

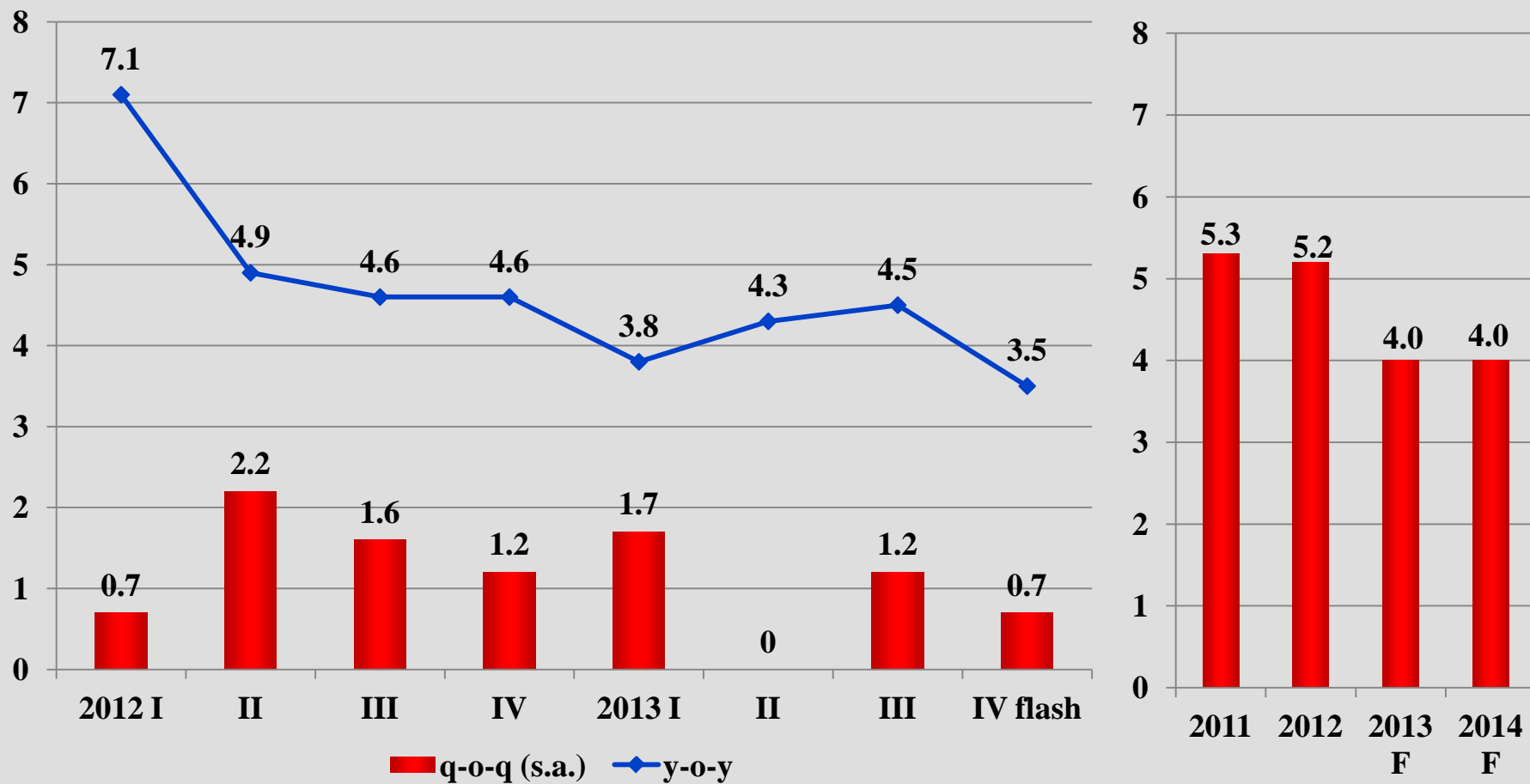


Recent Macroeconomic Developments in Latvia

March, 2014

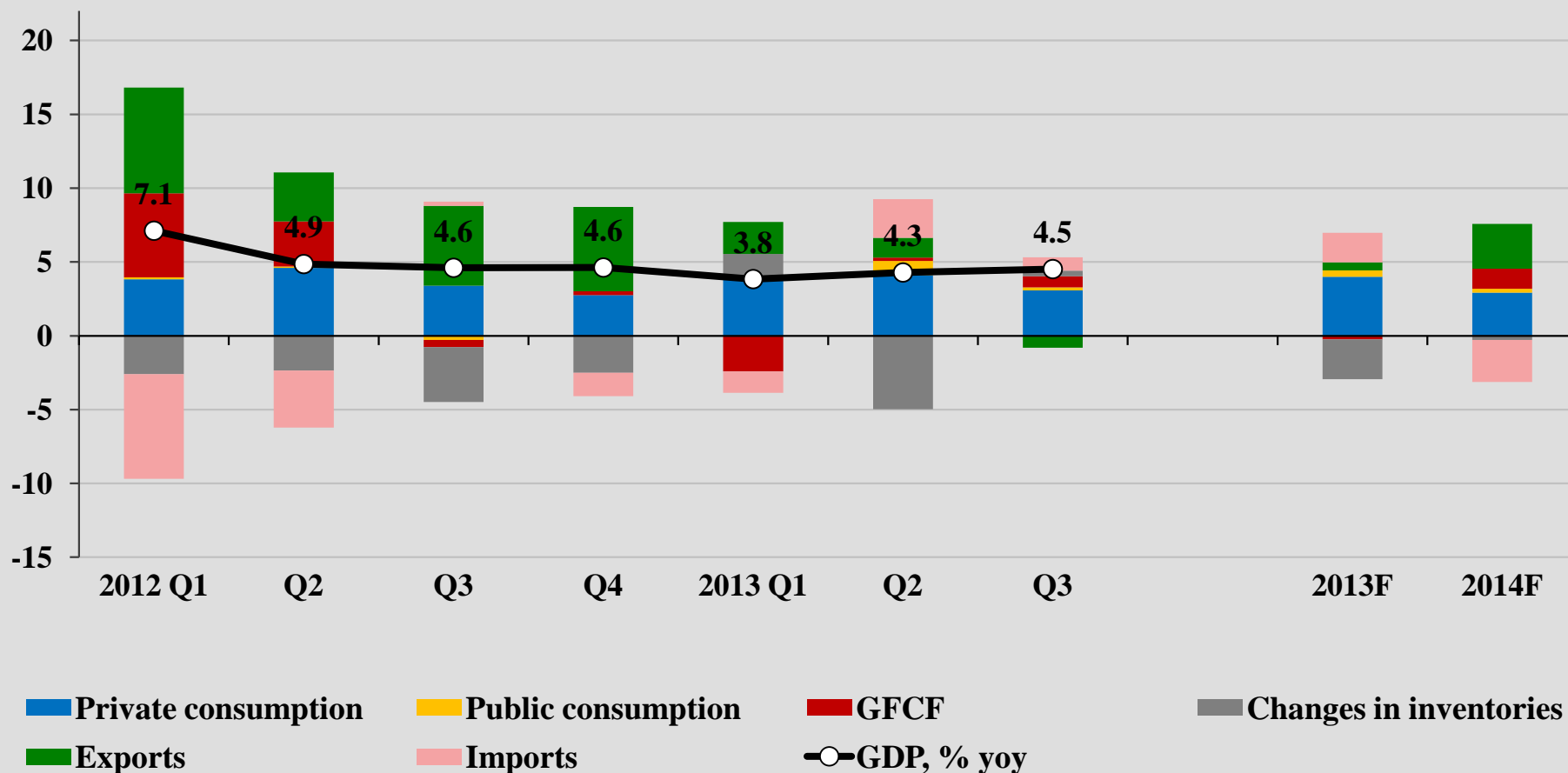
Economic growth is expected to remain robust

Real GDP growth (%)



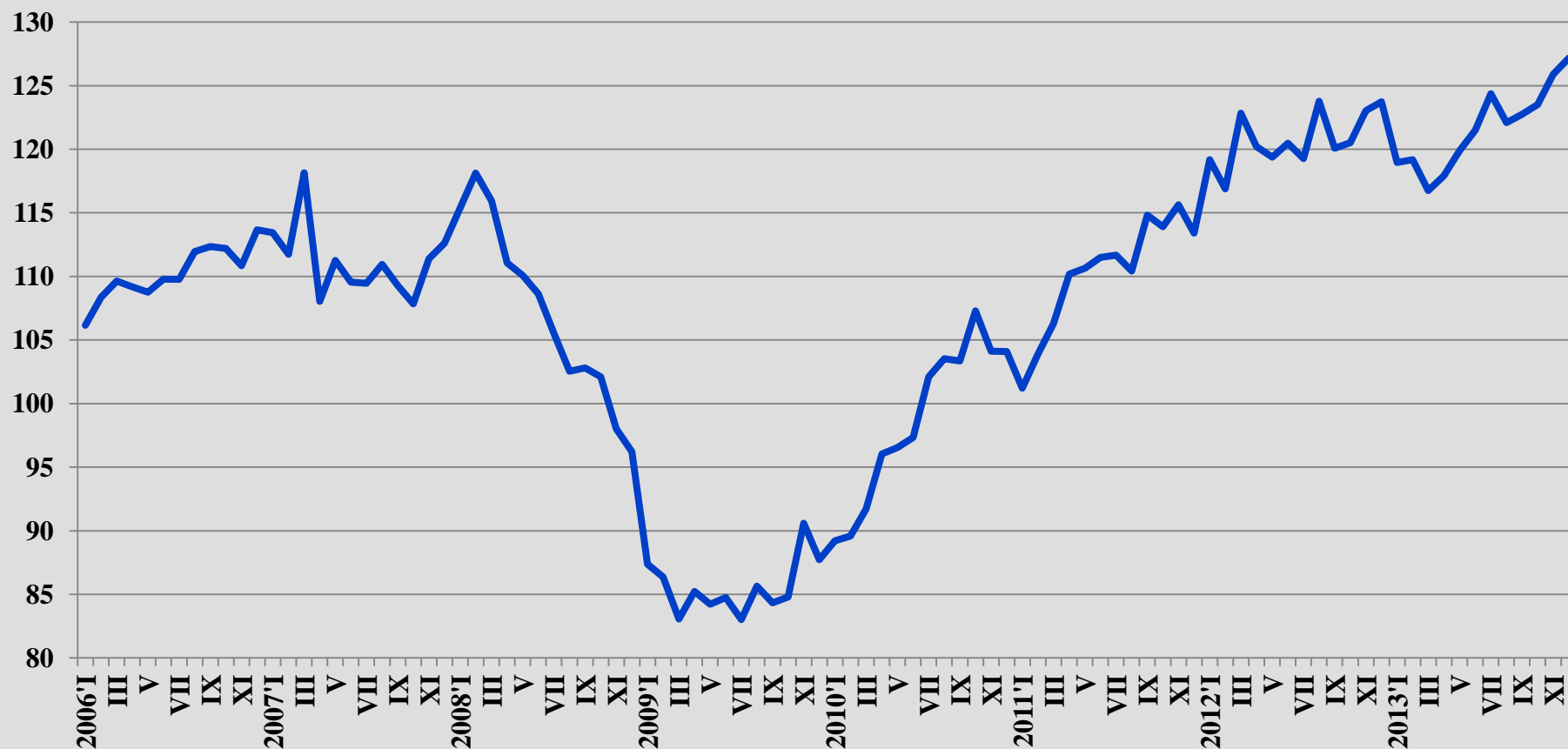
In 2013, real GDP was driven by private consumption growth; further role of export is expected to return

Contribution to real GDP growth (pp) and real GDP growth (%)



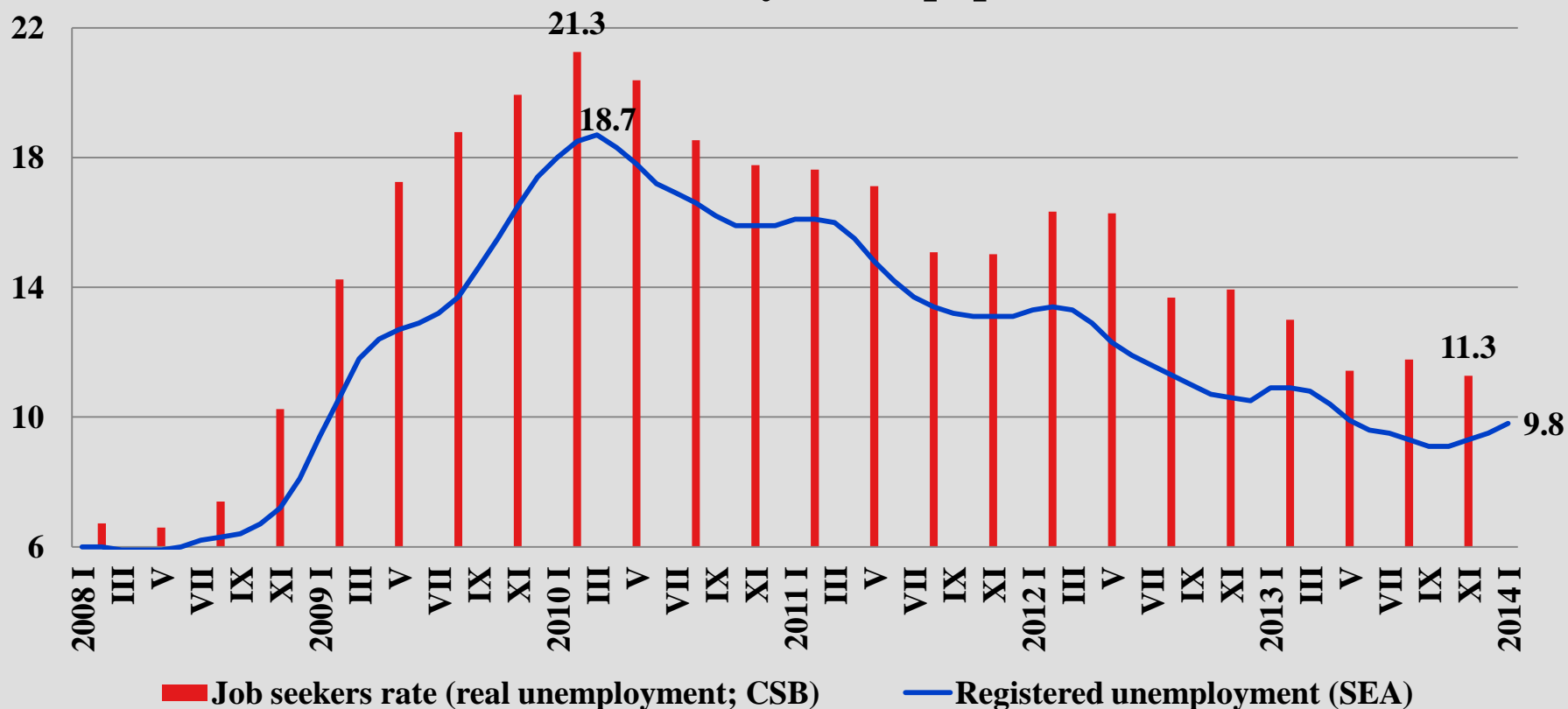
Manufacturing is gaining strength

Volume index of manufacturing (2010=100)



Unemployment dropped by 3.1 pp to 11.9% in 2013

Registered unemployment and job seekers rate (% of economically active population)

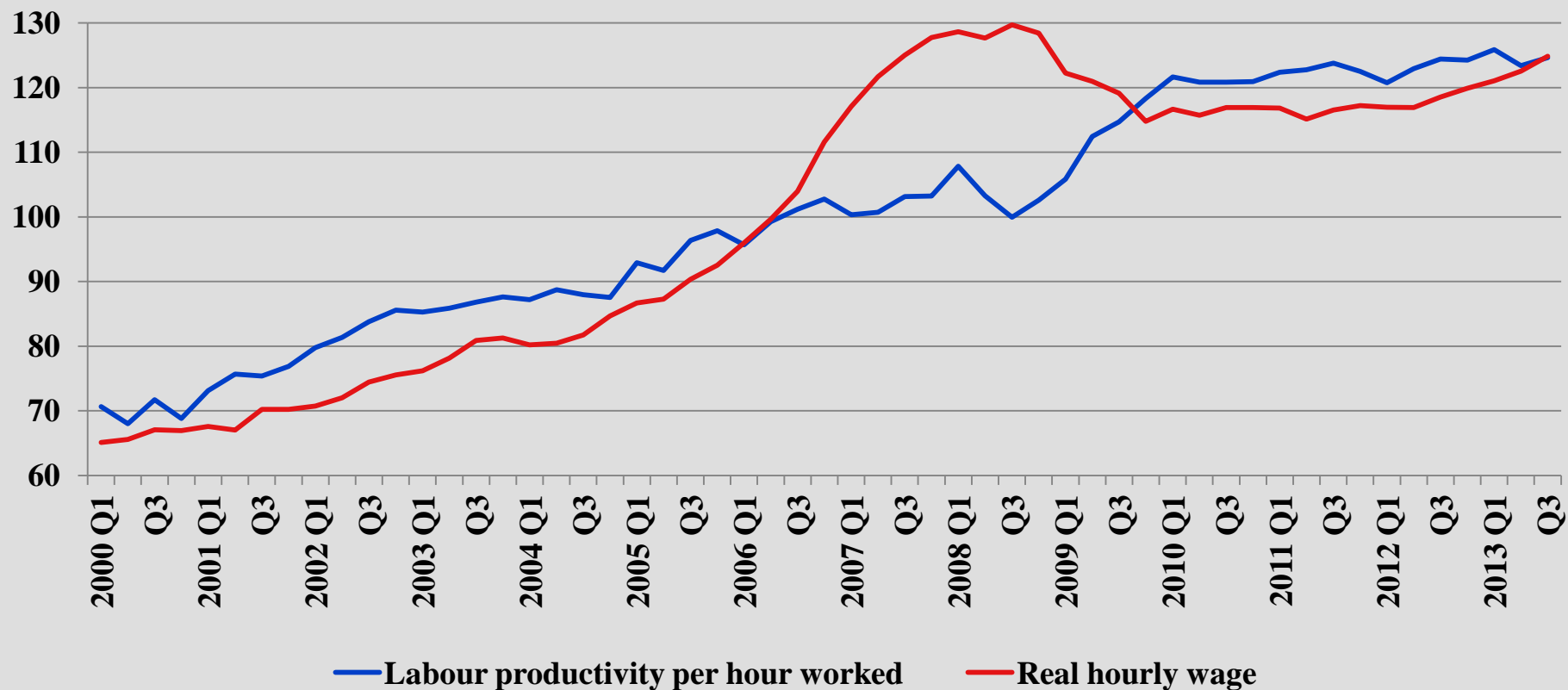


Source: Registered unemployment: State Employment Agency (SEA) data; Latvijas Banka staff adjustment of historical (pre 2012 IV) data in line with the results of 2011 Population Census.

Job seekers rate: Central Statistical Bureau of Latvia data (adjusted for the 2011 Population Census).

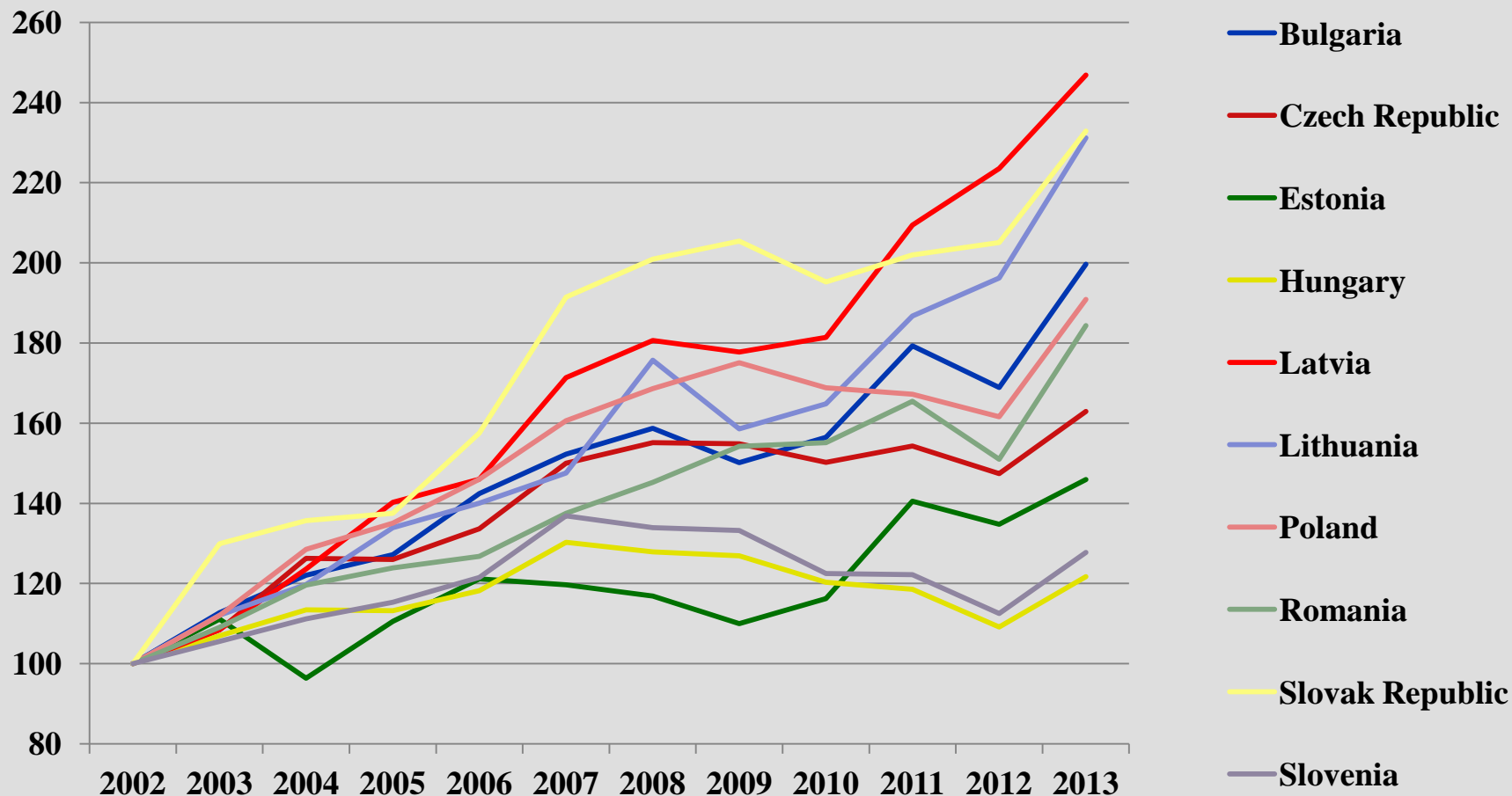
Wage growth is broadly in line with labour productivity

Real wage and productivity index (historical average = 100)



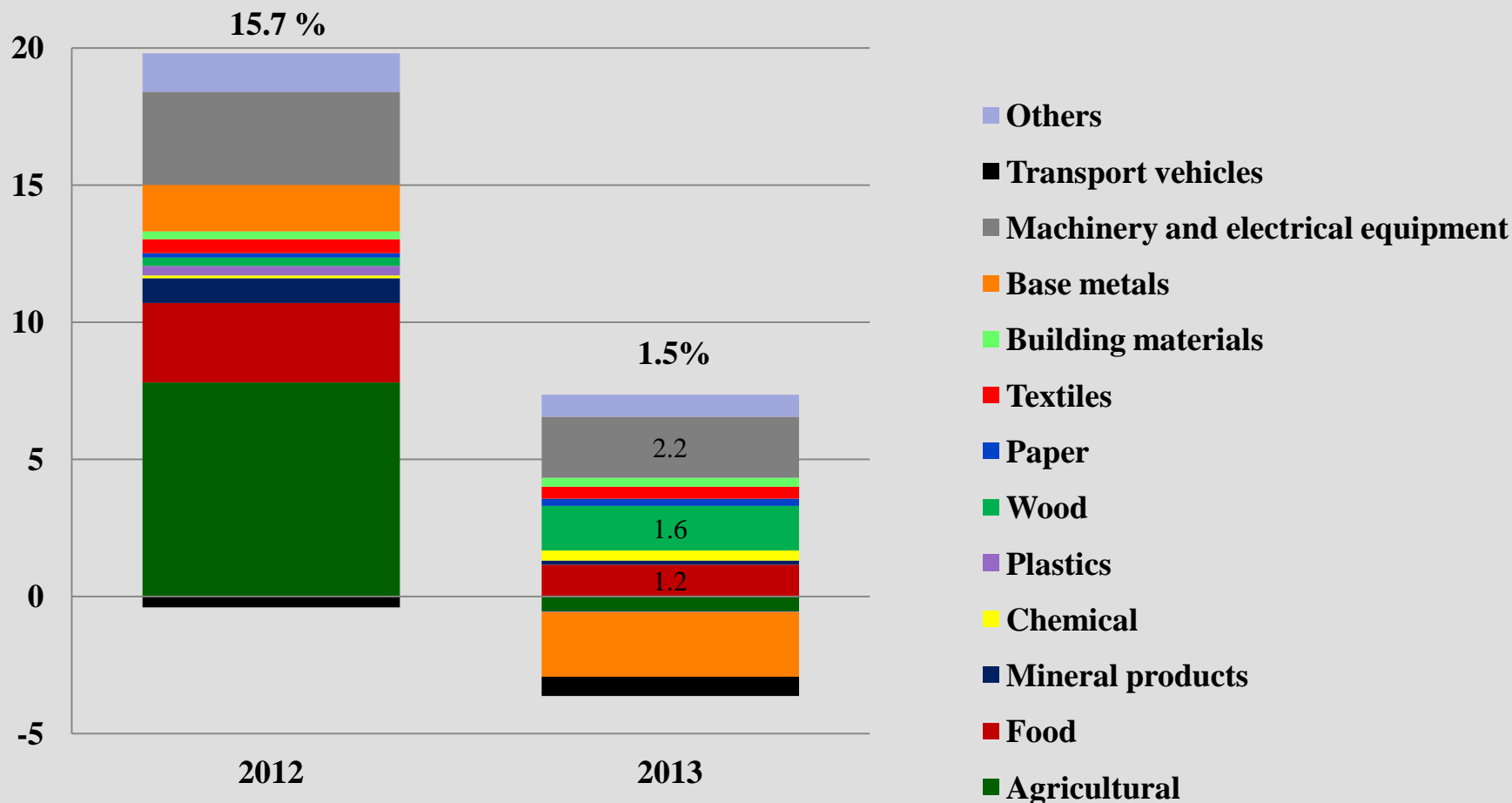
Increase of Latvian export market share reflects gains in competitiveness

Merchandise export shares in world import (2002=100)



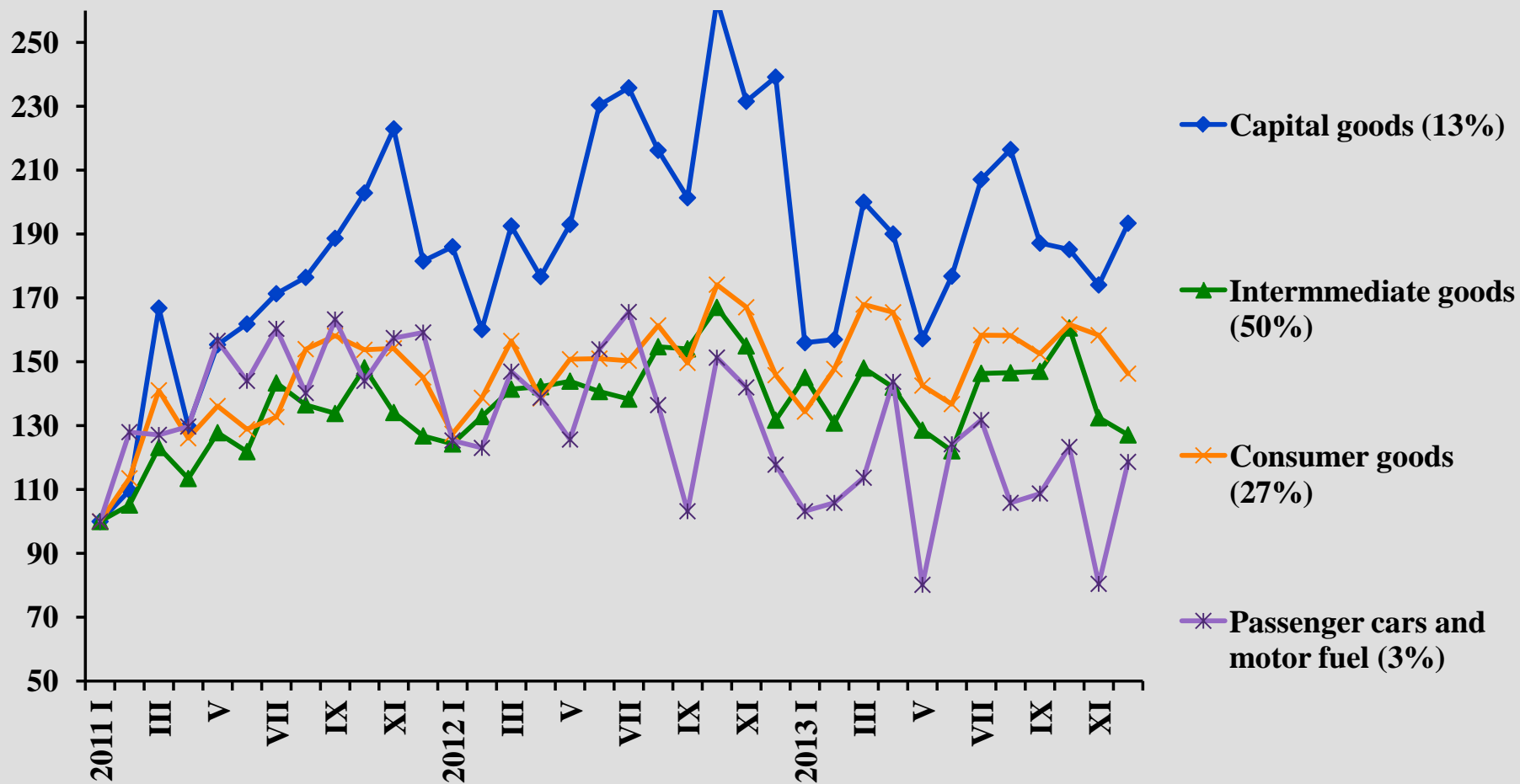
Export of machinery, wood and food products have the largest contribution to export growth; one-off effects determined export growth deceleration

Group's contributions to the y-o-y growth of merchandise export (pp) and average nominal export growth (%)



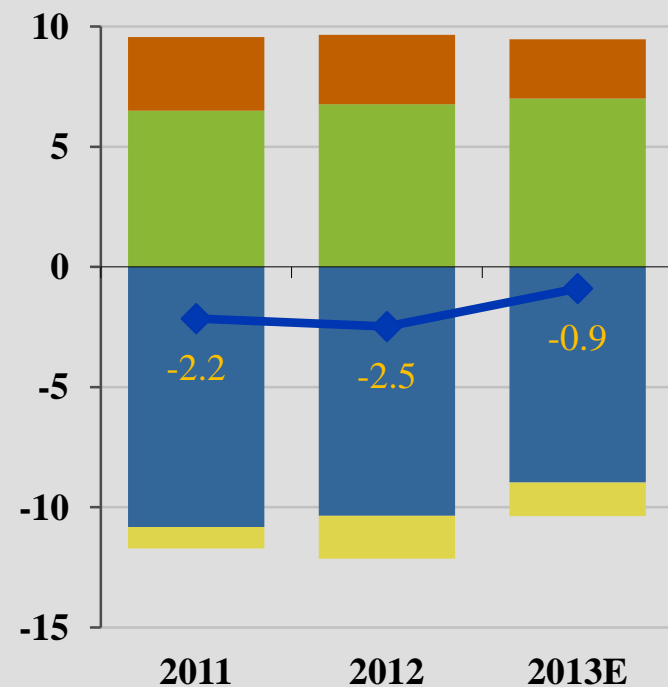
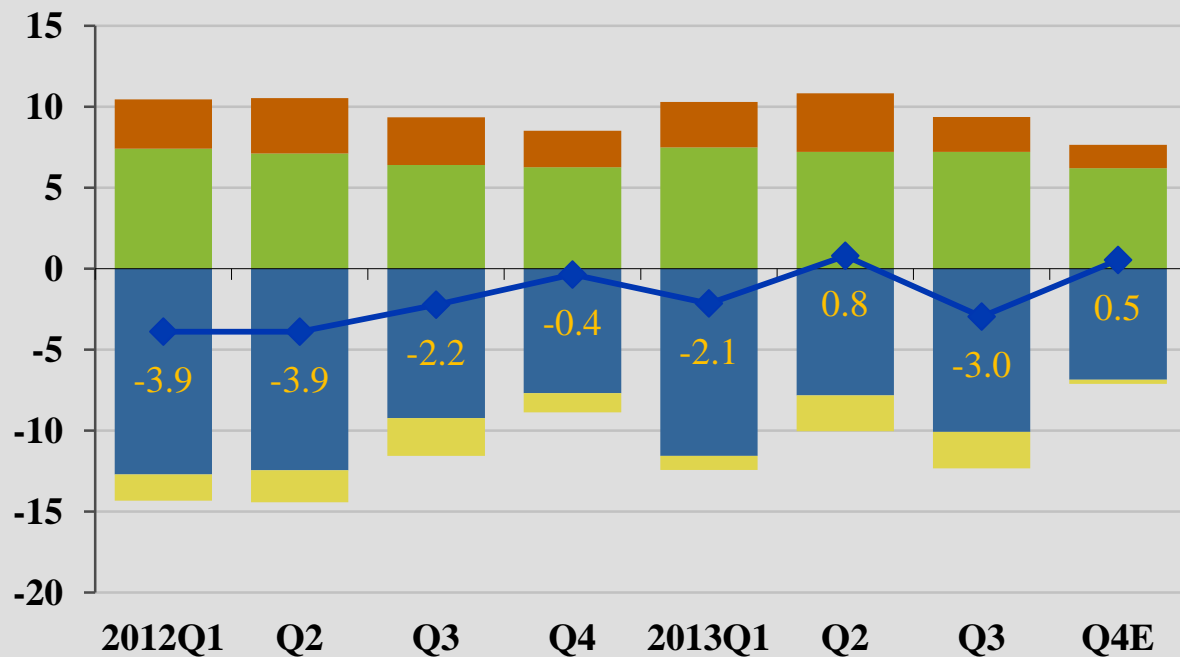
Import deceleration largely reflected moderation of investment activity

Merchandise import (I 2011 = 100)



Moderate current account deficit is seen sustainable for Latvia

Current account main positions (% of GDP)

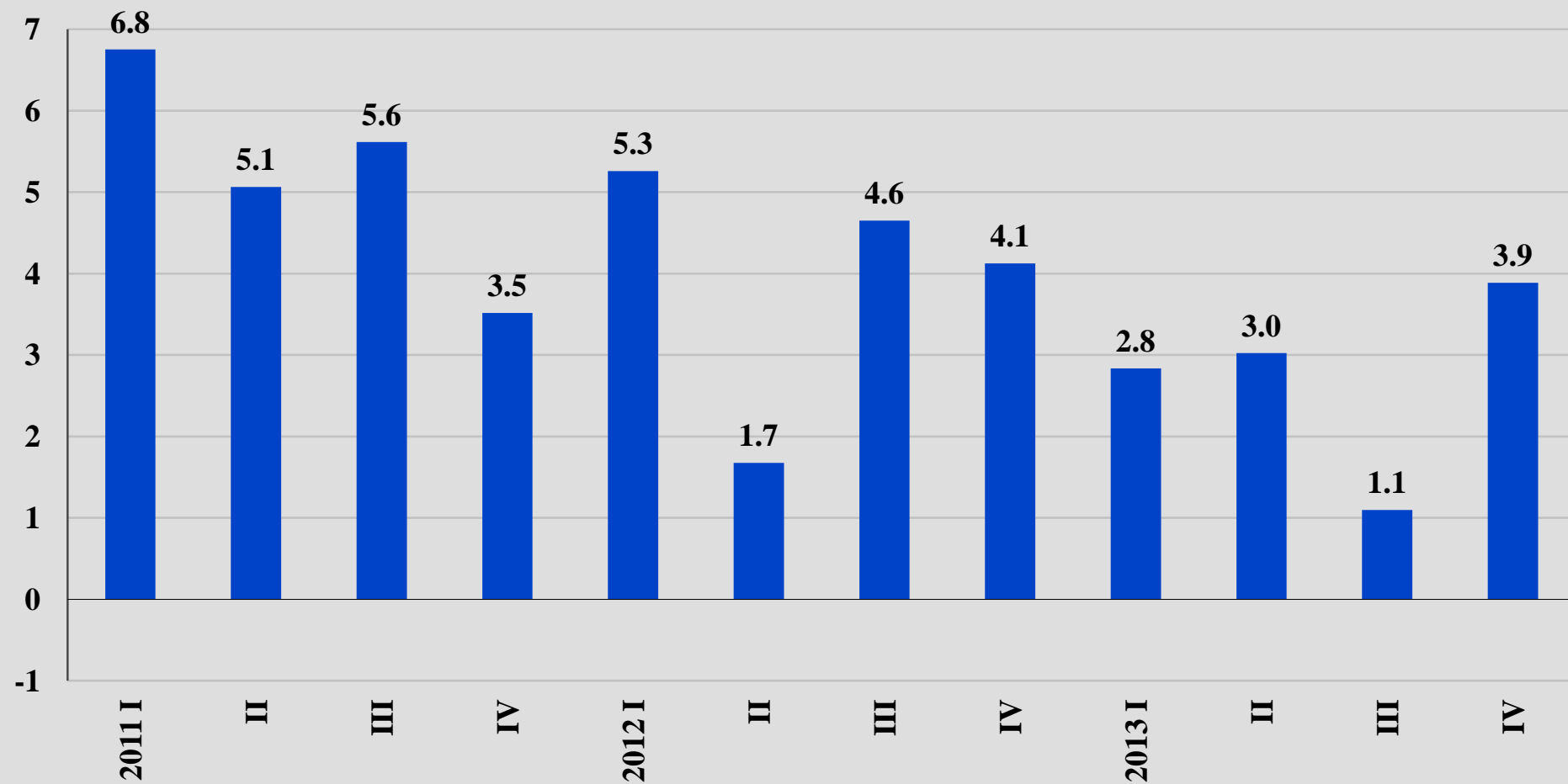


◆ current account

- Income
- Current transfers
- Services
- Goods

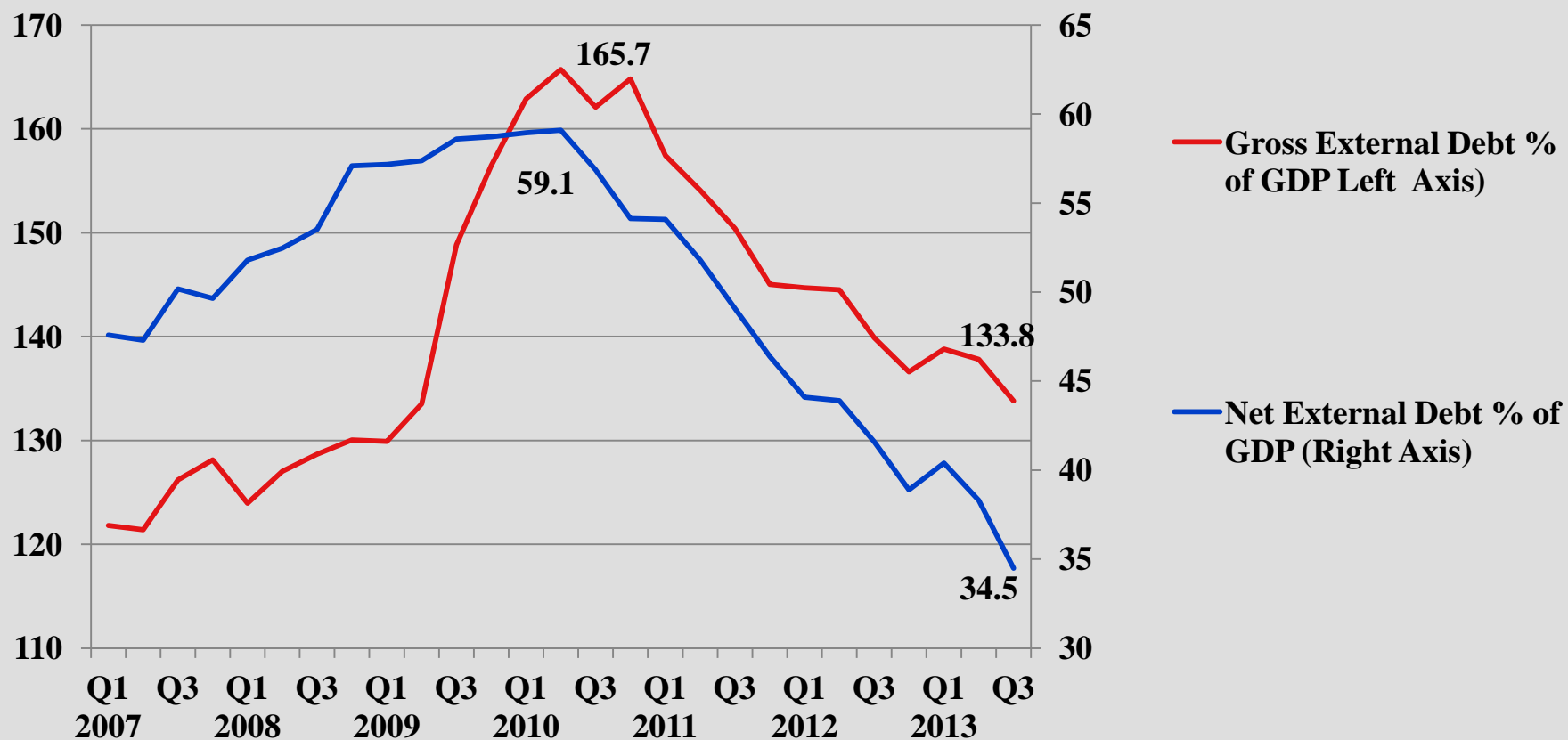
In 2013 FDI inflow in Latvia was 2.7% of forecasted GDP

FDI inflow in Latvia (% of GDP)



External debt as a proportion of GDP has been declining

Gross and net external debt (% of GDP)



With smaller impact of global prices and sustainable wage–productivity growth the annual average inflation in 2013 was record low

Impact of food and energy prices on total inflation (%-points) and the annual inflation rate (%)

