

MACROECONOMIC DEVELOPMENTS REPORT

December 2016

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Abbreviations

ABSPP – asset-backed securities purchase programme
APP – asset purchase programme
CBPP3 – third covered bond purchase programme
CIS – Commonwealth of Independent States
CSB – Central Statistical Bureau of Latvia
CSPP – corporate sector purchase programme
EC – European Commission
ECB – European Central Bank
EONIA – euro overnight index average
EU – European Union
EURIBOR – Euro Interbank Offered Rate
Eurostat – statistical office of the European Union
FAO – Food and Agriculture Organisation of the United Nations
FRS – US Federal Reserve System
GDP – gross domestic product
GFCF – gross fixed capital formation
HICP – Harmonised Index of Consumer Prices
IMF – International Monetary Fund
JSC – joint stock company
Ltd. – limited liability company
MFI – monetary financial institution
OMXR – NASDAQ Riga index
OPEC – Organisation of Petroleum Exporting Countries
PIT – personal income tax
PJSC – public joint stock company
PSPP – public sector asset purchase programme
PUC – Public Utilities Commission
SEA – State Employment Agency
SJSC – state joint stock company
SRS – State Revenue Service
TLTRO – targeted longer-term refinancing operations
UK – United Kingdom
UN – United Nations Organisation
US – United States of America
VAT – value added tax
WTO – World Trade Organisation

Introduction

Latvijas Banka's economic outlook has become more pessimistic during the second half of the year: GDP growth was slow in 2016 due to weak external demand and the high uncertainty associated with future growth in the context of the global geopolitical developments. Moreover, construction and investment stagnation in Latvia on account of slow absorption of EU funding contributed negatively to GDP growth. In 2017, a more positive effect of the EU funding round on the economy is expected, resulting in additional domestic demand and accelerated GDP growth. At the same time, a number of downside risks will persist, mostly associated with the unpredictable external environment. Inter alia, GDP growth expectations have deteriorated in Latvia's major trade partners, partly affected by the UK referendum result.

Inflation was close to zero in 2016; nevertheless, it is projected to pick up in 2017, with the rising global energy and food prices finding reflection also in the consumer prices in Latvia. The gradually strengthening purchasing power will also continue to support the price rise. Although wages and salaries in the private sector will see a slower increase, reflecting the more sluggish economic growth of 2016 with a lag, quite a considerable rise in the public sector wages is expected as a result of decisions made in relation to the state budget for 2017, supporting an expansion of the total wage bill. Such a development will be a driver of household income and consumption. However, in the environment of slow productivity growth seen in the last few years, that would also imply a persistently higher increase in wages relative to productivity, thus reducing the cost-related competitive advantages of businesses. In this context investment recovery is vital to have the rise in wages commensurable with productivity growth in the medium term. The weak external demand, together with the narrowing of Latvia's export market shares, makes us pay particular attention to competitiveness and export growth prospects, as well as structural reforms in a wider context in order to strengthen the economic growth potential and support investment and productivity.

1. External Demand

Previous assessment	Developments since the previous report	New assessment ¹
External demand		
Moderate growth	<ul style="list-style-type: none"> – the vote to leave the EU has reduced investment and growth expectations in the UK, thus amplifying overall weakness of the global economic sentiment; – diminishing global trade activity in commodity exporting countries resulting from the weaker investment activity; – in 2017, investment shrinkages are expected in Lithuania and Poland due to delays in the EU funding cycle; – a weaker-than-expected GDP growth in Sweden in the first half of the year. 	Moderate growth, albeit at a slightly slower pace than previously projected due to falling demand from Lithuania, Sweden and Poland.

Considering the external environment, the referendum in the UK has figured as the predominant event since the beginning of June 2016 when the UK voted to leave the EU. Despite the concerns voiced by many organisations about the euro area economic development immediately after the vote, last months' macroeconomic data confirm that the euro area's GDP short-term growth proceeds consistently with earlier projections.

Whereas overall GDP growth expectations in Latvia's major trade partners have deteriorated, particularly in Poland where in 2016 and 2017 investment growth is expected to decelerate due to delays in the EU funding cycle; nevertheless, the growth in Poland is still likely to be the fastest among Latvia's major trade partners both this year and next year. For Sweden, the GDP growth forecast has been revised down primarily on account of a weaker-than-previously-projected export record in the first half of the year. Some, though lesser, worsening of growth prospects has been reported also for Lithuania, as investment shrinkages, basically on account of delays in the EU funding cycle, are expected in 2017. Meanwhile for Estonia and Germany, the outlook for their economic growth has remained broadly unchanged. In Russia, in turn, recession has been subsiding since June, the GDP data for the first half of the year were better than expected primarily on account of growing inventories, and the GDP decline is anticipated to be substantially softer this year.

In the UK since the vote to leave the EU, investment, trade and import expectations have moderated, thus amplifying the overall weakness of global economic sentiment. Global trade (except the euro area) is expected to grow at a slower pace in the future, particularly in commodity exporting countries where investment activities have moderated.

¹ Colours in tables are used to show differences in the assessment of impact on Latvia's GDP and inflation vis-à-vis the previous forecast.

Worsened	Unchanged	Improved
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2. Financial Conditions

2.1 ECB policy

Previous assessment	Developments since the previous report	New assessment
ECB decisions		
The expectations of market participants comply with the decision by the Governing Council of the ECB to maintain the key interest rates at the current level and to continue to implement the expanded APP at least until the end of March 2017.	<ul style="list-style-type: none"> – the UK votes for withdrawing from the EU; – oil prices remain relatively low; – developments in the US have contributed to the growth of longer-term bond yields in developed countries; – the Governing Council of the ECB extends the period of the expanded APP and changes its conditions. 	The expectations of market participants comply with the decision by the Governing Council of the ECB to maintain the key interest rates at the current level and to continue to implement the expanded APP at least until the end of 2017.

ECB continues to provide accommodative monetary policy conditions. Since April, the Eurosystem increased the monthly amount of assets to be purchased in the framework of the expanded APP in line with the decision adopted at the meeting held in March (the target amount was increased from 60 billion euro to 80 billion euro) and in June launched purchases of bonds issued by non-financial corporations, which contributed to issuance of these bonds in the financial market, further facilitating the funding conditions for companies. During the December meeting of the Governing Council of the ECB, it was decided to extend the period of the expanded APP until the end of December 2017 or, if necessary, longer, but in any case, until the Governing Council of the ECB sees a sustained adjustment in the path of inflation consistent with its inflation target. At the same time, it was decided to reduce the monthly amount of securities purchased within the expanded APP from 80 billion euro to 60 billion euro per month, as of April 2017. To ensure a successful implementation of the expanded APP also in the future, the Governing Council of the ECB decided to change certain parameters of the expanded APP from January 2017. First, the maturity range of securities purchased within the PSPP will be broadened by decreasing the minimum remaining maturity from 2 years to 1 year. Second, the purchase of securities with a yield to maturity below the interest rate on the ECB deposit facility will be permitted, if it is necessary for the implementation of the expanded APP. At the same time, as decided before, the principal payments from maturing securities purchased under the expanded APP will continue to be reinvested. The first two TLTRO II tenders were held in June and September, at the same time banks had an early repayment opportunity of credit resources received under the TLTRO I tenders at a higher interest rate. Accordingly, the net liquidity increase from the first TLTRO II tender was 38 billion euro, although the amount allotted under the TLTRO II was 399 billion euro, while the net liquidity increase from the second tender was 34 billion euro. However, the uncertainty and increased risks due to certain geopolitical developments have urged market participants to review their expectations of further monetary policy stance.

Since the time when the ECB announced the launch of corporate bonds purchases (under the CSPP), the corporate bond market activity of the euro area has improved. In 2016, the corporate bond issues have considerably increased in comparison with the previous years. For example, in the corporate bond segment eligible for the Eurosystem's purchases in the framework of the expanded APP a higher level of new issues was reached already in October comparing to the level of the previous 2 years reached throughout the year. The Eurosystem's asset purchases are expected to have a positive impact on the corporate bond market also in the coming months.

Chart 1

BALANCE OF THE EXPANDED APP ON THE EUROSYSTEM'S BALANCE SHEET BY SUB-PROGRAMME AND FUTURE FORECASTS
(billions of euro)

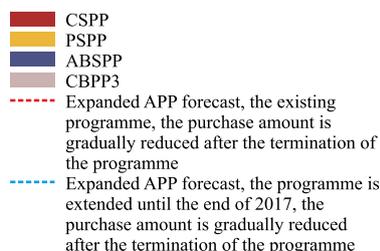


Chart 2

CUMULATIVE ISSUES OF BONDS CORRESPONDING TO THE CSPP PURCHASES BY YEAR
(billions of euro)



Moreover, TLTRO II has also contributed to easing the funding conditions for banks. They are still relatively tighter in the southern countries of the euro area; therefore, the major borrowers within the TLTROs II tenders were the banks of Italy and Spain. As the ECB deposit facility rate is currently negative, banks increasing their lending by 2.5%, instead of paying interest on their borrowing under TLTRO II, will receive a maximum payment (currently at 0.4 percentage point) from the Eurosystem.

At the end of November, the curve of the future term structure of the key ECB interest rates was close to the level of the previous forecasts, reflecting market expectations that the ECB would continue to pursue its low interest rate policy for the next 3 years. Meanwhile, the overnight index swap rates show that at the end of November market participants had priced in only a slight probability (less than 3%) of any further cuts in the ECB policy rates in the nearest future.

Box 1. Impact of the Eurosystem's expanded APP

The situation observed currently indicates that the implementation of the Eurosystem's asset purchase programmes has had the following effect on the euro area financial markets:

- a decrease in interest rates;
- an increase in the value of financial assets;
- an increase in credit demand;
- an increase in issues of securities in certain market segments;
- a decrease in liquidity of the secondary market.

Regarding the asset purchase programmes, Latvijas Banka participates in the expanded APP by purchasing securities from international institutions in relatively larger amounts as the ratio of securities issued in euro by the Latvian government against the GDP is lower than in most of the euro area countries. Therefore, Latvia reached the limits of the purchase of securities established by the Eurosystem sooner. In addition, the major holders of the Latvian government securities are foreign credit institutions. Latvian credit institutions mainly hold securities with a maturity of up to 2 years, while in the framework of the

Eurosystem's expanded APP they buy securities with the remaining maturity of more than 2 years. Although due to these reasons there is no significant direct impact of the Eurosystem's asset purchase programmes in Latvia, the accommodative monetary policy of the ECB contributes to Latvia's economic activity, strengthening external demand and reducing uncertainty related to the future development of the euro area countries, and thereby reduces uncertainty and risks to Latvia's economy. It contributes to the growth of the financial markets, decline in money market interest rates, as well as the decrease in the government and corporate costs of financing. The accommodative monetary policy has contributed to the increase in credit demand and decrease in interest rates for loans granted to households and businesses, as well as the reduction in yields of bonds issued by the public or private sector, enabling the Treasury to issue bonds with the longest maturity until now – 20 years.

2.2 Other central bank decisions and financial markets

Previous assessment	Developments since the previous report	New assessment
FRS's decisions		
Market participants are split in their opinion about the decision made at the December meeting to raise the federal funds rate from 0.25%–0.50% to 0.50%–0.75%.	<ul style="list-style-type: none"> – US market indicators continue on an upward trend; economic activity is strengthening, supporting also faster recovery of inflation; – US presidential election results strengthen expectations for additional fiscal stimulus, which may apparently spur the short-term economic activity; – yields on longer term bonds are rising. 	Market participants' expectations for target interest rate increases from 0.25%–0.50% to 0.50%–0.75% by the decision of December meeting are strengthening. Meanwhile, market participants expect a more dynamic target interest rate rise in the upcoming three-year period.
Bank of England's decisions		
Market participants do not anticipate any changes in the Bank of England's base rate of 0.5%.	<ul style="list-style-type: none"> – the UK votes for leaving the EU at the referendum; – the Bank of England reduces its base rate to 0.25% and restarts its asset purchase programme. 	Market participants anticipate the target interest rate at a lower level in the upcoming three-year period.
Bank of Japan's decisions		
Market participants expect a reduction in the Bank of Japan's base rate from –0.1% to –0.2%.	<ul style="list-style-type: none"> – the Bank of Japan leaves its base rate unchanged, instead adopting a package of other non-standard monetary policy stimulus measures; – both inflation and consumer expectations for impending price level are going down. 	Market participants anticipate the target interest rate at a low level in the upcoming three-year period.
EUR/USD exchange rate		
Market participants' expectations for a slight downward trend: 1.09 USD per euro in a year.	– towards the close of the reporting period, the euro exchange rate is falling faster than market participants predicted.	Market participants anticipate a weaker euro exchange rate against the USD in a year (at 1.04 USD per euro).

Financial asset prices have risen overall again, and, following an asset price drop in the wake of the UK vote to leave the EU, the risk appetite has improved. Policies pursued by central banks have had an essential impact on financial market developments. Persistent low inflation, modest macroeconomic activity data and general uncertainty support central banks to prolong their accommodative monetary policies. It further strengthened market participants' expectations for a longer period of low central bank interest rates. Financial

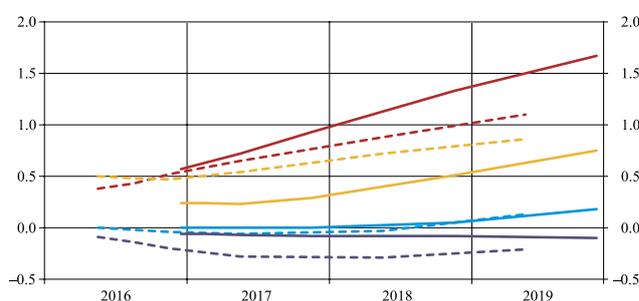
markets were surrounded by side effects from low interest rates on bank, insurance company and pension fund profitability in the future.

Consequences for the economy and financial markets of the UK vote to leave the EU are not clear yet. Despite the fact that the UK is staying in the EU as its fully-fledged member for at least two more years, the country will have to reach an agreement with the EU on future economic and financial relations, which is most likely to affect adversely the investment activity and, consequently, the UK's overall economic development. The exchange rate of the British pound sterling has been volatile since early 2016, it notably depreciated against other major world currencies immediately after the referendum, and thereafter it has remained on a downward trend. Market participants price in an ever growing risk with respect to the value of the British pound sterling in the future as well.

Chart 3

FINANCIAL MARKET ESTIMATED CENTRAL BANK BASE RATES (%)

- US – May
- US – November
- UK – May
- UK – November
- Euro area – May
- Euro area – November
- Japan – May
- Japan – November



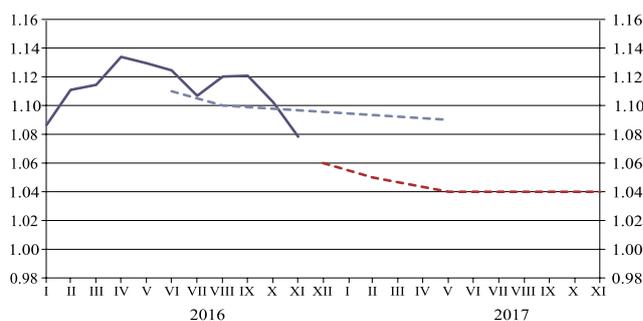
The Bank of England reacted to the referendum by extending stimulus with lower interest rates and asset purchases. These moves by the central bank were priced in the futures rates immediately after the referendum, hence the implied policy was shifted downwards. Market participants anticipate the Bank of England's target interest rate to remain under 0.75% in the coming three years.

The pending FRS's December decision remained in the focus of financial market participants and impacted financial asset prices not only in the US but also globally. At the beginning of the reporting period, the euro rate against the US dollar was somewhat volatile, albeit retaining a resilient overall trend. The value of the US dollar was supported by strong macroeconomic data, which consolidated investors' confidence about interest rates being raised at the December meeting. Meanwhile, the US dollar dynamically appreciated in the aftermath of the US presidential election on account of expectations that the political stance of the president-elect Donald John Trump would bring more fiscal stimulus to the US economy and improve the business environment, consequently giving momentum to economic growth and inflation. For the coming months, market participants have not priced in any substantial changes in the value of euro against the US dollar.

Chart 4

EURO EXCHANGE RATE AGAINST US DOLLAR AND FUTURE EXPECTATIONS

- EUR/USD
- EUR/USD – November (forecast)
- EUR/USD – May (forecast)



The Bank of Japan continued to strengthen its monetary stimulus, and, in addition, at its September meeting passed several non-standard decisions, surprising the markets. Contrary to market expectations, it did not cut the base rate, keeping it steady at -0.1%, but altered its inflation target. It has so far stayed at 2%, yet since the Council's September meeting,

the Bank of Japan has been committed to overshoot the 2% inflation target, thus pressing on the inflation expectations channel. In addition, the Bank of Japan shifted the focus of its monetary policy stimulus from monetary operation volume to yield curve targeting to maintain its 10-year government bond yield at around 0%. The bank revised down the inflation forecast for 2016 and the coming two years on account of overall consumer pessimism and weak economic growth as the main reasons for Japan's inability to return to the inflation target. Market participants have also reduced Japan's inflation forecast on several occasions. They expect the central bank to go on pursuing accommodative monetary policy.

2.3 Securities market

The decision by the Governing Council of the ECB of 8 December 2016 to continue the implementation of the expanded APP at least until the end of 2017 means that Latvijas Banka under the expanded APP will continue to purchase securities issued by the Latvian government and international institutions in the monthly amount ranging from 150 million euro to 200 million euro, i.e., by reducing the purchase amount during the months of a lower liquidity in the securities market and, consequently, by increasing the purchase amount during the remaining months.

As of September, growth in yields on government securities has been observed in the euro area countries as investors were re-evaluating the sustainability of the low interest rates and confidence was growing with regard to reaching the inflation target in the medium term.

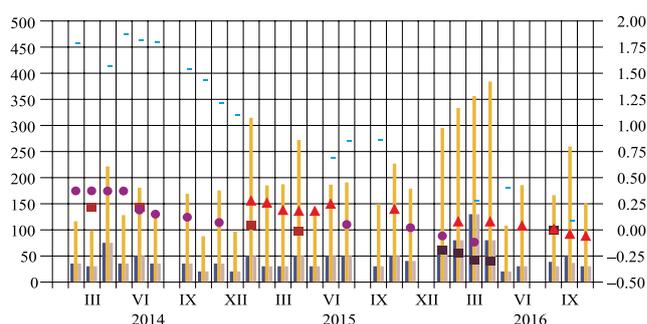
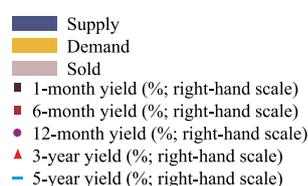
The yields of Latvian Eurobonds issued on external markets have continued to decrease from June to October. Even until September market participants had been expecting that the euro area government bond yields in 2017 would rise due to an increase in inflation; however, as a substantial pickup in bond yields was recorded already in October and November, a further rise in 10 year bond yields in 2017 is no longer expected.

The Treasury has scheduled the next major bond repayment for 22 February 2017, when bonds in the amount of 1 billion US dollars (at nominal value) will mature. Since bonds in the amount of 650 million euro had already been issued on external markets by the Treasury on 30 September, it has ensured funds for repayment of US dollar-denominated Latvian bonds in February of the next year. Therefore, financing needs of a larger amount urging the Treasury to issue bonds on external markets are expected only in the autumn of 2017, to find the funding for covering the budget deficit for 2017 and repayment of Eurobonds in the amount of 400 million euro in March 2018.

In the domestic market, where due to the small size of the market bond yields are more sensitive to increases in issues, the outstanding amount of the government securities of the Treasury is not expected to increase notably. The outstanding amount of the government securities is expected to remain stable and matured issues will be replaced by new issues of government bonds in the domestic market.

Chart 5

AUCTIONS OF GOVERNMENT SECURITIES
(millions of euro)



The favourable financing conditions have contributed to an increase in debt securities of the private sector in Latvia. In 2016, a particularly active issuer was JSC ABLV Bank, as well as new entrants – JSC *Reģionālā investīciju banka* and JSC *Citadele banka*.

In September, Nasdaq Riga share price index OMXR rose rapidly in connection with the liberalisation of the gas market, however, the continued rapid increase in the index may need a break, and, although Latvia's economic growth will still remain moderate, the external demand is weak and investments are low.

2.4 Interest rates

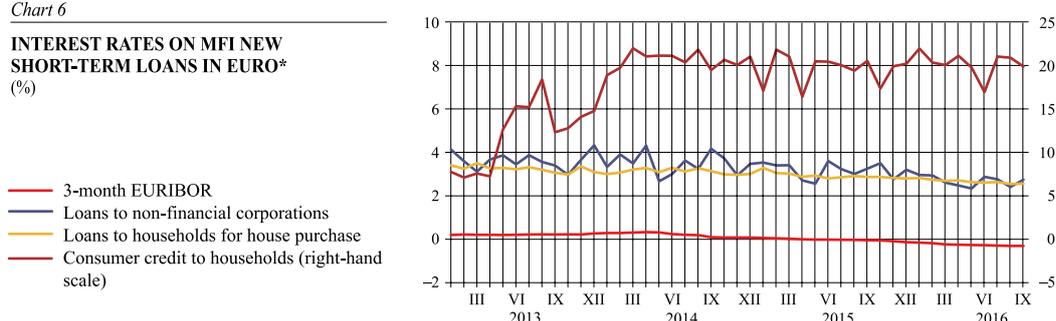
Previous assessment	Developments since the previous report	New assessment
Interest rate on loans to non-financial corporations and households		
A slight decrease due to the decline in the money market interest rates.	– the loan demand is increasing; – credit institutions are no longer reporting on possible changes in credit standards.	The previous assessment remains unchanged.

In the third quarter of 2016, the previous development trends of the interest rates did not change substantially in the loan and deposit market of Latvia. Also, the previous assessment of their possible future development remained unchanged. In Latvia, in comparison with the euro area, the decline in interest rates on loans is slower (see Box 2). Latvian credit institutions are still cautious of granting riskier loans and continue to follow strict credit standards. In Latvia, easing more often refers to credit terms and conditions that are unrelated to interest rates.

Due to the low level of euro money market interest rates, interest rates of the loans previously granted to households and non-financial corporations have reached their lowest level and are slightly above 2%. The majority of the loans already granted to non-financial corporations and households for house purchase is issued in euro at a variable interest rate (most often, 3-month EURIBOR); and hence, most borrowers priced in the decrease in the euro money market interest rate relatively quickly (in the case of 3 months EURIBOR – within 3 months).

Chart 6

INTEREST RATES ON MFI NEW SHORT-TERM LOANS IN EURO*
(%)



* Floating interest rates and interest rates with an initial interest rate fixation period of up to 1 year.

The gradual decline in the euro money market indices reduces interest payments of borrowers and adversely affects interest income of credit institutions. Latvia credit institutions tend to avoid further deterioration in interest income by granting more consumer credits, usually at a fixed and relatively high interest rate. Also, charges unrelated to interest rates remain high with regard to loans granted to households for house purchase and consumer credits.

As the loan demand of households and non-financial corporations was increasing, within the first three quarters of 2016 Latvian credit institutions have granted more new loans than in the corresponding period of the previous year. In accordance with the results of the euro area

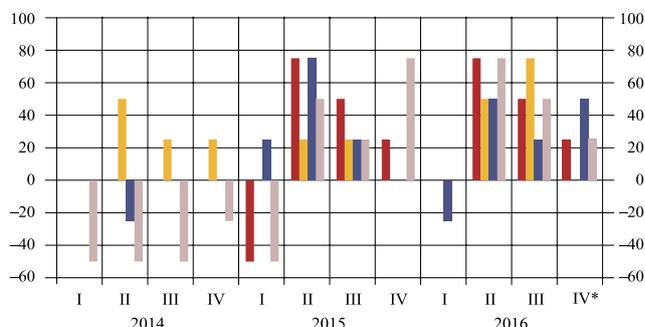
bank lending survey, Latvian credit institutions are expecting a rise in demand also in the fourth quarter of 2016.

Chart 7

CHANGE IN LOAN DEMAND AS ASSESSED BY LATVIAN CREDIT INSTITUTIONS
(net percentage of credit institutions reporting an increase in the demand for loans in the euro area bank lending survey; %)

■ Loans to households for house purchase
■ Consumer credit and other loans
■ Loans to small and medium-sized enterprises
■ Loans to large enterprises

* Forecast.



However, in an international context, as indicated by the euro area bank lending survey, interest rates on new loans granted to non-financial corporations and households tend to decrease feebly in Latvia. Unlike the surveyed banks of other euro area countries, Latvian credit institutions have not significantly reduced the spread over the reference rate. As the Latvian credit institutions are still cautious in evaluating the risk, credit standards remain strict, while the loan demand among low-risk borrowers is saturated. During the last two years a downward trend in the spread between lending and reference rates (the difference between the interest rate on loans and the euro money market interest rate) may be observed in Latvia with regard to new large loans granted in euro (over 1 million euro) to large non-financial corporations – these loans are usually considered to be relatively safer because credit institutions have more reliable information on the performance of the companies and a clearer vision of their future prospects. Under a growing competition, Latvian credit institutions tend to ease other terms and conditions of loans granted to non-financial corporations and households (different from those relating to interest rate), for example, to grant loans of a greater amount with a longer maturity or to reduce collateral requirements. In the euro area bank lending survey, Latvian credit institutions have indicated that in the third quarter they have not changed credit standards for loans to non-financial corporations and households and do not intend to do so in the fourth quarter either.

Chart 8

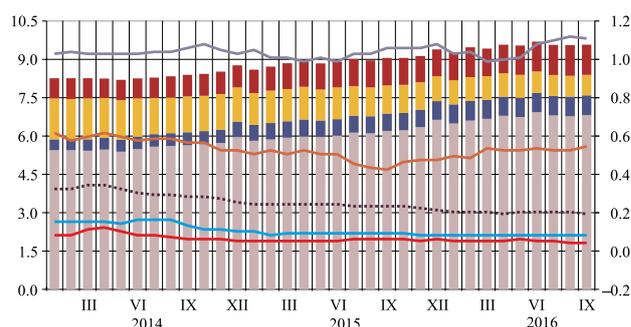
MFI DEPOSITS BY TYPE

(balance; millions of euro)

■ Deposits in other currencies
■ Time deposits in euro
■ Savings deposits in euro
■ Demand deposits in euro

(interest rate; %; right-hand scale)

— Demand deposits in euro
— Savings deposits in euro
— Time deposits in euro
— Deposits in other currencies
..... Total deposits



The transmission of the euro money market interest rates varies among different types of new loans issued in euro in Latvia. It is higher for large loans issued to non-financial companies, and lower for loans of small and medium size issued to non-financial corporations, as well as for loans to households for house purchase. However, the interest rates of consumer credits issued to households are practically not affected by the developments of the euro money market interest rates. The transmission of the euro money market interest rates to the interest rates on loans is hindered by the unbalanced relation between the loan supply and demand in the market, as well as the unwillingness of credit institutions to apply negative interest rates to new loans by setting the lowest limit for the variable part of the interest rate in the contract. The pass-through of the euro money market rates to deposit interest rates is hindered by the incentives of depositors to raise deposit

yields by choosing deposits with a higher interest rate, and due to the fact that negative interest rates are not applied to small deposits.

In Latvia, funding costs of credit institutions remained low. The most part of deposits by households and non-financial corporations are demand deposits and savings deposits with interest rates close to zero or negative.

In 2016, some Latvian credit institutions reported about their plan to apply negative interest rates to large demand deposits by non-financial corporations. It might promote a rapid fall in the funding costs in the future. Looking at the composition of funding sources of Latvian credit institutions, the proportion of time deposits from households and non-financial corporations is minor. Under the conditions of low interest rates, Latvian households opt for longer-term deposits with smaller credit institutions, where a higher priority is given to attracting new customers and retaining existing customers by offering a more favourable interest rate. In Latvian credit institutions, the balance of deposits denominated in US dollars and other currencies has slightly increased (its proportion within the total deposit composition is still small, i.e., 12%), as interest rates of deposits received from households and non-financial corporations denominated in US dollars are increasing.

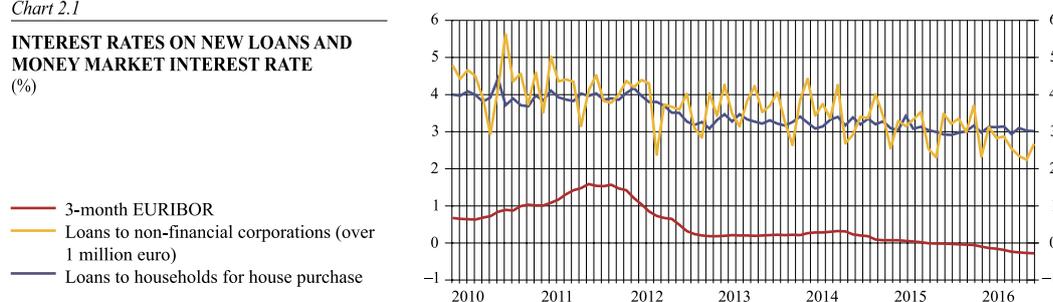
Box 2. Changes in the interest rates of credit institutions in Latvia since the launch of the expanded APP

In response to the consequences of the global financial crisis, the Eurosystem has implemented a series of accommodative monetary policy measures, using traditional monetary policy instruments (by reducing interest rates to the historically lowest level) and introducing several unconventional tools, including TLTROs and the expanded APP. The objective of the above was to accelerate economic growth in the euro area and bring annual inflation closer to the medium-term objective – slightly below, but close to 2%. However, the transmission of monetary policy is a complex process, and the monetary stimulus passes through various sectors, before its impact manifests itself in changes of prices of goods and services. This box describes how changes in monetary policy affect interest rates on loans issued in Latvia.

The initial impact of the monetary policy decisions is reflected in interest rates on the interbank market: for example, 3-month EURIBOR declined to its historically lowest level and is negative for quite a time now (see Chart 2.1). However, was the reduction in the price of lending felt also by the customers of credit institutions in Latvia, i.e., non-financial corporations and households? This is a very topical issue, as lower interest rates on loans constitute a precondition for growth in investment and increase in economic activity.

Chart 2.1

INTEREST RATES ON NEW LOANS AND MONEY MARKET INTEREST RATE (%)



As shown in Chart 2.1, the average interest rates on loans issued by credit institutions in Latvia are declining. This trend is rather characteristic of loans issued to non-financial corporations in the amount exceeding 1 million euro (currently the most significant loan category, representing almost 70% of all new credits issued to resident non-MFIs). The interest rates of these loans decreased from 3.4% in 2014 to 2.6% in the first half of 2016.

The reduction in interest rates on loans issued for house purchase is slower (loans for house purchase are still the most significant type of loans issued to households).

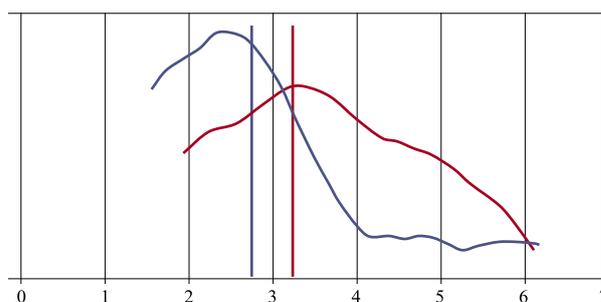
However, there is also a negative aspect: the decline in interest rates on loans issued by credit institutions is noticeably lagging behind the fall in the money market interest rates. The difference between interest rates on new loans issued for house purchase and 3-month EURIBOR increased from 3.0 percentage points in 2014 to 3.3 percentage points in the first half of 2016. Besides, although margins added to 3-month EURIBOR on large loans issued to non-financial corporations decreased, the average margins on loans that were issued to non-financial corporations in Latvia within the first half of 2016 were still higher than in 2011.

Chart 2.2 presents the distribution of interest rates on new loans issued by individual credit institutions to non-financial corporations, exceeding 1 million euro (the largest group of loans in terms of amount) in June 2016 as compared with August 2014 (a month before a significant reduction in the ECB interest rates and the implementation of the TLTRO programme). The vertical line shows the weighted average interest rate in the respective month.

Chart 2.2

DISTRIBUTION OF INTEREST RATES ON LOANS ISSUED BY INDIVIDUAL CREDIT INSTITUTIONS: LARGE LOANS (OVER 1 MILLION EURO) TO NON-FINANCIAL CORPORATIONS (%)

— August 2014
— June 2016



The chart shows that interest rates on new loans issued to non-financial corporations may significantly vary among different credit institutions. For example, in June 2016, interest rates fluctuated between 1.5% and 6.5%. As presented, since August 2014, interest rates have been reduced almost in all credit institutions – the distribution noticeably shifts to the left. Besides, a decrease was observed also in the variation of interest rates, namely, credit institutions with the highest interest rates reduced them most sharply. At the same time, the shift of the vertical line was not as important, so that the reduction in interest rates in large credit institutions was not so significant. The chart suggests that the monetary policy mainly influenced interest rates in small credit institutions, which previously were not as active in lending; meanwhile, the response of large credit institutions to the reduction in the money market interest rates was notably weaker.

These differences may be studied in more detail by using the econometric analysis. First, from September 2014, an access to non-standard monetary policy instruments is provided also to Latvian credit institutions, thus making it possible to determine whether interest rates on loans are systematically different with regard to those credit institutions that are participating in TLTROs and the expanded APP operations as compared with credit institutions not participating in these operations. Second, pursuant to the credit channel theory, margins added to the money market interest rates may be determined by the individual characteristics of credit institutions (for example, the size of the credit institution, liquidity, capitalisation, structure of liabilities and the quality of the loan portfolio).

The results of the econometric analysis show that the transmission of the money market interest rates to interest rates on loans issued by Latvian credit institutions so far has been incomplete until now – approximately 60%. This means that the reduction in the money market interest rates by 1 percentage point leads to the fall in interest rates on new loans by 0.6 percentage point.

However, this scale of transmission significantly differs in credit institutions. Calculations show that credit institutions with enhanced liquidity have produced much weaker transmission. These credit institutions, already before the mentioned monetary policy incentives, had had enough resources that could possibly be directed for lending. Whereas the liquidity of the largest Latvian credit institutions has been sufficiently ample, the monetary policy opportunities to further reduce interest rates on loans are limited. The econometric results indicate that Latvian credit institutions with a greater proportion of non-resident deposits in the loan portfolio or credit institutions with a lower level of liquidity are more responsive to the ECB monetary policy; however, the proportion of such credit institutions in Latvia's loan market is rather small.

Also, the analysis did not confirm the assumption that the participation of Latvian credit institutions in TLTROs and the expanded APP operations has a statistically significant impact on interest rates on loans. This might be due to the fact that only a small number of Latvian credit institutions takes part in these operations.

Overall, it may be concluded that the ECB monetary policy has contributed to the positive changes in Latvia's economy as the interest rates of credit institutions are decreasing. However, the reduction in interest rates is smaller than it could be – the transmission from the money market interest rates to the interest rates on loans is incomplete.

Latvian credit institutions already have a sufficient amount of free funds, therefore additional injections of liquidity in credit institutions is not likely to promote significant growth in lending. Therefore, obstacles to the development of lending should be sought somewhere else – in the insufficient loan demand and strict credit standards. Besides, for a more active development of lending and economy as a whole a very important precondition is to ensure a good state of legal environment, as well as a stable and predictable tax policy. In these areas, there is still enough to be done.

2.5 Credits and deposits

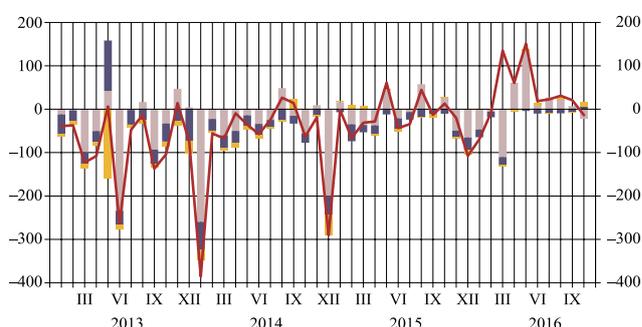
Previous assessment	Developments since the previous report	New assessment
Lending		
Recovery of the annual growth rate of the loan portfolio in mid-2017 (vis-à-vis non-financial corporations at the beginning of 2017; vis-à-vis households in the second half of 2018).	<ul style="list-style-type: none"> – a significant increase in new loans to non-financial corporations; – stronger-than-expected demand for loans within the support programme for house purchase for new families and higher-than-projected lending under the programme; government decides to continue the support programme for house purchase for new families also next year; – activity in the real estate market is augmenting. 	A steady increase in the total loan portfolio and that of non-financial corporations in 2017 (active absorption of EU funds serving as the major factor). Recovery of the annual growth rate of lending to households already in the second half of 2017, with government continuing the support programme for house purchase for new families.

In mid-2016, a new trend emerged in Latvia's economy, i.e. as a result of gradual recovery of lending to the economy by credit institutions, the portfolio of loans granted to resident non-financial corporations and households started to grow as of March, but the annual growth rate of loans returned to positive territory as of April.

Chart 9

MONTHLY CHANGE IN LOANS TO RESIDENTS
(millions of euro)

- Total loans to residents
- Loans to non-financial corporations
- Consumer credit and other loans to households
- Loans to households for house purchase



Initially, the most important driver of a rise in loans was the increase in loans to the non-bank financial sector brought about in particular by restructuring of financing of individual market participants in relation to gradual growth of the leasing sector. However, already after a month, i.e. in April, a pick-up in lending to non-financial corporations also rebounded, although the disruption in access to financing from EU structural funds still dampened lending. This disruption impeded progress of construction projects. The expected UK withdrawal from the EU also affected a rise in uncertainty and postponement of possible investment decisions to the short and medium term. The demand for loans both by non-financial corporations and households augmented since the support programme for house purchase for new families remained in place, activity in the real estate market edged up and the Eurosystem's accommodative monetary policy with record low interest rates continued. Thus, a significant pick-up (yet from a low level) in new loans was recorded, and indicators of the loan portfolio also improved. In the first nine months, new loans to non-financial corporations exceeded the respective indicator of the previous year by 35.9%, loans to households for house purchase – by 42.7%, but consumer credit – by 32.8%. Meanwhile, in September, the annual rate of change in loans regarding loans to non-financial corporations stood at 0.1%, loans for house purchase – at –3.1% and consumer credits – at 7.3%.

Chart 10

FLOW OF THE NEW LOANS
(millions of euro)

- New agreements (households)
- Revised agreements (households)
- New agreements (non-financial corporations)
- Revised agreements (non-financial corporations)

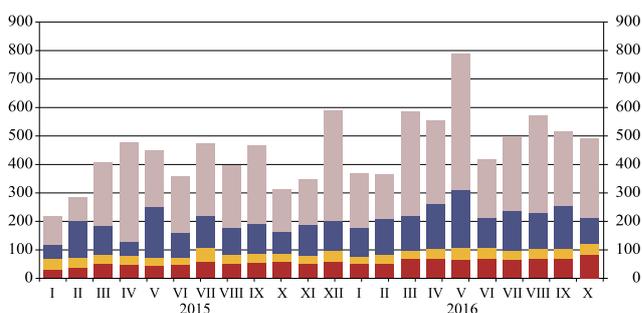
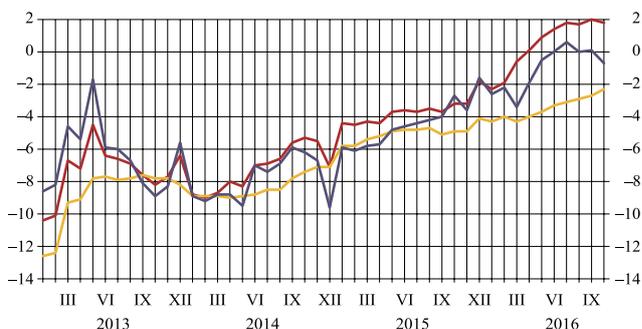


Chart 11

ANNUAL RATE OF CHANGE IN LOANS TO RESIDENTS
(%)

- Total loans to resident financial institutions, non-financial corporations and households
- Loans to resident non-financial corporations
- Loans to resident households



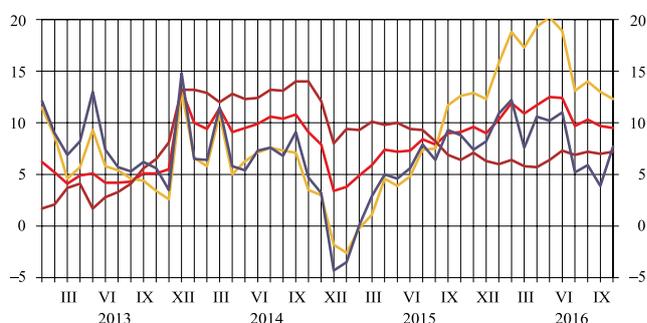
Funding for the moderate expansion of loans was ensured not by resources of foreign parent banks (an annual decrease in September was 4.3%) but by an increase in domestic deposits. This pick-up outpaced the economic growth rate, and in September it exceeded the level of

the respective period of the previous year by 9.7% (a 13.0% increase in deposits by non-financial corporations and a 7.0% boost in household deposits).

Chart 12

ANNUAL RATE OF CHANGE IN RESIDENT DEPOSITS (%)

- Total deposits by resident financial institutions, non-financial corporations and households
- Deposits by non-financial corporations
- Deposits by financial institutions and non-financial corporations
- Deposits by households



Recovery of lending growth and persistence of a moderate rise in deposits describe the overall stability faced by Latvia's economy. The bank lending survey conducted in September 2016 also suggests that the situation in the credit market is full of hope. Although credit standards remained unchanged in the third quarter and in line with forecasts they will not change in the fourth quarter either, the demand for loans both by non-financial corporations and households edged up in the third quarter, and it is expected that this demand will slightly augment in the fourth quarter. In the expectation of inflows from EU funds, the general sentiment of market participants is positive; the Eurosystem will continue its accommodative monetary policy by purchasing assets at least until the end of 2017 and by keeping the key ECB interest rates at low levels well past the horizon of the asset purchase period. Therefore, there is a reason to anticipate in the first half of 2017 recovery of annual growth rate in relation to loans granted to non-financial corporations and households (in September 2016, the annual growth rate of these loans decreased further by 1.2%). The annual growth rate of the loan portfolio of non-financial corporations has already recovered, and there are grounds for improving forecast in lending to households, i.e. an increase in loans to households seen in October reinforces the assessment that its annual growth could already recommence in the second half of 2017.

More active absorption of EU funds will contribute to a large extent to a steady growth of the total loan portfolio and that of non-financial corporations in 2017, but recovery of lending to households will be facilitated by the support programme for house purchase for new families, increasing activity of the real estate market and consumer lending.

2.6 Cross-border financial flows in the balance of payments

Cross-border financial flows were affected by both the private and public sector decisions in the second and third quarters of 2016. Overall, assets abroad increased by 270.3 million euro, but liabilities against non-residents – by 115.0 million euro.

In the private sector, the largest cross-border financial flows on the asset side were determined by the decline in deposits of credit institutions with foreign banks (1.1 billion euro) and portfolio investment abroad (907.4 million euro). This is related to the decrease in non-resident deposits with Latvian credit institutions recorded already since the beginning of the year; thus, deposit outflows were financed by a decrease in foreign assets. In January–September 2016, non-resident deposits declined by 2.1 billion euro (including by 1.6 billion euro in the second and third quarters). The fall in non-resident deposits was affected by both tighter rules on the prevention of money laundering and the weak economic growth of Russia. Likewise, changes in deposits of credit institutions also illustrate regular interbank transactions that are influenced by the decisions on the allocation of liquidity taken within the banking groups. The second and the third quarters experienced an untypical situation regarding foreign direct investment flows since direct investment made by Latvia abroad

(138.2 million euro) exceeded direct investment made in Latvia (64.7 million euro), with JSC Swedbank reducing its equity capital in the second quarter. Direct investment continued to flow into Latvia in the volumes observed so far (excluding this transaction from the assessment).

The flows determined by the public sector decisions were related to the participation of Latvijas Banka in the asset purchase programme within the Eurosystem, the issue of the government bonds and the inflows of EU money. Thus, Latvijas Banka's investment in debt securities in the amount of 1.1 billion euro were the most significant transactions on the asset side. At the same time, the increasing government external liabilities can be mentioned as the key transactions on the liability side – the long-term obligations with the longest maturity period so far (20 years) in the amount of 650 million euro were issued in May 2016. The largest part of this issue was purchased by foreign investors. In the said period, the inflows of EU structural funds (70.1 million euro) accounting for the amount roughly 80% less than the one previously observed on average due to the delays in the absorption of the EU funds in the new planning period were recorded in Latvia via the capital account. As outgoing external payments in euro (the largest of them are related, for instance, to the national central bank's investment in debt securities and the reduction of the JSC Swedbank's capital) exceeded euro inflows into Latvia, external liabilities within the TARGET2 system increased by 1.3 billion euro being reflected in the financial account on the liability side respectively.

3. Sectoral Development

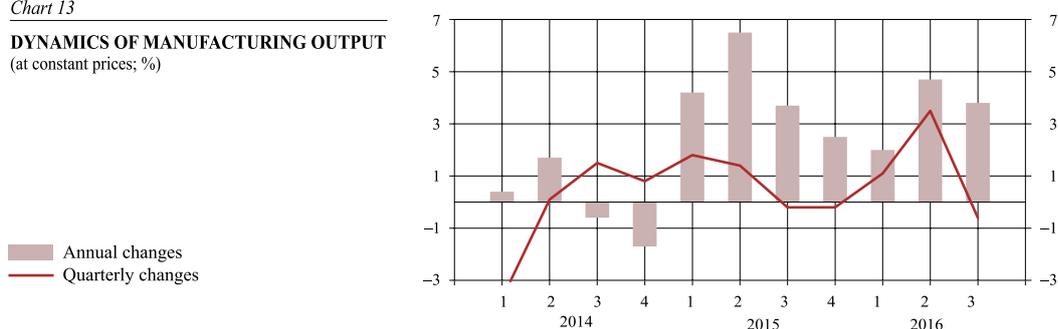
Previous assessment	Developments since the previous report	New assessment
Manufacturing		
Robust growth in 2016, slightly moderating yet still resilient growth in 2017.	<ul style="list-style-type: none"> – external environment has deteriorated; – intensive utilisation of EU funding postponed to 2017. 	Previous assessment remains unchanged.
Construction		
Massive downturn in 2016, solid recovery in 2017.	<ul style="list-style-type: none"> – the launching of projects supported by the EU funding is still delayed, therefore, most construction works will begin only in 2017; – adjustment of EU funding is projected within the programming period, thus financing for construction will be subject to cutbacks in 2017. 	Substantial volume contraction in 2016, slightly more modest (delayed) than projected recovery in 2017.
Transport		
Notably shrinking cargo volumes in rail transport and at ports in 2016, stabilisation of the situation in 2017.	<ul style="list-style-type: none"> – news from Russia about shrinkages of cargoes directed to Baltic ports are released with increasing frequency; – growth in freight turnover transported by road is decelerating. 	Notably dropping freight turnover by road and at ports in 2016, somewhat smaller decrease in 2017 in road transport and at ports, whereas the previous road transportation growth rate is unlikely to continue, with value added of the sector possibly falling.
Real estate market		
A gradual recovery of housing prices and market activity in 2016.	<ul style="list-style-type: none"> – price hikes become steeper, and the number of transactions have increased by around 20%. 	In 2016, the real estate market activity continues to strengthen, and, impacted by the growth in lending, it will become even more pronounced in 2017.
Trade		
Retail trade performance is notably weaker than in 2015, whereas wholesale trade remains substantial and positive, to a large extent due to the base effect.	<ul style="list-style-type: none"> – the inflation outlook for 2017 and 2018 has been revised upwards, price hikes will subdue the retail demand; – lending is expected to speed up slightly but it can support the channelling of disposable income into savings for down payment for housing purchase. 	The positive contribution of one-off factors of 2016 will be fading in 2017; new factors are unlikely to spur the demand, hence the overall sectoral development in 2017 is projected to lag behind previous forecasts.

3.1 Manufacturing

Opposite trends dominated in manufacturing in the second and third quarters of 2016. According to seasonally adjusted data, the manufacturing output growth at constant prices picked up 3.6% quarter-on-quarter in the second quarter. In the third quarter, by contrast, the output volume contracted by 0.5%. Nevertheless, in terms of overall manufacturing growth, the year 2016 was a positive one. Sectoral value added is most likely to increase by about 3%–4% in 2016 (according to calendar adjusted data). It would be a very good outcome for the sector, taking into account the overall economic situation and external market developments.

Chart 13

DYNAMICS OF MANUFACTURING OUTPUT
(at constant prices; %)



Decomposing of manufacturing growth leads to the conclusion that it has become more broadly based in 2016. It does not only depend on the development of some sub-sectors but has been secured by the majority of sub-sectors. In the first half of the year, the momentum was led by wood industry, but, unfortunately, its pace is gradually slowing, giving over the lead to high technology sectors, i.e. manufacturing of computer, electronic and optical products, electrical equipment and machinery. In some months, additional positive contribution came also from the manufacture of building materials and metal products.

In the middle of 2016, the situation in wood industry became more difficult. The usual pace of industry's development slightly decelerated, primarily due to the weakening demand and the related price declines in foreign markets. In addition, the outcome of the UK referendum negatively impacted the exchange rates. A period of low oil prices, in turn, adversely affected the so-far dynamically growing manufacturing of granules thereby reducing sub-sectors price competitiveness; moreover, recent winters in Europe had been rather warm, which also decreased the demand for fuel (energy) wood and granules.

Manufacture of basic metals and machinery grew on account of comparatively strong Scandinavian construction market and reviving demand for car parts. The steeply contracting volume of the domestic construction, on the other hand, affected the industry adversely.

Manufacture of computer, electronic and optical products is still among the fastest growing industries. The sector owes its recent expansion primarily to the dynamic growth of the JSC *Mikrotīkls*, while other companies in this sector also post essential growth.

At the current juncture, leading indicators of manufacturing are rather good. The business confidence index in manufacture is at its long-term average. However, robustness of foreign demand gives rise to concerns, as forecasts of various international organisations are revised down and affect also those of Latvia's major foreign trade partners.

In the near future, the development of manufacturing is most likely to be affected by the decisions made with respect to differentiated electricity tariffs. It has been stated on several occasions that in comparison with their competitors, Latvia's manufacturers involved in energy-intensive production processes pay for energy according to the tariffs which are among the highest in the region. To remedy the situation, an important decision to differentiate electricity distribution tariffs was passed in 2016 (in force). Differentiation of the mandatory procurement component, on the other hand, has been postponed to 2018. In both cases, it is the connection efficiency that matters: the higher the efficiency, the lower the tariff for the respective business. As a matter of fact, some problems of the new model have already surfaced in manufacturers' debate: there are cases when businesses with irregular energy consumption find themselves in a less favourable situation. If one compares the production processes at a sawmill and at a furniture factory, the efficiency of the mill will be higher as its energy consumption is fixed. By contrast, a furniture company will most likely produce goods with higher value added (this, however, is not a universal allegation and should not be generalised). Hence, in some cases, the new regulation has an adverse

effect also on industries involved in further processing. The Saeima of the Republic of Latvia ruled to differentiate the new mandatory component starting with 2018. Despite some shortcomings of the new regulation, it is unclear why the solution has been postponed for one year. This move only aggravates the uncertainty for companies using energy-intensive production processes.

Manufacturing is expected to maintain this year's momentum also in the year to come. Its growth is likely to depend on stronger external and domestic demand, whereas low investment activity restraining output volume expansion will act as a restricting force. Also, the high-level uncertainty now surrounding global geopolitical and economic perspectives is heavily weighing on the sector growth. It also impairs the decisions concerning new investment projects.

3.2 Agriculture

Crop harvesting is the most essential of agricultural developments. The harvest of 2016 suggests that a record high is still ahead, and the performance is likely to be 20%–30% worse. Moreover, due to the rainy summer adversely affecting quality and also pushing up harvesting costs, harvested crops are basically of feed grain quality. In 2016 year-on-year, the grain exchange price has been by around 20% lower, thus the anticipated income from crop production is likely to fall at least 20% below the level.

The turnover in animal production in 2015 had been pressed down by falling meat prices under the impact of Russian sanctions imposed on Latvia and the spread of African swine fever in the territory of Latvia. However, since the beginning of 2016, the situation has been on a positive track, with the market undergoing restructuring and stabilisation, which, among other things, triggered a hike in the average pork purchase price.

Forestry earned the bulk of its income by selling wood in foreign markets. The slow evolution of the economic situation in global markets finds its expression also in net turnover of sector companies registered in Latvia. In the first nine months of 2016, net turnover in forestry and logging declined by 2.1% year-on-year.

3.3 Construction

Seasonally adjusted value added in construction was on a downward track for the sixth consecutive quarter, in the third quarter of 2016 posting a drop of 6.6% quarter-on-quarter and 22.9% year-on-year. The sharp contraction of this sector in the first nine months of the year was a basic factor underpinning weak GDP dynamics. The construction growth is under a strong impact of delayed accessibility to financing from the EU funds, which would presumably recover only towards the close of the year and support a rebound in the growth trend. A more effective recovery of the sector is to be expected in 2017, with large construction projects to be launched most likely in the second half of the year.

Deceleration of the sector's activity since 2015 went hand in hand with contracting demand for construction products on account of temporary residence permits, as the minimum threshold for investment in property that qualifies for a residence permit was raised. The resident demand for housing lags well behind that of non-residents, and deceleration in housing construction went on also in 2016. Nonetheless, the sector's overall data report a somewhat fading impact, and, in the second quarter, even a substantial annual increase in housing construction was recorded. From the beginning of the year, meanwhile, construction growth has been subdued by a steep contraction in building engineering structures, most adversely affected by delayed accessibility to EU funding.

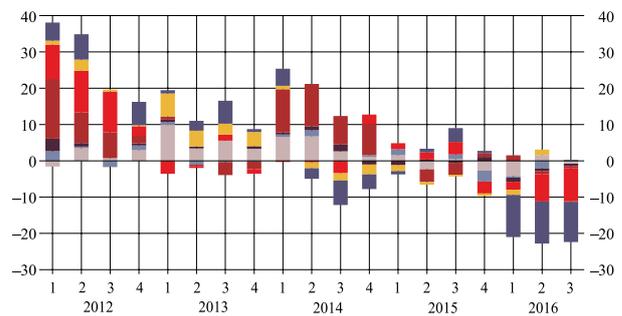
Implementation of projects involving construction of engineering structures was hindered by problems related to the administration of EU funds, resulting in acquisition delays.

According to the estimates of road building sector specialists, the particularly wide-spread company contesting of project competition results in 2016 added around two more months to the delayed launching of projects. In such a way, it was the building of engineering structures that was answerable for the steep downturn in the construction sector in the initial three quarters of 2016. When seasonally adjusted, this downturn moderated in the second and third quarters, while vis-à-vis the third quarter of 2015 it still exceeded 30%. The construction of school, university and research institution buildings continues on a less dynamic trend; residential construction activity is weakening; contribution of non-residential buildings is negative for more than a year now; the growth in hotel and administrative building construction, by contrast, is continuing.

Chart 14

CONTRIBUTION OF SOME TYPES OF CONSTRUCTION OBJECTS TO ANNUAL CONSTRUCTION GROWTH AT CURRENT PRICES
(percentage points)

- Residential buildings
- Commercial buildings
- Production buildings and warehouses
- Other non-residential buildings
- Roads, airfields, tracks and railways
- Pipelines and communication lines
- Other engineering structures



In line with the actual developments in the sector, the leading indicators in construction have long been stable at a low level; nonetheless, last months' data give rise to some optimism. Surveys of the previous four months (up to November) imply a slight improvement in the overall construction sector sentiment indicator compiled by the EC, which, albeit, remains at a very low level. In the third quarter, the decline in builders' expectations about the number of months provided with new order placements has stopped, while in the fourth quarter a substantial rise is expected. Moreover, an upsurge in the production of building materials, reflecting the construction sector's demand for them, has renewed since the start of the year.

The sharply falling construction of residential buildings is moderating; nevertheless, any further notable expansion of this segment is not to be expected, as residents' purchase power is at a rather low level. Ongoing stagnation is likely to be recorded in the construction of non-residential buildings, also affected by the slow start of the new programming period of EU funding. In addition, several large projects were completed in 2015, and similar construction volumes are difficult to reach in the near future. A part of the engineering structure projects, on the other hand, will apparently be postponed to 2017 on account of the delaying factors, e.g. active contesting of project competition results. The macro scenario underlying the forecasts assumes that in 2017 and 2018 accessibility to EU funds will be smoothed out. In order to minimise the risk of economic overheating related to renewed access to financing from the EU funds after a period of marked downturn in the first half of 2016, the Ministry of Finance and the Ministry of Economics of the Republic of Latvia are considering the need to adjust accessibility to financing across the economy. Such adjustment would have a positive impact on construction, reducing overheating, shortages of workforce and rising costs.

3.4 Real estate market

The real estate market continues to recover after an adjustment resulting from more stringent criteria for entitlement to temporary residence permits. Value added in real estate activities remained on a slightly downward path in the first half of 2016, while in the third quarter value added exceeded the level of the respective period of the previous year. In comparison with the low base level resulting from the adjustment, the number of real estate purchases registered with the Land Register has been increasing since the beginning of 2015, and data

published by real estate companies and the CSB imply a gradual rise in housing prices. Most recent data available for 11 months of 2016 suggest that the activity of transactions remains on an upward trend, with the prices of standard housing going up at a faster pace than in 2015. Since March, the number of monthly transactions has reached around 4.5 thousand – a level of activity comparable to that observed in 2014, before the implementation of the amendments to the "Regulation Regarding Residence Permits" by the Cabinet of Ministers of the Republic of Latvia. Now, however, activity is driven by resident transactions, while the number of non-resident transactions and holders of new temporary residence permits remains relatively low. Recovery in market activity was reflected in rising prices, also confirmed by the CSB housing price index which had grown since the adjustment made at the end of 2014 and for the second quarter of 2016 suggested a price level close to the high reached in the third quarter of 2014 in the segments of both new and existing housing.

The national support programme for house purchase for new families implemented by JSC *Attīstības finanšu institūcija Altum* facilitated activity in the real estate market. The amount of mortgage loans granted under the programme accounts for approximately one third of all loans for house purchase.

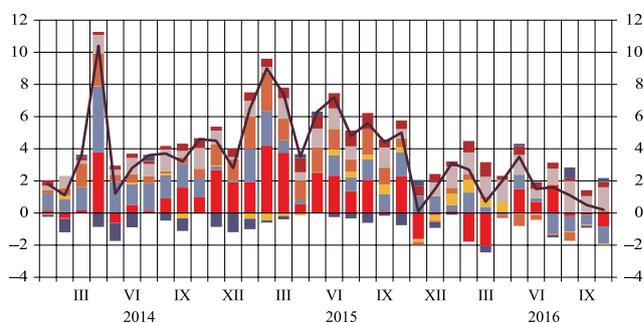
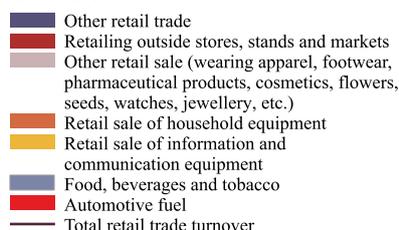
Until the end of 2016 and in 2017, the number of transactions and apartment prices will most likely continue on a gradual upward trend. With the income level rising and credit liabilities diminishing, creditworthiness of Latvian households is improving, while the amount of new household loans for house purchase is increasing. The support programme for house purchase for new families which will also continue in 2017 constitutes an important factor supporting higher real estate market activity and mortgage lending growth.

3.5 Trade

In the third quarter of 2016, annual growth of value added in trade, including wholesale and retail trade and repair of motor vehicles and motorcycles, was 3.7%, weaker than on average in the first half of the year. The retail trade data are not encouraging either: from January to October, retail trade turnover at constant prices grew by 1.7%. A steeper rise in overall growth of the sector as compared to the first nine months of the previous year was largely driven by wholesale trade picking up rapidly and reaching a high level in the fourth quarter of 2015. Therefore, currently the annual growth rate remains high despite further unfavourable developments observed in the wholesale trade sector since the fourth quarter of 2015.

Chart 15

CONTRIBUTION TO ANNUAL CHANGES IN RETAIL TRADE TURNOVER (percentage points)



In 2016, retail trade development was much weaker in comparison with the first 10 months of the previous year (1.7% and 5.9% respectively). The turnover of retail businesses selling mainly food products has accounted for negative contribution since July. The contribution of trade of information technology products was also negative for several months in 2016. In addition, the positive contribution of retail trade by mail or internet shrank substantially, and development of trade of household goods was much weaker. These trade turnover dynamics imply caution on the part of consumers.

The contribution of wholesale trade is not expected to be as significant next year. Lending development is expected to be slightly more buoyant than before; however, its positive impact, e.g. on retail trade, may be hampered by channelling of disposable income into savings for the first down payment for house purchase. Following a decline observed for several months, the retail trade confidence indicator temporarily saw a slight increase in September; however, in October and November the opinion of retailers on how the business activity has developed over the previous three months as well as their expectations of how it could develop over the next three months turned less optimistic. With remuneration of employees going up in 2016–2018 on average at the currently projected rate and inflation, including the price inflation of frequent out-of-pocket purchases, e.g. fuel and food, growing more rapidly than previously projected, in 2017 and 2018 the demand in retail trade could also shrink affecting the trade performance more significantly. In 2017 and 2018, value added in trade is expected to increase more moderately than in 2016.

3.6 Transport

In the second quarter of 2016, the value added of the transport sector at constant prices grew quarter-on-quarter, while falling by 0.9% in the third quarter. In annual terms, the third quarter also saw a drop, following an increase having lasted for four subsequent quarters. The sector's value added at current prices has been declining already since the beginning of 2015, suggesting that prices are falling faster than the real economic activity. A poorer performance of the sector can be explained by the deterioration of the situation in transportation by road, observed in the third quarter; moreover, a decrease in the volumes of rail freight and cargoes loaded and reloaded at ports persisted, albeit at a smaller rate than before.

Since early 2015, the turnover of the sector's businesses has been shrinking; nevertheless, the profit margins in the transport sector in the first three quarters of 2016, like over the last three years, have been higher than on average in the economy. The highest profit-to-turnover ratio has been recorded in the sub-sector of warehousing and support activities for transportation, accounting for 46% of the sector.

According to preliminary data, the turnover of rail freight and cargo at ports has decreased considerably. In the third quarter, rail freight turnover shrank by 20% and in the first nine months of 2016 it dropped 23% year-on-year. The latest data, however, show an improvement in the situation: the cargo volume even posted an increase in October. Nevertheless, public information from Russia testifies to the fact that negative risks still persist. For example, Russia's state railway company *OAO Rossijskije železnije dorogi* has announced a 25% discount on the transit of petrol, diesel and heating oil from oil refineries in Belarus to the ports in north-western Russia, adjusting Russia's railway tariffs to the transportation costs to the ports of the Baltic States. The purpose of the above is to increase Russia's railway capacity utilisation at the time when oil product transportation in Russia is increasingly done by pipeline.

In the third quarter, cargo volumes at ports contracted by 7.3% in annual terms (less than in the second quarter), with coal and oil products still accounting for the largest negative contribution. Overall, cargo volume at Latvian ports shrank by 12% over the first ten months of 2016. It is not a good result, given the fact that cargo volume at the ports of the Baltic Sea posted only a slight decline of approximately 1%. The most pronounced fall – by one fifth – was recorded at the Port of Ventspils. In view of the above performance results in cargo transportation, the following news raises certain concern: it is the railway lines to the Port of Ventspils, with the least capacity utilisation, that are planned to be electrified in the first stage of the railway electrification project in 2019–2023 (total costs – 660 million euro).

In the second and third quarters of 2016, the volume of freight transportation by road expanded, posting a 1.2% increase in the first nine months of the year. The second quarter saw considerably smaller growth in freight turnover (a more important indicator in terms of income and value added) than before, but in the third quarter freight turnover decreased notably by 11.0%. In contrast to the growth trend observed to date, freight transportation turnover abroad (transportation where Latvia is neither the country of cargo loading nor unloading) posted a rapid decline. It is yet too early to tell whether it is a downward trend or a short-term result, as the first three quarters of 2016 saw an overall increase of 9.9% in freight turnover abroad. Transportation services abroad are threatened by the active protectionist policies pursued by the West European countries. The minimum wage initiative in Germany has been followed by France; moreover, according to the sector's representatives, other West European countries might also copy this model. The EC though is currently reviewing the issue of whether such a policy complies with the principle of free movement of services in the EU. In 2016, the road transport industry is highly likely to record poorer performance results than in the previous three years; also, downside risks are associated with its future development outlook in the context of protectionist policies pursued by EU countries. However, in the event of a faster recovery in the external demand and improvement in the international trade environment, the performance of the sub-sector of transportation by road could improve.

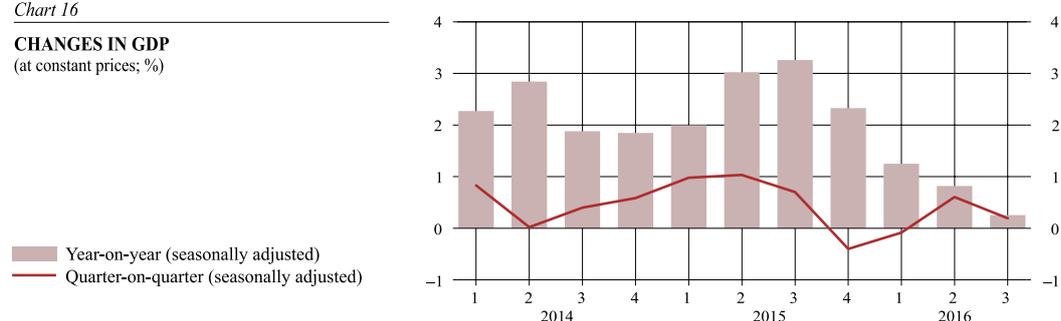
As to the number of air passengers serviced at SJSC Riga International Airport, it is constantly increasing. It is a very good result, since in 2015 a record-high number of air passengers serviced was reached as a result of several factors: low fuel prices, growing purchasing power, new airlines entering the market, opening of routes to new destinations, as well as international events taking place in Latvia. In the first 11 months of 2016, the number of passengers grew by 4.6%.

3.7 Gross domestic product

Sustainable GDP growth has not yet returned in 2016. According to seasonally adjusted data, GDP in the first quarter of 2016 decreased by 0.1% quarter-on-quarter, but in the second quarter it increased by 0.6% and in the third quarter – by 0.2%. Growth is still present, but it is fragile and very weak; this is suggested by the annual growth rate in the third quarter which edged down to 0.3%.

Chart 16

CHANGES IN GDP
(at constant prices; %)



Very strong quarterly growth in manufacturing (5.4%) and trade (2.2%) were the contributors to GDP growth in the second quarter, but it was limited by a drop in value added in energy (-3.4%), construction (-5.0%), financial and insurance services (-2.8%) as well as the real estate sector (-1.1%). Meanwhile, the total assessment at sectoral level continued the downward trend in the third quarter. Value added shrank in manufacturing (-2.0%), energy (-2.5%), construction (-6.6%), transportation services (-0.9%) and financial and insurance services (-0.6%). It was only development of the largest industries that contributed to GDP growth, i.e. trade expanded by 0.5%, real estate activities – by 4.7% and the public administration sectors – by 0.8% (together with the health and education sectors).

Without doubt, construction has played a significant role in 2016. The contraction in value added of the above sector had the most adverse effect on GDP growth.

GDP future development by industry will be to a large extent associated with several factors. First, an increase in activity related to the absorption of EU funds will determine the performance of construction, individual manufacturing and individual services sectors. Moreover, both output of industries (since they supply resources for investment) and medium-term potential of sectors (EU funds for investment in equipment, premises, human capital, etc.) depend on activity with regard to the utilisation of EU funds. Second, external environment developments will play a critical role. It is important for wood and other businesses to know how the UK withdrawal from the EU will take place. It is crucial whether and when sustainable economic growth will resume in the euro area. Third, domestic developments will certainly have a significant role. There are already early signs suggesting that changes will be introduced in the tax policy (according to the Tax Policy Guidelines for 2017–2021) when preparing the 2018 budget. This increases uncertainty and makes it harder for entrepreneurs to plan their activities.

When assessing GDP data, the relatively large differences between seasonally adjusted and seasonally non-adjusted data in 2016 have to be taken into account. This is due to the impact of the leap year. The first half of 2016, compared with the respective period of the previous year, contained an additional calendar day and two extra working days. This means that overall the seasonally adjusted annual GDP growth will be a few tenths percentage points lower than the seasonally non-adjusted annual GDP growth. Consequently, it should be taken into account that the next year will most likely see an opposite effect.

4. GDP Analysis from the Demand Side

Previous assessment	Developments since the previous report	New assessment
Private consumption		
Stable private consumption growth.	<ul style="list-style-type: none"> – information on private consumption in the third quarter; – despite an increase in wages and salaries in the public sector expected in 2017, the impact on the wage bill increase is not significant due to decelerating wage dynamics in the private sector. 	Previous assessment has remained broadly unchanged.
Investment		
Significant volume declines in 2016 due to delayed absorption of the financing from the EU structural funds. Rapid recovery in 2017.	<ul style="list-style-type: none"> – even though absorption of the financing from the EU structural funds is showing signs of acceleration, projects are implemented at a slower pace than projected; – information on investment in the third quarter; – absorption of the delayed financing from the structural funds is projected to be more moderate in 2017. 	<p>Weaker-than-forecast investment growth in the second half of 2016 due to a slower use of the financing from the EU structural funds and more sluggish implementation of projects.</p> <p>Absorption of the EU funding will be relatively smooth in the coming years. Therefore, the recovery is expected to be slower in 2017 and more rapid in 2018.</p>
Exports		
Moderate growth in real exports in 2016. With external demand recovering, a more rapid growth rate of real exports is expected in 2017.	<ul style="list-style-type: none"> – external demand forecasts for the end of 2016 and for 2017 have been revised downwards; – new information on exports in the third quarter; revision of historical data positively affecting the results for 2016. 	Moderate growth in real exports in 2016. Growth rate in 2017 will be slightly slower due to weaker external demand.
Imports		
Rapid rise in real imports in 2016. Real imports are expected to grow steadily in 2017 owing to the recovery of exports and investment.	<ul style="list-style-type: none"> – new information on imports in the third quarter; revision of historical data resulting in a downward revision of the forecast for 2016; – weaker exports and investment forecasts for 2017. 	Rapid, albeit slower than projected, expansion of real imports in 2016 and 2017.
Government spending		
Merely a moderate increase in expenditure in 2016 due to gradual implementation of EU cofinanced projects and the impact of the approaching local elections.	– during the course of the budget planning for 2017–2019, several decisions have been adopted involving a significant increase in expenditure.	Weaker-than-forecast expenditure growth in 2016. Steeper rise in expenditure in 2017 taking account of the approved additional funding for remuneration, the health care sector, defence etc.

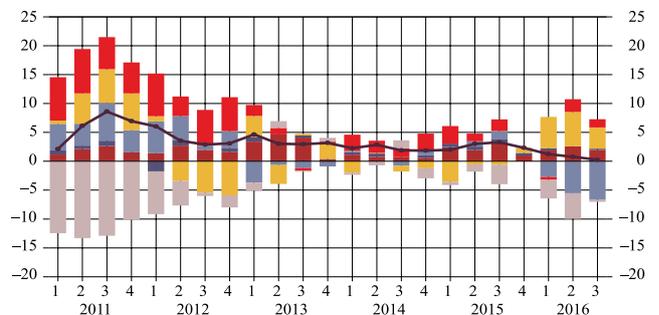
From the expenditure side, the most important factor affecting GDP was weak investment activity that has contributed negatively to the economic growth for the third consecutive quarter. Investment shrank largely due to a disruption in financing from the EU structural funds, as the completion of the projects from the previous programming period and the

delays in absorption of funding of the new programming period resulted in a slowdown in large-value investment in the segment of non-residential buildings and infrastructure.

Chart 17

CONTRIBUTION TO ANNUAL CHANGES IN GDP
(demand side; percentage points)

- Private consumption
- Public consumption
- Gross fixed capital formation
- Changes in inventories
- Exports of goods and services
- Imports of goods and services
- Annual changes in GDP (%)



Slower rate of increase in wages and salaries has not affected/reduced private consumption which continues to contribute positively to the GDP growth. The contribution of exports is also positive: in real terms, the annual export growth was largely on account of rising exports of cereals, wood and products of wood as well as food and pharmaceutical products. A decrease in nominal terms was reported for imports, mainly due to a contraction in import prices of mineral products, while, in real terms, imports expanded.

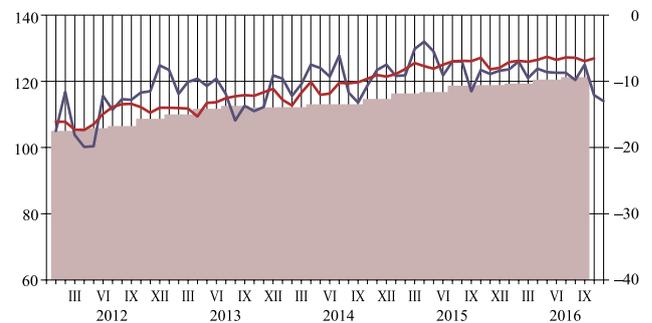
4.1 Private consumption

Despite a slower rate of increase in wages and retail trade, the growth rate of private consumption remained high.

Chart 18

INDICATORS CHARACTERISING CONSUMPTION
(consumer confidence, net responses; 2010 = 100; %)

- Private consumption
- Retail trade turnover
- Consumer confidence (right-hand scale)

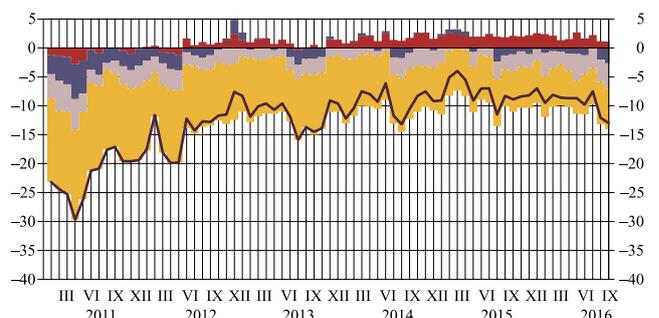


In the medium term, wages remained on a solid upward path, thus, amid low inflation, strengthening the purchasing power of households. This means that even after purchasing every-day goods households can afford to spend more on other goods and services or build up their savings.

Chart 19

CONSUMER CONFIDENCE AND UNDERLYING FACTORS
(net responses; percentage points)

- Financial position of the household in the next 12 months
- Country's economic outlook for the next 12 months
- Unemployment rate in the next 12 months (-)
- Savings in the next 12 months
- Consumer confidence



This is demonstrated by the growing activity in the real estate market as the number of real estate transactions, in particular those in Riga, has increased significantly. The impact on private consumption is ambiguous: on the one hand, when building up savings for the first down payment for real estate purchase, households postpone their consumption for some

time, while, on the other hand, the real estate purchase could stimulate consumption of furniture, household appliances and other goods for house furnishing.

In the coming months, moderate retail trade growth is also likely to be reflected in the decelerating growth rate of the already modest private consumption. However, this will not affect the overall situation in 2016, and consumption will remain the main contributor to growth. In the future, a steady rise in wages will continue to support private consumption. The households' perception of their future financial situation also remained positive and close to its historical high; therefore, private consumption is expected to grow robustly also in 2017.

4.2 Investment

The low investment activity continued to hamper faster economic growth. In the second and third quarters, investment continued on a downward trend, and, consequently, the annual change in comparison with the corresponding quarters of the previous year also remained pronouncedly negative (−25.0% and −26.3% respectively). As in the first quarter, this was mostly a result of a decrease in the segment of non-residential buildings and other infrastructure, where the financing from the EU structural funds accounted for a significant share of funding.

Chart 20

ANNUAL CHANGE IN INVESTMENT AND CONTRIBUTION OF COMPONENTS

(at constant prices; seasonally adjusted data; %)

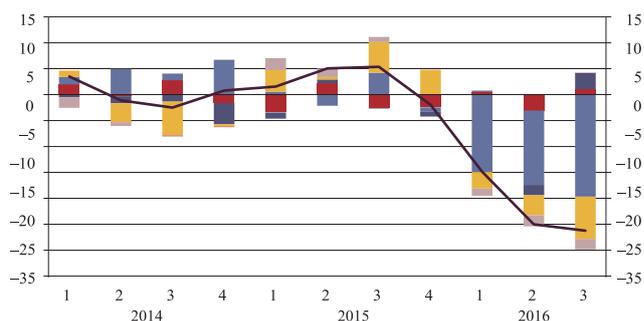
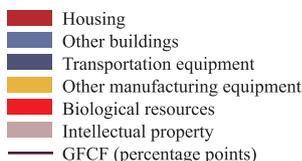
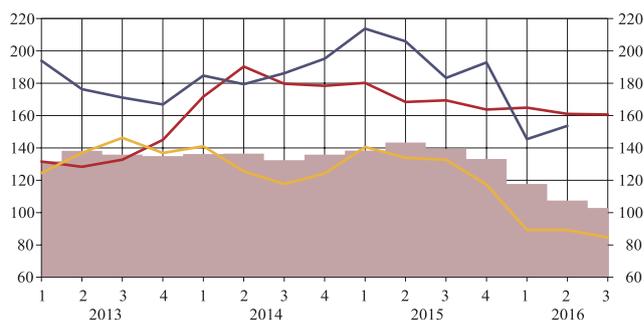
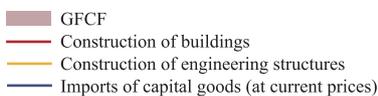


Chart 21

INDICATORS CHARACTERISING INVESTMENT

(at constant prices; 2010 = 100; %)



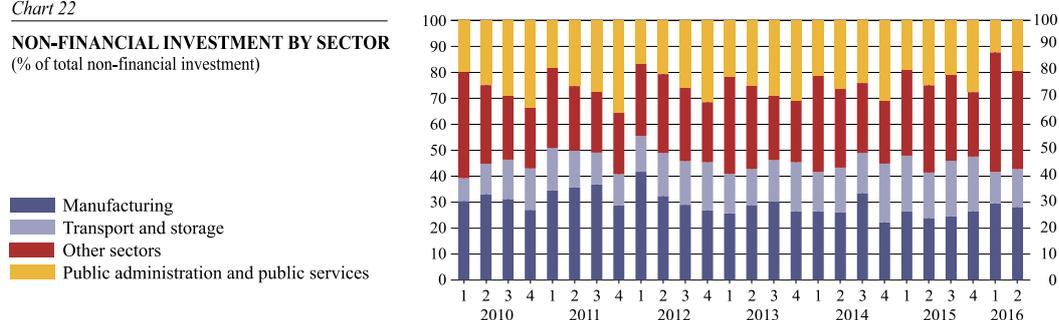
Following the completion of the projects from the previous programming period, e.g. Riga Castle, Academic Center for Natural Sciences of the University of Latvia, the Latvian National Museum of Art, construction of non-residential buildings saw a slowdown. The information available on absorption of financing in the new EU structural fund programming period suggests that the overall number of submitted and approved projects is increasing. Due to the required procedures, however, the economy will benefit directly from those projects only in 2017. Besides, large-value investments in the segment of non-residential buildings, excluding construction of roads, are scarce.

The effect of the EU structural funds on investment value is also evident at sectoral level. Usually, investment in public administration and public services amounted to roughly 23% of all non-financial investment, whereas in the first half of 2016 this figure went down to 16.0%.

Balance of payments statistics suggests that direct investment in Latvia declined markedly in the second quarter. This was a result of JSC Swedbank decreasing its capital, rather than systematic outflows of foreign capital from Latvia. The credit institution claims that the decision was taken on the basis of a high capitalisation level and it will not influence its operation. Excluding the reduction in the share capital of JSC Swedbank from the general picture, direct investment in Latvia rose mainly on account of investment inflows into the wholesale and retail trade sectors as well as the transportation and storage sector. Meanwhile, in the third quarter an expansion in direct investment in Latvia was supported by investment in the financial and insurance sectors, the wholesale and retail trade sectors as well as construction and information technology services sectors.

Chart 22

NON-FINANCIAL INVESTMENT BY SECTOR
(% of total non-financial investment)



A positive development is the rising activity in the real estate market and the gradual growth rate recovery in lending to households and non-financial corporations. Following an extended period of contraction, the loan portfolio of non-financial corporations has started to expand. Corporate financial indicators, in particular an increase in equity, also suggest that low investment activity is not a result of a lack of financing. The problem is caused by corporations choosing, due to high uncertainty, to store their funds on credit institutions accounts rather than investing them.

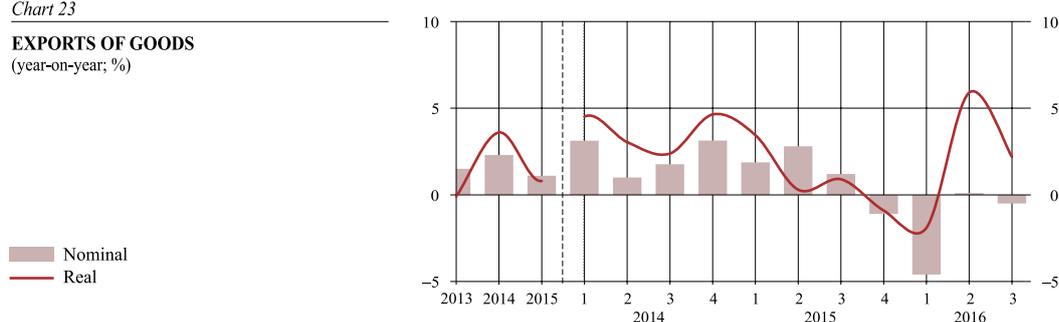
In the future, with inflows from the EU structural funds improving, activity in construction and investment is expected to gradually gain momentum. However, the increase in activity will be moderate and by the end of the year it will not make up for the delays experienced so far. Therefore, overall investment will be lower in 2016 than that in 2015. Although the investment growth rate will be significantly stronger in 2017, the absorption of the delayed financing from the EU structural funds is expected to be moderate and steady over the remaining years of the programming period.

4.3 Exports

In the first nine months of 2016, nominal exports of goods declined by 1.6% in comparison with the corresponding period of the previous year primarily due to a contraction of re-exports and a fall in prices. Meanwhile, in real terms, exports of goods expanded by 2.1%.

Chart 23

EXPORTS OF GOODS
(year-on-year, %)



In the second half of the year, the decrease in export prices decelerated, therefore conditions surrounding nominal exports of goods improved somewhat. Both an upward trend in global food prices and ongoing growth in major exporting sectors contributed to better results in exports allowing exporters to not only maintain the existing export volumes but also increase their sales, despite the environment of growing competition. The adverse impact on exports of agricultural and food products arising from the sanctions imposed by Russia also decreased gradually without causing additional decline in exports of sanction-affected goods. However, there is still no reason for much optimism since growth in exports is very fragile and unstable both by sector and country.

In the first nine months of 2016, the largest positive contributors to growth in exports of goods were vegetable products, primarily cereals, rapeseed and vegetables. The stock of record-high harvests of the previous year facilitated a substantial rise in exports of cereals at the beginning of the year, while sales of the new cereal harvests, which started earlier than in the previous years, and higher demand in EU countries contributed to a significant increase in exports of cereals in August. In 2016, harvest was about 20% smaller than in 2015, and due to poor weather conditions during the harvesting season the cereal quality was low (mostly fodder quality). Taking into account the shrinking global cereal prices, a year-on-year increase in exports of local cereals is not likely in the coming months, as already suggested by the September data.

Means of transport was another commodity group with a significant positive contribution to growth in exports mainly owing to a trimaran yacht exported in July. The above yacht export could be classified as export of high-value-added; however, it should be considered an outlier rather than sustainable support for growth in exports of goods.

Up to this point, wood and products of wood has been one of the most stable export-supporting commodity groups justifying previous investment in this sector. However, growth in exports of products of wood was dampened by a drop in wood prices in the global market and low construction activity in EU countries.

An increase in exports of pharmaceutical products also made a positive contribution to the growth of exports. Following a two-year decline in exports, manufacturers of medicine managed to redirect their exports to other markets and expand sales in the existing markets fairly successfully. Eastern geopolitical risks and exchange rate fluctuations notwithstanding, Latvian exporters do not consider decreasing their presence in the eastern markets. On the contrary, they are trying to maintain the existing export volumes in individual countries, while expanding their exports to other CIS countries. Increasingly more effort goes into penetrating into the markets of Central European, West European and Asian countries.

Growth is also evident with respect to exports of food products. Exports of agricultural and food products were adversely affected by developments in the global dairy market with still-felt repercussions from the embargo imposed by Russia and the lifting of the milk production quotas, as well as by currency depreciation in some countries and overproduction. However, the food industry businesses are gradually adjusting to the new market conditions by varying their goods, creating new products in their respective fields and increasingly diversifying their export markets.

According to the WTO preliminary data, the export market share of Latvia's goods in global imports continues to contract. Increasing the market share of Latvia's exporting businesses is not an easy task, since the cost-related competitive advantages of businesses are shrinking and the sluggish economic growth in the euro area does not contribute to the recovery of foreign demand.

Exports of goods in Latvia's traditional markets increase only slowly or remain unchanged; however, the geographical composition of countries where Latvian businesses are exporting

their goods is gradually expanding towards untraditional markets, e.g. Uzbekistan, Kenya, Ethiopia, Saudi Arabia etc., thus reducing potential risks related to economic or political turmoil in the markets of different countries. Nonetheless, Latvian businesses have not yet managed to fully offset the weakening demand in the markets of Russia and some European countries.

The overall growth in exports was positively impacted by exports of services, primarily telecommunications and computer services. Meanwhile, exports of transportation services rendered to non-residents continued to decrease. This was on account of a decline in sea and rail transportation services which could not be offset by a pickup in road transportation services. Income from the spending of foreign travellers visiting Latvia decreased somewhat, probably due to the base effect – higher spending of foreign visitors in the previous year around this time when a number of events related to the Latvian Presidency of the Council of the EU took place in Riga. According to the CSB data, the number of foreign visitors and the duration of their stay in Latvia's tourist accommodations rose in the second quarter of 2016, mainly owing to the influx of visitors arriving from the US, Spain and the UK, while the number of tourists from Russia remained at the same level as the year before. Representatives of the tourism sector are satisfied with this development, since international events as significant as those seen in 2014 and 2015, substantially contributing to both the increase in the number of visitors and the rise in income, did not take place in Latvia in 2016.

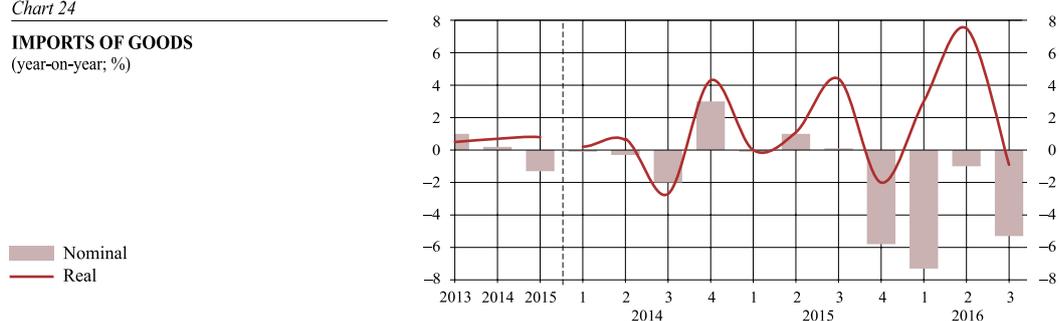
4.4 Imports

Imports of goods in nominal terms continued to shrink primarily on account of a fall in oil prices and narrowing of re-exporting activities.

In real terms, an opposite trend could be observed. Regardless of moderate growth in exports and a significant contraction in investment also evident from a decline in imports of capital goods, in the first eight months of 2016 overall imports of goods posted a relatively rapid rise of 3.1% year-on-year.

Chart 24

IMPORTS OF GOODS (year-on-year, %)



An increase in real imports of goods was, at least partly, supported by strong private consumption and was probably partly reflected in the rapidly growing inventories of businesses. Nonetheless, against the background of low investment activity and weak external demand – and thereby weak exports – there are no grounds to expect as rapid an increase in imports in the future.

In the second quarter, imports of services expanded, while in the third quarter they remained broadly unchanged in comparison with the previous year's level, shrinking by a mere 0.1%. Growth was primarily attributable to household spending on tourism services abroad. It is interesting to note that an increase was registered not only for exports of information technology and telecommunications services but also for their imports. This was probably brought about by a rapid development of the sector in Latvia: due to a lack of local specialists in the field, foreign specialists were contracted by means of outsourcing.

Expenditure on technical and trade-related foreign services also rose in the second quarter. However, in the third quarter it declined slightly. In the third quarter, expenditure on transportation services received continued to shrink in all groups of transportation services. Air and rail transportation services accounted for the most significant decrease.

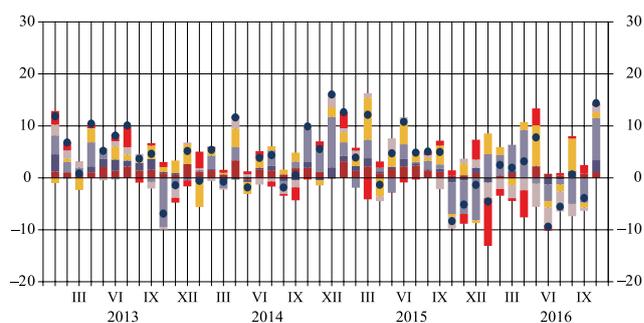
4.5 Government spending

In the first three quarters of 2016, the government expenditure flows were largely influenced by the delayed implementation of EU co-financed projects and considerably lower expenditure on goods and services due to a lag in the election cycle. The overall decline in expenditure also resulted from smaller payments for government debt servicing and contributions to the EU budget. Meanwhile, data for October suggest opposite developments indicating a rise in expenditure. In October, expenditure on payments for goods and services and on investment posted year-on-year increases of 17.0% and 11.3% respectively. It should be noted that in contrast to the decline in expenditure registered in the previous months, a minor increase of 0.5% was observed in the government expenditure in the first 10 months of 2016.

Chart 25

RATE OF CHANGE IN GENERAL GOVERNMENT CONSOLIDATED BUDGET EXPENDITURE AND CONTRIBUTION OF SELECTED ITEMS
(year-on-year; %)

- Remuneration
- Goods and services
- Subsidies and grants
- Social benefits
- Capital expenditure
- Other expenditure
- Total



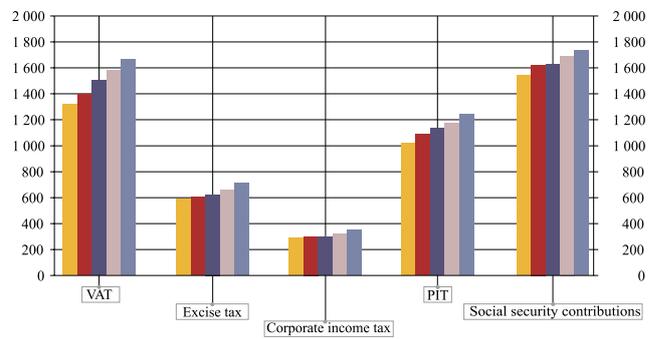
Expenditure is also expected to grow over the last two months of the year due to channelling of additional funding to teachers' wages and the settlements for the implemented projects of infrastructure improvement, e.g. repairs of regional and national roads. Therefore, overall a moderate rise in expenditure is projected for the year.

This means that the 2016 budget execution will be favourably affected by lower government expenditure as compared to the budgeted amount and successful tax revenue collections posting a little higher-than-planned revenue in the first 10 months of the year and a 5.5% increase year-on-year.

In the coming years, government expenditure is expected to grow on account of more active absorption of EU funding. Expenditure will also rise due to granting of additional funds to the government budget for 2017. A significant portion of the funding is budgeted for raising remuneration of teachers and those employed in the interior and justice sectors, as well as for the provision of health care services, national security measures, road repairs and Latvia's centenary celebration.

Chart 26

SELECTED TAX REVENUE
(January–October; millions of euro)



When assessing the budget for 2017, it can be concluded that the government is planning to implement expansive fiscal policy. This is evident in the deteriorating cyclically adjusted budget balance.

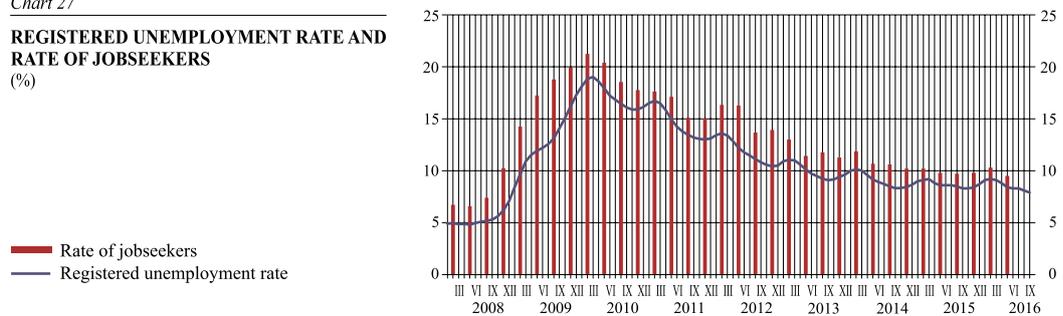
5. Labour Market

Previous assessment	Developments since the previous report	New assessment
Unemployment		
A gradual decline in unemployment (close to its natural level).	<ul style="list-style-type: none"> – the situation in the labour market is stable; – possible lay-offs in the transport sector; – information on labour shortages in retail trade and information technologies. 	Previous assessment has broadly remained unchanged.
Remuneration		
In 2016, the rise in remuneration moderated; in 2017, the increase in wages and salaries is expected to stabilise at 5% and this level is projected to persist in the medium term.	<ul style="list-style-type: none"> – a stronger than expected growth deceleration of private sector wages and salaries; – the minimum wage and salary will follow a gradual upward trend in 2017 (in line with forecasts); – the introduction of the new wage and salary model for teachers as of 1 September 2016 (a positive effect on the average wage and salary in the public sector); – the new policy initiatives in respect of the budget plan for 2017 stipulating a more rapid than expected rise in remuneration in the public sector. 	Previous assessment of the growth rate of remuneration has not been changed significantly; the balance between the rise in wages and salaries of the private and public sectors has changed.

The dynamics of unemployment is in line with forecasts. Both the share of jobseekers and the registered unemployment rate decrease gradually (by 0.3 and 0.4 percentage point respectively during the year).

Chart 27

REGISTERED UNEMPLOYMENT RATE AND RATE OF JOBSEEKERS (%)



Natural unemployment declines at a similar rate; therefore, the cyclical unemployment component has remained close to zero since 2013. It means that it is not enough with pursuing expansionary policy to provide for a further decline in unemployment, the effectiveness of employment policy measures (depending not only on the money spent for this purpose but also on the profiling accuracy of unemployed and the quality of training or retraining programmes) plays a role. Unemployment is expected to decline at the same slow pace in 2017.

The number of employed persons remains stable, with economic development almost entirely relying on productivity growth. Latvijas Banka has already repeatedly warned about such a situation. Against the background of the limited labour resources, the expansion of one enterprise means the narrowing of another one; therefore, the economy needs more productive vacancies instead of just simply vacancies. There is no reason to expect a rapid rise in employment also in the future. The participation rate has reached an all-time high; however, it has been partly determined by a shift in population age structure, i.e. a fall in the share of young people (this population group is characterised by low economic activity). It should be borne in mind that the effect of a shift in the age structure will start to reverse after some years, thus reducing the participation rate and acting as an even stronger impediment to the dynamics of employment.

Chart 28

PARTICIPATION RATE
(15–74 years; %)

— Participation rate
— Participation rate according to the age structure in 2002

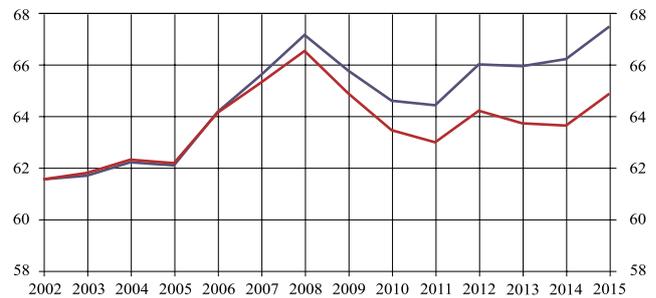
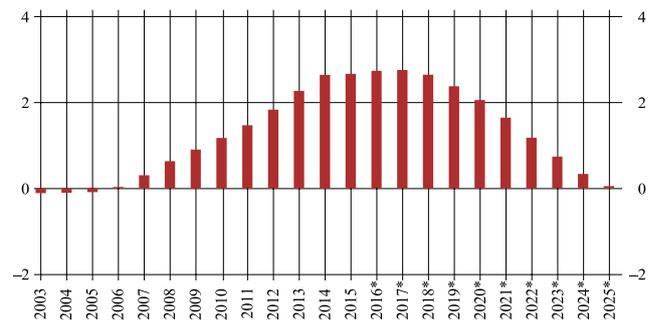


Chart 29

IMPACT OF CHANGES IN THE AGE STRUCTURE ON PARTICIPATION RATE
(base – the age structure in 2002; percentage points)

* Forecast.

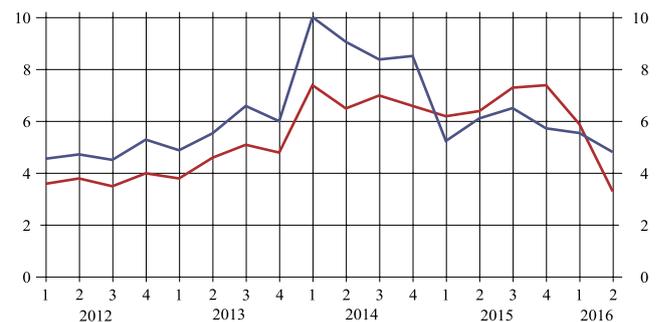


The rise in remuneration moderated in 2016. However, there is a reason to believe that the deceleration was slower than reflected in official CSB data (according to the data, in the second quarter the average wage and salary decreased more than during the crisis in 2009 in comparison with the first quarter, and it lacks economic justification). Consequently, there is a possibility that CSB remuneration data will be revised upwards. There is no doubt, however, that the rise in wages and salaries decelerated in 2016. This is also confirmed by the SRS data. In this situation, a rapid increase in the minimum wage and salary would hinder the competitiveness of businesses and employment rather than increase the income of low wage earners and legalise the so-called envelope wages.

Chart 30

ANNUAL CHANGES IN THE AVERAGE MONTHLY GROSS NOMINAL WAGE AND SALARY
(%)

— CSB data
— SRS data



The private sector has recorded a more buoyant increase in remuneration than in the public sector in the last two-and-a-half years. The situation is expected to change. The public sector will record a more rapid wage and salary increase than the current one (2%–4%) next year, with a stronger effect coming from the rise in wages and salaries of teachers, policemen and judicial employees. At the same time, the growth rate of wages and salaries in the private sector will remain low in the coming quarters, reflecting the economic developments in 2016 with a lag. However, the annual rate of increase in remuneration is going to accelerate to 4%–5% in the medium term.

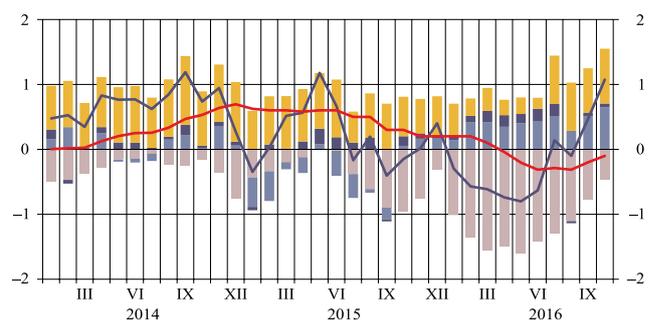
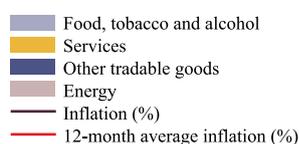
6. Costs and Prices

Previous assessment	Developments since the previous report	New assessment
Oil prices		
The average price was expected to be 42.8 US dollars in 2016, 47.4 US dollars in 2017 and 50.6 US dollars in 2018.	– the OPEC members agreed to reduce oil production volumes by 1.2 million barrels per day by January 2017.	The average price is expected to be 43.1 US dollars in 2016, 49.3 US dollars in 2017 and 52.6 US dollars in 2018.
Global food prices		
A moderate rise in global food prices in 2016. Food prices are expected to increase further domestically due to unfavourable weather conditions.	– shrinking stocks of dairy products and the related global and domestic price hikes; – global sugar prices grow rapidly due to unfavourable weather conditions in the major producing countries of South America.	Future assessment has been adjusted upwards.
Administered prices		
The average decrease in administered prices, although gradually waning as a result of the base effect, still persists in 2016 due to the falling energy prices.	– in October, PUC approves a new producer price plan for the producers of heating energy in Rēzekne (a minor increase in the low cost section) that may affect the costs of different producers.	Future assessment has broadly remained unchanged.
Indirect taxes		
An increase in the excise tax in line with the approved levels.	– an increase in the natural resources tax rate has been approved.	Future assessment has broadly remained unchanged.
Remuneration of employees		
In 2016–2018, the remuneration of employees increases by an average of 5% per year.	– the actual data suggested that the growth of wages and salaries in January–September was lower than expected; – the budget for 2017 has incorporated a slightly steeper increase in wages and salaries in the public sector than before.	The growth of wages and salaries for the average three-year period has not been changed significantly.

The annual inflation rate stood at 0.2% in the third quarter, considerably exceeding the level observed in the first half of the year (–0.6%) including it stood at 0.5% in September, but increased to 1.1% in October. Inflation continued to rise also in November when the national annual inflation rate reached 1.3%.

Chart 31

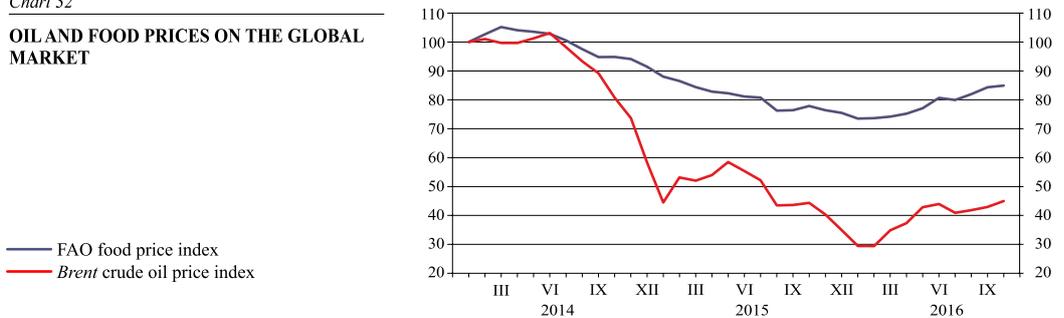
CHANGES IN HICP BY COMPONENT
(percentage points)



Inflation has grown mostly on account of supply-side factors since the middle of the year such as increases in indirect tax rates (the application of the basic VAT rate to the management services related to dwelling and the excise tax on tobacco) and the constantly rising food prices in the global market and the declining negative effects of oil prices.

Chart 32

OIL AND FOOD PRICES ON THE GLOBAL MARKET



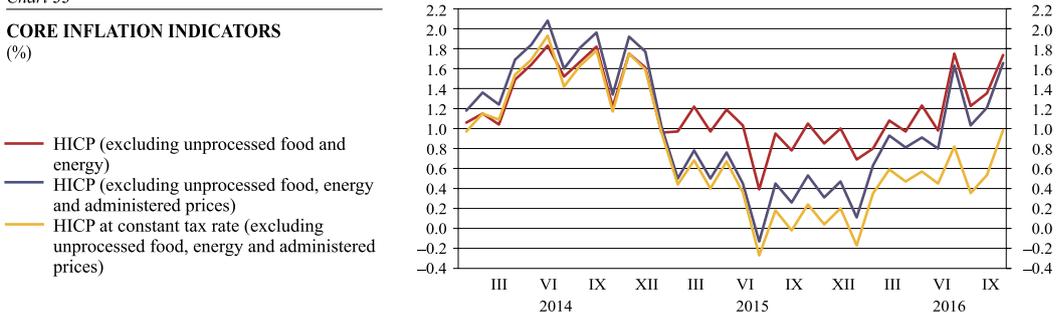
Several changes in administered prices had a positive impact on inflation in 2016. The increase in services prices is mostly on account of supply-side factors or one-off factors. For instance, the prices of communication services were increased in May and July 2016.

So far the overall impact of supply-side factors has been negative; however, it declines gradually along with the growing commodity prices. The agreement regarding the reduction of oil production volumes reached by the OPEC members in the course of negotiations held on 30 November could foster the rise in oil prices.

Core inflation (if HCPI-based, excluding unprocessed food and energy prices or also excluding additionally administered prices) recorded an upward trend in the third quarter; however, it was much affected by the tax component, while the effect of demand has not strengthened significantly. Changes in indirect taxes for 2017 are currently not estimated to be different from the previous assessment (the excise tax on tobacco and alcoholic beverages will continue to rise, and the increase in the natural resources tax has also been approved).

Chart 33

CORE INFLATION INDICATORS (%)

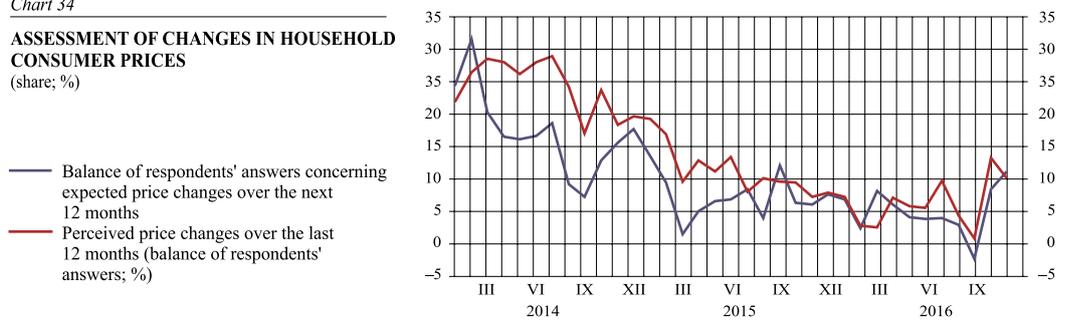


Excluding the effect of indirect taxes, the core inflation measure shows greater stability, and in the third quarter, the increase was mostly on account of different monthly changes in some goods and services groups in July 2015 and July 2016. For instance, the trend in prices of accommodation services differed strongly which could be mainly attributed to the end of the Latvian Presidency of the Council of the EU in June 2015 and the fall in the prices for hotel services in July. In 2016, similar mass events did not affect the number of visitor arrivals; moreover, the opening of new and renovated hotels in Riga will encourage competition on the supply-side in the future. The rise in core inflation is hindered by the deceleration of income growth in 2016. Although the rise in remuneration continues, its growth rate in 2016 is slower than in 2015 and slower than projected at the beginning of 2016. In October and November, the consumer confidence indicator deteriorated in comparison with September, including the employment expectations worsened and the consumer price expectations

increased along with the actual annual inflation estimate in consumer survey outcomes (in line with the current factors affecting inflation and the actual inflation trend).

Chart 34

ASSESSMENT OF CHANGES IN HOUSEHOLD CONSUMER PRICES
(share; %)



Inflation forecast assumptions mainly imply an upward revision of the global commodity prices. This will affect both the prices of imports and the cost component of the prices of goods and services produced domestically. Energy producers and retailers have already started to react to the rise in costs, thus increasing actual prices (e.g. fuel prices) and future tariffs (individual producers of heating energy). Therefore, this could push up cost pressures on consumer prices. Since private consumption forecast remains broadly unchanged, no strong changes in the impact of the consumer side on variation in inflation measures are expected.

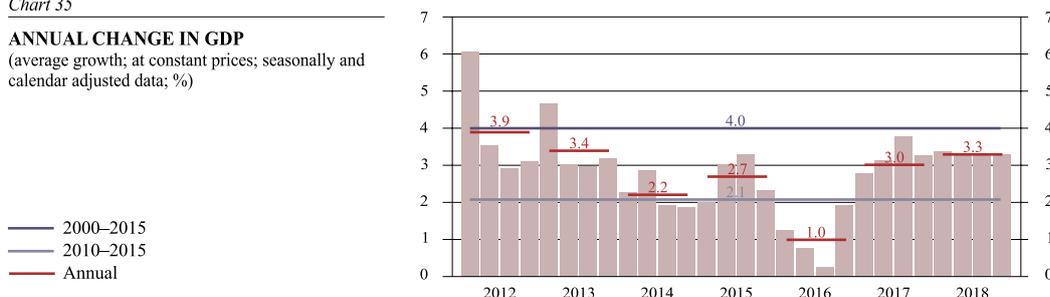
Inflation forecast for 2017 based on the actual data and new assumptions has been adjusted from 1.3% to 1.6%, but it could post a minor increase in 2018 as the rate of economic growth in both periods is similar.

7. Conclusions and Forecasts

In view of the economic development in 2016 so far, Latvijas Banka has revised downwards its GDP growth forecast for 2016 from 1.4% to 1.0%, while that for 2017 remains unchanged at 3.0%. Risks related to the economic growth are considered to be on the downside. In 2017, the EU funding round will have a significant positive effect on GDP; moreover, the indirect effect of the increase in public sector expenditure may result in additional domestic demand. At the same time, a number of downside risks persist. In this context the EU funding round should also be noted: it is still unclear at which moment in 2017 the real economy growth will start accelerating on account of the inflow of EU funding. The delays caused by the bureaucratic procedures (procurements, appeals, etc.) may postpone growth recovery until 2018. Over the last few years, the outlook for the external environment has been persistently over-optimistic, therefore it has been revised downwards regularly. Probably we are likely to face a similar situation also in the future. The recent communications regarding Russia's plans to shift their freight flows to their own ports add to the uncertainty with respect to Latvia's transit corridor.

Chart 35

ANNUAL CHANGE IN GDP
(average growth; at constant prices; seasonally and calendar adjusted data; %)



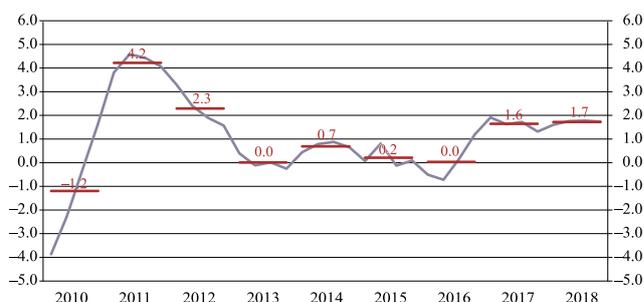
In 2016, the average annual inflation rate might reach 0% as it captures the downward pressure of the commodity price effect on inflation observed in the first half of the year. However, the above effect is gradually fading and the rising global energy and food costs will increasingly be priced into both the producer and consumer prices as well.

Although in the first half of 2016 the rise in wages and salaries was slower than initially forecast, the budget for 2017 provides for quite a considerable increase in the public sector remuneration. Apart from the energy and food costs, a rise in wages and salaries is also likely to have a stronger impact on inflation after a longer interval.

In view of the actual commodity price dynamics, the new assumptions regarding the above and the assessment of the changes in the compensation of employees, the average annual inflation forecast for 2017 has been raised to 1.6%, and in 2018 inflation might reach 1.7%.

Chart 36

HICP ANNUAL CHANGE
(%)



Risks to the forecast are mainly on the upside. Although the global market temporarily saw a drop in oil prices following the US president election, their increase resumed, and after the OPEC meeting the prices are likely to move up faster and the indirect impact and second-round effects of the commodity price rise might be more pronounced. The private

sector remuneration could also respond more strongly to the changes in the public sector remuneration.

Table 1

GDP AND INFLATION FORECASTS (%) AND THEIR CHANGES
(percentage points)

	2016	2017
GDP forecast	1.0	3.0
Changes in GDP forecasts	-0.4	0.0
incl. on account of external factors	0.0	-0.2
Main factors		- weaker external demand.
incl. on account of domestic factors	-0.4	+0.2
Main factors	- in the third quarter, contrary to the forecast, the construction did not show any signs of recovery; - slight downward revisions of historical data.	+ the budget approved by the Saeima of the Republic of Latvia providing for an increase in the remuneration of the public sector employees.
Inflation forecast	0.0	1.6
Changes in inflation forecasts	0.0	+0.3
incl. on account of external factors	+0.1	+0.2
Main factors	+ faster food and oil price rises in the global markets.	+ faster food and oil price rises in the global markets.
incl. on account of domestic factors	-0.1	+0.1
Main factors	- slightly weaker demand.	+ a higher natural resources tax rate has been approved; it may facilitate revision of water supply tariffs; + telecommunications services providers continue to raise tariffs; + the Latvian transmission system operator JSC <i>Augstsprieguma tīkls</i> has submitted its draft plan providing for a rise in energy transmission services tariffs to the PUC.

8. Analysis of Scenarios

This chapter gives an overview of potential impact some risks may have on Latvia's economy. When defining risk scenarios, current risks are used and their potential effect on economy studied in a situation of particularly unfavourable occurrences. The probability that such scenarios will materialise is negligible, hence they do not define the risks surrounding the forecast baseline scenario, and the results obtained should be interpreted as a maximum effect on the Latvian economy when particularly negative occurrences materialise. Two scenarios are dealt with: a scenario with the negative effect from Brexit well exceeding current forecasts, and a transit sector shock scenario, in which cargoes from Russia are completely diverted away from the Latvian ports. In order to analyse the potential impact from such developments, one or several models developed by Latvijas Banka's experts are used.

8.1 Brexit² risk scenario

At the referendum held on 23 June 2016, 51.9% of the UK votes went for leaving the EU. There is no precedence of a large economy withdrawing from the EU, and the economic implications for the EU and Latvia are likely to be serious. At the current juncture, however, the uncertainty about the future of EU and UK's cooperation and the timeline of the change-over to a new model is large. It should be noted that last months' data refute as over-pessimistic (at least with respect to 2016) the forecasts which many institutions made prior to Brexit; nevertheless, the current absence of adverse effects does not exclude their emergence at the time of UK actually leaving the EU. Hence, despite the high-level uncertainty and absence of negative readings in the latest data, the attempts to analyse potential spillover effects of this event on Latvia are of great importance.

Duly accounting for the level of uncertainty, two risk scenarios are considered – adverse scenario and extremely adverse scenario.³ Both scenarios assume that mutual trade between the UK and the EU is modified to be based on the WTO terms, implying that a more favourable trade agreement following Brexit has not been reached; the level of risk, in turn, depends on the pace and smoothness of negotiating a new trade deal. It is also assumed that in the course of three years after trade negotiations between the UK and the EU run into difficulties, a cumulative deterioration in UK's GDP amounts to 3% or 6%, depending either on the adverse or extremely adverse scenario respectively. The interval between these figures in the assumed scenarios is based on unfavourable scenarios of other institutions' modelling research on Brexit (see, e.g. IMF (5), Government of the UK (3) and (4)).

The spillover effect from Brexit is assessed by combining the empirically estimated foreign trade elasticities using the dynamic stochastic general equilibrium (DSGE) models developed by Latvijas Banka's experts (see G. Bušs (2)) and a yet unpublished cross-country DSGE model for Latvia based on an ECB working paper (1). In the model, two main channels transmitting Brexit effects to the Latvian economy are distinguished.

1) Trade channel

a) Direct trade channel

Due to shrinkages in UK imports, export flows from Latvia to the UK contract. In the course of three years, the contraction measures 13.5% in the adverse scenario and 27% in the extremely adverse scenario.

² The word "Brexit" has been coined as a combination of "Britain" and "exit" and is used to denote UK's withdrawal from the EU.

³ The scenarios do not account for the impact from the reduction in the EU structural funds as the latter is not expected over the coming three-year period: payments into the EU budget are binding for the UK until its actual membership ends or until at least around mid-2019. Meanwhile, a new EU structural funds programming period starts in 2020.

b) Indirect trade channel

Contracting UK imports have an adverse effect on EU and euro area exports to the UK. Under the adverse scenario, the euro area GDP decreases by 0.3% in the course of three years following the launch of negotiations (by 0.6% in the extremely adverse scenario). Deterioration of the euro area economic growth makes two basic implications for Latvia surface. First, Latvia's exports to the euro area decrease. Second, inflation in the euro area declines, which translates into a higher real interest rate in the circumstances of restricted monetary policy elasticity.

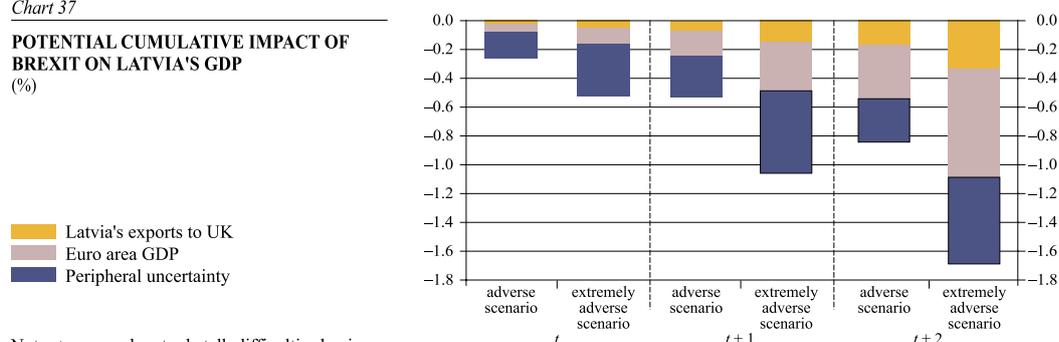
2) *Uncertainty channel*

Depending on the trade negotiation process, the emerging related problems give rise to uncertainty which acts as an impediment to investment inflows. So far, though, substantial uncertainty arising from Brexit has not been recorded. Immediately after the referendum in June 2016, the UK's economic policy uncertainty index⁴ rose markedly, to rebound to almost the pre-referendum level as early as October. In the euro area and Latvia so far, notable Brexit-related uncertainty has not been observed either. However, economic observers predict rising uncertainty if reaching a trade agreement runs into difficulties. Moreover, uncertainty in terms of these scenarios also implies postponed investment, which at company level may occur without a pronounced rise in uncertainty indices. It is assumed that the uncertainty channel is more at work in Europe's periphery and at the initial stages of running into agreement difficulties. The uncertainty channel is modelled as an increase in Latvia's risk premium (by 50 basis points). In the extremely adverse scenario, the increment of risk premium would be 100 basis points.

As a result, in the course of three years after trade talks run into difficulties, Latvia's GDP posts a cumulative drop of 0.8% under the adverse scenario and of 1.7% under the extremely adverse scenario.

Chart 37

POTENTIAL CUMULATIVE IMPACT OF BREXIT ON LATVIA'S GDP (%)



Note. *t* – year when trade talk difficulties begin.

Vis-à-vis other research, a 6% cumulative UK's GDP fall in three years is a very negative assumption and can be compared to the IMF's adverse scenario and the UK Treasury's downside shock scenario. It should be noted that the forecasts by Latvijas Banka already incorporate weaker UK's GDP growth projections vis-à-vis the previous baseline scenario, and the main transition channel in the current forecast is the trade channel. Also, the risk scenario does not capture any possible Brexit-related decisions of large economic agents reacting to Brexit that might mitigate negative effects of Brexit. The risk scenario assumes that passive monetary and fiscal policies are pursued. Whereas in a real crisis situation, politicians are most likely to propose new economic stimulus packages, thus alleviating the crisis impact. As a response to potential economic downturn, central banks may also introduce additional monetary stimulus. Furthermore, due to deteriorating economic growth perspective for the UK and more broadly-based uncertainty, the outflow of capital from the UK to continental Europe, which would mitigate negative effects of Brexit on Europe and Latvia, is possible.

⁴ <http://www.policyuncertainty.com/>.

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8.2 Russia's cargo traffic diverted from Latvian ports

The year 2016 saw a steep contraction in freight transport by rail and via ports, because the transported volumes of coal and oil, two key product groups, shrank. It is associated with falling global demand for coal, sanctions against a number of freight owners, depreciation of the Russian rouble, and higher transit costs through Latvia. In addition, for a long time now, Russia has been aiming at reducing the share of neighbouring ports (in Latvia and Ukraine) in its export deliveries. This share is planned to have been reduced to 5%⁵ by 2020. Public statements relative to these long-standing plans of Russia came out at an increasing frequency in 2016. Nikolay Tokarev, Head of the Russian oil transport and pipeline PJSC *Transneft* announced in September, for instance, that Russia's exports of oil products through the Baltic ports would have been completely redirected to Russia by 2018. Moreover, Russia is creating preconditions also for diverting freight of other states away from the Baltic ports. Thus, at the end of October came the news that the Board of *OAO Rossijskije železnije dorogi* had resolved on a 25% discount on the oil product transit from Belarus to Russian ports, which could make the cost of Belorussian shipments to Russian ports comparable with the tariffs in the ports of Klaipeda and Ventspils.

This risk scenario assumes an extremely adverse development of events, i.e. the Russian cargo business is completely diverted away from the Latvian ports. It is understood that due to the absence of freight of Russian origin, cargoes by rail would decrease by about 70% and via ports by about 60%⁶. The effects of the shock (diverting Russian freight) are estimated by using the computable general equilibrium (CGE) model, capturing 32 industries, 55 products and seven categories of final users. The model is based on Latvia's supply and use tables for 2011 from the World Input-Output Database (WIOD). To simulate the effect from freight diverting, exports of affected sectors (domestic transport and storage, and auxiliary transport services) are subject to shock.

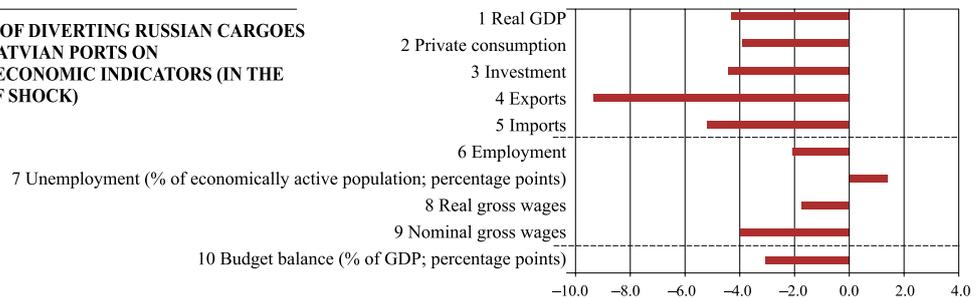
The model shows that on account of the loss of Russian cargo traffic GDP would decrease by 4.3% from its current level in the year the shock applies. Difficulties in the transport industry would push up unemployment, while wages and salaries would go down. Consequently, purchasing power and private consumption would also deteriorate. Weak economic activity would put investment flows under pressure as well.

⁵ In 2015, around 9% of Russia's export cargoes were loaded and unloaded at the Baltic and Ukrainian ports.

⁶ The assumption is based on an approximate share of Russian energy resource cargoes in total cargoes.

Chart 38

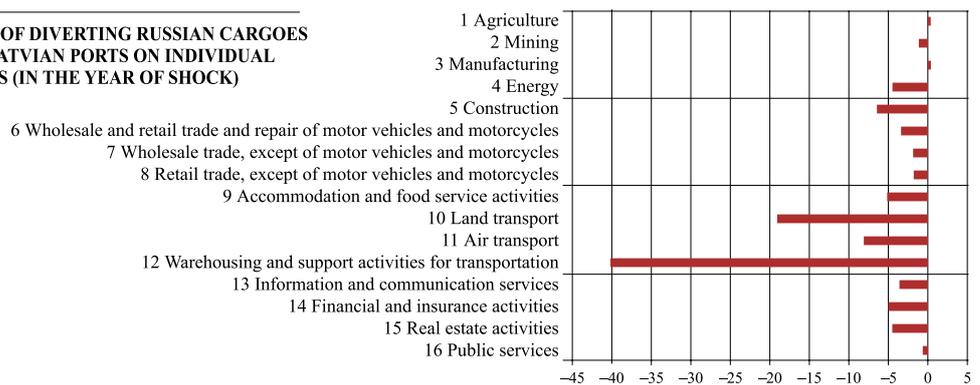
IMPACT OF DIVERTING RUSSIAN CARGOES FROM LATVIAN PORTS ON MACROECONOMIC INDICATORS (IN THE YEAR OF SHOCK)
(%)



The CGE model provides an insight not only into the effects of a shock on the economy overall but also on individual sectors. Effects are negative for shock-affected sectors and the related transport sectors; industries with more sensitive response to overall domestic economic activity are also impacted. Employment and output decreases are posted by construction, financial and insurance activities, real estate operations, the energy sector, and trade. On account of cheaper and easily available workforce, some positive impact is recorded for manufacturing (in particular, manufacture of transport vehicles, machinery and equipment, products of wood and textile articles, all export-oriented subsectors), and agriculture.

Chart 39

IMPACT OF DIVERTING RUSSIAN CARGOES FROM LATVIAN PORTS ON INDIVIDUAL SECTORS (IN THE YEAR OF SHOCK)
(%)



Despite Russia's enormous investment to finance its port and railway infrastructure, it will fall short of the capacity to service all freight redirected to its ports. And what is more, recently (in September and October) the situation in Latvia's transit sector has somewhat improved. It particularly refers to the coal freight segment where due to coal price rises and the beginning of the heating season in Europe the demand for and exports of coal from Russia are concurrently growing. The expanding volumes of Russian exports aggravate capacity problems at its local ports, hence a complete withdrawal of freight traffic from the Baltic ports without making new large investments domestically seems unlikely in the nearest future. Nevertheless, the lack of diversity in Latvian rail- and port-transported cargoes as well as Russia's potential to influence transporters' transit route options imply that downside risks are in place and alternative cargoes to Russia's energy resources shall be looked for.

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1. MONETARY INDICATORS AND INTEREST RATES

	2015					2016									
		Q1	Q2	Q3	Q4	Q1	Q2	Q3							
Overnight deposits ¹ (Latvian contribution to the euro area M1)	13.9	12.2	13.4	14.2	13.9	12.7	16.5	11.1							
Latvian contribution to the euro area M2 ¹	9.4	6.9	9.0	9.5	9.4	9.9	12.0	9.3							
Latvian contribution to the euro area M3 ¹	9.2	6.7	8.5	9.1	9.2	9.5	11.6	9.0							
Loans to resident financial institutions, non-financial corporations and households ¹	-1.8	-4.3	-3.6	-3.7	-1.8	-0.6	1.4	2.0							
Deposits of resident financial institutions, non-financial corporations and households ¹	9.0	5.9	7.3	9.0	9.0	10.9	12.4	9.7							
Long-term interest rate for convergence assessment purposes ²	0.96	0.81	0.85	1.08	1.11	0.88	0.53	0.17							
EURIBOR (3-month loans) ³	-0.020	0.046	-0.006	-0.028	-0.089	-0.187	-0.258	-0.298							
Weighted average yield on government bonds	0.8 ⁴	0.2 ⁵	0.7 ⁴	0.9 ⁴	0.2 ⁵	0.3 ⁴	0.4 ⁴	0.1 ⁴							
OMXR ³	477.6	421.5	439.3	464.4	583.0	612.9	629.5	655.5							
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits ¹ (Latvian contribution to the euro area M1)	14.0	11.7	14.2	12.9	14.9	13.9	13.3	14.7	12.7	14.6	14.4	16.5	13.1	13.4	11.1
Latvian contribution to the euro area M2 ¹	9.5	8.2	9.5	9.7	10.8	9.4	9.7	10.7	9.9	11.0	10.9	12.0	10.1	10.7	9.3
Latvian contribution to the euro area M3 ¹	9.0	7.7	9.1	9.2	10.3	9.2	9.7	10.4	9.5	10.5	10.5	11.6	9.7	10.3	9.0
Loans to resident financial institutions, non-financial corporations and households ¹	-3.7	-3.5	-3.7	-3.2	-3.2	-1.8	-2.3	-1.9	-0.6	0.1	0.9	1.4	1.8	1.7	2.0
Deposits of resident financial institutions, non-financial corporations and households ¹	8.4	7.9	9.0	9.1	9.6	9.0	10.3	11.9	10.9	11.7	12.5	12.4	9.7	10.3	9.7
Long-term interest rate for convergence assessment purposes ²	1.25	0.96	1.03	1.07	1.19	1.08	1.05	0.88	0.71	0.61	0.51	0.48	0.30	0.12	0.10
EURIBOR (3-month loans) ³	-0.018	-0.028	-0.037	-0.053	-0.088	-0.126	-0.146	-0.185	-0.230	-0.249	-0.257	-0.268	-0.294	-0.298	-0.302
Weighted average yield on government bonds	0.8 ⁴	—	0.9 ⁴	0.2 ⁵	—	—	—	0.1 ⁵	0.3 ⁴	0.1 ⁵	0.4 ⁴	0.04 ⁵	—	0.005 ⁵	0.1 ⁴
OMXR ³	440.1	440.1	512.9	574.2	593.8	581.7	598.0	615.7	624.3	621.5	633.4	634.1	633.6	638.3	694.4

¹ Year-on-year changes (%).

² Average secondary market yield of 10-year government bonds.

³ Average of the period.

⁴ Weighted average primary market yield of 5-year government bonds.

⁵ Weighted average primary market yield of 3-year government bonds.

2.a REAL SECTOR INDICATORS AND PRICES

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Industrial output¹								
Increase/decrease ² (at constant prices; working day adjusted data; %)	4.2	4.2	6.5	3.7	2.5	2.0	4.7	3.7
Cargoes loaded and unloaded at ports								
Turnover (thousands of tons)	69 568	19 810	17 605	15 292	16 861	17 013	14 743	14 168
Increase/decrease ² (%)	-6.2	-4.5	-5.5	-5.4	-9.5	-14.1	-16.3	-7.3
Retail trade turnover^{1,3,4}								
Turnover (at current prices; millions of euro)	6 602.1	1 485.5	1 661.7	1 753.9	1 701.0	1 483.4	1 680.8	1 749.9
Increase/decrease ² (at constant prices; %)	5.4	7.6	5.7	5.0	2.2	2.1	2.4	1.1
Unemployment rate (%)	8.7	9.2	8.6	8.3	8.7	9.1	8.3	7.9
Producer prices ¹ (increase/decrease compared with the previous period; %)	-1.0	-0.1	0.0	-0.7	-0.9	-1.0	-0.8	0.4
Consumer price inflation (HICP)								
Year-on-year basis (%)	0.2	0.1	0.8	-0.1	0.1	-0.5	-0.7	0.2
Quarter-on-quarter basis (%)	x	0.0	1.7	-1.2	-0.4	-0.6	1.5	-0.3
Financial surplus/deficit in the consolidated general government budget								
Surplus/deficit (millions of euro)	-372.3	34.5	183.0	-41.5	-548.3	48.4	137.8	117.4
Ratio to GDP (%)	1.5	0.6	3.0	0.6	8.5	0.9	2.2	1.8

¹ Data are calculated according to the Statistical classification of economic activities in the European Community (NACE Rev. 2).

² Year-on-year basis.

³ Sale of motor vehicles and motorcycles not included.

⁴ Data have been revised.

2.b REAL SECTOR INDICATORS AND PRICES

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Industrial output¹															
Increase/decrease ² (at constant prices; working day adjusted data; %)	7.5	2.4	1.3	0.3	4.2	3.1	-2.5	4.3	3.7	0.4	5.6	8.2	3.1	2.6	5.6
Cargoes loaded and unloaded at ports															
Turnover (thousands of tons)	5 042	5 020	5 229	5 704	5 518	5 639	5 688	5 625	5 700	5 194	5 202	4 347	4 880	4 468	4 820
Increase/decrease ² (%)	-6.5	-4.4	-5.2	-6.2	-13.5	-8.6	-14.5	-9.1	-18.2	-19.5	-7.3	-21.5	-3.2	-11.0	-7.8
Retail trade turnover^{1,3,4}															
Turnover (at current prices; millions of euro)	601.0	596.3	556.6	573.1	516.7	611.1	489.0	472.4	522.0	542.9	567.5	570.5	592.0	596.4	561.5
Increase/decrease ² (at constant prices; %)	4.8	5.6	4.4	5.0	0.1	1.5	3.1	2.7	0.7	2.0	3.5	1.5	1.6	1.1	0.5
Unemployment rate (%)	8.6	8.5	8.3	8.3	8.4	8.7	9.1	9.2	9.1	8.8	8.4	8.3	8.3	8.1	7.9
Producer prices ¹ (increase/decrease compared with the previous period; %)	-0.5	-0.6	-0.3	-0.6	0.3	-0.2	-0.2	-0.9	-0.5	-0.1	-0.2	0.2	-0.1	0.6	0.3
Consumer price inflation (HICP)															
Year-on-year basis ⁴ (%)	-0.2	0.2	-0.4	-0.1	0.0	0.4	-0.3	-0.6	-0.6	-0.7	-0.8	-0.6	0.1	-0.1	0.5
Month-on-month basis (%)	-1.1	-0.4	-0.2	0.0	-0.1	-0.3	-0.7	0.1	0.8	0.4	0.7	0.1	-0.3	-0.7	0.4
Annual core inflation (total HICP excluding fuel, regulated and unprocessed food prices; %)	0.4	1.0	0.8	1.1	0.9	1.0	0.7	0.8	1.1	1.0	1.2	1.0	1.7	1.2	1.4
Financial surplus/deficit in the consolidated general government budget (millions of euro)	-85.9	117.6	-73.2	25.7	-100.3	-473.7	107.1	41.8	-100.5	-9.1	149.3	-2.4	21.4	42.0	54.0

¹ Data are calculated according to the Statistical classification of economic activities in the European Community (NACE Rev. 2).

² Year-on-year basis.

³ Sale of motor vehicles and motorcycles not included.

⁴ Data have been revised.

3. ANALYTICAL ACCOUNTS OF THE CENTRAL BANK

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Latvia's contribution to the euro area monetary base	6 799.1	6 826.1	7 199.9	7 238.1	7 511.1	8 964.8	8 079.6	8 249.6	7 678.8	7 924.0	7 868.5	7 251.1	7 887.5	7 810.6	8 122.5
Currency in circulation	4 079.3	4 070.2	4 063.0	4 068.9	4 087.7	4 180.4	4 103.3	4 104.6	4 132.8	4 142.2	4 156.3	4 191.1	4 231.2	4 217.5	4 229.7
Current accounts (covering the minimum reserve system)	2 719.8	2 755.9	3 136.9	3 169.2	3 423.4	4 784.4	3 976.3	4 145.0	3 546.0	3 781.8	3 712.2	3 060.0	3 656.3	3 593.1	3 892.8
Deposit facility and other liabilities related to monetary policy operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit	3 103.0	3 132.6	3 325.2	3 554.9	3 676.3	3 819.9	4 155.2	4 776.3	5 062.1	5 337.6	5 615.2	5 882.5	6 144.2	6 308.0	6 388.7
To MFIs in the euro area	757.9	714.9	732.0	760.1	767.6	772.0	739.3	741.3	629.4	663.8	687.8	679.0	694.7	690.8	528.2
To the General government sector in the euro area	1 065.2	1 051.7	1 129.7	1 142.8	1 133.4	1 139.1	1 312.1	1 724.7	1 973.3	1 981.2	2 015.0	2 063.7	2 092.8	2 124.2	2 270.1
To other euro area residents	1 279.9	1 366.0	1 463.5	1 652.0	1 775.3	1 908.8	2 103.8	2 310.3	2 459.4	2 692.6	2 912.4	3 139.8	3 356.7	3 493.0	3 590.4
Foreign assets outside the euro area	3 193.1	3 264.7	3 358.9	3 417.8	3 430.2	3 327.1	3 451.3	3 494.5	3 246.5	3 294.3	3 350.0	3 344.4	3 123.9	3 119.8	3 475.1
Foreign liabilities outside the euro area	20.6	22.5	2.3	0.6	3.5	9.6	1.8	3.8	9.8	4.6	1.1	9.7	1.4	3.3	3.9

4.

MONETARY AGGREGATES AND COUNTERPARTS IN THE EURO AREA: LATVIAN CONTRIBUTION

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Monetary aggregates: Latvian contribution															
M3	10 814.9	10 851.5	10 994.7	11 010.0	11 293.2	11 571.7	11 427.3	11 723.7	11 636.9	11 814.5	11 796.5	11 932.1	11 863.7	11 973.3	11 989.1
Repurchase agreements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued with maturity of up to 2 years	61.0	60.0	59.3	57.8	51.1	65.1	53.6	44.4	28.8	14.7	18.8	12.5	22.9	31.5	42.0
Deposits with agreed maturity of up to 2 years	1 368.1	1 347.4	1 311.2	1 357.8	1 327.3	1 270.0	1 228.0	1 238.3	1 320.9	1 304.1	1 229.2	1 219.6	1 233.7	1 231.7	1 237.9
Deposits redeemable at notice of up to 3 months	724.2	724.6	733.7	738.8	748.9	779.4	801.9	826.4	790.1	801.5	802.8	809.2	813.7	820.3	830.1
Overnight deposits	8 661.5	8 719.5	8 890.5	8 855.7	9 165.9	9 457.2	9 343.8	9 614.6	9 497.2	9 694.1	9 745.7	9 890.7	9 793.4	9 889.8	9 879.1
Counterparts of monetary aggregates and longer-term financial liabilities: Latvian contribution															
Deposits of central government	710.3	764.3	1 136.5	1 182.2	1 043.1	503.8	459.4	537.9	508.1	469.7	919.5	897.4	662.5	735.5	826.1
Longer-term financial liabilities	4 152.9	4 164.6	4 226.6	4 281.6	4 313.7	4 274.5	4 381.2	4 405.0	4 164.8	4 126.3	3 766.4	3 865.7	3 923.7	3 961.9	3 994.7
Deposits with agreed maturity of over 2 years	441.1	442.2	443.2	449.1	449.6	434.3	428.2	422.2	408.2	411.2	411.0	410.3	411.9	405.9	405.3
Deposits redeemable at notice of over 3 months	5.2	5.1	5.1	5.0	5.0	4.9	4.8	4.8	4.9	4.9	5.0	4.8	4.7	4.6	4.5
Debt securities issued with maturity of over 2 years	64.0	43.8	43.2	43.9	45.0	45.2	46.8	32.8	30.8	34.8	35.6	37.7	37.9	38.5	38.9
Capital and reserves	3 642.6	3 673.5	3 735.2	3 783.7	3 814.0	3 790.0	3 901.3	3 945.2	3 720.9	3 675.3	3 314.8	3 413.0	3 469.2	3 512.9	3 546.0
Credit to euro area residents	16 004.4	16 038.8	16 116.2	16 272.0	16 281.8	16 189.1	16 410.4	16 770.0	17 177.9	17 306.8	17 441.3	17 751.9	17 642.7	17 660.9	17 893.8
Credit to general government	2 330.2	2 302.4	2 338.9	2 461.7	2 460.9	2 447.2	2 779.0	3 091.3	3 397.5	3 408.7	3 386.5	3 606.1	3 472.5	3 460.0	3 691.8
Credit to other euro area residents	13 674.2	13 736.4	13 777.3	13 810.3	13 820.9	13 741.9	13 631.5	13 678.7	13 780.5	13 898.2	14 054.8	14 145.8	14 170.1	14 200.8	14 202.0
Loans	12 915.9	12 974.6	12 996.8	13 012.4	13 006.9	12 943.6	12 846.6	12 869.9	12 992.6	13 112.7	13 271.2	13 357.0	13 388.1	13 425.4	13 443.3
Net external assets outside euro area	-516.1	-323.3	-287.6	-681.7	-1 018.8	-2 185.8	-1 549.9	-1 253.2	-1 228.7	-1 358.2	-1 289.4	-1 172.1	-1 704.7	-1 454.4	-1 134.0

5. KEY ECB INTEREST RATES

(percentages per annum)

With effect from (dd.mm.yyyy)	Deposit facility	Main refinancing operations			Marginal lending facility
		Fixed rate tenders		Variable rate tenders	
		Fixed rate		Minimum bid rate	
01.01.1999	2.00	3.00	–	4.50	
04.01.1999	2.75	3.00	–	3.25	
22.01.1999	2.00	3.00	–	4.50	
09.04.1999	1.50	2.50	–	3.50	
05.11.1999	2.00	3.00	–	4.00	
04.02.2000	2.25	3.25	–	4.25	
17.03.2000	2.50	3.50	–	4.50	
28.04.2000	2.75	3.75	–	4.75	
09.06.2000	3.25	4.25	–	5.25	
28.06.2000	3.25	–	4.25	5.25	
01.09.2000	3.50	–	4.50	5.50	
06.10.2000	3.75	–	4.75	5.75	
11.05.2001	3.50	–	4.50	5.50	
31.08.2001	3.25	–	4.25	5.25	
18.09.2001	2.75	–	3.75	4.75	
09.11.2001	2.25	–	3.25	4.25	
06.12.2002	1.75	–	2.75	3.75	
07.03.2003	1.50	–	2.50	3.50	
06.06.2003	1.00	–	2.00	3.00	
06.12.2005	1.25	–	2.25	3.25	
08.03.2006	1.50	–	2.50	3.50	
15.06.2006	1.75	–	2.75	3.75	
09.08.2006	2.00	–	3.00	4.00	
11.10.2006	2.25	–	3.25	4.25	
13.12.2006	2.50	–	3.50	4.50	
14.03.2007	2.75	–	3.75	4.75	
13.06.2007	3.00	–	4.00	5.00	
09.07.2008	3.25	–	4.25	5.25	
08.10.2008	2.75	–	–	4.75	
09.10.2008	3.25	–	–	4.25	
15.10.2008	3.25	3.75	–	4.25	
12.11.2008	2.75	3.25	–	3.75	
10.12.2008	2.00	2.50	–	3.00	
21.01.2009	1.00	2.00	–	3.00	
11.03.2009	0.50	1.50	–	2.50	
08.04.2009	0.25	1.25	–	2.25	
13.05.2009	0.25	1.00	–	1.75	
13.04.2011	0.50	1.25	–	2.00	
13.07.2011	0.75	1.50	–	2.25	
09.11.2011	0.50	1.25	–	2.00	
14.12.2011	0.25	1.00	–	1.75	
11.07.2012	0.00	0.75	–	1.50	
08.05.2013	0.00	0.50	–	1.00	
13.11.2013	0.00	0.25	–	0.75	
11.06.2014	-0.10	0.15	–	0.40	
10.09.2014	-0.20	0.05	–	0.30	
09.12.2015	-0.30	0.05	–	0.30	
16.03.2016	-0.40	0.00	–	0.25	

6. ASSETS AND LIABILITIES OF LATVIJAS BANKA

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Gold and gold receivables	210.8	215.1	213.9	221.5	213.6	207.7	218.1	240.5	231.3	238.6	232.0	253.4	256.2	251.8	253.1
Claims on non-euro area residents denominated in foreign currency	2 792.4	2 861.7	2 974.8	3 011.8	3 033.9	2 950.0	3 068.1	3 076.1	2 853.7	2 890.3	2 936.9	2 903.4	2 690.4	2 705.0	2 471.6
Claims on euro area residents denominated in foreign currency	637.0	591.5	558.3	578.0	564.0	541.1	567.0	634.8	499.2	523.8	544.4	551.2	577.6	577.5	364.7
Claims on non-euro area residents denominated in euro	189.9	187.9	170.3	184.6	182.7	169.5	165.0	177.9	161.4	165.4	181.1	187.7	177.3	163.0	750.5
Lending to euro area credit institutions related to monetary policy operations denominated in euro	201.5	200.5	235.5	235.5	230.5	263.7	253.7	245.0	245.0	245.0	245.0	234.3	234.3	234.3	244.7
Main refinancing operations	1.0	0	5.0	5.0	0	0	0	0	0	0	0	0	0	0	0
Longer-term refinancing operations	200.5	200.5	230.5	230.5	230.5	263.7	253.7	245.0	245.0	245.0	245.0	234.3	234.3	234.3	244.7
Fine-tuning reverse operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Structural reverse operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marginal lending facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credits related to margin calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other claims on euro area credit institutions denominated in euro	0.2	0.1	2.7	13.6	10.1	2.5	1.2	8.9	0.1	6.6	14.1	11.8	9.4	1.6	0.5
Securities of euro area residents denominated in euro	2 264.4	2 340.5	2 528.5	2 727.8	2 871.7	3 015.4	3 333.4	3 887.7	4 317.8	4 562.2	4 811.8	5 085.3	5 323.0	5 494.6	5 778.8
Securities held for monetary policy purposes	901.1	1 053.5	1 238.9	1 442.7	1 658.8	1 808.4	2 000.4	2 194.0	2 375.7	2 641.2	2 891.7	3 130.5	3 341.9	3 523.6	3 732.9
Other securities	1 363.3	1 286.9	1 289.6	1 285.1	1 212.9	1 207.1	1 333.0	1 693.7	1 942.1	1 921.0	1 920.0	1 954.8	1 981.2	1 971.0	2 045.9
Intra-Eurosystem claims	3 614.2	3 640.6	3 649.6	3 674.7	3 708.6	3 802.6	3 765.9	3 793.5	3 844.6	3 892.3	3 916.1	3 955.1	3 996.9	4 039.4	4 061.0
Other assets	131.3	175.2	135.3	134.4	139.6	166.2	144.2	138.1	211.1	138.1	129.8	151.5	144.5	144.8	145.2
Total assets	10 041.6	10 213.1	10 469.0	10 781.9	10 954.8	11 118.7	11 516.7	12 202.4	12 364.3	12 662.3	13 011.1	13 333.7	13 409.5	13 611.9	14 070.1

6. ASSETS AND LIABILITIES OF LATVIJAS BANKA (CONT.)

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
LIABILITIES															
Banknotes in circulation	3 894.6	3 885.3	3 877.5	3 883.1	3 901.3	3 992.4	3 915.7	3 917.9	3 946.5	3 956.2	3 969.9	4 004.0	4 042.3	4 028.3	4 039.7
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	2 719.8	2 755.9	3 136.9	3 169.2	3 423.4	4 784.4	3 976.3	4 145.0	3 546.0	3 781.8	3 712.2	3 060.0	3 656.3	3 593.1	3 892.8
Current accounts (covering the minimum reserve system)	2 719.8	2 755.9	3 136.9	3 169.2	3 423.4	4 784.4	3 976.3	4 145.0	3 546.0	3 781.8	3 712.2	3 060.0	3 656.3	3 593.1	3 892.8
Deposit facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed-term deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fine-tuning reverse operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits related to margin calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other liabilities to euro area credit institutions denominated in euro	2.7	10.5	1.1	0.0	2.2	8.8	1.5	1.2	7.0	0.0	0.0	12.3	0.0	0.4	1.1
Liabilities to other euro area residents denominated in euro	95.5	95.2	84.2	94.3	125.6	145.9	137.6	129.1	107.5	115.3	162.0	182.4	179.1	175.0	171.9
General government	28.2	28.4	16.9	21.2	23.1	38.1	23.5	11.1	10.1	12.8	60.3	68.4	9.7	6.3	10.3
Other liabilities	67.3	66.8	67.3	73.1	102.5	107.8	114.1	118.0	97.4	102.5	101.7	114.0	169.4	168.7	161.6
Liabilities to non-euro area residents denominated in euro	20.6	18.6	2.1	0.6	3.5	9.1	1.8	3.8	8.9	4.6	1.1	7.2	1.4	2.0	3.7
Liabilities to euro area residents denominated in foreign currency	155.0	152.1	151.5	154.4	157.9	155.2	155.3	158.1	152.5	151.0	155.1	152.3	152.3	151.4	154.1
Liabilities to non-euro area residents denominated in foreign currency	0.0	3.8	0.2	0.0	0.0	0.5	0.0	0.0	0.9	0.0	0.0	2.5	0.0	1.3	0.2
Intra-Eurosystem liabilities	2 450.2	2 587.4	2 502.9	2 705.4	2 571.4	1 312.1	2 600.0	3 032.1	3 827.1	3 880.8	4 197.0	5 067.2	4 540.5	4 803.6	4 947.8
Other liabilities	231.1	226.0	224.1	284.0	281.0	258.9	255.6	310.5	250.8	279.4	309.5	288.8	252.5	267.1	259.2
Capital and reserves	472.2	478.2	488.5	490.9	488.5	451.4	473.0	504.8	517.1	493.3	504.3	557.0	585.1	589.7	599.6
Total liabilities	10 041.6	10 213.1	10 469.0	10 781.9	10 954.8	11 118.7	11 516.7	12 202.4	12 364.3	12 662.3	13 011.1	13 333.7	13 409.5	13 611.9	14 070.1

7.

AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Loans to euro area residents	18 506.5	18 319.5	18 789.9	19 036.5	19 321.0	19 778.5	19 032.2	19 150.9	18 502.6	18 819.1	18 747.5	18 661.1	19 037.4	18 728.0	18 826.6
General government	78.3	77.7	79.0	78.7	81.6	94.1	127.1	126.0	124.8	123.7	120.0	116.9	115.3	115.3	114.9
Other residents	12 915.9	12 974.6	12 996.8	13 012.4	13 006.9	12 943.6	12 846.6	12 869.9	12 992.6	13 112.7	13 271.2	13 357.0	13 388.1	13 425.4	13 443.3
MFIs	5 512.2	5 267.2	5 714.1	5 945.4	6 232.5	6 740.8	6 058.5	6 154.9	5 385.2	5 582.7	5 356.4	5 187.2	5 534.0	5 187.3	5 268.4
Holdings of securities other than shares issued by euro area residents	1 926.7	1 931.5	1 887.4	1 990.6	2 051.1	2 015.3	2 153.3	2 092.2	2 128.8	2 159.7	2 116.1	2 261.7	2 085.6	2 040.6	2 164.3
General government	1 186.6	1 172.9	1 130.3	1 240.2	1 245.9	1 214.1	1 339.7	1 240.5	1 299.4	1 303.7	1 251.5	1 425.4	1 264.4	1 220.5	1 306.8
Other residents	109.9	110.5	108.8	124.6	132.6	139.5	138.5	156.5	159.4	157.1	152.6	156.4	155.6	141.5	138.2
MFIs	630.1	648.1	648.3	625.8	672.6	661.8	675.1	695.2	670.1	698.9	711.9	679.9	665.6	678.6	719.3
Holdings of money market fund shares or units issued by euro area residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of shares/ other equity issued by euro area residents	717.5	720.5	740.8	742.4	750.4	727.8	715.4	721.4	697.6	697.5	700.1	701.5	695.5	703.0	689.6
External ¹ assets	9 235.0	9 263.3	9 145.8	9 043.2	9 446.1	8 249.3	8 817.3	8 727.3	8 399.9	7 797.3	7 742.1	7 767.4	7 178.7	7 343.0	6 835.5
Fixed assets	139.7	140.2	139.1	163.3	163.8	167.4	166.9	169.6	167.6	167.3	168.1	168.7	168.8	169.1	176.6
Remaining assets	936.4	890.8	893.3	913.8	1 010.8	994.3	973.3	1 019.2	982.0	915.5	974.2	899.1	885.1	825.8	843.3
Total assets	31 461.8	31 265.8	31 596.3	31 889.8	32 743.3	31 932.7	31 858.3	31 880.6	30 878.5	30 556.4	30 448.1	30 459.6	30 051.1	29 809.6	29 535.9
LIABILITIES															
Currency in circulation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Deposits of euro area residents	13 713.2	13 616.6	13 912.2	13 759.1	13 759.3	13 179.9	12 913.8	13 283.3	13 130.7	13 304.1	13 539.2	13 730.4	13 543.5	13 438.6	13 648.1
Central government	527.0	583.8	968.1	1 006.6	862.1	310.5	280.6	368.8	345.5	305.9	704.1	676.7	500.5	577.8	661.7
Other residents	11 132.8	11 172.0	11 316.3	11 333.3	11 594.3	11 837.9	11 692.8	11 988.3	11 923.9	12 113.4	12 092.0	12 220.7	12 088.1	12 183.6	12 195.2
MFIs	2 053.4	1 860.8	1 627.7	1 419.3	1 302.9	1 031.4	940.4	926.2	861.4	884.7	743.1	833.0	954.9	677.2	791.2
Money market fund shares or units held by euro area residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued with a maturity of over 2 years held by euro area residents	64.0	42.0	42.2	42.8	43.9	44.0	45.8	32.9	30.5	34.6	35.4	37.4	38.0	38.4	38.7
Capital and reserves	3 170.4	3 195.3	3 246.7	3 292.8	3 325.5	3 338.7	3 428.3	3 440.4	3 203.9	3 182.0	2 810.5	2 856.0	2 884.1	2 923.2	2 946.5
External ¹ liabilities	12 923.6	12 830.3	12 790.8	13 142.9	13 892.6	13 753.9	13 817.8	13 470.9	12 865.4	12 445.0	12 380.3	12 274.3	12 005.5	11 913.6	11 440.5
Remaining liabilities	1 590.5	1 581.6	1 604.5	1 652.1	1 722.0	1 616.3	1 652.7	1 653.0	1 648.1	1 590.7	1 682.7	1 561.5	1 580.0	1 495.8	1 462.1
Total liabilities	31 461.8	31 265.8	31 596.3	31 889.8	32 743.3	31 932.7	31 858.3	31 880.6	30 878.5	30 556.4	30 448.1	30 459.6	30 051.1	29 809.6	29 535.9

¹ Non-euro area countries.

8. CONSOLIDATED BALANCE SHEET OF MFIs

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Loans to residents	12 503.6	12 547.7	12 535.9	12 548.5	12 531.2	12 436.2	12 400.2	12 390.8	12 524.6	12 583.8	12 731.2	12 746.9	12 768.0	12 798.8	12 819.3
General government	78.3	77.7	79.0	78.7	81.6	94.1	127.1	126.0	124.8	123.7	120.0	116.9	115.3	115.3	114.9
Other residents	12 425.3	12 469.9	12 457.0	12 469.8	12 449.6	12 342.1	12 273.1	12 264.8	12 399.8	12 460.1	12 611.2	12 629.9	12 652.7	12 683.5	12 704.5
Holdings of securities other than shares issued by other residents	1 411.8	1 405.5	1 346.9	1 426.3	1 460.2	1 431.7	1 416.7	1 446.2	1 505.3	1 556.2	1 597.4	1 633.1	1 468.6	1 518.6	1 546.6
General government	1 390.3	1 384.5	1 326.0	1 404.2	1 438.8	1 410.3	1 396.1	1 425.7	1 484.8	1 533.7	1 575.1	1 611.0	1 446.2	1 497.5	1 525.6
Other residents	21.5	21.0	21.0	22.1	21.4	21.3	20.6	20.4	20.4	22.5	22.3	22.1	22.4	21.1	21.1
Holdings of shares and other equity issued by other residents	560.7	555.1	575.2	575.8	582.3	606.6	594.2	600.1	603.7	603.6	606.0	607.3	601.1	608.6	594.9
Foreign assets	23 121.7	23 022.6	23 319.7	23 728.0	24 445.8	22 516.2	23 777.4	24 231.7	23 890.6	23 545.3	23 600.4	24 611.7	23 855.0	23 804.0	23 612.1
Fixed assets	178.6	178.9	177.6	201.9	202.5	206.2	205.3	207.9	205.7	205.3	206.0	206.5	206.4	206.7	214.2
Remaining assets	394.2	408.9	399.5	429.3	469.9	424.5	411.8	447.8	390.8	383.1	442.4	368.0	370.9	355.4	369.6
Total assets	38 170.6	38 118.7	38 354.9	38 909.8	39 691.8	37 621.4	38 805.7	39 324.5	39 120.6	38 877.2	39 183.3	40 173.4	39 270.0	39 292.2	39 156.8
LIABILITIES															
Currency outside MFIs	3 756.0	3 743.8	3 736.6	3 752.7	3 772.6	3 844.9	3 796.5	3 791.4	3 809.3	3 833.9	3 839.1	3 879.5	3 918.7	3 904.5	3 913.3
Deposits of central government	709.4	763.3	1 135.5	1 181.3	1 042.3	502.9	458.4	536.8	506.8	468.7	918.6	896.5	661.8	734.8	825.2
Deposits of other general government and other residents	9 965.0	10 019.9	10 080.5	10 120.5	10 350.4	10 654.5	10 579.5	10 885.8	10 852.3	10 998.6	11 041.8	11 111.6	11 046.5	11 168.4	11 161.4
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	81.1	58.4	58.1	61.1	59.6	63.1	64.5	59.0	57.8	61.9	62.8	64.8	65.0	65.4	65.5
Capital and reserves	3 642.6	3 673.5	3 735.2	3 783.7	3 814.0	3 790.0	3 901.3	3 945.2	3 720.9	3 675.3	3 314.8	3 413.0	3 469.2	3 512.9	3 546.0
External liabilities	18 454.9	18 292.3	18 032.5	18 391.6	19 011.9	17 188.2	18 367.7	18 478.8	18 577.7	18 227.7	18 341.3	19 249.4	18 566.0	18 403.3	18 185.1
Remaining liabilities	1 562.4	1 568.0	1 576.6	1 616.8	1 640.5	1 577.7	1 637.5	1 626.4	1 595.4	1 610.3	1 662.7	1 558.7	1 542.6	1 503.1	1 460.1
Excess of inter-MFI liabilities	-0.8	-0.5	-0.2	2.1	0.6	0.1	0.4	1.1	0.4	0.8	2.2	0.0	0.2	-0.2	0.2
Total liabilities	38 170.6	38 118.7	38 354.9	38 909.8	39 691.8	37 621.4	38 805.7	39 324.5	39 120.6	38 877.2	39 183.3	40 173.4	39 270.0	39 292.2	39 156.8

9.a AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
MFI reserves	2 905.0	2 944.7	3 326.2	3 348.9	3 602.5	4 984.4	4 148.0	4 323.3	3 735.5	3 956.6	3 896.0	3 239.0	3 836.7	3 774.3	4 077.7
Vault cash in euro	185.2	188.8	189.2	179.6	179.0	200.0	171.7	178.6	189.6	174.8	184.2	179.0	180.3	181.2	184.9
Deposits with Latvijas Banka	2 719.8	2 755.9	3 136.9	3 169.2	3 423.4	4 784.4	3 976.3	4 144.8	3 546.0	3 781.9	3 711.8	3 060.0	3 656.4	3 593.1	3 892.8
Foreign assets	13 819.6	13 549.1	13 643.0	13 756.0	14 308.9	12 235.0	13 095.7	12 869.2	12 374.8	11 766.7	11 499.7	12 195.2	11 365.3	11 144.2	10 516.5
Claims on the central government	951.1	945.1	888.9	955.2	978.6	948.0	955.9	972.7	1 019.7	1 028.6	1 046.0	1 061.6	893.2	914.4	926.6
Loans	51.7	51.0	51.8	51.3	51.8	58.6	91.9	91.3	90.6	89.7	90.0	87.2	85.6	85.2	81.3
Holdings of securities other than shares	899.4	894.1	837.1	903.9	926.8	889.4	864.0	881.4	929.1	938.8	955.9	974.5	807.6	829.2	845.3
Claims on the local government	26.9	27.1	27.4	27.7	30.1	35.8	35.6	35.1	34.5	34.3	30.3	30.1	30.1	30.4	34.0
Loans	26.6	26.7	27.1	27.4	29.7	35.4	35.2	34.7	34.2	33.9	29.9	29.8	29.7	30.1	33.6
Holdings of securities other than shares	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Claims on the financial institutions	1 117.3	1 071.9	1 023.6	1 016.4	1 073.2	1 100.9	1 154.3	1 170.5	1 435.3	1 440.6	1 457.5	1 468.1	1 467.0	1 480.7	1 495.6
Loans	662.5	631.7	636.3	630.4	677.9	674.9	670.2	680.6	948.5	954.0	970.6	984.5	989.5	1 002.5	1 024.3
Holdings of securities other than shares	1.3	1.2	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.8	1.8	2.0	1.9	1.9
Holdings of shares and other equity	453.4	439.0	385.7	384.5	393.9	424.5	482.6	488.4	485.4	485.2	485.1	481.7	475.5	476.4	469.4
Claims on public non-financial corporations	660.0	677.9	681.8	700.9	707.2	727.5	681.6	679.8	676.6	676.8	668.1	682.5	677.1	673.0	676.2
Loans	654.2	672.6	676.7	696.4	702.7	723.1	678.0	676.2	673.1	671.3	663.0	677.7	672.3	669.3	672.6
Holdings of securities other than shares	5.8	5.3	5.0	4.6	4.5	4.4	3.7	3.6	3.5	5.5	5.0	4.8	4.8	3.7	3.7
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	5 733.1	5 818.5	5 888.9	5 900.1	5 840.9	5 748.7	5 676.5	5 672.5	5 572.1	5 632.6	5 775.6	5 774.8	5 807.2	5 838.8	5 836.0
Loans	5 611.4	5 688.0	5 685.0	5 692.8	5 637.0	5 551.2	5 549.4	5 545.4	5 438.3	5 498.7	5 639.2	5 633.7	5 666.1	5 691.0	5 695.0
Holdings of securities other than shares	14.4	14.4	14.4	16.0	15.4	15.4	15.4	15.4	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Holdings of shares and other equity	107.3	116.0	189.5	191.3	188.5	182.1	111.6	111.7	118.4	118.4	120.9	125.6	125.6	132.3	125.5
Claims on households	5 497.1	5 477.7	5 458.9	5 450.3	5 432.1	5 392.9	5 375.5	5 362.6	5 339.9	5 336.1	5 338.4	5 334.0	5 324.7	5 320.7	5 312.6
Loans	5 497.1	5 477.7	5 458.9	5 450.3	5 432.1	5 392.9	5 375.5	5 362.6	5 339.9	5 336.1	5 338.4	5 334.0	5 324.7	5 320.7	5 312.6
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	139.7	140.2	139.1	163.3	163.8	167.4	166.9	169.6	167.6	167.3	168.1	168.7	168.8	169.1	176.6
Other assets	385.6	398.8	369.9	393.5	432.8	410.1	400.7	435.2	380.7	376.9	433.6	359.0	361.3	343.2	357.3
Claims on resident MFIs	226.3	214.9	148.7	177.5	173.3	181.8	167.7	190.2	141.7	139.8	135.0	146.5	119.7	120.8	126.8
Holdings of MFI securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of MFI shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	31 461.8	31 265.8	31 596.3	31 889.8	32 743.3	31 932.7	31 858.3	31 880.6	30 878.5	30 556.4	30 448.1	30 459.6	30 051.1	29 809.6	29 535.9

9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits in euro	6 493.8	6 511.0	6 591.0	6 631.2	6 805.5	7 112.4	6 993.9	7 175.4	7 253.5	7 376.1	7 332.2	7 493.2	7 346.7	7 452.2	7 489.2
Financial institutions	420.2	448.8	432.9	448.9	507.7	521.9	552.8	617.0	627.0	631.6	639.8	609.0	590.7	724.9	719.9
Public non-financial corporations	357.4	358.8	322.7	330.5	304.9	331.0	327.7	384.0	410.1	527.0	457.6	485.1	433.9	438.2	410.2
Private non-financial corporations	2 433.5	2 429.1	2 552.1	2 546.7	2 632.6	2 775.6	2 648.2	2 683.4	2 716.8	2 653.5	2 665.0	2 732.8	2 656.6	2 642.1	2 698.6
Households	3 282.7	3 274.3	3 283.3	3 305.1	3 360.3	3 483.7	3 465.2	3 491.1	3 499.6	3 563.9	3 569.8	3 666.3	3 665.4	3 647.0	3 660.5
Time deposits in euro	1 408.1	1 390.8	1 346.2	1 343.5	1 330.8	1 256.3	1 237.3	1 234.1	1 245.6	1 206.7	1 197.2	1 136.7	1 150.9	1 133.2	1 121.1
Financial institutions	258.9	269.6	255.1	258.3	264.6	288.4	302.5	312.8	322.2	296.6	298.6	305.7	331.5	325.5	326.7
Public non-financial corporations	50.9	61.9	69.4	65.7	54.9	43.6	41.9	39.9	40.2	28.0	28.6	28.5	33.1	34.8	32.8
Private non-financial corporations	249.3	231.8	192.7	195.2	195.8	153.3	146.7	145.8	163.7	170.8	156.6	102.2	91.3	81.0	83.3
Households	848.9	827.5	828.9	824.3	815.5	771.0	746.1	735.6	719.6	711.2	713.4	700.3	695.1	691.9	678.3
Deposits redeemable at notice in euro	662.1	665.5	674.9	678.5	687.0	723.4	745.6	769.5	735.2	747.1	748.3	753.4	757.8	764.1	774.2
Financial institutions	0.9	1.1	1.1	1.1	1.1	2.0	2.1	2.0	1.7	1.6	1.5	1.2	1.0	1.0	1.1
Public non-financial corporations	19.2	19.2	22.3	18.3	8.3	12.7	12.7	12.8	6.2	7.0	6.2	6.5	6.5	6.8	6.8
Private non-financial corporations	41.7	42.9	41.7	41.5	49.1	66.4	70.3	80.6	47.0	47.6	45.1	40.9	38.9	40.0	44.3
Households	600.3	602.4	609.8	617.6	628.6	642.3	660.4	674.1	680.3	690.9	695.5	704.8	711.3	716.3	722.0
Repos in euro	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency deposits of residents	1 105.3	1 136.7	1 153.6	1 151.6	1 167.6	1 241.6	1 253.4	1 330.4	1 234.9	1 272.2	1 356.9	1 333.5	1 349.1	1 352.2	1 329.0
Financial institutions	56.4	87.4	84.0	104.4	148.1	197.6	161.8	171.5	161.1	165.8	220.9	175.2	179.6	158.8	158.7
Public non-financial corporations	9.0	8.6	9.1	9.5	9.1	7.7	8.0	5.0	4.8	4.7	5.8	5.6	4.9	3.9	3.5
Private non-financial corporations	408.0	412.4	438.7	410.7	371.9	397.0	443.5	502.2	430.4	461.3	481.2	501.6	503.3	526.5	510.3
Households	631.9	628.3	621.8	626.9	638.4	639.3	640.0	651.7	638.6	640.4	649.0	651.1	661.3	663.0	656.4
Deposits of central government	526.1	582.9	967.1	1 005.7	861.3	309.6	279.6	367.7	344.2	304.9	703.3	675.8	499.7	577.1	660.7
Overnight deposits in euro	280.4	333.6	435.7	581.5	459.7	237.3	172.4	226.2	196.9	205.0	536.6	508.8	289.3	345.4	379.3
Time deposits in euro	215.3	218.4	498.9	388.1	368.5	44.8	93.7	127.6	127.7	78.6	143.2	143.2	191.7	201.7	222.2
Deposits redeemable at notice and repos in euro	24.5	24.2	27.6	27.8	28.0	22.3	9.3	9.7	16.5	16.7	18.0	18.0	12.5	11.2	11.4
Foreign currency deposits	6.0	6.7	4.9	8.4	5.0	5.2	4.2	4.2	3.2	4.5	5.5	5.8	6.3	18.8	47.9
Deposits of local government	228.3	249.2	247.5	242.6	257.1	213.0	235.2	258.3	285.7	294.1	305.7	280.8	272.7	297.9	286.4
Overnight deposits in euro	221.4	242.3	238.2	233.4	247.8	206.4	232.3	255.3	282.5	291.2	296.3	271.6	263.4	290.8	279.3
Time deposits in euro	3.8	3.8	6.1	6.7	6.7	4.4	0.6	0.6	0.7	0.4	6.9	6.6	6.6	4.3	4.3
Deposits redeemable at notice and repos in euro	3.1	3.1	3.1	2.4	2.4	2.1	2.2	2.4	2.5	2.5	2.5	2.6	2.6	2.7	2.7
Foreign currency deposits	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA) (CONT.)

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Foreign liabilities	15 952.5	15 648.9	15 507.2	15 606.3	16 359.9	15 842.5	15 752.9	15 374.7	14 726.2	14 322.0	14 077.1	14 114.9	14 016.8	13 574.2	13 218.5
Liabilities to Latvijas Banka	201.5	200.5	235.5	235.5	230.5	263.7	253.7	245.0	245.0	245.0	245.0	234.3	234.3	234.3	244.7
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	81.1	58.4	58.1	61.1	59.6	63.1	64.5	59.0	57.8	61.9	62.8	64.8	65.0	65.4	65.5
Capital and reserves	3 170.4	3 195.3	3 246.7	3 292.8	3 325.5	3 338.7	3 428.3	3 440.4	3 203.9	3 182.0	2 810.5	2 856.0	2 884.1	2 923.2	2 946.5
Residents	1 080.5	1 101.8	1 145.1	1 149.2	1 223.8	1 249.9	1 339.5	1 350.9	1 115.1	1 093.3	1 097.6	1 143.9	1 177.0	1 216.3	1 239.5
Retained earnings of the reporting year	258.2	290.5	315.0	356.4	394.1	416.4	31.0	63.6	106.0	141.7	173.2	268.9	300.9	340.0	372.1
Non-residents	2 089.9	2 093.5	2 101.5	2 143.6	2 101.7	2 088.8	2 088.8	2 089.6	2 088.7	2 088.7	1 712.9	1 712.1	1 707.1	1 706.9	1 707.0
Provisions	934.7	929.1	922.8	916.4	902.3	875.2	886.5	890.3	863.0	844.8	826.7	812.2	800.8	791.6	786.3
Other liabilities (incl. subordinated liabilities)	472.3	483.3	497.2	545.0	582.5	511.3	559.3	544.8	541.4	558.9	645.9	557.3	553.3	523.6	486.9
Liabilities to resident MFIs	225.5	214.3	148.5	179.6	173.9	182.0	168.1	191.1	142.1	140.6	136.8	146.5	119.9	120.6	126.9
TOTAL LIABILITIES	31 461.8	31 265.8	31 596.3	31 889.8	32 743.3	31 932.7	31 858.3	31 880.6	30 878.5	30 556.4	30 448.1	30 459.6	30 051.1	29 809.6	29 535.9
Memo items															
Trust assets	1 744.6	1 595.7	1 555.4	1 652.2	1 678.8	1 701.2	1 680.1	1 708.5	1 596.5	1 539.0	1 485.8	1 459.1	1 483.3	1 421.3	1 463.4
Foreign	1 601.8	1 453.2	1 415.0	1 510.2	1 534.7	1 563.6	1 544.8	1 571.4	1 455.8	1 398.2	1 347.9	1 320.6	1 344.9	1 282.2	1 339.4
Domestic	142.8	142.4	140.4	142.0	144.1	137.6	135.3	137.1	140.7	140.8	138.0	138.5	138.4	139.1	124.0
Trust liabilities	1 744.6	1 595.7	1 555.4	1 652.2	1 678.8	1 701.2	1 680.1	1 708.5	1 596.5	1 539.0	1 485.8	1 459.1	1 483.3	1 421.3	1 463.4
Foreign	1 645.1	1 507.4	1 467.9	1 563.5	1 589.5	1 617.2	1 597.6	1 625.8	1 507.8	1 450.2	1 398.0	1 371.5	1 393.6	1 331.2	1 376.1
Domestic	99.5	88.2	87.5	88.7	89.3	84.0	82.5	82.8	88.6	88.8	87.8	87.6	89.7	90.1	87.3

10. MONETARY SURVEY OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	Overnight deposits (resident)				Deposits with agreed maturity and redeemable at notice (resident)				Total
	Households	Financial institutions and private non-financial corporations	Public non-financial corporations		Households	Financial institutions and private non-financial corporations	Public non-financial corporations		
2015									
VII	7 268.4	3 685.1	3 223.3	360.1	2 401.0	1 678.8	645.8	76.5	9 669.4
VIII	7 327.9	3 681.7	3 285.1	361.1	2 376.0	1 650.8	637.8	87.4	9 703.9
IX	7 415.6	3 682.0	3 409.0	324.6	2 350.2	1 662.0	589.3	98.9	9 765.8
X	7 439.1	3 707.7	3 398.6	332.7	2 365.7	1 666.2	608.3	91.2	9 804.8
XI	7 641.1	3 767.6	3 566.1	307.3	2 349.8	1 675.3	604.7	69.8	9 990.9
XII	8 026.0	3 899.0	3 794.0	332.3	2 307.6	1 636.7	608.2	62.7	10 333.6
2016									
I	7 897.9	3 883.3	3 682.6	332.0	2 332.2	1 628.5	645.5	58.3	10 230.2
II	8 148.5	3 915.9	3 847.4	385.3	2 360.9	1 636.6	667.9	56.3	10 509.4
III	8 131.3	3 918.3	3 800.8	412.2	2 337.9	1 619.8	669.0	49.1	10 469.2
IV	8 285.4	3 986.4	3 770.8	528.2	2 316.7	1 620.1	658.0	38.6	10 602.1
V	8 305.1	3 991.8	3 853.5	459.8	2 329.3	1 635.9	655.0	38.4	10 634.5
VI	8 453.3	4 094.1	3 872.1	487.0	2 263.6	1 628.5	596.5	38.6	10 716.8
VII	8 320.6	4 100.0	3 784.5	436.1	2 283.8	1 633.0	608.5	42.3	10 604.4
VIII	8 412.2	4 086.4	3 885.6	440.2	2 289.6	1 631.9	614.3	43.4	10 701.8
IX	8 409.5	4 089.1	3 908.5	412.0	2 303.9	1 628.1	634.4	41.4	10 713.4
	Net foreign assets	Net domestic assets							Total
		Credit to residents					Other items (net)		
		General government (net)	Households	Financial institutions and private non-financial corporations	Public non-financial corporations				
2015									
VII	-2 132.8	13 231.1	223.6	5 497.1	6 850.4	660.0	-1 428.9	11 802.2	9 669.4
VIII	-2 099.9	13 186.0	140.0	5 477.7	6 890.4	677.9	-1 382.2	11 803.8	9 703.9
IX	-1 864.2	12 754.9	-298.3	5 458.9	6 912.5	681.8	-1 124.9	11 630.0	9 765.8
X	-1 850.6	12 802.4	-265.4	5 450.3	6 916.6	700.9	-1 147.0	11 655.4	9 804.8
XI	-2 051.1	12 943.7	-109.7	5 432.1	6 914.1	707.2	-901.7	12 042.0	9 990.9
XII	-3 607.4	13 431.2	461.2	5 392.9	6 849.6	727.5	509.8	13 941.0	10 333.6
2016									
I	-2 657.2	13 364.6	476.7	5 375.5	6 830.8	681.6	-477.2	12 887.4	10 230.2
II	-2 505.5	13 267.2	381.8	5 362.6	6 843.0	679.8	-252.3	13 014.9	10 509.4
III	-2 351.4	13 448.2	424.3	5 339.9	7 007.4	676.6	-627.6	12 820.6	10 469.2
IV	-2 555.3	13 550.0	463.9	5 336.1	7 073.2	676.8	-392.6	13 157.4	10 602.1
V	-2 577.4	13 306.9	67.3	5 338.4	7 233.1	668.1	-95.0	13 211.9	10 634.5
VI	-1 920.7	13 394.5	135.1	5 334.0	7 242.9	682.5	-757.0	12 637.5	10 716.8
VII	-2 652.6	13 426.8	150.8	5 324.7	7 274.2	677.1	-169.8	13 257.0	10 604.4
VIII	-2 430.0	13 383.1	69.9	5 320.7	7 319.5	673.0	-251.3	13 131.8	10 701.8
IX	-2 702.0	13 333.9	13.5	5 312.6	7 331.6	676.2	81.5	13 415.4	10 713.4

11.a FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Claims on MFIs	7 547.6	7 358.1	7 655.8	7 777.4	7 998.1	5 717.4	6 514.6	6 347.2	6 156.3	5 667.2	5 711.9	6 397.2	5 702.3	5 665.8	5 083.6
Loans															
Overnight	5 017.6	5 047.3	5 340.3	5 101.8	5 147.1	3 039.6	4 039.4	3 741.7	3 717.9	3 146.0	3 218.1	3 933.7	3 317.3	3 173.4	2 650.7
Short-term	1 020.0	808.1	840.2	1 214.2	1 321.5	1 190.7	979.9	1 082.6	950.7	1 002.5	956.4	958.2	907.7	1 003.8	955.1
Long-term	21.6	21.5	19.7	19.3	20.0	9.8	8.6	8.4	8.1	6.0	6.1	3.7	3.7	3.7	3.5
Redeemable at notice	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	12.8	12.8	12.8	12.8
Holdings of securities other than shares	1 337.4	1 336.0	1 309.1	1 293.1	1 359.6	1 333.5	1 343.8	1 371.1	1 339.6	1 370.5	1 389.4	1 357.0	1 329.8	1 340.1	1 326.2
Holdings of shares and other equity	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.6	1.6	1.8	1.7	1.5	1.7	1.9	1.6
Other claims	138.7	133.0	134.3	136.8	137.7	131.6	130.8	130.8	127.3	129.4	129.1	130.3	129.3	130.1	133.7
Claims on non-MFIs	5 866.1	5 849.3	5 607.4	5 594.0	5 869.2	6 095.6	6 145.4	6 075.1	5 775.8	5 700.7	5 391.4	5 399.3	5 284.3	5 135.8	5 095.5
Loans															
Short-term	892.4	915.4	921.9	864.2	942.9	908.4	905.7	921.2	900.3	872.7	858.7	941.1	952.2	953.0	906.4
Long-term	1 293.1	1 275.3	1 318.2	1 296.3	1 300.4	1 267.6	1 234.6	1 242.2	1 182.5	1 238.4	1 276.8	1 272.8	1 285.5	1 287.6	1 307.5
Holdings of securities other than shares															
General government sector	2 314.3	2 360.6	2 053.6	2 074.9	2 181.1	2 536.1	2 507.0	2 276.9	2 080.9	1 976.2	1 612.6	1 626.3	1 559.0	1 398.3	1 403.9
Private sector	1 246.3	1 170.5	1 188.8	1 232.9	1 325.2	1 296.8	1 333.6	1 468.9	1 459.6	1 455.9	1 485.9	1 486.4	1 412.5	1 420.9	1 400.5
Holdings of shares and other equity	63.4	60.3	60.6	60.7	62.8	34.3	104.4	104.6	118.7	123.7	124.1	39.4	43.0	43.5	44.3
Other claims	56.7	67.1	64.3	65.0	56.6	52.5	60.1	61.3	33.7	33.7	33.2	33.2	32.1	32.5	32.9
Vault cash in foreign currencies	40.3	38.4	45.6	43.9	42.7	37.8	34.8	41.4	31.0	35.1	40.0	37.6	35.2	41.2	36.3
Other assets															
Other assets	365.6	303.3	334.2	340.6	398.9	384.2	400.9	405.5	411.7	363.8	356.5	361.2	343.5	301.4	301.1
Total foreign assets	13 819.6	13 549.1	13 643.0	13 756.0	14 308.9	12 235.0	13 095.7	12 869.2	12 374.8	11 766.7	11 499.7	12 195.2	11 365.3	11 144.2	10 516.5
Memo items															
Trust assets	1 601.8	1 453.2	1 415.0	1 510.2	1 534.7	1 563.6	1 544.8	1 571.4	1 455.8	1 398.2	1 347.9	1 320.6	1 344.9	1 282.2	1 339.4

11.b FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Liabilities to MFIs															
Overnight	341.5	402.7	335.1	432.7	513.8	549.7	678.8	564.7	550.3	712.0	462.9	488.6	659.8	479.4	401.2
Short-term	1 746.1	1 580.8	1 581.8	1 404.7	1 477.8	1 475.3	1 479.0	1 365.2	1 508.6	1 373.0	1 623.4	1 586.2	1 635.9	1 768.1	1 791.3
Long-term	1 273.6	1 232.7	1 231.3	1 228.7	1 195.9	961.2	940.3	941.0	869.9	880.1	890.6	917.4	918.3	818.2	816.2
Redeemable at notice	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which liabilities to associated and affiliated MFIs	3 280.3	3 158.8	3 109.5	3 029.5	3 127.4	2 940.1	3 045.9	2 820.9	2 889.1	2 920.8	2 939.9	2 952.6	3 180.7	3 028.4	2 976.7
Non-MFI deposits															
Overnight	10 964.8	10 801.5	10 727.7	10 822.1	11 395.6	10 972.7	10 958.4	10 755.7	9 946.1	9 558.5	9 351.6	9 341.3	9 030.6	8 790.5	8 475.2
Short-term	216.9	218.1	215.4	258.6	248.2	363.8	226.0	252.5	386.3	401.4	327.9	309.2	292.6	284.9	278.3
Long-term	633.5	633.0	638.8	657.3	661.9	645.4	624.6	613.9	556.2	546.8	549.6	613.1	602.4	599.9	609.2
Redeemable at notice	99.5	101.0	100.1	101.8	101.2	105.0	98.1	97.2	96.0	96.0	93.6	90.4	89.3	96.9	104.3
Other liabilities															
Other liabilities ¹	676.6	679.2	677.1	700.4	765.5	769.3	747.7	784.4	812.8	754.1	777.4	768.7	787.9	736.2	742.8
Total foreign liabilities ²	15 952.5	15 648.9	15 507.2	15 606.3	16 359.9	15 842.5	15 752.9	15 374.7	14 726.2	14 322.0	14 077.1	14 114.9	14 016.8	13 574.2	13 218.5
Memo items															
Trust liabilities	1 645.1	1 507.4	1 467.9	1 563.5	1 589.5	1 617.2	1 597.6	1 625.8	1 507.8	1 450.2	1 398.0	1 371.5	1 393.6	1 331.2	1 376.1

¹ Including subordinated liabilities.

12. SELECTED ITEMS IN THE MONTHLY FINANCIAL POSITION REPORT OF MFIs (EXCLUDING LATVIJAS BANKA) BY GROUP OF COUNTRIES

(excluding Latvia; at end of period; millions of euro)

	Claims on MFIs			Loans to non-MFIs			Liabilities to MFIs			Deposits by non-MFIs		
	EU	Other countries and international institutions		EU	Other countries and international institutions		EU	Other countries and international institutions		EU	Other countries and international institutions	
		incl. euro area countries			incl. euro area countries			incl. euro area countries			incl. euro area countries	
2015												
VII	4 302.1	2 566.1	1 768.1	760.6	490.7	1 424.8	2 590.5	1 626.4	770.6	3 923.8	1 236.0	7 990.9
VIII	4 042.5	2 296.4	1 845.3	798.5	504.6	1 392.3	2 462.5	1 446.0	753.3	3 850.8	1 219.8	7 902.8
IX	4 377.9	2 428.5	1 833.3	831.9	539.8	1 408.2	2 425.5	1 243.7	722.7	3 883.2	1 304.1	7 798.7
X	4 602.6	2 598.7	1 743.7	817.5	542.6	1 343.0	2 327.6	1 004.1	738.5	3 939.4	1 286.7	7 900.4
XI	4 618.4	2 635.9	1 881.2	840.2	557.3	1 403.1	2 452.5	898.5	734.9	4 076.9	1 347.3	8 330.0
XII	2 369.9	1 774.6	1 881.2	839.4	601.5	1 336.5	2 384.1	585.7	602.2	3 954.7	1 292.3	8 132.2
2016												
I	3 453.5	1 914.5	1 585.4	818.5	573.5	1 321.9	2 422.2	518.6	675.9	3 825.3	1 228.4	8 081.9
II	3 274.5	1 820.0	1 569.2	849.1	605.1	1 314.3	2 267.0	490.2	603.9	3 762.7	1 221.7	7 956.7
III	3 006.2	1 697.5	1 681.5	866.2	592.8	1 216.6	2 391.0	474.3	537.7	3 499.0	1 170.2	7 485.6
IV	2 833.3	1 661.0	1 332.3	940.7	652.6	1 170.4	2 427.8	499.1	537.4	3 482.6	1 218.3	7 120.2
V	2 660.5	1 509.6	1 531.1	950.2	660.0	1 185.3	2 444.0	361.3	533.0	3 450.5	1 152.7	6 872.3
VI	3 163.7	1 980.6	1 744.7	1 013.0	727.0	1 201.0	2 421.5	452.2	570.7	3 560.5	1 223.9	6 793.5
VII	2 765.2	1 757.9	1 476.3	1 014.5	735.4	1 223.3	2 645.6	600.6	568.5	3 521.0	1 211.7	6 493.8
VIII	2 548.5	1 473.4	1 645.2	1 014.1	741.9	1 226.4	2 486.4	322.4	579.3	3 358.2	1 184.6	6 414.0
IX	2 192.4	1 248.8	1 429.7	1 007.7	738.9	1 206.2	2 444.0	419.6	564.7	3 346.9	1 196.4	6 120.1

13. MATURITY PROFILE OF DEPOSITS OF RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits															
Amount	7 268.4	7 327.9	7 415.6	7 439.1	7 641.1	8 026.0	7 897.9	8 148.5	8 131.3	8 285.4	8 305.1	8 453.3	8 320.6	8 412.2	8 409.5
% ¹	75.2	75.5	75.9	75.9	76.5	77.7	77.2	77.5	77.7	78.1	78.1	78.9	78.5	78.6	78.5
Time deposits															
Maturity of 1–6 months															
Amount	254.3	237.6	235.2	216.2	196.6	185.2	213.0	223.6	259.5	269.8	279.1	253.0	241.0	264.3	291.5
% ¹	2.6	2.4	2.4	2.2	2.0	1.8	2.1	2.1	2.5	2.5	2.6	2.4	2.3	2.5	2.7
Maturity of 6–12 months															
Amount	765.3	762.0	727.6	734.7	719.3	634.9	611.5	604.9	607.8	573.7	575.2	556.7	583.9	563.9	561.2
% ¹	7.9	7.9	7.5	7.5	7.2	6.1	6.0	5.8	5.8	5.4	5.4	5.2	5.5	5.3	5.2
Long-term															
Amount	659.4	654.5	656.5	678.4	687.1	710.0	708.0	707.9	682.1	673.1	673.7	646.9	647.5	643.4	623.3
% ¹	6.8	6.7	6.7	6.9	6.9	6.9	6.9	6.8	6.5	6.3	6.3	6.0	6.1	6.0	5.8
Maturity of 1–2 years															
Amount	330.4	324.2	324.1	340.9	347.9	383.5	378.5	380.7	362.5	348.6	348.4	318.9	317.6	315.6	295.7
% ¹	3.4	3.3	3.3	3.5	3.5	3.7	3.7	3.7	3.5	3.3	3.3	3.0	3.0	2.9	2.8
Maturity of over 2 years															
Amount	329.0	330.3	332.4	337.5	339.2	326.6	329.4	327.1	319.6	324.5	325.3	328.0	329.9	327.7	327.6
% ¹	3.4	3.4	3.4	3.4	3.4	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Deposits redeemable at notice															
Up to 3 months															
Amount	716.8	716.8	725.8	731.4	741.8	772.6	794.9	819.9	783.7	795.2	796.4	802.3	806.8	813.6	823.5
% ¹	7.4	7.4	7.4	7.5	7.4	7.5	7.8	7.8	7.5	7.5	7.5	7.5	7.6	7.6	7.7
Over 3 months															
Amount	5.2	5.1	5.1	5.0	5.0	4.9	4.8	4.7	4.8	4.8	4.9	4.7	4.7	4.6	4.5
% ¹	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repos															
Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total deposits	9 669.4	9 703.9	9 765.7	9 804.8	9 990.8	10 333.6	10 230.2	10 509.4	10 469.2	10 602.1	10 634.5	10 716.8	10 604.4	10 701.8	10 713.4

¹ As percent of total deposits of resident financial institutions, non-financial corporations and households.

14.a DEPOSITS BY FINANCIAL INSTITUTIONS

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
Insurance corporations									
2015									
VII	50.8	23.1	9.6	11.5	0.4	0	0	95.4	92.0
VIII	58.2	21.3	8.8	11.5	0.6	0	0	100.4	96.4
IX	42.9	14.0	8.1	12.0	0.7	0	0	77.6	74.5
X	42.3	13.1	8.1	12.0	0.8	0	0	76.3	72.9
XI	42.1	13.2	8.1	11.7	0.7	0	0	75.8	72.2
XII	43.2	7.2	11.9	11.7	0.9	0	0	75.0	73.0
2016									
I	56.8	6.4	10.2	11.0	1.0	0	0	85.5	83.1
II	56.2	18.2	9.6	10.9	1.0	0	0	95.8	90.0
III	50.3	17.0	8.6	7.1	0.9	0	0	83.9	76.1
IV	51.6	16.2	8.5	7.1	0.8	0	0	84.1	76.1
V	45.8	15.5	10.1	7.1	0.8	0	0	79.3	71.7
VI	49.1	16.3	9.6	7.1	0.8	0	0	82.9	74.7
VII	60.9	14.2	9.6	7.1	0.8	0	0	92.6	84.2
VIII	199.6	16.0	9.1	7.1	0.8	0	0	232.6	223.6
IX	196.3	16.6	9.1	7.0	0.9	0	0	229.9	221.0
Pension funds									
2015									
VII	209.2	35.5	12.6	28.5	0.0	0	0	285.7	278.2
VIII	266.0	35.5	10.0	28.5	0.0	0	0	340.0	303.8
IX	263.9	28.0	11.7	27.8	0.0	0	0	331.3	304.4
X	289.7	28.2	11.9	27.8	0.0	0	0	357.7	305.6
XI	350.1	67.4	40.0	27.8	0.0	0	0	485.3	421.1
XII	359.6	64.6	63.9	27.8	0.0	0	0	515.8	449.3
2016									
I	352.2	78.2	63.7	28.5	0.0	0	0	522.6	465.6
II	417.4	86.3	64.3	24.7	0.0	0	0	592.7	525.3
III	381.2	86.3	59.3	24.7	0.0	0	0	551.4	494.2
IV	406.6	64.9	59.3	24.7	0.0	0	0	555.5	500.8
V	419.4	64.8	58.6	25.6	0.0	0	0	568.5	506.4
VI	369.3	44.8	51.6	25.6	0.0	0	0	491.4	460.5
VII	389.8	44.8	51.8	26.6	0.0	0	0	513.0	469.2
VIII	378.4	45.8	52.1	26.6	0.0	0	0	503.0	463.9
IX	369.9	45.6	52.1	26.3	0.0	0	0	493.9	458.9

14.a DEPOSITS BY FINANCIAL INSTITUTIONS (CONT.)

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
OFIs and financial auxiliaries									
2015									
VII	165.5	39.0	36.0	69.5	0.7	0	0	310.6	279.5
VIII	174.5	47.4	29.3	69.4	0.6	0	0	321.2	287.4
IX	171.0	49.7	24.3	69.3	0.6	0	0	314.9	279.4
X	189.4	59.0	24.8	63.2	0.6	0	0	336.9	299.4
XI	231.0	19.5	4.4	63.1	0.5	0	0	318.6	248.9
XII	279.4	36.9	4.4	62.6	1.2	0	0	384.6	265.9
2016									
I	270.5	39.1	4.7	62.6	1.2	0	0	378.1	285.4
II	264.9	38.7	5.6	60.1	1.2	0	0	370.5	290.7
III	294.6	37.9	6.7	59.1	1.0	0	0	399.2	326.5
IV	280.2	32.4	5.9	59.8	0.9	0	0	379.3	305.2
V	340.2	30.5	8.2	59.8	0.8	0	0	439.6	314.8
VI	314.8	54.7	7.4	60.2	0.4	0	0	437.6	326.2
VII	272.9	80.5	7.9	58.8	0.3	0	0	420.4	315.9
VIII	261.3	76.5	8.1	56.7	0.3	0	0	403.0	311.2
IX	267.4	76.5	8.5	56.9	0.3	0	0	409.7	314.8
Investment funds, excluding money market funds, and alternative investment funds									
2015									
VII	29.0	1.2	0.0	0.0	0.0	0	0	30.3	16.8
VIII	31.5	13.6	0.0	0.0	0.1	0	0	45.2	31.8
IX	33.5	15.6	0.0	0.0	0.0	0	0	49.1	30.8
X	26.2	14.9	0.7	0.0	0.1	0	0	41.9	30.5
XI	26.0	15.0	0.8	0.0	0.0	0	0	41.8	31.1
XII	30.1	3.8	0.7	0.0	0.0	0	0	34.6	24.2
2016									
I	27.9	4.5	0.7	0.0	0.0	0	0	33.1	23.3
II	39.0	4.4	0.7	0.0	0.0	0	0	44.1	25.6
III	48.1	28.1	1.2	0.0	0.0	0	0	77.4	54.1
IV	47.4	28.1	1.2	0.0	0.0	0	0	76.7	47.7
V	43.8	28.3	1.2	0.0	0.0	0	0	73.3	46.9
VI	38.5	39.4	1.2	0.0	0.0	0	0	79.1	54.5
VII	36.3	39.4	1.2	0.0	0.0	0	0	76.9	54.0
VIII	30.6	39.9	1.2	0.0	0.0	0	0	71.7	52.6
IX	30.5	41.3	1.2	0.0	0.0	0	0	73.0	53.1

14.b DEPOSITS BY NON-FINANCIAL CORPORATIONS

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
Public non-financial corporations									
2015									
VII	360.1	57.0	0.1	0.2	19.2	0.0	0	436.5	427.5
VIII	361.1	64.1	3.9	0.2	19.2	0.0	0	448.5	439.9
IX	324.6	72.5	3.9	0.2	22.3	0.0	0	423.5	414.4
X	332.7	62.8	3.9	6.2	18.3	0.0	0	423.9	414.4
XI	307.3	51.8	3.6	6.1	8.3	0.0	0	377.1	368.0
XII	332.3	45.2	2.9	1.9	12.7	0.0	0	395.1	387.3
2016									
I	332.0	41.1	2.6	1.9	12.7	0.0	0	390.3	382.3
II	385.3	39.6	2.1	1.9	12.8	0.0	0	441.6	436.6
III	412.2	38.9	2.1	1.8	6.2	0.0	0	461.3	456.5
IV	528.2	29.8	0.0	1.8	7.0	0.0	0	566.8	562.1
V	459.8	30.4	0.0	1.8	6.2	0.0	0	498.2	492.4
VI	487.0	30.3	0.0	1.7	6.5	0.0	0	525.6	520.1
VII	436.1	34.0	0.0	1.7	6.5	0.0	0	478.4	473.5
VIII	440.3	34.9	0.0	1.7	6.8	0.0	0	483.7	479.8
IX	412.0	32.9	0.0	1.6	6.8	0.0	0	453.3	449.8
Private non-financial corporations									
2015									
VII	2 768.7	266.2	48.2	19.3	44.6	0.0	0	3 147.0	2 738.2
VIII	2 754.9	248.5	48.0	19.0	45.7	0.0	0	3 116.1	2 703.7
IX	2 897.7	226.5	38.5	18.1	44.5	0.0	0	3 225.2	2 786.5
X	2 851.0	230.1	48.1	20.6	44.3	0.0	0	3 194.1	2 783.4
XI	2 916.8	218.7	42.1	19.6	52.1	0.0	0	3 249.3	2 877.4
XII	3 081.7	179.8	41.4	20.2	69.1	0.0	0	3 392.2	2 995.3
2016									
I	2 975.2	203.0	38.4	19.1	73.1	0.0	0	3 308.8	2 865.2
II	3 069.8	201.5	38.7	18.7	83.3	0.0	0	3 412.1	2 909.8
III	3 026.6	224.5	36.9	20.3	49.6	0.0	0	3 357.9	2 927.5
IV	2 985.0	241.8	36.6	19.6	50.2	0.0	0	3 333.2	2 871.9
V	3 004.3	248.9	30.4	16.5	47.8	0.0	0	3 347.9	2 866.7
VI	3 100.4	201.6	15.4	16.5	43.5	0.1	0	3 377.6	2 875.9
VII	3 024.7	193.3	14.6	15.9	41.5	0.1	0	3 290.1	2 786.8
VIII	3 015.7	201.3	15.1	14.8	42.7	0.0	0	3 289.7	2 763.2
IX	3 044.5	218.5	10.8	15.6	47.0	0.0	0	3 336.4	2 826.2

14.c DEPOSITS BY HOUSEHOLDS

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
Households									
2015									
VII	3 685.1	597.7	224.0	199.9	651.9	5.2	0	5 363.9	4 731.9
VIII	3 681.7	569.1	224.2	201.7	650.6	5.1	0	5 332.5	4 704.2
IX	3 682.0	556.6	237.6	205.0	657.7	5.0	0	5 344.0	4 722.2
X	3 707.7	542.8	243.4	207.7	667.3	5.0	0	5 374.0	4 747.0
XI	3 767.6	530.1	249.0	210.9	680.2	5.0	0	5 442.9	4 804.4
XII	3 899.7	482.6	258.3	202.3	688.7	4.9	0	5 536.4	4 897.1
2016									
I	3 883.2	452.3	258.2	206.3	706.9	4.8	0	5 511.8	4 871.8
II	3 915.9	439.7	259.7	210.9	721.6	4.7	0	5 552.5	4 900.8
III	3 918.3	434.6	247.7	206.6	726.1	4.7	0	5 538.1	4 899.5
IV	3 986.4	430.3	237.2	211.6	736.3	4.8	0	5 606.5	4 966.1
V	3 991.8	435.9	239.8	214.5	740.9	4.8	0	5 627.7	4 978.7
VI	4 094.1	422.5	233.6	216.8	751.0	4.6	0	5 722.6	5 071.5
VII	4 100.1	418.6	232.3	219.8	757.7	4.5	0	5 733.0	5 071.8
VIII	4 086.4	413.7	229.9	220.8	762.9	4.5	0	5 718.2	5 055.2
IX	4 089.1	421.2	213.9	220.2	768.4	4.4	0	5 717.2	5 060.8

14.d DEPOSITS BY GOVERNMENT AND NON-RESIDENTS

(at end of period; millions of euro)

	General government				Non-residents				In euro	
	Central government	Local government	In euro		MFIs	Non-MFIs		In euro		
						General government	Other			
2015										
VII	526.1	228.3	754.5	748.4	3 361.1	11 914.7	5.7	11 909.0	15 275.8	6 087.8
VIII	582.9	249.2	832.1	825.4	3 216.1	11 753.6	4.6	11 749.0	14 969.7	5 879.7
IX	967.1	247.5	1 214.6	1 209.6	3 148.2	11 681.9	4.5	11 677.3	14 830.1	5 974.3
X	1 005.7	242.6	1 248.3	1 239.9	3 066.1	11 839.8	4.0	11 835.8	14 905.9	5 987.1
XI	861.3	257.1	1 118.3	1 113.3	3 187.5	12 406.9	3.1	12 403.8	15 594.4	6 240.4
XII	309.6	213.0	522.6	517.4	2 986.3	12 086.9	8.1	12 078.8	15 073.1	5 946.4
2016										
I	279.6	235.2	514.8	510.6	3 098.0	11 907.1	8.1	11 899.0	15 005.2	5 924.1
II	367.7	258.3	626.0	621.8	2 870.9	11 719.4	6.6	11 712.8	14 590.3	5 764.8
III	344.2	285.7	629.9	626.7	2 928.8	10 984.6	6.7	10 977.9	13 913.4	5 855.2
IV	304.9	294.1	599.0	594.4	2 965.2	10 602.7	7.6	10 595.1	13 567.9	5 760.7
V	703.3	305.7	1 008.9	1 003.4	2 977.0	10 322.7	6.7	10 316.0	13 299.7	5 797.2
VI	675.8	280.8	956.7	950.8	2 992.2	10 354.0	5.2	10 348.8	13 346.2	5 744.9
VII	499.7	272.7	772.5	766.2	3 214.1	10 014.8	5.0	10 009.8	13 228.9	5 953.6
VIII	577.1	297.9	875.0	856.1	3 065.7	9 772.2	4.5	9 767.7	12 837.9	5 746.3
IX	660.7	286.4	947.1	899.3	3 008.7	9 467.0	4.8	9 462.2	12 475.7	5 648.9

15. MATURITY PROFILE OF LOANS TO RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Short-term															
Amount	1 784.7	1 822.1	1 773.2	1 798.5	1 772.2	1 663.4	1 681.7	1 733.2	1 635.8	1 656.0	1 763.9	1 740.0	1 704.9	1 746.0	1 825.3
% ¹	14.4	14.6	14.2	14.4	14.2	13.5	13.7	14.1	13.2	13.3	14.0	13.7	13.5	13.8	14.4
Maturity of 1–5 years															
Amount	2 523.7	2 521.8	2 498.6	2 487.5	2 502.3	2 451.8	2 433.7	2 429.0	2 368.4	2 432.8	2 467.4	2 484.3	2 480.3	2 497.9	2 388.3
% ¹	20.3	20.2	20.1	19.9	20.1	19.9	19.8	19.8	19.1	19.5	19.6	19.7	19.6	19.7	18.8
Maturity of over 5 years															
Amount	8 116.9	8 126.0	8 185.1	8 183.9	8 175.1	8 226.9	8 157.7	8 102.6	8 395.6	8 371.3	8 379.9	8 405.6	8 467.4	8 439.6	8 490.8
% ¹	65.3	65.2	65.7	65.7	65.7	66.7	66.5	66.1	67.7	67.2	66.4	66.6	66.9	66.5	66.8
Total loans	12 425.3	12 469.9	12 457.0	12 469.8	12 449.6	12 342.1	12 273.1	12 264.8	12 399.8	12 460.1	12 611.2	12 629.9	12 652.7	12 683.5	12 704.5

¹ 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; millions of euro)

	Insurance corporations and pension funds			OFIs and financial auxiliaries			Public non-financial corporations					Private non-financial corporations				
	Up to 1 year		In euro	Up to 1 year		In euro	Up to 1 year	1-5 years	Over 5 years		In euro	Up to 1 year	1-5 years	Over 5 years		In euro
2015																
VII	0.0	0.0	0.0	x	x	x	10.4	66.6	577.2	654.2	449.1	1 202.0	1 823.9	2 623.2	5 649.1	5 444.0
VIII	0.0	0.0	0.0	x	x	x	10.6	70.8	591.2	672.6	470.2	1 239.8	1 820.7	2 627.5	5 688.0	5 470.0
IX	0.0	0.0	0.0	x	x	x	10.8	72.3	593.6	676.7	474.0	1 201.6	1 785.9	2 697.5	5 685.0	5 470.0
X	0.0	0.0	0.0	x	x	x	13.6	72.8	610.0	696.4	520.2	1 231.6	1 774.0	2 687.3	5 692.8	5 459.7
XI	0.0	0.0	0.0	x	x	x	14.1	78.9	609.6	702.7	523.4	1 217.4	1 764.1	2 655.5	5 637.0	5 389.9
XII	0.0	0.0	0.0	x	x	x	10.2	84.8	628.1	723.1	563.6	1 138.4	1 718.8	2 694.0	5 551.2	5 314.2
2016																
I	0.0	0.0	0.0	x	x	x	6.7	83.0	588.3	678.0	562.0	1 161.4	1 703.0	2 685.0	5 549.4	5 315.7
II	0.0	0.0	0.0	x	x	x	10.3	81.9	584.1	676.2	561.5	1 202.7	1 693.1	2 649.6	5 545.4	5 309.5
III	0.0	0.0	0.0	x	x	x	12.4	80.6	580.1	673.1	557.8	1 120.3	1 635.0	2 683.0	5 438.3	5 246.2
IV	0.0	0.0	0.0	x	x	x	10.7	79.7	580.9	671.3	555.2	1 143.8	1 698.7	2 656.2	5 498.7	5 309.1
V	0.0	0.0	0.0	x	x	x	12.6	78.8	571.7	663.0	599.0	1 244.3	1 722.5	2 672.3	5 639.2	5 415.1
VI	0.0	0.0	0.0	x	x	x	11.5	77.9	588.3	677.7	614.5	1 209.5	1 736.5	2 687.7	5 633.7	5 426.3
VII	0.0	0.0	0.0	x	x	x	5.8	76.5	590.0	672.3	610.1	1 183.4	1 736.0	2 746.7	5 666.1	5 476.8
VIII	0.0	0.0	0.0	x	x	x	6.9	75.4	587.0	669.3	606.8	1 224.4	1 743.5	2 723.2	5 691.0	5 475.7
IX	0.0	0.0	0.0	x	x	x	9.6	74.5	588.5	672.6	610.7	1 171.6	1 744.2	2 779.2	5 695.0	5 466.9
	Investment funds, excluding money market funds, and alternative investment funds						Other financial institutions									
	Up to 1 year		In euro			Up to 1 year		1-5 years		Over 5 years			In euro			
2015																
VII		0.0		0.0		0.0		218.9		329.6		76.4		624.8		578.9
VIII		0.2		0.2		0.0		223.8		331.9		75.7		631.4		586.7
IX		0.0		0.0		0.0		218.9		342.1		75.3		636.3		592.7
X		0.1		0.1		0.0		214.6		341.3		74.4		630.3		588.9
XI		0.0		0.0		0.0		209.9		362.6		105.3		677.8		633.0
XII		0.0		0.0		0.0		208.5		355.6		110.8		674.9		631.5
2016																
I		0.1		0.1		0.0		206.2		355.0		108.9		670.1		628.5
II		0.0		0.0		0.0		216.1		356.9		107.5		680.6		637.5
III		0.0		0.0		0.0		210.6		355.7		382.2		948.5		911.3
IV		0.0		0.0		0.0		213.8		353.7		386.5		954.0		915.2
V		0.0		0.0		0.0		220.4		360.6		389.6		970.6		947.0
VI		0.0		0.0		0.0		230.8		358.9		394.9		984.5		961.9
VII		0.0		0.0		0.0		231.5		353.7		404.3		989.5		967.8
VIII		0.0		0.0		0.0		230.6		361.5		410.4		1 002.5		981.3
IX		0.0		0.0		0.0		364.7		249.4		410.2		1 024.3		997.9

16.b LOANS TO HOUSEHOLDS

(at end of period; millions of euro)

	Households												In euro	
	Consumer credit			Lending for house purchase			Other lending			In euro				
	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					
2015														
VII	450.7	146.7	142.4	161.6	4 587.2	133.6	91.4	4 362.3	459.2	73.2	69.8	316.2	5 497.1	5 323.5
VIII	453.7	146.8	144.2	162.6	4 568.7	130.3	91.4	4 347.0	455.3	70.6	62.8	322.0	5 477.7	5 310.2
IX	452.1	142.3	146.1	163.8	4 557.0	128.6	90.0	4 338.4	449.7	71.1	62.2	316.5	5 458.9	5 292.6
X	459.4	142.9	151.5	164.9	4 546.7	126.1	88.6	4 332.0	444.1	69.5	59.3	315.3	5 450.3	5 284.4
XI	457.3	138.5	152.7	166.1	4 531.1	120.1	86.2	4 324.8	443.7	72.1	57.9	313.8	5 432.1	5 264.1
XII	452.8	131.9	154.8	166.1	4 502.5	103.8	82.9	4 315.8	437.6	70.5	55.0	312.1	5 392.9	5 228.0
2016														
I	455.9	133.1	156.6	166.2	4 484.8	104.0	81.3	4 299.4	434.8	70.2	54.8	309.8	5 375.5	5 214.6
II	457.7	132.0	158.6	167.1	4 471.9	103.1	81.6	4 287.2	432.9	69.0	56.8	307.1	5 362.6	5 201.2
III	463.2	131.5	162.0	169.7	4 453.6	96.8	80.2	4 276.6	423.1	64.2	55.1	303.9	5 339.9	5 183.9
IV	463.0	130.0	165.1	167.9	4 454.6	94.9	82.9	4 276.7	418.6	62.8	52.7	303.0	5 336.1	5 182.2
V	471.6	131.7	171.1	168.8	4 450.6	93.1	82.0	4 275.5	416.2	61.8	52.5	301.9	5 338.4	5 184.4
VI	473.8	129.3	175.3	169.2	4 440.4	96.5	82.4	4 261.5	419.8	62.5	53.3	304.0	5 334.0	5 180.8
VII	478.4	128.8	180.7	168.9	4 431.2	93.0	82.9	4 255.2	415.2	62.4	50.5	302.3	5 324.7	5 174.4
VIII	483.8	129.9	183.8	170.0	4 421.8	90.1	83.3	4 248.4	415.1	64.1	50.4	300.6	5 320.7	5 172.9
IX	485.3	128.2	186.5	170.6	4 415.0	87.8	83.2	4 244.0	412.2	63.4	50.5	298.3	5 312.6	5 166.2

16.c LOANS TO GOVERNMENT AND NON-RESIDENTS

(at end of period; millions of euro)

	General government				Non-residents				In euro	
	Central government	Local government	In euro	MFIs	Non-MFIs		In euro			
					General government	Other				
2015										
VII	51.7	26.6	78.3	78.3	6 070.2	2 185.5	0.0	2 185.5	8 255.7	3 247.4
VIII	51.0	26.7	77.7	77.7	5 887.8	2 190.7	0.0	2 190.7	8 078.6	3 094.5
IX	51.8	27.1	79.0	79.0	6 211.3	2 240.1	0.0	2 240.1	8 451.4	3 349.2
X	51.3	27.4	78.7	78.7	6 346.3	2 160.5	0.0	2 160.5	8 506.9	3 332.0
XI	51.8	29.7	81.6	81.6	6 499.6	2 243.3	0.0	2 243.3	8 742.9	3 432.7
XII	58.6	35.4	94.1	94.1	4 251.1	2 176.0	0.0	2 176.0	6 427.1	1 883.0
2016										
I	91.9	35.2	127.1	91.3	5 038.9	2 140.3	0.0	2 140.3	7 179.3	2 530.1
II	91.3	34.7	126.0	90.4	4 843.7	2 163.4	0.0	2 163.4	7 007.1	2 477.4
III	90.6	34.2	124.8	89.2	4 687.7	2 082.8	0.0	2 082.8	6 770.5	2 515.9
IV	89.7	33.9	123.7	88.1	4 165.5	2 111.1	0.0	2 111.1	6 276.7	2 281.6
V	90.0	29.9	120.0	85.2	4 191.6	2 135.5	0.0	2 135.5	6 327.2	2 527.6
VI	87.2	29.8	116.9	82.9	4 908.4	2 213.9	0.0	2 213.9	7 122.3	2 672.8
VII	85.6	29.7	115.3	82.1	4 241.5	2 237.7	0.0	2 237.7	6 479.2	2 454.6
VIII	85.2	30.1	115.3	82.2	4 193.7	2 240.5	0.0	2 240.5	6 434.2	2 428.4
IX	81.3	33.6	114.9	82.5	3 622.1	2 214.0	0.0	2 214.0	5 836.1	2 283.1

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

(at end of Q2 2016, millions of euro; 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 euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%
Total	2 485.5	100.0	2 355.0	100.0	3 422.6	100.0	3 326.0	100.0	1 422.0	100.0	1 322.0	100.0	7 330.1	100.0	7 003.0	100.0
A Agriculture, forestry and fishing	153.1	6.2	132.6	5.6	257.6	7.5	256.4	7.7	54.7	3.8	54.7	4.1	465.3	6.4	443.7	6.3
B Mining and quarrying	7.4	0.3	7.4	0.3	11.4	0.3	11.4	0.3	0.0	0.0	0.0	0.0	18.8	0.3	18.8	0.3
C Manufacturing	317.9	12.8	300.9	12.8	447.8	13.1	444.2	13.4	99.4	7.0	99.4	7.5	865.0	11.8	844.5	12.1
D Electricity, gas, steam and air conditioning supply	45.0	1.8	44.5	1.9	295.0	8.6	276.4	8.3	70.4	5.0	70.4	5.3	410.3	5.6	391.3	5.6
E Water supply; sewerage, waste management and remediation activities	3.5	0.1	3.5	0.2	33.6	1.0	33.6	1.0	51.5	3.6	51.5	3.9	88.6	1.2	88.6	1.3
F Construction	78.0	3.1	78.0	3.3	99.0	2.9	83.2	2.5	123.7	8.7	95.0	7.2	300.6	4.1	256.2	3.7
G Wholesale and retail trade; repair of motor vehicles and motorcycles	439.6	17.7	393.4	16.7	189.1	5.5	184.7	5.6	23.4	1.6	23.2	1.8	652.1	8.9	601.3	8.6
H Transportation and storage	98.4	4.0	87.3	3.7	286.0	8.4	258.5	7.8	262.2	18.4	262.2	19.8	646.6	8.8	608.0	8.7
I Accommodation and food service activities	31.0	1.3	31.0	1.3	68.8	2.0	68.8	2.1	50.8	3.6	50.8	3.8	150.6	2.1	150.6	2.1
J Information and communication	8.0	0.3	8.0	0.3	61.9	1.8	60.9	1.8	2.1	0.1	2.1	0.2	71.9	1.0	71.0	1.0
K Financial and insurance activities	598.6	24.1	575.8	24.5	397.8	11.6	385.0	11.6	83.6	5.9	71.6	5.4	1 080.0	14.7	1 032.4	14.7
L Real estate activities	602.1	24.2	596.6	25.3	1 071.9	31.3	1 060.3	31.9	517.2	36.4	458.0	34.6	2 191.2	29.9	2 114.9	30.2
M Professional, scientific and technical activities	5.5	0.2	5.5	0.2	13.6	0.4	13.6	0.4	4.8	0.3	4.8	0.4	24.0	0.3	23.9	0.3
N Administrative and support service activities	22.8	0.9	19.8	0.8	33.9	1.0	33.9	1.0	1.3	0.1	1.3	0.1	58.1	0.8	55.0	0.8
O Public administration and defence; compulsory social security	0.4	0.0	0.4	0.0	6.3	0.2	6.3	0.2	18.2	1.3	18.2	1.4	25.0	0.3	24.9	0.4
P Education	0.6	0.0	0.6	0.0	27.4	0.8	27.4	0.8	0.9	0.1	0.9	0.1	28.9	0.4	28.9	0.4
Q Human health and social work activities	3.5	0.1	3.5	0.2	17.4	0.5	17.4	0.5	1.5	0.1	1.5	0.1	22.4	0.3	22.4	0.3
R Arts, entertainment and recreation	4.0	0.2	3.8	0.2	9.7	0.3	9.7	0.3	3.7	0.3	3.7	0.3	17.4	0.2	17.2	0.2
S Other service activities	66.2	2.7	62.4	2.7	94.3	2.8	94.3	2.8	52.7	3.7	52.7	4.0	213.2	2.9	209.4	3.0

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

(at end of Q3 2016, millions of euro; 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 euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%
Total	2 320.9	100.0	2 154.2	100.0	3 972.2	100.0	3 851.4	100.0	1 130.3	100.0	1 069.0	100.0	7 423.4	100.0	7 074.6	100.0
A Agriculture, forestry and fishing	159.8	6.9	141.3	6.6	267.2	6.7	265.8	6.9	59.4	5.3	59.4	5.5	486.4	6.6	466.5	6.6
B Mining and quarrying	4.0	0.2	4.0	0.2	11.7	0.3	11.7	0.3	0.0	0.0	0.0	0.0	15.7	0.2	15.7	0.2
C Manufacturing	270.8	11.7	255.1	11.8	450.4	11.3	447.1	11.6	94.6	8.4	94.6	8.8	815.7	11.0	796.8	11.3
D Electricity, gas, steam and air conditioning supply	43.2	1.9	43.2	2.0	317.0	8.0	298.7	7.8	90.6	8.0	90.6	8.5	450.7	6.1	432.5	6.1
E Water supply; sewerage, waste management and remediation activities	4.2	0.2	4.2	0.2	30.9	0.8	30.9	0.8	49.9	4.4	49.9	4.7	84.9	1.2	85.0	1.2
F Construction	54.5	2.3	54.5	2.5	112.5	2.8	97.0	2.5	117.5	10.4	89.4	8.4	284.5	3.8	240.9	3.4
G Wholesale and retail trade; repair of motor vehicles and motorcycles	444.1	19.1	382.7	17.8	226.1	5.7	222.1	5.8	14.9	1.3	14.9	1.4	685.1	9.2	619.7	8.8
H Transportation and storage	84.0	3.6	71.3	3.3	276.9	7.0	251.5	6.5	261.1	23.1	261.1	24.4	622.0	8.4	583.9	8.2
I Accommodation and food service activities	25.2	1.1	25.2	1.2	94.1	2.4	94.1	2.4	35.5	3.1	35.5	3.3	154.9	2.1	154.8	2.2
J Information and communication	7.6	0.3	7.6	0.3	60.4	1.5	59.5	1.5	2.0	0.2	2.0	0.2	70.1	0.9	69.1	1.0
K Financial and insurance activities	544.3	23.5	512.6	23.8	537.0	13.5	518.4	13.5	32.3	2.9	31.7	3.0	1 113.6	15.0	1 062.7	15.0
L Real estate activities	570.7	24.6	562.9	26.1	1 364.6	34.4	1 331.2	34.6	287.1	25.4	254.5	23.8	2 222.4	29.9	2 148.6	30.4
M Professional, scientific and technical activities	5.5	0.2	5.5	0.3	10.0	0.3	10.0	0.3	4.9	0.4	4.9	0.4	20.4	0.3	20.4	0.3
N Administrative and support service activities	39.0	1.7	20.9	1.0	32.8	0.8	32.8	0.9	1.3	0.1	1.3	0.1	73.1	1.0	55.0	0.8
O Public administration and defence; compulsory social security	0.1	0.0	0.1	0.0	10.0	0.3	10.0	0.3	19.0	1.7	19.0	1.8	29.0	0.4	29.1	0.4
P Education	0.5	0.0	0.5	0.0	31.1	0.8	31.1	0.8	0.7	0.1	0.7	0.1	32.4	0.4	32.3	0.5
Q Human health and social work activities	4.3	0.2	4.3	0.2	16.9	0.4	16.9	0.4	0.9	0.1	0.9	0.1	22.2	0.3	22.1	0.3
R Arts, entertainment and recreation	3.5	0.1	3.5	0.2	9.4	0.2	9.4	0.2	3.9	0.3	3.9	0.4	16.8	0.2	16.8	0.2
S Other service activities	55.6	2.4	54.8	2.5	113.2	2.8	113.2	2.9	54.7	4.8	54.7	5.1	223.5	3.0	222.7	3.1

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

(at end of period; millions of euro)

	2015		2016		
	IX	XII	III ¹	VI	IX
Commercial credit	2 227.2	2 210.0	2 469.1	2 540.8	2 663.0
Industrial credit	2 211.1	2 203.3	2 081.2	2 214.2	1 345.9
Reverse repo	2.2	2.6	1.7	1.5	1.7
Financial leasing	55.2	55.8	56.8	59.1	61.1
Consumer credit	348.8	349.0	356.5	370.9	313.1
Mortgage loans	6 495.9	6 400.8	6 310.2	6 240.0	6 695.6
Factoring	3.8	3.6	1.3	1.2	1.1
Other credit	1 113.1	1 120.8	1 117.3	1 201.1	1 642.0
Total loans	12 457.4	12 346.0	12 394.0	12 628.8	12 723.6

¹ Data have been revised.

19.a HOLDINGS OF SECURITIES OTHER THAN SHARES

(at end of period; millions of euro)

	Securities other than shares									
	MFIs		General government		Other residents		Non-residents		In euro	
		incl. long-term		incl. long-term		incl. long-term		incl. long-term		
2015										
VII	0.0	0.0	899.7	829.4	21.5	21.5	4 898.0	4 097.0	5 819.2	1 336.5
VIII	0.0	0.0	894.4	824.4	21.0	21.0	4 867.2	4 103.2	5 782.6	1 335.7
IX	0.0	0.0	837.4	782.4	21.0	21.0	4 551.4	4 037.2	5 409.8	1 283.4
X	0.0	0.0	904.2	849.2	22.1	22.1	4 600.9	4 118.6	5 527.2	1 377.9
XI	0.0	0.0	927.1	867.1	21.4	21.4	4 866.0	4 430.8	5 814.5	1 355.1
XII	0.0	0.0	889.7	829.8	21.3	21.3	5 166.4	4 558.3	6 077.4	1 290.7
2016										
I	0.0	0.0	864.4	754.6	20.6	20.6	5 184.4	4 637.8	6 069.3	1 404.8
II	0.0	0.0	881.7	801.7	20.4	20.4	5 116.9	4 708.1	6 019.1	1 278.8
III	0.0	0.0	929.4	799.4	20.4	20.4	4 880.1	4 534.8	5 830.0	1 350.7
IV	0.0	0.0	939.2	809.2	22.5	22.5	4 802.6	4 533.8	5 764.2	1 341.4
V	0.0	0.0	956.3	826.3	22.3	22.3	4 487.9	4 313.4	5 466.5	1 245.5
VI	0.0	0.0	974.8	844.8	22.1	22.1	4 469.7	4 159.4	5 466.6	1 394.3
VII	0.0	0.0	808.0	808.0	22.4	22.4	4 301.3	4 015.7	5 131.6	1 218.5
VIII	0.0	0.0	829.6	829.6	21.1	21.1	4 159.3	3 930.8	5 009.9	1 170.9
IX	0.0	0.0	845.7	845.7	21.1	21.1	4 130.6	3 922.4	4 997.3	1 262.1

19.b HOLDINGS OF SHARES AND OTHER EQUITY

(at end of period; millions of euro)

	Shares and other equity								
	MFIs		Other residents		Non-residents		In euro		
2015									
VII		0.0		560.7		260.1		820.8	727.0
VIII		0.0		555.1		261.6		816.7	727.2
IX		0.0		575.2		260.4		835.6	740.5
X		0.0		575.8		263.7		839.5	743.0
XI		0.0		582.3		258.4		840.7	741.1
XII		0.0		606.6		219.6		826.2	773.5
2016									
I		0.0		594.2		296.4		890.6	838.5
II		0.0		600.1		298.3		898.4	847.0
III		0.0		603.7		281.4		885.2	835.5
IV		0.0		603.6		288.6		892.2	842.6
V		0.0		606.0		288.2		894.1	843.6
VI		0.0		607.3		204.4		811.7	755.0
VII		0.0		601.1		206.1		807.2	742.1
VIII		0.0		608.6		208.0		816.6	750.8
IX		0.0		594.9		212.5		807.4	740.8

20.a CURRENCY BREAKDOWN OF RESIDENT DEPOSITS

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies				incl. USD		incl. JPY	incl. CHF	incl. GBP	In euro	In foreign currencies	
2015														
VII	427.0	57.4	42.6	39.2	0.0	0.2	3.1	10 423.9	89.3	10.7	8.7	0.0	0.2	0.7
VIII	414.8	57.4	42.6	39.1	0.0	0.2	3.1	10 536.0	89.1	10.9	8.7	0.1	0.2	0.8
IX	384.0	71.5	28.5	24.8	0.0	0.3	3.3	10 980.3	89.4	10.6	8.6	0.1	0.1	0.8
X	415.1	66.6	33.4	29.9	0.0	0.2	3.1	11 053.1	89.5	10.5	8.4	0.1	0.1	0.8
XI	404.4	69.4	30.6	28.6	0.0	0.1	1.6	11 109.2	89.4	10.6	8.5	0.1	0.1	0.8
XII	445.7	71.6	28.4	25.5	0.0	0.1	1.3	10 856.2	88.5	11.5	9.3	0.1	0.1	0.9
2016														
I	421.8	72.0	28.0	23.3	0.0	0.3	2.8	10 745.0	88.3	11.7	9.5	0.1	0.1	0.9
II	436.0	67.4	32.6	28.0	0.0	0.2	3.1	11 135.4	88.0	12.0	9.9	0.2	0.1	0.8
III	387.1	77.6	22.4	17.8	0.0	0.2	3.0	11 099.1	88.8	11.2	9.1	0.1	0.1	0.9
IV	385.6	78.3	21.7	16.8	0.0	0.1	3.6	11 201.1	88.6	11.4	9.4	0.0	0.1	0.8
V	381.7	72.9	27.1	22.3	0.0	0.1	3.4	11 643.4	88.3	11.7	9.7	0.0	0.1	0.8
VI	380.8	71.2	28.8	25.8	0.0	0.1	1.6	11 673.5	88.5	11.5	9.7	0.0	0.1	0.7
VII	354.2	76.4	23.6	20.4	0.1	0.2	1.9	11 376.9	88.1	11.9	10.0	0.0	0.2	0.8
VIII	354.9	75.2	24.8	21.4	0.1	0.2	2.2	11 576.8	88.2	11.8	10.0	0.0	0.1	0.7
IX	371.6	75.8	24.2	21.4	0.0	0.2	2.4	11 660.5	88.2	11.8	9.9	0.0	0.1	0.8

20.b CURRENCY BREAKDOWN OF NON-RESIDENT DEPOSITS

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies				incl. USD		incl. JPY	incl. CHF	incl. GBP	In euro	In foreign currencies	
2015														
VII	3 361.1	85.1	14.9	6.4	0.0	1.9	1.6	11 914.7	27.1	72.9	69.0	0.1	0.3	1.9
VIII	3 216.1	85.1	14.9	6.0	0.0	1.9	1.7	11 753.6	26.7	73.3	69.3	0.1	0.4	1.8
IX	3 148.2	86.0	14.0	4.9	0.0	1.9	1.6	11 681.9	28.0	72.0	68.1	0.1	0.3	1.9
X	3 066.1	85.1	14.9	5.7	0.0	1.9	1.7	11 839.8	28.5	71.5	67.7	0.0	0.4	1.8
XI	3 187.5	84.4	15.6	6.3	0.0	1.9	1.8	12 406.9	28.6	71.4	66.9	0.0	0.4	1.8
XII	2 986.3	85.3	14.7	5.7	0.0	2.3	1.9	12 086.9	28.1	71.9	67.8	0.1	0.4	1.8
2016														
I	3 098.0	84.1	15.9	8.3	0.1	1.8	1.7	11 907.1	27.9	72.1	68.2	0.1	0.4	1.7
II	2 870.9	85.4	14.6	6.4	0.0	2.0	1.7	11 719.4	28.3	71.7	67.5	0.1	0.4	1.8
III	2 928.8	86.5	13.5	5.7	0.1	2.0	1.6	10 984.6	30.2	69.8	65.4	0.1	0.4	1.9
IV	2 965.2	86.6	13.4	5.5	0.0	1.9	1.5	10 602.7	30.1	69.9	65.4	0.1	0.4	2.0
V	2 977.0	88.4	11.6	5.1	0.0	2.1	0.2	10 322.7	30.7	69.3	64.8	0.1	0.4	2.0
VI	2 992.2	87.3	12.7	6.2	0.0	2.1	0.2	10 354.0	30.2	69.8	64.2	0.1	0.4	1.9
VII	3 214.1	88.3	11.7	5.6	0.0	2.1	0.2	10 014.8	31.1	68.9	63.9	0.1	0.4	1.9
VIII	3 065.7	87.4	12.6	6.5	0.0	1.8	0.2	9 772.2	31.4	68.6	63.2	0.1	0.3	2.0
IX	3 008.7	87.5	12.5	6.4	0.0	1.8	0.2	9 467.0	31.9	68.1	62.9	0.1	0.3	2.2

20.c CURRENCY BREAKDOWN OF LOANS TO RESIDENTS

(at end of period)

Non-MFIs								
	Outstanding amount (all currencies; millions of euro)	Structure (%)						
		In euro	In foreign currencies					
			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2015								
VII	12 503.6	95.0	5.0	2.5	0.0	0.7	0.5	
VIII	12 547.7	95.0	5.0	2.5	0.0	0.7	0.5	
IX	12 535.9	95.0	5.0	2.5	0.0	0.7	0.5	
X	12 548.5	95.1	4.9	2.6	0.0	0.7	0.5	
XI	12 531.2	94.9	5.1	2.8	0.0	0.7	0.5	
XII	12 436.2	95.1	4.9	2.8	0.0	0.6	0.5	
2016								
I	12 400.2	95.3	4.7	2.7	0.0	0.6	0.5	
II	12 390.8	95.2	4.8	2.7	0.0	0.6	0.5	
III	12 524.6	95.7	4.3	2.3	0.0	0.6	0.4	
IV	12 583.8	95.8	4.2	2.2	0.0	0.6	0.5	
V	12 731.2	96.1	3.9	2.4	0.0	0.6	0.0	
VI	12 746.9	96.2	3.8	2.2	0.0	0.6	0.0	
VII	12 768.0	96.4	3.6	2.1	0.0	0.6	0.0	
VIII	12 798.8	96.3	3.7	2.3	0.0	0.6	0.0	
IX	12 819.3	96.1	3.9	2.4	0.0	0.6	0.0	

20.d CURRENCY BREAKDOWN OF LOANS TO NON-RESIDENTS

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2015														
VII	6 070.2	42.5	57.5	48.2	0.9	1.7	3.1	2 185.5	30.5	69.5	67.6	0.0	0.2	1.2
VIII	5 887.8	41.1	58.9	48.8	1.2	1.9	3.4	2 190.7	30.9	69.1	67.4	0.0	0.2	1.1
IX	6 211.3	42.1	57.9	47.9	1.1	1.8	3.4	2 240.1	32.7	67.3	65.7	0.0	0.2	1.1
X	6 346.3	41.0	59.0	48.6	1.1	1.8	3.2	2 160.5	33.7	66.3	64.6	0.0	0.2	1.2
XI	6 499.6	41.6	58.4	47.8	1.0	1.9	3.1	2 243.3	32.5	67.5	65.5	0.0	0.2	1.3
XII	4 251.1	26.6	73.4	57.6	0.6	5.0	4.7	2 176.0	34.6	65.4	63.6	0.0	0.2	1.2
2016														
I	5 038.9	35.7	64.3	53.7	0.5	1.8	4.2	2 140.3	34.2	65.8	64.1	0.0	0.1	1.1
II	4 843.7	36.0	64.0	53.0	0.6	1.8	4.4	2 163.4	33.9	66.1	64.4	0.0	0.1	1.1
III	4 687.7	38.9	61.1	44.9	1.8	5.3	4.6	2 082.8	33.3	66.7	64.8	0.0	0.2	1.2
IV	4 165.5	36.3	63.7	51.2	0.3	3.3	3.9	2 111.1	36.5	63.5	61.9	0.0	0.1	1.0
V	4 191.6	41.8	58.2	45.9	0.3	3.1	4.1	2 135.5	36.3	63.7	62.0	0.0	0.1	1.1
VI	4 908.4	38.2	61.8	44.0	0.4	8.5	4.3	2 213.9	36.0	64.0	59.3	0.0	0.1	1.0
VII	4 241.5	38.6	61.4	47.6	0.2	5.3	4.1	2 237.7	36.6	63.4	58.9	0.0	0.1	1.0
VIII	4 193.7	38.4	61.6	43.5	0.2	9.1	4.2	2 240.5	36.4	63.6	58.9	0.0	0.1	1.1
IX	3 622.1	40.7	59.3	42.3	1.0	4.9	5.6	2 214.0	36.6	63.4	58.9	0.0	0.1	0.8

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

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies				incl. USD		incl. JPY	incl. CHF	incl. GBP	In euro	In foreign currencies	
2015														
VII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	921.2	79.3	20.7	20.7	0.0	0.0	0.0
VIII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	915.4	79.9	20.1	20.1	0.0	0.0	0.0
IX	0.0	0.0	0.0	0.0	0.0	0.0	0.0	858.3	78.1	21.9	21.9	0.0	0.0	0.0
X	0.0	0.0	0.0	0.0	0.0	0.0	0.0	926.3	77.3	22.7	22.7	0.0	0.0	0.0
XI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	948.5	75.0	25.0	25.0	0.0	0.0	0.0
XII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	911.0	71.4	28.6	28.5	0.0	0.0	0.0
2016														
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	884.9	67.7	32.3	32.3	0.0	0.0	0.0
II	0.0	0.0	0.0	0.0	0.0	0.0	0.0	902.2	67.0	33.0	32.9	0.0	0.0	0.0
III	0.0	0.0	0.0	0.0	0.0	0.0	0.0	949.8	68.9	31.1	31.1	0.0	0.0	0.0
IV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	961.6	69.1	30.9	30.9	0.0	0.0	0.0
V	0.0	0.0	0.0	0.0	0.0	0.0	0.0	978.6	67.6	32.4	32.4	0.0	0.0	0.0
VI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	996.9	67.5	32.5	32.5	0.0	0.0	0.0
VII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	830.3	61.1	38.9	38.9	0.0	0.0	0.0
VIII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	850.6	61.8	38.2	38.2	0.0	0.0	0.0
IX	0.0	0.0	0.0	0.0	0.0	0.0	0.0	866.7	61.6	38.4	38.4	0.0	0.0	0.0

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

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies				incl. USD		incl. JPY	incl. CHF	incl. GBP	In euro	In foreign currencies	
2015														
VII	1 337.4	17.8	82.2	80.5	0.0	0.7	0.0	3 560.6	10.3	89.7	88.1	0.0	0.1	0.6
VIII	1 336.0	18.8	81.2	80.1	0.0	0.3	0.0	3 531.2	10.0	90.0	88.7	0.0	0.1	0.6
IX	1 309.1	18.6	81.4	80.2	0.0	0.2	0.0	3 242.4	11.4	88.6	87.1	0.0	0.1	0.7
X	1 293.1	17.7	82.3	81.0	0.0	0.2	0.0	3 307.8	13.1	86.9	85.4	0.0	0.1	0.7
XI	1 359.6	17.5	82.5	81.4	0.0	0.1	0.0	3 506.4	11.6	88.4	86.8	0.1	0.1	0.8
XII	1 333.5	18.1	81.9	81.0	0.0	0.1	0.0	3 832.8	10.4	89.6	88.4	0.1	0.1	0.7
2016														
I	1 343.8	17.9	82.1	81.3	0.0	0.1	0.0	3 840.6	14.7	85.3	84.0	0.1	0.1	0.7
II	1 371.1	17.1	82.9	82.2	0.0	0.0	0.0	3 745.8	11.8	88.2	86.8	0.3	0.1	0.7
III	1 339.6	17.4	82.6	82.0	0.0	0.0	0.0	3 540.5	13.1	86.9	83.7	1.0	0.1	0.9
IV	1 370.5	17.1	82.9	81.2	0.0	0.0	0.9	3 432.1	12.9	87.1	84.0	1.1	0.1	0.8
V	1 389.4	16.7	83.3	81.9	0.0	0.0	0.9	3 098.5	11.4	88.6	86.1	1.2	0.1	0.9
VI	1 357.0	16.8	83.2	81.8	0.0	0.0	0.9	3 112.7	15.9	84.1	80.7	1.3	0.1	0.8
VII	1 329.8	17.0	83.0	81.6	0.0	0.0	0.9	2 971.5	16.3	83.7	80.0	1.4	0.1	1.0
VIII	1 340.1	17.0	83.0	81.6	0.0	0.0	0.9	2 819.2	14.8	85.2	82.3	0.2	0.1	1.2
IX	1 326.2	18.8	81.2	79.6	0.0	0.0	1.0	2 804.3	17.1	82.9	80.6	0.0	0.1	0.8

20.g CURRENCY BREAKDOWN OF DEBT SECURITIES ISSUED BY MFIs

(at end of period)

	Outstanding amount (all currencies; millions of euro)	Structure (%)	
		In euro	In foreign currencies
2015			
VII	639.3	30.8	69.2
VIII	632.6	31.2	68.8
IX	614.2	32.2	67.8
X	639.0	32.4	67.6
XI	656.0	31.4	68.6
XII	683.4	32.1	67.9
2016			
I	685.5	32.3	67.7
II	699.7	31.3	68.7
III	682.9	32.0	68.0
IV	685.2	32.5	67.5
V	691.3	32.2	67.8
VI	703.0	31.8	68.2
VII	689.8	31.0	69.0
VIII	687.5	31.1	68.9
IX	685.6	31.3	68.7

21.a 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)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight ¹	0.05	0.05	0.05	0.06	0.06	0.05	0.05	0.06	0.06	0.05	0.05	0.06	0.05	0.05	0.04
With agreed maturity															
Up to 1 year	0.20	0.23	0.20	0.21	0.24	0.43	0.38	0.23	0.34	0.33	0.36	0.38	0.34	0.25	0.35
Over 1 and up to 2 years	0.98	0.98	1.25	1.39	1.34	1.24	1.13	1.05	1.15	0.99	0.89	1.24	1.19	0.97	1.09
Over 2 years	2.70	1.97	3.64	2.87	1.60	1.95	1.68	1.94	1.71	1.26	1.40	2.96	1.77	1.65	1.52
Redeemable at notice ²															
Up to 3 months	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.06
Over 3 months	x	x	x	x	x	x	x	x	7.18	7.16	7.13	6.87	6.88	x	x
Deposits from non-financial corporations															
Overnight ¹	0.06	0.07	0.07	0.07	0.04	0.06	0.04	0.04	0.04	0.04	0.06	0.04	0.04	0.03	0.04
With agreed maturity															
Up to 1 year	0.01	0.03	0.02	0.01	0.01	0.06	0.01	0.01	0.04	0.01	0.03	0.02	0.01	0.08	0.02
Over 1 and up to 2 years	x	x	0.91	0.78	0.95	0.66	0.48	1.49	0.52	1.05	0.89	–	x	1.33	1.40
Over 2 years	x	x	2.04	0.82	x	0.70	0.45	x	x	0.57	0.95	0.41	x	x	0.64
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

¹ End-of-period.

² 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 EURO (CONT.)

(%)

2. Interest rates on deposits (outstanding amounts)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Households															
Overnight ¹	0.05	0.05	0.05	0.06	0.06	0.05	0.05	0.06	0.06	0.05	0.05	0.06	0.05	0.05	0.04
With agreed maturity															
Up to 2 years	0.83	0.83	0.83	0.83	0.83	0.82	0.79	0.79	0.78	0.78	0.78	0.79	0.80	0.81	0.80
Over 2 years	2.98	2.97	2.97	2.88	2.83	2.77	2.50	2.49	2.39	2.38	2.38	2.40	2.41	2.42	2.39
Redeemable at notice ²															
Up to 3 months	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.06
Over 3 months	x	x	x	x	x	x	x	x	7.18	7.16	7.13	6.87	6.88	x	x
Non-financial corporations															
Overnight ¹	0.06	0.07	0.07	0.07	0.04	0.06	0.04	0.04	0.04	0.04	0.06	0.04	0.04	0.03	0.04
With agreed maturity															
Up to 2 years	0.29	0.29	0.28	0.27	0.26	0.24	0.24	0.23	0.21	0.21	0.21	0.19	0.20	0.21	0.21
Over 2 years	1.04	0.90	1.04	0.92	0.95	1.36	1.36	1.28	1.18	1.10	1.25	1.24	1.23	1.18	1.17
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

² 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 EURO (CONT.)

(%)

3. Interest rates on loans to households (new business)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft ¹	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft ¹	18.59	18.49	18.32	18.28	18.15	17.02	17.11	17.19	18.03	17.95	18.06	17.69	17.83	17.74	17.45
Extended credit card credit ¹	23.24	23.26	23.24	23.20	23.15	23.22	23.19	23.21	23.15	23.13	23.15	23.17	23.14	23.15	23.16
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	2.85	2.90	2.86	2.86	2.81	2.79	2.81	2.73	2.68	2.70	2.62	2.60	2.63	2.54	2.55
of wich with collateral or guarantees	2.87	2.90	2.97	2.91	2.83	2.81	2.87	2.76	2.72	2.67	2.67	2.64	2.74	2.56	2.61
Over 1 and up to 5 years	8.31	8.29	11.14	6.91	9.20	8.68	12.97	10.87	7.08	7.83	7.27	8.45	7.14	6.94	6.88
of wich with collateral or guarantees	4.53	4.48	4.80	3.29	4.92	5.47	4.18	3.67	3.28	3.64	3.98	3.77	3.43	3.64	3.59
Over 5 and up to 10 years	6.36	5.26	10.22	7.58	13.76	12.93	17.24	12.80	18.62	14.06	12.98	12.66	13.39	10.88	13.30
of wich with collateral or guarantees	6.18	x	x	7.19	7.78	7.21	9.00	7.81	x	9.41	9.81	7.40	8.69	5.55	x
Over 10 years	x	6.56	4.84	6.28	4.97	6.42	4.41	x	5.15	4.77	5.92	5.02	4.64	4.65	5.98
of wich with collateral or guarantees	x	x	6.82	6.02	4.95	6.70	4.13	x	5.13	4.54	5.92	5.60	4.74	4.64	5.98
Annual percentage rate of charge ²	3.30	3.39	3.41	3.56	3.39	3.49	3.58	3.65	3.34	3.30	3.30	3.24	3.32	3.17	3.17
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	19.95	19.33	20.46	17.30	19.84	20.13	21.86	20.26	19.98	21.04	19.69	16.88	20.95	20.82	19.80
of wich with collateral or guarantees	4.51	11.00	7.16	5.28	10.84	7.50	12.50	8.42	7.89	10.15	7.64	2.71	16.02	11.93	8.02
Over 1 year	18.88	19.75	19.80	19.37	19.52	19.88	20.49	19.32	18.51	18.31	17.79	18.13	18.65	17.19	17.47
of wich with collateral or guarantees	14.54	14.42	13.69	14.25	15.99	14.39	14.32	15.51	13.79	15.48	15.70	16.55	16.79	15.37	17.28
Annual percentage rate of charge ²	25.95	27.89	28.85	25.71	27.75	29.86	29.59	26.62	25.76	24.66	23.77	23.35	25.80	23.89	23.87
Other lending by initial rate fixation															
Floating rate and up to 1 year	4.55	3.89	4.75	4.62	4.41	5.61	4.67	4.59	4.95	3.96	5.54	3.71	4.44	3.95	4.31
Over 1 year	5.58	7.07	13.84	7.43	5.26	6.12	6.50	4.54	10.00	7.09	6.17	7.39	10.78	9.36	8.29

¹ End-of-period.

² The annual percentage rate of charge (APRC) 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 EURO (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft ¹	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft ¹	2.90	2.92	2.99	2.95	2.97	2.95	2.93	2.88	2.78	2.81	2.79	2.76	2.73	2.67	2.76
Extended credit card credit ¹	19.68	19.74	19.45	18.98	19.32	19.23	19.51	19.51	19.34	19.44	19.61	19.87	19.39	19.31	19.45
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	4.30	4.20	4.51	4.55	4.76	4.53	4.25	4.40	4.08	4.40	4.24	4.20	4.39	4.29	4.33
of wich with collateral or guarantees	4.25	4.09	4.26	4.40	4.96	4.69	4.22	4.46	4.00	4.41	4.11	4.09	4.67	4.24	4.44
Over 1 year	6.18	7.07	4.69	4.96	5.13	5.80	8.69	6.37	6.45	5.08	6.18	6.40	5.54	7.04	6.01
of wich with collateral or guarantees	8.91	8.06	4.75	5.51	5.30	7.12	8.09	7.49	6.19	6.67	7.62	7.97	7.32	7.59	6.16
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	3.87	3.91	3.82	4.00	4.47	4.39	3.57	3.77	3.93	3.83	3.63	3.54	3.46	4.10	4.21
of wich with collateral or guarantees	3.91	3.84	3.84	4.01	4.71	4.52	3.94	3.91	4.32	4.05	3.74	3.76	3.65	4.28	4.45
Over 1 year	x	x	3.30	–	3.05	5.10	x	5.08	x	x	5.11	x	x	2.58	3.22
of wich with collateral or guarantees	x	x	x	–	–	5.13	x	x	x	x	5.11	x	x	2.45	x
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	3.04	2.75	3.10	3.20	2.18	3.02	2.84	2.74	2.43	2.21	2.19	2.63	2.57	2.16	2.47
of wich with collateral or guarantees	3.11	2.74	3.15	3.23	2.20	3.10	3.31	3.04	2.57	2.32	2.36	2.61	2.57	2.24	2.51
Over 1 year	5.92	8.01	–	x	2.36	3.80	–	3.60	x	2.09	x	2.95	5.70	2.53	2.31
of wich with collateral or guarantees	5.92	9.63	–	–	2.33	4.01	–	x	x	2.09	x	x	x	x	2.61

¹ End-of-period.

21.a 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)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Loans to households															
Lending for house purchase, with maturity															
Up to 1 year	4.22	4.48	4.20	4.17	4.09	3.61	3.27	3.65	3.72	3.79	3.67	3.53	3.53	3.48	3.51
Over 1 and up to 5 years	4.53	4.49	4.54	4.61	4.60	4.66	4.74	4.82	4.89	5.13	5.28	5.37	5.49	5.58	5.67
Over 5 years	2.36	2.35	2.35	2.33	2.33	2.31	2.29	2.28	2.26	2.25	2.23	2.23	2.23	2.22	2.22
Consumer credit and other loans, with maturity¹															
Up to 1 year ²	20.43	20.54	20.38	20.40	20.44	20.28	20.33	20.38	20.70	20.71	20.88	20.60	20.58	20.58	20.52
Over 1 and up to 5 years	15.36	15.83	15.92	15.97	16.01	16.12	16.16	15.96	15.99	16.08	16.00	15.94	16.05	16.02	15.96
Over 5 years	5.96	5.98	6.08	6.08	6.08	6.09	6.17	6.20	6.27	6.30	6.31	6.26	6.28	6.30	6.31
Loans to non-financial corporations															
With maturity¹															
Up to 1 year ²	3.04	3.12	3.15	3.21	3.46	2.98	2.99	2.95	3.00	2.96	2.82	2.81	2.81	2.75	2.76
Over 1 and up to 5 years	3.06	3.05	3.09	3.05	3.04	3.02	3.01	3.00	2.99	2.95	2.88	2.88	2.80	2.81	2.77
Over 5 years	2.56	2.52	2.52	2.48	2.46	2.45	2.44	2.42	2.38	2.36	2.31	2.30	2.29	2.26	2.25

¹ Including revolving loans, overdrafts, and extended and convenience credit card credit.

² Including bank overdraft.

21.b 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)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight¹															
	0.17	0.16	0.14	0.15	0.16	0.17	0.26	0.25	0.25	0.26	0.25	0.25	0.26	0.27	0.27
With agreed maturity															
Up to 1 year	0.26	0.41	0.26	0.27	0.32	0.46	0.48	0.47	0.44	0.41	0.42	0.87	0.47	0.47	0.54
Over 1 and up to 2 years	0.98	0.71	1.11	1.12	1.34	1.26	1.22	0.93	1.34	0.99	1.70	1.16	1.35	1.04	1.13
Over 2 years	2.16	5.20	2.05	4.04	3.03	2.28	2.22	1.95	2.66	1.61	1.77	3.59	3.32	2.55	2.29
Redeemable at notice²															
Up to 3 months	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.15
Over 3 months	x	x	x	-	-	-	-	-	-	-	-	-	-	-	-
Deposits from non-financial corporations															
Overnight¹															
	0.04	0.04	0.04	0.09	0.10	0.15	0.16	0.17	0.13	0.14	0.15	0.19	0.17	0.18	0.18
With agreed maturity															
Up to 1 year	0.13	0.21	0.15	0.15	0.10	0.20	0.33	0.30	0.28	0.33	0.30	0.33	0.40	0.39	0.39
Over 1 and up to 2 years	-	-	0.96	x	-	-	-	x	x	-	x	-	-	-	-
Over 2 years	x	x	-	-	-	-	-	-	x	-	-	x	-	-	x
Repos															
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

² 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 US DOLLARS (CONT.)

(%)

2. Interest rates on deposits (outstanding amounts)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight ¹	0.17	0.16	0.14	0.15	0.16	0.17	0.26	0.25	0.25	0.26	0.25	0.25	0.26	0.27	0.27
With agreed maturity															
Up to 2 years	0.73	0.76	0.76	0.76	0.74	0.74	0.74	0.75	0.76	0.76	0.82	0.84	0.85	0.86	0.88
Over 2 years	3.20	3.27	3.29	3.24	3.23	3.23	3.21	3.17	3.19	3.14	3.11	3.12	3.12	3.11	3.15
Redeemable at notice ²															
Up to 3 months	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.15
Over 3 months	x	x	x	–	–	–	–	–	–	–	–	–	–	–	–
Deposits from non-financial corporations															
Overnight ¹	0.04	0.04	0.04	0.09	0.10	0.15	0.16	0.17	0.13	0.14	0.15	0.19	0.17	0.18	0.18
With agreed maturity															
Up to 2 years	0.55	0.58	0.57	0.71	0.69	0.69	0.77	0.80	0.80	0.80	0.79	0.79	0.79	0.71	0.71
Over 2 years	0.92	0.92	0.91	0.85	0.85	0.07	0.07	0.07	0.30	0.29	0.29	0.29	0.32	0.50	3.27
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

¹ End-of-period.

² 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 US DOLLARS (CONT.)

(%)

3. Interest rates on loans to households (new business)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving loans and overdraft ¹	15.80	15.78	13.70	15.56	17.33	14.17	13.08	11.20	15.91	16.39	17.88	22.80	21.86	21.01	21.87
Extended credit card credit ¹	25.03	24.97	24.63	24.85	25.60	26.10	26.76	28.13	29.09	25.56	26.11	25.49	26.13	26.96	24.95
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	x	3.43	2.45	2.33	2.59	6.40	3.54	4.65	3.67	4.12	2.39	2.73	2.80	3.12	4.30
of wich with collateral or guarantees	x	3.43	3.58	x	2.21	6.40	5.61	4.38	3.66	4.49	2.06	2.73	4.27	4.19	4.34
Over 1 and up to 5 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	x
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	x
Over 5 and up to 10 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Over 10 years	x	x	-	-	-	x	-	-	-	-	-	-	x	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual percentage rate of charge ²	x	4.13	2.51	2.33	2.62	6.23	3.55	4.87	3.71	4.15	2.41	2.74	3.29	3.29	4.30
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	x	x	18.21	17.80	16.65	13.46	x	12.01	x	9.89	16.21	x	17.29	x	x
of wich with collateral or guarantees	x	x	x	x	x	x	x	x	x	x	-	-	x	-	x
Over 1 year	x	x	-	-	-	-	-	-	-	-	-	-	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual percentage rate of charge ²	x	x	18.21	17.80	16.65	13.46	x	12.01	x	9.89	16.28	x	17.35	x	x
Other lending by initial rate fixation															
Floating rate and up to 1 year	4.54	5.36	3.76	3.77	3.80	2.10	3.26	3.90	x	x	x	x	x	x	x
Over 1 year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

² The annual percentage rate of charge (APRC) 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 US DOLLARS (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving loans and overdraft ¹	3.85	3.73	4.06	4.03	4.21	4.37	4.35	4.46	4.35	4.23	4.25	4.28	4.44	4.14	4.20
Extended credit card credit ¹	16.09	18.60	20.76	20.99	18.45	18.93	24.54	25.23	22.28	22.41	22.56	24.94	6.59	24.86	6.67
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	x	x	-	6.04	x	x	6.09	x	x	x	x	x	-
of wich with collateral or guarantees	x	x	x	x	-	5.46	x	x	x	x	-	x	x	x	-
Over 1 year	-	x	x	x	-	x	-	x	-	x	-	-	-	-	x
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	x	-	x	-	-	-	-	x	-	-	2.87	x	-
of wich with collateral or guarantees	-	x	-	-	x	-	-	-	-	x	-	-	x	x	-
Over 1 year	-	-	-	-	-	-	-	-	x	-	-	-	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	x	6.56	4.10	x	x	4.78	x	x	x	-	x	x	x
of wich with collateral or guarantees	x	x	x	x	x	x	x	6.27	x	x	x	-	x	x	x
Over 1 year	-	-	-	x	x	-	-	-	x	-	x	-	-	-	-
of wich with collateral or guarantees	-	-	-	x	x	-	-	-	x	-	x	-	-	-	-

¹ End-of-period.

21.b 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)															
	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Loans to households															
Lending for house purchase, with maturity															
Up to 1 year	2.18	2.18	2.20	3.19	3.21	2.25	2.49	2.55	2.55	2.50	2.50	2.70	2.72	2.65	2.85
Over 1 and up to 5 years	7.01	7.05	7.09	5.13	5.07	5.02	5.05	5.08	5.04	5.12	5.19	5.10	5.08	4.94	4.84
Over 5 years	2.75	2.76	2.77	2.78	2.79	2.88	2.98	3.03	3.07	3.08	3.09	3.09	3.07	3.12	3.16
Consumer credit and other loans, with maturity¹															
Up to 1 year ²	17.44	18.00	14.88	13.25	11.14	9.87	10.26	9.83	11.06	8.91	8.80	8.64	9.04	10.08	10.28
Over 1 and up to 5 years	6.85	6.89	6.81	6.84	6.85	6.72	6.62	6.64	6.60	6.55	6.44	6.39	6.39	6.36	6.30
Over 5 years	4.16	4.18	4.20	3.90	3.89	4.17	4.22	4.25	4.25	4.26	4.29	4.31	4.12	4.04	4.09
Loans to non-financial corporations															
With maturity¹															
Up to 1 year ²	4.27	4.07	4.52	4.52	4.83	4.70	4.75	4.86	4.37	4.17	4.32	4.30	4.49	4.48	4.30
Over 1 and up to 5 years	4.88	4.94	5.12	5.03	5.11	5.16	5.17	4.94	4.91	5.00	5.48	5.48	5.57	5.52	5.65
Over 5 years	5.82	6.22	6.23	6.24	6.30	6.32	6.38	6.37	6.39	6.41	6.57	6.57	3.14	3.19	3.19

¹ Including revolving loans, overdrafts, and extended and convenience credit card credit.

² Including bank overdraft.

21.c WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS (NEW BUSINESS)

(with floating interest rate, up to 1 year initial rate fixation and original maturity of over 1 year; %)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
In euro															
Loans up to an amount of 0.25 million euro	4.32	4.22	4.53	4.56	4.45	4.52	4.37	4.49	4.32	4.37	4.42	4.47	4.60	4.64	4.63
of which with collateral or guarantees	4.28	4.16	4.24	4.39	4.54	4.67	4.36	4.62	4.60	4.57	4.50	4.47	5.11	4.75	4.87
Loans over an amount of 0.25 million euro and up to 1 million euro	3.92	3.88	3.83	3.76	4.35	4.29	3.34	3.84	3.85	3.15	3.42	3.50	3.44	4.18	4.30
of which with collateral or guarantees	3.92	3.94	3.85	3.80	4.62	4.43	3.50	4.00	4.23	3.18	3.50	3.74	3.68	4.41	4.60
Loans over 1 million euro	3.01	2.77	3.22	2.86	2.10	2.95	3.14	2.84	2.23	2.18	2.14	2.57	2.45	2.02	2.49
of which with collateral or guarantees	3.09	2.75	3.14	2.91	2.11	3.05	3.51	3.02	2.36	2.29	2.30	2.56	2.45	2.06	2.50
In US dollars															
Loans up to an amount of 0.25 million euro	x	x	x	x	–	x	x	x	x	x	x	x	x	x	–
of which with collateral or guarantees	x	–	x	–	–	x	–	–	x	x	–	x	x	x	–
Loans over an amount of 0.25 million euro and up to 1 million euro	–	–	–	–	x	–	–	–	–	–	–	–	x	–	–
of which with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	x	–	–
Loans over 1 million euro	x	x	x	x	x	x	–	x	x	x	x	–	x	x	x
of which with collateral or guarantees	x	x	x	x	x	x	–	x	x	x	x	–	x	x	x

22. LENDING IN THE INTERBANK MARKETS

(transactions; millions of euro)

	Loans to resident MFIs											
	In euro					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			
2015												
VII	–	17.0	0.5	–	17.5	209.8	829.8	–	–	–	1 039.6	1 057.1
VIII	–	17.6	–	–	17.6	240.2	754.2	0.4	–	–	994.8	1 012.4
IX	–	17.0	–	–	17.0	313.1	647.0	–	–	–	960.1	977.1
X	–	16.7	0.5	–	17.2	274.1	496.4	–	–	–	770.5	787.7
XI	0.1	16.7	–	–	16.8	123.9	415.4	–	–	–	539.3	556.1
XII	–	16.7	–	–	16.7	165.0	79.3	0.5	–	–	244.8	261.5
2016												
I	0.0	16.7	0.6	–	17.3	373.6	63.9	–	–	–	437.5	454.8
II	–	16.5	–	–	16.5	421.9	56.2	1.1	–	–	479.2	495.7
III	–	16.5	–	–	16.5	433.9	53.2	0.5	–	–	487.6	504.1
IV	2.3	16.5	0.5	–	19.3	302.2	35.3	–	–	–	337.5	356.8
V	0.3	16.5	–	–	16.8	326.7	37.4	–	–	–	364.1	380.9
VI	0.1	16.5	–	–	16.6	360.8	23.3	0.5	–	–	384.6	401.2
VII	0.0	16.5	0.5	–	17.0	356.7	45.9	–	–	–	402.6	419.6
VIII	0.4	16.6	–	–	17.0	385.9	99.8	–	–	–	485.7	502.7
IX	–	16.5	–	–	16.5	283.7	93.5	0.5	–	–	377.7	394.2
	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			
2015												
VII	32 391.8		1 907.6		84.4		31.9			34 415.7		35 472.8
VIII	30 512.1		1 633.5		63.3		3.5			32 212.4		33 224.8
IX	33 115.0		1 579.0		20.9		0.9			34 715.8		35 692.9
X	35 278.3		1 753.7		193.3		39.4			37 264.7		38 052.4
XI	27 854.8		2 781.1		53.1		15.5			30 704.5		31 260.6
XII	29 773.7		2 528.9		79.2		35.2			32 417.0		32 678.5
2016												
I	26 677.6		1 457.4		57.9		3.1			28 196.0		28 650.8
II	25 675.8		1 804.2		25.6		1.3			27 506.9		28 002.6
III	21 898.5		2 141.2		73.4		6.8			24 119.9		24 624.0
IV	20 331.4		1 300.4		96.4		8.3			21 736.5		22 093.3
V	16 514.7		1 855.1		18.4		5.8			18 394.0		18 774.9
VI	19 383.7		1 685.3		115.2		2.4			21 186.6		21 587.8
VII	19 031.6		1 318.5		29.1		5.0			20 384.2		20 803.8
VIII	21 275.9		1 580.2		115.2		35.6			23 006.9		23 509.6
IX	15 870.3		1 303.3		127.9		7.0			17 308.5		17 702.7

23. INTEREST RATES IN THE DOMESTIC INTERBANK MARKET

(% per annum)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Weighted average interest rates on loans in euro															
Overnight	-	-	-	-	-0.2	-	0.0	-	-	-0.3	-0.4	-0.4	-0.4	-0.4	-
Up to 1 month	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
1-3 months	0.0	-	-	0.0	-	-	0.0	-	-	0.0	-	-	0.0	-	-
Over 3 months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Weighted average interest rates on loans in foreign currencies															
Overnight	0.2	0.2	0.2	0.2	0.1	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.3	0.3	0.3
Up to 1 month	0.1	0.1	0.1	0.03	0.04	0.5	1.1	1.8	1.4	0.4	0.4	0.4	0.4	0.3	0.4
1-3 months	-	0.1	-	-	-	0.1	-	0.3	0.3	-	-	0.3	-	-	0.0
Over 3 months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

24. PRINCIPAL FOREIGN EXCHANGE TRANSACTIONS (BY TYPE, COUNTERPARTY AND CURRENCY)¹

(millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Type of transaction															
Spot exchange transactions	16 469.5	13 686.3	19 438.7	20 445.2	14 676.9	16 187.7	10 047.9	12 699.8	10 140.7	9 689.0	6 796.8	7 893.8	6 866.6	7 485.5	9 636.4
Forward exchange contracts	394.4	235.2	362.3	469.4	345.5	602.0	308.6	420.2	374.0	393.4	372.4	407.7	262.1	261.5	395.0
Currency swap arrangements	30 438.1	28 498.9	31 271.5	31 824.9	30 914.1	27 673.0	26 360.3	32 281.7	23 820.6	23 742.5	22 057.4	25 083.9	25 024.1	31 641.6	28 399.4
Counterparties															
Resident MFIs	684.8	944.7	1 383.6	1 372.7	1 260.3	1 482.7	2 105.6	1 564.3	1 707.2	1 393.1	1 235.3	1 185.6	2 224.9	2 173.2	2 023.5
Resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	82.3	58.8	111.4	64.1	57.5	231.5	61.6	60.8	131.2	75.7	93.7	215.3	96.0	74.0	198.0
Resident government, non-financial corporations and non-profit institutions serving households	264.2	220.1	392.9	350.0	275.3	451.4	269.7	261.4	389.9	375.4	252.1	314.3	222.8	265.2	301.7
Non-resident MFIs	28 722.2	25 937.5	30 731.7	32 181.5	28 452.8	27 452.5	24 574.8	31 978.4	22 892.9	22 975.8	21 890.5	25 150.0	23 779.5	30 315.5	28 266.1
Non-resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	4 298.9	4 668.0	4 606.9	5 084.7	5 868.6	4 803.4	2 518.4	3 448.5	2 703.6	2 707.1	1 971.1	2 641.8	2 054.8	2 327.1	2 924.2
Non-resident government, non-financial corporations and non-profit institutions serving households	11 961.3	9 517.1	13 094.6	12 732.8	9 321.4	9 074.5	6 379.5	7 377.3	5 776.8	5 568.3	3 451.6	3 524.2	3 389.7	3 683.7	3 658.0
Households	1 288.4	1 074.2	751.4	953.7	700.7	966.8	807.1	711.0	733.7	729.7	332.3	354.2	385.1	549.9	1 059.4
Currencies															
Total in all currencies	47 302.0	42 420.4	51 072.5	52 739.5	45 936.5	44 462.7	36 716.8	45 401.7	34 335.3	33 825.0	29 226.6	33 385.4	32 152.9	39 388.6	38 430.8
incl. USD for EUR	21 388.1	20 872.5	23 987.1	27 040.6	27 019.0	23 221.4	21 844.9	26 616.2	15 579.8	16 595.4	16 837.6	17 393.3	16 488.1	22 057.7	20 450.9
incl. GBP for EUR	1 191.2	998.9	1 346.1	1 640.1	1 546.7	1 391.1	1 656.0	1 798.4	1 824.7	2 130.0	1 918.8	1 390.8	2 093.5	2 250.0	2 048.4
incl. other currencies for EUR	2 605.5	1 647.2	1 890.3	2 058.9	1 647.6	2 119.0	1 361.9	1 402.3	1 509.0	1 812.5	1 674.7	3 256.4	4 145.7	2 371.0	2 851.6

¹ Including the cash and non-cash transactions performed by credit institutions. The volume of cash and non-cash transactions has been translated into euro applying the exchange rate of the respective foreign currency as set by Latvijas Banka on the last day of the reporting month.

25. NON-CASH FOREIGN EXCHANGE TRANSACTIONS¹

(millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
USD for EUR²															
Amount	21 375.5	20 862.4	23 977.8	27 029.2	27 005.4	23 210.4	21 835.7	26 607.0	15 572.2	16 587.9	16 829.3	17 384.6	16 476.2	22 046.4	20 442.0
% ⁴	45.2	49.2	46.9	51.3	58.8	52.2	59.5	58.5	45.4	49.0	57.6	52.1	51.3	56.0	53.2
GBP for EUR²															
Amount	1 179.7	989.9	1 334.2	1 631.5	1 538.4	1 383.2	1 646.2	1 795.4	1 820.7	2 126.0	1 913.7	1 385.1	2 088.1	2 243.0	2 042.5
% ⁴	2.5	2.3	2.6	3.1	3.3	3.1	4.5	4.0	5.3	6.3	6.5	4.2	6.5	5.7	5.3
Other currencies (except USD and GBP) for EUR²															
Amount	2 630.6	1 651.2	1 893.1	2 054.8	1 643.8	2 113.7	1 358.4	1 401.9	1 502.9	1 809.1	1 670.5	3 254.0	4 142.5	2 366.5	2 845.6
% ⁴	5.6	3.9	3.7	3.9	3.6	4.8	3.7	3.1	4.4	5.3	5.7	9.7	12.9	6.0	7.4
RUB for USD³															
Amount	9 958.0	9 259.0	12 461.4	10 709.6	6 051.8	7 487.3	5 075.4	6 570.1	7 668.3	6 148.0	3 556.6	4 905.9	3 638.2	4 232.3	3 703.4
% ⁴	21.0	21.8	24.4	20.3	13.2	16.8	13.8	14.5	22.3	18.2	12.2	14.7	11.3	10.8	9.6
GBP for USD³															
Amount	3 561.8	2 715.6	2 284.5	2 479.4	2 046.7	2 834.4	2 096.7	2 705.1	2 374.7	2 284.4	2 194.3	2 686.2	1 711.0	2 916.3	3 212.1
% ⁴	7.5	6.4	4.5	4.7	4.5	6.4	5.7	6.0	6.9	6.8	7.5	8.0	5.3	7.4	8.4
SEK for USD³															
Amount	50.8	56.3	69.2	92.3	97.7	134.3	58.7	59.9	233.7	263.1	135.6	136.8	82.3	193.6	112.3
% ⁴	0.1	0.1	0.1	0.2	0.2	0.3	0.2	0.1	0.7	0.8	0.5	0.4	0.2	0.5	0.3
Other currencies (except EUR, RUB, GBP and SEK) for USD³															
Amount	6 144.9	5 481.1	7 164.4	6 613.4	5 896.5	5 720.3	3 359.7	4 605.3	4 214.8	3 358.9	2 387.4	3 231.1	3 656.0	4 584.4	4 861.3
% ⁴	13.0	12.9	14.0	12.5	12.8	12.9	9.1	10.1	12.3	9.9	8.2	9.7	11.4	11.6	12.6
Other currencies (except EUR and USD) for other currencies³															
Amount	2 413.8	1 435.9	1 965.0	2 123.2	1 650.8	1 580.2	1 288.9	1 685.5	938.2	1 243.4	530.6	398.9	345.5	796.6	1 216.1
% ⁴	5.1	3.4	3.8	4.0	3.6	3.5	3.5	3.7	2.7	3.7	1.8	1.2	1.1	2.0	3.2

¹ Including non-cash transactions performed by credit institutions, reported by major currency.

² The transaction volume has been translated into euro using the weighted average exchange rate of the respective foreign currency for the reporting month.

³ The volume of non-cash transactions has been translated into euro applying the accounting exchange rate of the respective foreign currency on the last day of the reporting month (where the currency is not quoted by the ECB, exchange rates are determined using Thomson Reuters end-of-month closing price).

⁴ As per cent of the total.

26. EURO FOREIGN EXCHANGE REFERENCE RATES PUBLISHED BY THE ECB

(end-of-period; foreign currency vs 1 EUR)

	2015						2016								
	31.07.	31.08.	30.09.	31.10.	30.11.	31.12.	31.01.	29.02.	31.03.	30.04.	31.05.	30.06.	31.07.	31.08.	30.09.
USD	1.0967	1.1215	1.1203	1.1017	1.0579	1.0887	1.0920	1.0888	1.1385	1.1403	1.1154	1.1102	1.1113	1.1132	1.1161
GBP	0.7041	0.7275	0.7385	0.7182	0.7048	0.7340	0.7641	0.7858	0.7916	0.7803	0.7619	0.8265	0.8440	0.8481	0.8610
JPY	136.3400	136.0700	134.6900	132.8800	130.2200	131.0700	132.2500	123.1400	127.9000	122.3400	123.8300	114.0500	114.8300	115.0100	113.0900
CHF	1.0565	1.0825	1.0915	1.0900	1.0903	1.0835	1.1144	1.0914	1.0931	1.0984	1.1044	1.0867	1.0823	1.0957	1.0876

27. WEIGHTED AVERAGE EXCHANGE RATES (CASH TRANSACTIONS)¹

(foreign currency vs EUR)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
USD															
Buy	1.1113	1.1239	1.1336	1.1294	1.0829	1.0976	1.0971	1.1184	1.1219	1.1462	1.1412	1.1339	1.1190	1.1320	1.1337
Sell	1.0990	1.1120	1.1191	1.1192	1.0694	1.0845	1.0788	1.1060	1.1055	1.1291	1.1286	1.1189	1.1048	1.1156	1.1165
GBP															
Buy	0.7146	0.7209	0.7379	0.7388	0.7144	0.7357	0.7628	0.7847	0.7916	0.8032	0.7849	0.7981	0.8522	0.8658	0.8614
Sell	0.7055	0.7108	0.7269	0.7268	0.7019	0.7206	0.7474	0.7688	0.7737	0.7861	0.7716	0.7862	0.8325	0.8475	0.8432
JPY															
Buy	140.3156	140.0501	138.8534	141.1050	136.3799	137.2515	131.2660	129.7883	130.5036	127.8933	124.8119	121.8024	120.6191	117.2687	121.6475
Sell	134.1366	135.0062	133.4481	132.5667	130.8227	130.0103	127.4484	124.0418	123.6487	122.6107	120.4512	116.6677	113.5047	110.7532	112.1614
SEK															
Buy	9.5703	9.6598	9.5262	9.4837	9.4646	9.4104	9.5399	9.5429	9.4044	9.3077	9.4205	9.4291	9.5733	9.6022	9.6486
Sell	9.4991	9.3759	9.3308	9.2570	9.2493	9.2251	9.1902	9.3096	9.1981	9.1043	9.1562	9.2093	9.3290	9.3573	9.4361
RUB															
Buy	63.3437	72.8490	75.2334	71.2503	70.3281	76.6211	83.5001	84.8913	78.3678	76.0321	75.1493	73.8345	71.7452	73.4237	72.5679
Sell	61.7016	70.9720	73.0790	69.5071	68.5964	74.7383	81.2215	83.0537	76.1175	73.7142	72.7639	71.5338	69.6913	71.1134	70.8448
CHF															
Buy	1.0656	1.0937	1.1095	1.1067	1.0970	1.1029	1.1368	1.1169	1.1078	1.1100	1.1239	1.1049	1.1081	1.1055	1.1022
Sell	1.0354	1.0711	1.0826	1.0787	1.0794	1.0723	1.0843	1.0947	1.0788	1.0795	1.0926	1.0791	1.0763	1.0924	1.0938

¹ Including the weighted average exchange rates of cash transactions performed by credit institutions and currency exchange bureaus.

28. STRUCTURE OF GOVERNMENT SECURITIES

(at end of period; millions of euro)

	2015						2016								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Stock of government securities outstanding	1 255.7	1 255.7	1 187.6	1 237.6	1 212.6	1 116.2	988.6	1 019.1	1 119.1	1 149.1	1 169.1	1 199.1	928.2	958.2	1 000.7
Residents	1 190.4	1 190.9	1 121.4	1 174.1	1 149.3	1 036.3	928.7	963.5	1 057.3	1 082.0	1 094.9	1 122.7	852.4	876.1	905.2
Non-financial corporations	30.4	30.4	30.2	30.2	30.2	28.4	28.4	28.4	28.4	28.4	28.4	28.4	20.6	20.6	20.6
Central bank	37.6	37.6	37.6	48.7	60.9	70.9	76.1	87.5	99.0	115.6	130.5	138.8	138.8	139.3	141.3
Credit institutions	563.3	565.0	492.0	541.0	535.6	456.4	377.0	409.9	460.8	475.7	474.1	485.5	320.1	343.3	352.6
Money market funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	9.4	0.3	0.3	0.3	0.3	0.3	0.3
Financial auxiliaries	54.8	54.8	57.0	57.0	27.0	26.2	27.5	28.0	48.0	48.0	48.0	48.0	11.0	11.0	17.3
Insurance corporations and pension funds	422.9	421.8	437.3	429.9	428.3	388.9	354.2	344.1	346.6	348.9	347.5	355.7	320.5	320.5	331.9
Insurance corporations	55.3	55.3	53.7	53.8	53.8	53.7	40.3	40.3	42.0	44.8	44.9	48.0	40.5	40.5	40.6
Pension funds	367.6	366.6	383.6	376.1	374.5	335.2	313.9	303.8	304.6	304.1	302.6	307.7	280.0	280.0	291.3
Central government	70.7	70.7	56.9	56.9	56.9	55.0	55.0	55.0	55.4	55.4	56.4	56.4	32.1	32.1	32.1
Households	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	2.9	2.9	2.9	2.9	2.4	2.4	2.4
Non-profit institutions serving households	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Non-residents	65.4	64.8	66.2	63.5	63.3	79.9	59.9	55.6	61.8	67.1	74.2	76.3	75.8	82.1	95.5
Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	41.6	41.6	41.0	41.0	42.0	49.6	41.8	35.3	35.3	42.5	43.4	47.6	48.7	49.0	51.0
Money market funds	0	0	0	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	0	0	0
Other financial intermediaries excluding investment funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial auxiliaries	23.6	23.0	25.1	22.4	21.2	30.2	18.0	20.2	26.4	24.4	30.7	28.6	27.1	33.1	44.5
Insurance corporations and pension funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Households	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Non-profit institutions serving households	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

29. AUCTIONS OF GOVERNMENT SECURITIES IN THE PRIMARY MARKET

(Q2 and Q3 2016)

Date (dd.mm.)	Initial maturity (months)	Supply (thousands of euro)	Demand (thousands of euro)	Purchase (thousands of euro)	Weighted average discount rate (%)
Competitive multi-price auctions					
13.04.	36	24 000	122 115	24 000	0.079
28.04.	21 (day)	50 000	230 000	50 000	-0.302
25.05.	60	16 000	67 275	16 000	0.395
08.06.	36	24 000	125 478	24 000	0.042
03.08.	36	24 000	93 576	15 576	0.005
07.09.	60	24 000	104 280	10 180	0.089
14.09.	36	16 000	122 850	16 000	-0.040
Primary placement of government securities via outright sales of securities					
13.04.	36	–	32 800	6 000	0.079
25.05.	60	–	40 675	4 000	0.395
08.06.	36	–	60 500	6 000	0.042
03.08.	36	–	73 150	14 424	0.005
07.09.	60	–	6 600	6 000	0.089
14.09.	36	–	27 000	4 000	-0.040

30. DYNAMICS OF GDP

	2015 ¹					2016		
		Q1	Q2	Q3	Q4	Q1 ¹	Q2	Q3
At current prices (millions of euro)	24 348.5	5 424.1	6 063.2	6 400.7	6 460.5	5 493.6	6 284.2	6 430.6
At constant prices ² (millions of euro)	21 386.3	5 303.2	5 357.0	5 395.1	5 375.5	5 368.9	5 398.5	5 408.8
Annual growth rate (%)	2.7	2.0	3.0	3.3	2.3	1.2	0.8	0.3
Gross value added (%)	2.4	1.5	3.0	2.9	2.3	1.0	0.0	-0.3

¹ Data have been revised.

² Chain-linked; average prices in 2010. Quarterly data seasonally adjusted.

31. CHANGES IN THE AVERAGE MONTHLY WAGES AND SALARIES AND UNEMPLOYMENT

	2015 ¹						2016								
	VII	VIII	IX	X	XI	XII	I ¹	II ¹	III ¹	IV	V	VI	VII	VIII	IX
Average gross wages and salaries ¹															
EUR per month	863	814	810	817	816	900	818	818	861	829	839	845	853	853	836
Year-on-year changes (%)	107.6	107.5	106.9	105.8	107.3	109.2	105.1	106.9	105.9	101.7	104.6	103.5	98.8	104.8	103.1
Real net wage index (year-on-year basis; %)															
	108.5	108.4	108.3	106.6	108.0	109.7	105.3	107.3	106.3	102.1	105.0	103.5	98.3	104.3	102.1
Number of registered unemployed persons															
At end of month	80 671	79 825	78 557	78 052	79 153	81 780	85 452	86 581	85 414	82 268	79 092	78 164	77 425	75 664	74 357
Year-on-year changes (%)	97.0	98.6	99.3	98.6	99.1	99.7	99.1	98.5	98.6	99.3	98.2	96.9	96.0	94.8	94.7

¹ Data have been revised.

32. LATVIAN FOREIGN TRADE BALANCE

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

	2015 ¹				2016			
	Q1	Q2	Q3	Q4	Q1 ¹	Q2	Q3	
Exports	10 363.2	2 455.7	2 514.6	2 626.0	2 766.9	2 341.7	2 516.5	2 612.8
Imports	12 492.1	3 010.6	3 081.1	3 232.3	3 168.2	2 792.1	3 048.8	3 059.8
Balance	-2 128.9	-554.8	-566.5	-606.3	-401.2	-450.4	-532.3	-447.0

	2015 ¹						2016								
	VII	VIII	IX	X	XI	XII	I ¹	II ¹	III ¹	IV	V	VI	VII	VIII	IX
Exports	854.2	791.6	980.2	1 007.1	938.1	821.7	713.8	787.7	840.2	850.2	852.3	814.0	790.6	868.6	953.6
Imports	1 104.5	1 052.8	1 075.0	1 099.9	1 058.8	1 009.5	830.4	924.6	1 037.0	1 026.0	1 029.5	993.4	973.5	1 045.7	1 040.7
Balance	-250.3	-261.2	-94.8	-92.8	-120.6	-187.8	-116.6	-137.0	-196.8	-175.8	-177.2	-179.3	-182.8	-177.0	-87.1

¹ Data have been revised.

33. MAIN EXPORT GOODS OF LATVIA

(in FOB prices)

	2015 ¹		2016					
	Millions of euro	%	Q1 ¹		Q2		Q3	
			Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	10 363.2	100.0	2 341.7	100.0	2 516.5	100.0	2 612.8	100.0
Agricultural and food products	1 923.7	18.6	426.9	18.2	404.9	16.1	540.3	20.7
Mineral products	702.7	6.8	108.8	4.7	141.3	5.6	132.2	5.1
Products of the chemical and allied industries	732.6	7.1	189.8	8.1	206.0	8.2	196.5	7.5
Plastics and articles thereof; rubber and articles thereof	319.1	3.1	73.5	3.1	83.5	3.3	83.0	3.2
Wood and articles of wood	1 710.1	16.5	441.0	18.8	464.0	18.4	424.8	16.2
Pulp of wood; paper and paperboard	232.0	2.2	55.4	2.4	53.7	2.1	60.6	2.3
Textiles and textile articles	379.8	3.7	75.1	3.2	74.0	2.9	87.2	3.3
Articles of stone, plaster, cement, glassware and ceramic products	239.2	2.3	63.3	2.7	77.2	3.1	73.7	2.8
Base metals and articles of base metals	890.3	8.6	189.9	8.1	230.4	9.2	212.0	8.1
Machinery and mechanical appliances; electrical equipment	1 983.0	19.1	429.9	18.4	456.6	18.1	430.1	16.5
Transport vehicles	544.2	5.2	134.2	5.7	163.0	6.5	185.6	7.1
Miscellaneous manufactured articles	339.6	3.3	82.1	3.5	90.1	3.6	93.7	3.6
Other goods	367.0	3.5	71.8	3.1	71.9	2.9	93.1	3.6

¹ Data have been revised.

34. MAIN IMPORT GOODS OF LATVIA

(in CIF prices)

	2015 ¹		2016					
	Millions of euro	%	Q1 ¹		Q2		Q3	
			Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	12 492.1	100.0	2 792.1	100.0	3 048.8	100.0	3 059.8	100.0
Agricultural and food products	1 906.3	15.3	454.8	16.3	481.2	15.8	524.7	17.2
Mineral products	1 507.4	12.1	265.5	9.5	255.3	8.4	268.3	8.8
Products of the chemical and allied industries	1 244.3	10.0	337.9	12.1	335.9	11.0	322.7	10.5
Plastics and articles thereof; rubber and articles thereof	693.5	5.5	157.9	5.7	177.0	5.8	183.9	6.0
Wood and articles of wood	358.9	2.9	97.0	3.5	106.0	3.5	101.4	3.3
Pulp of wood; paper and paperboard	281.4	2.2	68.1	2.4	69.9	2.3	77.1	2.5
Textiles and textile articles	520.1	4.2	114.5	4.1	112.1	3.7	136.1	4.5
Articles of stone, plaster, cement, glassware and ceramic products	223.9	1.8	48.5	1.7	65.9	2.2	71.1	2.3
Base metals and articles of base metals	988.9	7.9	200.8	7.2	237.6	7.8	242.1	7.9
Machinery and mechanical appliances; electrical equipment	2 749.0	22.0	592.3	21.2	660.1	21.6	620.7	20.3
Transport vehicles	1 143.5	9.1	256.6	9.2	345.5	11.3	277.1	9.1
Miscellaneous manufactured articles	302.4	2.4	64.1	2.3	70.7	2.3	74.0	2.4
Other goods	572.4	4.6	134.1	4.8	131.5	4.3	160.5	5.2

¹ Data have been revised.

35. LATVIAN FOREIGN TRADE PARTNERS

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

2016	Q1 ¹					Q2					Q3				
	Millions of euro			% of the total		Millions of euro			% of the total		Millions of euro			% of the total	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
Total	2 341.7	2 792.1	-450.4	100.0	100.0	2 516.5	3 048.8	-532.3	100.0	100.0	2 612.8	3 059.8	-447.0	100.0	100.0
Euro area countries	1 171.1	1 567.2	-396.1	50.0	56.1	1 256.7	1 774.9	-518.2	49.9	58.2	1 322.3	1 780.7	-458.4	50.6	58.2
EU28 countries	1 732.1	2 180.2	-448.2	74.0	78.1	1 878.4	2 479.3	-600.9	74.6	81.3	1 923.4	2 478.3	-554.9	73.6	81.0
incl. Germany	167.5	320.5	-153.0	7.2	11.5	168.5	370.0	-201.4	6.7	12.1	210.0	360.8	-150.8	8.0	11.8
Sweden	137.4	102.1	35.4	5.9	3.7	156.9	116.5	40.4	6.2	3.8	145.2	110.8	34.5	5.6	3.6
UK	125.8	55.6	70.2	5.4	2.0	158.0	55.4	102.6	6.3	1.8	143.6	63.5	80.2	5.5	2.1
Finland	47.3	113.7	-66.4	2.0	4.1	51.6	147.4	-95.8	2.1	4.8	56.7	134.8	-78.1	2.2	4.4
Denmark	114.6	65.7	48.9	4.9	2.4	112.8	75.7	37.1	4.5	2.5	117.5	66.2	51.3	4.5	2.2
Netherlands	59.7	129.4	-69.7	2.5	4.6	60.6	129.2	-68.6	2.4	4.2	81.1	115.3	-34.2	3.1	3.8
Lithuania	430.9	458.4	-27.4	18.4	16.4	473.8	529.5	-55.7	18.8	17.4	453.5	560.0	-106.5	17.4	18.3
Estonia	295.9	225.6	70.3	12.6	8.1	313.8	240.7	73.1	12.5	7.9	315.0	248.6	66.4	12.1	8.1
Poland	125.4	299.7	-174.3	5.4	10.7	133.5	345.6	-212.1	5.3	11.3	125.9	349.5	-223.6	4.8	11.4
CIS	217.1	340.4	-123.3	9.3	12.2	287.0	288.0	-0.9	11.4	9.5	288.3	287.4	1.0	11.0	9.4
incl. Russia	137.1	262.4	-125.3	5.9	9.4	189.2	200.7	-11.5	7.5	6.6	195.0	205.1	-10.0	7.5	6.7
Other countries	392.4	271.4	121.0	16.7	9.7	351.0	281.5	69.6	14.0	9.2	401.1	294.2	107.0	15.4	9.6
incl. USA	35.4	25.7	9.7	1.5	0.9	34.4	25.7	8.8	1.4	0.8	39.7	22.6	17.2	1.5	0.7
Norway	54.8	9.8	45.0	2.3	0.4	57.6	11.0	46.5	2.3	0.4	59.2	9.7	49.5	2.3	0.3
China	27.1	96.5	-69.3	1.2	3.5	25.0	86.1	-61.1	1.0	2.8	29.1	107.8	-78.7	1.1	3.5

¹ Data have been revised.

36. CONVENIENCE AND EXTENDED CREDIT, REVOLVING LOANS AND OVERDRAFT TO RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	Non-financial corporations			Households		
	Revolving loans and overdraft	Convenience credit	Extended credit	Revolving loans and overdraft	Convenience credit	Extended credit
2015						
VII	724.1	1.7	1.0	51.6	7.4	110.1
VIII	734.7	1.6	1.1	52.2	7.1	110.4
IX	732.7	1.8	1.1	51.7	6.9	111.7
X	724.4	1.9	1.1	50.9	7.2	112.5
XI	732.2	1.7	1.1	50.1	7.2	111.5
XII	683.4	1.6	1.1	44.0	6.7	115.6
2016						
I	708.5	1.6	1.2	47.0	6.8	115.7
II	713.3	1.6	1.2	45.4	6.8	114.6
III	710.4	1.7	1.3	43.4	6.6	116.5
IV	723.8	1.8	1.5	42.7	6.6	115.9
V	723.2	1.8	1.9	42.7	6.7	117.7
VI	718.1	1.6	2.1	42.1	6.6	117.1
VII	691.1	1.6	2.5	41.4	6.3	117.1
VIII	722.0	1.6	2.8	42.3	6.2	119.1
IX	683.0	1.7	3.2	42.7	7.1	118.6

37.a LOANS TO RESIDENT NON-FINANCIAL CORPORATIONS IN THE BREAKDOWN BY RESIDUAL MATURITY AND BY INTEREST RATE RESET PERIOD

(at end of period; millions of euro)

	In euro					
	With original maturity of over 1 year			With original maturity of over 2 years		
		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years
2015						
IX	4 833.5	977.7	3 662.6	4 634.0	1 489.6	2 986.0
XII	4 847.6	917.4	3 754.3	4 651.7	1 507.8	2 999.8
2016						
III	4 759.1	883.5	3 681.1	4 575.5	1 415.8	2 996.4
VI	4 920.8	731.0	4 037.4	4 757.2	1 391.6	3 240.1
IX	5 023.8	686.0	4 075.3	4 873.6	1 274.0	3 367.5

37.b LOANS TO RESIDENT HOUSEHOLDS IN THE BREAKDOWN BY RESIDUAL MATURITY AND BY INTEREST RATE RESET PERIOD

(at end of period; millions of euro)

	In euro					
	With original maturity of over 1 year			With original maturity of over 2 years		
		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years
2015						
IX	4 962.6	223.0	4 106.2	4 920.0	353.9	4 197.2
XII	4 933.4	230.8	4 140.1	4 891.8	359.7	4 228.2
2016						
III	4 902.3	234.7	4 119.0	4 862.7	355.6	4 198.7
VI	4 903.9	226.5	4 190.2	4 859.0	341.5	4 240.2
IX	4 897.5	220.6	4 194.6	4 849.3	334.3	4 233.7

38. VOLUMES OF NEW BUSINESS AND RENEGOTIATED LOANS¹ IN EURO IN MFI TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(millions of euro)

	Loans to households other than revolving loans and overdrafts, convenience and extended credit card debt						Loans to non-financial corporations other than revolving loans and overdrafts, convenience and extended credit card debt	
	For house purchase		For consumption		For other purpose			of which renegotiated loans
		of which renegotiated loans		of which renegotiated loans		of which renegotiated loans		
2015								
VII	60.2	24.5	24.1	6.5	24.1	20.0	359.3	250.8
VIII	56.9	23.2	16.1	1.2	10.3	7.3	299.1	217.5
IX	60.4	25.3	16.7	1.5	9.7	5.0	322.4	217.9
X	61.6	22.5	19.6	2.2	7.4	4.2	194.4	127.7
XI	56.2	22.1	14.9	0.9	6.8	2.3	255.5	158.6
XII	57.8	21.5	16.8	1.0	17.9	12.4	476.5	375.0
2016								
I	50.1	18.7	15.4	0.8	9.8	6.1	287.7	190.5
II	51.9	22.1	17.6	1.0	13.5	8.4	264.1	150.6
III	66.3	22.0	19.5	0.8	8.7	3.7	472.7	355.9
IV	70.0	30.8	20.8	0.7	11.3	4.8	436.4	280.0
V	68.2	28.2	22.3	1.0	15.2	12.2	626.2	430.4
VI	72.6	29.3	20.9	0.7	11.1	7.2	311.1	203.1
VII	69.1	27.9	19.3	0.6	7.2	2.2	386.9	245.1
VIII	74.7	29.4	20.0	0.8	9.7	4.5	456.3	334.7
IX	75.3	30.6	19.0	1.4	7.4	3.7	379.7	230.0

¹ Loans whose contracts have been renegotiated following the active involvement of the household or non-financial corporation in adjusting the terms and conditions of an existing contract, including the interest rate.

39. LATVIA'S BALANCE OF PAYMENTS

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Analytical data (% of GDP)								
Current account	-0.8	-0.8	-1.5	-1.9	1.1	2.8	-0.6	1.5
External debt								
Gross	142.0	151.4	146.2	146.7	142.0	148.7	153.8	149.4
Net	28.6	33.9	31.0	29.7	28.6	29.8	29.9	29.3
Foreign direct investment in Latvia								
Transactions	2.5	4.4	2.1	2.8	0.9	-2.0	-2.7	3.6
Closing position	55.8	54.0	54.6	55.7	55.8	55.3	53.8	54.1
Transactions (millions of EUR)								
Current account	-188.9	-44.1	-90.9	-123.2	69.3	152.5	-37.2	93.4
Goods	-2 041.6	-525.3	-545.6	-568.2	-402.6	-443.1	-474.1	-390.1
Credit (export)	10 321.7	2 451.6	2 510.3	2 631.9	2 728.0	2 326.2	2 482.5	2 648.1
Debit (import)	12 363.3	2 976.8	3 055.8	3 200.0	3 130.6	2 769.3	2 956.6	3 038.2
Services	1 765.9	421.1	441.6	454.0	449.2	439.8	436.2	485.9
Credit (export)	4 038.9	925.7	989.3	1 074.5	1 049.5	969.2	1 024.2	1 105.7
Debit (import)	2 273.0	504.6	547.8	620.4	600.3	529.3	588.0	619.9
Primary income	-58.3	75.8	-27.9	-76.0	-30.2	124.5	-68.6	-24.8
Credit	1 390.6	416.9	362.1	316.9	294.7	433.9	382.0	304.6
Debit	1 448.9	341.1	390.0	392.9	324.9	309.4	450.6	329.4
Secondary income	145.1	-15.7	41.0	67.0	52.8	31.2	69.3	22.5
Credit	903.0	208.2	212.7	240.4	241.8	215.2	228.1	187.2
Debit	757.9	223.9	171.7	173.3	189.0	184.1	158.9	164.7
Capital account	684.4	183.9	253.4	141.4	105.7	107.4	62.8	-2.5
Credit	689.4	185.9	254.0	142.2	107.3	108.7	63.5	6.6
Debit	5.1	2.0	0.6	0.8	1.7	1.3	0.7	9.1
Financial account	-194.5	-57.1	180.3	-170.4	-147.3	183.7	104.7	50.6
Direct investment	-571.2	-175.9	-148.4	-160.7	-86.1	107.9	236.7	-163.1
Foreign	29.0	62.0	-21.0	17.8	-29.8	-2.5	68.1	70.2
Latvia	600.2	238.0	127.4	178.5	56.3	-110.5	-168.6	233.3
Portfolio investment	2 059.2	1 096.9	777.6	-703.4	888.1	1 168.8	-352.0	241.0
Assets	2 155.5	1 026.0	463.2	-153.5	819.9	1 117.4	210.7	228.6
Liabilities	96.3	-71.0	-314.4	549.9	-68.2	-51.4	562.7	-12.5
Financial derivatives	176.9	185.6	-34.1	-43.1	68.6	0.3	0.9	12.9
Assets	-377.3	-21.3	-140.9	-105.1	-110.0	-94.0	-105.1	-50.6
Liabilities	-554.2	-206.8	-106.9	-62.0	-178.5	-94.3	-105.9	-63.5
Other investment	-2 170.1	-1 247.5	-494.2	510.1	-938.5	-1 099.5	222.1	363.7
Assets	-2 778.5	-1 031.5	-282.4	456.0	-1 920.7	901.2	744.2	-589.7
Liabilities	-608.5	216.0	211.9	-54.1	-982.2	2 000.7	522.1	-953.4
Reserve assets	310.7	83.8	79.4	226.7	-79.2	6.2	-3.0	-403.9

Additional Information

General notes

The cut-off date for the information used in the publication *Macroeconomic Developments Report* (December 2016, No. 24) is 8 December 2016.

The *Macroeconomic Developments Report* (December 2016, No. 24) published by Latvijas Banka is based on data provided by the CSB, ECB, Treasury, Nasdaq Riga, Euribor-EBF and Latvijas Banka.

Data sources for charts are the ECB (Chart 1), Reuters (Charts 1, 4 and 32), Bloomberg (Charts 1–3 and 2.1), Latvijas Banka (Charts 2, 6–12, 2.1, 2.2, 27–29, 31 and 35–39), the Treasury (Charts 5, 25 and 26), the CSB (Charts 13–18, 20–24, 27–31, 33, 35 and 36), the EC (Charts 18, 19 and 34), SEA (Chart 27), SRS (Chart 30) and Food and Agriculture Organization of the United Nations (Chart 32).

Data sources for Statistics tables are Latvijas Banka (Tables 1, 3, 4, 6–25, 27, 28, 36–39), Nasdaq Riga (Table 1), the Treasury (Tables 1, 2.ab and 29), Euribor-EBF (Table 1), the CSB (Tables 2.ab and 30–35) and ECB (Tables 5 and 26).

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 balance sheet data of Latvijas Banka and information from the financial position reports of other MFIs, prepared using methodology of Latvijas Banka (see Latvijas Banka Regulation No. 132 "Regulation for Compiling the 'Monthly Financial Position Report' of Monetary Financial Institutions" of 16 May 2014).

In the publication, the following terms have been used:

MFIs – financial institutions forming the money-issuing sector. In Latvia, MFIs include Latvijas Banka, credit institutions and other MFIs in compliance with the List of Monetary Financial Institutions of the Republic of Latvia compiled by Latvijas Banka. In the EU, MFIs include the ECB, the national central banks of the euro area, credit institutions and other MFIs (money market funds) in compliance with the original List of MFIs 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, and 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. In Latvia, the FCMC and the Nasdaq Riga shall also 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) Assets and liabilities of Latvijas Banka (Table 6), expanding the range of reported financial instruments;

2) Aggregated balance sheet of MFIs (excluding Latvijas Banka), i.e. the sum of the harmonised balance sheets of Latvia's MFIs, excluding Latvijas Banka (Table 7);

3) monetary aggregates and their components (Table 4) reflect Latvia's contributions to the euro area monetary aggregates and their counterparts. These are obtained from the consolidated balance sheet of MFIs. Latvia's contributions to the following monetary aggregates are calculated and published:

- overnight deposits in all currencies held with MFIs;
- 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.
- repurchase agreements, debt securities with a maturity of up to and including 2 years issued by MFIs, and money market fund shares and units.

The monetary aggregates of Latvijas Banka (Table 3) are also published comprising the national contribution to the euro area monetary base and the counterparts, as well as a monetary survey of Latvia's MFIs (excluding Latvijas Banka; Table 10).

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

1) consolidated balance sheet of MFIs obtained by netting out inter-MFI positions in the aggregated balance sheet of Latvia's MFIs (Table 8). Due to slight accounting methodology differences, the sum of the inter-MFI positions is not always zero; therefore, the balance is reported under the item Excess of inter-MFI liabilities.

2) Aggregated balance sheet of Latvia's MFIs (excluding Latvijas Banka) which is the sum of the harmonised balance sheets (Tables 9ab);

3) Information characterising foreign assets and foreign liabilities of MFIs (excluding Latvijas Banka; Tables 11ab), including selected items in the monthly financial position report of MFIs (excluding Latvijas Banka) by group of countries (Table 12);

4) Information characterising the maturity profile and types of deposits (including repo agreements) of Latvia's financial institutions, non-financial corporations and households with MFIs (excluding Latvijas Banka; 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 Latvijas Banka) deposits by currency is provided in Tables 20ab;

5) Information characterising the maturity profile and types of MFI (excluding Latvijas Banka) loans to Latvia's financial institutions, non-financial corporations and households (Tables 15, 16ab, 17, 18, 36 and 37) as well as government and non-resident loans (Table 16c). The breakdown of MFI (excluding Latvijas Banka) loans by currency is provided in Tables 20cd;

6) Information characterising MFI (excluding Latvijas Banka) securities holdings (Tables 19ab and 20ef);

7) Information characterising debt securities issued by MFIs (excluding Latvijas Banka; Table 20g).

Interest rates

The interest rates calculation includes information from MFI reports prepared in compliance with Latvijas Banka Regulation No. 133 "Regulation for Compiling Interest Rate Reports of Monetary Financial Institutions" of 16 May 2014. Based on the methodology laid out in the above Regulation, credit institutions, branches of foreign credit institutions 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.

Information on interest rates on deposits and loans applied in transactions with non-financial corporations and households provided by credit institutions, branches of foreign credit institutions 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 on 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 23) are reported as weighted average interest rates on new business, aggregating the information submitted by credit institutions, prepared based on the methodology of Latvijas Banka (see Latvijas Banka Regulation No. 102 "Regulation for Compiling the 'Report on Monetary Market Transactions'" of 16 May 2013).

Foreign exchange and exchange rates

Information characterising the foreign currency selling and buying transactions is reported based on the methodology of Latvijas Banka (see Latvijas Banka Regulation No. 36 "Regulation for Purchasing and Selling Cash Foreign Currency" of 13 May 2009 and Latvijas Banka Regulation No. 101 "Regulation for Compiling Reports on Foreign Currency Purchases and Sales" of 16 May 2013). The principal foreign exchange transactions (Table 24) comprise the cash and non-cash transactions conducted by credit institutions and branches of foreign credit institutions, reported by transaction type and counterparty, and currency. Non-cash foreign exchange transactions (Table 25) comprise non-cash transactions performed by credit institutions and branches of foreign credit institutions, reported by major currency.

The euro reference rates published by the ECB (Table 26) are reported as monthly mathematical averages. Weighted average exchange rates (cash transactions; Table 27) are reported based on the information provided by credit institutions and branches of foreign credit institutions as well as currency exchange bureaus.