The annual growth rate of transportation services amounted to 15.0% in April (the annual growth in the first quarter – 8.9% and the decrease in 2010 overall – 1.5%; see Chart 6.4).

The income account deficit dropped to 0.5% of GDP in the first quarter and, according to monthly data, amounted to 22.9 million lats in the first four months of 2011. Although foreign investor companies in Latvia gained profit, the amount of reinvested earnings was slightly lower than at the end of 2010 and the amount of the dividends paid was small in contrast to the fourth quarter of 2010. The surplus in the current transfers account posted a slight average monthly fall from January to April in comparison with the monthly average for the corresponding period of 2010, with inflows of EU funding that comes into the current transfers account as other funds instead of subsidies on products decreasing.

In 2011, the current account could remain in surplus but below 1% of GDP. The dynamics of the global resource prices did not have an adverse effect on the trade balance at the beginning of the year, as the average price of the exported goods with metals and articles of base metals accounting for a large share posted a more rapid rise than that of the imported goods. Such a price level difference will be among the factors helping maintain the goods and services trade balance close to balance in 2011. The unclear further economic growth of Belarus that could have an adverse impact on Latvia's services exports poses negative risks for the trade balance projections. Also the dynamics of Baltic Dry and Harpex indices does not suggest a greater intensity of transportation by sea. As the economic growth is moderate, the income account deficit will record a very gradual rise. In line with the planned dynamics of the drawdown from

Chart 6.4  
GROWTH RATES OF GOODS AND SERVICES EXPORTS  
AND IMPORTS  
(year-on-year; %)



the EU funds in the current planning period, the amount of current transfers and the capital account would have to remain at least at the level of 2010, although the amount of funds coming into the capital account in the first four months of 2011 was negligible in comparison with the corresponding period of the previous year and funding claims might further be submitted during 2011.

Net inflows of foreign direct investment increased to 6.0% of GDP in the first quarter (the largest net inflows since the second quarter of 2008 when they accounted for 6.5% of GDP). According to monthly data, the volume of foreign direct investment in Latvia rose by 231.4 million lats in the first four months of 2011 overall (net outflows of foreign direct investment were observed in the corresponding period of the previous year). As the government did not take additional loans from international lenders and used the borrowed funds, reserve assets dropped gradually; however, they still covered the monetary base in record amounts and covered imports of 6.8 months in April. The financial account deficit was determined by a decline in non-resident deposits with banks, including deposits made by parent banks, in the first four months of 2011. The gradual improvement of international credit ratings and the ability of the government to borrow in the international market in June of 2011 for the first time since the first quarter of 2008 is a positive signal of further strengthening of foreign direct investment activity in Latvia. Successful completion of the fiscal consolidation process in 2012 is also a crucial prerequisite for this.

## 7. Conclusions and Forecasts

Already for the sixth consecutive quarter Latvia's real GDP continues on the upward trend observed since the start of the economic recovery at the end of 2009. We expect the economic recovery to continue, albeit the uncertainty surrounding the outlook for Latvia's economic development remains rather high in the forecasts.

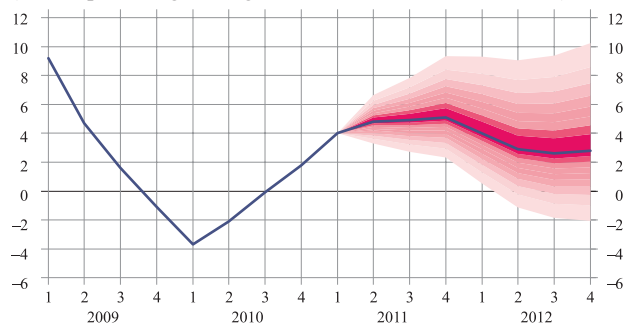
### 7.1 Inflation

Prices are on a rise since September 2010: in May 2011, the annual consumer price inflation was 5.0%. The supply side factors, mainly the growing global energy and food prices, remained the main drivers of the inflation dynamics. The growth rates of both food and energy prices were considerably higher than expected as recently as at the turn of the previous year. The persistently high level of global prices exerts an upward pressure on the domestic prices in Latvia as well.

Looking into the future, it can be expected that in the second half of the year, with the external factors behind inflation growth gradually waning, the rise of consumer prices will decelerate; nevertheless, no significant contraction of the inflation can be expected until the end of the year mainly as a result of the implemented higher tax rates on natural gas. Thus a more noteworthy abatement of inflation can be expected no earlier than the next year. Nevertheless, the fact that businesses have chosen to transfer a large part of the recent rise in costs caused by the global price developments to consumers, although the domestic demand is and will remain low in the near-term, arouses some concerns. This could point to relatively weak competition in Latvia, particularly in specific market segments where the average prices remain higher than in the other Baltic States. Such developments could warrant careful examination of the status quo in the field of competition and a search for adequate solutions to strengthen it in some market segments.

Thus inflation expectations, labour market conditions and potentially insufficient competition in individual market segments remain the most significant domestic risks on the upside already for several quarters. However, it has to be noted that the inflation expectations of households have decreased

Chart 7.1  
CPI CHANGES  
(annual percentage changes; the Bank of Latvia forecast\*)



\* The coloured area represents 90% of potential scenarios (the lighter the colour, the lower the scenario's probability).

in comparison with February. The recently observed stabilisation of the energy and food prices can also be considered a positive factor. On the other hand, the signs of labour market mismatch become increasingly stronger, thereby enhancing the wage growth expectations.

Overall, a moderate consumer price rise is projected for Latvia in 2011. Considering the rise of inflation caused by external factors in the first months of the year, the forecast of the annual headline inflation is revised upwards to 4.7%. Inflation growth is expected to halt in the second half of the year and the price movements will moderate starting from the next year. The medium-term risks to this inflation forecast are balanced (see Chart 7.1).

## 7.2 Economic developments

Export and industrial growth continue to act as the main drivers of the economic development, causing a decline in unemployment. At the same time, the underlying pace of Latvia's economic growth remains moderate, as the developments in both private consumption and private investment are uneven and unfortunately display some signs of stagnation. This is largely related to the fiscal consolidation efforts as the replacement of the initially sharp spending cuts by tax raising measures caused some negative side-effects: deterioration of the business environment and weakening of the confidence of the economic agents.

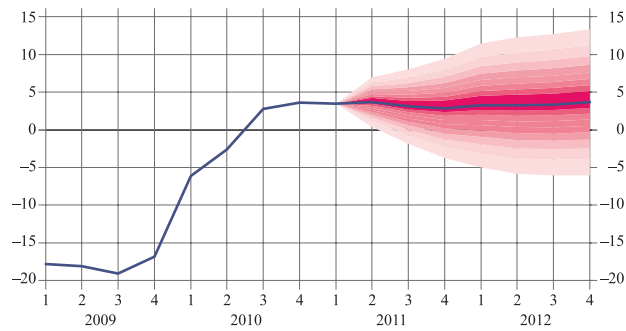
From a future perspective, the uncertainty surrounding the external developments due to the financial problems troubling several European countries and the fiscal consolidation measures implemented thereof remains elevated since the beginning of 2010. Prices of raw materials on global commodity exchanges remain high, exerting pressure on Latvia's inflation rate and enhancing the downside risks relating to the external demand. Shortage of investment, private demand weakened by fiscal consolidation and structural problems on the labour market could have an adverse effect on the anticipated recovery of the Latvian economy. At the same time, the rise in primary goods, food and energy prices may continue to act as a significant barrier to the revival of the domestic demand.

Alongside with the above-mentioned downside risks, several upside risks to the economic development of Latvia exist. Rather strong upswing of the economic activity continues in Latvia's main foreign



trade partner states, supporting Latvia's external demand which is expected to remain sustainable also in the future. A positive signal is the Latvian sovereign credit rating outlook upgrades announced by the international credit rating agencies. This is a significant proof that further implementation of a sustainable economic policy would lead to an upgrade of Latvia's rating in the future. Thus the foreign investment inflows into Latvia could be larger than expected and that would have a favourable impact on the economic developments in Latvia.

Chart 7.2  
GDP CHANGES  
(annual percentage changes; the Bank of Latvia forecast\*)



\* The coloured area represents 90% of potential scenarios (the lighter the colour, the lower the scenario's probability).

To sum up, it can be concluded that, on the one hand, positive trends, particularly in the area of exports, are observed in Latvia's economy. On the other hand, uncertainty remains high and it is unclear how the situation, particularly in the field of budget and taxes, will develop. Therefore, the current GDP growth forecast for 2011 (3.3%) remains unchanged, and the economic growth beyond 2011 will most likely be moderate as well. The risks to these forecasts are also balanced (see Chart 7.2). Nevertheless, it is most likely that certain developments in the remaining months of 2011, particularly those relative to the 2012 budget and selected means of cutting the budgetary deficit, may bring about serious further adjustments to the economic outlook.

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## 1. MONETARY INDICATORS AND INTEREST RATES

	2010												2011					
	Q1			Q2			Q3			Q4			Q1					
M1 <sup>1</sup>	26.6			1.8			10.4			17.7			26.6			19.0		
M2 <sup>1</sup>	11.2			3.2			4.5			12.3			11.2			7.1		
M3 <sup>1</sup>	11.5			3.5			5.5			12.8			11.5			7.1		
M2X <sup>1</sup>	9.8			4.2			5.4			12.1			9.8			6.0		
Loans to resident financial institutions, non-financial corporations and households <sup>1</sup>	-8.3			-8.0			-7.6			-7.7			-8.3			-8.7		
Deposits of resident financial institutions, non-financial corporations and households <sup>1</sup>	8.3			6.0			4.6			11.5			8.3			4.3		
Long-term interest rate for convergence assessment purposes <sup>2</sup>	10.34			12.64			10.13			9.99			8.59			6.01		
RIGIBOR (3-month loans) <sup>3</sup>	2.0			3.5			2.2			1.4			1.0			0.9		
Average yield on government bonds	4.8 <sup>6</sup>			5.4 <sup>4</sup>			6.1 <sup>5</sup>			5.2 <sup>6</sup>			4.3 <sup>6</sup>			6.7 <sup>7</sup>		
OMXR <sup>3</sup>	361.6			320.7			349.7			384.5			383.5			421.0		
	2010												2011					
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III			
M1 <sup>1</sup>	-6.9	-4.9	1.8	5.0	5.2	10.4	12.6	16.2	17.7	20.7	21.0	26.6	27.4	26.3	19.0			
M2 <sup>1</sup>	-2.4	-1.0	3.2	4.0	4.2	4.5	7.1	9.7	12.3	10.5	11.7	11.2	11.8	10.2	7.1			
M3 <sup>1</sup>	-2.3	-0.7	3.5	4.2	4.6	5.5	8.0	10.6	12.8	11.0	11.9	11.5	11.8	10.0	7.1			
M2X <sup>1</sup>	-1.3	-0.1	4.2	4.4	5.8	5.4	7.6	9.8	12.1	9.5	10.1	9.8	10.5	9.1	6.0			
Loans to resident financial institutions, non-financial corporations and households <sup>1</sup>	-7.6	-7.9	-8.0	-7.8	-7.2	-7.6	-7.7	-7.4	-7.7	-8.2	-8.2	-8.3	-8.3	-8.7	-8.7			
Deposits of resident financial institutions, non-financial corporations and households <sup>1</sup>	2.1	2.6	6.0	5.2	6.7	4.6	6.9	9.1	11.5	7.9	8.7	8.3	9.2	7.8	4.3			
Long-term interest rate for convergence assessment purposes <sup>2</sup>	13.76	13.62	10.54	10.13	10.13	10.12	10.00	10.00	9.97	9.24	8.99	7.55	5.38	6.17	6.49			
RIGIBOR (3-month loans) <sup>3</sup>	4.9	3.1	2.3	2.1	2.2	2.1	1.8	1.3	1.2	1.2	0.9	0.8	0.8	0.9	0.9			
Average yield on government bonds	-	6.1 <sup>4</sup>	5.3 <sup>4</sup>	5.9 <sup>5</sup>	6.4 <sup>5</sup>	-	6.0 <sup>5</sup>	5.6 <sup>5</sup>	5.2 <sup>6</sup>	4.3 <sup>6</sup>	-	-	-	6.7 <sup>7</sup>	6.7 <sup>7</sup>			
OMXR <sup>3</sup>	315.4	327.0	319.9	351.0	349.0	349.1	358.1	397.4	398.0	394.8	371.1	384.7	410.5	426.2	426.1			

<sup>1</sup> Year-on-year changes (%).

<sup>2</sup> Average secondary market yield of 10-year government bonds.

<sup>3</sup> Average of the period.

<sup>4</sup> Weighted average primary market yield of 2-year government bonds.

<sup>5</sup> Weighted average primary market yield of 3-year government bonds.

<sup>6</sup> Weighted average primary market yield of 5-year government bonds.

<sup>7</sup> Weighted average primary market yield of 10-year government bonds.

## 2.a REAL SECTOR INDICATORS AND PRICES

	2010					2011
	Q1	Q2	Q3	Q4	Q1	
<b>Industrial output<sup>1,2</sup></b>						
Increase/decrease <sup>3</sup> (at constant prices; working day adjusted data; %)	14.8	6.2	10.4	21.8	18.1	9.0
<b>Cargoes loaded and unloaded at ports</b>						
Turnover (in thousands of tons)	61 160	15 618	15 268	14 616	15 658	16 345
Increase/decrease <sup>3</sup> (%)	-1.3	-5.9	-2.7	-1.5	5.4	4.7
<b>Retail trade turnover<sup>1,2</sup></b>						
Turnover (at current prices; in millions of lats)	4 228.6	913.4	1 055.7	1 109.8	1 149.7	1 030.7
Increase/decrease <sup>3</sup> (at constant prices; %)	0.5	-13.0	-2.8	5.0	13.3	12.8
Unemployment rate (%)	14.3	17.3	15.6	14.6	14.3	14.4
Producer prices <sup>1</sup> (increase/decrease compared with the previous period; %)	3.1	1.1	4.5	1.8	0	2.0
<b>Consumer price inflation</b>						
Year-on-year basis (%)	-1.1	-3.8	-2.1	-0.1	1.8	4.0
Quarter-on-quarter basis (%)	x	-0.2	1.3	0.1	0.6	1.9
<b>Financial surplus/deficit in the consolidated general government budget</b>						
Surplus/deficit (in millions of lats)	-802.7	-132.7	-41.0	-120.1	-508.9	-181.8
Ratio to GDP (%)	6.3	4.7	1.3	3.7	14.8	5.9

<sup>1</sup> Data are calculated according to the revised version of the EU statistical Classification of Economic Activities (NACE Rev. 2).

<sup>2</sup> Data have been revised.

<sup>3</sup> Year-on-year basis.



## 2.b REAL SECTOR INDICATORS AND PRICES

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Industrial output<sup>1,2</sup></b>															
Increase/decrease <sup>3</sup> (at constant prices; working day adjusted data;%)	4.9	2.8	11.0	8.1	12.3	10.8	21.8	21.9	21.8	23.1	14.4	16.6	7.1	10.0	9.8
<b>Cargoes loaded and unloaded at ports</b>															
Turnover (in thousands of tons)	4 995	5 171	5 452	5 483	5 021	4 764	5 274	4 617	4 726	5 200	5 209	5 250	5 130	4 760	6 456
Increase/decrease <sup>3</sup> (%)	-10.4	-5.0	-2.3	6.4	-2.1	-11.9	1.5	-11.5	7.0	1.3	14.6	1.3	2.7	-7.9	18.4
<b>Retail trade turnover<sup>1</sup></b>															
Turnover (at current prices; in millions of lats)	294.9	286.4	332.0	344.6	354.8	356.3	370.4	372.0	367.4	372.5	360.4	417.0 <sup>2</sup>	326.2	331.3	373.2
Increase/decrease <sup>3</sup> (at constant prices; %)	-17.0	-15.2	-6.9	-4.2	-2.7	-1.4	0.8	5.4	9.2	9.9	15.1	14.9	10.6	15.7	12.4
Unemployment rate (%)	16.6	17.1	17.3	16.7	16.2	15.6	15.3	15.0	14.6	14.3	14.3	14.3	14.5	14.5	14.4
Producer prices <sup>1</sup> (increase/decrease compared with the previous period; %)	0.9	0.4	0.8	2.3	1.8	0.8	0.1	0.6	0.5	-0.5	-0.2	0.3	1.3	0.7	0.8
<b>Consumer price inflation</b>															
Year-on-year basis (%)	-3.1	-4.2	-3.9	-2.7	-2.3	-1.4	-0.6	-0.3	0.4	1.0	1.9	2.5	3.7	4.0	4.2
Month-on-month basis (%)	0.2	0	0.5	0.9	-0.1	0.4	0.2	-0.7	0.4	0.4	0.2	0.1	1.3	0.3	0.7
Annual core inflation (%)	-5.0	-5.6	-5.0	-4.4	-4.2	-3.6	-3.5	-3.3	-2.5	-1.5	-0.6	-0.3	1.1	1.5	2.0
Financial surplus/deficit in the consolidated general government budget (in millions of lats)	70.7	-87.8	-115.5	-55.6	32.9	-18.4	-12.8	-9.4	-98.0	-55.9	-90.3	-362.7	-0.8	-92.9	-88.1

<sup>1</sup> Data are calculated according to the revised version of the EU statistical Classification of Economic Activities (NACE Rev. 2).

<sup>2</sup> Data have been revised.

<sup>3</sup> Year-on-year basis.

## 3. MONETARY BASE

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Currency in circulation	752.4	767.7	774.2	827.1	819.0	838.3	856.4	864.5	866.8	885.5	888.9	937.9	905.7	910.7	909.3
Currency as percent of the monetary base	43.1	39.9	52.9	51.3	52.4	49.3	49.2	52.3	48.9	52.6	51.0	53.4	52.0	50.7	54.6
Deposits with the Bank of Latvia in lats	984.1	1 144.9	673.9	770.3	730.2	837.8	869.9	773.5	887.8	777.4	839.0	797.3	819.1	868.3	737.3
Deposits with the Bank of Latvia in foreign currencies	9.8	10.9	16.7	14.5	15.1	24.2	14.9	14.8	16.6	19.7	16.2	20.0	15.7	17.5	19.3
Deposits as percent of the monetary base	56.9	60.1	47.1	48.7	47.6	50.7	50.8	47.7	51.1	47.4	49.0	46.6	48.0	49.3	45.4
M0	1 746.3	1 923.5	1 464.9	1 611.8	1 564.2	1 700.4	1 741.2	1 652.7	1 771.2	1 682.6	1 744.2	1 755.2	1 740.6	1 796.6	1 665.9
Net foreign assets	3 412.9	3 524.3	3 899.7	3 779.3	3 868.1	3 920.4	3 939.4	4 088.0	4 139.8	4 224.2	4 203.5	4 032.1	3 837.3	3 794.2	3 723.6
Loans to MFIs	131.7	117.6	117.6	116.3	0	0	0	0	0	0	0	0	0	0	0
Credit to central government (net)	-1 448.3	-1 334.4	-1 578.0	-1 430.8	-1 421.5	-1 400.8	-1 347.0	-1 372.3	-1 327.7	-1 399.7	-1 326.8	-1 081.0	-1 108.0	-1 011.5	-930.9
Other items (net)	-350.0	-384.0	-974.5	-853.0	-882.4	-819.2	-851.2	-1 063.0	-1 041.0	-1 141.9	-1 132.5	-1 195.8	-988.7	-986.1	-1 126.8
Total	1 746.3	1 923.5	1 464.9	1 611.8	1 564.2	1 700.4	1 741.2	1 652.7	1 771.2	1 682.6	1 744.2	1 755.2	1 740.6	1 796.6	1 665.9

#### 4. MONETARY AGGREGATES AND COUNTERPARTS

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Monetary aggregates															
M3	5 806.3	5 944.5	6 081.0	6 189.6	6 165.4	6 147.4	6 173.7	6 252.0	6 332.9	6 212.5	6 326.2	6 547.6	6 492.3	6 541.5	6 513.4
Repos	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	91.4	101.8	98.3	98.4	99.9	98.1	97.5	103.2	94.6	92.3	88.7	81.4	83.4	84.1	85.4
Debt securities issued with maturity of up to 2 years	0.9	0.9	0	0	12.4	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
M2	5 714.1	5 841.7	5 982.7	6 091.3	6 053.1	6 028.7	6 055.6	6 128.1	6 217.7	6 099.6	6 216.9	6 445.6	6 388.3	6 436.7	6 407.4
Deposits with an agreed maturity of up to 2 years	2 542.8	2 596.1	2 641.2	2 664.3	2 632.0	2 491.5	2 496.4	2 532.7	2 573.7	2 405.4	2 449.8	2 430.6	2 411.8	2 405.0	2 466.9
Deposits redeemable at notice of up to 3 months	249.9	248.2	241.0	234.3	229.4	233.7	233.1	231.5	235.1	239.6	255.2	244.4	254.1	245.1	250.8
M1	2 921.4	2 997.5	3 100.4	3 192.7	3 191.7	3 303.5	3 326.1	3 364.0	3 408.9	3 454.5	3 511.9	3 770.6	3 722.4	3 786.7	3 689.7
Currency outside MFIs	653.0	666.5	669.2	713.9	715.3	733.6	750.8	758.5	760.1	776.6	775.5	807.4	790.1	795.8	795.6
Overnight deposits	2 268.4	2 331.0	2 431.2	2 478.8	2 476.4	2 569.9	2 575.3	2 605.5	2 648.8	2 677.9	2 736.4	2 963.2	2 932.3	2 990.9	2 894.1
Counterparts of monetary aggregates and longer-term financial liabilities															
Deposits of central government	2 089.1	2 046.4	2 293.3	2 146.3	2 168.8	2 199.6	2 046.2	2 094.5	2 050.6	2 121.9	2 048.5	1 792.7	1 791.5	1 696.1	1 605.4
Longer-term financial liabilities	2 242.0	2 301.6	2 223.6	2 212.7	2 293.6	2 237.9	2 197.6	2 315.2	2 322.5	2 299.9	2 295.1	2 295.2	2 323.9	2 322.9	2 342.9
Deposits with an agreed maturity of over 2 years	158.2	158.9	160.3	162.6	241.1	206.8	203.4	213.1	213.3	193.3	187.0	203.1	220.7	225.9	235.1
Deposits redeemable at notice of over 3 months	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0	0	0	0	0	0.1	0.1	0.1
Debt securities issued with maturity of over 2 years	149.3	157.7	157.8	158.0	171.4	171.6	171.2	168.6	175.6	173.2	154.8	155.3	152.4	140.7	140.5
Capital and reserves	1 934.5	1 984.9	1 905.3	1 892.0	1 880.9	1 859.4	1 823.0	1 933.6	1 933.5	1 933.3	1 953.2	1 936.8	1 950.7	1 956.2	1 967.2
Credit to residents	14 244.5	14 160.7	14 054.0	13 897.0	13 868.4	13 767.7	13 644.5	13 613.3	13 522.6	13 408.0	13 352.6	13 209.7	13 139.3	13 002.5	12 900.5
Credit to general government	641.9	644.0	664.3	583.3	554.2	553.8	543.1	516.7	503.1	518.8	530.2	563.8	564.2	558.7	572.5
Credit to other residents	13 602.5	13 516.7	13 389.8	13 313.7	13 314.2	13 213.9	13 101.3	13 096.6	13 019.5	12 889.1	12 822.4	12 645.9	12 575.1	12 443.7	12 328.0
Loans	13 444.6	13 352.9	13 217.3	13 136.5	13 124.0	13 007.8	12 893.7	12 885.2	12 808.1	12 669.6	12 596.6	12 399.3	12 326.6	12 193.2	12 072.0
Net external assets	-2 827.8	-2 551.9	-1 939.7	-1 893.8	-1 826.7	-1 720.4	-1 658.0	-1 470.6	-1 320.1	-1 360.5	-1 266.0	-1 219.8	-1 180.2	-1 081.1	-1 075.4
Other items (net)	1 279.2	1 316.5	1 516.5	1 454.5	1 460.9	1 462.4	1 569.0	1 481.0	1 496.5	1 413.2	1 416.8	1 354.9	1 351.5	1 360.8	1 363.4

#### 5. SEASONALLY ADJUSTED MONETARY AGGREGATES

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
M1	2 961.8	3 039.2	3 154.6	3 213.4	3 198.3	3 233.5	3 267.2	3 333.7	3 416.1	3 466.8	3 536.0	3 713.8	3 772.2	3 838.1	3 747.9
M2	5 757.4	5 850.4	5 971.0	6 030.8	6 031.9	5 964.2	6 017.8	6 116.3	6 259.1	6 190.7	6 303.4	6 375.6	6 430.1	6 443.9	6 394.0
M3	5 849.5	5 955.7	6 066.5	6 127.3	6 146.5	6 083.5	6 138.2	6 238.6	6 378.0	6 308.3	6 416.9	6 477.6	6 533.0	6 547.0	6 502.7

## 6. THE BANK OF LATVIA'S ASSETS AND LIABILITIES

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>ASSETS</b>															
Loans to residents	131.7	117.6	117.6	116.3	0	0	0	0	0	0	0	0	0	0	0
General government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MFIs	131.7	117.6	117.6	116.3	0	0	0	0	0	0	0	0	0	0	0
Holdings of securities other than shares issued by residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MFIs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of shares and other equity issued by residents	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
External assets	3 454.5	3 564.3	3 921.7	3 821.6	3 917.5	3 938.7	3 960.6	4 117.5	4 175.8	4 279.4	4 268.3	4 074.6	3 875.0	3 804.2	3 742.6
Fixed assets	33.0	32.8	32.6	32.3	32.1	31.9	32.0	31.8	31.7	31.5	31.3	31.0	30.8	30.6	30.5
Remaining assets	2.7	3.6	2.0	2.7	1.2	1.2	1.2	1.3	1.4	1.2	1.2	1.7	1.1	1.5	1.8
<b>Total</b>	<b>3 621.9</b>	<b>3 718.3</b>	<b>4 073.9</b>	<b>3 972.9</b>	<b>3 950.7</b>	<b>3 971.8</b>	<b>3 993.7</b>	<b>4 150.6</b>	<b>4 208.9</b>	<b>4 312.1</b>	<b>4 300.8</b>	<b>4 107.3</b>	<b>3 906.9</b>	<b>3 836.3</b>	<b>3 774.8</b>
<b>LIABILITIES</b>															
Currency in circulation	752.4	767.7	774.2	827.1	819.0	838.3	856.4	864.5	866.8	885.5	888.9	937.9	905.7	910.7	909.3
Deposits of residents	2 526.7	2 599.9	2 940.0	2 830.6	2 803.8	2 830.5	2 827.8	2 954.9	3 004.8	3 073.8	3 049.4	2 828.0	2 678.0	2 628.7	2 535.2
Central government	1 448.3	1 334.4	1 578.0	1 430.8	1 421.5	1 400.8	1 347.0	1 372.3	1 327.7	1 399.7	1 326.8	1 081.0	1 108.0	1 011.5	930.9
Other residents	2.5	2.4	2.1	3.0	3.6	4.0	11.2	20.2	40.2	49.3	56.3	56.7	63.7	68.0	72.4
MFIs	1 075.9	1 263.1	1 360.0	1 396.8	1 378.6	1 425.7	1 469.6	1 562.4	1 637.0	1 624.8	1 666.3	1 690.2	1 506.2	1 549.3	1 531.9
Debt securities issued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital and reserves	298.0	307.5	310.2	268.4	275.3	281.6	286.1	299.0	298.6	294.8	294.4	296.6	282.7	284.0	286.6
External liabilities	41.7	40.0	22.0	42.3	49.4	18.3	21.2	29.5	36.0	55.2	64.7	42.6	37.7	10.0	19.0
Remaining liabilities	3.1	3.1	27.5	4.6	3.3	3.1	2.3	2.8	2.7	2.8	3.3	2.3	2.8	2.9	24.8
<b>Total</b>	<b>3 621.9</b>	<b>3 718.3</b>	<b>4 073.9</b>	<b>3 972.9</b>	<b>3 950.7</b>	<b>3 971.8</b>	<b>3 993.7</b>	<b>4 150.6</b>	<b>4 208.9</b>	<b>4 312.1</b>	<b>4 300.8</b>	<b>4 107.3</b>	<b>3 906.9</b>	<b>3 836.3</b>	<b>3 774.8</b>

## 7. AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING THE BANK OF LATVIA)

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>ASSETS</b>															
Loans to residents	14 925.6	15 031.2	14 978.2	14 844.8	14 860.0	14 695.0	14 617.7	14 705.3	14 749.3	14 618.8	14 583.1	14 434.9	14 208.8	14 179.3	14 044.1
General government	155.0	154.4	152.1	66.8	66.9	67.8	66.3	65.7	65.1	66.0	65.6	64.6	65.7	64.9	63.2
Other residents	13 444.6	13 352.9	13 217.3	13 136.5	13 124.0	13 007.8	12 893.7	12 885.2	12 808.1	12 669.6	12 596.6	12 399.3	12 326.6	12 193.2	12 072.0
MFIs	1 326.0	1 524.0	1 608.8	1 641.4	1 669.1	1 619.5	1 657.8	1 754.4	1 876.1	1 883.1	1 921.0	1 971.0	1 816.4	1 921.2	1 908.9
Holdings of securities other than shares issued by residents	518.2	516.2	541.2	545.8	512.4	510.4	500.4	471.9	459.5	474.5	486.4	520.8	519.1	513.0	528.3
General government	486.9	489.7	512.2	516.5	487.3	486.0	476.8	451.0	437.9	452.8	464.7	499.2	498.5	493.9	509.3
Other residents	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
MFIs	31.2	26.4	28.9	29.3	25.1	24.2	23.5	20.9	21.5	21.6	21.7	21.5	20.5	19.0	18.9
Money market fund shares and units	x	x	x	x	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Holdings of shares and other equity issued by residents	157.9	163.7	172.4	177.1	190.2	206.0	207.6	211.3	211.3	219.4	225.7	246.5	248.4	250.4	255.9
External assets	4 770.4	4 500.4	4 660.1	4 829.3	4 804.5	4 765.9	4 742.8	4 905.8	4 579.5	4 720.1	4 962.9	5 559.6	5 438.1	5 265.3	5 270.7
Fixed assets	146.7	144.9	135.2	134.0	106.0	93.9	92.8	91.4	90.2	120.5	119.0	121.0	118.4	117.6	117.4
Remaining assets	575.9	577.5	594.3	609.0	601.1	609.9	599.9	630.7	622.4	623.1	634.3	658.2	647.6	647.6	628.6
<b>Total</b>	<b>21 094.7</b>	<b>20 934.0</b>	<b>21 081.4</b>	<b>21 140.1</b>	<b>21 074.5</b>	<b>20 881.5</b>	<b>20 761.5</b>	<b>21 016.9</b>	<b>20 712.6</b>	<b>20 776.8</b>	<b>21 011.9</b>	<b>21 541.4</b>	<b>21 180.7</b>	<b>20 973.6</b>	<b>20 845.4</b>
<b>LIABILITIES</b>															
Deposits of residents	6 111.7	6 310.4	6 436.1	6 497.9	6 605.7	6 492.1	6 490.9	6 480.6	6 593.2	6 451.0	6 552.3	6 782.0	6 752.1	6 856.2	6 826.3
Central government	640.8	711.9	715.4	715.5	747.2	798.8	699.2	722.2	723.0	722.2	721.6	711.7	683.5	684.6	674.5
Other residents	5 216.8	5 331.9	5 471.8	5 537.0	5 575.4	5 497.9	5 497.0	5 562.6	5 630.8	5 467.0	5 572.1	5 784.6	5 755.1	5 798.9	5 774.5
MFIs	254.1	266.5	248.9	245.4	283.0	195.3	294.7	195.8	239.5	261.7	258.5	285.6	313.5	372.7	377.3
Money market fund shares and units	91.4	101.8	98.3	98.4	100.3	98.5	97.9	103.6	94.9	92.7	89.1	81.8	83.8	84.5	85.8
Debt securities issued	150.2	158.6	157.8	158.0	183.8	192.2	191.8	189.2	196.2	193.8	175.4	175.9	173.1	161.4	161.2
Capital and reserves	1 636.5	1 677.4	1 595.2	1 623.6	1 605.7	1 577.9	1 536.9	1 634.6	1 634.9	1 638.6	1 658.8	1 640.1	1 668.0	1 672.2	1 680.6
External liabilities	11 011.1	10 576.5	10 499.6	10 502.3	10 499.3	10 406.6	10 340.2	10 464.4	10 039.4	10 304.8	10 432.5	10 811.4	10 455.6	10 140.7	10 069.7
Remaining liabilities	2 093.8	2 109.3	2 294.4	2 259.8	2 079.8	2 114.2	2 103.9	2 144.6	2 153.9	2 096.0	2 103.8	2 050.3	2 048.1	2 058.5	2 021.8
<b>Total</b>	<b>21 094.7</b>	<b>20 934.0</b>	<b>21 081.4</b>	<b>21 140.1</b>	<b>21 074.5</b>	<b>20 881.5</b>	<b>20 761.5</b>	<b>21 016.9</b>	<b>20 712.6</b>	<b>20 776.8</b>	<b>21 011.9</b>	<b>21 541.4</b>	<b>21 180.7</b>	<b>20 973.6</b>	<b>20 845.4</b>

## 8. CONSOLIDATED BALANCE SHEET OF MFIs

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>ASSETS</b>															
Loans to residents	13 599.6	13 507.2	13 369.4	13 203.3	13 190.9	13 075.5	12 960.0	12 950.9	12 873.2	12 735.6	12 662.2	12 463.9	12 392.4	12 258.1	12 135.2
General government	155.0	154.4	152.1	66.8	66.9	67.8	66.3	65.7	65.1	66.0	65.6	64.6	65.7	64.9	63.2
Other residents	13 444.6	13 352.9	13 217.3	13 136.5	13 124.0	13 007.8	12 893.7	12 885.2	12 808.1	12 669.6	12 596.6	12 399.3	12 326.6	12 193.2	12 072.0
Holdings of securities other than shares issued by other residents	487.0	489.7	512.3	516.5	487.4	486.1	476.9	451.1	438.0	452.9	464.7	499.3	498.5	493.9	509.4
General government	486.9	489.7	512.2	516.5	487.3	486.0	476.8	451.0	437.9	452.8	464.7	499.2	498.5	493.9	509.3
Other residents	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Holdings of shares and other equity issued by other residents	157.9	163.7	172.4	177.1	190.2	206.0	207.6	211.3	211.3	219.4	225.7	246.5	248.4	250.4	255.9
External assets	8 224.9	8 064.7	8 581.8	8 650.9	8 721.9	8 704.5	8 703.4	9 023.3	8 755.3	8 999.5	9 231.2	9 634.2	9 313.1	9 069.5	9 013.2
Fixed assets	179.7	177.7	167.7	166.4	138.2	125.8	124.8	123.2	121.9	152.0	150.3	152.0	149.2	148.2	147.8
Remaining assets	479.2	479.9	491.4	498.6	498.4	506.6	495.4	526.0	517.1	515.4	522.1	529.4	533.0	534.2	516.7
<b>Total</b>	<b>23 128.3</b>	<b>22 883.0</b>	<b>23 294.9</b>	<b>23 212.8</b>	<b>23 227.0</b>	<b>23 104.5</b>	<b>22 968.0</b>	<b>23 285.8</b>	<b>22 916.9</b>	<b>23 074.9</b>	<b>23 256.2</b>	<b>23 525.3</b>	<b>23 134.6</b>	<b>22 754.3</b>	<b>22 578.3</b>
<b>LIABILITIES</b>															
Currency outside MFIs	653.0	666.5	669.2	713.9	715.3	733.6	750.8	758.5	760.1	776.6	775.5	807.4	790.1	795.8	795.6
Deposits of central government	2 089.1	2 046.4	2 293.3	2 146.3	2 168.8	2 199.6	2 046.2	2 094.5	2 050.6	2 121.9	2 048.5	1 792.7	1 791.5	1 696.1	1 605.4
Deposits of other general government and other residents	5 219.3	5 334.3	5 473.9	5 540.0	5 579.1	5 501.9	5 508.3	5 582.8	5 671.0	5 516.3	5 628.4	5 841.4	5 818.9	5 866.9	5 846.9
Money market fund shares and units	91.4	101.8	98.3	98.4	99.9	98.1	97.5	103.2	94.6	92.3	88.7	81.4	83.4	84.1	85.4
Debt securities issued	119.1	132.2	128.9	128.7	158.8	168.0	168.3	168.3	174.7	172.2	153.7	154.4	152.5	142.3	142.2
Capital and reserves	1 934.5	1 984.9	1 905.3	1 892.0	1 880.9	1 859.4	1 823.0	1 933.6	1 933.5	1 933.3	1 953.2	1 936.8	1 950.7	1 956.2	1 967.2
External liabilities	11 052.7	10 616.5	10 521.5	10 544.7	10 548.6	10 424.9	10 361.3	10 493.9	10 075.4	10 360.0	10 497.2	10 854.0	10 493.3	10 150.7	10 088.7
Remaining liabilities	1 965.2	1 994.4	2 204.3	2 148.0	2 083.1	2 117.3	2 106.2	2 147.3	2 156.7	2 098.8	2 107.2	2 052.3	2 050.9	2 061.4	2 046.6
Excess of inter-MFI liabilities	4.1	6.1	0.1	0.7	-7.5	1.6	106.5	3.8	0.3	3.4	3.8	4.9	3.3	0.8	0.2
<b>Total</b>	<b>23 128.3</b>	<b>22 883.0</b>	<b>23 294.9</b>	<b>23 212.8</b>	<b>23 227.0</b>	<b>23 104.5</b>	<b>22 968.0</b>	<b>23 285.8</b>	<b>22 916.9</b>	<b>23 074.9</b>	<b>23 256.2</b>	<b>23 525.3</b>	<b>23 134.6</b>	<b>22 754.3</b>	<b>22 578.3</b>

**9.a AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING THE BANK OF LATVIA)**

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
MFI reserves	1 171.9	1 359.8	1 461.5	1 506.4	1 482.3	1 526.4	1 567.7	1 664.9	1 740.2	1 730.2	1 776.2	1 817.3	1 618.3	1 664.2	1 645.5
Vault cash in national currency	99.4	101.3	105.0	113.1	103.7	104.7	105.7	106.0	106.7	108.9	113.4	130.6	115.6	114.9	113.7
Deposits with the Bank of Latvia	1 072.4	1 258.5	1 356.5	1 393.2	1 378.6	1 421.7	1 462.0	1 558.9	1 633.4	1 621.3	1 662.7	1 686.7	1 502.7	1 549.3	1 531.9
Foreign assets	4 770.4	4 500.4	4 660.1	4 829.3	4 804.5	4 765.9	4 742.8	4 905.8	4 579.5	4 720.1	4 962.9	5 559.6	5 438.1	5 265.3	5 270.7
Claims on the central government	572.0	574.4	600.5	520.3	491.2	489.6	479.9	454.0	441.0	456.0	467.8	502.3	501.5	496.9	512.4
Loans	85.0	84.7	88.3	3.9	3.9	3.6	3.1	3.1	3.1	3.1	3.1	3.0	3.0	3.0	3.0
Holdings of securities other than shares	486.9	489.7	512.2	516.5	487.3	486.0	476.8	451.0	437.9	452.8	464.7	499.2	498.5	493.9	509.3
Claims on the local government	70.0	69.6	63.8	62.9	63.0	64.2	63.2	62.6	62.1	62.9	62.5	61.5	62.7	61.8	60.2
Loans	70.0	69.6	63.8	62.9	63.0	64.2	63.2	62.6	62.1	62.9	62.5	61.5	62.7	61.8	60.2
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims on the financial institutions	694.3	646.9	608.1	627.8	654.4	641.6	630.7	622.2	615.0	622.4	616.5	610.5	594.4	581.7	574.5
Loans	595.8	548.4	501.4	484.9	490.1	469.8	457.5	448.9	442.0	441.2	429.1	411.6	393.8	379.8	374.1
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of shares and other equity	98.5	98.5	106.7	142.9	164.3	171.7	173.2	173.3	173.0	181.2	187.4	198.9	200.6	201.9	200.5
Claims on public non-financial corporations	405.5	405.8	403.8	407.2	409.4	407.7	410.8	414.4	418.6	425.9	450.9	474.5	476.1	470.8	470.2
Loans	405.5	405.8	403.8	407.2	409.4	407.7	410.8	414.4	418.6	425.9	450.9	474.5	476.1	470.8	470.2
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims on private non-financial corporations	6 437.2	6 418.7	6 364.7	6 291.4	6 272.9	6 212.5	6 145.4	6 167.0	6 131.0	6 042.6	5 983.8	5 820.0	5 808.9	5 736.4	5 667.6
Loans	6 377.8	6 353.4	6 299.0	6 257.1	6 246.9	6 178.2	6 110.9	6 129.0	6 092.7	6 004.2	5 945.5	5 772.3	5 761.1	5 687.8	5 612.0
Holdings of securities other than shares	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Holdings of shares and other equity	59.4	65.2	65.6	34.2	25.9	34.3	34.4	38.0	38.3	38.3	38.3	47.6	47.8	48.5	55.5
Claims on households	6 065.5	6 045.3	6 013.1	5 987.3	5 977.6	5 952.1	5 914.5	5 893.0	5 854.9	5 798.2	5 771.1	5 740.9	5 695.7	5 654.8	5 615.6
Loans	6 065.5	6 045.3	6 013.1	5 987.3	5 977.6	5 952.1	5 914.5	5 893.0	5 854.9	5 798.2	5 771.1	5 740.9	5 695.7	5 654.8	5 615.6
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	146.7	144.9	135.2	134.0	106.0	93.9	92.8	91.4	90.2	120.5	119.0	121.0	118.4	117.6	117.4
Other assets	476.5	476.3	489.3	495.9	497.2	505.2	494.2	524.7	515.7	514.2	520.9	527.6	531.9	532.7	514.9
Claims on resident MFIs	253.6	265.4	252.3	248.2	290.5	197.8	195.8	195.5	242.6	261.8	258.2	284.3	313.7	371.9	377.1
Holdings of MFI securities other than shares	31.2	26.4	28.9	29.3	25.1	24.2	23.5	20.9	21.5	21.6	21.7	21.5	20.5	19.0	18.9
Money market fund shares and units	x	x	x	x	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Holdings of MFI shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>21 094.7</b>	<b>20 934.0</b>	<b>21 081.4</b>	<b>21 140.1</b>	<b>21 074.5</b>	<b>20 881.5</b>	<b>20 761.5</b>	<b>21 016.9</b>	<b>20 712.6</b>	<b>20 776.8</b>	<b>21 011.9</b>	<b>21 541.4</b>	<b>21 180.7</b>	<b>20 973.6</b>	<b>20 845.4</b>



**9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING THE BANK OF LATVIA)**

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Overnight deposits in lats	1 095.0	1 147.5	1 210.9	1 258.2	1 285.7	1 352.4	1 389.6	1 409.4	1 439.8	1 463.0	1 494.5	1 662.7	1 619.7	1 680.9	1 581.5
Financial institutions	57.6	92.0	71.6	81.4	82.8	86.7	88.7	88.6	88.2	87.3	83.5	106.2	106.5	105.8	89.2
Public non-financial corporations	76.6	73.1	93.8	79.4	83.5	93.6	93.5	84.2	67.8	83.8	81.8	87.1	106.9	131.8	99.1
Private non-financial corporations	444.2	440.7	448.0	471.4	496.6	502.3	524.8	566.9	601.3	599.9	616.3	698.8	659.8	673.1	638.7
Households	516.6	541.7	597.5	625.9	622.7	669.8	682.5	669.7	682.5	692.0	712.9	770.5	746.5	770.2	754.6
Time deposits in lats	1 119.1	1 188.7	1 210.2	1 226.1	1 269.5	1 181.1	1 173.2	1 157.1	1 173.6	1 110.6	1 094.5	1 031.3	1 010.8	935.8	972.6
Financial institutions	256.3	265.7	271.9	280.3	284.3	293.1	294.7	293.7	306.1	307.9	302.0	283.7	294.7	257.5	244.7
Public non-financial corporations	231.2	244.7	261.6	275.0	284.4	208.3	206.6	218.7	244.3	213.8	199.7	155.2	159.6	153.5	174.0
Private non-financial corporations	120.6	163.2	181.0	178.1	188.3	181.5	175.9	150.7	136.0	134.5	152.2	165.5	135.7	111.1	148.2
Households	511.0	515.1	495.7	492.7	512.4	498.2	496.0	494.1	487.3	454.4	440.7	426.9	420.7	413.8	405.7
Deposits redeemable at notice in lats	53.2	55.9	57.8	58.9	57.4	58.6	62.6	65.4	67.8	71.7	80.7	80.8	86.8	86.8	95.3
Financial institutions	5.2	5.1	5.7	5.3	5.6	5.9	6.4	7.5	7.5	8.1	7.2	7.2	7.3	7.2	7.2
Public non-financial corporations	0.8	0.9	0.7	0.8	1.1	1.1	1.1	1.0	1.2	1.5	1.5	1.2	1.2	1.2	1.1
Private non-financial corporations	8.6	11.6	11.5	11.2	8.3	7.1	8.7	9.0	9.8	10.7	15.3	16.0	19.2	16.9	16.7
Households	38.7	38.3	39.9	41.6	42.5	44.5	46.4	47.9	49.3	51.4	56.7	56.4	59.1	61.5	70.2
Repos in lats	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency deposits of residents	2 814.5	2 792.7	2 833.0	2 822.4	2 776.3	2 720.7	2 685.0	2 729.7	2 749.1	2 617.2	2 684.0	2 807.9	2 831.7	2 884.0	2 893.1
Financial institutions	368.7	380.5	391.6	396.5	322.2	317.6	324.0	325.8	340.2	190.8	186.4	199.0	198.4	222.9	223.4
Public non-financial corporations	34.6	34.2	82.7	67.6	92.1	44.4	43.5	52.1	55.8	61.0	84.7	114.5	119.8	118.2	124.7
Private non-financial corporations	660.6	641.8	635.0	642.5	641.8	633.3	628.2	670.4	680.3	697.1	740.5	802.4	826.0	857.5	853.6
Households	1 750.5	1 736.1	1 723.7	1 715.8	1 720.2	1 725.3	1 689.2	1 681.5	1 672.7	1 668.2	1 672.4	1 692.0	1 687.6	1 685.5	1 691.5
Deposits of central government	640.8	711.9	715.4	715.5	747.2	798.8	699.2	722.2	723.0	722.2	721.6	711.7	683.5	684.6	674.5
Overnight deposits in lats	5.6	3.9	6.4	5.1	5.9	5.6	6.7	8.0	8.3	10.5	11.7	15.3	13.0	16.7	12.3
Time deposits in lats	18.7	11.8	12.3	14.0	22.8	38.3	35.9	35.6	44.4	42.3	39.8	31.7	33.4	29.8	28.2
Deposits redeemable at notice and repos in lats	0.2	0.1	0.3	0	0	0.1	0.6	0.6	0.6	0.6	0.7	0.1	0.2	0.1	0.3
Foreign currency deposits	616.4	696.2	696.4	696.4	718.5	754.8	655.9	678.0	669.7	668.8	669.4	664.6	636.9	637.9	633.7
Deposits of local government	135.0	147.1	159.8	171.5	186.6	185.0	186.7	201.0	200.6	204.6	218.4	202.0	206.2	211.4	231.9
Overnight deposits in lats	73.4	87.8	97.9	100.3	122.7	120.5	121.6	136.7	134.3	136.0	147.7	140.4	131.3	136.5	154.9
Time deposits in lats	14.3	10.6	10.8	18.3	10.9	10.2	11.3	11.4	14.7	19.9	20.2	16.2	28.3	29.0	30.1
Deposits redeemable at notice and repos in lats	1.6	1.6	1.9	1.9	2.7	4.7	4.3	4.0	4.9	4.6	5.6	3.1	4.3	2.2	3.7
Foreign currency deposits	45.7	47.2	49.2	51.0	50.3	49.7	49.5	48.8	46.7	44.1	45.0	42.2	42.3	43.7	43.1
Transit funds	3.0	3.0	3.0	3.0	x	x	x	x	x	x	x	x	x	x	x

**9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING THE BANK OF LATVIA) (CONT.)**

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Foreign liabilities	11 011.1	10 576.5	10 499.6	10 502.3	10 499.3	10 406.6	10 340.2	10 464.4	10 039.4	10 304.8	10 432.5	10 811.4	10 455.6	10 140.7	10 069.7
Liabilities to the Bank of Latvia	131.7	118.1	117.6	116.3	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	91.4	101.8	98.3	98.4	100.3	98.5	97.9	103.6	94.9	92.7	89.1	81.8	83.8	84.5	85.8
Debt securities issued	150.2	158.6	157.8	158.0	183.8	192.2	191.8	189.2	196.2	193.8	175.4	175.9	173.1	161.4	161.2
Capital and reserves	1 636.5	1 677.4	1 595.2	1 623.6	1 605.7	1 577.9	1 536.9	1 634.6	1 634.9	1 638.6	1 658.8	1 640.1	1 668.0	1 672.2	1 680.6
Residents	391.6	432.5	350.1	378.5	343.0	313.0	272.1	356.8	357.0	354.0	356.7	337.9	365.8	338.1	345.5
Retained earnings of the reporting year	-34.8	-58.3	-131.3	-173.6	-203.1	-244.7	-297.7	-293.0	-307.4	-314.0	-311.1	-339.4	13.4	21.6	36.3
Non-residents	1 244.8	1 244.8	1 245.1	1 245.1	1 262.7	1 264.9	1 264.9	1 277.8	1 277.9	1 284.5	1 302.1	1 302.2	1 302.2	1 334.1	1 335.1
Provisions	1 559.2	1 604.9	1 707.1	1 742.8	1 777.5	1 816.0	1 852.9	1 827.4	1 807.4	1 788.8	1 779.1	1 741.5	1 742.7	1 733.5	1 715.2
Other liabilities (incl. subordinated liabilities)	399.9	383.4	466.7	397.7	302.3	298.4	251.0	317.2	346.6	307.2	324.7	308.8	305.3	325.1	306.7
Liabilities to resident MFIs	254.1	266.5	248.9	245.4	283.0	195.3	294.7	195.8	239.5	261.7	258.5	285.6	313.5	372.7	377.3
<b>TOTAL LIABILITIES</b>	<b>21 094.7</b>	<b>20 934.0</b>	<b>21 081.4</b>	<b>21 140.1</b>	<b>21 074.5</b>	<b>20 881.5</b>	<b>20 761.5</b>	<b>21 016.9</b>	<b>20 712.6</b>	<b>20 776.8</b>	<b>21 011.9</b>	<b>21 541.4</b>	<b>21 180.7</b>	<b>20 973.6</b>	<b>20 845.4</b>
Memo items															
Trust assets	405.1	430.2	422.1	387.5	375.8	533.5	414.5	424.0	439.1	446.9	472.7	408.5	558.5	365.2	392.4
Foreign	294.1	319.7	313.5	295.5	307.8	452.4	330.4	347.1	370.9	375.7	404.8	338.7	490.4	296.4	311.1
Domestic	111.0	110.5	108.6	92.0	68.0	81.1	84.1	76.9	68.2	71.2	67.9	69.7	68.1	68.9	81.3
Trust liabilities	405.1	430.2	422.1	387.5	375.8	533.5	414.5	424.0	439.1	446.9	472.7	408.5	558.5	365.2	392.4
Foreign	348.8	359.0	350.1	316.5	308.7	473.8	354.0	368.6	382.4	391.9	417.5	352.6	504.4	310.5	336.3
Domestic	56.2	71.2	72.0	71.0	67.1	59.8	60.5	55.4	56.7	55.0	55.2	55.9	54.0	54.8	56.2

## 10. MONETARY SURVEY

(at end of period; in millions of lats)

	Currency outside MFIs	Overnight deposits (resident)			Time deposits (resident)			Total (M2X)		
		Households	Financial institutions and private non-financial corporations	Public non-financial corporations	Households	Financial institutions and private non-financial corporations	Public non-financial corporations			
2010										
I	653.0	2 161.9	1 043.9	1 028.9	89.1	2 919.9	1 772.8	893.0	254.1	5 734.8
II	666.5	2 208.9	1 057.4	1 067.3	84.2	2 975.9	1 773.8	933.4	268.7	5 851.3
III	669.2	2 297.3	1 130.0	1 061.1	106.2	3 014.7	1 726.7	955.3	332.7	5 981.2
IV	713.9	2 339.7	1 149.5	1 102.4	87.8	3 025.9	1 726.5	964.3	335.1	6 079.5
V	715.3	2 313.4	1 162.4	1 052.8	98.2	3 075.4	1 735.4	977.1	362.9	6 104.1
VI	733.6	2 410.9	1 242.0	1 062.7	106.2	2 901.9	1 695.8	964.9	241.2	6 046.5
VII	750.8	2 410.6	1 225.8	1 080.4	104.4	2 899.7	1 688.3	971.1	240.3	6 061.1
VIII	758.5	2 427.9	1 208.6	1 124.8	94.5	2 933.8	1 684.6	987.7	261.5	6 120.1
IX	760.1	2 476.6	1 217.5	1 181.3	77.8	2 953.6	1 674.3	988.0	291.3	6 190.3
X	776.6	2 507.2	1 236.0	1 178.1	93.1	2 755.4	1 630.1	858.3	267.0	6 039.1
XI	775.5	2 553.6	1 257.1	1 202.9	93.6	2 800.0	1 625.5	900.6	273.9	6 129.2
XII	807.4	2 782.1	1 334.9	1 347.1	100.1	2 800.6	1 610.9	931.8	257.9	6 390.0
2011										
I	790.1	2 763.3	1 298.9	1 341.4	123.0	2 785.6	1 614.9	906.2	264.5	6 339.1
II	795.8	2 816.9	1 324.3	1 345.4	147.2	2 770.7	1 606.7	906.5	257.5	6 383.3
III	795.6	2 703.0	1 320.8	1 269.9	112.3	2 839.5	1 601.2	951.8	286.5	6 338.2
	Net foreign assets	Net domestic assets						Total (M2X)		
		Credit to residents				Other items (net)				
		General government (net)	Households	Financial institutions and private non-financial corporations	Public non-financial corporations					
2010										
I	-2 827.8	12 020.3	-1 582.2	6 065.5	7 131.5	405.5	-3 457.7	8 562.6	5 734.8	
II	-2 551.9	11 967.3	-1 549.4	6 045.3	7 065.6	405.8	-3 564.1	8 403.2	5 851.3	
III	-1 939.7	11 600.9	-1 788.8	6 013.1	6 972.8	403.8	-3 680.0	7 920.9	5 981.2	
IV	-1 893.8	11 579.2	-1 734.5	5 987.3	6 919.2	407.2	-3 605.9	7 973.3	6 079.5	
V	-1 826.7	11 513.0	-1 801.2	5 977.6	6 927.2	409.4	-3 582.2	7 930.8	6 104.1	
VI	-1 720.4	11 383.1	-1 830.8	5 952.1	6 854.1	407.7	-3 616.2	7 766.9	6 046.5	
VII	-1 658.0	11 411.7	-1 689.7	5 914.5	6 776.1	410.8	-3 692.6	7 719.1	6 061.1	
VIII	-1 470.6	11 317.8	-1 778.8	5 893.0	6 789.2	414.4	-3 727.1	7 590.7	6 120.1	
IX	-1 320.1	11 271.4	-1 748.1	5 854.8	6 746.1	418.6	-3 761.0	7 510.4	6 190.3	
X	-1 360.5	11 081.5	-1 807.6	5 798.2	6 665.0	425.9	-3 681.9	7 399.6	6 039.1	
XI	-1 266.0	11 085.6	-1 736.7	5 771.1	6 600.3	450.9	-3 690.4	7 395.2	6 129.2	
XII	-1 219.8	11 215.1	-1 430.8	5 740.9	6 430.5	474.5	-3 605.3	7 609.8	6 390.0	
2011										
I	-1 180.2	11 141.7	-1 433.4	5 695.7	6 403.3	476.1	-3 622.4	7 519.3	6 339.1	
II	-1 081.1	11 094.8	-1 348.8	5 654.8	6 318.0	470.8	-3 630.4	7 464.4	6 383.3	
III	-1 075.4	11 063.1	-1 264.8	5 615.6	6 242.1	470.2	-3 649.4	7 413.7	6 338.2	

**11.a FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING THE BANK OF LATVIA)**

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Claims on MFIs	2 892.5	2 601.0	2 739.7	2 820.6	2 660.5	2 617.6	2 579.2	2 662.2	2 464.5	2 603.9	2 771.7	3 309.9	3 230.7	2 990.2	2 985.7
Loans															
Overnight	1 496.0	1 412.3	1 655.8	1 559.7	1 418.5	1 588.5	1 477.9	1 684.7	1 487.4	1 310.6	1 631.3	1 916.4	1 833.1	1 706.2	1 707.4
Short-term	863.5	650.9	551.9	800.9	794.7	622.5	704.3	570.7	592.1	905.3	754.7	1 010.4	988.6	908.1	727.8
Long-term	54.6	58.8	56.0	56.7	57.9	32.1	32.1	29.7	29.9	31.1	34.0	25.8	26.9	27.5	189.3
Redeemable at notice	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Holdings of securities other than shares	400.9	401.5	398.5	325.7	311.7	296.4	287.2	314.3	292.1	298.7	293.5	299.9	328.0	296.0	308.6
Holdings of shares and other equity	0.2	0.2	0.3	0.3	0.4	0.8	0.4	0.5	0.5	0.6	0.7	0.7	2.2	0.6	0.7
Other claims	77.2	77.2	77.2	77.2	77.2	77.2	77.2	62.2	62.2	57.5	57.5	56.5	51.7	51.7	51.7
Claims on non-MFIs	1 702.1	1 724.3	1 768.4	1 840.8	1 936.8	1 955.7	1 998.0	2 050.2	1 941.0	1 904.2	1 993.0	2 045.5	2 020.7	2 078.0	2 101.7
Loans															
Short-term	235.9	260.4	318.4	324.1	389.9	397.0	443.4	471.8	430.5	411.3	451.8	471.8	427.1	424.9	437.4
Long-term	1 097.4	1 102.5	1 074.3	1 077.8	1 056.9	1 057.1	1 032.3	1 057.6	994.4	990.2	983.2	984.5	970.2	969.5	944.8
Holdings of securities other than shares															
Government	147.3	138.1	168.0	243.9	270.6	279.1	311.3	304.3	297.3	283.4	339.0	374.1	389.5	446.5	452.4
Private sector	167.7	169.0	152.4	138.5	164.6	167.4	156.4	161.1	164.2	164.7	166.9	165.5	184.5	184.4	214.4
Holdings of shares and other equity	26.8	27.0	27.4	27.3	25.6	25.9	25.3	26.1	25.4	25.4	22.9	21.0	20.4	21.6	21.6
Other claims	26.9	27.5	27.9	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2	28.7	29.0	31.0	31.0
Vault cash in foreign currencies	68.1	67.4	67.9	67.8	75.7	74.1	70.0	81.6	64.1	68.9	66.9	76.2	68.2	69.5	63.5
Other assets															
Other assets	107.7	107.6	84.1	100.1	131.5	118.5	95.6	111.7	109.9	143.2	131.4	128.0	118.5	127.6	119.8
Total foreign assets	4 770.4	4 500.4	4 660.1	4 829.3	4 804.5	4 765.9	4 742.8	4 905.8	4 579.5	4 720.1	4 962.9	5 559.6	5 438.1	5 265.3	5 270.7
Memo items															
Trust assets	294.1	319.7	313.5	295.5	307.8	452.4	330.4	347.1	370.9	375.7	404.8	338.7	490.4	296.4	311.1

## 11.b FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING THE BANK OF LATVIA)

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Liabilities to MFIs</b>															
Overnight	285.3	341.1	385.5	362.1	342.7	396.5	413.7	451.9	563.9	709.6	653.5	446.5	528.1	593.2	653.3
Short-term	410.1	464.8	458.6	439.8	552.5	738.5	687.1	607.7	579.7	696.6	878.8	1 059.0	907.1	616.6	614.5
Long-term	6 507.0	6 134.0	5 719.8	5 676.9	5 881.0	5 561.9	5 528.4	5 491.5	5 229.3	5 088.4	4 899.9	4 953.1	4 885.2	4 820.2	4 697.6
Redeemable at notice	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From which liabilities to associated and affiliated MFIs	5 694.4	5 584.3	5 410.6	5 356.4	5 581.8	5 648.0	5 518.1	5 556.8	5 508.2	5 696.3	5 629.7	5 743.7	5 799.7	5 627.1	5 615.3
<b>Non-MFI deposits</b>															
Overnight	2 064.9	2 023.8	2 069.7	2 306.0	2 340.9	2 353.8	2 412.1	2 506.2	2 320.2	2 374.6	2 539.1	2 840.1	2 738.9	2 766.5	2 767.0
Short-term	884.8	769.1	764.6	750.7	746.1	687.2	626.2	689.3	611.4	625.9	682.9	747.6	634.3	604.2	573.5
Long-term	146.4	147.6	278.2	267.8	335.3	378.8	388.7	385.8	425.9	450.1	456.9	442.8	444.1	450.7	458.1
Redeemable at notice	171.0	173.1	149.7	171.6	172.4	170.2	161.4	178.9	170.1	221.5	169.5	183.0	154.6	154.5	164.3
<b>Other liabilities</b>															
Other liabilities <sup>1</sup>	541.6	523.0	673.5	527.4	128.5	119.6	122.7	153.1	138.9	138.0	151.9	139.2	163.3	134.8	141.5
<b>Total foreign liabilities</b>	<b>11 011.1</b>	<b>10 576.5</b>	<b>10 499.6</b>	<b>10 502.3</b>	<b>10 499.3</b>	<b>10 406.6</b>	<b>10 340.2</b>	<b>10 464.4</b>	<b>10 039.4</b>	<b>10 304.8</b>	<b>10 432.5</b>	<b>10 811.3</b>	<b>10 455.6</b>	<b>10 140.7</b>	<b>10 069.7</b>
<b>Memo items</b>															
Trust liabilities	348.8	359.0	350.1	316.5	308.7	473.8	354.0	368.6	382.4	391.9	417.5	352.6	504.4	310.5	336.3

<sup>1</sup> Including subordinated liabilities.

## 12. COUNTRY BREAKDOWN OF MFI (EXCLUDING THE BANK OF LATVIA) SELECTED FOREIGN ASSETS AND FOREIGN LIABILITIES

(at end of period; in millions of lats)

	2010				2011
	Q1	Q2	Q3	Q4	Q1
Foreign assets <sup>1</sup>	4 592.2	4 691.8	4 515.4	5 483.4	5 207.1
Claims on MFIs	2 263.8	2 243.2	2 109.6	2 952.8	2 624.6
EU	1 617.5	1 690.0	1 545.6	2 173.4	1 995.3
incl. EMU	764.1	794.5	692.1	1 053.8	1 032.2
Other countries	646.3	553.2	564.0	779.4	629.3
Loans to non-MFIs	1 392.7	1 454.1	1 424.9	1 456.3	1 382.3
EU	648.6	667.9	701.3	668.4	634.3
incl. EMU	391.6	402.2	383.0	361.7	372.0
Other countries and international institutions	744.1	786.2	723.6	787.9	748.0
Foreign liabilities <sup>2</sup>	10 499.6	10 406.6	10 039.4	10 811.4	10 069.7
Liabilities to MFIs	6 563.9	6 696.9	6 372.8	6 458.6	5 965.3
EU	5 964.3	6 095.3	5 834.6	5 775.0	5 063.4
incl. EMU	2 475.6	2 483.4	2 458.2	2 267.2	2 098.5
Other countries and international institutions	599.6	601.6	538.2	683.6	901.9
Non-MFI deposits	3 262.2	3 590.1	3 527.6	4 213.6	3 962.9
EU	803.0	939.7	945.1	1 118.8	1 153.7
incl. EMU	395.8	443.5	450.0	493.4	518.5
Other countries and international institutions	2 459.2	2 650.4	2 582.5	3 094.8	2 809.2

<sup>1</sup> Excluding vault cash in foreign currencies.

<sup>2</sup> Excluding capital and reserves.

**13. MATURITY PROFILE OF DEPOSITS OF RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS (IN LATS AND FOREIGN CURRENCIES)**

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Overnight deposits</b>															
Amount	2 161.9	2 209.0	2 297.3	2 339.7	2 313.4	2 410.9	2 410.6	2 427.9	2 476.6	2 507.1	2 553.6	2 782.0	2 763.4	2 816.9	2 703.1
% <sup>1</sup>	42.5	42.6	43.2	43.6	42.9	45.4	45.4	45.3	45.6	47.6	47.7	49.9	49.8	50.4	48.8
<b>Time deposits</b>															
<b>Maturity of 1–6 months</b>															
Amount	1 391.9	1 421.8	1 421.7	1 402.3	1 371.7	1 205.7	1 176.9	1 182.9	1 183.6	994.9	1 030.7	1 043.0	1 002.3	1 003.1	1 062.1
% <sup>1</sup>	27.4	27.4	26.8	26.2	25.5	22.7	22.2	22.1	21.8	18.9	19.3	18.7	18.1	18.0	19.2
<b>Maturity of 6–12 months</b>															
Amount	904.2	921.6	968.7	1 004.5	1 011.9	1 038.0	1 060.0	1 077.3	1 085.4	1 086.8	1 100.1	1 068.7	1 060.6	1 050.2	1 104.4
% <sup>1</sup>	17.8	17.8	18.2	18.7	18.8	19.5	20.0	20.1	20.0	20.7	20.5	19.1	19.1	18.8	19.9
<b>Long-term</b>															
Amount	375.5	385.8	385.1	386.6	465.1	429.1	434.0	446.2	454.5	438.7	419.7	447.7	473.0	474.5	426.0
% <sup>1</sup>	7.4	7.4	7.3	7.2	8.6	8.1	8.2	8.3	8.4	8.3	7.8	8.0	8.5	8.5	7.7
<b>Maturity of 1–2 years</b>															
Amount	217.4	227.0	224.9	224.1	224.0	222.3	230.7	233.2	241.2	245.4	234.4	244.6	252.4	248.6	190.9
% <sup>1</sup>	4.3	4.4	4.2	4.2	4.1	4.2	4.3	4.3	4.4	4.7	4.4	4.4	4.5	4.4	3.4
<b>Maturity of over 2 years</b>															
Amount	158.1	158.9	160.2	162.5	241.1	206.7	203.3	213.0	213.3	193.3	185.3	203.1	220.6	225.9	235.1
% <sup>1</sup>	3.1	3.1	3.0	3.0	4.5	3.9	3.8	4.0	3.9	3.7	3.5	3.6	4.0	4.0	4.2
<b>Deposits redeemable at notice</b>															
<b>Up to 3 months</b>															
Amount	248.2	246.6	239.1	232.3	226.6	229.0	228.8	227.3	230.1	234.9	249.5	241.2	249.6	242.8	247.0
% <sup>1</sup>	4.9	4.8	4.5	4.3	4.2	4.3	4.3	4.2	4.2	4.5	4.7	4.3	4.5	4.3	4.4
<b>Over 3 months</b>															
Amount	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0	0	0	0	0	0.1	0.1	0.1
% <sup>1</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Repos</b>															
Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% <sup>1</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total deposits</b>	<b>5 081.8</b>	<b>5 184.8</b>	<b>5 312.0</b>	<b>5 365.5</b>	<b>5 388.8</b>	<b>5 312.9</b>	<b>5 310.4</b>	<b>5 361.6</b>	<b>5 430.2</b>	<b>5 262.5</b>	<b>5 353.7</b>	<b>5 582.7</b>	<b>5 549.0</b>	<b>5 587.5</b>	<b>5 542.6</b>

<sup>1</sup> As percentage of total deposits of resident financial institutions, non-financial corporations and households.



**14.a DEPOSITS BY FINANCIAL INSTITUTIONS (IN LATS AND FOREIGN CURRENCIES)**

(at end of period; in millions of lats)

Insurance corporations and pension funds									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
<b>2010</b>									
I	63.7	197.4	34.4	26.9	0.2	0	0	322.6	229.8
II	103.6	221.8	35.3	27.3	0.6	0	0	388.6	293.6
III	85.6	219.5	34.6	29.6	0.4	0	0	369.7	276.4
IV	94.8	216.7	30.6	31.2	0.4	0	0	373.8	283.3
V	93.2	226.4	28.9	32.1	0.5	0	0	381.2	291.7
VI	91.8	223.3	28.9	32.3	0.4	0	0	376.7	294.4
VII	82.5	218.6	34.3	32.0	0.5	0	0	368.0	297.7
VIII	87.5	216.0	35.1	34.4	0.5	0	0	373.5	294.5
IX	91.4	227.0	39.2	35.1	0.5	0	0	393.1	302.3
X	88.2	223.4	39.5	40.8	0.5	0	0	392.3	300.0
XI	78.9	219.4	43.8	35.1	0.4	0	0	377.7	292.5
XII	84.3	204.7	48.0	40.1	0.4	0	0	377.5	293.7
<b>2011</b>									
I	87.9	175.8	48.9	35.2	0.5	0	0	348.4	278.7
II	94.2	166.5	46.9	35.4	0.5	0	0	343.6	262.7
III	74.3	152.0	47.2	37.8	0.5	0	0	311.8	235.8
OFIs and financial auxiliaries									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
<b>2010</b>									
I	125.5	197.5	4.3	30.4	7.6	0	0	365.3	89.4
II	125.7	186.4	5.6	30.3	6.7	0	0	354.7	69.2
III	129.8	197.6	5.5	29.7	8.5	0	0	371.1	72.9
IV	138.8	207.8	6.3	29.1	7.5	0	0	389.6	83.6
V	61.6	210.3	6.6	29.5	5.6	0	0	313.6	80.9
VI	62.6	218.7	8.7	30.8	5.9	0	0	326.7	91.4
VII	70.4	226.5	9.7	30.7	8.6	0	0	345.9	92.2
VIII	53.4	237.0	10.7	30.8	10.3	0	0	342.1	95.3
IX	62.8	237.0	10.6	30.8	7.6	0	0	348.8	99.4
X	61.2	89.1	11.4	31.5	8.8	0	0	201.9	103.3
XI	62.2	88.0	10.4	33.0	7.9	0	0	201.5	100.3
XII	67.7	97.6	10.4	34.4	8.5	0	0	218.6	103.4
<b>2011</b>									
I	85.0	98.6	7.5	58.8	8.6	0	0	258.5	129.7
II	72.8	104.0	6.2	59.7	7.2	0	0	249.8	107.9
III	79.7	99.9	5.1	60.8	7.2	0	0	252.7	105.3

## 14.b DEPOSITS BY NON-FINANCIAL CORPORATIONS (IN LATS AND FOREIGN CURRENCIES)

(at end of period; in millions of lats)

Public non-financial corporations									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2010									
I	89.1	249.0	0.3	1.5	3.2	0	0	343.2	308.6
II	84.2	263.5	0.5	1.5	3.3	0	0	352.9	318.7
III	106.2	327.6	1.8	1.5	1.8	0	0	438.9	356.1
IV	87.8	329.8	1.9	1.5	1.9	0	0	422.8	355.3
V	98.2	319.8	2.2	38.8	2.1	0	0	461.1	369.0
VI	106.2	236.9	0.7	1.5	2.1	0	0	347.4	303.0
VII	104.4	236.5	0.8	1.5	1.5	0	0	344.7	301.2
VIII	94.5	257.5	1.0	1.5	1.4	0	0	356.0	303.9
IX	77.8	287.2	1.0	1.5	1.6	0	0	369.1	313.3
X	93.1	262.9	0.9	1.5	1.6	0	0	360.1	299.0
XI	93.6	269.8	0.9	1.5	1.6	0	0	367.5	282.9
XII	100.1	255.1	0.9	0.5	1.4	0	0	358.0	243.5
2011									
I	123.0	260.4	2.3	0.5	1.4	0	0	387.6	267.8
II	147.2	253.5	2.1	0.5	1.4	0	0	404.7	286.5
III	112.3	282.4	2.3	0.5	1.2	0	0	398.8	274.2
Private non-financial corporations									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2010									
I	839.6	319.8	29.4	11.5	33.7	0	0	1 234.1	573.4
II	838.1	340.4	30.3	11.8	36.7	0	0	1 257.3	615.5
III	845.7	353.5	30.5	13.6	32.2	0	0	1 275.6	640.5
IV	868.8	362.2	32.1	13.4	26.8	0	0	1 303.3	660.8
V	897.9	366.9	33.6	13.4	23.2	0	0	1 335.1	693.2
VI	908.3	353.0	26.7	15.0	21.3	0	0	1 324.2	690.9
VII	927.5	349.9	26.2	11.6	22.4	0	0	1 337.6	709.4
VIII	983.9	349.2	24.6	17.4	21.7	0	0	1 396.9	726.5
IX	1 027.1	329.0	28.6	16.8	25.9	0	0	1 427.4	747.1
X	1 028.8	342.3	28.3	17.5	25.4	0	0	1 442.3	745.1
XI	1 061.8	390.0	24.9	14.8	32.9	0	0	1 524.4	783.9
XII	1 195.1	415.1	25.7	17.1	29.7	0	0	1 682.7	880.4
2011									
I	1 168.5	395.8	24.3	17.3	34.8	0	0	1 640.7	814.8
II	1 178.5	403.1	26.6	18.2	32.2	0	0	1 658.5	801.0
III	1 115.9	468.5	23.2	18.5	31.1	0	0	1 657.3	803.6

#### 14.c DEPOSITS BY HOUSEHOLDS (IN LATS AND FOREIGN CURRENCIES)

(at end of period; in millions of lats)

Households									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2010									
I	1 043.9	1 332.3	149.0	87.9	203.5	0.1	0	2 816.7	1 066.2
II	1 057.4	1 331.3	155.3	87.9	199.3	0.1	0	2 831.3	1 095.1
III	1 130.0	1 292.3	152.4	85.8	196.2	0.1	0	2 856.8	1 133.0
IV	1 149.5	1 290.2	153.2	87.3	195.8	0.1	0	2 876.0	1 160.2
V	1 162.4	1 260.1	152.7	127.3	195.3	0.1	0	2 897.8	1 177.6
VI	1 242.0	1 211.8	157.4	127.1	199.4	0	0	2 937.8	1 212.5
VII	1 225.8	1 205.3	159.7	127.5	195.7	0	0	2 914.1	1 224.9
VIII	1 208.6	1 200.4	161.7	128.9	193.5	0	0	2 893.2	1 211.7
IX	1 217.6	1 188.7	161.8	129.1	194.5	0	0	2 891.8	1 219.0
X	1 236.0	1 164.0	165.4	102.0	198.6	0	0	2 866.0	1 197.8
XI	1 257.1	1 163.7	154.3	100.8	206.7	0	0	2 882.6	1 210.3
XII	1 334.9	1 139.2	159.5	111.0	201.1	0	0	2 945.8	1 253.8
2011									
I	1 298.9	1 132.3	169.4	108.8	204.3	0.1	0	2 913.8	1 226.3
II	1 324.3	1 126.2	166.8	112.0	201.6	0.1	0	2 930.9	1 245.4
III	1 320.8	1 163.7	113.0	117.5	206.9	0.1	0	2 922.0	1 230.5

#### 14.d DEPOSITS BY GOVERNMENT AND NON-RESIDENTS (IN LATS AND FOREIGN CURRENCIES)

(at end of period; in millions of lats)

	General government				Non-residents				In lats	
	Central government	Local government	In lats		MFIs	Non-MFIs				
							General government	Other		
2010										
I	640.8	135.0	775.9	113.8	7 202.4	3 267.1	1.9	3 265.2	10 469.5	142.5
II	711.9	147.1	859.0	115.7	6 939.9	3 113.6	1.8	3 111.9	10 053.5	107.0
III	715.4	159.8	875.2	129.6	6 563.9	3 262.2	2.0	3 260.2	9 826.1	105.2
IV	715.5	171.5	887.0	139.6	6 478.8	3 496.1	2.2	3 493.9	9 974.9	135.4
V	747.2	186.6	933.8	165.0	6 776.1	3 594.7	2.2	3 592.5	10 370.8	159.6
VI	798.8	185.0	983.9	179.4	6 696.9	3 590.1	2.0	3 588.1	10 287.0	149.3
VII	699.2	186.7	885.9	180.4	6 629.1	3 588.4	2.9	3 585.5	10 217.5	198.8
VIII	722.2	201.0	923.2	196.3	6 551.1	3 760.2	2.0	3 758.2	10 311.3	180.7
IX	723.0	200.6	923.6	207.1	6 372.8	3 527.6	2.0	3 525.7	9 900.5	189.8
X	722.2	204.6	926.8	214.0	6 494.6	3 672.1	2.4	3 669.7	10 166.7	180.1
XI	721.6	218.4	940.1	225.6	6 432.2	3 848.3	2.4	3 845.9	10 280.5	214.8
XII	711.8	202.0	913.7	206.8	6 458.6	4 213.5	1.5	4 212.0	10 672.1	196.6
2011										
I	683.5	206.2	889.7	210.5	6 320.4	3 971.8	3.6	3 968.2	10 292.3	142.5
II	684.6	211.4	896.0	214.4	6 030.0	3 976.0	2.4	3 973.6	10 006.0	170.1
III	674.5	231.9	906.4	229.6	5 965.3	3 962.9	5.7	3 957.2	9 928.2	160.2

## 15. MATURITY PROFILE OF LOANS TO RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS (IN LATS AND FOREIGN CURRENCIES)

(at end of period; in millions of lats)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Short-term</b>															
Amount	1 772.6	1 773.8	1 802.5	1 777.8	2 152.6	2 146.6	2 217.7	2 264.5	2 277.6	2 220.0	2 142.2	2 059.7	2 063.5	2 055.1	1 999.0
% <sup>1</sup>	13.2	13.3	13.6	13.5	16.4	16.5	17.2	17.6	17.8	17.5	17.0	16.6	16.7	16.8	16.6
<b>Maturity of 1–5 years</b>															
Amount	3 220.8	3 167.9	3 079.0	3 098.2	2 711.8	2 670.5	2 536.7	2 500.8	2 446.4	2 496.6	2 501.4	2 345.8	2 316.1	2 228.6	2 175.0
% <sup>1</sup>	24.0	23.7	23.3	23.6	20.7	20.5	19.7	19.4	19.1	19.7	19.9	18.9	18.8	18.3	18.0
<b>Maturity of over 5 years</b>															
Amount	8 451.1	8 411.1	8 335.8	8 260.5	8 259.6	8 190.6	8 139.2	8 119.9	8 084.1	7 953.0	7 953.0	7 993.8	7 947.1	7 909.5	7 898.0
% <sup>1</sup>	62.8	63.0	63.1	62.9	62.9	63.0	63.1	63.0	63.1	62.8	63.1	64.5	64.5	64.9	65.4
Total loans	13 444.6	13 352.9	13 217.3	13 136.5	13 124.0	13 007.8	12 893.7	12 885.2	12 808.1	12 669.6	12 596.6	12 399.3	12 326.6	12 193.2	12 072.0

<sup>1</sup> As percent of total loans to resident financial institutions, non-financial corporations and households.

## 16.a LOANS TO FINANCIAL INSTITUTIONS AND NON-FINANCIAL CORPORATIONS

(at end of period; in millions of lats)

	Insurance corporations and pension funds			OFIs and financial auxiliaries			Public non-financial corporations				Private non-financial corporations					
	Up to 1 year		In lats	Up to 1 year		In lats	Up to 1 year	1–5 years	Over 5 years	In lats	Up to 1 year	1–5 years	Over 5 years	In lats		
<b>2010</b>																
I	0.1	1.3	0	72.0	594.5	86.1	10.4	49.0	346.1	405.5	13.1	1 238.7	2 238.7	2 900.3	6 377.8	362.4
II	0	1.3	0	32.4	547.1	83.7	9.4	50.7	345.8	405.8	11.1	1 275.5	2 194.8	2 883.1	6 353.4	356.4
III	0	1.3	0	74.9	500.1	73.8	6.6	48.9	348.3	403.8	11.5	1 267.6	2 194.8	2 836.6	6 299.0	354.9
IV	0	1.3	0	69.6	483.6	71.3	6.4	47.8	352.9	407.2	11.1	1 252.0	2 189.6	2 815.5	6 257.1	347.2
V	0.3	1.8	0.3	154.9	488.3	68.3	22.7	32.7	354.0	409.4	11.8	1 484.4	1 905.4	2 857.2	6 246.9	384.8
VI	0	1.5	0	151.3	468.3	64.0	20.8	31.9	355.0	407.7	10.7	1 481.5	1 873.4	2 823.3	6 178.2	362.5
VII	0	1.5	0	154.3	456.0	58.7	20.9	31.2	358.7	410.8	11.0	1 538.2	1 769.6	2 803.0	6 110.9	350.4
VIII	0	1.5	0	156.6	447.4	58.4	21.2	30.4	362.8	414.4	11.0	1 579.9	1 749.5	2 799.5	6 129.0	344.0
IX	0	1.5	0	158.0	440.5	53.6	21.4	29.3	367.8	418.6	10.9	1 596.5	1 709.7	2 786.5	6 092.7	341.0
X	0.9	2.4	0.1	160.4	438.9	51.3	22.0	33.7	370.2	425.9	9.6	1 534.1	1 711.1	2 759.1	6 004.2	335.4
XI	1.1	2.5	0.2	153.0	426.6	50.5	21.6	33.0	396.3	450.9	9.0	1 474.4	1 722.3	2 748.8	5 945.5	337.2
XII	0	1.5	0	146.0	410.2	49.0	42.5	33.7	398.3	474.5	9.3	1 383.6	1 611.2	2 777.5	5 772.3	361.1
<b>2011</b>																
I	0.6	2.0	0	133.2	391.8	46.4	42.0	33.5	400.6	476.1	8.7	1 421.8	1 574.4	2 764.9	5 761.1	406.4
II	0.3	1.7	0.2	153.3	378.1	45.2	34.8	32.7	403.4	470.8	8.9	1 405.0	1 530.0	2 752.8	5 687.8	408.4
III	0	1.4	0	120.4	372.6	42.5	32.9	31.8	405.5	470.2	7.0	1 366.9	1 474.4	2 770.7	5 612.0	411.2

## 16.b LOANS TO HOUSEHOLDS

(at end of period; in millions of lats)

	Households													In lats
	Consumer credit				Lending for house purchase				Other lending					
	Up to 1 year	1–5 years	Over 5 years		Up to 1 year	1–5 years	Over 5 years		Up to 1 year	1–5 years	Over 5 years			
2010														
I	712.2	239.0	162.5	310.7	4 815.7	142.0	384.0	4 289.7	537.7	70.5	143.9	323.3	6 065.5	606.8
II	703.1	234.7	155.7	312.7	4 802.9	145.2	382.4	4 275.2	539.4	76.6	144.0	318.8	6 045.3	596.7
III	703.7	233.5	150.8	319.5	4 792.7	144.7	377.5	4 270.5	516.7	75.2	140.7	300.8	6 013.1	590.6
IV	715.5	231.4	159.7	324.4	4 775.7	147.9	375.0	4 252.7	496.1	70.5	126.9	298.8	5 987.3	582.2
V	675.8	232.9	116.4	326.5	4 768.4	178.7	322.7	4 267.0	533.4	78.6	139.2	315.6	5 977.6	579.2
VI	666.8	228.9	112.0	325.9	4 752.3	182.9	330.5	4 238.9	533.0	81.2	138.1	313.7	5 952.1	570.0
VII	660.3	223.5	112.3	324.5	4 726.1	186.3	325.3	4 214.5	528.1	94.4	125.1	308.6	5 914.5	563.2
VIII	657.6	225.0	109.0	323.6	4 710.4	188.2	322.1	4 200.0	525.0	93.6	123.9	307.5	5 893.0	557.6
IX	650.1	220.8	106.8	322.6	4 684.4	188.2	319.5	4 176.7	520.3	92.7	123.4	304.2	5 854.9	552.8
X	644.3	217.6	103.5	323.3	4 665.8	190.9	316.0	4 158.8	488.1	94.1	121.2	272.8	5 798.2	549.9
XI	638.3	212.4	102.5	323.5	4 647.8	188.6	315.5	4 143.8	485.0	91.2	122.2	271.6	5 771.1	543.8
XII	652.0	224.3	101.6	326.1	4 609.5	175.0	312.0	4 122.5	479.3	88.3	121.2	269.9	5 740.9	547.0
2011														
I	649.1	200.1	124.3	324.6	4 577.2	179.2	302.1	4 096.0	469.5	86.6	119.7	263.1	5 695.7	544.3
II	643.5	196.7	122.8	324.0	4 505.6	167.8	292.6	4 045.1	505.8	97.3	120.6	288.0	5 654.8	538.7
III	642.7	213.1	105.3	324.2	4 472.0	169.0	284.6	4 018.4	500.9	96.6	120.5	283.8	5 615.6	539.0

## 16.c LOANS TO GOVERNMENT AND NON-RESIDENTS

(at end of period; in millions of lats)

	General government				Non-residents						In lats
	Central government	Local government	In lats		MFIs	Non-MFIs			In lats		
						General government	Other				
2010											
I	85.0	70.0	155.0	2.9	2 414.2	1 333.3	0.3	1 333.0	3 747.5	249.0	
II	84.7	69.6	154.4	2.9	2 122.1	1 362.8	0.3	1 362.5	3 484.9	265.4	
III	88.3	63.8	152.1	2.7	2 263.8	1 392.7	0.3	1 392.4	3 656.5	251.3	
IV	3.9	62.9	66.8	2.7	2 417.5	1 401.9	0.3	1 401.5	3 819.3	249.7	
V	3.9	63.0	66.9	2.6	2 271.2	1 446.7	0.3	1 446.4	3 717.9	249.1	
VI	3.6	64.2	67.8	2.4	2 243.2	1 454.1	0.3	1 453.8	3 697.3	282.8	
VII	3.1	63.2	66.3	2.3	2 214.4	1 475.8	0.3	1 475.4	3 690.2	260.8	
VIII	3.1	62.6	65.7	2.2	2 284.8	1 529.4	0.3	1 529.1	3 814.2	240.2	
IX	3.1	62.1	65.1	2.3	2 109.6	1 424.9	0.3	1 424.6	3 534.6	244.0	
X	3.1	62.9	66.0	2.4	2 247.1	1 401.4	0.3	1 401.1	3 648.5	239.0	
XI	3.1	62.5	65.6	2.1	2 420.0	1 435.0	0.3	1 434.6	3 855.0	228.8	
XII	3.0	61.5	64.6	1.7	2 952.8	1 456.3	0.1	1 456.2	4 409.1	237.6	
2011											
I	3.0	62.7	65.7	1.7	2 848.7	1 397.3	0.1	1 397.2	4 246.0	254.9	
II	3.0	61.8	64.9	1.6	2 641.8	1 394.5	0.1	1 394.4	4 036.3	249.2	
III	3.0	60.2	63.2	1.5	2 624.6	1 382.3	0.1	1 382.2	4 006.9	248.9	

## 17. LOANS TO FINANCIAL INSTITUTIONS AND NON-FINANCIAL CORPORATIONS IN THE NATIONAL ECONOMY

(at end of Q1 2011, in millions of lats; structure, %)

	With residual maturity of up to 1 year				With residual maturity of over 1 and up to 5 years				With residual maturity of over 5 years				Total loans			
	Amount	%	Of which in lats	%	Amount	%	Of which in lats	%	Amount	%	Of which in lats	%	Amount	%	Of which in lats	%
<b>Total</b>	2 385.9	100.0	227.5	100.0	2 210.3	100.0	197.8	100.0	1 859.9	100.0	35.0	100.0	6 456.0	100.0	460.3	100.0
<b>A</b> Agriculture, forestry and fishing	105.8	4.4	14.4	6.3	111.2	5.0	11.0	5.6	72.9	3.9	13.5	38.6	289.9	4.5	38.9	8.5
<b>B</b> Mining and quarrying	13.2	0.6	3.9	1.7	7.7	0.3	0.9	0.4	4.2	0.2	0	0	25.1	0.4	4.8	1.0
<b>C</b> Manufacturing	325.0	13.6	48.2	21.2	286.3	13.0	5.3	2.7	280.9	15.1	4.9	14.0	892.2	13.8	58.4	12.7
<b>D</b> Electricity, gas, steam and air conditioning supply	10.3	0.4	3.9	1.7	179.0	8.1	2.5	1.3	56.4	3.0	0.9	2.6	245.7	3.8	7.3	1.6
<b>E</b> Water supply; sewerage, waste management and remediation activities	9.1	0.4	4.3	1.9	8.8	0.4	1.0	0.5	12.9	0.7	0.4	1.1	30.8	0.5	5.7	1.2
<b>F</b> Construction	268.3	11.3	20.2	8.9	130.4	5.9	3.1	1.6	262.9	14.1	2.7	7.7	661.6	10.3	26.0	5.7
<b>G</b> Wholesale and retail trade; repair of motor vehicles and motorcycles	397.9	16.7	49.3	21.7	161.1	7.3	31.2	15.8	153.6	8.3	1.8	5.1	712.5	11.0	82.3	17.9
<b>H</b> Transportation and storage	95.0	4.0	8.9	3.9	155.2	7.0	0.7	0.3	157.6	8.5	0.3	0.9	407.8	6.3	9.9	2.2
<b>I</b> Accommodation and food service activities	44.7	1.9	3.4	1.5	49.9	2.3	3.4	1.7	78.4	4.2	1.5	4.3	173.0	2.7	8.3	1.8
<b>J</b> Information and communication	11.6	0.5	1.5	0.7	36.0	1.6	11.7	5.9	5.9	0.3	0	0	53.5	0.8	13.2	2.9
<b>K</b> Financial and insurance activities	191.2	8.0	41.5	18.2	193.6	8.8	8.7	4.4	29.5	1.6	0.1	0.3	414.2	6.4	50.3	10.9
<b>L</b> Real estate activities	819.2	34.3	20.4	9.0	781.5	35.4	100.0	50.6	559.9	30.1	6.1	17.4	2 160.5	33.5	126.5	27.5
<b>M</b> Professional, scientific and technical activities	7.7	0.3	1.3	0.6	18.6	0.8	14.2	7.2	7.5	0.4	0.1	0.3	33.8	0.5	15.6	3.4
<b>N</b> Administrative and support service activities	21.6	0.9	1.1	0.5	29.8	1.3	1.5	0.8	19.9	1.1	0.3	0.9	71.3	1.1	2.9	0.6
<b>O</b> Public administration and defence; compulsory social security	0.4	0	0.1	0	0.2	0	0	0	53.4	2.9	0.1	0.3	54.0	0.8	0.2	0
<b>P</b> Education	2.4	0.1	0.1	0	1.1	0	0.1	0	1.5	0.1	0	0	5.0	0.1	0.2	0
<b>Q</b> Human health and social work activities	7.8	0.3	0.3	0.1	6.0	0.3	0.5	0.2	7.1	0.4	0.8	2.3	20.9	0.3	1.6	0.4
<b>R</b> Arts, entertainment and recreation	14.3	0.6	0.8	0.4	6.0	0.3	0.6	0.3	23.7	1.3	1.1	3.1	44.0	0.7	2.5	0.5
<b>S</b> Other service activities	40.5	1.7	3.9	1.7	47.9	2.2	1.4	0.7	71.7	3.8	0.4	1.1	160.2	2.5	5.7	1.2

## 18. LENDING TO RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; in millions of lats)

	2010							2011
	I	II	III	IV	Q2 <sup>1</sup>	Q3	Q4	Q1
Commercial credit	2 158.5	2 088.4	1 994.9	1 963.3	1 919.0	1 898.0	1 770.4	1 718.6
Industrial credit	2 058.1	2 073.6	2 183.4	2 192.1	2 194.5	2 170.8	2 112.0	2 114.2
Reverse repo	4.2	3.9	2.5	2.7	3.9	1.0	1.3	1.4
Financial leasing	12.4	12.2	11.8	11.7	11.2	13.4	14.0	18.1
Consumer credit	484.5	472.3	474.2	498.0	496.2	481.7	491.7	433.0
Mortgage loans	7 845.9	7 803.8	7 672.3	7 583.2	7 459.7	7 361.2	7 180.7	6 992.6
Factoring	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5
Transit credit	0.3	0.3	0.3	0.3	x	x	x	x
Other credit	880.3	897.9	877.3	884.7	908.3	875.2	822.9	797.8
<b>Total loans</b>	<b>13 444.6</b>	<b>13 352.9</b>	<b>13 217.3</b>	<b>13 136.5</b>	<b>12 993.2</b>	<b>12 801.7</b>	<b>12 393.5</b>	<b>12 076.2</b>

<sup>1</sup> Starting with June 2010, the data source is the Bank of Latvia's Credit Register providing end-of-quarter data.



## 19.a HOLDINGS OF SECURITIES OTHER THAN SHARES

(at end of period; in millions of lats)

	Securities other than shares								In lats	
	MFIs		General government		Other residents		Non-residents			
		incl. long-term		incl. long-term		incl. long-term		incl. long-term		
2010										
I	31.2	31.2	486.9	264.9	0.1	0.1	715.9	633.6	1 234.1	494.7
II	26.4	26.4	489.7	254.8	0.1	0.1	708.6	613.6	1 224.7	492.7
III	28.9	28.9	512.2	278.2	0.1	0.1	718.9	623.1	1 260.1	512.7
IV	29.3	29.3	516.5	286.6	0.1	0.1	708.1	551.5	1 253.9	519.2
V	25.1	25.1	487.3	247.7	0.1	0.1	747.0	610.8	1 259.4	490.0
VI	24.2	24.2	486.0	249.7	0.1	0.1	742.8	613.5	1 253.2	489.5
VII	23.5	23.5	476.8	257.8	0.1	0.1	755.0	584.4	1 255.4	480.4
VIII	20.9	20.9	451.0	262.5	0.1	0.1	779.8	614.8	1 251.7	451.8
IX	21.5	21.5	437.9	269.1	0.1	0.1	753.5	610.9	1 213.1	438.8
X	21.6	21.6	452.8	283.7	0.1	0.1	746.8	612.0	1 221.2	453.0
XI	21.7	21.7	464.7	282.7	0.1	0.1	799.4	643.5	1 285.8	465.8
XII	21.5	21.5	499.2	282.5	0.1	0.1	839.5	714.5	1 360.4	492.1
2011										
I	20.5	20.5	498.5	286.4	0.1	0.1	902.1	775.1	1 421.1	486.6
II	19.0	19.0	493.9	287.9	0.1	0.1	926.9	760.6	1 439.8	479.9
III	18.9	18.9	509.3	289.4	0.1	0.1	975.4	877.9	1 503.7	495.3

## 19.b HOLDINGS OF SHARES AND OTHER EQUITY

(at end of period; in millions of lats)

	Shares and other equity					In lats
	MFIs		Other residents	Non-residents		
2010						
I		0	157.9	131.1	288.9	186.6
II		0	163.7	131.9	295.6	192.4
III		0	172.4	132.8	305.2	201.8
IV		0	177.1	134.0	311.1	201.2
V		0.4	190.2	132.4	322.9	214.5
VI		0.4	206.0	133.2	339.6	222.7
VII		0.4	207.6	132.0	340.0	223.4
VIII		0.4	211.3	118.1	329.8	212.1
IX		0.4	211.3	117.4	329.1	212.3
X		0.4	219.4	112.8	332.6	208.8
XI		0.4	225.7	110.2	336.3	208.8
XII		0.4	246.5	106.8	353.7	222.7
2011						
I		0.4	248.4	103.3	352.1	219.2
II		0.4	250.4	105.0	355.8	223.0
III		0.4	255.9	105.1	361.4	228.1

## 20.a CURRENCY BREAKDOWN OF RESIDENT DEPOSITS

(at end of period)

	MFIs					Non-MFIs				
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)			
		In lats	In foreign currencies				In lats	In foreign currencies		
			incl. EUR	incl. USD				incl. EUR	incl. USD	
2010										
I	385.8	71.2	28.8	21.3	7.3	5 857.6	40.7	59.3	54.1	4.6
II	384.6	66.4	33.6	24.6	8.8	6 043.9	41.5	58.5	53.4	4.5
III	366.6	69.6	30.4	25.2	5.0	6 187.2	42.2	57.8	52.6	4.6
IV	361.8	72.7	27.3	21.2	5.1	6 252.5	42.9	57.1	51.8	4.6
V	283.0	55.0	45.0	35.7	8.7	6 322.7	43.9	56.1	50.5	4.9
VI	195.3	55.1	44.9	37.0	7.8	6 296.7	44.0	56.0	50.1	5.1
VII	294.7	68.5	31.5	27.3	4.1	6 196.2	45.3	54.7	48.9	5.0
VIII	195.8	59.0	41.0	32.4	8.1	6 284.8	45.0	55.0	49.0	5.2
IX	239.5	47.1	52.9	44.7	6.9	6 353.8	45.5	54.5	48.7	4.9
X	261.7	42.8	57.2	50.0	7.1	6 189.3	46.2	53.8	47.8	5.1
XI	258.5	36.9	63.1	53.2	9.7	6 293.8	46.0	54.0	48.0	5.2
XII	285.6	36.0	64.0	46.7	16.8	6 496.4	45.9	54.1	48.2	5.1
2011										
I	313.5	23.0	77.0	60.3	16.6	6 438.6	45.5	54.5	48.5	5.3
II	372.7	13.7	86.3	67.9	18.3	6 483.5	45.0	55.0	49.1	5.2
III	377.3	19.2	80.8	72.4	7.9	6 449.0	44.6	55.4	49.3	5.3

## 20.b CURRENCY BREAKDOWN OF NON-RESIDENT DEPOSITS

(at end of period)

	MFIs					Non-MFIs				
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)			
		In lats	In foreign currencies				In lats	In foreign currencies		
			incl. EUR	incl. USD				incl. EUR	incl. USD	
2010										
I	7 202.4	1.3	98.7	96.6	0.7	3 267.1	1.6	98.4	37.9	57.2
II	6 939.9	0.8	99.2	96.6	0.9	3 113.6	1.7	98.3	37.6	57.2
III	6 563.9	0.8	99.2	96.4	1.1	3 262.2	1.7	98.3	35.5	59.5
IV	6 478.8	1.0	99.0	96.5	0.9	3 496.1	1.9	98.1	34.4	60.0
V	6 776.1	1.5	98.5	95.8	1.3	3 594.7	1.7	98.3	34.5	60.2
VI	6 696.9	1.3	98.7	95.9	1.3	3 590.1	1.7	98.3	34.8	59.5
VII	6 629.1	2.0	98.0	95.4	1.1	3 588.4	1.9	98.1	34.2	60.2
VIII	6 551.1	1.9	98.1	95.1	1.4	3 760.2	1.5	98.5	33.3	61.2
IX	6 372.8	2.1	97.9	94.9	1.4	3 527.6	1.7	98.3	36.2	57.7
X	6 494.6	1.8	98.2	94.6	1.4	3 672.1	1.7	98.3	36.3	57.5
XI	6 432.2	2.3	97.7	94.3	1.4	3 848.3	1.8	98.2	36.8	56.4
XII	6 458.6	2.0	98.0	94.3	1.4	4 213.5	1.6	98.4	33.2	61.2
2011										
I	6 320.4	1.2	98.8	95.7	1.2	3 971.8	1.7	98.3	34.9	59.3
II	6 030.0	1.9	98.1	94.7	1.5	3 976.0	1.4	98.6	34.5	60.1
III	5 965.3	1.9	98.1	94.1	2.0	3 962.9	1.3	98.7	35.0	59.6

## 20.c CURRENCY BREAKDOWN OF LOANS TO RESIDENTS

(at end of period)

Non-MFIs						
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				
		In lats	In foreign currencies			
				incl. EUR	incl. USD	
2010						
I	13 599.6	7.9	92.1	89.2	2.2	
II	13 507.2	7.8	92.2	89.1	2.4	
III	13 369.4	7.7	92.3	89.2	2.4	
IV	13 203.3	7.7	92.3	89.1	2.4	
V	13 190.9	7.9	92.1	88.8	2.6	
VI	13 075.5	7.7	92.3	88.9	2.6	
VII	12 960.0	7.6	92.4	89.3	2.4	
VIII	12 950.9	7.5	92.5	89.2	2.5	
IX	12 873.2	7.5	92.5	89.4	2.3	
X	12 735.6	7.5	92.5	89.6	2.2	
XI	12 662.2	7.4	92.6	89.6	2.1	
XII	12 463.9	7.8	92.2	89.4	2.0	
2011						
I	12 392.4	8.1	91.9	89.1	1.9	
II	12 258.1	8.2	91.8	89.1	1.8	
III	12 135.2	8.3	91.7	89.1	1.8	

## 20.d CURRENCY BREAKDOWN OF LOANS TO NON-RESIDENTS

(at end of period)

	MFIs					Non-MFIs				
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)			
		In lats	In foreign currencies				In lats	In foreign currencies		
			incl. EUR	incl. USD			incl. EUR	incl. USD		
2010										
I	2 414.2	8.9	91.1	39.8	46.4	1 333.3	2.6	97.4	47.4	49.7
II	2 122.1	10.8	89.2	39.1	44.0	1 362.8	2.6	97.4	45.5	51.6
III	2 263.8	9.5	90.5	34.9	49.4	1 392.7	2.6	97.4	44.0	53.0
IV	2 417.5	8.9	91.1	38.4	46.9	1 401.9	2.5	97.5	43.7	53.4
V	2 271.2	9.5	90.5	36.9	47.1	1 446.7	2.4	97.6	42.1	55.1
VI	2 243.2	10.9	89.1	35.5	46.7	1 454.1	2.7	97.3	41.4	55.5
VII	2 214.4	10.3	89.7	34.4	48.1	1 475.8	2.2	97.8	43.0	52.8
VIII	2 285.2	9.3	90.7	34.5	49.7	1 529.4	1.7	98.3	43.6	52.4
IX	2 109.6	10.1	89.9	35.3	47.1	1 424.9	2.2	97.8	45.0	50.8
X	2 247.1	9.7	90.3	37.5	45.8	1 401.4	1.5	98.5	45.5	50.9
XI	2 420.0	8.6	91.4	36.4	48.6	1 435.0	1.5	98.5	43.9	52.4
XII	2 952.8	7.3	92.7	40.7	47.1	1 456.3	1.5	98.5	42.0	54.3
2011										
I	2 848.7	8.2	91.8	39.6	46.3	1 397.3	1.5	98.5	43.8	52.3
II	2 641.8	8.6	91.4	40.0	45.7	1 394.5	1.6	98.4	43.9	51.9
III	2 624.6	8.5	91.5	36.4	48.9	1 382.3	1.9	98.1	43.8	51.7

## 20.e CURRENCY BREAKDOWN OF HOLDINGS OF RESIDENT SECURITIES OTHER THAN SHARES

(at end of period)

	MFIs					Non-MFIs					
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)				
		In lats	In foreign currencies				In lats	In foreign currencies			
			incl. EUR	incl. USD				incl. EUR	incl. USD		
2010											
I	31.2	22.6	77.4	75.2	2.2	487.0	98.3	1.7	1.7	0	
II	26.4	26.3	73.7	70.9	2.7	489.7	97.4	2.6	2.6	0	
III	28.9	24.7	75.3	72.8	2.5	512.3	97.0	3.0	3.0	0	
IV	29.3	24.8	75.2	72.7	2.5	516.5	98.1	1.9	1.9	0	
V	25.1	29.1	70.9	67.7	2.5	487.4	98.1	1.9	1.9	0	
VI	24.2	29.9	70.1	66.7	3.4	486.1	98.2	1.8	1.8	0	
VII	23.5	31.7	68.3	65.0	3.3	476.9	98.2	1.8	1.8	0	
VIII	20.9	23.1	76.9	73.1	3.8	451.1	98.0	2.0	2.0	0	
IX	21.5	22.7	77.3	73.9	3.5	438.0	97.9	2.1	2.1	0	
X	21.6	22.5	77.5	74.1	3.4	452.9	97.7	2.3	2.3	0	
XI	21.7	22.7	77.3	74.4	2.9	464.7	97.5	2.5	2.5	0	
XII	21.5	22.8	77.2	74.3	2.9	499.3	97.6	2.4	2.4	0	
2011											
I	20.5	19.7	80.3	77.4	2.9	498.5	96.8	3.2	3.2	0	
II	19.0	20.8	79.2	75.3	3.9	493.9	96.4	3.6	3.6	0	
III	18.9	21.0	79.0	75.1	3.9	509.4	96.5	3.5	3.5	0	

## 20.f CURRENCY BREAKDOWN OF HOLDINGS OF NON-RESIDENT SECURITIES OTHER THAN SHARES

(at end of period)

	MFIs					Non-MFIs					
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)				
		In lats	In foreign currencies				In lats	In foreign currencies			
			incl. EUR	incl. USD				incl. EUR	incl. USD		
2010											
I	400.9	2.2	97.8	65.7	31.1	315.0	0	100.0	24.5	70.1	
II	401.5	2.2	97.8	66.6	30.6	307.0	0	100.0	22.6	71.6	
III	398.5	2.1	97.9	62.1	34.8	320.4	0	100.0	24.5	69.9	
IV	325.7	1.6	98.4	54.4	42.7	382.4	0	100.0	34.5	61.0	
V	311.7	1.5	98.5	46.9	34.8	435.3	0	100.0	32.4	68.2	
VI	296.4	1.6	98.4	45.3	51.5	446.5	0	100.0	34.3	61.9	
VII	287.2	1.7	98.3	47.6	49.3	467.8	0	100.0	32.6	64.0	
VIII	314.3	1.6	98.4	41.3	55.5	465.4	0	100.0	35.9	60.9	
IX	292.1	1.7	98.3	47.4	49.3	461.4	0	100.0	37.9	59.0	
X	298.7	1.9	98.1	46.7	49.4	448.1	0	100.0	35.9	60.1	
XI	293.5	2.7	97.3	46.8	48.6	505.9	0	100.0	39.6	56.9	
XII	299.9	0	100.0	46.2	51.8	539.6	0	100.0	32.3	63.4	
2011											
I	328.0	0	100.0	43.6	54.4	574.0	0	100.0	30.4	65.5	
II	296.0	0	100.0	45.1	52.7	630.9	0	100.0	28.2	66.9	
III	308.6	0	100.0	45.8	51.8	666.7	0	100.0	36.9	58.1	

**20.g CURRENCY BREAKDOWN OF DEBT SECURITIES ISSUED BY MFIs**

(at end of period)

	Outstanding amount (all currencies; in millions of lats)	Structure (%)	
		In lats	In foreign currencies
2010			
I	150.2	8.7	91.3
II	158.6	8.2	91.8
III	157.8	8.2	91.8
IV	158.0	8.2	91.8
V	183.8	8.3	91.7
VI	192.2	7.9	92.1
VII	191.8	7.9	92.1
VIII	189.2	6.5	93.5
IX	196.2	6.2	93.8
X	193.8	6.3	93.7
XI	175.4	7.0	93.0
XII	175.9	7.0	93.0
2011			
I	173.1	5.8	94.2
II	161.4	6.2	93.8
III	161.2	6.2	93.8

**21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS**

(%)

1. Interest rates on deposits (new business)											
	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight <sup>1</sup>	With agreed maturity			Redeemable at notice <sup>1,2</sup>		Overnight <sup>1</sup>	With agreed maturity			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
2010											
I	1.10	9.81	12.66	10.83	3.08	x	0.61	4.05	7.93	x	-
II	0.95	6.74	7.75	6.70	2.73	x	0.46	3.54	6.96	x	-
III	0.69	5.18	9.03	9.10	2.20	x	0.44	2.61	7.40	x	-
IV	0.58	4.12	6.83	6.07	1.90	x	0.33	1.24	6.35	x	-
V	0.58	3.22	6.42	5.36	1.77	x	0.28	0.97	4.53	4.18	-
VI	0.64	3.36	6.33	6.13	1.82	x	0.29	1.01	3.84	4.27	-
VII	0.79	3.11	5.26	4.60	1.88	x	0.28	0.70	4.58	4.88	-
VIII	0.68	3.08	4.91	4.64	1.60	x	0.24	0.89	4.60	4.50	-
IX	0.77	2.25	4.98	5.68	1.62	x	0.21	0.74	4.43	3.61	-
X	0.55	1.89	4.30	4.65	1.56	x	0.25	0.58	3.50	1.43	-
XI	0.46	1.58	4.07	4.46	1.27	x	0.21	0.44	2.84	4.73	-
XII	0.28	1.87	3.94	4.38	1.41	x	0.16	0.36	3.65	3.78	-
2011											
I	0.28	1.90	3.97	4.00	1.34	x	0.14	0.29	2.22	3.29	-
II	0.25	1.09	3.80	3.21	1.40	x	0.15	0.26	1.18	2.16	-
III	0.26	0.43	3.33	3.69	0.39	x	0.13	0.44	2.62	x	-

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS (CONT.)**

(%)

2. Interest rates on loans to households (new business)													
	Bank overdraft <sup>1</sup>	Revolving loans and overdraft <sup>1</sup>	Extended credit card credit <sup>1</sup>	Lending for house purchase					Consumer credit			Other lending by initial rate fixation	
				By initial rate fixation				Annual percentage rate of charge <sup>2</sup>	By initial rate fixation		Annual percentage rate of charge <sup>2</sup>	Floating rate and up to 1 year	Over 1 year
				Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 year			
2010													
I	24.95	x	x	12.16	x	x	x	8.37	19.47	24.13	21.69	21.69	0.56
II	24.82	x	x	12.22	x	x	x	9.44	19.73	21.52	20.78	4.26	1.01
III	24.04	x	x	9.12	9.28	x	x	8.46	20.75	22.42	22.22	0.65	1.52
IV	24.19	x	x	8.04	x	8.20	x	9.02	20.86	22.56	22.19	9.61	4.02
V	24.14	x	x	7.26	x	x	x	7.65	21.17	22.64	22.23	8.59	14.94
VI	x	18.82	21.47	7.95	x	–	x	9.16	21.49	23.59	19.98	6.87	15.31
VII	x	21.99	22.16	10.84	8.31	–	x	10.36	19.53	23.94	19.52	8.73	11.79
VIII	x	22.08	22.53	7.05	x	–	–	7.44	21.38	21.52	19.42	6.77	14.31
IX	x	21.90	21.41	11.27	x	–	x	10.46	21.44	20.49	19.33	7.01	13.15
X	x	21.77	20.46	6.59	x	x	–	7.22	22.90	19.97	23.10	4.38	11.16
XI	x	21.67	20.62	4.12	x	–	–	4.93	21.77	17.37	22.10	8.73	13.51
XII	x	21.48	20.59	4.49	x	–	–	5.81	22.81	15.89	21.59	8.08	11.10
2011													
I	x	23.97	20.46	4.94	8.00	x	–	6.02	23.09	19.05	22.40	8.12	12.78
II	x	23.96	20.41	4.26	7.90	3.27	–	5.83	23.50	19.73	22.92	5.30	12.53
III	x	23.69	20.41	5.46	7.19	x	x	5.86	23.92	19.79	24.38	4.76	11.79

<sup>1</sup> End-of-period.

<sup>2</sup> The annual percentage rate of charge covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.



**21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS (CONT.)**

(%)

3. Interest rates on loans to non-financial corporations (new business)									
	Bank overdraft <sup>1</sup>	Revolving loans and overdraft <sup>1</sup>	Extended credit card credit <sup>1</sup>	Other loans up to 0.25 million euro (0.2 million euro until 01.06.2010) by initial rate fixation		Other loans over 0.25 million euro (0.2 million euro until 01.06.2010) and up to 1 million euro by initial rate fixation		Other loans over 1 million euro by initial rate fixation	
				Floating rate and up to 1 year	Over 1 year	Floating rate and up to 1 year	Over 1 year	Floating rate and up to 1 year	Over 1 year
2010									
I	12.82	x	x	13.43	9.69	x	x	–	–
II	13.96	x	x	14.75	9.79	7.40	x	x	–
III	7.15	x	x	12.98	9.79	x	–	3.78	x
IV	6.32	x	x	10.78	x	x	x	x	x
V	6.13	x	x	11.37	x	x	–	x	x
VI	x	4.26	15.91	9.25	7.86	–	5.12	x	9.40
VII	x	4.13	17.41	9.17	8.06	–	–	x	x
VIII	x	3.98	18.86	7.54	x	x	–	x	–
IX	x	4.04	19.35	8.00	x	6.04	x	x	–
X	x	4.10	19.82	6.81	x	x	x	x	–
XI	x	4.03	20.30	6.53	9.25	5.51	–	x	–
XII	x	3.75	20.28	8.21	7.22	5.34	x	3.96	9.27
2011									
I	x	3.59	20.24	7.95	x	x	–	x	x
II	x	3.54	20.93	5.88	8.18	5.50	–	x	–
III	x	3.39	22.85	6.04	7.60	4.04	x	x	–

<sup>1</sup> End-of-period.

**21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS (CONT.)**

(%)

4. Interest rates on deposits (outstanding amounts)									
	Households					Non-financial corporations			Repos
	Overnight <sup>1</sup>	With agreed maturity		Redeemable at notice <sup>1,2</sup>		Overnight <sup>1</sup>	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
2010									
I	1.10	10.61	9.15	3.08	x	0.61	9.46	6.16	–
II	0.95	10.85	9.28	2.73	x	0.46	8.18	6.15	–
III	0.69	10.36	9.30	2.20	x	0.44	6.61	6.13	–
IV	0.58	9.49	9.26	1.90	x	0.33	5.38	6.18	–
V	0.58	9.11	9.56	1.77	x	0.28	4.24	6.26	–
VI	0.64	8.32	11.16	1.82	3.65	0.29	4.03	5.94	–
VII	0.79	7.64	11.15	1.88	3.64	0.28	3.55	5.89	–
VIII	0.68	7.05	4.08	1.60	3.67	0.24	3.31	5.30	–
IX	0.77	6.61	4.07	1.62	4.19	0.21	3.13	4.88	–
X	0.55	6.33	5.68	1.56	3.51	0.25	3.20	4.46	–
XI	0.46	5.90	5.58	1.27	3.50	0.21	2.92	4.80	–
XII	0.28	4.57	5.50	1.41	2.92	0.16	2.46	4.51	–
2011									
I	0.28	3.87	5.46	1.34	2.49	0.14	2.32	4.47	–
II	0.25	3.52	5.43	1.40	2.49	0.15	2.23	4.14	–
III	0.26	3.28	5.40	0.39	2.06	0.13	1.52	3.95	–

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS (CONT.)**

(%)

5. Interest rates on loans (outstanding amounts)									
	Loans to households						Loans to non-financial corporations		
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity <sup>1</sup>			With maturity <sup>1</sup>		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year <sup>2</sup>	Over 1 and up to 5 years	Over 5 years	Up to 1 year <sup>2</sup>	Over 1 and up to 5 years	Over 5 years
2010									
I	5.89	10.00	8.62	23.19	20.12	12.78	11.99	8.00	7.62
II	5.83	9.07	7.55	22.97	19.92	12.24	12.75	7.03	6.98
III	5.62	8.20	6.89	22.33	19.77	11.97	7.47	5.60	5.93
IV	52.23	7.25	6.44	22.83	19.76	11.37	6.36	5.32	5.47
V	51.96	6.87	6.23	23.38	20.03	11.26	6.10	4.71	5.24
VI	7.71	7.07	6.17	22.63	18.25	10.35	5.65	5.49	5.05
VII	7.87	6.90	6.09	23.63	18.52	8.88	4.74	6.73	4.96
VIII	7.89	6.81	5.90	24.05	20.60	9.77	4.80	6.26	4.83
IX	7.20	5.69	5.75	24.19	20.82	9.73	4.42	5.95	4.65
X	6.93	5.60	5.68	23.61	20.71	9.66	4.85	5.71	4.63
XI	8.61	5.60	5.54	23.64	20.77	9.43	4.61	5.52	4.36
XII	7.75	5.51	5.45	23.82	20.80	9.60	4.48	5.29	4.41
2011									
I	8.23	5.67	5.37	24.30	21.08	9.25	4.06	5.26	4.51
II	8.34	6.11	5.32	24.60	21.12	9.08	3.98	5.25	4.55
III	7.08	6.20	5.27	24.81	19.42	9.01	4.25	5.21	4.45

<sup>1</sup> Including revolving loans, overdrafts, and extended and convenience credit card credit.

<sup>2</sup> Including bank overdraft.

**21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO**

(%)

1. Interest rates on deposits (new business)											
	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight <sup>1</sup>	With agreed maturity			Redeemable at notice <sup>1,2</sup>		Overnight <sup>1</sup>	With agreed maturity			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
2010											
I	0.68	2.35	6.03	6.07	1.56	x	0.21	1.51	2.65	3.82	–
II	0.60	1.81	5.39	4.30	1.30	x	0.20	0.71	3.49	4.67	–
III	0.57	1.46	4.68	5.71	1.09	x	0.22	0.91	2.54	x	–
IV	0.52	1.75	4.22	5.19	1.03	x	0.20	1.11	4.32	3.01	–
V	0.52	1.45	4.66	4.72	0.98	x	0.19	0.74	2.63	1.79	–
VI	0.54	1.86	4.55	4.12	0.99	x	0.24	0.84	3.04	x	–
VII	0.54	1.96	4.62	3.52	0.96	x	0.24	0.80	4.36	x	–
VIII	0.49	1.97	4.19	4.17	0.95	x	0.22	0.62	3.71	2.91	–
IX	0.48	1.76	4.29	5.17	0.95	x	0.31	0.69	2.85	2.57	–
X	0.48	1.65	3.73	4.59	0.97	x	0.31	0.92	2.41	2.26	–
XI	0.43	1.56	4.23	3.16	0.84	x	0.24	0.79	2.11	4.00	–
XII	0.41	2.14	4.75	5.01	0.86	x	0.22	0.87	5.53	x	–
2011											
I	0.52	1.87	4.13	4.76	0.78	x	0.46	0.99	2.69	1.22	–
II	0.45	1.62	3.52	3.89	0.79	x	0.30	0.84	1.92	x	–
III	0.43	1.52	2.97	3.10	0.60	x	0.34	0.87	3.11	1.94	–

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.b** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)

(%)

2. Interest rates on loans to households (new business)													
	Bank overdraft <sup>1</sup>	Revolving loans and overdraft <sup>1</sup>	Extended credit card credit <sup>1</sup>	Lending for house purchase					Consumer credit			Other lending by initial rate fixation	
				By initial rate fixation				Annual percentage rate of charge <sup>2</sup>	By initial rate fixation		Annual percentage rate of charge <sup>2</sup>	Floating rate and up to 1 year	Over 1 year
				Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 year			
2010													
I	5.06	x	x	3.53	6.43	7.54	7.04	4.03	10.94	20.89	23.47	5.08	9.23
II	4.45	x	x	3.72	5.41	7.06	6.31	3.96	12.37	21.17	19.14	7.23	7.63
III	4.71	x	x	3.67	6.24	7.00	x	4.33	11.25	21.90	23.43	5.36	x
IV	4.59	x	x	3.48	5.77	7.42	6.41	4.14	9.28	21.72	21.32	4.99	x
V	9.12	x	x	3.40	6.67	6.89	6.32	3.95	9.86	23.22	22.30	5.41	9.23
VI	x	5.95	20.60	3.48	6.45	5.46	4.39	4.46	9.64	18.55	25.37	5.46	6.59
VII	x	5.43	26.18	4.01	6.79	7.10	x	4.53	10.82	21.37	24.15	5.88	8.60
VIII	x	4.50	31.39	3.42	6.54	6.53	x	3.80	10.49	24.73	28.84	4.86	7.08
IX	x	4.63	30.23	3.55	6.61	4.80	x	3.88	15.18	23.35	25.44	4.35	5.31
X	x	4.68	29.26	3.58	6.48	x	6.11	3.91	15.50	21.31	17.58	4.31	9.72
XI	x	4.65	31.78	3.60	6.69	5.75	5.36	3.95	14.71	16.04	16.05	4.58	4.51
XII	x	4.71	31.58	3.79	6.39	x	x	4.15	16.77	17.91	18.89	3.94	5.70
2011													
I	x	5.79	31.14	3.70	6.66	x	x	3.99	16.11	29.80	15.33	5.61	12.70
II	x	5.69	31.32	4.03	6.41	3.88	x	4.28	14.30	35.12	18.87	4.76	x
III	x	5.69	30.78	3.80	5.59	5.80	x	4.02	17.33	33.16	19.17	5.74	x

<sup>1</sup> End-of-period.

<sup>2</sup> The annual percentage rate of charge covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

**21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)**

(%)

3. Interest rates on loans to non-financial corporations (new business)										
	Bank overdraft <sup>1</sup>	Revolving loans and overdraft <sup>1</sup>	Extended credit card credit <sup>1</sup>	Other loans up to 0.25 million euro (0.2 million euro until 01.06.2010) by initial rate fixation		Other loans over 0.25 million euro (0.2 million euro until 01.06.2010) and up to 1 million euro by initial rate fixation		Other loans over 1 million euro by initial rate fixation		
				Floating rate and up to 1 year	Over 1 year	Floating rate and up to 1 year	Over 1 year	Floating rate and up to 1 year	Over 1 year	
2010										
I	4.42	x	x	6.43	9.73	4.73	x	4.39	x	
II	4.45	x	x	6.26	8.50	6.09	8.78	4.43	6.77	
III	3.95	x	x	6.61	8.45	5.84	7.21	4.82	x	
IV	3.76	x	x	6.91	9.91	11.46	4.53	4.30	6.58	
V	3.87	x	x	5.90	8.52	6.59	7.16	4.16	x	
VI	x	4.42	11.15	7.12	14.22	5.35	5.19	2.94	x	
VII	x	4.80	12.30	6.59	8.27	5.88	5.30	4.32	4.28	
VIII	x	4.73	16.16	6.83	9.27	5.75	2.34	4.38	x	
IX	x	4.90	16.58	6.27	7.65	6.01	3.82	4.42	2.80	
X	x	4.78	16.86	5.98	6.73	5.51	5.02	4.33	6.55	
XI	x	4.57	19.15	6.07	6.62	5.57	6.60	3.61	4.60	
XII	x	4.62	19.41	5.70	8.48	5.88	5.66	4.01	6.07	
2011										
I	x	4.63	20.08	5.60	6.12	4.94	4.11	3.38	4.95	
II	x	4.56	20.43	6.22	9.49	5.68	4.29	5.10	–	
III	x	4.56	26.22	5.89	8.35	5.39	4.86	4.72	2.84	

<sup>1</sup> End-of-period.

**21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)**

(%)

4. Interest rates on deposits (outstanding amounts)										
	Households						Non-financial corporations			Repos
	Overnight <sup>1</sup>	With agreed maturity		Redeemable at notice <sup>1,2</sup>		Overnight <sup>1</sup>	With agreed maturity			
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years		
2010										
I	0.68	4.16	4.37	1.56	x	0.21	3.04	4.60	–	
II	0.60	4.10	4.39	1.30	x	0.20	2.94	4.43	–	
III	0.57	4.02	4.37	1.09	x	0.22	2.45	4.09	–	
IV	0.52	3.84	4.40	1.03	x	0.20	2.39	3.96	–	
V	0.52	3.78	4.57	0.98	x	0.19	2.35	5.41	–	
VI	0.54	3.63	6.20	0.99	2.13	0.24	2.32	3.91	–	
VII	0.54	3.53	6.15	0.96	2.18	0.24	2.15	4.01	–	
VIII	0.49	3.49	6.11	0.95	3.55	0.22	2.11	5.15	–	
IX	0.48	3.43	6.25	0.95	3.55	0.31	2.06	5.63	–	
X	0.48	3.41	6.27	0.97	4.01	0.31	1.96	6.90	–	
XI	0.43	3.34	6.34	0.84	4.00	0.24	1.90	7.05	–	
XII	0.41	3.09	6.11	x	3.56	0.22	1.94	5.99	–	
2011										
I	0.52	2.93	6.33	x	2.86	0.46	1.85	5.93	–	
II	0.45	2.78	6.28	x	2.86	0.30	1.77	5.81	–	
III	0.43	2.86	6.12	0.60	2.51	0.34	1.71	5.78	–	

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)**

(%)

5. Interest rates on loans (outstanding amounts)										
	Loans to households						Loans to non-financial corporations			
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity <sup>1</sup>			With maturity <sup>1</sup>			
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year <sup>2</sup>	Over 1 and up to 5 years	Over 5 years	Up to 1 year <sup>2</sup>	Over 1 and up to 5 years	Over 5 years	
2010										
I	10.14	5.40	3.76	5.40	6.15	4.81	4.27	4.22	3.33	
II	13.74	5.33	3.75	4.79	6.19	4.83	4.45	4.27	3.32	
III	8.05	5.30	3.72	5.00	6.44	5.30	3.98	4.23	3.34	
IV	17.59	5.25	3.70	4.96	6.54	5.26	3.96	4.21	3.36	
V	20.58	5.20	3.68	8.32	6.60	5.23	4.02	4.14	3.37	
VI	7.95	5.12	3.69	11.21	6.84	5.17	4.70	4.10	3.35	
VII	7.71	5.10	3.69	8.07	7.36	5.14	4.59	4.19	3.40	
VIII	6.47	5.12	3.68	7.60	7.60	5.22	4.60	4.37	3.50	
IX	6.89	5.10	3.72	7.55	7.70	5.23	5.13	4.36	3.52	
X	5.95	5.14	3.73	7.24	7.83	5.25	4.89	4.37	3.56	
XI	6.87	5.17	3.76	7.42	7.87	5.34	4.83	4.43	3.53	
XII	4.70	5.13	3.77	9.48	8.05	5.41	5.70	4.42	3.60	
2011										
I	5.03	5.19	3.78	9.23	8.25	5.39	4.98	4.43	3.60	
II	4.50	5.21	3.77	8.77	8.19	5.46	4.94	4.46	3.62	
III	16.75	5.21	3.79	9.07	8.24	5.48	5.64	4.52	3.64	

<sup>1</sup> Including revolving loans, overdrafts, and extended and convenience credit card credit.

<sup>2</sup> Including bank overdraft.

**21.c WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS**

(%)

1. Interest rates on deposits (new business)												
	Deposits from households						Deposits from non-financial corporations				Repos	
	Overnight <sup>1</sup>	With agreed maturity			Redeemable at notice <sup>1,2</sup>		Overnight <sup>1</sup>	With agreed maturity				
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years		
2010												
I	0.25	1.62	5.34	5.12	1.45	x	0.11	0.82	x	–	–	–
II	0.25	1.18	3.03	6.16	1.51	x	0.08	0.59	x	–	–	–
III	0.23	1.24	4.83	3.69	1.45	x	0.08	0.37	x	–	–	–
IV	0.29	1.24	4.72	5.60	1.44	x	0.09	0.39	–	–	–	–
V	0.25	1.04	4.97	5.43	1.40	x	0.06	0.34	x	x	–	–
VI	0.26	1.47	4.70	4.55	2.28	x	0.15	0.65	x	x	–	–
VII	0.24	1.63	4.62	5.15	2.29	x	0.11	0.33	–	–	–	–
VIII	0.24	1.45	4.98	5.15	2.25	x	0.09	0.34	–	x	–	–
IX	0.20	0.90	4.64	5.42	2.22	1.10	0.07	0.27	x	–	–	–
X	0.18	1.12	3.96	4.08	2.13	x	0.06	0.18	x	–	–	–
XI	0.18	0.89	4.09	4.51	2.13	x	0.06	0.18	–	–	–	–
XII	0.22	1.18	5.46	5.92	2.13	x	0.08	0.17	–	–	–	–
2011												
I	0.21	1.28	3.76	4.01	2.09	x	0.08	0.12	–	–	–	–
II	0.19	0.70	4.14	4.15	2.07	x	0.09	0.12	–	–	–	–
III	0.19	0.37	2.49	3.68	0.39	x	0.07	0.12	x	–	–	–

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.c WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)**

(%)

2. Interest rates on loans to households (new business)													
	Bank overdraft <sup>1</sup>	Revolving loans and overdraft <sup>1</sup>	Extended credit card credit <sup>1</sup>	Lending for house purchase					Consumer credit			Other lending by initial rate fixation	
				By initial rate fixation				Annual percentage rate of charge <sup>2</sup>	By initial rate fixation		Annual percentage rate of charge <sup>2</sup>	Floating rate and up to 1 year	Over 1 year
				Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 year			
2010													
I	12.57	x	x	3.27	x	–	x	3.32	21.09	–	22.01	3.66	–
II	12.21	x	x	5.05	x	–	x	4.91	21.21	x	22.61	4.68	x
III	12.49	x	x	4.24	x	–	x	4.95	19.13	x	20.02	4.67	8.72
IV	12.63	x	x	3.39	x	x	x	3.62	20.82	–	22.26	5.26	x
V	14.19	x	x	5.13	11.07	x	x	4.09	20.91	–	22.12	5.82	x
VI	x	13.74	18.72	5.27	–	x	x	4.77	18.49	–	15.02	5.49	x
VII	x	18.81	23.76	3.56	–	x	x	3.71	15.75	x	15.77	6.10	x
VIII	x	20.84	18.38	3.65	–	x	–	4.04	20.84	–	23.83	6.38	x
IX	x	19.76	23.70	7.50	x	–	–	9.00	20.19	x	29.88	3.73	x
X	x	12.16	23.84	4.52	x	x	–	4.82	x	x	25.19	x	x
XI	x	18.32	24.95	4.54	x	x	–	5.53	20.68	–	25.64	x	x
XII	x	16.86	24.56	6.10	–	–	–	6.07	19.70	–	16.10	5.64	x
2011													
I	x	20.78	25.21	3.72	–	–	–	3.74	x	–	19.32	x	–
II	x	20.29	25.79	3.06	x	–	–	3.23	17.23	x	14.08	5.41	x
III	x	20.04	24.99	4.39	x	–	–	4.54	19.94	–	20.78	7.11	x

<sup>1</sup> End-of-period.

<sup>2</sup> The annual percentage rate of charge covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

**21.c WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)**

(%)

3. Interest rates on loans to non-financial corporations (new business)									
	Bank overdraft <sup>1</sup>	Revolving loans and overdraft <sup>1</sup>	Extended credit card credit <sup>1</sup>	Other loans up to 0.25 million euro (0.2 million euro until 01.06.2010) by initial rate fixation		Other loans over 0.25 million euro (0.2 million euro until 01.06.2010) and up to 1 million euro by initial rate fixation		Other loans over 1 million euro by initial rate fixation	
				Floating rate and up to 1 year	Over 1 year	Floating rate and up to 1 year	Over 1 year	Floating rate and up to 1 year	Over 1 year
2010									
I	6.77	x	x	3.73	x	x	x	–	–
II	6.04	x	x	5.35	5.81	10.39	x	x	x
III	7.12	x	x	6.56	x	5.89	x	x	–
IV	6.85	x	x	6.47	x	x	x	x	–
V	6.23	x	x	4.61	x	x	–	x	x
VI	x	7.20	13.05	8.41	5.45	6.19	–	2.08	x
VII	x	6.96	18.76	8.14	x	8.59	–	–	–
VIII	x	6.76	21.83	8.03	x	5.61	–	10.52	–
IX	x	6.70	15.68	30.91	x	–	–	–	–
X	x	6.96	15.55	28.51	x	5.43	x	5.18	7.34
XI	x	7.19	19.74	6.80	7.35	6.07	x	6.51	–
XII	x	7.83	21.98	7.16	7.81	6.10	x	x	–
2011									
I	x	7.38	24.71	11.77	–	5.33	–	5.43	–
II	x	7.54	20.92	5.94	–	13.96	–	5.21	–
III	x	6.83	18.90	5.13	–	5.16	–	5.95	–

<sup>1</sup> End-of-period.

**21.c WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)**

(%)

4. Interest rates on deposits (outstanding amounts)									
	Households					Non-financial corporations			Repos
	Overnight <sup>1</sup>	With agreed maturity		Redeemable at notice <sup>1,2</sup>		Overnight <sup>1</sup>	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
2010									
I	0.25	3.50	4.73	1.45	x	0.11	1.82	4.37	–
II	0.25	3.53	4.86	1.51	x	0.08	2.19	4.37	–
III	0.23	3.46	4.84	1.45	x	0.08	2.15	4.40	–
IV	0.29	3.31	4.84	1.44	x	0.09	2.09	4.39	–
V	0.25	3.22	4.88	1.40	x	0.06	2.27	3.33	–
VI	0.26	3.17	4.82	2.28	1.08	0.15	1.94	4.05	–
VII	0.24	3.09	4.83	2.29	1.05	0.11	2.08	3.94	–
VIII	0.24	3.09	4.83	2.25	1.09	0.09	1.95	3.94	–
IX	0.20	3.06	4.86	2.22	1.10	0.07	1.64	3.83	–
X	0.18	2.96	4.81	2.13	1.01	0.06	1.72	3.83	–
XI	0.18	2.86	4.88	2.13	1.01	0.06	1.61	3.83	–
XII	0.22	2.68	4.83	2.13	1.01	0.08	1.46	3.72	–
2011									
I	0.21	2.57	4.76	2.09	1.01	0.08	0.77	3.72	–
II	0.19	2.54	4.76	2.07	1.01	0.09	0.68	4.05	–
III	0.19	2.34	4.80	0.39	1.01	0.07	0.63	4.05	–

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.



**21.c** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)

(%)

5. Interest rates on loans (outstanding amounts)									
	Loans to households						Loans to non-financial corporations		
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity <sup>1</sup>			With maturity <sup>1</sup>		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year <sup>2</sup>	Over 1 and up to 5 years	Over 5 years	Up to 1 year <sup>2</sup>	Over 1 and up to 5 years	Over 5 years
2010									
I	5.57	5.95	3.49	8.59	8.35	4.23	6.51	4.91	4.87
II	5.59	6.10	3.51	8.44	8.47	4.22	5.94	5.16	5.18
III	8.55	6.15	3.47	8.74	8.60	4.23	5.93	4.98	4.99
IV	8.60	5.74	3.46	8.84	8.78	4.24	5.68	5.31	5.46
V	10.54	4.11	3.58	9.79	9.34	4.23	5.96	5.37	5.66
VI	8.89	4.40	3.62	11.41	9.26	4.21	6.20	4.79	5.77
VII	7.01	4.82	3.64	12.66	9.74	4.23	6.13	4.83	5.75
VIII	7.01	4.87	3.59	11.66	9.91	4.23	7.73	4.73	5.21
IX	5.84	4.72	3.55	12.21	9.91	4.21	7.89	4.87	5.22
X	5.92	4.61	3.52	10.41	9.84	4.24	7.87	4.95	5.22
XI	6.45	4.54	3.47	12.40	9.90	4.18	6.12	4.70	5.27
XII	1.57	4.48	3.46	12.69	10.80	4.22	7.09	5.40	5.39
2011									
I	1.69	4.45	3.46	13.40	11.06	4.24	6.44	5.15	5.31
II	2.59	4.45	3.30	13.23	8.45	4.28	6.57	5.08	5.15
III	2.69	4.42	3.27	12.25	10.66	4.32	6.20	4.97	5.20

<sup>1</sup> Including revolving loans, overdrafts, and extended and convenience credit card credit.

<sup>2</sup> Including bank overdraft.

## 22. LENDING IN THE INTERBANK MARKETS

(transactions; in millions of lats)

	Loans to resident MFIs											
	In lats					In foreign currencies						
	Overnight	Up to 1 month	1–3 months	Over 3 months		Overnight	Up to 1 month	1–3 months	Over 3 months			
2010												
I	268.3	35.4	0.2	3.3	307.2	1 180.7	98.7	0.4	–	–	1 279.8	1 587.0
II	171.1	40.9	–	–	212.0	990.0	79.2	–	–	–	1 069.2	1 281.2
III	336.8	45.1	15.0	–	396.9	1 457.6	49.9	–	–	–	1 507.5	1 904.4
IV	401.9	32.8	–	0.5	435.2	1 235.5	52.0	–	–	–	1 287.5	1 722.7
V	491.1	106.2	5.0	–	602.3	1 240.7	117.1	–	–	–	1 357.8	1 960.1
VI	439.7	80.1	5.0	–	524.8	1 006.3	132.3	–	0.5	–	1 139.1	1 663.9
VII	332.0	58.8	5.0	–	395.8	1 165.8	48.9	0.1	–	–	1 214.8	1 610.6
VIII	246.4	42.6	–	–	289.0	1 099.5	39.2	0.1	–	–	1 138.8	1 427.8
IX	284.9	33.0	5.7	–	323.6	1 142.8	54.5	0.2	–	–	1 197.5	1 521.1
X	249.5	49.9	4.0	–	303.4	1 789.7	105.9	2.1	0.5	–	1 898.2	2 201.6
XI	245.0	37.2	5.0	–	287.2	1 751.7	169.6	0.2	–	–	1 921.5	2 208.7
XII	295.0	15.6	2.0	–	312.6	1 544.7	74.0	–	0.5	–	1 619.2	1 931.8
2011												
I	341.1	6.6	–	–	347.7	1 862.5	187.8	–	–	–	2 050.3	2 398.0
II	186.4	18.8	–	–	205.2	2 041.4	180.4	59.6	–	–	2 281.4	2 486.6
III	98.5	34.8	5.0	–	138.3	2 847.5	144.0	0.5	–	–	2 992.0	3 130.3
	Loans to non-resident MFIs										Total loans	
	Overnight	Up to 1 month	1–3 months	Over 3 months		Overnight	Up to 1 month	1–3 months	Over 3 months			
2010												
I		22 930.3		1 045.3		27.5		1.2		24 004.3		25 591.3
II		21 969.8		968.2		116.9		11.8		23 066.7		24 347.9
III		23 667.8		902.4		110.3		18.1		24 698.6		26 603.0
IV		26 151.0		965.9		195.2		16.7		27 328.8		29 051.5
V		23 658.5		1 986.1		34.1		6.2		25 684.9		27 645.0
VI		22 912.3		1 888.8		122.9		1.4		24 925.4		26 589.3
VII		24 365.6		786.7		111.1		1.4		25 264.8		26 875.4
VIII		25 319.1		841.2		22.8		0		26 183.1		27 610.9
IX		22 250.9		688.0		29.0		24.5		22 992.4		24 513.5
X		20 332.2		577.3		221.2		161.6		21 292.3		23 493.9
XI		20 493.1		1 750.9		46.5		13.7		22 304.2		24 512.9
XII		24 999.9		1 107.4		87.4		35.3		26 230.0		28 161.8
2011												
I		25 237.3		1 029.0		141.0		27.1		26 434.4		28 832.4
II		24 829.0		981.4		183.7		38.7		26 032.8		28 519.4
III		27 029.2		968.3		98.7		57.4		28 153.6		31 283.9

### 23.a INTEREST RATES IN THE DOMESTIC INTERBANK MARKET

(% per annum)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Weighted average interest rates on loans in lats															
Overnight	1.0	1.0	1.0	0.9	0.8	0.9	0.9	0.5	0.5	0.5	0.5	0.2	0.3	0.3	0.2
Up to 1 month	1.1	1.0	0.9	0.9	0.9	0.8	0.8	0.6	0.6	0.5	0.4	0.2	0.4	0.2	0.3
1–3 months	3.8	–	1.8	–	1.1	1.3	0.8	–	0.6	0.7	0.4	0.6	–	–	0.5
Over 3 months	6.2	–	–	5.0	–	–	–	–	–	–	–	–	–	–	–
Weighted average interest rates on loans in foreign currencies															
Overnight	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.6	0.5	0.4	0.4	0.5	0.5
Up to 1 month	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.4	0.5	0.6	0.4	0.3	0.4	0.5
1–3 months	3.5	–	–	–	–	–	0.4	0.3	0.2	0.9	0.3	–	–	0.7	2.0
Over 3 months	–	–	–	–	–	0.8	–	–	–	3.6	–	1.1	–	–	–

### 23.b INTEREST RATES SET BY THE BANK OF LATVIA

(% per annum)

Effective date (dd.mm.yyyy)	Bank of Latvia refinancing rate	Lombard rates			Interest rates on time deposits		
		Up to the 10th day	11th–20th day	Over 20 days	7-day deposits	14-day deposits	
17.03.2000	3.5	5.5	6.5	7.5	1.5	1.75	
19.11.2001	–	–	–	–	3.0	3.25	
17.05.2002	–	–	–	–	2.5	2.75	
16.09.2002	3.0	5.0	6.0	7.0	2.0	2.25	
11.03.2004	3.5	–	–	–	–	–	
12.11.2004	4.0	–	–	–	–	–	
15.07.2006	4.5	5.5	6.5	7.5	–	–	
17.11.2006	5.0	6.0	7.0	8.0	–	–	
		Bank of Latvia marginal lending facility rate			Deposit facility rate with the Bank of Latvia (overnight deposits)		
24.03.2007	5.5			6.5		2.0	
18.05.2007	6.0			7.5		–	
24.02.2008	–			–		3.0	
		To banks that have used the facility no more than 5 working days within the previous 30 day period	To banks that have used the facility 6–10 working days within the previous 30 day period	To banks that have used the facility more than 10 working days within the previous 30 day period			
09.12.2008	–	7.5	15.0	30.0		–	
24.01.2009	–	–	–	–		2.0	
24.03.2009	5.0	–	–	–		1.0	
24.05.2009	4.0	–	–	–		–	
		Deposit facility rate with the Bank of Latvia					
		Overnight deposits		7-day deposits			
24.03.2010	3.5	–	–	–	0.5	1.0	
24.07.2010	–	–	–	–	0.375	0.5	
24.11.2010	–	–	–	–	0.25	0.375	

### 23.c INTEREST RATES IN BANK OF LATVIA TENDERS OF REPURCHASE AGREEMENTS AND SHORT-TERM CURRENCY SWAP CONTRACTS

(% per annum)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Main refinancing operation with maturity 7 days average interest rate	-	4.0	-	-	-	-	-	3.5	-	-	-	-	-	-	-
Weighted average interest rate on short-term currency swaps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

### 24. PRINCIPAL FOREIGN EXCHANGE TRANSACTIONS (BY TYPE, COUNTERPARTY AND CURRENCY)<sup>1</sup>

(in millions of lats)

	2010 <sup>2</sup>											2011		
	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III		
Type of transaction														
Spot exchange transactions	34 354.3	37 734.3	35 831.4	32 551.1	35 761.3	39 165.3	34 478.8	42 944.9	40 143.4	26 373.5	29 271.9	43 057.1		
Forward exchange contracts	391.5	263.2	289.9	321.4	411.2	346.6	266.0	294.3	304.0	323.4	253.5	706.2		
Currency swap arrangements	35 248.5	37 131.0	40 190.1	39 179.7	43 151.1	39 768.2	38 744.1	36 050.1	37 390.7	31 134.3	31 129.9	39 185.9		
Counterparties														
Resident MFIs	4 054.8	3 527.5	3 315.2	3 534.2	5 621.7	5 127.2	4 943.7	4 777.5	4 092.4	4 650.7	4 476.0	5 949.4		
Resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	220.1	514.1	420.3	540.4	647.8	708.1	507.3	419.5	793.3	545.2	350.1	404.5		
Resident government, non-financial corporations and non-profit institutions serving households	858.4	1 002.2	1 149.2	1 260.7	1 254.6	1 008.8	1 013.1	969.4	1 154.9	955.7	906.4	1 136.4		
Non-resident MFIs	31 688.0	36 888.6	39 217.0	35 193.0	37 104.8	37 367.4	36 243.1	39 934.8	38 798.9	27 242.0	28 977.3	38 925.7		
Non-resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	13 998.9	7 024.3	5 586.9	5 898.6	6 917.0	5 098.8	4 004.1	3 155.9	3 381.9	2 914.3	2 214.5	2 277.6		
Non-resident government, non-financial corporations and non-profit institutions serving households	16 153.4	23 107.7	23 385.7	22 242.8	24 350.7	27 036.8	23 559.9	26 113.5	25 213.7	18 156.3	18 421.0	23 816.3		
Households	3 020.8	3 064.1	3 237.1	3 382.5	3 427.0	2 932.9	3 217.7	3 918.7	4 403.1	3 367.2	5 310.0	10 439.2		
Currencies														
Total in all currencies	69 994.3	75 128.4	76 311.3	72 052.2	79 323.6	79 280.1	73 488.9	79 289.3	77 838.1	57 831.3	60 655.2	82 949.1		
incl. lats for euro	13 290.8	12 874.0	12 619.7	11 933.1	12 907.5	11 409.3	10 744.5	10 184.0	9 609.3	9 203.6	8 548.2	8 942.1		
incl. lats for US dollars	809.8	786.2	746.6	1 092.6	2 008.2	1 355.6	1 260.4	1 237.4	986.8	1 022.5	958.6	1 393.2		
incl. lats for other currencies	77.0	55.8	65.4	78.0	298.1	178.1	115.8	169.2	180.2	143.5	141.6	230.6		

<sup>1</sup> Including the cash and non-cash transactions performed by banks and branches of foreign banks. The volume of cash and non-cash transactions has been translated into lats applying the exchange rate of the respective foreign currency as set by the Bank of Latvia on the last day of the reporting month.

<sup>2</sup> Data have been revised.

## 25. NON-CASH FOREIGN EXCHANGE TRANSACTIONS<sup>1</sup>

(in millions of lats)

	2010									2011		
	IV	V	VI	VII	VIII	IX	X <sup>4</sup>	XI <sup>4</sup>	XII <sup>4</sup>	I	II	III
<b>EUR for LVL<sup>2</sup></b>												
Amount	13 324.1	12 897.4	12 643.2	11 944.3	12 942.3	11 451.9	10 787.9	10 227.1	9 639.7	9 215.4	8 559.2	8 969.8
% <sup>3</sup>	19.0	17.2	16.6	16.6	16.3	14.4	14.7	12.9	12.4	15.9	14.1	10.8
<b>USD for LVL<sup>2</sup></b>												
Amount	789.8	762.6	742.8	1 100.9	1 958.7	1 421.5	1 233.4	1 190.4	972.3	1 044.2	959.9	1 401.0
% <sup>3</sup>	1.1	1.0	1.0	1.5	2.5	1.8	1.7	1.5	1.2	1.8	1.6	1.7
<b>Other currencies for LVL<sup>2</sup></b>												
Amount	68.8	46.1	54.0	65.1	281.6	176.0	107.7	157.3	165.6	138.2	133.8	225.7
% <sup>3</sup>	0.1	0.1	0.1	0.1	0.4	0.2	0.1	0.2	0.2	0.2	0.2	0.3
<b>USD for EUR</b>												
Amount	26 523.3	28 545.7	27 588.2	29 311.4	31 083.8	29 431.0	31 407.0	33 732.9	36 747.3	25 304.6	27 378.0	35 630.2
% <sup>3</sup>	37.9	38.0	36.1	40.7	39.2	37.1	42.7	42.5	47.1	43.7	45.1	43.0
<b>GBP for EUR</b>												
Amount	629.6	512.4	396.8	636.9	743.3	688.8	486.0	191.6	157.6	377.7	240.0	595.3
% <sup>3</sup>	0.9	0.7	0.5	0.9	0.9	0.9	0.7	0.2	0.2	0.7	0.4	0.7
<b>Other currencies (except LVL) for EUR</b>												
Amount	1 468.0	2 481.9	2 708.7	1 967.6	2 074.8	2 551.9	1 453.3	2 758.4	2 345.7	2 052.7	2 008.9	3 253.2
% <sup>3</sup>	2.1	3.3	3.6	2.7	2.6	3.2	2.0	3.5	3.2	3.5	3.3	3.9
<b>RUB for USD</b>												
Amount	17 661.8	19 792.9	20 427.1	18 057.7	19 050.2	21 255.7	15 874.4	17 887.6	17 510.8	9 471.7	8 996.5	12 061.3
% <sup>3</sup>	25.2	26.3	26.8	25.1	24.0	26.8	21.6	22.6	22.5	16.4	14.8	14.5
<b>GBP for USD</b>												
Amount	3 737.7	3 679.8	3 768.5	2 835.9	2 979.0	2 993.9	3 136.1	3 616.3	2 611.4	2 899.0	3 884.2	6 586.4
% <sup>3</sup>	5.4	4.9	4.9	3.9	3.8	3.8	4.3	4.6	3.3	5.0	6.4	7.9
<b>SEK for USD</b>												
Amount	1 324.1	1 245.7	1 398.4	1 439.1	1 548.3	1 675.9	1 598.6	1 622.3	1 768.9	1 565.6	1 545.1	1 755.0
% <sup>3</sup>	1.9	1.7	1.8	2.0	2.0	2.1	2.2	2.0	2.3	2.7	2.6	2.1
<b>Other currencies (except LVL and EUR) for USD</b>												
Amount	3 287.2	3 799.3	5 184.4	3 367.0	5 146.9	6 284.9	6 436.2	7 021.2	4 923.4	5 070.3	5 752.6	11 300.8
% <sup>3</sup>	4.7	5.0	6.8	4.7	6.4	7.9	8.7	8.9	6.3	8.8	9.5	13.6
<b>Other currencies (except LVL, EUR and USD) for other currencies</b>												
Amount	1 184.9	1 354.8	1 408.4	1 333.0	1 483.5	1 455.0	976.7	868.4	996.8	720.1	1 201.6	1 201.2
% <sup>3</sup>	1.7	1.8	1.8	1.8	1.9	1.8	1.3	1.1	1.3	1.3	2.0	1.5

<sup>1</sup> Including non-cash transactions performed by banks and branches of foreign banks, reported by major currency.

<sup>2</sup> The transaction volume has been translated into lats using the weighted average exchange rate of the respective foreign currency for the reporting month.

<sup>3</sup> As percentage of the total.

<sup>4</sup> Data have been revised.

## 26. MONTHLY AVERAGES OF THE EXCHANGE RATES SET BY THE BANK OF LATVIA

(LVL vs foreign currency)

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
EUR	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028
USD	0.4916	0.5131	0.5175	0.5231	0.5564	0.5739	0.5535	0.5441	0.5408	0.5068	0.5126	0.5324	0.5276	0.5142	0.5031
GBP	0.7938	0.8039	0.7791	0.8009	0.8194	0.8445	0.8431	0.8527	0.8407	0.8031	0.8204	0.8307	0.8298	0.8296	0.8135
100 JPY	0.5379	0.5685	0.5729	0.5609	0.6031	0.6290	0.6310	0.6357	0.6403	0.6177	0.6233	0.6368	0.6391	0.6230	0.6165

**27. WEIGHTED AVERAGE EXCHANGE RATES (CASH TRANSACTIONS)**

(LVL vs foreign currency)

	2010									2011		
	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
EUR												
Buy	0.7024	0.7020	0.7018	0.7023	0.7019	0.7033	0.7036	0.7038	0.7037	0.6983	0.6986	0.7017
Sell	0.7086	0.7081	0.7085	0.7088	0.7089	0.7093	0.7097	0.7103	0.7094	0.7042	0.7046	0.7078
USD												
Buy	0.5245	0.5586	0.5743	0.5522	0.5418	0.5390	0.5071	0.5153	0.5324	0.5231	0.5106	0.5010
Sell	0.5280	0.5643	0.5815	0.5569	0.5467	0.5442	0.5126	0.5207	0.5366	0.5279	0.5154	0.5062
GBP												
Buy	0.7959	0.8140	0.8403	0.8347	0.8466	0.8323	0.7967	0.8164	0.8240	0.8174	0.8189	0.8026
Sell	0.8101	0.8265	0.8534	0.8476	0.8586	0.8480	0.8115	0.8298	0.8359	0.8330	0.8313	0.8186
100 JPY												
Buy	0.5485	0.5912	0.5999	0.6228	0.6127	0.6240	0.6154	0.6033	0.6285	0.6168	0.5951	0.6098
Sell	0.5756	0.6258	0.6294	0.6368	0.6440	0.6477	0.6373	0.6326	0.6343	0.6475	0.6317	0.6213
SEK												
Buy	0.0719	0.0720	0.0726	0.0730	0.0738	0.0753	0.0751	0.0749	0.0770	0.0772	0.0785	0.0783
Sell	0.0735	0.0733	0.0743	0.0746	0.0753	0.0766	0.0767	0.0762	0.0778	0.0792	0.0800	0.0806
RUB												
Buy	0.0179	0.0184	0.0185	0.0179	0.0178	0.0175	0.0166	0.0165	0.0171	0.0171	0.0174	0.0175
Sell	0.0183	0.0188	0.0189	0.0184	0.0182	0.0178	0.0170	0.0169	0.0175	0.0174	0.0178	0.0180
CHF												
Buy	0.4885	0.4892	0.5047	0.5155	0.5210	0.5296	0.5197	0.5197	0.5472	0.5430	0.5326	0.5399
Sell	0.4942	0.5008	0.5126	0.5283	0.5261	0.5437	0.5288	0.5279	0.5557	0.5503	0.5453	0.5514

## 28. STRUCTURE OF GOVERNMENT SECURITIES

(at end of period; in millions of lats)

	2010									2011		
	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Stock of government securities outstanding	902.3	859.7	846.8	828.4	795.6	744.6	752.6	755.5	795.8	790.1	790.5	820.6
Residents	872.6	829.8	823.4	807.4	773.2	726.1	731.3	739.5	777.5	774.4	774.5	804.8
Non-financial corporations	2.9	0.3	0.3	0.2	0.1	0.1	0.6	1.3	0.9	0.9	1.2	1.3
Credit institutions	506.4	471.9	469.0	458.7	431.7	420.5	433.0	442.2	476.3	473.1	465.4	477.1
Money market funds	13.0	17.4	17.3	16.3	14.9	8.2	7.4	8.4	10.1	7.8	11.2	13.9
MFIs excluding central banks, credit institutions and money market funds	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	50.0	83.3	81.5	81.2	81.2	80.4	80.6	81.1	80.0	72.9	71.2	72.2
Financial auxiliaries	0.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5
Insurance corporations and pension funds	293.6	250.2	249.2	244.8	239.1	210.8	203.8	200.5	201.9	198.7	197.1	199.9
Central government	0	0	0	0	0	0	0	0	0	0	0	0
Households	1.8	1.7	1.3	1.3	1.3	1.2	1.0	1.1	3.4	16.1	23.7	35.7
Non-profit institutions serving households	4.3	4.0	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.2	4.2
Non-residents	29.7	29.9	23.4	21.0	22.4	18.5	21.3	16.0	18.3	15.7	16.0	15.8
Non-financial corporations	1.8	1.8	0	0	0	0	0	0	0	0	0	0
Credit institutions	5.9	6.0	5.2	5.2	7.0	5.3	5.2	4.9	8.3	8.3	8.8	9.6
Money market funds	0	0	0	0	0	0	0	0	0	0	0	0
MFIs excluding central banks, credit institutions and money market funds	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	0	0	0	0	0	0	0	0	0	0	0	0
Financial auxiliaries	21.9	22.0	18.1	15.7	15.3	13.1	16.0	11.0	9.9	7.3	7.1	6.1
Insurance corporations and pension funds	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Central government	0	0	0	0	0	0	0	0	0	0	0	0
Households	0	0	0	0	0	0	0	0	0	0	0	0
Non-profit institutions serving households	0	0	0	0	0	0	0	0	0	0	0	0



## 29. AUCTIONS OF GOVERNMENT SECURITIES IN THE PRIMARY MARKET

(Q1 2011)

Date (dd.mm.)	Initial maturity (months)	Supply (in thousands of lats)	Demand (in thousands of lats)	Purchase (in thousands of lats)	Weighted average discount rate (%)
Competitive multi-price auctions					
12.01.	6	10 000	13 600	10 000	1.222
12.01.	12	10 000	22 060	10 000	1.814
19.01.	6	10 000	14 620	10 000	1.263
19.01.	12	10 000	15 130	10 000	1.873
02.02.	120	8 000	19 500	8 000	6.724 <sup>1</sup>
09.02.	6	8 000	25 000	8 000	1.239
09.02.	12	8 000	25 520	8 000	1.882
23.02.	120	8 000	23 712	8 000	6.722 <sup>1</sup>
02.03.	6	8 000	30 200	8 000	1.151
02.03.	12	12 000	44 990	12 000	1.739
09.03.	6	8 000	25 000	8 000	1.096
09.03.	12	16 000	37 585	16 000	1.717
23.03.	120	8 000	27 660	8 000	6.651 <sup>1</sup>
30.03.	6	8 000	15 500	8 000	1.094
30.03.	12	12 000	32 700	12 000	1.650
Primary placement of government securities via outright sales of securities					
03.02.	120	2 000	9 280	2 000	6.724 <sup>1</sup>
10.02.	6	2 000	8 000	2 000	1.239
10.02.	12	2 000	11 000	2 000	1.882
24.02.	120	2 000	13 362	2 000	6.722 <sup>1</sup>
03.03.	6	2 000	10 500	2 000	1.151
03.03.	12	3 000	27 000	3 000	1.739
10.03.	6	2 000	3 000	2 000	1.096
10.03.	12	4 000	12 100	4 000	1.717
24.03.	120	2 000	12 000	2 000	6.651 <sup>1</sup>
31.03.	6	2 000	4 000	2 000	1.094
31.03.	12	3 000	23 500	3 000	1.650

<sup>1</sup> Weighted average yield.

## 30. THE BANK OF LATVIA'S TRANSACTIONS IN THE SECONDARY MARKET FOR GOVERNMENT SECURITIES

(in millions of lats)

	2010												2011			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	
Securities purchased	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securities sold	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

### 31. DYNAMICS OF GDP

	2010						2011
		Q1	Q2	Q3	Q4	Q1	
At current prices; in millions of lats	12 735.9	2 852.8	3 142.5	3 291.2	3 449.4	3 070.9	
At constant prices <sup>1</sup> ; in millions of lats	6 805.0	1 461.3	1 666.5	1 800.7	1 876.4	1 513.2	
Annual growth rate (%)	-0.3	-6.1	-2.6	2.8	3.6	3.5	
Gross value added	-0.5	-6.3	-2.8	2.7	3.9	4.3	
Goods-producing sector	2.4	-3.7	-1.7	6.1	7.6	7.2	
Services sector	-1.4	-7.1	-3.1	1.5	2.7	3.4	

<sup>1</sup> Chain-linked; average prices in 2000.

### 32. CHANGES IN THE AVERAGE MONTHLY WAGES AND SALARIES AND UNEMPLOYMENT

	2010												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Average gross wages and salaries															
LVL per month	427	426	441	442	443	447	456	445	442	443	442	479	449	441	465
Year-on-year changes (%)	90.8	91.8	92.8	94.1	94.3	92.7	94.4	98.8	102.0	103.2	103.7	103.1	105.0	103.5	105.4
Real net wage index (year-on-year basis; %)	89.4	91.3	92.1	91.9	91.7	89.2	92.0	95.9	98.4	98.7	98.3	97.2	100.7	98.9	100.7
Number of registered unemployed persons															
At end of month	186 295	192 032	194 253	189 881	183 476	176 879	173 301	169 676	165 386	162 497	161 816	162 463	164 551	164 880	163 454
Year-on-year changes (%)	206.0	185.1	166.4	154.2	144.9	136.8	130.8	123.3	111.9	102.9	95.6	90.6	88.3	85.9	84.1

### 33. LATVIAN FOREIGN TRADE BALANCE

(in millions of lats; exports – in FOB prices, imports – in CIF prices)

	2010 <sup>1</sup>												2011		
		Q1	Q2	Q3	Q4	Q1									
Exports	4 687.9	940.7	1 123.9	1 287.4	1 335.9	1 330.1									
Imports	5 895.8	1 181.2	1 355.4	1 612.3	1 746.9	1 604.2									
Balance	-1 207.9	-240.5	-231.5	-324.9	-411.0	-274.1									

	2010 <sup>1</sup>												2011		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Exports	267.3	310.4	363.1	378.9	377.8	367.2	392.4	421.8	473.2	457.9	440.7	437.3	406.7	420.5	502.9
Imports	346.1	385.5	449.7	431.4	470.0	454.0	504.7	542.6	565.0	551.5	559.4	636.1	474.0	505.0	625.2
Balance	-78.8	-75.1	-86.6	-52.5	-92.2	-86.8	-112.3	-120.8	-91.8	-93.6	-118.7	-198.8	-67.3	-84.5	-122.3

<sup>1</sup> Data have been revised.

**34. MAIN EXPORT GOODS OF LATVIA**

(in FOB prices)

	2010 <sup>1</sup>		2011	
			Q1	
	Millions of lats	%	Millions of lats	%
Total	4 687.9	100.0	1 330.1	100.0
Agricultural and food products	837.5	17.9	196.6	14.8
Mineral products	283.5	6.0	95.6	7.2
Products of the chemical and allied industries	348.5	7.4	109.9	8.3
Plastics and articles thereof; rubber and articles thereof	154.0	3.3	37.2	2.8
Wood and articles of wood	891.0	19.0	241.5	18.2
Pulp of wood; paper and paperboard	96.1	2.1	29.4	2.2
Textiles and textile articles	206.3	4.4	61.8	4.6
Articles of stone, plaster, cement, glassware and ceramic products	85.6	1.8	24.2	1.8
Base metals and articles of base metals	650.5	13.9	228.6	17.2
Machinery and mechanical appliances; electrical equipment	607.6	13.0	156.2	11.7
Transport vehicles	281.8	6.0	81.2	6.1
Miscellaneous manufactured articles	133.1	2.8	32.2	2.4
Other goods	112.5	2.4	35.6	2.7

<sup>1</sup> Data have been revised.**35. MAIN IMPORT GOODS OF LATVIA**

(in CIF prices)

	2010 <sup>1</sup>		2011	
			Q1	
	Millions of lats	%	Millions of lats	%
Total	5 895.8	100.0	1 604.2	100.0
Agricultural and food products	957.5	16.2	233.4	14.5
Mineral products	908.8	15.4	308.7	19.2
Products of the chemical and allied industries	663.6	11.3	170.8	10.6
Plastics and articles thereof; rubber and articles thereof	332.8	5.7	82.9	5.2
Wood and articles of wood	96.2	1.6	25.5	1.6
Pulp of wood; paper and paperboard	165.4	2.8	43.8	2.7
Textiles and textile articles	267.5	4.5	68.4	4.3
Articles of stone, plaster, cement, glassware and ceramic products	99.6	1.7	22.4	1.4
Base metals and articles of base metals	605.2	10.3	198.5	12.4
Machinery and mechanical appliances; electrical equipment	967.9	16.4	245.7	15.3
Transport vehicles	420.1	7.1	121.7	7.6
Miscellaneous manufactured articles	141.4	2.4	33.2	2.1
Other goods	269.8	4.6	49.2	3.1

<sup>1</sup> Data have been revised.

**36. LATVIAN FOREIGN TRADE PARTNERS**

(exports – in FOB prices, imports – in CIF prices)

	2010 <sup>1</sup>					2011				
						Q1				
	Millions of lats			% of the total		Millions of lats			% of the total	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
Total	4 687.9	5 895.8	-1 207.9	100.0	100.0	1 330.1	1 604.2	-274.1	100.0	100.0
EU15 countries	1 637.8	2 250.2	-612.5	34.9	38.2	444.5	617.6	-173.2	33.4	38.5
EU27 countries	3 356.6	4 468.2	-1 111.6	71.6	75.8	970.1	1 176.5	-206.4	72.9	73.3
incl. Germany	409.2	677.9	-268.7	8.7	11.5	118.9	183.5	-64.6	8.9	11.4
Sweden	295.6	209.4	86.2	6.3	3.6	89.3	202.4	-113.0	6.7	12.6
UK	164.8	93.5	71.3	3.5	1.6	42.6	42.1	0.4	3.2	2.6
Finland	148.6	290.7	-142.1	3.2	4.9	36.7	81.3	-44.6	2.8	5.1
Denmark	181.7	133.7	48.1	3.9	2.3	46.7	35.1	11.6	3.5	2.2
Netherlands	105.9	232.4	-126.5	2.3	3.9	27.1	59.7	-32.7	2.0	3.7
Lithuania	758.7	1 005.9	-247.2	16.2	17.1	229.9	275.9	-46.0	17.3	17.2
Estonia	630.6	419.0	211.7	13.5	7.1	187.9	95.6	92.3	14.1	6.0
Poland	232.7	462.7	-230.1	5.0	7.8	81.3	113.6	-32.3	6.1	7.1
CIS	701.8	897.2	-195.5	15.0	15.2	183.1	293.7	-110.6	13.8	18.3
incl. Russia	497.1	591.8	-94.6	10.6	10.0	130.6	202.4	-71.8	9.8	12.6
Other countries	629.6	530.5	99.1	13.4	9.0	176.8	134.0	42.8	13.3	8.4
incl. USA	88.1	79.9	8.2	1.9	1.4	21.4	18.9	2.5	1.6	1.2
Norway	131.1	62.0	69.1	2.8	1.1	32.1	7.7	24.4	2.4	0.5
China	17.6	151.9	-134.3	0.4	2.6	5.4	43.4	-37.9	0.4	2.7

<sup>1</sup> Data have been revised.

## Additional Information

### General notes

The Bank of Latvia's publication *Macroeconomic Developments Report* is based on data provided by the CSB, Ministry of Finance of the Republic of Latvia, Financial and Capital Market Commission, NASDAQ OMX Riga and Bank of Latvia.

Data sources for charts are Eurostat and central banks and national statistical authorities of EU countries (Charts 1.1–1.5), CSB (Charts 1.6, 3.1–3.4, 3.6, 4.1–4.3, 4.5–4.7, 4.12–4.15, 5.1, 5.2, 5.4, 5.7, 5.8, 6.1, 7.1 and 7.2), the Bank of Latvia (Charts 1.6, 2.2, 2.3, 2.5–2.10, 3.4, 4.9, 5.7, 6.1–6.3, 7.1 and 7.2), Bloomberg (Charts 2.1, 5.3, 5.5 and 5.6), ECB (Charts 2.3 and 2.6), the Treasury (Charts 2.4 and 3.7–3.9), Eurostat (Charts 3.5, 4.4 and 4.10) and SEA (Charts 4.7–4.9 and 4.11).

Data sources for Statistics tables are the Bank of Latvia (Tables 1, 3–28 and 30), NASDAQ OMX Riga (Table 1), Ministry of Finance of the Republic of Latvia (Tables 2ab and 29) and CSB (Tables 2ab and 31–36).

Details may not add because of rounding-off.

FOB value is the price of a commodity on the border of the exporting country, including the transportation and insurance costs only up to the border.

CIF value is the price of a commodity on the border of the importing country, including the transportation and insurance costs only up to the border.

"–" – no transactions in the period; "x" – no data available, no computation of indicators possible or insufficient number of respondents to publish information.

### Money and banking sector

Calculation of monetary aggregates includes the Bank of Latvia's balance sheet data and information from the financial position reports of other MFIs, prepared using the Bank of Latvia's methodology (see the Bank of Latvia's Regulation No. 40 "Regulation for Compiling the Monthly Financial Position Report of Monetary Financial Institutions" of 16 July 2009, based on Regulation (EC) No. 25/2009 of the ECB of 19 December 2008 concerning the balance sheet of the monetary financial institutions sector (recast; ECB/2008/32).

In the publication, the following terms have been used:

MFIs – financial institutions forming the money-issuing sector. In Latvia, MFIs include the Bank of Latvia, credit institutions and other MFIs in compliance with the List of Monetary Financial Institutions of the Republic of Latvia compiled by the Bank of Latvia. In the EU, MFIs include the ECB, the national central banks of the euro area, credit institutions and other monetary financial institutions (money market funds) in compliance with the original List of Monetary Financial Institutions published by the ECB.

Non-MFIs – entities other than MFIs.

Financial institutions – other financial intermediaries, excluding insurance corporations and pension funds, (hereinafter, OFIs), financial auxiliaries, insurance corporations and pension funds.

OFIs – financial corporations that are primarily engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and close substitutes for deposits from their customers other than MFIs, or insurance technical reserves. OFIs are corporations

engaged in lending (e.g. financial leasing companies, factoring companies, export/import financing companies), investment funds, investment brokerage companies, financial vehicle corporations, financial holding corporations, venture capital corporations. OFIs data include also financial auxiliaries data.

Financial auxiliaries – financial corporations that are primarily engaged in auxiliary financial activities, i.e. activities that are closely related to financial intermediation but are not financial intermediation themselves, e.g. investment brokers who do not engage in financial intermediation services on their own behalf, corporations that provide infrastructure for financial markets, central supervisory institutions of financial institutions and the financial market provided that they are separate institutional units. The Financial and Capital Market Commission and the NASDAQ OMX Riga shall be regarded as financial auxiliaries. Financial auxiliaries data are included in OFIs data.

Non-financial corporations – economic entities producing goods or providing non-financial services with the aim of gaining profit or other yield.

Households – natural persons or groups of natural persons whose principal activity is consumption and who produce goods and services exclusively for their own consumption, as well as non-profit institutions serving households. The following are also regarded as households in the Republic of Latvia: persons engaged in individual entrepreneurship provided that they have not registered their activity with the Commercial Register of the Enterprise Register of the Republic of Latvia.

Holdings of securities other than shares – financial assets, which are instruments of the holder, usually negotiable and traded or compensated on secondary markets and which do not grant the holder any ownership rights over the issuing institutional unit.

The following information is published in accordance with the ECB methodology:

- 1) The Bank of Latvia's assets and liabilities (Table 6), expanding the range of reported financial instruments;
- 2) Aggregated balance sheet of MFIs (excluding the Bank of Latvia), i.e. the sum of the harmonised balance sheets of Latvia's MFIs, excluding the Bank of Latvia (Table 7);
- 3) Consolidated balance sheet of MFIs, obtained by netting out inter-MFI positions on the aggregated MFI balance sheet (Table 8). Due to slight differences in accounting techniques, the sum of inter-MFI positions does not always equal zero; therefore, the balance is included in the item "Excess of inter-MFI liabilities";
- 4) Monetary aggregates and counterparts (Table 4) comprise Latvia's monetary aggregates and their balance sheet counterparts derived from the consolidated balance sheet of MFIs. See Table 5 for seasonally adjusted monetary aggregates. The following monetary aggregates are calculated and published:

M1 – narrow monetary aggregate, comprising currency in circulation (the lats banknotes and coins issued by the Bank of Latvia excluding vault cash of MFIs) plus overnight deposits in all currencies held with MFIs.

M2 – intermediate monetary aggregate comprising M1 and deposits redeemable at a period of notice of up to and including 3 months (i.e. short-term savings deposits) made in all currencies and deposits with an agreed maturity of up to and including 2 years (i.e. short-term time deposits) in all currencies held with MFIs.

M3 – broad monetary aggregate comprising M2, repurchase agreements, and debt securities with a maturity of up to and including 2 years issued by MFIs, and money market fund shares and units.

In compliance with the Bank of Latvia's methodology, the monetary base (Table 3) and monetary survey (Table 10) is published. According to this methodology, the calculated monetary aggregates comprise the following:

M0 – monetary base, comprising the lats banknotes and coins issued by the Bank of Latvia and resident MFI overnight deposits in lats with the Bank of Latvia.

M2X – broad money, comprising currency in circulation (the lats banknotes and coins issued by the Bank of Latvia less vault cash of MFIs), MFI overnight deposits and time deposits in lats (including deposits redeemable at notice and repos), as well as foreign currency deposits with MFIs. M2X incorporate deposits made by local governments as a net item on the demand side.

In view of the fact that the Bank of Latvia collects more comprehensive information, the following is also published:

- 1) Aggregated balance sheet of Latvia's MFIs (excluding the Bank of Latvia) which is the sum of the harmonised balance sheets (Tables 9ab);
- 2) Information characterising foreign assets and foreign liabilities of MFIs (excluding the Bank of Latvia; Tables 11ab), including a breakdown of selected balance sheet items by country (Table 12);
- 3) Information characterising the maturity profile and types of deposits (including repos) of Latvia's financial institutions, non-financial corporations and households with MFIs (excluding the Bank of Latvia; Tables 13 and 14abc) as well as Government and non-resident deposits (Table 14d). Deposits redeemable at notice have been grouped by period of notice. Long-term deposits include deposits with the original maturity of over 1 year. The breakdown of MFI (excluding the Bank of Latvia) deposits by currency is provided in Tables 20ab;
- 4) Information characterising the maturity profile and types of MFI (excluding the Bank of Latvia) loans to Latvia's financial institutions, non-financial corporations and households (Tables 15, 16ab, 17 and 18) as well as Government and non-resident loans (Table 16c). The breakdown of MFI (excluding the Bank of Latvia) loans by currency is provided in Tables 20cd;
- 5) Information characterising MFI (excluding the Bank of Latvia) securities holdings other than shares (Tables 19ab and 20ef);
- 6) Information characterising debt securities issued by MFIs (excluding the Bank of Latvia; Table 20g).

### **Interest rates**

In June 2010, the Bank of Latvia introduced new methodology for interest rate statistics (see the Bank of Latvia's Regulation No. 42 "Regulation for Compiling Interest Rate Reports of Monetary Financial Institutions" of 10 September 2009). Using this methodology, banks, branches of foreign banks and particular credit unions registered in the Republic of Latvia have to provide information on interest rates on deposits and loans applied in transactions with resident non-financial corporations and households. Introduction of the new methodology enabled harmonisation of the interest rate statistics with the ECB requirements



laid down in Regulation (EC) No. 290/2009 of the ECB of 31 March 2009 amending Regulation (EC) No. 63/2002 (ECB/2001/18) concerning statistics on interest rates applied by monetary financial institutions to deposits and loans *vis-à-vis* households and non-financial corporations (ECB/2009/7). The interest rate statistics provide considerably wider information on macroeconomic development and structural changes.

Information on interest rates on deposits and loans applied in transactions with non-financial corporations and households provided by banks, branches of foreign banks and credit unions registered in the Republic of Latvia is collected (Table 21). Interest rate statistics is collected on new business and outstanding amounts. All rates included in the interest rate statistics are weighted average rates. When preparing the interest rate statistics, credit institutions use annualised agreed rates (AAR) or narrowly defined effective rates (NDER) and annual percentage rate of charge (APRC). Credit institutions have to select the calculation of the AAR or the NDER based on the terms and conditions of the agreement. The NDER can be calculated on any deposit or loan. In addition to the AAR or the NDER, the APRC is reported for loans to households for house purchase and consumer credits.

The interest rates on new business with overnight deposits and deposits redeemable at notice and their outstanding amounts coincide.

Interest rates on new loans are reported on the basis of the initial rate fixation period set in the agreement, whereas overdraft interest rates are reported on loan balances.

When reporting the interest rates on consumer credit and other credit to households with the maturity of up to 1 year and loans to non-financial corporations with the maturity of up to 1 year, interest rates on overdraft are included.

Interbank market lending interest rates (Table 23a) are reported as weighted average interest rates on new business, aggregating the information submitted by banks, prepared based on the Bank of Latvia's methodology (see the Bank of Latvia's Regulation No. 46 "Regulation for Compiling the "Report on Money Market Transactions" of 5 November 2009.)

### **Foreign exchange and exchange rates**

Information characterising the foreign currency selling and buying transactions is reported based on the Bank of Latvia's methodology (see the Bank of Latvia Regulation No. 36 "Regulation for Purchasing and Selling Cash Foreign Currency" of 13 May 2009 and the Bank of Latvia's Regulation No. 41 "Regulation for Compiling Reports on Foreign Currency Purchases and Sales" of 16 July 2009). The principal foreign exchange transactions (Table 24) comprise the cash and non-cash transactions conducted by banks and branches of foreign banks, reported by transaction type and counterparty, and currency. Non-cash foreign exchange transactions (Table 25) comprise non-cash transactions performed by banks and branches of foreign banks, reported by major currency.

Exchange rates set by the Bank of Latvia (Table 26) are reported as monthly mathematical averages. Weighted average exchange rates (cash transactions; Table 27) are reported based on the information provided by banks and branches of foreign banks as well as currency exchange bureaus.