



LATVIJAS BANKA

Latvia Beyond the Crisis: Towards Sustainable Economic Growth

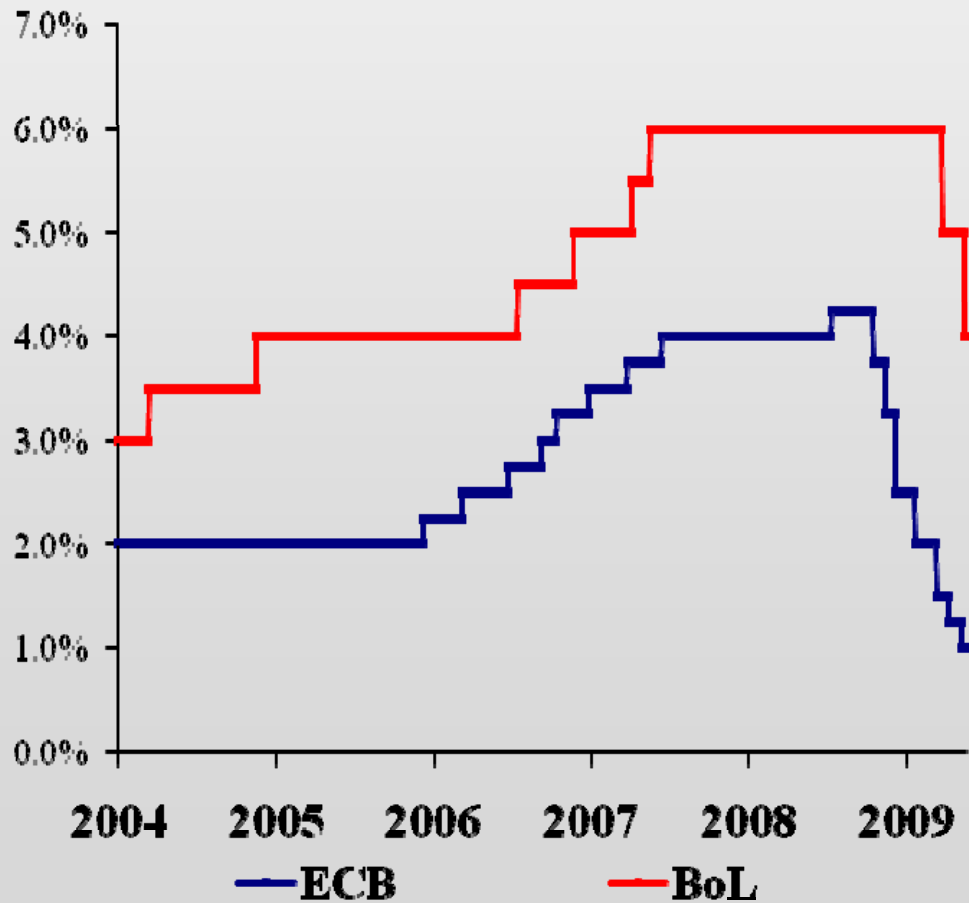
Ilmārs Rimšēvičs

Governor of the Bank of Latvia

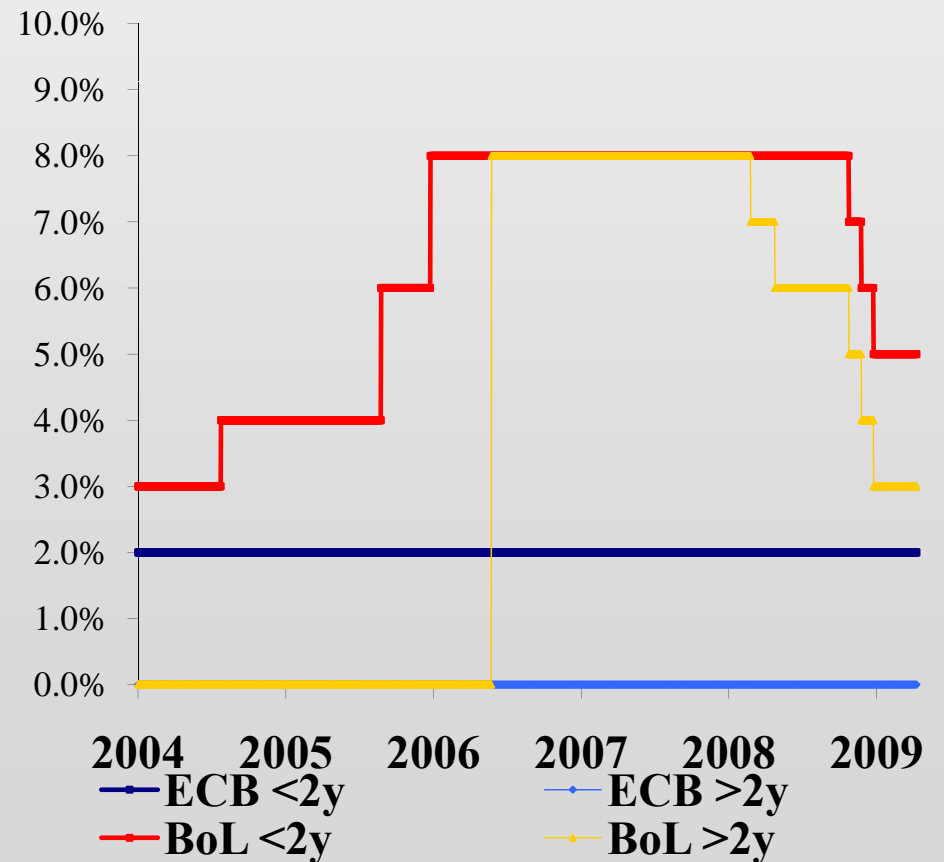
Riga, 20 October 2010

The Bank of Latvia put instruments at its disposal to work to counteract the economic overheating

**Central bank interest rates:
Bank of Latvia and ECB**

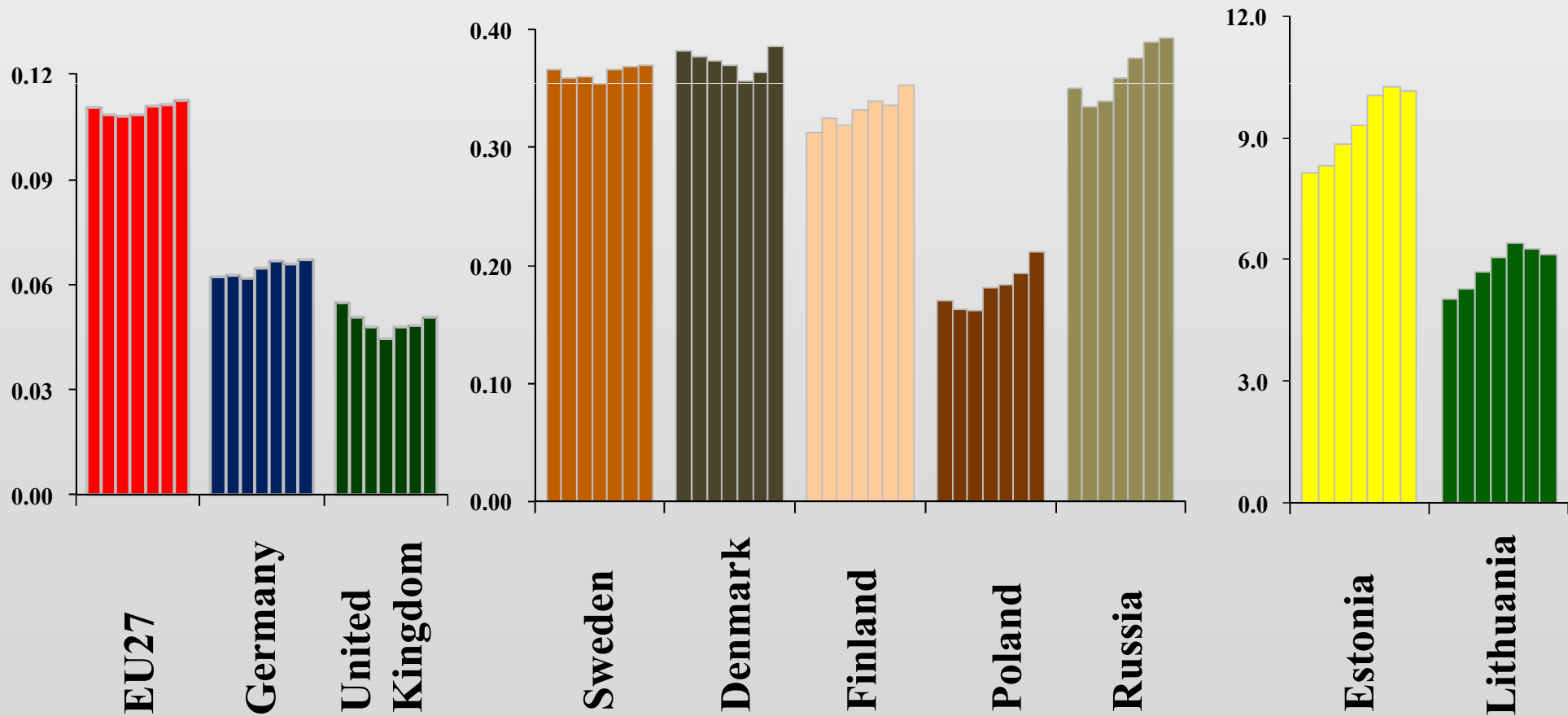


**Reserve requirement:
Bank of Latvia and ECB**



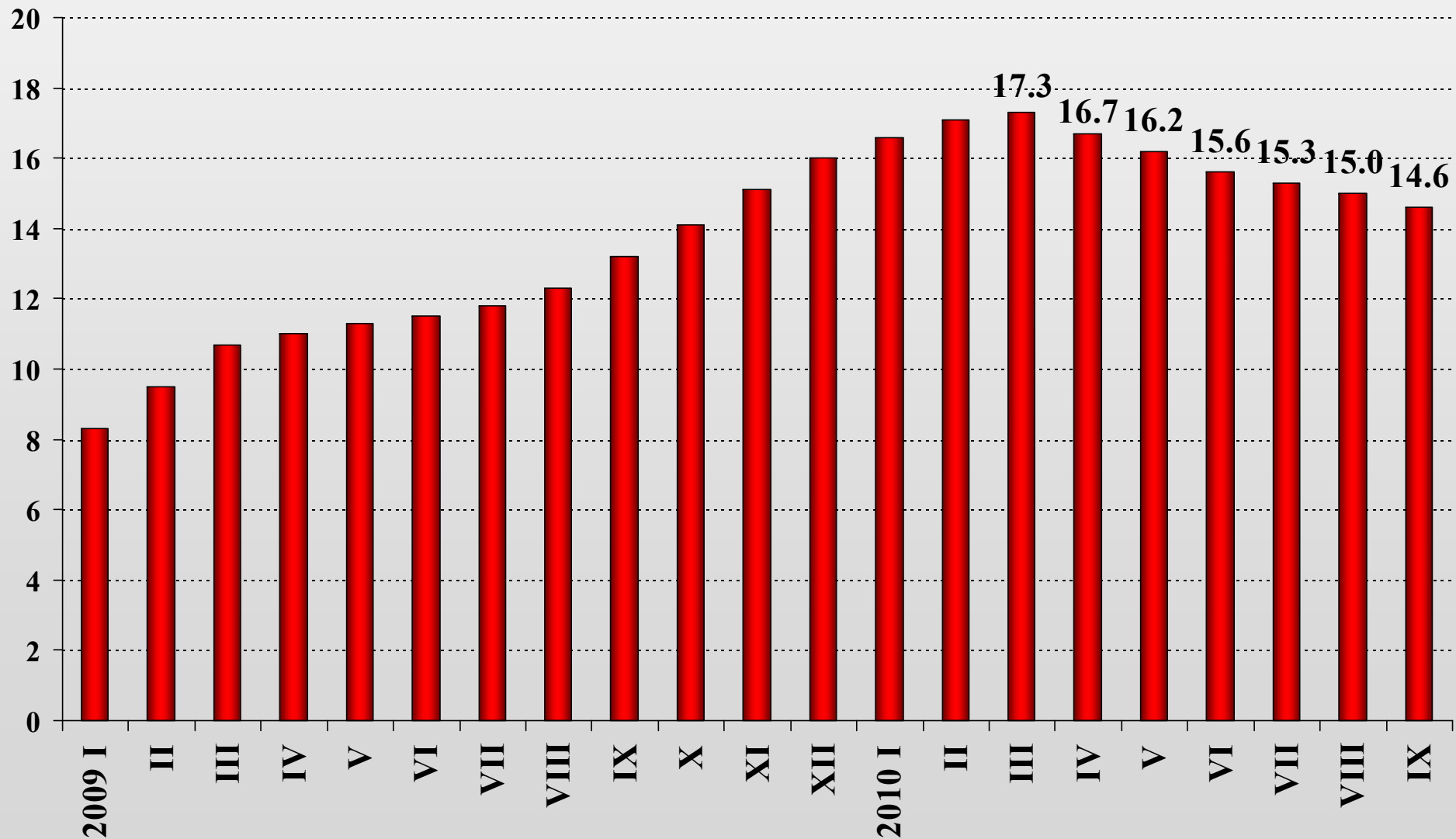
Latvia's export market shares have expanded in a number of major foreign trade partners, mirroring an improvement in competitiveness

Latvia's exports compared to major trade partner imports
(%; moving average; Q4 2008 – Q2 2010)



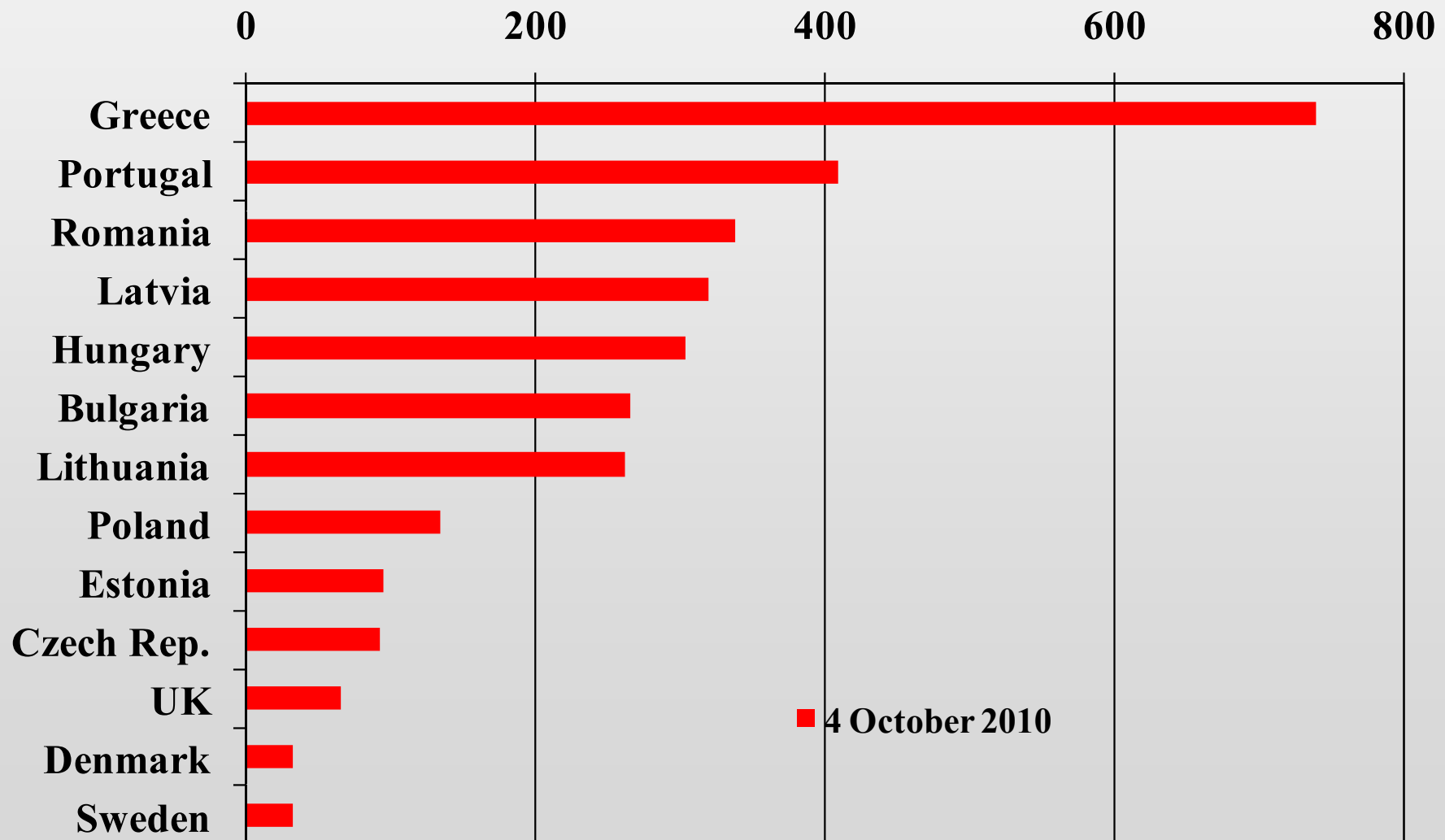
Unemployment has been on a downward trend for the sixth consecutive month

Registered unemployment in Latvia (%)



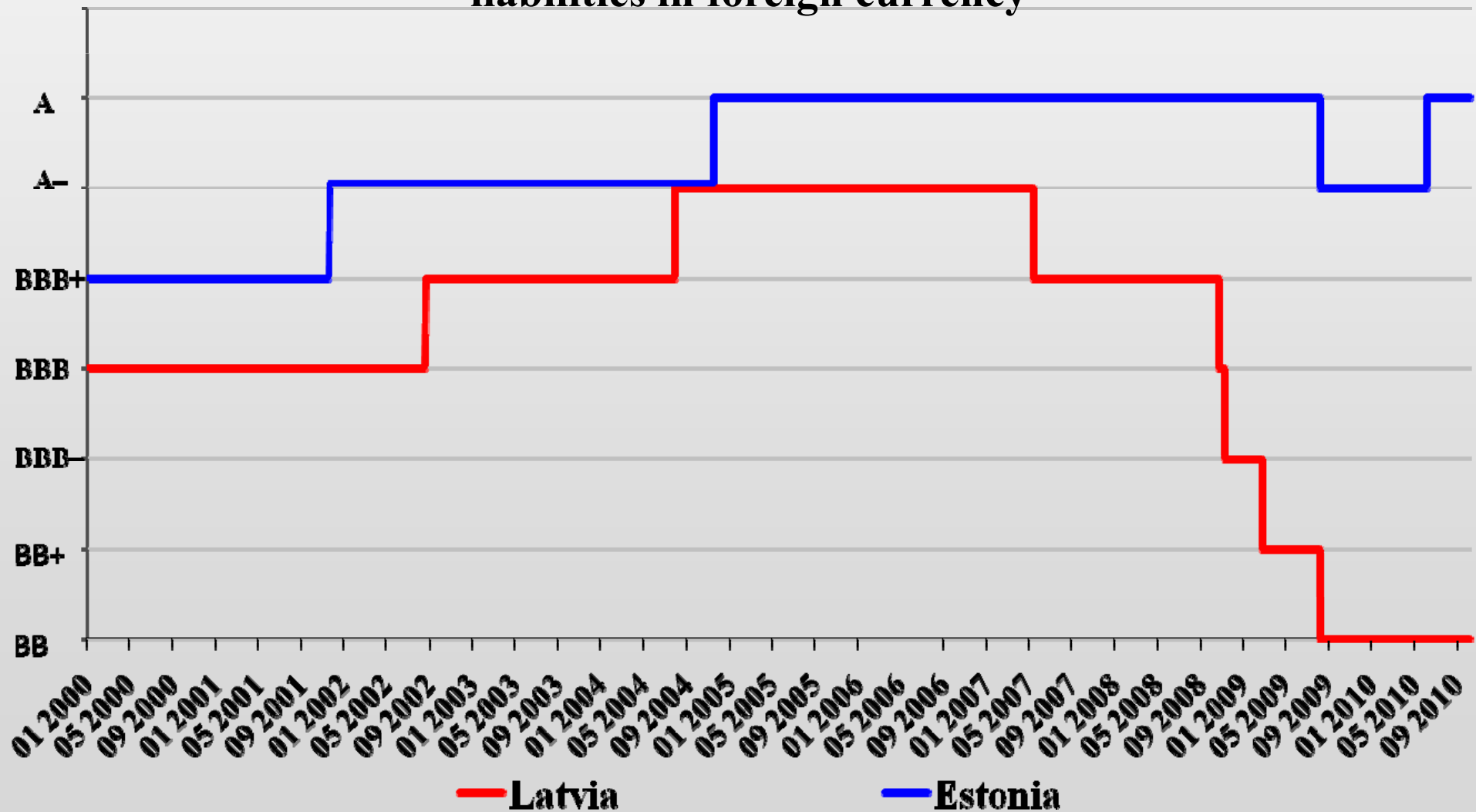
There is still reason for concern: CDS spreads remain relatively high

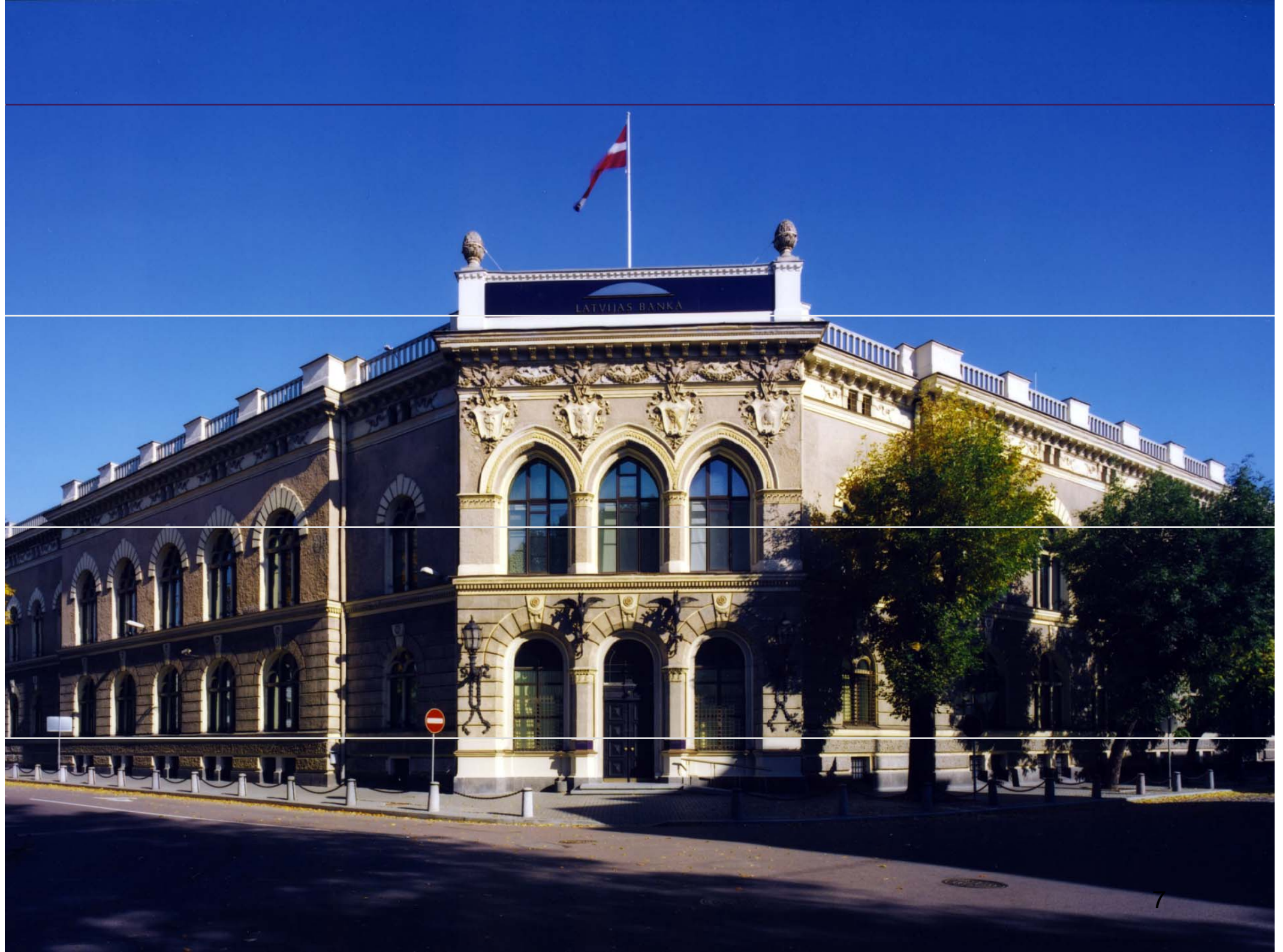
Five year CDS spreads (in basis points)



Difference in credit ratings of Latvia and Estonia is huge!

The international rating agency *Standard&Poor's* rating in respect of long-term liabilities in foreign currency





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