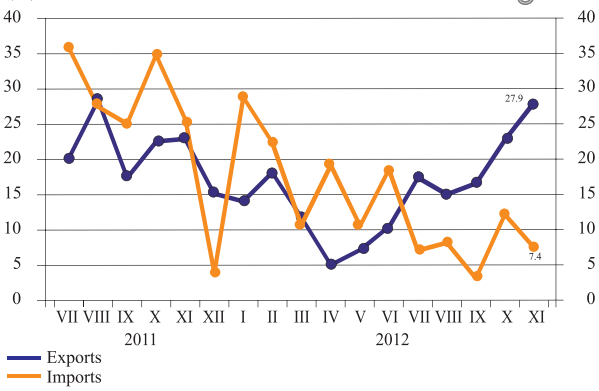
1. Highlights

Latvian exporters continue their good performance

Annual growth in exports and imports of goods
(%)

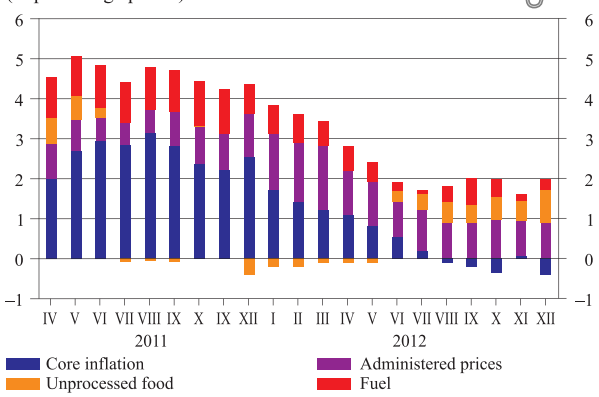


In November, Latvian goods exports increased by 27.9% year-on-year. In the first 11 months of 2012, the year-on-year growth rate was 15.4%, with a rise reported in all commodity groups, except transport vehicles and products of the chemical industries. Thus, the overall growth for 2012 will exceed 10%.

The explanation for the successful performance of our exporters despite unfavourable developments in external markets could be the small size of Latvia's market share. For this reason, the Latvian exporters are much more flexible in terms of what they supply to the common market and it is easier for them to refocus.

Inflation remains low, prices expected to be stable in 2013 as well

Main components of annual inflation
(in percentage points)

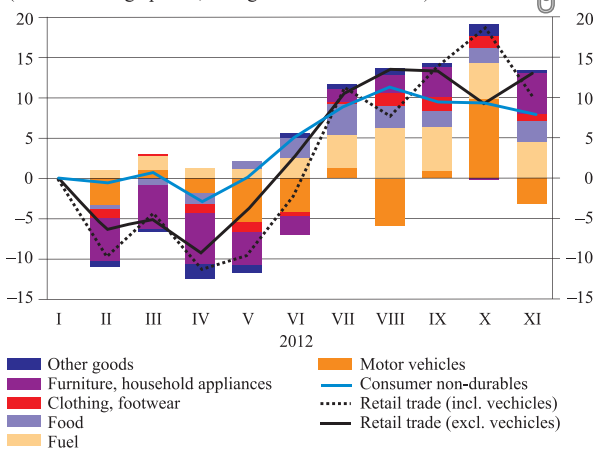


Annual inflation in Latvia remained low in December (1.6%), with the average consumer price level unchanged in comparison with November.

In 2012, the average annual inflation was 2.3%, thus lower than in the previous year. This year-on-year decline was primarily determined by supply-side factors, whereas the pressures from the demand side were still contained on account of balanced wage and productivity developments. In 2013, the average annual inflation could be even slightly lower than in 2012, partly because of base factors and partly because of the expected slight deceleration of economic growth.

Retail trade buoyant as local purchasing power and tourist spending rise

Retail commodity groups in comparision with January 2012
(at 2005 average prices; changes in millions of lats)



The latest retail trade data point to a rise in spending, hence the demand has recovered from the drop experienced in October. According to seasonally adjusted data, the retail turnover grew by 1.4% at constant prices in November, or 8.7% year-on-year.

Overall, spending was supported by the improved purchasing power of the population: employment and average wages increased, whereas the effect of price rises on the purchasing power weakened.

In 2010–2011, retail trade was boosted by the growing number of tourists itself, whereas higher sales during 2012 could be particularly related to a rise in the number of visitors from Russia and their travel and spending habits.