

**MACROECONOMIC  
DEVELOPMENTS  
REPORT 2016**

<b>JUNE</b>

# MACROECONOMIC DEVELOPMENTS REPORT

## June 2016

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## Abbreviations

ABSPP	– asset-backed securities purchase programme
APP	– asset purchase programme
CBPP3	– covered bond purchase programme 3
CIF	– cost, insurance and freight at the importer's border
CIS	– Commonwealth of Independent States
CSB	– Central Statistical Bureau of Latvia
EC	– European Commission
ECB	– European Central Bank
EONIA	– euro overnight index average
ESA 2010	– European System of Accounts 2010
EU	– European Union
EU15	– EU countries before 1 May 2004
EU28	– EU countries as of 1 July 2013
EURIBOR	– Euro Interbank Offered Rate
Eurostat	– statistical office of the European Union
FOB	– free on board at the exporter's border
FRS	– Federal Reserve System
GDP	– gross domestic product
HICP	– Harmonised Index of Consumer Prices
IMF	– International Monetary Fund
JSC	– joint stock company
Ltd.	– limited liability company
MFI	– monetary financial institution
OFI	– other financial intermediary (other than an insurance corporation or a pension fund)
OMXBBGI	– OMX Baltic Benchmark Gross index
OMXR	– Nasdaq Riga index
SEA	– State Employment Agency
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

In 2015, the global economic growth was slower than previously forecast, decelerating to 3.1%. The global GDP dynamics was affected by slower increase in GDP in the US and Japan and moderation of economic growth in the developed countries, China in particular, and in commodity exporters, including Russia and Brazil. In April 2016, given the intensification of overall risks related to heightened financial market sensitivity, geopolitical tension, terrorism threats and protectionism, the IMF revised downwards the outlook for the world economic growth, but, drawing on the robust domestic demand, revised the GDP growth forecast for China slightly upwards.

The euro area economy continued to be driven by the domestic demand. The weak external demand notwithstanding, the domestic demand ensured GDP growth of 1.6% in 2015; however, the latter fell behind the projections. Uneven development was observed across the major economies. Germany and Spain saw faster growth, France faced stagnation, while Italy's economic growth was limited. The IMF revised downwards the outlook for the euro area GDP growth for 2016 expecting no notable increase in it in the next few years. Annual inflation in the euro area remained subdued (–0.1% in May according to preliminary estimates), with the major factors, which also keep the core inflation at low levels, still persisting: a fall in energy prices, slow economic growth and contracting production costs. In view of the persistently downward risks to further inflation developments, inter alia the potential indirect effect on the wage formation process, to ensure the return of inflation close to its medium-term target, the Governing Council of the ECB continued to implement accommodative monetary policy.

In its meetings of 3 December 2015 and 10 March 2016, the Governing Council of the ECB adopted several decisions aimed at further strengthening of the accommodative monetary policy. It was decided at the December meeting to extend the expanded APP by 6 months (until March 2017), expand the range of securities purchased by the national central banks within the expanded APP as well as to reinvest the nominal value of the securities purchased under the expanded APP as they mature, for as long as necessary. The March meeting decided to increase the amount of securities purchased within the expanded APP from 60 billion euro to 80 billion euro per month as of April and to supplement the expanded APP with a new asset purchase programme. As of 8 June, investment-grade euro-denominated bonds issued by non-bank corporations are purchased under the above programme. All key ECB interest rates were reduced with effect from 16 March, inter alia the interest rate on the main refinancing operations was cut from 0.05% to 0.00%.

The ECB's accommodative monetary policy continued to affect money market developments. Short-term money market interest rates continued on the downward trend in 2016, and 3 month EURIBOR stabilised at approximately –0.25% in April and May. A fall in lending rates persisted in the euro area. At the same time euro area credit institutions eased their lending terms and conditions, thus continuing to support the overall increase in lending across the euro area. Although significant trend changes in lending in Latvia did not occur, the previously observed annual rate of decline in the domestic loan portfolio was replaced by a minimum annual growth in April.

In the circumstances of a weak external demand coupled with the external uncertainties, Latvia's economic growth also decelerated in 2015, particularly in the fourth quarter. Data on the development of the sectors of the economy and external trade for 2016 suggest sluggish economic growth. The IMF revised downwards the GDP growth prospects for most of Latvia's major trade partners, except Lithuania, Poland and Sweden.

In 2015 and the first quarter of 2016, private consumption figured as the main driver of GDP growth, reflecting a sustainable rise in wages and salaries, particularly in the private sector;

it is expected to continue to support development. Although raising of wages and salaries could be hindered by a less pronounced effect of the minimum wage and salary changes, the sustainability of competitiveness of exports should be viewed with caution as the rise in wages and salaries has been higher than the productivity gains already for four years. A further slight increase in exports notwithstanding, Latvia's export market shares in global imports contracted in 2015. Postponement of investment decisions is affected not only by the external environment, but also by domestic factors: slow absorption of the funding of the new EU funds programming period due to the lengthy process of drafting the necessary legislative acts and the persistent decrease in the loan portfolio.

In 2015, the average annual inflation posted a historic low, standing at 0.2%. In the first four months of 2016, inflation continued on a downward trend on account of the lagged effect of the global commodity price changes and the low imported inflation. Income growth continued to support core inflation; at the same time, the impact of the low global commodity prices, reflected in the producer price decline, also eased the cost pressure on the prices of goods and services included in the core inflation.

In 2015, the fiscal deficit stood at 1.3% of GDP. Tax revenue grew on account of a sustainable increase in both wages and salaries and private consumption, as well as due to successful tax administration measures. The expenditure side saw lower local government spending as a result of slower absorption of funds of the new EU funds programming period, smaller interest payments to the general government budget and contributions to the EU budget. Similar trends were also observed in the first quarter of 2016, with higher revenue from taxes on labour and taxes on consumption. At the same time, expenditure remained approximately at the same level year-on-year, which was atypical in comparison with the observations of the last five years - it mostly reflected the persistently weak involvement of local governments in implementing the EU co-financed projects and lower government debt servicing costs. The above factors accounted for a surplus in the consolidated general government budget at the beginning of 2016.

In view of the weaker-than-forecast economic growth of Latvia's main trade partners, pronounced uncertainty caused by the geopolitical situation and the slow domestic investment dynamics, in March 2016 Latvijas Banka revised Latvia's GDP forecast downwards to 2.3%. Subject to the above factors remaining unchanged, Latvijas Banka has revised the forecast downwards, projecting GDP growth of approximately 2.0% in 2016. Macroeconomic risks to the economic growth can be considered balanced.

As a result of the persisting commodity price effect, observed at the beginning of 2016, Latvijas Banka revised its inflation forecast downwards to 0% in March. A slightly upward trend in the global commodity prices notwithstanding, the indirect effect of a drop in oil prices, observed at the beginning of the year, will be gradually reflected in a fall in natural gas and heating prices; the above effect will find its reflection through the indirect effect of cost factors in the prices of other goods and services in 2016. At the same time, the demand side pressure on inflation does not become stronger since the economic growth and a rise in wages and salaries become slower. The updated inflation forecast of Latvijas Banka is -0.4%. Risks to the inflation outlook for 2016 are balanced.

Table 1  
GDP GROWTH FORECASTS FOR LATVIA'S MAJOR  
TRADE PARTNERS IN 2016 AND 2017  
(%)

	April 2016 forecast		Comparison with previous forecast*	
	2016	2017	2016	2017
Euro area	1.5	1.6	-0.2	-0.1
Estonia	2.2	2.8	-0.7	-0.2
Lithuania	2.7	3.1	0.1	0.1
Germany	1.5	1.6	-0.2	-0.1
UK	1.9	2.2	-0.3	0.0
Denmark	1.6	1.8	-0.4	-0.3
Russia	-1.8	0.8	-0.8	-0.2
Poland	3.6	3.6	0.1	0.0
Sweden	3.7	2.8	0.7	0.1
World	3.2	3.5	-0.2	-0.1
US	2.4	2.5	-0.2	-0.1
China	6.5	6.2	0.1	0.1

\* Sources: October 2015 (Estonia, Lithuania, Denmark, Poland and Sweden), January 2016 (euro area, Germany, the UK, Russia, world, the US and China) *World Economic Outlook* (IMF).

# 1. External sector and exports

## 1.1 External economic environment

In 2015, the global economic growth was slower than previously forecast. According to the preliminary IMF data, the GDP growth rate decelerated to 3.1% (3.4% in 2014). In the second half of 2015, the pickup in GDP measured mere 2.8% (less than anticipated). While in advanced countries in 2015 overall the GDP growth rate accelerated somewhat, the global GDP dynamics felt negative pressures from the continued loss of momentum in developing economies. Economic performance in both developed and developing countries was weaker than expected. Speaking about the GDP dynamics in emerging market and developing countries, slower economic progress in China and low commodity prices were primary factors affecting it adversely. In April 2016, given the intensification of overall risks related to heightened financial market sensitivity, geopolitical tension, terrorism threats and protectionism, the IMF revised downwards the outlook for the world economic growth. Consistently with the actual forecasts, global real GDP is projected to increase by 3.2% in 2016 and by 3.5% in 2017. The IMF downward revisions of the growth prospects affected most of Latvia's major trade partners, except Lithuania, Poland and Sweden (see Table 1).

According to the WTO preliminary assessment, global trade in goods expanded by mere 2.8% in 2015, while in value terms the trade volume contracted by 13.5%, due to the US dollar appreciation and sizeably rising prices of goods. The projections for 2016 imply that the pickup in trade volume will remain unchanged, at 2.8%.

Developing economies play a major part in the global economic progress. They are likely to drive the GDP growth also in the future, provided that China succeeds in rebalancing its economic activity. In 2015, GDP in developing economies picked up 4.0%, and, according to the IMF estimates, progress will continue in 2016 (4.1%) and 2017 (4.6%) as well. China recorded a 6.9% GDP pickup in 2015. Preliminary estimates of the first quarter performance in 2016 suggest that the GDP growth has amounted to 6.7% year-on-year. The quarter-on-quarter increase has albeit been weaker than anticipated despite the latest better-than-projected trade, inflation and lending indicators. Drawing on the robust domestic demand

Chart 1.1  
GDP ANNUAL GROWTH RATE IN INDIVIDUAL TRADE PARTNERS OF LATVIA (%)

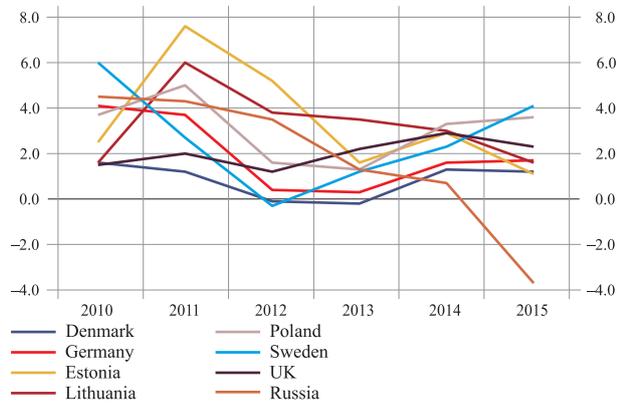


Chart 1.2  
PURCHASING MANAGERS INDEX IN MANUFACTURING IN LATVIA'S MAJOR TRADE PARTNERS (total seasonally adjusted indicator)

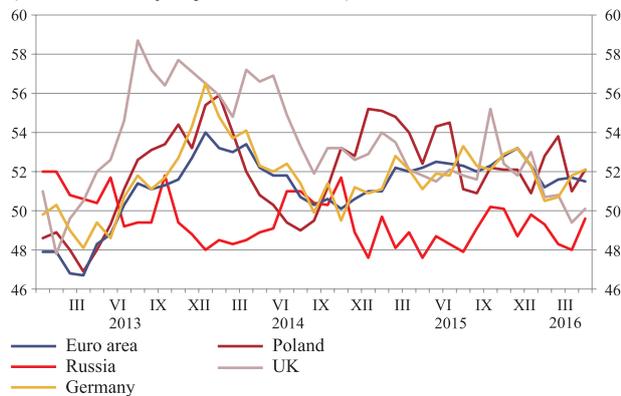
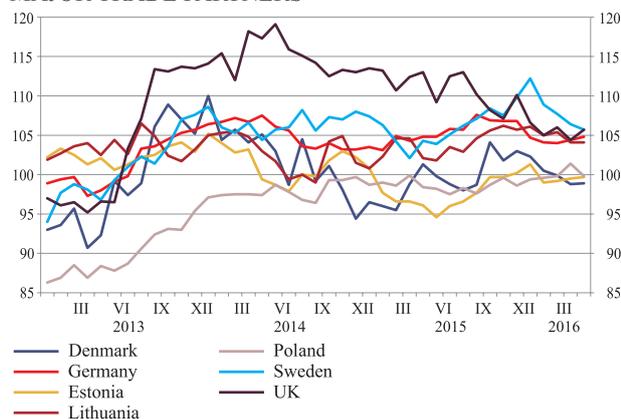


Chart 1.3  
ECONOMIC SENTIMENT INDICATOR IN LATVIA'S MAJOR TRADE PARTNERS



and good performance of the services sector, the IMF revised the growth outlook for China slightly upwards.

In advanced countries, the economic growth was much slower than in emerging market economies. It was still lagging behind the pre-crisis level. Economic progress is hindered by external and internal factors (negative demographic trends, insufficient productivity improvements, large sovereign debt in several countries). In 2015, GDP picked up 1.9%; forecasts imply that this rate will remain unchanged, at 1.9%, also in 2016, with growth momentum, to 2.0%, expected in 2017. Acceleration of the economic growth rate in 2015 was observed for the euro area and Japan, while in the US and the UK the pace decelerated. Even though the labour market situation had improved, the US economic growth towards the close of 2015 did not meet expectations. It was impacted by weaker export performance and domestic demand developments. In 2015 in general, economic activity in the US was adversely affected by the strong US dollar and shrinking investment in the energy sector. In the first quarter of 2016, the pace of US economic advance kept on declining. The euro area economy, in turn, driven by strong domestic demand, continued to recover gradually amid adverse external environment and sluggishly expanding global trade in goods (see Chart 1.1). In both the fourth quarter of 2015 year-on-year and 2015 as a whole vis-à-vis the previous year, GDP in the euro area increased by 1.6% (by 0.9% in 2014). The pace of GDP growth fell behind the projections and in the main was determined by contracting net exports due to external developments. Anxiety about global economic growth and financial market disruptions deteriorated consumer and business sentiments in early 2016 (see Charts 1.2 and 1.3). The euro area GDP picked up 1.5% in the first quarter of 2016. The dynamics of the purchasing managers' index data suggest that economic growth lost some momentum in the second quarter. Private consumption still figures as the main driver of growth; it is strengthening due to lower energy prices and also improved labour market situation, leading to higher wages in several euro area countries. Despite a downward trend, the euro area unemployment rate still hovers above 10%. Annual inflation in the euro area remains at a subdued level primarily due to the low oil and other commodity prices (-0.1% in May according to preliminary estimates).

After a weak performance record in 2015, some indicators point to a more vigorously rising external

demand for the euro area output in 2016. It will be supported by the anticipated gradual improvement of external environment and lagged effects of the previously declining euro effective exchange rate. Around one half of all goods exported from Latvia are sold in the euro area countries. A rising external demand will have a positive impact on Latvia's major trade partners in the euro area (Lithuania, Estonia and Germany), which import around one third of Latvia's total exports of goods. Outside the euro area, Poland and Sweden, major trade partners of Latvia, are characterised by resilient economic development, with their GDP growth exceeding 3%. Imports of these two states are projected to increase at a faster pace in 2016. In Russia and other CIS countries, which are significant export markets for Latvia, the economic activity is currently weak. The existing economic environment and restrictions on exports to Russia have a negative effect on Latvia's trade balance.

In Lithuania, GDP momentum continued to decelerate, recording a 1.6% pickup in 2015. This outcome was weaker than expected despite a slightly accelerating pace in the second half of the year and GDP growing by 2.0% year-on-year in the fourth quarter. It was mainly on account of external factors, in particular the sluggish economic activity in Russia and shrinking value added in construction. Economic advance in 2015 was driven by ever stronger domestic demand – private consumption and investment. The subdued external demand and sizeable shrinkages in exports to Russia notwithstanding, Lithuania's real exports expanded somewhat in 2015, with the pickup continuing into the first quarter of 2016 when Lithuania's GDP grew by 2.5% (according to preliminary estimates). Due to low prices of energy resources, average annual inflation turned negative (–0.7%) in 2015. In April 2016, annual inflation was stable, at 0.8%.

Annual growth in Estonia's GDP decelerated to 1.1% in 2015 (to 0.8% in the fourth quarter). In the year overall and in the fourth quarter in particular, the economic growth was most supported by agriculture while hindered by falling value added in transport and storage as well as in manufacturing and construction. Private consumption spurred by rising wages and hence also by higher purchasing power of the households, was the central trigger of growth. On the downside, however, growth was held back by insufficiently strong external demand, bringing about contractions in investment and exports. In 2015, exports from Estonia to Russia shrank by more than one third. According to preliminary estimates, GDP

recorded a 1.8% increase in the first quarter of 2016. Average annual inflation declined to -0.5% in 2015 basically on account of energy prices (standing at 0.0% in April).

GDP in Germany grew by 1.7% in 2015. The domestic demand was the key contributor to the economic growth, while deteriorating external environment had an adverse effect on the country's trade balance. In the fourth quarter of 2015, almost all sectors, construction and information and communication services in particular, recorded increases in value added. Economic growth in the first quarter of 2016 accelerated to 1.6%, i.e. above the pace of the fourth quarter of 2015 (1.3%), on the back of expanding consumption and better performance in the construction sector. In line with the forecast, GDP growth is likely to lose some momentum in the second quarter. According to preliminary data, annual inflation stood at 0.0% in May.

In the UK, GDP picked up 2.3% in 2015, including 2.1% in the fourth quarter. Uncertainty in connection with the June 23 referendum on whether the UK should remain a member of the European Union or leave the European Union is heavily weighing on the economy. At this juncture, non-financial corporations are postponing their investment decisions, operations with real estate and recruitment of new employees. According to preliminary estimates, the pace of GDP growth was down to 2.0% in the first quarter of 2016. Annual inflation remained at a low level in April (0.3%).

In 2015, Sweden succeeded in pushing up its GDP by 4.1%, including a year-on-year pickup of 4.8% in the fourth quarter. Economic growth was driven by the domestic demand and foreign trade, the latter being supported by the depreciation of the Swedish krona. The easing monetary policy of Sveriges Riksbank has added an extra impetus to economic growth. Preliminary released estimates point to a slightly decelerating yet still fast development of Sweden's economy in the first quarter of 2016, with GDP going up by 4.2%. Annual inflation stood at 1.0% in April 2016. Risks to the Swedish economy are on the upside as real estate (housing) prices, supported by the low interest rates, and the household debt burden are rising steeply.

Poland's economic growth was smooth and steady, with its GDP increasing by 3.6% in 2015 (more than expected), while in the fourth quarter alone the year-on-year pickup amounted to 4.0%. Domestic demand was the key contributor to growth. Gains

from household consumption and investment were also positive. Both consumer and business sentiments improved, and the labour market functioned well. According to preliminary assessment, GDP growth decelerated to 2.6% in the first quarter of 2016. The uncertainty related to external circumstances coupled with the low oil prices and relatively sluggish global economic advance are weighing on inflation, which slid down to -0.9% in 2015, to remain in the negative territory also in early 2016. Despite a rather good current economic performance, political risks have heightened. In January, the international credit rating agency Standard & Poor's cut Poland's sovereign credit rating from A- to BBB+ with negative outlook, referring to the reforms of the new government as imposing restrictions on the independence of public institutions. The projected conversion of mortgage loans from Swiss francs to Polish zlotys is likely to impact the banking sector negatively.

Russia's economy continued on a downward track in 2015. Country's GDP dropped by 3.7% (with a slightly faster fall by 3.8% in the fourth quarter of the year) due to lower oil prices and sanctions imposed by western countries. Contracting incomes adversely affected consumption and investment. The weakness of the Russian ruble likewise weighed on goods prices and household consumption. In 2015, average inflation amounted to 15.6%; in April 2016, annual inflation was stable, yet high (7.3%). While in the first quarter of 2016 the economic decline was still in progress (GDP lost 1.2%), the dynamics was more positive than expected, and industrial production posted some expansion.

## **1.2 Latvia's competitiveness and dynamics of goods exports**

Most recent data about the dynamics of the euro real effective rate deflated by related price and cost indicators suggest that in 2015 Latvia retained comparatively stable price and cost competitiveness. The real effective rate of the euro, calculated against a group of 37 trade partners using the GDP deflator, exports deflator and HICP, decreased somewhat vis-à-vis the figures of 2014. By contrast, the real effective rate of the euro, deflated by unit labour costs for the economy as whole and nominal unit labour costs in manufacturing, went up slightly. Nevertheless, the world trade updates imply that in nominal terms Latvia's export share in world imports has contracted. This gives rise to concerns about sustainability of competitiveness. As negative changes are faster in market shares than in those real effective rates, which

Chart 1.4  
EXPORTS OF GOODS  
(year-on-year; %)

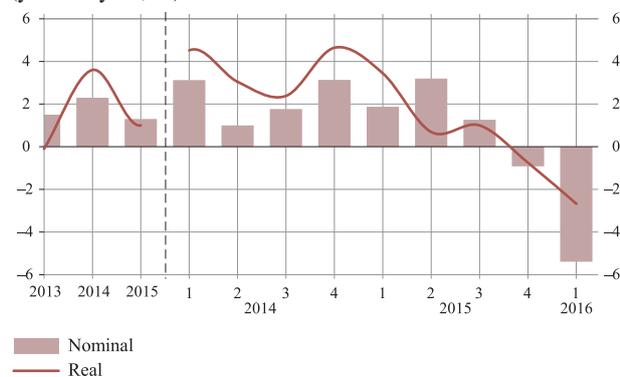
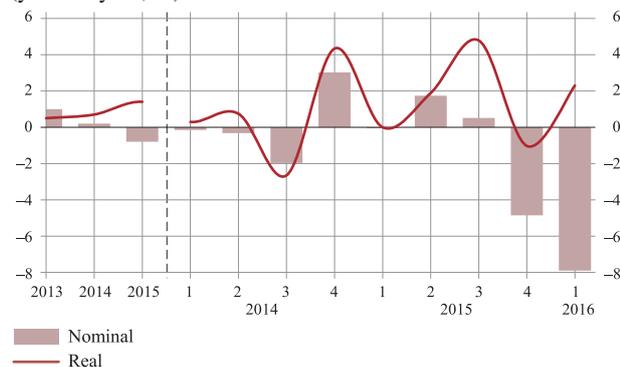


Chart 1.5  
IMPORTS OF GOODS  
(year-on-year; %)



have elevated, this contraction may be on account of non-compliance between the assortment of goods to be exported and rather sluggishly expanding foreign demand. The weak demand in the Russian market may serve as a specific case: goods produced for this particular market may be specific, and a new market to absorb them can be difficult to find immediately. However, this factor is unlikely to further reduce the market share in 2016.

Due to the tight international situation and extremely slow recovery of foreign demand, Latvia's exports and imports of goods contracted year-on-year both in nominal terms (by 0.9% and 4.9% respectively) and real terms (by 0.7% and 1.0% respectively) in the fourth quarter of 2015 (see Charts 1.4 and 1.5), with the most negative contribution coming from falling exports of prepared foodstuffs, mineral products, textile articles, machinery and electrical equipment.

In 2015 overall, however, exports of Latvian goods increased slightly (by 1.2%) even in the face of the falling demand from Russia and depreciation of the Russian ruble as well as slow and uneven development across the euro area countries. Imports of goods, in turn, went on stagnating for the third consecutive year and, in 2015 vis-à-vis 2014, contracted by 0.9%. Most important contributors to the annual increase were exports of machinery and electrical equipment, cereals, seeds, wood and articles of wood, optical and medical instruments and apparatus, paper and articles of paper, pharmaceutical products and miscellaneous manufactured articles, including furniture. Overall exports were adversely impacted by shrinking exports of mineral products and prepared foodstuffs, including some substantial decline in exports of alcoholic beverages to Russia and exports of dairy products due to Russia-imposed sanctions, lifting of milk quotas and low milk prices in the EU.

According to the CSB data for the first quarter of 2016, Latvia's foreign trade turnover, underpinned by continuously weak external demand, contracted by 6.7% year-on-year.

In the first quarter of 2016, exports of goods posted a year-on-year decline of 5.4%. This decline was mainly on account of negative contributions from machinery and electrical equipment, mineral products, textiles and textile articles. Exports of goods were positively impacted by rising export volumes of vegetable products, primarily cereals, wood and articles of wood, products of the chemical industry, building materials and prepared foodstuffs. By country, exports

of goods shrank to a number of Latvia's trade partners, including Lithuania (by 11.0%), Estonia (by 2.6%), Russia (by 17.7%), Sweden (by 3.7%) and Poland (by 26.8%). In the first quarter in annual terms, exports of goods continued to rise to Denmark (by 14.9%), Finland (by 12.3%), the UK (by 3.0%) and Germany (by 0.7%), as well as to so far non-conventional markets like France (by 25.7%), Bulgaria (by 27.6%) and Croatia (by 24.6%), also to Malta, Switzerland, Ukraine, Moldova, Turkmenistan, Uzbekistan, the United Arab Emirates, the Philippines, Saudi Arabia, Egypt, Algeria, Ethiopia, Kenya, Morocco, Mauritania, Nigeria and elsewhere.

Imports of goods contracted by 7.9% year-on-year primarily on account of smaller imported volumes of mineral products, metals, transport vehicles, machinery and electrical equipment, to be associated with oil price drops and sluggish manufacturing demand for commodities and investment.

For several groups of goods, e.g. articles of base metals, oil, etc., oversupply and growing stocks are recorded on the global scale, which in combination with the weak global demand thereby maintain downward pressure on prices. Notwithstanding the fact that falling prices reduce costs of commodities imported for the needs of production and enable commodity importers (Latvia among them) to narrow their current account deficits, further progress in Latvia's manufacturing and exports of goods may suffer from the deterioration of external environment and weakening of the demand in its trade partners.

## 2. Monetary Policy and Financial Markets

### 2.1 ECB monetary policy decisions, liquidity and money market developments

In its meetings of 3 December 2015 and 10 March 2016, the Governing Council of the ECB adopted several decisions aimed at further strengthening of the accommodative monetary policy. The decisions were taken to ensure a return of inflation towards its medium-term objective, taking into account multiple reductions of inflation forecasts and the remaining downward risks in relation to further development of inflation.

In its December meeting, the Governing Council of the ECB decided to decrease the interest rate on the deposit facility from  $-0.20\%$  to  $-0.30\%$  (with effect from 9 December), but all key ECB interest rates were lowered in the March meeting. The interest rate on the deposit facility was reduced from  $-0.30\%$  to  $-0.40\%$ , the interest rate on the main refinancing operations – from  $0.05\%$  to  $0.00\%$  and the interest rate on the marginal lending facility – from  $0.30\%$  to  $0.25\%$  (with effect from 16 March).

It was decided at the December meeting to extend the expanded APP by 6 months (until March 2017), expand the range of securities purchased by the national central banks within the expanded APP by euro-denominated securities issued by regional and local governments located in the euro area as well as to reinvest the nominal value of the securities purchased under the expanded APP as they mature, for as long as necessary.

It was decided at the March meeting to increase the amount of the securities purchased within the expanded APP from 60 billion euro to 80 billion euro per month as of April and to supplement the expanded APP by a new asset purchase programme. Investment-grade euro-denominated bonds issued by non-bank corporations established in the euro area will be purchased within the framework of this programme. These securities must fulfil the requirements of securities eligible for ECB monetary policy operations. Purchase of such bonds was commenced on 8 June 2016, and the Eurosystem will purchase up to 70% of single issue securities both in the primary and secondary markets. The Eurosystem will purchase debt securities with a remaining maturity from 6 months to 30 years, thus providing an opportunity for the real sector to receive funding on

better terms. To ensure further successful execution of the expanded APP, the limit of securities issuer and issue with regard to international institutions and development banks was increased from 33% to 50%.

The forward guidance in relation to the key ECB interest rates was reinforced in the March meeting. The Governing Council of the ECB expects the key ECB interest rates to remain at present or lower levels for an expected period of time, and well past the horizon of the net asset purchases.

In addition, it was decided to conduct four new targeted longer-term refinancing operations (TLTROs II) as of June 2016. Funding at very low interest rates with maturity of 4 years will be made available to credit institutions for lending to the economy. Interest rates on the funds borrowed within the above operations will be allowed to reach the ECB interest rate on the deposit facility provided that credit institutions fulfil specific terms. This means that the central banks will make payments to credit institutions to encourage lending to the economy.

The Eurosystem continued successful implementation of the expanded APP. During the 13 months of the implementation of the programme, the average monthly asset purchase volume was 60.3 billion euro. This is consistent with the ECB aim to purchase assets for a total amount of 60.0 billion euro on a monthly basis until March 2016. In April, asset purchases amounted to 85.2 billion euro (since April 2016, the asset purchase target is an average of 80 billion euro per month). Until June 2016, Eurosystem under the expanded APP had purchased securities with a present remaining balance sheet value of 995.9 billion euro, including asset-backed securities totalling 19.1 billion euro, covered bonds in the amount of 177.4 billion euro and public sector securities for a total of 799.4 billion euro (see Chart 2.1). Since October 2014, the expanded APP made it possible to increase the total assets of the Eurosystem's balance sheet by 49% to 3.1 trillion euro.

The sixth and seventh TLTRO tenders were conducted in December 2015 and March 2016 when the Eurosystem allotted 18.3 billion euro and 7.3 billion euro respectively. The above amounts were significantly smaller than those of previous operations when the average of 79.9 billion euro was allotted in each operation. The number of the credit institutions participating in TLTROs also decreased from an average of 184 credit institutions during the first five operations to 55 and 19 credit institutions during the sixth and seventh operations respectively. Latvian

Chart 2.1  
BALANCE OF THE EXPANDED APP ON THE  
EUROSYSTEM'S BALANCE SHEET BY PROGRAMME  
(billions of euro)

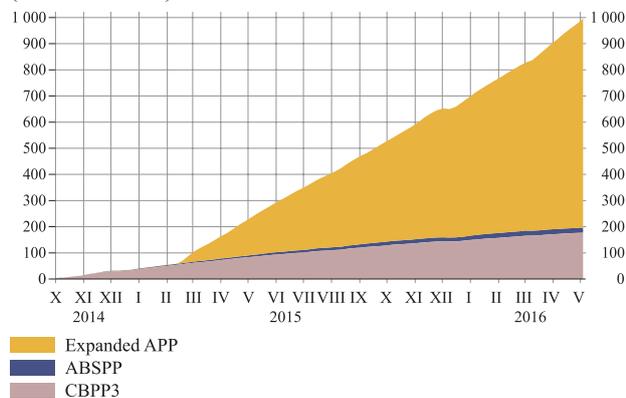
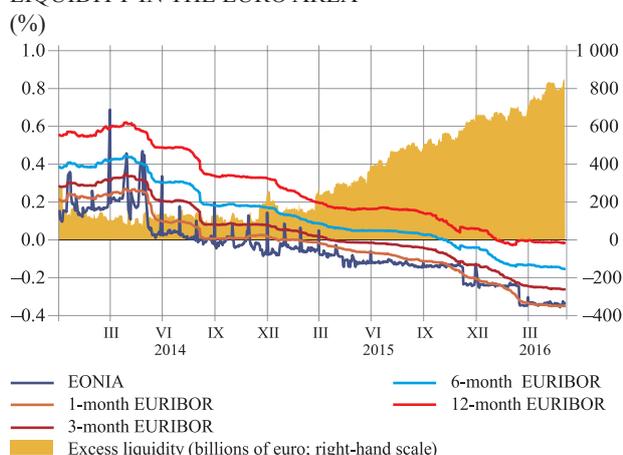


Chart 2.2  
MONEY MARKET INTEREST RATES AND EXCESS LIQUIDITY IN THE EURO AREA



credit institutions received 33.0 million euro at the TLTRO conducted in December, but no Latvian credit institutions participated in the March TLTRO. Within the framework of the seven TLTROs, the Eurosystem granted 425.1 billion euro to credit institutions of the euro area, including 245.0 million euro to Latvian credit institutions. The next TLTRO, which is also the last one, will be conducted in June when TLTRO II will be launched simultaneously.

The ECB's accommodative monetary policy continues to affect money market developments. Market participants priced the decrease in the key ECB interest rates in March in the short-term money market rates, while money market rates have remained relatively stable after the March meeting. In April and May, EONIA stabilised around the level of  $-0.35\%$  and the 3-month EURIBOR – at about  $-0.25\%$  (see Chart 2.2).

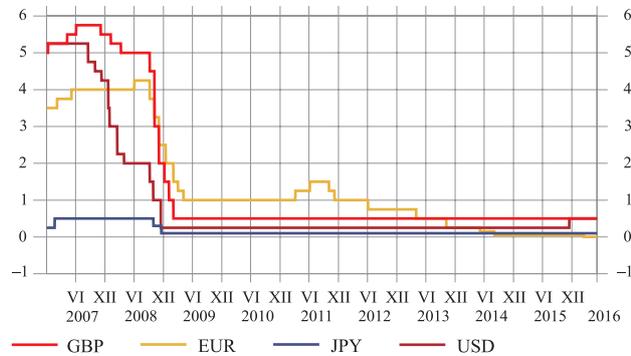
Overall, the monetary policy measures implemented since June 2014 have improved financing conditions in the euro area. The accommodative monetary policy measures have a continuous favourable effect on costs of and access to loans granted to non-financial corporations and households, as well as on credit flows in the euro area.

## 2.2 Global financial markets and main decisions of other central banks

In the first months of 2016, global financial markets were concerned about the deceleration of the world's economic growth, persisting low prices for oil and other commodities, political risks as well as asset quality and profitability of credit institutions. Amid ruling uncertainty, financial market volatility aggravated, stock prices dropped while those for investment grade bonds elevated. Further on, with the downward trend in oil prices ending and the ECB, along with other central banks, intensifying monetary easing, financial market tensions softened and risk assets recovered a part of their value lost at the start of the year.

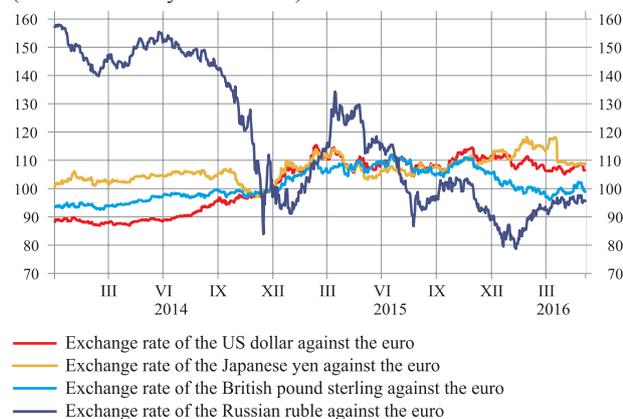
As of early December until mid-April, risks to the global outlook amplified, and inflation projections were revised downwards. On the backdrop of such developments, also the Bank of Japan at its 29 January meeting opted for a more accommodative monetary policy. A new system of dividing the outstanding balance of account into three tiers was introduced, with different  $-0.1\%$ ,  $0.0\%$  and  $-0.1\%$  – interest rates applied to each one. As a result, a negative interest rate is applicable only to a part of credit institutions' deposits.

Chart 2.3  
BASE RATES  
(%)



The US entered the year 2015 as one of the most dynamically growing advanced economies on the globe; this induced the FRS to launch monetary policy tightening. In December 2015 for the first time in over nine years of close-to-zero interest rates, the FRS raised the federal funds rate from 0.00%–0.25% to 0.25%–0.50% (see Chart 2.3). The Federal Open Market Committee is committed to subsequent interest rate increases also in 2016, while rate hike expectations in the market have fallen. At the close of 2015, markets anticipated the FRS to raise interest rates at least twice in 2016; in early June, however, the expectations have changed and the benchmark rate hikes were projected only for December 2016. Expectations that depend on the US economic growth indicators had a significant impact on financial market developments. Mainly due to their weakening, the US dollar depreciated against the euro: between the start of 2016 and early June, the euro appreciated from 1.09 to 1.13 US dollars per euro.

Chart 2.4  
EXCHANGE RATE OF US DOLLAR, RUSSIAN RUBLE,  
BRITISH POUND STERLING AND JAPANESE YEN  
AGAINST EURO  
(index: 1 January 2015 = 100)



Likewise, the expectations about a change in the Bank of England's monetary policy have fallen, with the bank's monetary policy stance remaining unchanged in the reference period. The exchange rate of the British pound sterling has been affected by worries regarding the upcoming UK EU membership referendum on 23 June. Country's exposure to political uncertainty has brought about sizable instability for businesses and financial markets: transactions and investment projects are postponed, investors' heightened risk aversion is well-founded, and their funding goes to less-risky assets. Since December 2015, the euro exchange rate against the British pound sterling has appreciated by 11.4% (0.79 British pound sterling to euro). Meanwhile in the first quarter, the Japanese yen stabilised against major currencies of the world despite the new monetary policy stimuli and falling interest rates, to depreciate again in May (see Chart 2.4).

Market concerns about the persisting low oil prices intensified; this might potentially have an adverse effect not only on oil producers but also on other related market participants. Low oil prices generally affect profits of oil-producing companies and their debt-repayment capacity. Oil companies also minimise their investment in growth, thus adversely affecting building and infrastructure companies. Market sentiments notably improved in mid-February 2016, when oil prices rebounded from 12-year lows.

Due to evolving market adjustments, credit institutions in advanced countries have become more resilient to various shocks; nevertheless, concerns

Chart 2.5  
YIELDS ON GERMAN AND US 10-YEAR GOVERNMENT BONDS AND THEIR SPREADS

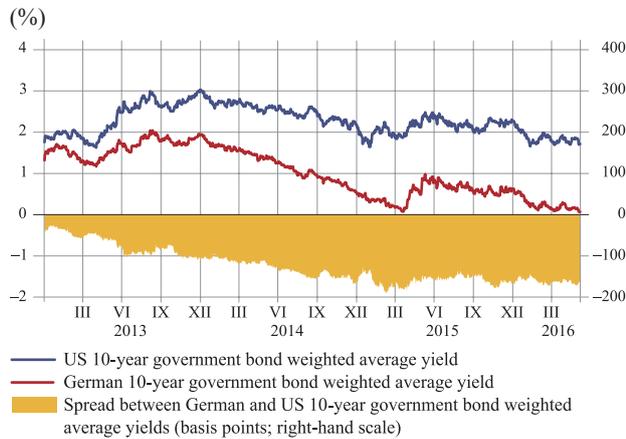
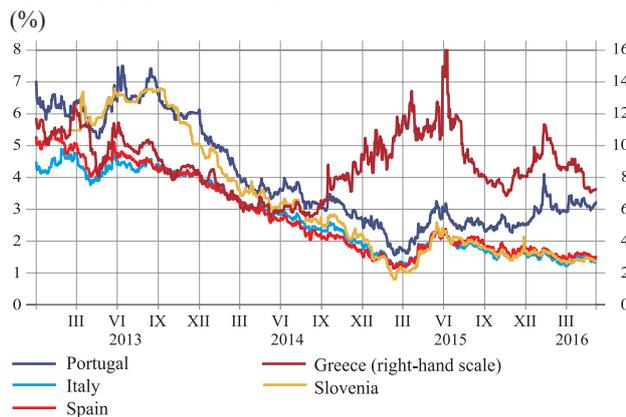


Chart 2.6  
10-YEAR GOVERNMENT BOND YIELDS OF EURO AREA PERIPHERAL COUNTRIES



about asset quality and profitability heightened in initial months of 2016. With the negative interest rate values on central bank deposits progressively rising, euro area credit institutions are facing new challenges. Deposits are difficult to attract at negative interest rates, while interest income from loans is contracting along with falling money market interest rates which decrease profits gained from interest rate spreads. Similarly, a stronger focus is placed on asset quality of credit institutions, investments related to oil-producing companies, and the large share of non-performing loans.

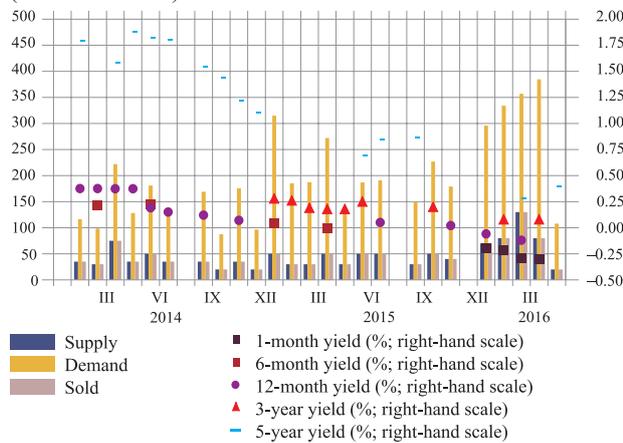
The government bond market was the mirror of market participants' negative sentiments. Amid uncertainty due to high demand the yields on government bonds narrowed. Over the period from early December to early June, the average weighted yield on German 10-year government bonds contracted by 39 basis points (to 0.07%), whereas that on the respective US government bonds fell by 43 basis points (to 1.71%; see Chart 2.5). Yields on 10-year bonds of euro area peripheral country governments did not change substantially, with Portugal and Greece being exceptions: the average weighted yield on the former's 10-year government bonds increased by 95 basis points, while that on the latter's decreased by 26 basis points (see Chart 2.6).

### 2.3 Securities market

With the expanded APP continuing, from November 2015 to April 2016 Latvijas Banka's balance sheet item "Securities held for monetary policy purposes" grew by an average monthly amount of 199.8 million euro, reaching 2 641.2 million euro. At its 10 March meeting, the Governing Council of the ECB decided to increase the monthly purchases under the expanded APP from 60 billion euro to 80 billion euro starting from April; therefore, the securities purchases by Latvijas Banka can also be expected to grow.

From December 2015 to May 2016, the Treasury supplied government securities in the amount of 380.0 million euro in the domestic primary market. Aggregate bids amounted to 1 479.1 million euro and the entire amount supplied was sold. The Treasury offered 3-week and 12-month Treasury bills as well as 3-year and 5-year Treasury bonds. All 3-week Treasury bonds matured within the same month and currently their yield is negative (−0.30% at the April auction). At the auctions of 12-month Treasury bills, the average yield declined from 0.02% in November to −0.12% in March. The yield on 5-year bonds

Chart 2.7  
AUCTIONS OF GOVERNMENT SECURITIES  
(millions of euro)



contracted considerably: from 0.86% at the previous auction in September to 0.40% in May (see Chart 2.7).

In December, the Treasury refinanced the previously-issued US dollar denominated bonds maturing in about five years' time by a respective maturity euro-denominated bonds in the international financial markets. The aggregate nominal value of repurchased bonds reached 650 million US dollars, while new securities in the amount of 550 euro were issued. The yield on the new 5-year euro-denominated bonds was 0.532%, and the bids exceeded the supply 3 times. According to the Treasury's estimates, this has secured a reduction in debt servicing costs by about 85 million euro in the period up to 2021.

In May, the Treasury launched bonds with the historically longest maturity of 20 years in the external market. Bids exceeded the supply 3 times, and the yield at 1.51% represented an all-time low for long-term bonds. These securities as well as the 5-year euro-denominated bonds launched in December in the external market are considered eligible assets for the purposes of the expanded APP.

As concerns the secondary market, the bid yield on Latvian government euro-denominated bonds launched in the external market and maturing in 2025 decreased from 1.12% at the end of November to 0.49% in June (see Chart 2.8). The spread over the same maturity German government bonds narrowed from 66 basis points to 55 basis points. Moreover, the yields of German government bonds experienced one of the steepest falls in the whole euro area, with the yield on 9-year bonds even entering a negative territory. The shrinking of the yields on government securities was supported by the ECB's decisions to increase the monthly purchases under the expanded APP, cut the key ECB interest rates and the announced launching of a new corporate sector purchase programme in June.

Chart 2.8  
LATVIAN GOVERNMENT BOND BID YIELDS (%)

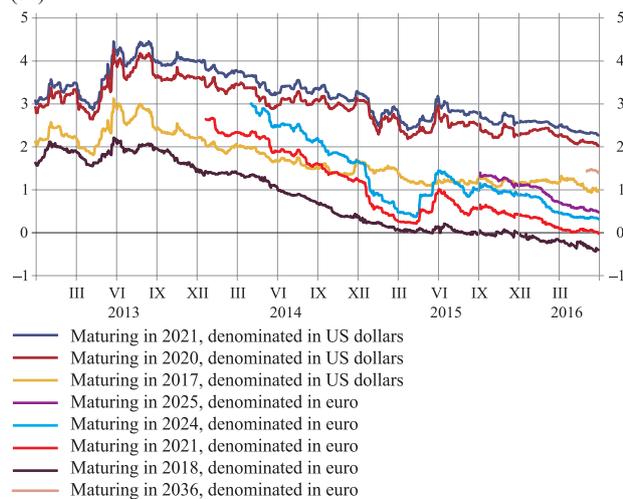
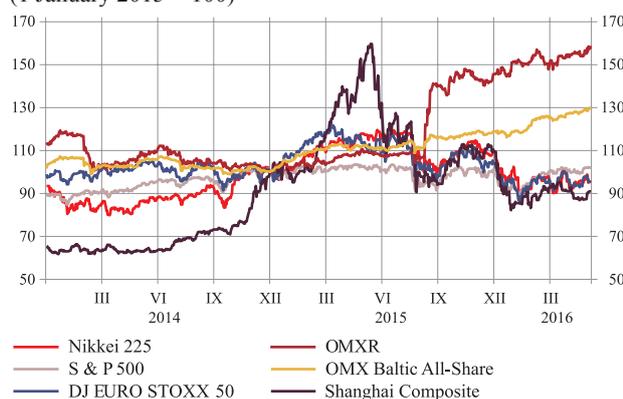


Chart 2.9  
STOCK PRICE INDICES  
(1 January 2015 = 100)



Nasdaq Riga share price index OMXR appreciated by 10.7% from the end of November 2015 to 6 June 2016, whereas the Baltic share price index OMXBGI appreciated by 9.6%. The profit ratios of Baltic businesses were good and their earnings to share value ratios remain high in comparison with other euro area countries. At the same time major global stock markets mostly experienced a down-slide: in Germany, France and Japan stock price indices decreased by 11.1%, 10.8% and 16.0% respectively, whereas the US stock price index S&P 500 appreciated by 1.4% (see Chart 2.9). European stock market suffers from the low economic growth

Chart 2.10

INTEREST RATES ON MFI NEW LOANS IN EURO TO NON-FINANCIAL CORPORATIONS (%)

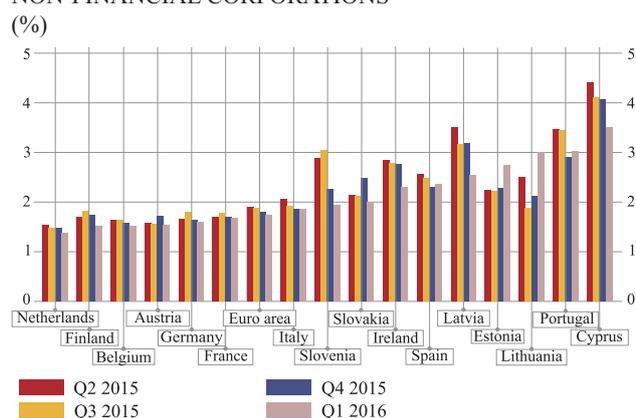
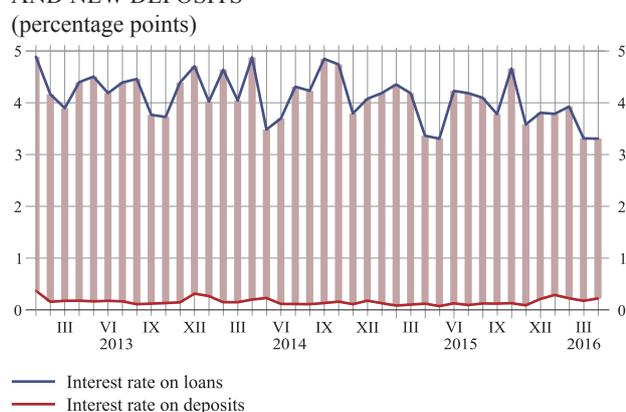


Chart 2.11

SPREAD BETWEEN INTEREST RATES ON NEW LOANS AND NEW DEPOSITS (percentage points)



and bank profitability risks, while in Japan the central bank has run out of possibilities to increase its economic stimulus. The US economic data were better than expected, the risks of recession decreased and the federal funds rate will be raised more gradually.

## 2.4 Lending and deposit rates

As a result of the accommodative monetary policy, the euro money market interest rates decreased in the euro area as did borrowing costs of credit institutions of the euro area. Therefore, lending rates continued a downward trend, albeit at a slower pace than before. The results of a survey of euro area credit institutions suggest that stronger competition among credit institutions in the euro area facilitates the narrowing of the spread over the money market reference interest rate on loans to non-financial corporations and households. Differences in interest rates on new loans tend to go down in the euro area (see Chart 2.10). Net interest income of euro area credit institutions is gradually shrinking, encouraging credit institutions to look for alternative revenue-generating ways. Similar trends are also observed in Latvia.

In Latvia, the gradual decline in the euro money market rates and the increase in competition among credit institutions continued to affect lending rates. Deposit rates are relatively low, and there are almost no more opportunities for their reduction in the environment of the negative money market rates. The spread between the rates on new loans and new deposits is volatile, but in April 2016 it was one of the lowest over the past five years (3.1 percentage points; see Chart 2.11).

The weighted average rate on new euro loans to non-financial corporations granted by MFIs went down by 3.4% in October 2015 and 2.5% in April 2016. It was primarily on account of development of lending to large enterprises as large loans over 1 million euro prevail in the total amount of new loans to non-financial corporations. Due to gradual decline in EURIBOR and the narrowing of the spread over the money market reference interest rate, the weighted average interest rate on new large loans to non-financial corporations granted by MFIs edged down from 3.1% in October 2015 to 2.2% in April 2016. The narrowing of the spread in this lending segment was supported by stronger competition among credit institutions as they were more active in granting loans to large enterprises having a reputation of reliable co-operation partners. Latvian credit institutions did not significantly change the spread over the money market

Chart 2.12  
MARGINS ON LARGE NEW LOANS IN EURO TO NON-FINANCIAL CORPORATIONS AND CHANGES IN INTEREST RATES ON LOANS TO THE LARGE NON-FINANCIAL CORPORATIONS

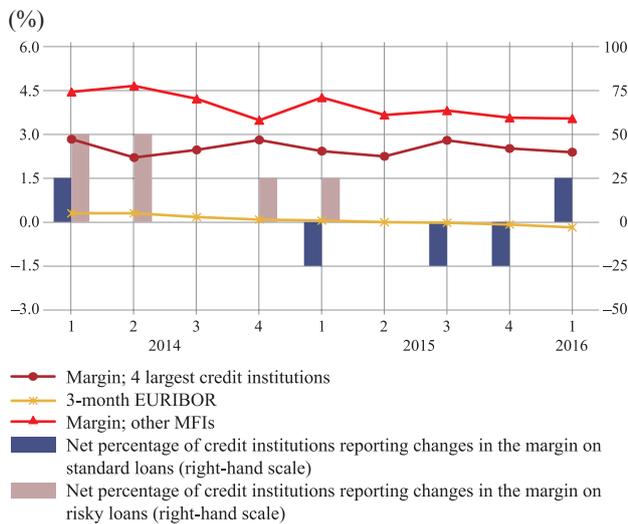
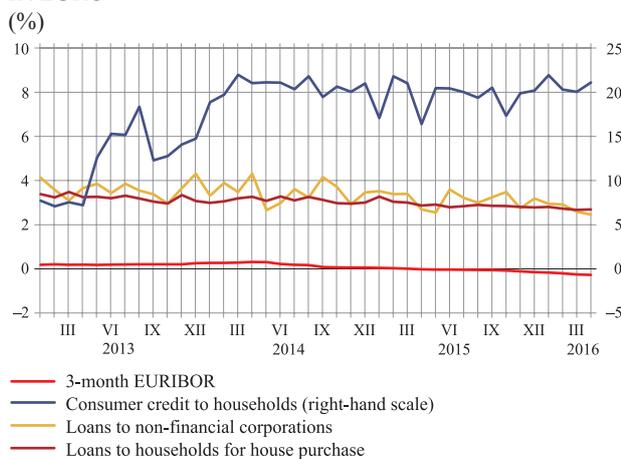


Chart 2.13  
INTEREST RATES ON MFI NEW SHORT-TERM LOANS IN EURO\*



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

reference interest rate on loans to small and medium-sized enterprises. Therefore, the weighted average rate on new small euro loans up to 250 thousand euro to non-financial corporations shrank at a more moderate rate of 4.6% in October 2015 and 4.4% in April 2016. The weighted average rate on new medium euro loans to non-financial corporations granted by MFIs went down by 4.0% in October 2015 and 3.9% in April 2016.

With the euro money market interest rates declining, the weighted average interest rate on new euro loans to households for house purchase is slowly edging down (3.2% in October 2015; 3.1% in April 2016). Amid prevailing moderate competition, credit terms and conditions were not eased considerably in this lending segment. According to the results of the euro area bank lending survey, one of the four surveyed Latvian credit institutions reported that due to competition among credit institutions it narrowed the spread over the money market reference interest rate in the first quarter of 2016 (see Chart 2.12).

In April 2016, the weighted average interest rate on consumer credit to households was 1.6 percentage points higher year-on-year (see Chart 2.13). The euro area bank lending survey suggests that the interest rate on consumer credits fluctuates depending on the type and risk of the granted loan. Credit institutions did not change the spread over the money market reference interest rate in the reporting period.

The interest rates on new euro deposits received from households and non-financial corporations tend to follow the money market rates; however, their further decline is limited in the environment of negative euro money market rates. Given the present state of play, households tend to look for new opportunities to invest at higher interest rates, including long-term deposits. Therefore, in April, the weighted average interest rate on new fixed-term euro deposits from households was 0.3 percentage point or 0.5% lower year-on-year. The weighted average interest rate on new fixed-term euro deposits received from non-financial corporations remained close to zero.

## 2.5 Dynamics of domestic loans and deposits

In the fourth quarter of 2015 and first quarter of 2016, development of monetary aggregates was characterised by stability which was influenced to a certain extent by seasonality in December and January. Meanwhile, the cancellation of the licence of the JSC TRASTA KOMERCBANKA had a slightly negative effect on outstanding loans and deposits, but the unusual increase in the loan portfolio was on account of a loan granted by a credit institution to its subsidiary, a leasing company. An increase in deposits received from non-financial corporations and households by credit institutions was more dynamic in the fourth quarter of 2015 and more moderate in the first quarter of 2016 (5.8% and 1.3% respectively), while the domestic loan portfolio in the fourth quarter of 2015 and first quarter of 2016, taken together, contracted only by 0.5%. Overall, significant trend changes in lending have not occurred yet; however, the annual rate of decline in loans to non-financial corporations and households observed in April was replaced by a minimum annual growth. A rise in activity of leasing companies contributed to continued rapid growth of lending to non-bank financial institutions. In April, deposits received by credit institutions exceeded the level of the respective period of the previous year by 11.7%, but the loans granted – by 0.1%. Both indicators improved over the past seven months (in September 2015, the annual growth rate of deposits was 9.0%, but the annual rate of decrease in loans – 3.7%).

Overnight deposits made by residents of the euro area with Latvian credit institutions in October 2015–April 2016 augmented by 9.0%, and deposits redeemable at notice increased by 9.2%, while deposits with an agreed maturity of up to 2 years declined by 0.5% (see Chart 2.14). Latvia's overall impact on the euro area money supply was on the upside, i.e. Latvia's contribution to the monetary aggregate M3 went up by 7.5% during the last seven months, and its annual growth rate reached 10.5%.

In general, over the past seven months, i.e. between October 2015 and April 2016, household deposits grew by 4.9% (the annual growth rate of deposits was 5.7% in April) and deposits of financial institutions and non-financial corporations picked up by 13.0% (the annual growth rate of deposits reached 19.3% in April; see Chart 2.15). The increase in deposits received from households was slower than that of deposits attracted from non-financial corporations, still pointing to the fact that income growth was

Chart 2.14  
LATVIA'S CONTRIBUTION TO THE EURO AREA MONEY SUPPLY  
(billions of euro)

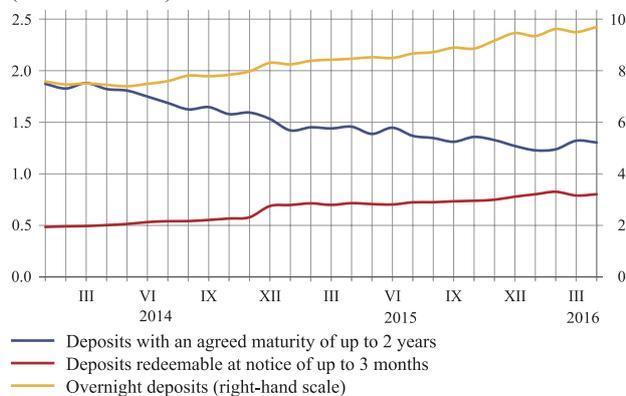


Chart 2.15  
ANNUAL RATE OF CHANGE IN RESIDENT DEPOSITS (%)

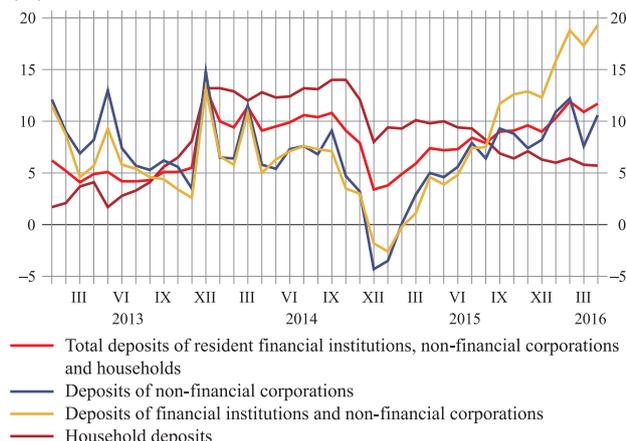


Chart 2.16  
RESIDENT DEPOSIT DYNAMICS  
(billions of euro)

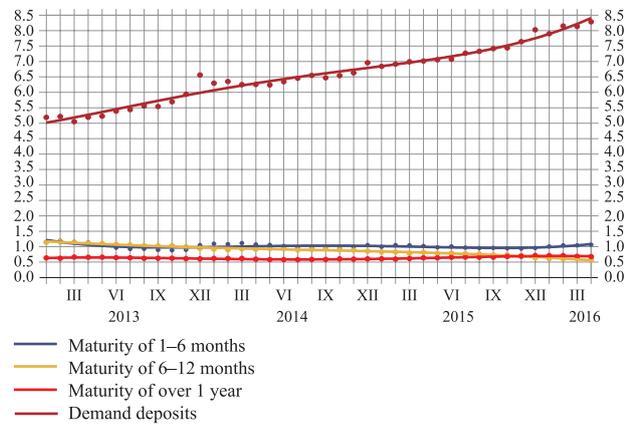


Chart 2.17  
ANNUAL RATE OF CHANGE IN RESIDENT DEPOSITS  
(%)

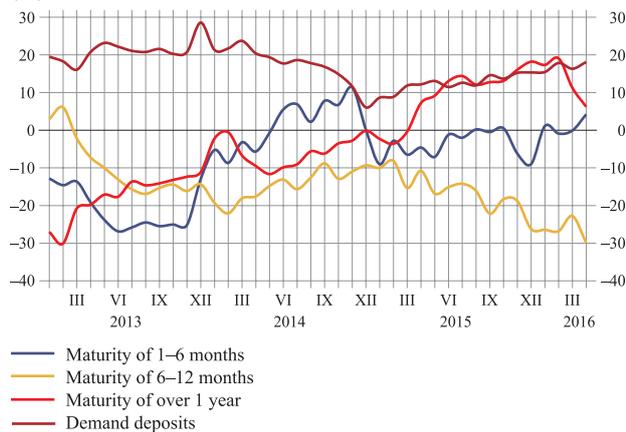
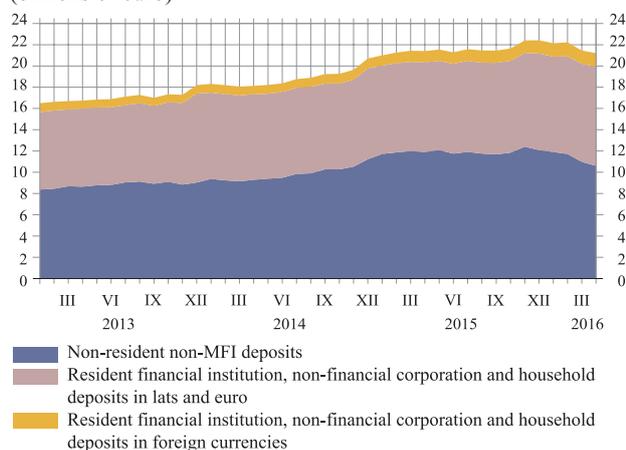


Chart 2.18  
NON-MFI DEPOSIT DYNAMICS  
(billions of euro)



more directed towards consumption. This is apparent from the continuous positive dynamics of retail trade turnover. Meanwhile, non-financial corporations most likely make savings for investment, including for co-financing of the anticipated launch of EU-funded programmes. The deposit growth was still primarily driven by a rise in overnight deposits; however, deposits redeemable at notice also increased moderately as well as deposits with maturity of 1–2 years (see Charts 2.16 and 2.17). Deposits grew irrespective of the relatively low yield. For example, in October 2015–April 2016, the weighted average annual interest rate on fixed-term euro deposits made by non-financial corporations was only 0.03% (the weighted average annual interest rate on deposits made by households stood at 0.65%). Although credit institutions have discussed the introduction of negative interest rates as a theoretical option to be considered, the good profit indicators of Latvia's credit institution sector (also as compared to those of the euro area as a whole) and the possibility of customers to select a service provider do not give grounds for such a trend to develop.

In the fourth quarter of 2015, deposits by non-resident non-MFIs continued to increase further, while in January 2016–April 2016, deposits by non-resident non-MFIs fell by 12.3% (see Charts 2.18 and 2.19) due to acute challenges linked to money laundering and intensified supervision of this area as well as due to the cancellation of the licence of the JSC TRASTA KOMERCBANKA which provided services primarily to non-residents. Liabilities to non-resident credit institutions continued to decrease gradually by 5.8% in October 2015–April 2016.

Chart 2.19

CREDIT INSTITUTION FOREIGN LIABILITIES  
(billions of euro)

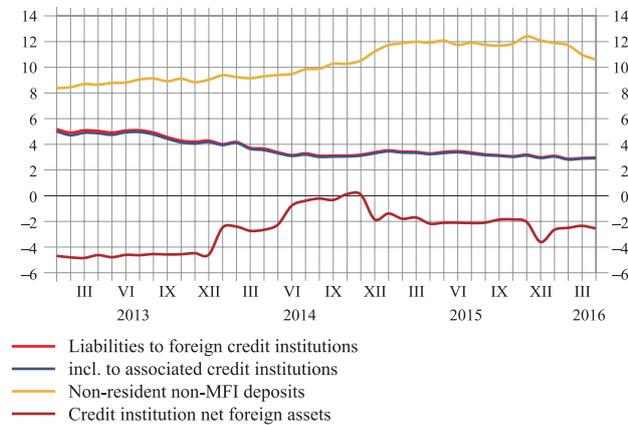


Chart 2.20

ANNUAL RATE OF CHANGE IN LOANS TO RESIDENTS  
(%)

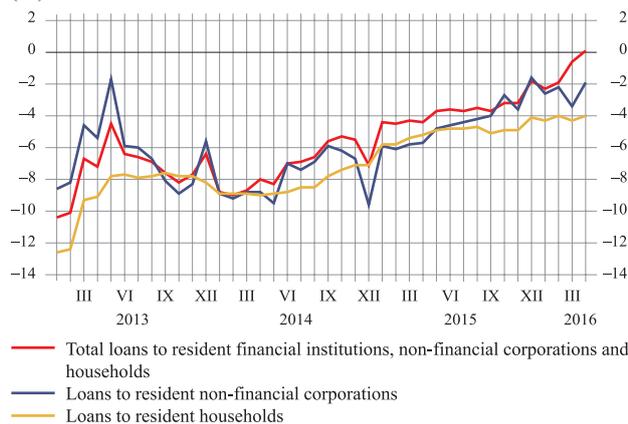
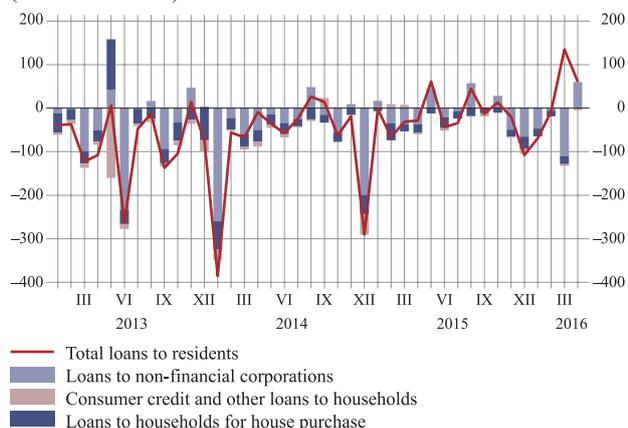


Chart 2.21

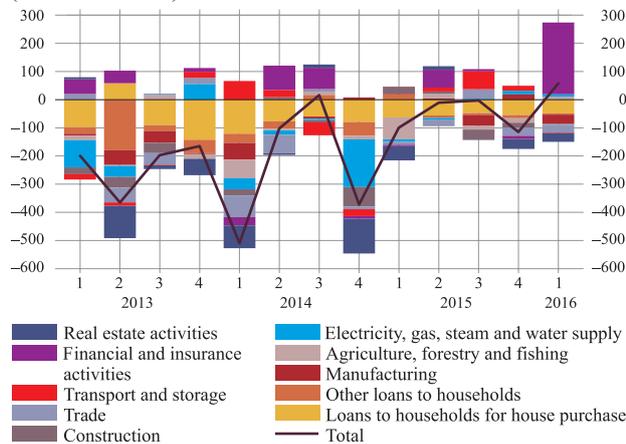
MONTHLY CHANGE IN LOANS TO RESIDENT  
HOUSEHOLDS AND NON-FINANCIAL CORPORATIONS  
(millions of euro)



Although the Eurosystem's accommodative monetary policy contributed to lending recovery in the euro area as a whole, the domestic loan portfolio of credit institutions in Latvia contracted further until February; however, the negative lending trends gradually disappeared. With loans to financial institutions augmenting, total domestic loans even expanded slightly by 1.0% in the first four months of 2015. Thus, the share of loans in assets of credit institutions recorded a minor pickup (from 39.4% in September 2015 to 40.8% in April 2016). With loans expanding in October, March and April, loans to non-financial corporations edging up in October and April and loans to households continuing to decrease on a monthly basis, domestic loans granted by credit institutions went up by 3.2 million euro in October–April. The annual rate of change in loans improved in general (see Chart 2.20), in relation to loans to non-financial corporations from –4.0% in September 2015 to –1.9% in April 2016 and regarding loans to households from –5.1% to –4.0% respectively. Overall, in September 2015–April 2016, loans to households diminished by 2.2% and loans to non-financial corporations shrank by 3.0% (for monthly changes in loans see Chart 2.21), but loans to financial institutions augmented by 49.9%. The decrease in the level of household debt was driven by the contraction (2.2%) of loans for house purchase, while consumer credit increased by 2.4%. At the end of April, 96.0% of all domestic loans were granted in euro and 4.0% – in foreign currencies.

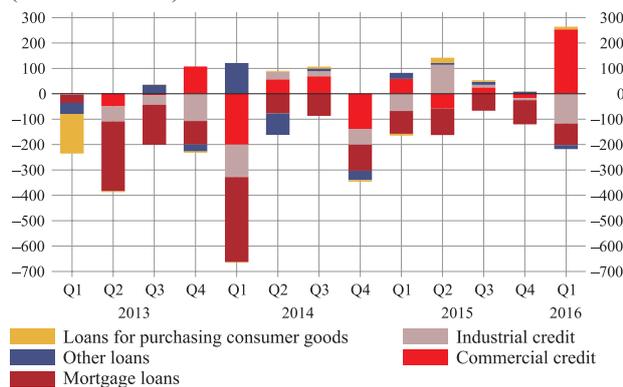
In October 2015–March 2016, loan investment boosted in several sectors of the economy, including forestry, manufacture of products of wood, beverages, textile articles as well as fabricated metal products, in energy and water supply, individual subsectors

Chart 2.22  
STRUCTURE OF CHANGES IN DOMESTIC LOAN PORTFOLIO  
(millions of euro)



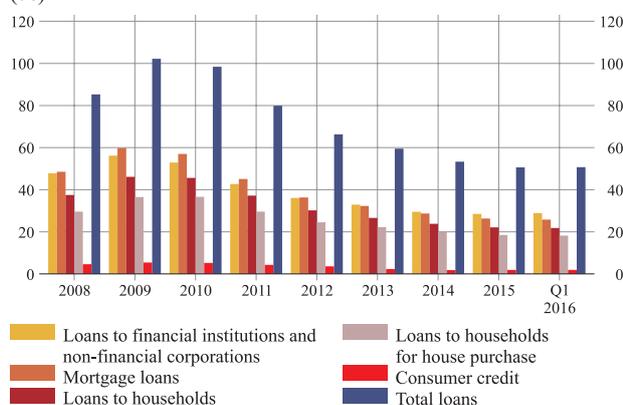
of transport, information and communication services and several subsectors of financial activity. Meanwhile, loan investment in crop and animal production, manufacture of wearing apparel, chemicals, pharmaceutical preparations and basic metals, in construction, wholesale trade, storage as well as in real estate activities contracted most notably (see Charts 2.22 and 2.23). Overall, the rate of decline in lending decreased in most economic sectors, but in comparison with the same period of the previous year loan investment in crop and animal production, manufacture of beverages, textile articles and wood, in energy and water supply, water transport, storage, information and communication services, accommodation and catering services as well as in individual financial services recorded an increase.

Chart 2.23  
CHANGES IN LOANS TO RESIDENTS  
(millions of euro)



With the loan portfolio shrinking and GDP growing, the credit-to-GDP ratio continued a downward trend contracting from 51.4% in the third quarter of 2015 to 50.7% in the first quarter of 2016 (see Chart 2.24). Since the total resident deposits expanded and loans remained broadly unchanged, the ratio of loans to residents and resident deposits dropped from 1.28 in September 2015 to 1.18 in April 2016 (see Chart 2.25).

Chart 2.24  
RESIDENT LOANS TO GDP  
(%)



Developments of monetary aggregates continue to indicate that the economy is stable. Monthly changes are relatively heterogeneous, but annual dynamics of deposits and loans show explicit changes. The dynamics of Latvia's economic development, including the need to co-finance the uptake of EU funds and a rise in domestic consumption, as well as the lending policy implemented by credit institutions allow expecting similar dynamics of deposits and loans also in 2016. Enterprises are likely to make their savings by holding back and saving capital for investment and co-financing of EU-funded projects, but at the same time they also increase their future creditworthiness. This could both ease the lending policy implemented by credit institutions and support economic growth in the future. Several credit institutions have voiced their intention to attribute priority to small and medium-sized enterprises in the non-financial corporation sector and lending to farmers, e.g. the loans granted by the JSC *Citadele banka* to customers of this group during the first quarter recorded a year-on-year rise of 50%. The ECB's accommodative monetary policy with its low interest rates could also contribute to lending. An increase in loans to financial institutions suggests that the leasing and factoring sectors have the potential, and this increase allows expecting leasing companies

Chart 2.25  
RESIDENT LOAN TO DEPOSIT RATIO



to make a growing contribution to the economy. Representatives of the Association of Commercial Banks of Latvia and the largest credit institutions also see positive changes in lending on the supply and demand sides in 2016. Consumer credit to households will continue to expand, while a decrease in loans for house purchase will decelerate as credit institutions believe that the environment for loans for house purchase in Latvia is currently favourable, and the new mortgage loans as well as the involvement of credit institutions in the programmes of house insulation will grow. The predictable low interest rates and a rise in income of population will support lending to households. Neither the macroeconomic environment nor the assessment provided by market participants show that the situation in the lending sector could deteriorate. Meanwhile, the results of the bank lending survey conducted at the end of March indicate that the demand for loans by non-financial corporations and households will edge up in the second quarter. Consequently, the recovery of positive annual growth in lending to non-financial corporations is expected to take hold in late 2016 or early 2017, but in lending to households – in 2018.

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

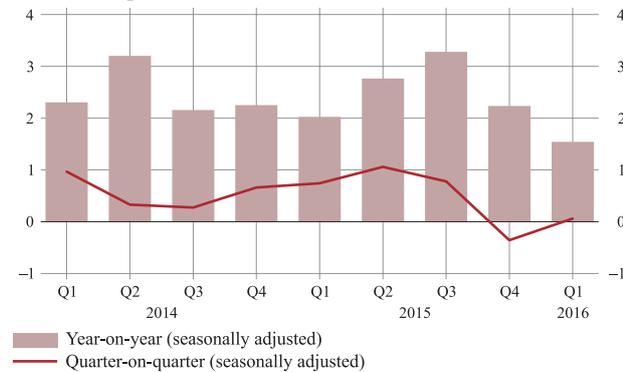


Chart 3.2  
CONTRIBUTION TO ANNUAL CHANGES IN GDP  
(demand side; percentage points)

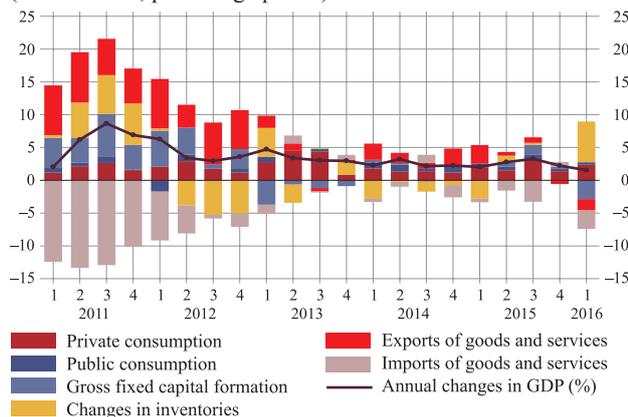
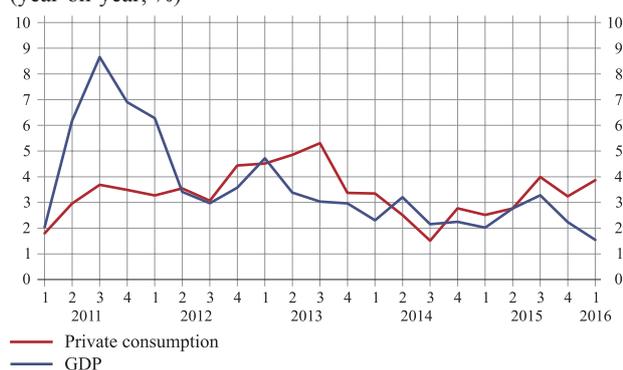


Chart 3.3  
CHANGES IN GDP AND PRIVATE CONSUMPTION  
(year-on-year; %)



## 3. Domestic Demand

Due to weak external demand Latvia's economic growth has decelerated. The slow-down started in the fourth quarter of 2015 when the annual GDP growth rate fell to a mere 2.2%. Moreover, in quarterly terms GDP growth was negative at -0.4%. No significant rebound was observed in the first quarter of 2016 either, with the quarterly growth rate standing at 0.1% and the annual rate amounting to only 1.5% (see Chart 3.1).

As to GDP on the expenditure side, the low investment activity and the weak external demand had a dampening effect on growth, while private consumption remained stable (see Chart 3.2). Steadily growing real net wages, reflected in the rising purchasing power of the employed, have been a factor fuelling private consumption for quite some time. Although the increase in retail trade turnover was negligible and the growth rate of wages dropped slightly at the beginning of 2016, no significant deceleration in the growth of private consumption can be observed. With the purchasing power of households continuing to improve and the consumer perception of their financial situation remaining stable, private consumption is expected to be the main driver of the economic growth also in 2016.

As signalled previously by the poor performance of the construction sector, investment contracted considerably at the beginning of 2016. Despite an overall increase in investment observed in 2015, uncertainty and the slow absorption of the funding of the new EU structural funds programming period both dampen the recovery of the investment activity significantly.

The weak external demand has also had a notable effect on exports reporting a quarterly as well as an annual decline in real terms in the last two quarters.

### 3.1 Private consumption and investment

In the first quarter of 2016, private consumption increased by 1.2% quarter-on-quarter and by 3.9% year-on-year (see Charts 3.3 and 3.4), with its contribution to economic growth remaining positive.

Throughout 2015, private consumption was supported by a steady rise in real net wages and an optimistic household perception of their financial situation.

Chart 3.4  
INDICATORS CHARACTERISING CONSUMPTION  
(consumer confidence, net responses; 2010 = 100; %)

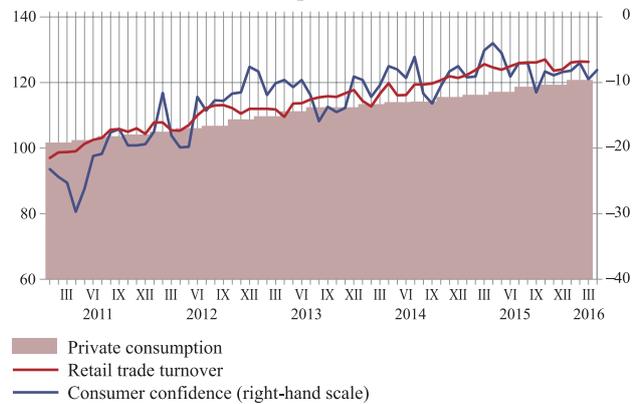


Chart 3.5  
CONSUMER CONFIDENCE AND UNDERLYING FACTORS  
(net responses; percentage points)

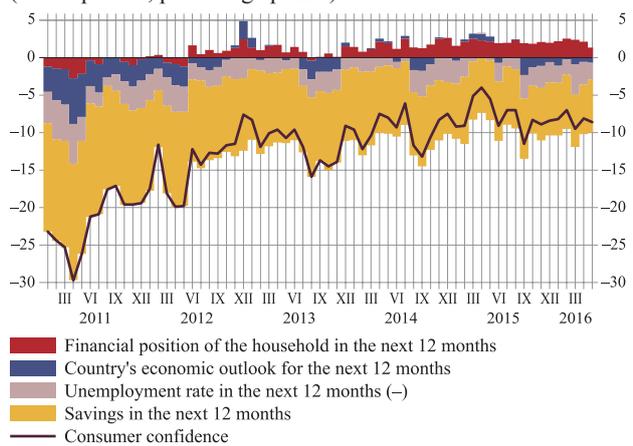
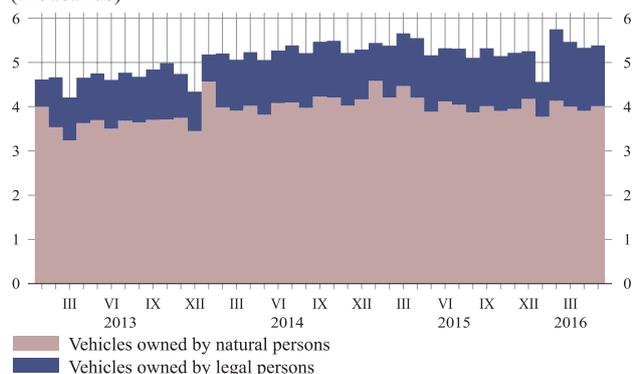


Chart 3.6  
NUMBER OF VEHICLES NEWLY REGISTERED WITH  
THE ROAD TRAFFIC SAFETY DIRECTORATE  
(thousands)



Overall consumer confidence indicator remained broadly unchanged at the beginning of 2016 (see Chart 3.5) and the household perception of their financial situation was positive and close to the historical high. Thus private consumption remained stable despite lower growth reported for wages and salaries in the first quarter.

The strength of the private consumption was traditionally reflected also in the rising retail trade turnover, although its growth decelerated slightly from the fourth quarter of 2015 onwards. The contribution of fuel to retail trade decreased considerably, most likely partly reflecting a saturation effect: when prices are persistently low, a further drop in prices does not result in significantly higher retail volumes. This means that households can potentially afford to spend more on other goods and services or build up their savings.

Nevertheless, households seem to be in no hurry to make substantial purchases (e.g. no significant increase is reported for the number of newly-registered cars; see Chart 3.6). The 1.0% increase in the number of newly-registered cars over 2014 observed in 2015 was quite insignificant. Moreover, an annual decrease of 2.5% in seasonally adjusted terms was reported in the first five months of 2016. Several factors contributed to such development. First of all, these were the demographic trends having an adverse effect on many other consumption indicators as well. Secondly, weather conditions (persistence of snow) may have also had some effect on the very low number of newly-registered cars in January. The rise observed in the period from February to May still has not offset this fall. Thirdly, it could have been a change in the spending habits, with households weighing the necessity of purchasing a new car

Chart 3.7  
INDICATORS CHARACTERISING INVESTMENT  
(at constant prices; 2010 = 100; %)

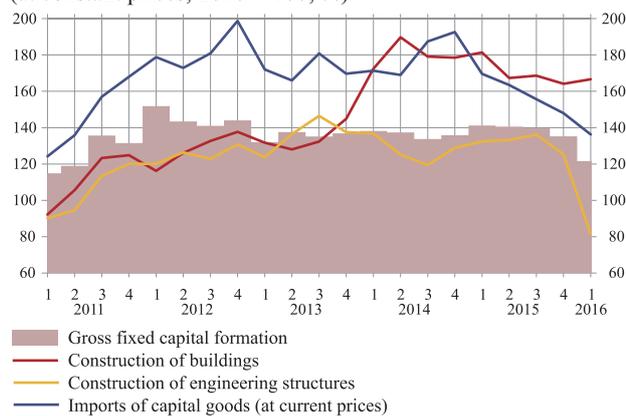
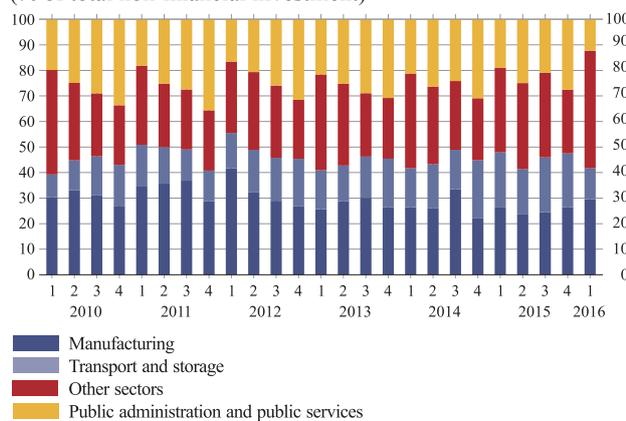


Chart 3.8  
NON-FINANCIAL INVESTMENT BY SECTOR  
(% of total non-financial investment)



more carefully than before. Car sales data still show an increase, yet this reflects a change in the value of purchased cars in real terms: according to the data provided by the Automotive Association, it is specifically new cars, with the prices higher than those of second-hand cars, whose sales have increased.

Although the activity in the car market remains sluggish, it is rising in the leasing and real estate sectors. The number of real estate transactions increased significantly year-on-year in the first quarter of 2016, with the rise in the number of transactions in Riga being even higher. Credit institutions also point to growing demand for mortgage loans.

The main factor dampening economic growth was the low investment activity. Gross fixed capital formation decreased by 10.0% quarter-on-quarter in the first quarter of 2016, with the annual rate of change descending to -13.8% (see Chart 3.7 for investment indicators).

Lower investment was reflected in the poor performance of the construction sector (value added fell by 19.0% in comparison with the first quarter of 2015), particularly in the construction of engineering structures, thus confirming the concerns over the dependence of construction and investment on the EU structural funds. The shrinking of investment was reflected also in a significant decrease in the imports of capital goods.

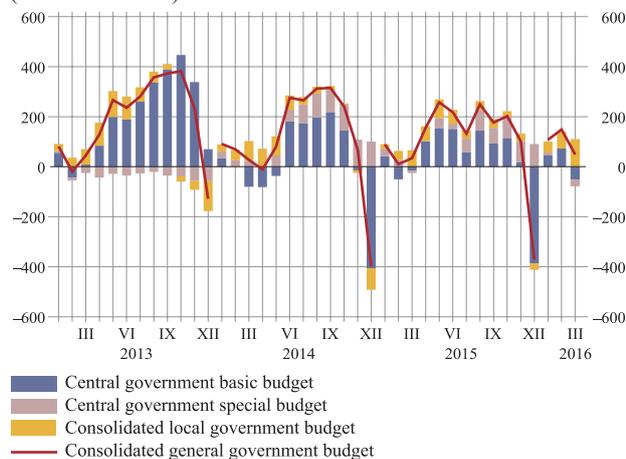
As suggested by business surveys, investment remains largely dependent of the availability of the EU structural funds. Therefore, any stalls in the transition to the new EU funds programming period due to delays in drafting the necessary procedures add to the concerns that the rate of absorption of the co-financing provided from the EU funds could be low. Although the number of approved EU structural funds programmes is constantly growing, it can be expected that, due to the required procedures, the economy will benefit directly from those programmes only in the second half of the year or in the beginning of 2017.

The effect of the EU structural funds on investment is also evident at sectoral level. Traditionally, investment in public administration and public services amounted to roughly 25% of all non-financial investment, whereas in the first quarter of 2016 this figure went down to 12.0% (see Chart 3.8).

Despite an overall increase in investment observed in 2015, external uncertainties and the slow absorption of the funding of the new EU structural funds programming period resulted in a significant shrinking

Chart 3.9

ACCRUED BALANCE OF THE GENERAL GOVERNMENT CONSOLIDATED BUDGET BY LEVEL (millions of euro)



of investment in the first quarter of 2016. Once the absorption of the funding of the new programming period has started and, with the construction activity gradually recovering, investment flows should also slowly increase. Nevertheless, in the absence of structural reforms that would strengthen the investors' confidence in the persistence of economic growth in the medium-term, there is no reason to expect any substantial and sustainable investment growth.

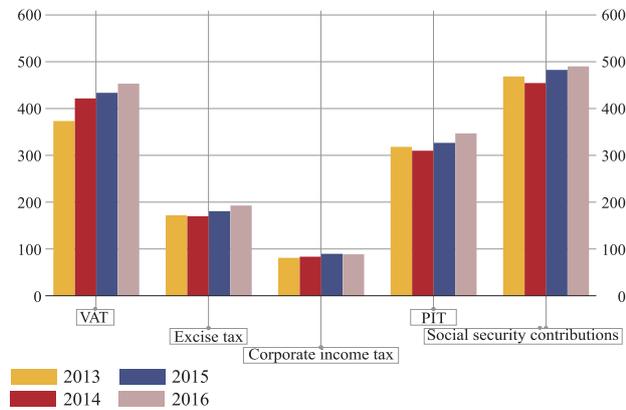
### 3.2 Government expenditure and budget

According to the Treasury's data on the budget implementation (cash flow principle), the deficit of the consolidated general government budget totalled 372.3 million euro or 1.5% of GDP in 2015 (see Chart 3.9). As usual, the balance of the central government basic budget was negative in the fourth quarter 2015, contributing most to the overall deficit. Nevertheless, expenditure growth decelerated by 1.4% in December of 2015 in comparison to the same period of the previous year as opposed to a 16.0% rise in 2014. The balance of the consolidated local government budget also deteriorated more moderately in the fourth quarter in comparison with the previous year and the annual deficit of the consolidated local government budget was the lowest since 2010 when this budget ran a surplus. Revenue of the central government special budget continued to exceed its expenditure in the fourth quarter, with the surplus accumulated at the end of the year slightly lower than the respective figure of the previous year.

According to the accrual principle (ESA 2010), government deficit amounted to 306.2 million euro or 1.3% of GDP in 2015. There was an improvement in comparison with 2014 when the government deficit was 1.6%, yet the initial target was overshoot by 0.3 percentage point. An overall minor shrinking of the deficit in 2015 was a result of a rise in tax revenue and a moderate increase in spending. Revenue from taxes on consumption grew on account of stronger private consumption, particularly that of oil products, as well as successful tax administration measures which also had a positive effect on revenue from taxes on labour. The growth rate of revenue outpaced that of expenditure primarily due to lower local government spending, weak absorption of the funding of the new EU funds programming period as well as smaller interest expenditure and contributions to the EU budget.

According to the cash flow principle, the revenue of the consolidated general government budget exceeded

Chart 3.10  
SELECTED TAX REVENUE  
(Q1; millions of euro)

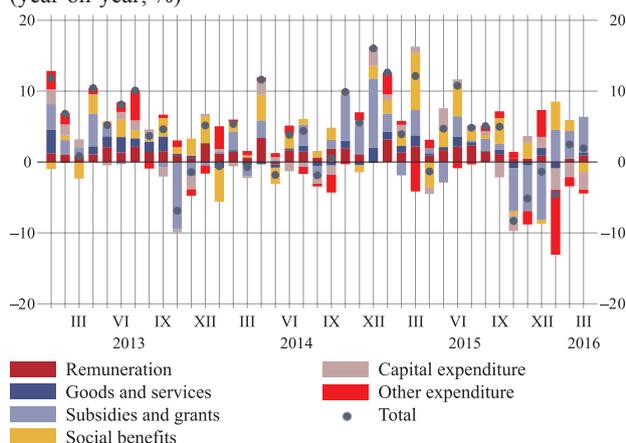


the expenditure in the first quarter of 2016 and there was a traditional surplus in the budget already at the beginning of the year (48.4 million euro). This surplus was 13.9 million euro bigger year-on-year as the rise in revenue was slightly larger than that of expenditure, mainly due to increased tax collections. The deficit of the central government basic budget totalled 51.9 million euro, representing a year-on-year increase of 35.6 million euro. These changes were primarily determined by the EU funds financing and national co-financing flows where revenue was smaller and expenditure bigger. With revenue staying at the level of the first quarter of 2015 and spending on social benefits rising, the central government special budget ran a 26.4 million euro deficit in the first quarter of 2016, representing a 17.2 million increase over the previous year. Spending rose as a result of an increase in the average size of benefits and the number of beneficiaries, particularly in the case of sickness, childcare and unemployment benefits. The consolidated local government budget recorded a 110.7 million euro surplus (a 65.6 million euro surplus in the first quarter of 2015), with the main contributor being higher tax revenue, whereas expenditure reflected comparatively low activity in implementation of EU funds co-financed projects.

Revenue from taxes totalled 7 002.7 million euro in 2015, representing a 326.4 million euro or 4.9% increase over 2014. The overall annual rise in revenue from taxes was 1.0 percentage point steeper than in 2014, although the nominal economic growth was broadly similar both years. A major contributor to tax revenue was VAT whose growth rate reached an annual peak in the first quarter on account of the low level of tax refunds. The growth of gross VAT revenue stabilised at 3.0% in the fourth quarter, close to the private consumption development trend. Tax refunds shrank by 1.9% year-on-year in 2015. During the most recent years, refunds contracted as a result of a broadened application of the reverse VAT and the active anti-fraud measures implemented by the SRS, causing the growth rate of net VAT to exceed that of the tax base. Revenue from excise tax continued to increase rapidly also in the last months of 2015, reaching an annual high. PIT rate cut and the increase of the proportion of the social security contributions transferred to the second pillar of the pension scheme had a dampening effect on taxes on labour which accounted for about a half of all tax revenue. Moreover, towards the end of the year the rate of growth for those taxes decelerated also on account of a fading base effect which had supported higher growth at the beginning of the year.

In the first quarter of 2016, tax revenue totalled 1 725.4 million euro, representing a 3.8% increase over the same period of the previous year (see Chart 3.10 for selected tax revenue amounts). The largest contributors were revenue from taxes on labour and taxes on consumption. PIT revenue increased year-on-year, reflecting further rises in wages and salaries. Income from mandatory state social insurance contributions grew by 1.6%, with the raising of the rate of contributions to the funded pension scheme from 4% to 5% as of 2015, thereby reducing the proportion of social security contributions payable to the central government special budget, exerting a downward effect. The overall rise in tax revenue was also supported by the changes observed in revenue from taxes on consumption. VAT revenue increased year-on-year. Overall, the amount of VAT paid in was slightly smaller in comparison with the previous year, yet the shrinking of tax refunds resulted in a further rise of VAT revenue. Revenue from excise tax, the second tax on consumption, grew in the first quarter of 2016. The tax collection targets of this particular type of tax were met as a result of increased consumption, particularly as regards fuel and, to a smaller extent, also other excise goods, including tobacco products and natural gas.

Chart 3.11  
RATE OF CHANGE IN CONSOLIDATED GENERAL GOVERNMENT BUDGET EXPENDITURE AND CONTRIBUTIONS OF SELECTED ITEMS (year-on-year; %)



Expenditure of the consolidated general government budget recorded a minor increase in 2015 (2.9%; see Chart 3.11), as there was a year-on-year reduction in budgetary items classified as subsidies and grants according to the cash flow principle. 145.7 million euro less were spent in 2015 as compared to 2014, representing a 7.5% decrease. This was affected by a lower rate of absorption of the EU funds caused by delays in starting the drawdown of funds of the new programming period.

In the first quarter of 2016, the expenditure of the consolidated general government budget hovered close to the level of the respective period of the previous year, which was atypical if compared to the observations of the last five years when spending always exceeded the previous year's level. Looking by type of expenditure, the trends were different. The largest increase was reported for subsidies and grants: namely, disbursements to farmers for implemented projects involving EU funds. The rest of the rise was attributable to health care spending as well as the January increase to cover the charges for the use of railway infrastructure. Within the social benefits category, expenditure on pensions increased marginally, and most of the rise was related to other benefits, particularly childcare, sickness and

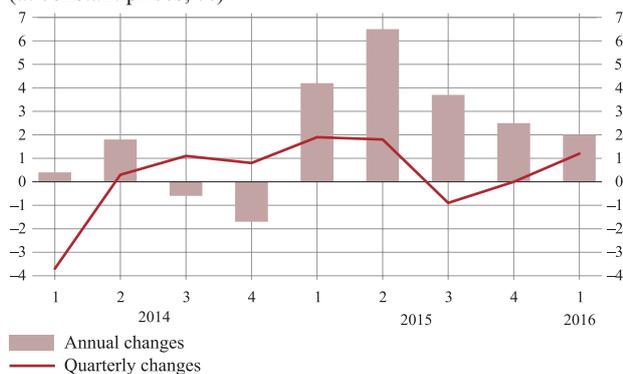
unemployment benefits, with both the average size of the benefit as well as the number of beneficiaries rising. Spending on wages and salaries increased relatively little and that reflected the budgeted salary raise in the interior and defence sectors. A decrease was recorded for capital expenditure, particularly in the consolidated local government budget. This reflected the sluggishness in implementing EU co-financed projects experienced so far, with more active absorption of funding expected in the second half of 2016. Changes in other expenditure resulted from the government debt servicing costs declining by almost one third year-on-year. This can be explained by the fact that in January 2015 the last interest payment on a 1.2-billion-euro repayment of an EC loan and the repayment of the loan itself were made. Lower contributions to the EU budget affected other expenditure as well.

The consolidated general government gross debt at nominal value (based on ESA 2010) totalled 8 871.7 million euro or 36.4% of GDP at the end of 2015 (40.8% at the end of 2014). The largest contributors to the change were the 1.2-billion-euro repayment of the EC loan made at the beginning of 2015 and the 500.0 million euro worth eurobond issue launched in September. At the end of the first quarter of 2016, the general government debt estimated on a cash flow basis amounted to 8 448.7 million euro. This represented a 40.6 million euro decline over the end of 2015, with the decrease of external debt being larger than the rise of the domestic debt. The outstanding amount of US dollar denominated medium-term and long-term debt securities decreased in the first quarter of 2016. The Treasury offered short-term debt securities in the domestic market and accepted demand deposits and short-term deposits, at the same time reducing the amount of medium-term securities.

## 4. Aggregate Supply

GDP declined quarter-on-quarter in the fourth quarter of 2015 on account of negative quarterly changes in value added in construction (–5.8%), manufacturing (–0.5%) and financial and insurance activities (–3.2%). Meanwhile, value added in the trade sector remained unchanged. More significant growth has been recorded in the information and communication services sector (1.6%) as well as the professional, scientific and technical activities (1.7%) sector. Compared to the previously available preliminary data, the transportation and storage sector performed better than anticipated (0.6%). In the first quarter of 2016, GDP growth was driven by an increase in value added in manufacturing (1.4%), trade (0.4%) and financial and insurance activities (3.5%). However, a steeper rise in GDP was limited by a significant drop in value added in construction (7.0%) and real estate activities (2.2%). The unfavourable preliminary data notwithstanding, value added in the transportation and storage sector continues on a slight upward trend, growing by 0.1%.

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



### 4.1 Industry

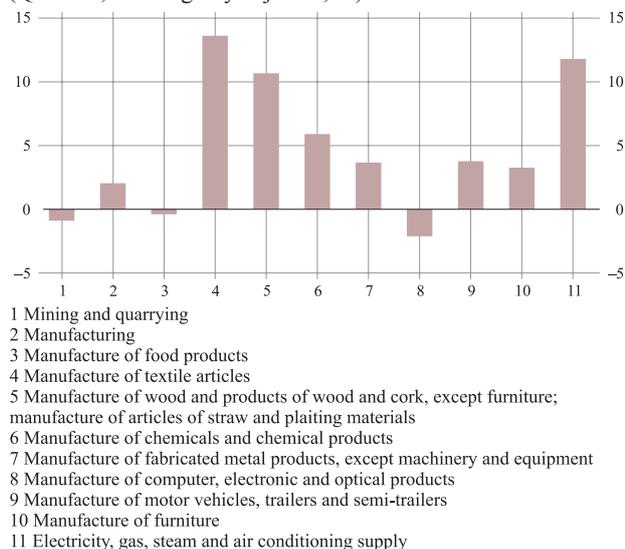
In the fourth quarter of 2015, value added in manufacturing at constant prices narrowed by 0.5% (seasonally adjusted data), while the volume of output at constant prices remained unchanged, representing an increase of 1.4% and 1.2% respectively in the first quarter of 2016 (see Chart 4.1).

With the output decline affecting increasingly more subsectors, manufacturing started deteriorating gradually in the second half of 2015. This trend also continued in the fourth quarter. Food industry output at constant prices shrank by 5.5% year-on-year due to persistent adverse effects of the sanctions imposed by Russia as well as a decline in Russia's demand. While in some cases businesses managed to find new markets relatively quickly, the decline in Russia's market share could not be fully offset. Meanwhile, the output of manufacture of other non-metallic mineral products contracted by 14.8% resulting from a weak construction growth rate in 2015 that is not likely to improve at the beginning of 2016 either. The output of manufacture of wearing apparel also decreased by 10.6%, its weak performance being more related to the competitiveness issues rather than to the geopolitical situation. According to the sentiment indicators aggregated by the European Commission, businesses of this subsector have persistently pointed

to the issues related to employing labour force. Output of manufacture of electrical equipment also declined by 9.1%. This is due to the fact that JSC "Rīgas elektromašīnbūves rūpnīca", one of the major businesses in the subsector, has been historically relatively closely related to the Russian market currently experiencing serious problems. Therefore, the output of AS "Rīgas elektromašīnbūves rūpnīca" decreased significantly year-on-year in 2015.

Meanwhile, wood industry with an output increase of 8.6% was the major positive contributor to the manufacturing growth. Wood industry segments with higher value added grew significantly faster (as inter alia suggested by the structural statistical indicators for businesses), with sawmilling and planing of wood and manufacture of products of wood, cork, straw and plaiting materials expanding by 4.1% and 11.9% respectively. Wood industry output increased on account of investment made in manufacturing equipment and optimisation of technological processes over the previous years. The contribution of the subsector is particularly relevant, given the unfavourable external environment for the subsector. The output of manufacture of the furniture subsector also grew by 10.6%. The second manufacturing driver was the manufacture of computer, electronic and optical products, with its output increasing by 29.9%. With several subsector businesses penetrating international markets quickly, the subsector has performed very well over the past years.

Chart 4.2  
ANNUAL INDUSTRIAL OUTPUT CHANGES  
(Q1 2016; working-day adjusted; %)



In the first quarter of 2016, manufacturing output at constant prices increased by 2.0% (see Chart 4.2). At the beginning of the year, wood industry continued its successful development (10.5%), largely accounting for the overall manufacturing growth. A 9.7% increase in the output of building materials suggests that construction growth could rebound in the quarters to come. Following a longer break, the annual rate of growth turned positive for most manufacturing subsectors. With the base effect fading gradually, the annual growth rate also improved for sectors previously negatively affected by Russia's economic downturn and sanctions. The output of food industry shrank by a mere 0.4%, while that of both the manufacture of electrical equipment and the manufacture of beverages increased by 3.0%; meanwhile, the output of the manufacture of machinery and equipment grew by 6.9%. Only the manufacture of repair and installation of machinery and equipment, with the sector's output dynamics mainly driven by the repair activities of the railway rolling stock, and the manufacture of wearing apparel

Chart 4.3  
GROWTH-RESTRICTIVE FACTORS IN  
MANUFACTURING  
(% of respondents reporting the factor as restrictive)

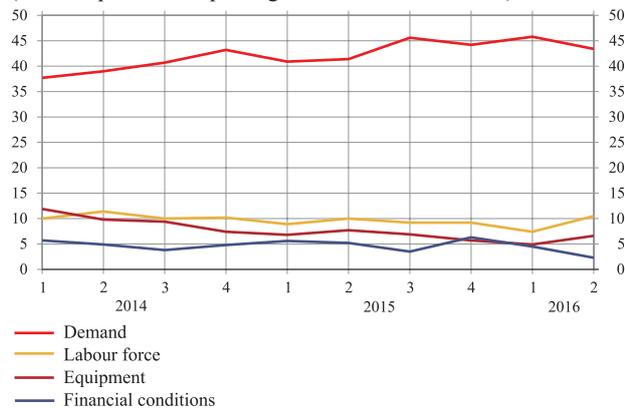
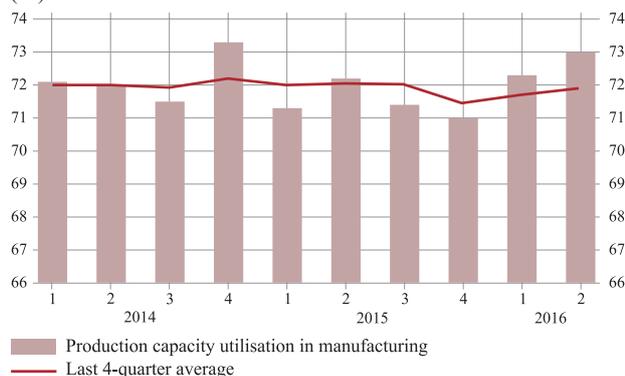


Chart 4.4  
PRODUCTION CAPACITY UTILISATION IN  
MANUFACTURING  
(%)



continued posting more significant negative annual rates of increase (25.2% and 4.2% respectively).

In April, manufacturing output fell by 1.6% month-on-month (seasonally adjusted data), while its year-on-year decline was 0.3%. Data for April suggested that despite the fairly good results for the first quarter, the problems of sectors affected by Russia's economic downturn and sanctions still persist. Food industry, the manufacture of beverages and manufacture of electrical equipment recorded a negative annual growth rate. This means that the recovery of sectors affected by Russia's economic downturn and sanctions is still fragile and will see a negative annual rate of increase also in some of the coming months. Following a longer rise, the negative contribution from a decrease in the wood industry output was also significant in April.

Manufacturing confidence indicator aggregated by the EC was fairly stable throughout 2015 and also remained stable in the first quarter of 2016. Various sub-indexes are volatile and sometimes indicate opposite trends but overall the index provides a good notion of the sector's moderate stagnation. The overall output rate of the sector is not growing or is growing slowly. Businesses of the sector still reported the limited demand to be the major growth-restrictive factor, with 45.8% and 43.4% of respondents mentioning it as an important factor in the first and second quarters of 2016 respectively (see Chart 4.3). At the same time, businesses noted that production capacity had been stable for several years (72.3% and 73.0% in the first and second quarters of 2016 respectively; see Chart 4.4).

Non-financial investment in the amount of 366.3 million euro was channelled into manufacturing in 2015, 6.5% higher than in 2014 and significantly higher than in 2013. Such dynamics gives hope for a further output increase. One fifth of all investment was made in the wood industry, resulting in a record-high sector output. In the fourth quarter of 2015, manufacturing sales at current prices grew by 0.4% quarter-on-quarter (seasonally adjusted data), reporting a 2.5% increase in exports and a 1.4% decline in the domestic market. Thus, the sales dynamics was slightly better than the output dynamics in the fourth quarter of 2015, probably on account of the sales of inventories of finished goods. Non-financial investment in the sector amounted to 50.6 million euro in the first quarter of 2016, posting a 23.0% decrease in comparison with the first quarter of 2015. Such a decline in investment activity can be explained by the slow absorption of the funding of

the new EU funds programming period limiting the availability of funds.

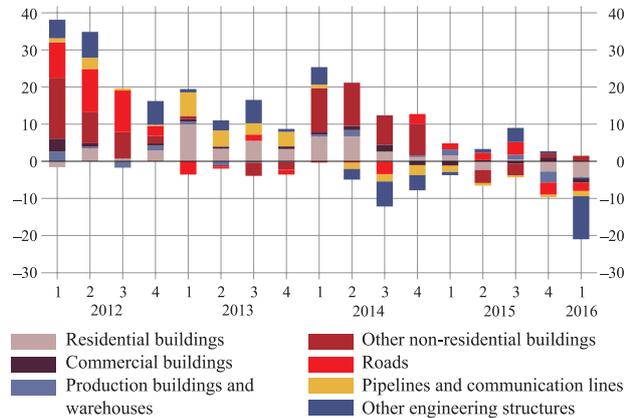
Manufacturing output growth at constant prices is expected to be only slightly positive in 2016. It should be noted that, unlike the previous year, JSC *KVV Liepājas metalurģis* will most likely have ceased its activity in 2016. Looking at the year-on-year changes, the impact should be seen starting from April and continue until the end of 2016. The excessive dependency of manufacturing growth on the performance of wood industry, one of the subsectors, raises concerns. As for now, considering the continuously fragile global economic situation, sustainable growth cannot be expected neither in wood industry, nor in manufacturing as a whole. Assuming the external demand will improve more swiftly in 2017 and 2018, an increase could also be observed in Latvia's manufacturing.

#### **4.2 Construction and real estate market**

Value added in the construction sector (seasonally adjusted) recorded a quarter-on-quarter decrease of 5.8% in the fourth quarter representing one of the main factors slowing down the GDP growth. The demand for the construction output could not offset the decline in construction projects oriented towards the applicants of temporary residence permits. Thus, value added contracted by 1.1% over the year. In line with forecasts, the fall continued in the first quarter of 2016, with the sector's value added decreasing by 7.0%.

A decline in housing construction at current prices still persisted in the first quarter of 2016. Contrary to construction of apartment blocks, that of single dwellings continued on an upward trend. In 2015, a decrease in construction of schools, universities and research institutions accounted for the major negative impact on the decline in construction of non-residential buildings, while construction of buildings for sports events and farm non-residential buildings made a positive contribution. In the first quarter of 2016, the decline in construction of schools, universities and research institutions was offset by an increase in construction of hotels and other non-residential buildings, with the overall construction volumes of non-residential buildings remaining unchanged year-on-year. The expansion of construction of engineering structures was largely due to growth in construction of local pipelines and communication lines. Meanwhile, construction of main pipelines, communication lines and power lines accounted for the major negative contribution

Chart 4.5  
CONTRIBUTION OF SOME TYPES OF CONSTRUCTION OBJECTS TO ANNUAL CONSTRUCTION GROWTH AT CURRENT PRICES  
(percentage points)



to the overall construction of engineering structures (see Chart 4.5). With the trends for the above sub-categories remaining unchanged, the sharp decline in the overall construction of engineering structures was due a notable fall in construction of other engineering structures in the first quarter of 2016.

A potential decline in construction volumes was suggested by the leading indicators at the beginning of the year. Until May, negative trends also continued in surveys on construction sector expectations regarding the number of months for which the orders are secured. Moreover, the construction confidence indicator aggregated by the EC also continues to deteriorate. Meanwhile, the manufacture of building materials representing the demand of the construction sector for building materials resumed growth in the first four months of 2016.

As for the construction of dwelling space, no significant turning points are likely in 2016. Taking into account the relatively low resident demand for housing in new projects as well as their purchasing power, construction of apartment blocks will not expand notably. Further decline might occur in the construction of non-residential buildings on account of the slow absorption of the funding at the beginning of the new EU funds programming period. Several large projects were completed in 2015: the new University of Latvia Academic Centre of Natural Sciences; renovation, reconstruction and construction of the Latvian National Museum of Art; most of the Riga Castle reconstruction and renovation works with the castle-front and East extension put into service; and the new multi-functional centre of culture "Lielais Dzintars" in Liepāja. No equivalent projects are likely to be completed in the first half of 2016. A recovery of construction activities in the non-residential building sector can be expected in the second half of 2016. Looking at the construction of engineering structures, the performance of the year will most likely be similar to that of 2015, since financing from the EU funds will be available for road repairs in addition to the budgetary funds.

Like in the construction sector, i.e. construction of residential buildings, amendments to the Immigration Law adopted in 2014 also markedly affected the real estate market developments. In the fourth quarter of 2015, value added of real estate transactions remained unchanged quarter-on-quarter while posting an increase in comparison with the same period of the previous year when the above amendments brought about market adjustments. With the above base effect diminishing, the year-on-year rise was very small in

the first quarter of 2016 as a result of a slight quarter-on-quarter drop in the sector's value added. As regards the low base level resulting from the adjustment, the number of real estate transactions registered in the Land Register grew by 3.2% in the fourth quarter of 2015 (by 8.4% in the first quarter of 2016), posting the first increase since the third quarter of 2014. The pickup in the number of transactions was driven by the dynamics in resident transactions, while the proportion of non-resident transactions returned to the level of 2010 when the programme for issuance of temporary residence permits was launched in relation to real estate purchase. It should be noted that new amendments to the Immigration Law have been adopted and will take effect from 1 July 2016. In the future, the condition on the minimum investment required to receive a temporary residence permit will be satisfied with the total acquisition price of two properties if located outside certain administrative territories with higher real estate value.

Recovery of the real estate market and mortgage lending was stimulated by the support programme for house purchase for new families. Under the framework of the programme in 2015, state guarantees for loans for house purchase were granted to 1 272 families in the amount of 7.9 million euro in 2015. The programme continues in 2016, and it will also continue in the future, should the political will be in place and should a constant source of financing be found.

Recovery in the real estate market activity was also reflected in the rising prices: the House Price Index grew throughout 2015, reaching a positive annual growth rate in the fourth quarter of 2015. The price index is already approaching the level observed in early 2014, before the short-term rise caused by the amendments to the Immigration Law in the middle of 2014. More pronounced recovery was recorded specifically in the new housing market most affected by the fall in the non-resident demand, with prices for new housing rising by 13.7% as compared to a 4.5% increase in prices for the existing housing. In view of the fact that market recovery is currently driven by resident activity, further development of the real estate market and the relevant construction segment will be subject to household income and mortgage lending growth.

Chart 4.6  
CHANGES IN VALUE ADDED BY MAIN TYPES OF SERVICES

(year-on-year; seasonally adjusted data; %)

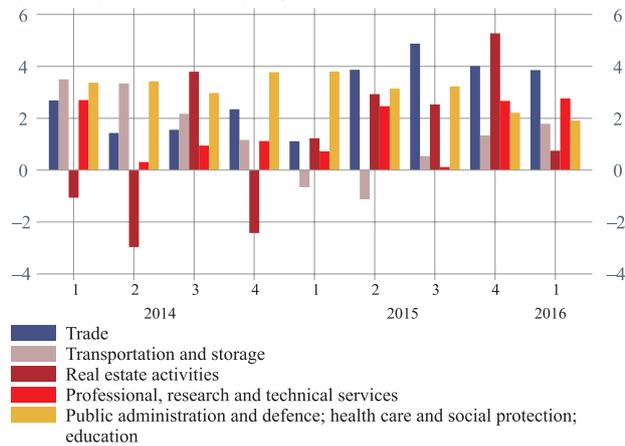
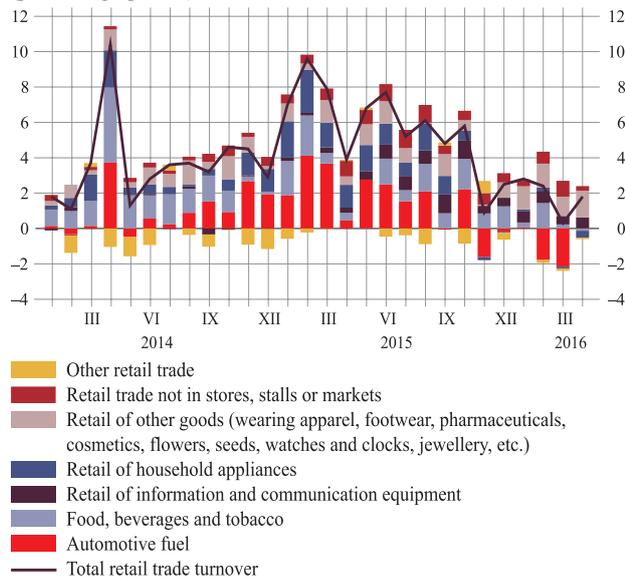


Chart 4.7  
BREAKDOWN BY ANNUAL CHANGES IN RETAIL TRADE TURNOVER

(percentage points)



### 4.3 Services

Professional services as well as transportation and storage sector were the major positive contributors to GDP growth (see Chart 4.6 for the changes in value added of the main types of services).

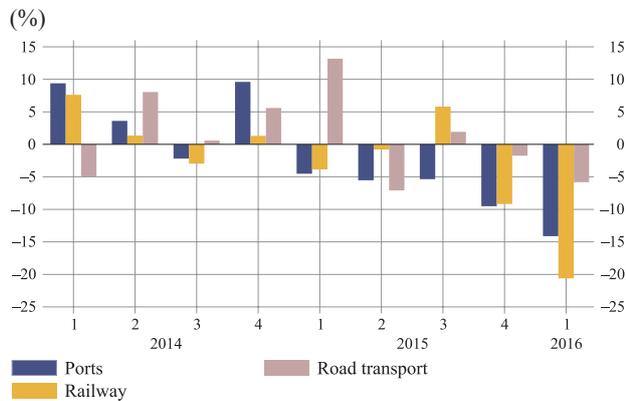
In 2015, private consumption was the major driving force behind economic growth, as confirmed by the retail trade development. However, the annual growth rate of retail trade turnover declined already at the end of the year and was also considerably lower year-on-year in the first quarter and April of 2016 (see Chart 4.7). Its dynamics depended substantially on fuel sales. With the fuel price declining, its sales were still on the rise in 2015. However, this trend changed, partially on account of the saturation effect when a decrease in prices no longer stimulates consumption.

Retail trade turnover growth largely observed in other commodity groups in the first quarter and April of 2016 was primarily due to temporary factors. For instance, remuneration data for the end of 2015 suggest that bonuses which were bigger than those in the previous year could have contributed to purchases of household appliances offered in sales at the beginning of the year. Colder winter could also have stimulated trade during the seasonal sales of clothing. The season of influenza began earlier than in the previous year, with the sales of pharmaceutical products significantly rising already in January.

These examples suggest that the impact of the demand side on the retail development trend was weaker than could be expected judging by the income growth data. Conversely, the estimated savings ratio grew slightly representing yet another reason why the core inflation did not rise.

In the fourth quarter of 2015, transportation services sector recorded expansion, with its value added posting both quarter-on-quarter and year-on-year increases of 1.3% and 0.6% respectively (seasonally adjusted data). In the first quarter of 2016, the value added of transportation sector continued to rise slightly by 0.1% quarter-on-quarter and by 1.8% year-on-year. The growth rate of rail freight and cargoes loaded and unloaded at ports was negative; however, due to an increase in the turnover of freight transportation by road, the value added of the sector did not decline neither in 2015, nor at the beginning of 2016.

Chart 4.8  
ANNUAL CHANGES IN FREIGHT VOLUME BY MAIN  
TYPES OF FREIGHT TRAFFIC



In the fourth quarter, the volume of cargoes at ports declined by 9.5% year-on-year (see Chart 4.8). This was due to the fact that, as in 2015, the volume of cargoes loaded and unloaded shrank for all largest commodity groups (excluding grain). In 2015, the volume of cargoes at ports fell by 6.2%. The sharpest drop at the port of Ventspils and a decrease at that of Riga were attributable to declining volumes of coal, chemical cargoes and oil cargoes, while the port of Liepāja recorded an increase due to grain cargoes. The situation deteriorated even more at the beginning of the year posting a 14.1% and 19.5% fall in the first quarter and April respectively. Volume of cargoes continued shrinking both at the port of Ventspils and that of Riga. The volume of cargoes still increased at the port of Liepāja in the first quarter, before declining in April.

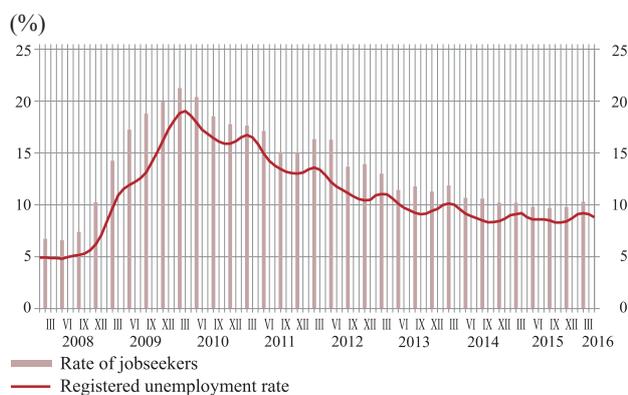
In the fourth quarter, the volume and turnover of rail freight decreased by 9.2% and 7.7% respectively. In 2015 overall, the volume of rail freight contracted largely on account of a decrease in chemical and coal cargoes resulting from the weakening demand for coal in the global market and channelling of cargoes to other ports of the Baltic Sea region. Similarly to the ports, the performance of transportation by rail also deteriorated at the beginning of the year, with freight volume and turnover falling by more than 20% in the first quarter. The decline in the volume of rail freight as well as cargoes loaded and unloaded at ports can be explained by the sanctions, the weakening demand in Russia, Russia's strategy to channel cargoes to its own ports and the overall rise of transit costs. Overall, the data for the beginning of the year suggest that the volume of rail freight and cargoes loaded and unloaded at ports will contract in 2016 at a considerably faster pace than in 2015.

While the volume of freight transportation by road declined by 1.7% in the fourth quarter, the relevant turnover picked up by 18.1% on account of longer distances covered. Freight volume remained unchanged overall in 2015, while freight turnover rose by 7.5%. In the first quarter of 2016, however, freight volume shrank by 5.8%, while its turnover increased by 13.3%. When calculating the value added, changes in freight turnover (in tonne-kilometres), more affected by international transportation, are more important than those in freight weight (in tonnes) which, in turn, are mostly influenced by domestic transportation. Largely as a result of an increase in the volume of freight transported abroad, no decline in the value added was observed in 2015 overall and in the first quarter of 2016. The good performance of road

transport is related to its flexibility: to avoid problems associated with the Russian market, freight operators successfully refocused on provision of services in other countries. Freight exports (in tonnes) to Russia shrank by 28.7%. Meanwhile, freight exports to Estonia and Lithuania as well as to Germany and Nordic countries increased.

Currently, Russia's market poses additional problems to the road transport companies. At the end of 2015, the Ministry of Transport of the Russian Federation issued an order prohibiting the Latvian and other countries' freight operators to use the bilateral authorisations for freight transit of goods originating in third countries. In April, amendments to this order took effect marking a positive development. As a result of the order, universal permits were requested but they were very limited in number. The above amendments solved most of the problems. However, Russia could continue to lobby its own freight operators and boost its income by imposing fines or new fees on foreign freight operators.

Chart 4.9  
REGISTERED UNEMPLOYMENT RATE AND RATE OF  
JOBSEEKERS

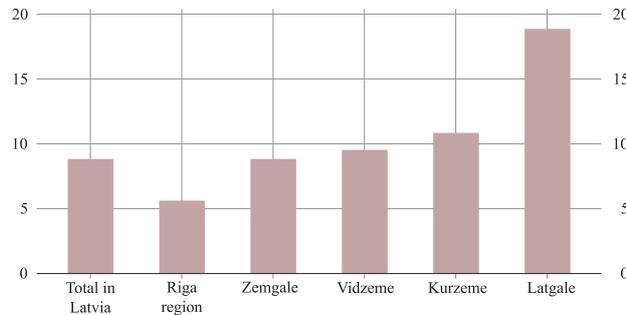


#### 4.4 Labour market

The unemployment rate stabilised at the beginning of 2016. At the end of April, the rate of registered unemployment was the same as it had been one year earlier (8.8% of the economically active population). The rate of jobseekers rose by 0.1 percentage point during the year (10.3% of the economically active population in the first quarter of 2016; see Chart 4.9).

The level of education was still one of the most important factors affecting unemployment. For instance, unemployment rates among people with higher education were approximately 5%, while the respective rates for those with secondary professional education and vocational education were almost two times higher. Unemployment rates among people with elementary education exceeded 20%.

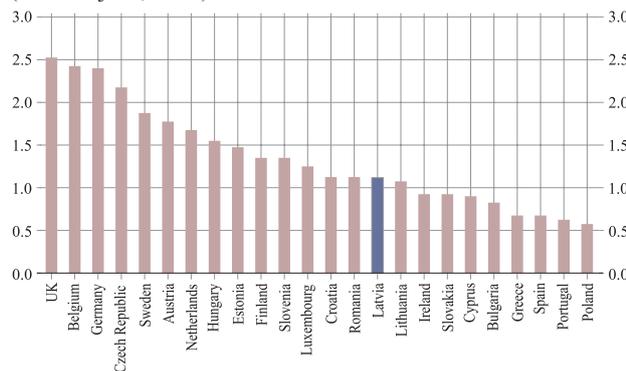
Chart 4.10  
REGISTERED UNEMPLOYMENT RATE IN THE REGIONS OF LATVIA  
(at the end of April 2016; % of the economically active population; seasonally adjusted data)



Unemployment in cities declined faster than in rural areas. Both the share of jobseekers and registered unemployment in Latgale remains close to 20% (see Chart 4.10). Moreover, Latgale is also the only region where the rate of jobseekers has not shown a declining trend over the past year. Thus, even with labour market conditions gradually improving in Latvia overall, regional policy contributing to employment and boosting investment is of great importance.

The unemployment rate is expected to continue its slow decline on account of the structural component (the cyclical unemployment component has been close to zero already for three years). The rate of job seekers will most likely decline to 9% only in 2017.

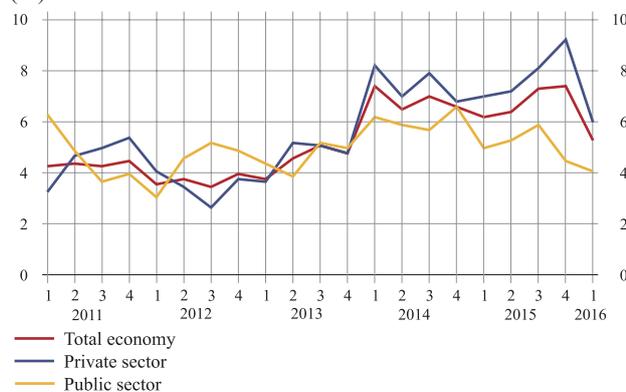
Chart 4.11  
SHARE OF VACANCIES IN THE EU COUNTRIES  
(% of all jobs; 2015)



The number of vacancies increased notably in the fourth quarter mainly due to changes in CSB methodology of estimation. Following a change of methodology, the number of vacancies was consistent with the ratios of other EU countries (see Chart 4.11; according to the previous method of estimation, it was lowest in the EU without any economic justification).

The rise in wages and salaries moderated substantially at the beginning of 2016 (see Chart 4.12). The annual wage growth that is sustainable over the next few years and based on labour productivity would be close to 5% (this is due to potential GDP growth (close to 3%), broadly unchanged number of employed and inflation that is close 2%). At the same time, it should be noted that the potential growth estimate (around 3%) is not sufficient from the perspective of Latvia's long-term growth and convergence outlook. Structural reforms aimed at ensuring a better business environment promoting investment and innovation and improvements in the educational system are vitally necessary to increase potential growth.

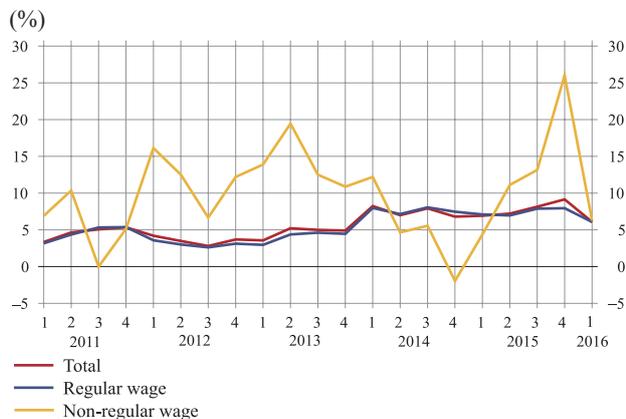
Chart 4.12  
ANNUAL CHANGES IN THE AVERAGE MONTHLY GROSS NOMINAL WAGE AND SALARY FOR FULL-TIME WORK  
(%)



The rise in wages and salaries has been steeper than labour productivity growth in recent years. This could be underpinned by several factors (e.g. a rapid increase in the minimum wage in 2014 and 2015, the potential legalisation of the so-called envelope wages, expected and perceived inflation exceeding registered inflation as well as declining energy resources and commodity prices enabling businesses both to raise wages and increase profits). Moreover, the equilibrium value of the labour income share in the total value added could possibly increase over time, for instance, with the importance of human capital in production process growing.

In 2016, the average growth rate of wages and salaries is expected to be more moderate than in 2015. This

Chart 4.13  
ANNUAL CHANGES IN THE AVERAGE MONTHLY  
WAGE IN THE PRIVATE SECTOR



will be determined by a considerably lower increase of the minimum wage and a declining pace of the economic growth. Moreover, a sustained rise in remuneration at the end of 2015 was associated with a significant increase in bonuses paid to individuals employed both in the private and public sectors (see Chart 4.13). It partly reflected the base effect as the percentage of bonuses in remuneration was smaller than usually at the end of 2014, thus pointing to a higher degree of uncertainty prevailing at that time. However, although the growth of wages and salaries could decelerate, the sustainability of competitiveness of exports should be viewed with caution as the pickup in wages and salaries has exceeded the labour productivity growth already for four years.

Chart 5.1  
BRENT CRUDE OIL PRICES ON GLOBAL MARKET  
(EUR/barrel)



Chart 5.2  
CHANGES IN HICP BY COMPONENT  
(percentage points)

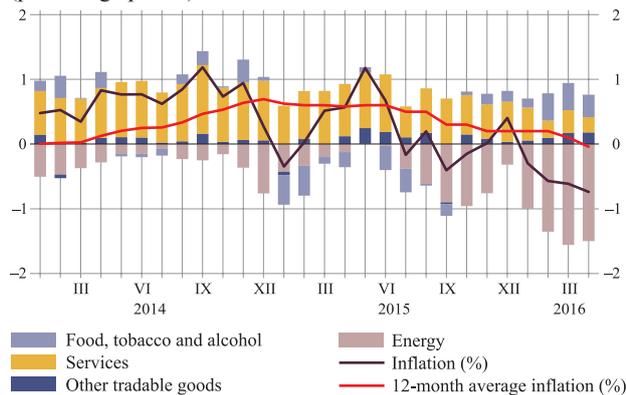
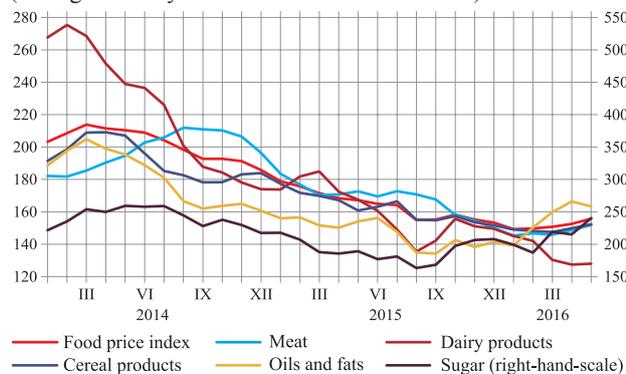


Chart 5.3  
GLOBAL FOOD PRICES  
(average monthly indicator of 2002–2004 = 100)



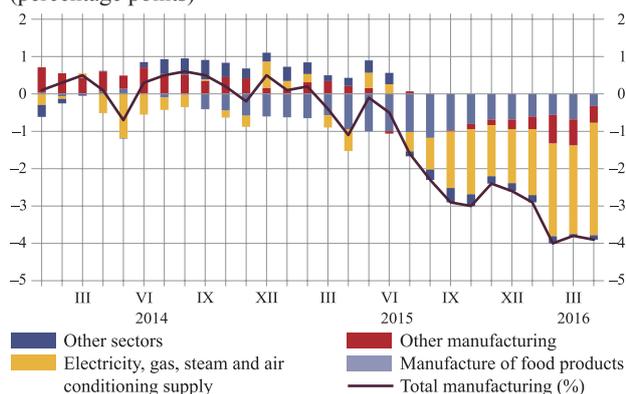
## 5. Costs and Prices

In 2015, average annual inflation stood at 0.2%, and this was one of the historically lowest annual inflation rates. Annual inflation still continued on a downward trend in the first four months of 2016, and the main factors behind this development were broadly the same as in 2015: global resource prices were still lower than in the previous year, with the prices of certain resources even temporarily declining further. The low rate of inflation was also underpinned by the persistent relatively weak growth in the main trade partners of Latvia. Income growth continued to maintain core inflation; however, it remained low. The contribution of higher indirect taxes to headline inflation was small albeit positive.

At the beginning of 2016, the impact of higher fuel excise tax rates on inflation was fully overshadowed by the falling global oil price (see Chart 5.1). Reflecting the dynamics of oil product prices in the global market observed in the preceding months, the price of natural gas also declined (initially for households (as of January), but later also for industrial consumers); thus, the heating price decreased further. Speaking about energy components, one should likewise mention the electricity price: in 2016, the electricity price incorporated into the new contracts was even slightly lower than in 2015. In comparison, the electricity price surged in 2015 (when switching from a continuously regulated tariff to an open market and reducing the availability of subsidised prices for consumers (e.g. the so-called start tariff was abolished, yet certain population groups, including families with a large number of children, were still given the possibility to purchase a part of electricity at reduced prices)). Under the influence of these factors, the contribution of energy prices to overall inflation contracted from  $-0.7$  percentage point in the fourth quarter of 2015 to  $-1.3$  percentage points in the first quarter of 2016 and  $-1.5$  percentage points in April (see Chart 5.2).

The level of global prices of food and agricultural products stabilised on average in the first five months of 2016, and the prices already increased for certain commodity groups (e.g. vegetable oils and sugar; see Chart 5.3). However, in retail trade in Latvia, the price level of the component such as "food, alcoholic beverages and tobacco products" is underpinned by the global factors with some lag, and the regional and local factors also play a role. For instance, overproduction of milk that was caused both by the lifting of the EU milk quotas observed since spring

Chart 5.4  
CONTRIBUTION OF INDIVIDUAL SECTORS IN THE ANNUAL RATE OF INCREASE IN PRODUCER PRICES OF GOODS SOLD ON THE DOMESTIC MARKET (percentage points)



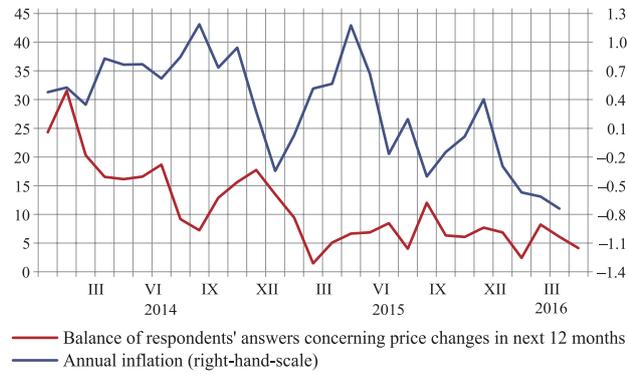
of 2015 and greater production volumes in Oceania maintained low purchase prices for milk, and retail prices for some dairy products in Latvia declined further even at the beginning of 2016. At the same time, the good grain harvest supported exports rather than lowered prices on the domestic market. Increased alcohol excise taxes affected the prices of alcoholic beverages in 2015 and 2016, thus increasing annual inflation.

Annual core inflation expressed as the average price rise for the consumption basket (excluding unprocessed food and energy) remained relatively stable (approximately 0.9%) in the first four months of 2016. The annual increase in services prices in February was reduced by the fading base effect stemming from higher public transport fares in Riga (with effect from February 2015). However, in addition to that, the impact of services prices in January and February was substantially offset by a decrease in prices for services of passenger transportation by air and related tourism services. In March, this temporary decline in prices was already partly offset by an increase in prices; however, for instance, the prices for services of passenger transportation by air were still lagging behind the level recorded at the end of 2015. In April, the prices resumed their drop in this area. This situation might temporarily point to lower fuel costs; however, with such a trend persisting, it rather reflects the willingness of the sector of services of passenger transportation by air to attract as many passengers as possible in circumstances when increased demand and its impact on the prices of services overall is not as strong as could be expected, with the growth rate of income being consistent with that of remuneration in 2015 and at the beginning of 2016. Despite the good profitability of the financial and insurance activities sector that is one of the highest in the EU also in the environment of low interest rates and a relatively small market, the prices of financial services recorded an increase in March.

The rise in prices of other core inflation components was also very low: price increases of other tradable goods were predominantly in line with the seasonal trends, with the price rise of seasonally volatile prices of goods being approximately the same as in the previous years.

The impact of producer prices on consumer prices remained negative, mainly on account of the shrinking energy production costs (see Chart 5.4); however, the contribution of producer prices of other sectors was also still negative and did not exert a pressure on inflation.

Chart 5.5  
ASSESSMENT OF HOUSEHOLD CONSUMER PRICE  
CHANGES  
(share; %)

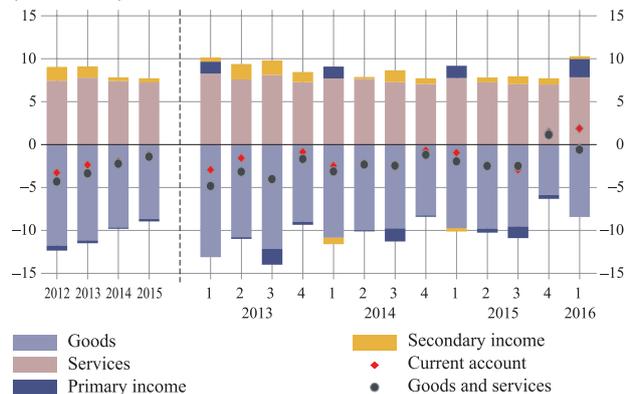


The assessment of the population of the expected inflation level suggests that a slightly higher than current inflation is anticipated (see Chart 5.5), but according to the EC data (by respondents' answers), the level of uncertainty (the share of people who do not have an opinion) is considerably higher than, for instance, during the buoyant growth period when inflation exceeded 10%.

## 6. Balance of Payments

The decline in imports of goods causing lower demand for investment and intermediate goods and the ongoing improvement of the terms of trade that was mostly related to the decline in prices of raw materials (particularly, the oil prices) was reflected in the improvement in the current account of Latvia's balance of payments. In 2015, the current account deficit remained small, while the current account recorded a surplus in the first quarter of 2016. Despite the weak external demand, the contribution of exports was also largely positive in the year overall. The quarterly volatility of the current account of the balance of payments is mostly determined by the flows of EU fund financing. In 2015, the capital account and the financial account recorded net inflows, with the inflows from the EU funds for investment and those of foreign direct investment in Latvia persisting. Significant inflows of funds were also attributable to the decline in credit institutions' deposits with foreign banks that was supported by the low interest rate environment.

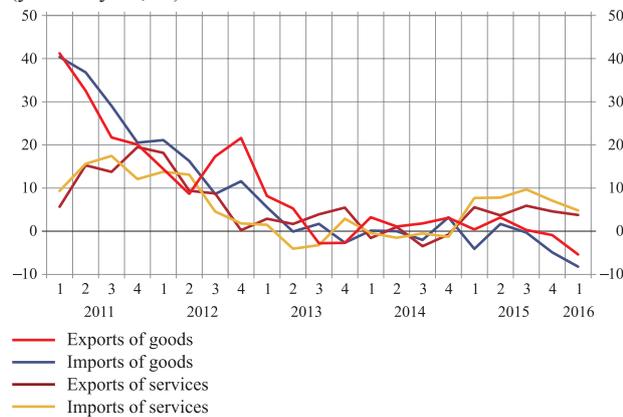
Chart 6.1  
CURRENT ACCOUNT OF LATVIA'S BALANCE OF PAYMENTS AND ITS COMPONENTS  
(% of GDP)



In the third quarter of 2015, the current account deficit increased to 190.3 million euro or 3.0% of GDP (see Chart 6.1). The increase in the deficit was primarily on account of the quarterly volatility caused by the inflows of the EU funds. In the fourth quarter and in 2015 overall, the current account primarily improved as a result of the development of the goods balance. However, it basically reflected a decline in imports of goods caused by weak investment activity and export development as well as a fall in global prices. At the same time, it should be noted that exports of goods kept on an upward trend amidst the weak external demand in 2015. In 2015, the current account deficit decreased to 299.5 million euro or 1.2% of GDP (466.8 million euro or 2.0% of GDP in 2014). The goods and services trade balance also improved in 2015, posting a deficit of 347.2 million euro or 1.4% of GDP. In the first quarter of 2016, the current account balance improved further, primarily on account of the inflows of financing from the EU funds, amounting to 101.0 million euro or 1.8% of GDP.

In the third quarter, the ratio of the deficit of the goods balance to GDP decreased somewhat, standing at 9.5% of GDP. It resulted from the weak contribution of imports, along with the small, albeit still positive, increase in exports of goods. A drop in the annual growth rate of exports of goods was observed in the third quarter in comparison with the first and second quarters. In the fourth quarter, the goods balance also

Chart 6.2  
RATE OF CHANGE IN EXPORTS AND IMPORTS OF  
GOODS AND SERVICES  
(year-on-year; %)



improved in 2015 overall (the deficit fell to 2.1 billion euro or 8.7% of GDP; 9.6% of GDP in 2014), with the deficit of the goods balance decreasing further to 379.9 million euro or 5.9% of GDP, thus recording the steepest quarterly decline in the last five years. Along with a drop in imports of goods, this dynamics was determined by the continuously small positive rise in exports of goods (see Chart 6.2). Throughout the year, imports of goods contracted due to some narrowing recorded in most of the import commodity groups, primarily on account of a decline in global prices of raw materials and the slow development of exports that was the main factor behind lower demand for intermediate goods and the weak investment activity. Similar goods balance trends were observed also in the first quarter of 2016 (a deficit of 460.9 million euro or 8.4% of GDP). Exports and imports contracted both quarter-on-quarter and year-on-year.

In the third quarter, the balance of services showed some signs of a minor surplus decrease (7.0% of GDP). It was largely on account of the deterioration of the transportation services exports that persisted also in the fourth quarter. The balance of services remained close to the level of the previous year both in the fourth quarter of 2015 and in the year overall (452.7 million euro or 7.0% of GDP in the fourth quarter; 1.8 billion euro or 7.2% of GDP in 2015 and 1.7 billion euro or 7.4% of GDP in 2014). The services exports increased by 4.9% in 2015. Travel services and financial services, telecommunication services and information services as well as other business services primarily showed positive dynamics both in the year overall and in the fourth quarter. In the first quarter of 2016, the positive services balance recorded a minor quarter-on-quarter decrease to 427.9 million euro or 7.8% of GDP mainly due to seasonality, albeit it improved in comparison with the corresponding period of the previous year. This dynamics was rooted in income from the foreign visitors arriving in Latvia mainly for the purpose of using recreational, education and health care services.

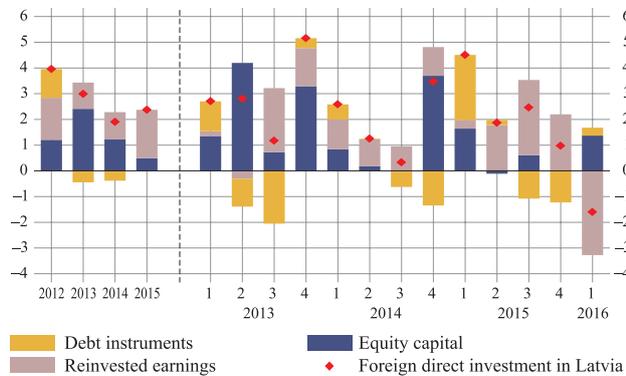
As almost no inflows of the EU agricultural funds were recorded in the primary income account in the third quarter, the deficit of the primary income account recorded an increase (1.4% of GDP in the third quarter). The deficit of the primary income account decreased quarter-on-quarter, standing at 29.2 million euro or 0.5% of GDP in the fourth quarter. However, the negative primary income balance increased somewhat in 2015 overall, amounting to 69.6 million euro or 0.3% of GDP (39.9 million euro or 0.2% of GDP in 2014). The inflows of subsidies received

from the EU funds in the primary income account grew and interest payments on government debt decreased in comparison with 2014, yet, at the same time, reinvested earnings of foreign direct investors in Latvia and the amount of dividends received by Latvian direct investors from abroad increased, thus ending up with a slightly higher negative balance. In the first quarter of 2016, the primary income account turned positive quarter-on-quarter due to inflows of the EU funds (117.9 million euro or 2.2% of GDP), exceeding the indicator of the corresponding period of the previous year by 52.8%.

At the same time, the increase in the surplus of the secondary income account (to 0.9% of GDP in the third quarter) was supported by a rise in the volume of current transfers received by private persons between resident and non-resident households. In the fourth quarter, the increase in the surplus of the secondary income account decreased somewhat to 47.0 million euro or 0.7% of GDP. A slight improvement (to 117.3 million euro or 0.5% of GDP; 103.1 million euro or 0.4% of GDP in 2014) in the secondary income balance was noticeable in 2015 overall. In 2015 year-on-year, the inflow of financing from the European Fisheries Fund deteriorated somewhat, yet this weakness was offset by stronger inflows of financing from the European Social Fund and other EU funds. The surplus of the secondary income account decreased quarter-on-quarter to stand at 16.2 million euro or 0.3% of GDP in the first quarter of 2016. The inflows from the EU funds remained at the level of the previous quarter, while the decline in the surplus of the secondary income account was driven by the annual contributions to the EU budget.

In the third quarter, the surplus in the capital account decreased, standing at 141.4 million euro or 2.2% of GDP, with the trend continuing also in the fourth quarter (105.7 million euro or 1.6% of GDP) and in the year overall (684.0 million euro or 2.8% of GDP vis-à-vis 753.7 million euro or 3.2% of GDP in 2014). These changes resulted in the retrenchment in flows from the EU funds for investment. In the first quarter of 2016, the surplus of the capital account remained at the level of the previous quarter (107.3 million euro or 2.0% of GDP). It is projected that in 2016 overall, the inflows of the EU fund financing in the capital account are projected to be lower than in the previous periods due to the planned rate of absorption of the EU funds in the breakdown by sector, allocating more resources to agriculture and projects in the social area (these funds are recorded in the primary income account and the secondary income account).

Chart 6.3  
FOREIGN DIRECT INVESTMENT IN LATVIA  
(% of GDP)



In the third quarter, the financial account recorded net inflows (136.4 million euro or 2.1% of GDP). This was mainly driven by larger issues of Latvian government securities (494.8 million euro), while the inflow of foreign direct investment in Latvia also persisted (158.7 million euro or 2.5% of GDP; see Chart 6.3). The financial account of the balance of payments was negative both in the fourth quarter and 2015 overall (61.6 million euro or 1.0% of GDP and 154 million euro or 0.6% of GDP respectively). Foreign assets contracted somewhat faster than liabilities; therefore, Latvia received inflows of funds. The most significant transactions were in the form of portfolio investment and other investment in the fourth quarter and 2015 overall. The central banks of the Eurosystem launched the expanded APP in March of 2015. Under the expanded APP, Latvijas Banka purchased debt securities of the Latvian government and international organisations. Investment of credit institutions in debt securities was also a major contributor to significant flows; however, deposits of credit institutions with foreign banks shrank at a considerably faster rate. In 2015, the largest flows of funds in the government sector were attributable both to the repayment of part of the EC international loan and the issue of euro-denominated bonds in the external market. In the first quarter of 2016, financial assets deposited abroad grew somewhat faster (1.83 billion euro) than the inflows of financing into Latvia (1.76 billion euro). The most significant transactions in the financial account were related to investment of the central bank in debt securities (1.1 billion euro). The asset growth abroad was also fostered by interbank transactions of credit institutions (609 million euro). Major transactions on the liability side of the financial account were related to a decrease in the government debt securities liabilities to non-residents (26 million euro), cash flows within the TARGET2 payment system (2.5 billion euro), a decline in non-resident deposits with credit institutions (508 million euro), a drop in long-term loans received by Latvian enterprises from abroad (206 million euro), and a rise in trade credits received by the private sector (142 million euro).

Foreign direct investment in Latvia rose by 577.9 million euro or 2.4% of GDP in 2015 (it rose by 1.0% of GDP in the fourth quarter and by 1.9% of GDP in 2014). Largest inflows of investment were from Sweden, Cyprus, Russia, Norway and the Netherlands in the year overall, while in the breakdown by industry, most investment went into financial services, real estate activities and manufacturing. Foreign

direct investment in Latvia decreased by 87.5 million euro in the first quarter. Investment in the form of equity and debt instruments increased by 91.6 million euro, but this rise was outpaced by reinvested losses (179.1 million euro) incurred mainly as a result of dividend payments.

In the fourth quarter of 2015, gross external debt contracted slightly in comparison with the third quarter, and it was mainly determined by lower central bank liabilities. Latvia's gross external debt stood at 33.6 billion euro or 137.7% of GDP, while net external debt was 6.3 billion euro or 25.9% of GDP at the end of 2015.

In the first quarter of 2016, gross external debt increased in comparison with the fourth quarter of 2015, and this development was primarily driven by an increase in the central bank short-term liabilities. Latvia's gross external debt stood at 35.1 billion euro or 143.7% of GDP, while net external debt was 6.3 billion euro or 25.8% of GDP in the first quarter of 2016.

## 7. Conclusions and Forecasts

### 7.1 Economic developments

Latvia's economic growth decelerated towards the end of 2015, as confirmed by the negative GDP growth rate in the fourth quarter. The first quarter of 2016 also saw just a minor GDP increase of 0.1%.

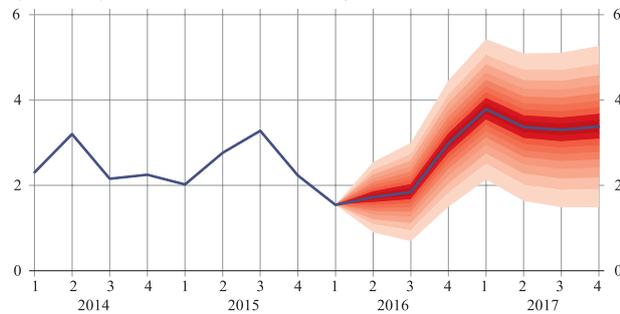
In 2015, Latvia's GDP grew by a mere 2.6%. From the perspective of a desirable long-term economic growth and convergence outlook, it cannot be viewed as a good result. The external developments notably affected the gradual growth slowdown, observed during the post-crisis period; nevertheless, the prolonged period of low investment activity also had an unfavourable impact on the long-term economic growth outlook. To ensure a rise in the potential economic growth, implementation of structural reforms is mandatory, enabling Latvia as a middle income country to approach the level of the most developed countries in the foreseeable future.

The external environment has not improved over the last half-year. The global economic growth forecasts have been revised downwards; Latvia's major trade partners have also revised their projections, mostly downwards. Due to external uncertainties, businesses postpone their investment decisions.

Besides the increasing external uncertainties, factors dampening the domestic activity have also been observed. The delayed drafting of the relevant legislative acts at the beginning of the new EU funds programming period hinders the implementation of investment projects, particularly those in construction and manufacturing. At the same time, as regards business and investment promotion, ensuring a predictable tax policy is essential.

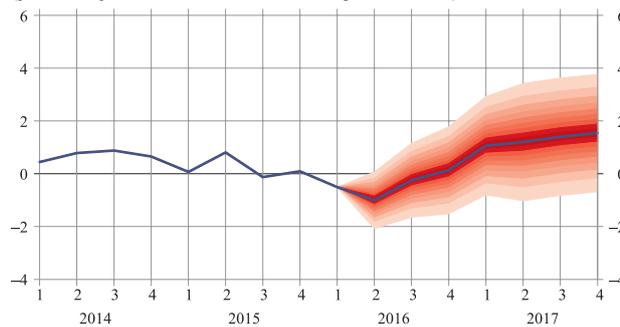
On 14 March 2016, Latvijas Banka released its latest macroeconomic forecast, revising its GDP forecast downwards from 2.7% to 2.3%. The forecast was revised on account of the geopolitical tension, worsening of the trade partner economic growth forecasts, and the weak investment dynamics. At this stage Latvijas Banka has revised the forecast downwards on the basis of the latest macroeconomic data, projecting GDP growth of approximately 2.0% in 2016 (according to seasonally and calendar adjusted

Chart 7.1  
CHANGES IN GDP  
(year-on-year; %; forecast of Latvijas Banka\*)



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

Chart 7.2  
HICP CHANGES  
(year-on-year; %; forecast of Latvijas Banka\*)



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

data<sup>1</sup>; see Chart 7.1). In view of the likely recovery of the external demand and the expected higher domestic investment activity associated with the EU funds financing round, GDP could also post an increase of approximately 3% or slightly higher in 2017.

Risks to the economic growth can be considered balanced. Upside risks are mostly associated with the potential easing of the sanctions regime. The major negative risks are the potential bankruptcies of those companies who have failed to re-direct their operation to penetrate new markets after the introduction of Russia's sanctions and a decline in the demand in Russia.

## 7.2 Inflation

Due to the lagged effect of global factors, the average annual inflation will still remain at very low levels in 2016 (see Chart 7.2) and is likely to reach -0.4%; this estimate is lower than the previous one, revised on 14 March. Nevertheless, the global commodity prices currently display a slightly upward trend and the rise in comparison with the historically rather low level observed at the beginning of 2016 might cause quite a substantial increase in several inflation components in percentage terms. Hence both the direct impact of commodity prices, to be reflected in food and energy prices, and the indirect impact, to be observed in the consumer prices of other goods and services, will raise the annual inflation rate in 2017 quite notably, and it could reach 1.3%.

Risks to the forecast of the annual inflation for 2016 are balanced: the global commodity prices could increase at a slightly faster rate, while the demand side pressure is unlikely to be so strong. A more moderate year-on-year rise in wages and salaries is expected in 2016 as the legislation has no substantial positive effect on income growth; hence, the tendency to make savings, having started already in 2015, is expected to persist.

<sup>1</sup> Latvijas Banka's GDP forecast is based on time series of seasonally and calendar adjusted data. As 2016 is a leap year, the differences between the time series will be more pronounced than usual. This may be of importance when comparing Latvijas Banka's GDP forecast with assessments of other institutions.

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## Additional Information

### General notes

The cut-off date for the information used in the publication *Macroeconomic Developments Report* (June 2016, No. 23) is 6 June 2016.

The *Macroeconomic Developments Report* 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 EC (Charts 1.1, 1.3, 3.4, 3.5, 4.3, 4.4, 4.11 and 5.5), Rosstat (Chart 1.1), Markit (Chart 1.2), the CSB (Charts 1.4, 1.5, 2.24, 3.1–3.4, 3.7, 3.8, 4.1, 4.2, 4.5–4.9, 4.12, 4.13, 5.2, 5.4, 6.2 and 6.3), Bloomberg (Charts 2.1–2.6, 2.8 and 2.9), the Treasury (Charts 2.7 and 3.9–3.11), Latvijas Banka (Charts 2.10–2.25, 4.9, 5.2, 6.1–6.3, 7.1 and 7.2), the ECB (Chart 2.10), Road Traffic Safety Directorate (Chart 3.6.), SEA (Charts 4.9 and 4.10), Reuters (Chart 5.1) and Food and Agriculture Organization of the United Nations (Chart 5.2).

Data sources for Statistics tables are Latvijas Bankas (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.

## 1. MONETARY INDICATORS AND INTEREST RATES

	2014					2015					2016				
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2			
Overnight deposits <sup>1</sup> (Latvian contribution to the euro area M1)	-0.8	16.0	6.5	7.8	-0.8	13.9	12.2	13.4	14.2	13.9	12.7				
Latvian contribution to the euro area M2 <sup>1</sup>	-2.0	7.9	3.7	5.2	-2.0	9.4	6.9	9.0	9.5	9.4	9.9				
Latvian contribution to the euro area M3 <sup>1</sup>	x	x	x	x	x	9.2	6.7	8.5	9.1	9.2	9.5				
Loans to resident financial institutions, non-financial corporations and households <sup>1</sup>	-7.1	-8.7	-7.0	-5.6	-7.1	-1.8	-4.3	-3.6	-3.7	-1.8	-0.6				
Deposits of resident financial institutions, non-financial corporations and households <sup>1</sup>	3.4	11.4	9.9	10.8	3.4	9.0	5.9	7.3	9.0	9.0	10.9				
Long-term interest rate for convergence assessment purposes <sup>2</sup>	2.51	3.14	2.69	2.34	1.86	0.96	0.81	0.85	1.08	1.11	0.88				
EURIBOR (3-month loans) <sup>3</sup>	0.210	0.295	0.299	0.165	0.082	-0.020	0.046	-0.006	-0.028	-0.089	-0.187				
Weighted average yield on government bonds	1.6 <sup>4</sup>	1.8 <sup>4</sup>	1.7 <sup>4</sup>	1.7 <sup>4</sup>	1.3 <sup>4</sup>	0.8 <sup>4</sup>	0.2 <sup>5</sup>	0.7 <sup>4</sup>	0.9 <sup>4</sup>	0.2 <sup>5</sup>	0.3 <sup>4</sup>				
OMXR <sup>3</sup>	436.9	460.3	430.8	435.8	419.1	477.6	421.5	439.3	464.4	583.0	612.9				
	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Overnight deposits <sup>1</sup> (Latvian contribution to the euro area M1)	8.8	12.3	12.2	13.6	15.2	13.4	14.0	11.7	14.2	12.9	14.9	13.9	13.3	14.7	12.7
Latvian contribution to the euro area M2 <sup>1</sup>	4.3	7.8	6.9	8.8	9.2	9.0	9.5	8.2	9.5	9.7	10.8	9.4	9.7	10.7	9.9
Latvian contribution to the euro area M3 <sup>1</sup>	4.1	7.7	6.7	8.3	8.8	8.5	9.0	7.7	9.1	9.2	10.3	9.2	9.7	10.4	9.5
Loans to resident financial institutions, non-financial corporations and households <sup>1</sup>	-4.4	-4.5	-4.3	-4.4	-3.7	-3.6	-3.7	-3.5	-3.7	-3.2	-3.2	-1.8	-2.3	-1.9	-0.6
Deposits of resident financial institutions, non-financial corporations and households <sup>1</sup>	3.8	4.9	5.9	7.4	7.2	7.3	8.4	7.9	9.0	9.1	9.6	9.0	10.3	11.9	10.9
Long-term interest rate for convergence assessment purposes <sup>2</sup>	1.10	0.78	0.56	0.42	0.84	1.28	1.25	0.96	1.03	1.07	1.19	1.08	1.05	0.88	0.71
EURIBOR (3-month loans) <sup>3</sup>	0.063	0.048	0.027	0.005	-0.010	-0.014	-0.018	-0.028	-0.037	-0.053	-0.088	-0.126	-0.146	-0.185	-0.230
Weighted average yield on government bonds	0.3 <sup>5</sup>	0.3 <sup>5</sup>	0.2 <sup>5</sup>	0.2 <sup>5</sup>	0.2 <sup>5</sup>	0.7 <sup>4</sup>	0.8 <sup>4</sup>	-	0.9 <sup>4</sup>	0.2 <sup>5</sup>	-	-	-	0.1 <sup>5</sup>	0.3 <sup>4</sup>
OMXR <sup>3</sup>	418.6	421.6	424.2	432.7	442.0	443.7	440.1	440.1	512.9	574.2	593.8	581.7	598.0	615.7	624.3

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

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

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

<sup>4</sup> Weighted average primary market yield of 5-year government bonds.

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

## 2.a REAL SECTOR INDICATORS AND PRICES

	2014				2015				2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Industrial output<sup>1,2</sup></b>											
Increase/decrease <sup>3</sup> (at constant prices; working day adjusted data; %)	-0.1	0.4	1.8	-0.6	-1.7	4.2	4.2	6.5	3.7	2.5	2.0
<b>Cargoes loaded and unloaded at ports</b>											
Turnover (thousands of tons)	74 175	20 749	18 637	16 206	18 632	69 568	19 810	17 605	15 292	16 861	17 013
Increase/decrease <sup>3</sup> (%)	5.2	9.4	3.6	-2.2	9.6	-6.2	-4.5	-5.5	-5.4	-9.5	-14.1
<b>Retail trade turnover<sup>1,2,4</sup></b>											
Turnover (at current prices; millions of euro)	6 469.1	1 429.6	1 608.8	1 725.5	1 705.2	6 616.9	1 485.5	1 661.7	1 758.8	1 710.8	1 484.1
Increase/decrease <sup>3</sup> (at constant prices; %)	3.5	2.2	4.6	3.5	3.9	5.5	8.1	6.1	5.4	3.1	1.8
Unemployment rate (%)	8.5	9.8	8.9	8.2	8.5	8.7	9.2	8.6	8.3	8.7	9.1
Producer prices <sup>1</sup> (increase/decrease compared with the previous period; %)	0.4	0.2	0.0	0.5	-0.6	-1.0	-0.1	0.0	-0.7	-0.9	-1.0
<b>Consumer price inflation (HICP)</b>											
Year-on-year basis (%)	0.7	0.4	0.8	0.9	0.7	0.2	0.1	0.8	-0.1	0.1	-0.5
Quarter-on-quarter basis (%)	x	0.6	1.0	-0.3	-0.6	x	0.0	1.7	-1.2	-0.4	-0.6
<b>Financial surplus/deficit in the consolidated general government budget</b>											
Surplus/deficit (millions of euro)	-399.0	27.0	248.9	38.7	-713.6	-372.3	34.5	183.0	-41.5	-548.3	48.4
Ratio to GDP (%)	1.7	0.5	4.2	0.6	11.0	1.5	0.6	3.0	0.6	8.5	0.9

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

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

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

<sup>4</sup> Sale of motor vehicles and motorcycles not included.

## 2.b REAL SECTOR INDICATORS AND PRICES

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Industrial output <sup>1,2</sup>															
Increase/decrease <sup>3</sup> (at constant prices; working day adjusted data; %)	3.0	1.4	7.7	7.9	7.6	4.1	7.5	2.4	1.3	0.3	4.2	3.1	-2.5	4.3	3.7
Cargoes loaded and unloaded at ports															
Turnover (thousands of tons)	6 651	6 188	6 972	6 455	5 612	5 538	5 042	5 020	5 229	5 704	5 518	5 639	5 688	5 625	5 700
Increase/decrease <sup>3</sup> (%)	0.0	-10.0	-3.5	-2.1	-9.8	-4.8	-6.5	-4.4	-5.2	-6.2	-13.5	-8.6	-14.5	-9.1	-18.2
Retail trade turnover <sup>1,2,4</sup>															
Turnover (at current prices; millions of euro)	486.0	468.0	531.5	535.6	555.7	570.3	602.6	597.9	558.3	575.8	519.1	615.9	489.3	472.9	522.0
Increase/decrease <sup>3</sup> (at constant prices; %)	7.0	9.6	7.9	3.9	6.8	7.7	5.2	6.1	4.8	5.8	0.9	2.5	2.8	2.4	0.3
Unemployment rate (%)	9.0	9.1	9.2	8.8	8.6	8.6	8.6	8.5	8.3	8.3	8.4	8.7	9.1	9.2	9.1
Producer prices <sup>1</sup> (increase/decrease compared with the previous period; %)	0.1	-0.1	-0.1	-0.1	0.0	0.4	-0.5	-0.6	-0.3	-0.6	0.3	-0.2	-0.2	-0.9	-0.5
Consumer price inflation (HICP)															
Year-on-year basis (%)	-0.4	-0.1	0.4	0.5	1.2	0.6	0.0	0.1	-0.5	-0.2	0.0	0.3	-0.3	-0.5	-0.6
Month-on-month basis (%)	0.1	0.4	0.8	0.6	0.8	-0.1	-1.1	-0.4	-0.2	0.0	-0.1	-0.3	-0.7	0.1	0.8
Annual core inflation (%)	1.0	1.0	1.2	1.0	1.2	1.0	0.4	1.0	0.8	1.1	0.9	1.0	0.7	0.8	1.1
Financial surplus/deficit in the consolidated general government budget (millions of euro)	89.1	-78.8	24.2	120.5	102.6	-40.1	-85.9	117.6	-73.2	25.7	-100.3	-473.7	107.1	41.8	-100.5

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

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

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

<sup>4</sup> Sale of motor vehicles and motorcycles not included.

## 3. ANALYTICAL ACCOUNTS OF THE CENTRAL BANK

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Latvia's contribution to the euro area monetary base	5 105.7	5 716.5	5 826.0	6 485.8	6 573.3	6 696.0	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
Currency in circulation	3 883.8	3 894.7	3 929.1	3 966.3	3 986.1	4 023.6	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
Current accounts (covering the minimum reserve system)	1 221.9	1 821.8	1 896.9	2 519.5	2 587.2	2 672.4	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
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
Credit	1 987.3	2 069.1	2 285.9	2 437.7	2 659.7	2 902.1	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
To MFIs in the euro area	673.8	690.8	730.1	713.5	721.0	753.5	757.9	714.9	732.0	760.1	767.6	772.0	739.3	741.3	629.4
To the General government sector in the euro area	505.6	518.6	597.7	773.2	1 030.5	1 064.5	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
To other euro area residents	807.9	859.7	958.1	951.1	908.2	1 084.1	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
Foreign assets outside the euro area	3 296.7	3 183.8	3 237.8	3 113.4	3 248.4	3 189.3	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
Foreign liabilities outside the euro area	27.3	14.7	10.4	14.0	5.0	5.8	20.6	22.5	2.3	0.6	3.5	9.6	1.8	3.8	9.8

#### 4. MONETARY AGGREGATES AND COUNTERPARTS IN THE EURO AREA: LATVIAN CONTRIBUTION

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Monetary aggregates: Latvian contribution															
M3	10 418.7	10 617.8	10 627.1	10 695.4	10 678.9	10 696.2	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
Repurchase agreements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	23.4	17.4	15.2	12.8	10.7	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities issued with maturity of up to 2 years	31.1	52.5	48.9	47.6	52.6	47.8	61.0	60.0	59.3	57.8	51.1	65.1	53.6	44.4	28.8
Deposits with agreed maturity of up to 2 years	1 421.4	1 451.0	1 440.4	1 457.2	1 386.9	1 446.6	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
Deposits redeemable at notice of up to 3 months	697.6	713.8	698.7	715.5	706.6	703.4	724.2	724.6	733.7	738.8	748.9	779.4	801.9	826.4	790.1
Overnight deposits	8 245.2	8 383.1	8 424.0	8 462.3	8 522.0	8 493.0	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
Counterparts of monetary aggregates and longer-term financial liabilities: Latvian contribution															
Deposits of central government	658.6	594.3	625.5	759.0	826.6	860.8	710.3	764.3	1 136.5	1 182.2	1 043.1	503.8	459.4	537.9	508.1
Longer-term financial liabilities	4 073.6	4 130.3	4 000.2	4 041.1	4 120.3	4 119.7	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
Deposits with agreed maturity of over 2 years	444.4	443.7	445.3	440.9	439.9	438.9	441.1	442.2	443.2	449.1	449.6	434.3	428.2	422.2	408.2
Deposits redeemable at notice of over 3 months	5.0	5.1	5.1	5.1	5.1	5.2	5.2	5.1	5.1	5.0	5.0	4.9	4.8	4.8	4.9
Debt securities issued with maturity of over 2 years	40.8	53.7	59.1	59.7	63.9	63.5	64.0	43.8	43.2	43.9	45.0	45.2	46.8	32.8	30.8
Capital and reserves	3 583.4	3 627.8	3 490.6	3 535.4	3 611.4	3 612.0	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
Credit to euro area residents	15 639.8	15 604.7	15 471.2	15 834.2	16 113.4	16 092.6	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
Credit to general government	1 611.4	1 675.3	1 681.9	2 084.8	2 316.5	2 340.2	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
Credit to other euro area residents	14 028.4	13 929.4	13 789.3	13 749.4	13 796.9	13 752.4	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
Loans	13 103.1	13 004.1	12 983.8	12 958.4	13 013.1	12 961.9	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
Net external assets outside euro area	-284.7	-316.6	184.6	-494.7	-547.4	-247.7	-516.1	-323.3	-287.6	-681.7	-1 018.8	-2 185.8	-1 549.9	-1 253.2	-1 228.7

## 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		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>ASSETS</b>															
Gold and gold receivables	238.5	228.8	235.4	229.1	231.6	223.5	210.8	215.1	213.9	221.5	213.6	207.7	218.1	240.5	231.3
Claims on non-euro area residents denominated in foreign currency	2 818.3	2 739.2	2 784.8	2 671.0	2 813.2	2 774.3	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
Claims on euro area residents denominated in foreign currency	598.0	655.8	617.2	578.4	582.7	598.9	637.0	591.5	558.3	578.0	564.0	541.1	567.0	634.8	499.2
Claims on non-euro area residents denominated in euro	239.9	215.8	217.6	213.2	203.7	191.5	189.9	187.9	170.3	184.6	182.7	169.5	165.0	177.9	161.4
Lending to euro area credit institutions related to monetary policy operations denominated in euro	85.5	85.5	160.5	170.5	170.5	200.5	201.5	200.5	235.5	235.5	230.5	263.7	253.7	245.0	245.0
Main refinancing operations	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	5.0	5.0	0.0	0.0	0.0	0.0	0.0
Longer-term refinancing operations	85.5	85.5	160.5	170.5	170.5	200.5	200.5	200.5	230.5	230.5	230.5	263.7	253.7	245.0	245.0
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	23.4	1.1	4.4	1.9	8.0	0.4	0.2	0.1	2.7	13.6	10.1	2.5	1.2	8.9	0.1
Securities of euro area residents denominated in euro	1 280.4	1 326.7	1 503.8	1 687.0	1 898.5	2 102.2	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
Securities held for monetary policy purposes	0.0	0.0	190.3	354.8	531.8	723.3	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
Other securities	1 280.4	1 326.7	1 313.5	1 332.1	1 366.7	1 378.9	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
Intra-Eurosystem claims	3 349.8	3 372.7	3 412.2	3 456.3	3 500.4	3 554.7	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
Other assets	107.0	103.6	117.1	214.8	118.0	128.9	131.3	175.2	135.3	134.4	139.6	166.2	144.2	138.1	211.1
<b>Total assets</b>	<b>8 740.9</b>	<b>8 729.2</b>	<b>9 053.0</b>	<b>9 222.2</b>	<b>9 526.5</b>	<b>9 774.8</b>	<b>10 041.6</b>	<b>10 213.1</b>	<b>10 469.0</b>	<b>10 781.9</b>	<b>10 954.8</b>	<b>11 118.7</b>	<b>11 516.7</b>	<b>12 202.4</b>	<b>12 364.3</b>

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

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>LIABILITIES</b>															
Banknotes in circulation	3 699.2	3 709.8	3 744.8	3 782.3	3 802.5	3 839.4	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
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	1 221.9	1 821.8	1 896.9	2 519.5	2 587.2	2 672.4	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
Current accounts (covering the minimum reserve system)	1 221.9	1 821.8	1 896.9	2 519.5	2 587.2	2 672.4	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
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	0.0	3.8	0.0	4.8	0.0	0.7	2.7	10.5	1.1	0.0	2.2	8.8	1.5	1.2	7.0
Liabilities to other euro area residents denominated in euro	95.4	83.2	88.6	59.0	45.1	71.7	95.5	95.2	84.2	94.3	125.6	145.9	137.6	129.1	107.5
General government	38.8	28.2	34.0	33.2	20.2	47.4	28.2	28.4	16.9	21.2	23.1	38.1	23.5	11.1	10.1
Other liabilities	56.5	55.0	54.6	25.7	24.9	24.3	67.3	66.8	67.3	73.1	102.5	107.8	114.1	118.0	97.4
Liabilities to non-euro area residents denominated in euro	27.3	14.7	10.4	11.6	5.0	5.8	20.6	18.6	2.1	0.6	3.5	9.1	1.8	3.8	8.9
Liabilities to euro area residents denominated in foreign currency	150.7	152.3	156.9	152.5	153.2	153.7	155.0	152.1	151.5	154.4	157.9	155.2	155.3	158.1	152.5
Liabilities to non-euro area residents denominated in foreign currency	0.0	0.0	0.0	2.4	0.0	0.0	0.0	3.8	0.2	0.0	0.0	0.5	0.0	0.0	0.9
Intra-Eurosystem liabilities	2 735.3	2 212.2	2 386.9	1 983.2	2 207.6	2 330.8	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
Other liabilities	314.9	236.9	265.2	227.5	245.3	231.5	231.1	226.0	224.1	284.0	281.0	258.9	255.6	310.5	250.8
Capital and reserves	496.2	494.5	503.2	479.3	480.7	468.9	472.2	478.2	488.5	490.9	488.5	451.4	473.0	504.8	517.1
<b>Total liabilities</b>	<b>8 740.9</b>	<b>8 729.2</b>	<b>9 053.0</b>	<b>9 222.2</b>	<b>9 526.5</b>	<b>9 774.8</b>	<b>10 041.6</b>	<b>10 213.1</b>	<b>10 469.0</b>	<b>10 781.9</b>	<b>10 954.8</b>	<b>11 118.7</b>	<b>11 516.7</b>	<b>12 202.4</b>	<b>12 364.3</b>

## 7. AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>ASSETS</b>															
Loans to euro area residents	17 872.3	17 836.4	17 766.6	18 321.8	18 707.2	18 481.3	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
General government	79.0	79.5	79.0	78.1	79.6	79.5	78.3	77.7	79.0	78.7	81.6	94.1	127.1	126.0	124.8
Other residents	13 103.1	13 004.1	12 983.8	12 958.4	13 013.1	12 961.9	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
MFIs	4 690.2	4 752.8	4 703.8	5 285.3	5 614.5	5 439.9	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
Holdings of securities other than shares issued by euro area residents	1 981.2	2 022.7	1 786.3	1 919.3	1 946.4	1 972.1	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
General government	1 026.8	1 077.2	1 005.2	1 233.6	1 206.4	1 196.3	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
Other residents	280.4	268.7	159.3	146.7	136.9	139.7	109.9	110.5	108.8	124.6	132.6	139.5	138.5	156.5	159.4
MFIs	674.0	676.7	621.8	539.0	603.0	636.2	630.1	648.1	648.3	625.8	672.6	661.8	675.1	695.2	670.1
Holdings of money market fund shares or units issued by euro area residents	5.0	0.5	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Holdings of shares/ other equity issued by euro area residents	713.7	725.4	715.3	713.4	715.9	719.9	717.5	720.5	740.8	742.4	750.4	727.8	715.4	721.4	697.6
External <sup>1</sup> assets	9 148.8	9 328.9	9 832.6	9 115.2	9 194.8	9 193.9	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
Fixed assets	125.1	123.9	137.9	138.7	140.2	140.1	139.7	140.2	139.1	163.3	163.8	167.4	166.9	169.6	167.6
Remaining assets	918.9	888.3	999.4	1 044.5	975.9	911.6	936.4	890.8	893.3	913.8	1 010.8	994.3	973.3	1 019.2	982.0
<b>Total assets</b>	<b>30 765.0</b>	<b>30 926.1</b>	<b>31 238.6</b>	<b>31 253.4</b>	<b>31 681.0</b>	<b>31 419.5</b>	<b>31 461.8</b>	<b>31 265.8</b>	<b>31 596.3</b>	<b>31 889.8</b>	<b>32 743.3</b>	<b>31 932.7</b>	<b>31 858.3</b>	<b>31 880.6</b>	<b>30 878.5</b>
<b>LIABILITIES</b>															
Currency in circulation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Deposits of euro area residents	13 342.0	13 343.8	13 540.5	13 729.8	13 794.7	13 901.1	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
Central government	469.1	413.9	434.5	573.2	653.2	659.8	527.0	583.8	968.1	1 006.6	862.1	310.5	280.6	368.8	345.5
Other residents	10 761.1	10 941.6	10 958.9	11 055.3	11 035.7	11 062.9	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
MFIs	2 111.8	1 988.3	2 147.1	2 101.3	2 105.8	2 178.4	2 053.4	1 860.8	1 627.7	1 419.3	1 302.9	1 031.4	940.4	926.2	861.4
Money market fund shares or units held by euro area residents	28.5	17.9	15.7	13.4	11.3	5.9	0.0	0.0	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	40.8	53.7	59.1	59.7	63.9	63.5	64.0	42.0	42.2	42.8	43.9	44.0	45.8	32.9	30.5
Capital and reserves	3 087.2	3 133.2	2 987.5	3 056.1	3 130.7	3 143.1	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
External <sup>1</sup> liabilities	12 703.0	12 814.5	12 875.5	12 709.2	12 984.5	12 625.2	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
Remaining liabilities	1 563.5	1 563.0	1 760.3	1 685.2	1 695.9	1 680.7	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
<b>Total liabilities</b>	<b>30 765.0</b>	<b>30 926.1</b>	<b>31 238.6</b>	<b>31 253.4</b>	<b>31 681.0</b>	<b>31 419.5</b>	<b>31 461.8</b>	<b>31 265.8</b>	<b>31 596.3</b>	<b>31 889.8</b>	<b>32 743.3</b>	<b>31 932.7</b>	<b>31 858.3</b>	<b>31 880.6</b>	<b>30 878.5</b>

<sup>1</sup> Non-euro area countries.

## 8. CONSOLIDATED BALANCE SHEET OF MFIs

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>ASSETS</b>															
Loans to residents	12 647.1	12 581.2	12 549.6	12 520.3	12 583.0	12 539.3	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
General government	79.0	79.5	79.0	78.1	79.6	79.5	78.3	77.7	79.0	78.7	81.6	94.1	127.1	126.0	124.8
Other residents	12 568.1	12 501.7	12 470.6	12 442.2	12 503.4	12 459.8	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
Holdings of securities other than shares issued by other residents	798.0	835.0	927.5	1 153.1	1 369.7	1 421.0	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
General government	759.0	800.6	892.4	1 135.3	1 351.9	1 399.4	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
Other residents	39.0	34.4	35.1	17.8	17.7	21.6	21.5	21.0	21.0	22.1	21.4	21.3	20.6	20.4	20.4
Holdings of shares and other equity issued by other residents	572.9	580.0	558.1	555.9	556.7	562.3	560.7	555.1	575.2	575.8	582.3	606.6	594.2	600.1	603.7
Foreign assets	23 083.2	22 744.7	23 155.4	22 475.6	22 945.4	22 769.6	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
Fixed assets	165.1	163.6	177.4	178.0	179.5	179.2	178.6	178.9	177.6	201.9	202.5	206.2	205.3	207.9	205.7
Remaining assets	425.4	397.0	439.9	426.1	398.0	425.3	394.2	408.9	399.5	429.3	469.9	424.5	411.8	447.8	390.8
<b>Total assets</b>	<b>37 691.7</b>	<b>37 301.5</b>	<b>37 807.9</b>	<b>37 308.9</b>	<b>38 032.3</b>	<b>37 896.8</b>	<b>38 170.6</b>	<b>38 118.7</b>	<b>38 354.9</b>	<b>38 909.8</b>	<b>39 691.8</b>	<b>37 621.4</b>	<b>38 805.7</b>	<b>39 324.5</b>	<b>39 120.6</b>
<b>LIABILITIES</b>															
Currency outside MFIs	3 552.6	3 576.6	3 593.6	3 616.5	3 672.3	3 702.5	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
Deposits of central government	657.7	593.4	624.5	758.1	825.6	859.8	709.4	763.3	1 135.5	1 181.3	1 042.3	502.9	458.4	536.8	506.8
Deposits of other general government and other residents	9 530.4	9 661.2	9 733.0	9 754.9	9 740.0	9 793.9	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
Money market fund shares and units	28.0	17.4	15.2	12.8	10.7	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities issued	60.7	58.0	63.3	63.9	71.8	69.4	81.1	58.4	58.1	61.1	59.6	63.1	64.5	59.0	57.8
Capital and reserves	3 583.4	3 627.8	3 490.7	3 535.4	3 611.4	3 612.0	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
External liabilities	18 746.3	18 231.3	18 566.2	17 929.6	18 462.5	18 204.4	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
Remaining liabilities	1 546.5	1 535.7	1 721.7	1 636.1	1 636.7	1 649.2	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
Excess of inter-MFI liabilities	-13.9	0.1	-0.3	1.6	1.3	0.1	-0.8	-0.5	-0.2	2.1	0.6	0.1	0.4	1.1	0.4
<b>Total liabilities</b>	<b>37 691.7</b>	<b>37 301.5</b>	<b>37 807.9</b>	<b>37 308.9</b>	<b>38 032.3</b>	<b>37 896.8</b>	<b>38 170.6</b>	<b>38 118.7</b>	<b>38 354.9</b>	<b>38 909.8</b>	<b>39 691.8</b>	<b>37 621.4</b>	<b>38 805.7</b>	<b>39 324.5</b>	<b>39 120.6</b>

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

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
MFI reserves	1 411.4	1 998.9	2 092.0	2 729.7	2 761.8	2 854.9	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
Vault cash in euro	189.5	177.1	195.1	210.2	174.6	182.5	185.2	188.8	189.2	179.6	179.0	200.0	171.7	178.6	189.6
Deposits with Latvijas Banka	1 221.9	1 821.8	1 896.9	2 519.5	2 587.2	2 672.4	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
Foreign assets	14 482.5	14 168.8	14 404.8	13 738.5	14 098.5	13 732.5	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
Claims on the central government	799.5	828.2	846.3	915.5	940.4	961.4	951.1	945.1	888.9	955.2	978.6	948.0	955.9	972.7	1 019.7
Loans	53.1	52.9	52.6	51.9	52.7	52.9	51.7	51.0	51.8	51.3	51.8	58.6	91.9	91.3	90.6
Holdings of securities other than shares	746.4	775.3	793.7	863.6	887.8	908.5	899.4	894.1	837.1	903.9	926.8	889.4	864.0	881.4	929.1
Claims on the local government	26.2	26.9	26.7	26.5	27.2	26.9	26.9	27.1	27.4	27.7	30.1	35.8	35.6	35.1	34.5
Loans	25.9	26.6	26.4	26.2	26.9	26.6	26.6	26.7	27.1	27.4	29.7	35.4	35.2	34.7	34.2
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	1 039.6	1 041.2	1 034.6	1 046.4	1 076.2	1 135.4	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
Loans	555.8	554.4	568.9	600.5	628.6	678.0	662.5	631.7	636.3	630.4	677.9	674.9	670.2	680.6	948.5
Holdings of securities other than shares	22.7	18.2	18.9	1.4	1.3	1.3	1.3	1.2	1.5	1.5	1.5	1.5	1.5	1.4	1.4
Holdings of shares and other equity	461.2	468.7	446.8	444.5	446.3	456.0	453.4	439.0	385.7	384.5	393.9	424.5	482.6	488.4	485.4
Claims on public non-financial corporations	657.0	655.4	653.5	670.3	664.6	663.5	660.0	677.9	681.8	700.9	707.2	727.5	681.6	679.8	676.6
Loans	654.9	653.3	651.5	665.8	660.1	657.6	654.2	672.6	676.7	696.4	702.7	723.1	678.0	676.2	673.1
Holdings of securities other than shares	2.1	2.1	2.0	4.5	4.5	5.9	5.8	5.3	5.0	4.6	4.5	4.4	3.7	3.6	3.5
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	5 865.9	5 832.3	5 797.6	5 743.8	5 793.3	5 731.6	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
Loans	5 740.0	5 706.7	5 672.1	5 620.5	5 670.9	5 610.9	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
Holdings of securities other than shares	14.2	14.2	14.2	11.9	11.9	14.4	14.4	14.4	14.4	16.0	15.4	15.4	15.4	15.4	15.5
Holdings of shares and other equity	111.7	111.4	111.3	111.3	110.5	106.3	107.3	116.0	189.5	191.3	188.5	182.1	111.6	111.7	118.4
Claims on households	5 617.4	5 587.3	5 578.1	5 555.4	5 543.7	5 513.3	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
Loans	5 617.4	5 587.3	5 578.1	5 555.4	5 543.7	5 513.3	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
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	125.1	123.9	137.9	138.7	140.2	140.1	139.7	140.2	139.1	163.3	163.8	167.4	166.9	169.6	167.6
Other assets	423.1	393.9	436.0	422.2	392.0	417.8	385.6	398.8	369.9	393.5	432.8	410.1	400.7	435.2	380.7
Claims on resident MFIs	316.9	268.8	230.5	265.9	242.3	241.5	226.3	214.9	148.7	177.5	173.3	181.8	167.7	190.2	141.7
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	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	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
<b>TOTAL ASSETS</b>	<b>30 765.0</b>	<b>30 926.1</b>	<b>31 238.6</b>	<b>31 253.4</b>	<b>31 681.0</b>	<b>31 419.5</b>	<b>31 461.8</b>	<b>31 265.8</b>	<b>31 596.3</b>	<b>31 889.8</b>	<b>32 743.3</b>	<b>31 932.7</b>	<b>31 858.3</b>	<b>31 880.6</b>	<b>30 878.5</b>

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

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Overnight deposits in euro	6 150.6	6 219.8	6 244.4	6 267.9	6 273.2	6 338.0	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
Financial institutions	375.1	398.8	349.2	322.7	355.1	392.4	420.2	448.8	432.9	448.9	507.7	521.9	552.8	617.0	627.0
Public non-financial corporations	287.2	295.5	333.3	357.3	382.3	348.3	357.4	358.8	322.7	330.5	304.9	331.0	327.7	384.0	410.1
Private non-financial corporations	2 355.3	2 380.5	2 417.9	2 364.7	2 323.1	2 339.5	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
Households	3 133.0	3 145.0	3 144.1	3 223.3	3 212.7	3 257.8	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
Time deposits in euro	1 520.8	1 521.6	1 502.4	1 533.6	1 452.9	1 495.9	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
Financial institutions	284.3	258.6	250.5	258.7	249.2	265.7	258.9	269.6	255.1	258.3	264.6	288.4	302.5	312.8	322.2
Public non-financial corporations	58.9	58.8	80.5	62.9	45.7	49.1	50.9	61.9	69.4	65.7	54.9	43.6	41.9	39.9	40.2
Private non-financial corporations	253.8	296.9	266.5	314.9	277.3	313.6	249.3	231.8	192.7	195.2	195.8	153.3	146.7	145.8	163.7
Households	923.8	907.3	904.9	897.1	880.7	867.5	848.9	827.5	828.9	824.3	815.5	771.0	746.1	735.6	719.6
Deposits redeemable at notice in euro	639.1	655.2	637.7	656.0	646.7	642.0	662.1	665.5	674.9	678.5	687.0	723.4	745.6	769.5	735.2
Financial institutions	21.5	14.8	1.8	1.6	1.1	1.1	0.9	1.1	1.1	1.1	1.1	2.0	2.1	2.0	1.7
Public non-financial corporations	0.8	15.3	15.9	25.2	21.7	13.7	19.2	19.2	22.3	18.3	8.3	12.7	12.7	12.8	6.2
Private non-financial corporations	60.3	56.5	46.8	50.6	41.2	37.8	41.7	42.9	41.7	41.5	49.1	66.4	70.3	80.6	47.0
Households	556.5	568.6	573.1	578.6	582.7	589.4	600.3	602.4	609.8	617.6	628.6	642.3	660.4	674.1	680.3
Repos in euro	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency deposits of residents	965.3	994.5	1 055.0	1 035.4	1 083.9	1 057.6	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
Financial institutions	57.1	64.5	51.3	78.6	70.7	56.3	56.4	87.4	84.0	104.4	148.1	197.6	161.8	171.5	161.1
Public non-financial corporations	6.2	7.1	7.8	7.9	7.4	6.7	9.0	8.6	9.1	9.5	9.1	7.7	8.0	5.0	4.8
Private non-financial corporations	314.2	323.8	381.1	342.7	390.1	375.7	408.0	412.4	438.7	410.7	371.9	397.0	443.5	502.2	430.4
Households	587.8	599.1	614.8	606.1	615.8	619.0	631.9	628.3	621.8	626.9	638.4	639.3	640.0	651.7	638.6
Deposits of central government	468.2	412.9	433.6	572.3	652.2	658.8	526.1	582.9	967.1	1 005.7	861.3	309.6	279.6	367.7	344.2
Overnight deposits in euro	134.6	195.7	214.6	364.9	371.2	344.5	280.4	333.6	435.7	581.5	459.7	237.3	172.4	226.2	196.9
Time deposits in euro	315.6	190.5	174.6	181.1	246.9	282.1	215.3	218.4	498.9	388.1	368.5	44.8	93.7	127.6	127.7
Deposits redeemable at notice and repos in euro	13.2	22.2	39.4	22.0	29.1	26.6	24.5	24.2	27.6	27.8	28.0	22.3	9.3	9.7	16.5
Foreign currency deposits	4.8	4.5	5.0	4.3	5.0	5.5	6.0	6.7	4.9	8.4	5.0	5.2	4.2	4.2	3.2
Deposits of local government	198.1	215.1	238.9	236.4	258.4	236.0	228.3	249.2	247.5	242.6	257.1	213.0	235.2	258.3	285.7
Overnight deposits in euro	194.1	211.4	235.3	232.8	254.8	232.5	221.4	242.3	238.2	233.4	247.8	206.4	232.3	255.3	282.5
Time deposits in euro	0.7	0.4	0.3	0.3	0.3	0.3	3.8	3.8	6.1	6.7	6.7	4.4	0.6	0.6	0.7
Deposits redeemable at notice and repos in euro	3.2	3.2	3.2	3.2	3.2	3.2	3.1	3.1	3.1	2.4	2.4	2.1	2.2	2.4	2.5
Foreign currency deposits	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	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		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Foreign liabilities	15 870.4	15 965.8	16 106.0	15 918.1	16 206.3	15 837.9	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
Liabilities to Latvijas Banka	85.5	85.5	160.5	170.5	170.5	200.5	201.5	200.5	235.5	235.5	230.5	263.7	253.7	245.0	245.0
Money market fund shares and units	28.5	17.9	15.7	13.4	11.3	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities issued	60.7	58.0	63.3	63.9	71.8	69.4	81.1	58.4	58.1	61.1	59.6	63.1	64.5	59.0	57.8
Capital and reserves	3 087.2	3 133.2	2 987.5	3 056.1	3 130.7	3 143.1	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
Residents	1 413.9	1 459.9	1 019.5	968.2	1 041.4	1 053.2	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
Retained earnings of the reporting year	33.0	64.7	104.9	148.9	192.4	220.6	258.2	290.5	315.0	356.4	394.1	416.4	31.0	63.6	106.0
Non-residents	1 673.3	1 673.3	1 968.0	2 087.9	2 089.3	2 089.9	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
Provisions	947.9	942.5	950.7	946.1	943.1	933.2	934.7	929.1	922.8	916.4	902.3	875.2	886.5	890.3	863.0
Other liabilities (incl. subordinated liabilities)	439.8	434.9	612.6	516.3	536.3	559.3	472.3	483.3	497.2	545.0	582.5	511.3	559.3	544.8	541.4
Liabilities to resident MFIs	302.9	269.1	230.2	267.5	243.6	241.7	225.5	214.3	148.5	179.6	173.9	182.0	168.1	191.1	142.1
<b>TOTAL LIABILITIES</b>	<b>30 765.0</b>	<b>30 926.1</b>	<b>31 238.6</b>	<b>31 253.4</b>	<b>31 681.0</b>	<b>31 419.5</b>	<b>31 461.8</b>	<b>31 265.8</b>	<b>31 596.3</b>	<b>31 889.8</b>	<b>32 743.3</b>	<b>31 932.7</b>	<b>31 858.3</b>	<b>31 880.6</b>	<b>30 878.5</b>
Memo items															
Trust assets	1 555.4	1 576.0	1 582.7	1 557.9	1 675.6	1 716.0	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
Foreign	1 375.0	1 425.8	1 436.8	1 414.5	1 529.7	1 572.2	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
Domestic	180.4	150.2	145.9	143.4	145.9	143.8	142.8	142.4	140.4	142.0	144.1	137.6	135.3	137.1	140.7
Trust liabilities	1 555.2	1 575.9	1 582.7	1 557.8	1 675.6	1 716.0	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
Foreign	1 449.7	1 468.2	1 483.6	1 460.8	1 575.6	1 616.7	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
Domestic	105.5	107.7	99.1	97.0	100.0	99.2	99.5	88.2	87.5	88.7	89.3	84.0	82.5	82.8	88.6

## 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									
I	6 840.6	3 488.1	3 061.7	290.8	2 435.2	1 712.9	659.9	62.3	9 275.8
II	6 914.0	3 508.8	3 107.5	297.7	2 477.0	1 711.2	686.8	79.0	9 391.0
III	6 990.5	3 516.7	3 137.8	336.0	2 449.0	1 720.2	627.3	101.5	9 439.5
IV	7 015.0	3 598.6	3 055.7	360.7	2 477.9	1 706.5	678.8	92.6	9 492.9
V	7 055.9	3 593.3	3 077.4	385.1	2 400.8	1 698.6	630.3	71.9	9 456.7
VI	7 072.8	3 647.6	3 074.6	350.5	2 460.7	1 686.0	707.5	67.2	9 533.5
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
	Net foreign assets	Net domestic assets						Other items (net)	Total
		Credit to residents							
		General government (net)	Households	Financial institutions and private non-financial corporations	Public non-financial corporations				
2015									
I	-1 388.0	13 339.4	159.5	5 617.4	6 905.5	657.0	-2 675.6	10 663.8	9 275.8
II	-1 797.0	13 343.3	227.1	5 587.3	6 873.5	655.4	-2 155.3	11 188.0	9 391.0
III	-1 701.1	13 264.3	200.5	5 578.1	6 832.2	653.5	-2 123.7	11 140.6	9 439.5
IV	-2 179.6	13 149.2	133.3	5 555.4	6 790.2	670.3	-1 476.7	11 672.5	9 492.9
V	-2 107.8	13 134.8	57.0	5 543.7	6 869.5	664.6	-1 570.3	11 564.5	9 456.7
VI	-2 105.4	13 137.3	93.5	5 513.3	6 867.0	663.5	-1 498.4	11 638.9	9 533.5
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

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

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Claims on MFIs	9 006.7	8 471.4	8 183.3	7 342.6	7 710.8	7 527.9	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
Loans															
Overnight	5 376.7	4 919.6	4 883.6	4 731.6	5 013.9	4 965.6	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
Short-term	2 197.2	2 081.3	1 762.5	1 174.8	1 183.3	1 036.0	1 020.0	808.1	840.2	1 214.2	1 321.5	1 190.7	979.9	1 082.6	950.7
Long-term	43.4	31.3	23.4	22.6	22.8	24.2	21.6	21.5	19.7	19.3	20.0	9.8	8.6	8.4	8.1
Redeemable at notice	0.0	3.0	0.0	0.0	0.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Holdings of securities other than shares	1 245.1	1 294.3	1 372.5	1 265.7	1 342.5	1 347.1	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
Holdings of shares and other equity	5.5	1.1	1.2	1.2	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.6	1.6
Other claims	138.8	140.8	140.0	146.8	147.0	142.9	138.7	133.0	134.3	136.8	137.7	131.6	130.8	130.8	127.3
Claims on non-MFIs	5 128.2	5 342.0	5 811.3	5 944.9	5 938.8	5 851.7	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
Loans															
Short-term	787.3	806.8	839.5	842.1	902.9	872.4	892.4	915.4	921.9	864.2	942.9	908.4	905.7	921.2	900.3
Long-term	1 318.5	1 315.5	1 368.9	1 341.4	1 328.3	1 290.0	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
Holdings of securities other than shares															
General government sector	1 838.1	2 022.1	2 222.9	2 427.4	2 307.1	2 305.5	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
Private sector	1 072.3	1 084.0	1 253.7	1 207.3	1 271.1	1 259.1	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
Holdings of shares and other equity	64.4	66.0	69.1	67.5	69.3	66.1	63.4	60.3	60.6	60.7	62.8	34.3	104.4	104.6	118.7
Other claims	47.6	47.6	57.1	59.2	60.1	58.6	56.7	67.1	64.3	65.0	56.6	52.5	60.1	61.3	33.7
Vault cash in foreign currencies	41.2	38.2	42.2	38.9	39.6	41.6	40.3	38.4	45.6	43.9	42.7	37.8	34.8	41.4	31.0
Other assets															
Other assets	306.3	317.3	368.0	412.1	409.3	311.3	365.6	303.3	334.2	340.6	398.9	384.2	400.9	405.5	411.7
Total foreign assets	14 482.5	14 168.9	14 404.8	13 738.5	14 098.5	13 732.5	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
Memo items															
Trust assets	1 375.0	1 425.8	1 436.8	1 414.5	1 529.7	1 572.2	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

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

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Liabilities to MFIs</b>															
Overnight	733.5	681.1	642.1	322.0	692.4	545.7	341.5	402.7	335.1	432.7	513.8	549.7	678.8	564.7	550.3
Short-term	1 088.0	1 203.6	1 304.7	1 583.3	1 333.9	1 543.1	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
Long-term	1 707.4	1 539.6	1 459.7	1 385.8	1 380.3	1 373.5	1 273.6	1 232.7	1 231.3	1 228.7	1 195.9	961.2	940.3	941.0	869.9
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	3 457.4	3 356.2	3 342.0	3 240.5	3 323.8	3 381.9	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
<b>Non-MFI deposits</b>															
Overnight	10 746.0	10 878.3	10 987.0	10 894.2	11 083.0	10 775.5	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
Short-term	290.9	295.2	286.7	297.4	267.0	244.0	216.9	218.1	215.4	258.6	248.2	363.8	226.0	252.5	386.3
Long-term	578.0	588.4	615.8	622.7	639.0	632.4	633.5	633.0	638.8	657.3	661.9	645.4	624.6	613.9	556.2
Redeemable at notice	108.6	105.2	102.6	95.1	97.3	94.8	99.5	101.0	100.1	101.8	101.2	105.0	98.1	97.2	96.0
<b>Other liabilities</b>															
Other liabilities <sup>1</sup>	618.0	674.3	707.3	717.8	713.3	628.9	676.6	679.2	677.1	700.4	765.5	769.3	747.7	784.4	812.8
Total foreign liabilities <sup>2</sup>	15 870.4	15 965.7	16 106.0	15 918.1	16 206.3	15 837.9	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
<b>Memo items</b>															
Trust liabilities	1 449.7	1 468.2	1 483.6	1 460.8	1 575.6	1 616.7	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

<sup>1</sup> 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	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions
<b>2015</b>												
I	5 910.9	3 151.4	1 706.4	830.3	535.0	1 275.5	2 784.3	1 723.4	744.6	3 853.1	1 288.1	7 870.5
II	5 308.8	2 662.2	1 726.3	801.5	502.4	1 320.8	2 683.9	1 633.7	740.5	3 935.1	1 336.4	7 932.0
III	4 998.6	2 576.4	1 671.0	823.4	513.2	1 385.0	2 706.9	1 756.4	699.7	3 926.3	1 281.4	8 065.9
IV	4 140.7	2 499.9	1 788.2	819.4	516.1	1 364.0	2 545.4	1 663.3	745.7	3 928.6	1 327.0	7 980.7
V	4 425.7	2 785.0	1 794.2	808.1	509.7	1 423.1	2 629.0	1 691.6	777.6	3 918.8	1 321.6	8 167.6
VI	4 224.3	2 526.0	1 812.4	777.1	502.1	1 385.3	2 714.7	1 736.2	747.7	3 939.5	1 294.3	7 807.2
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
<b>2016</b>												
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

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

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Overnight deposits</b>															
Amount	6 840.6	6 914.0	6 990.5	7 015.0	7 055.9	7 072.8	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
% <sup>1</sup>	73.7	73.6	74.1	73.9	74.6	74.2	75.2	75.5	75.9	75.9	76.5	77.7	77.2	77.5	77.7
<b>Time deposits</b>															
<b>Maturity of 1–6 months</b>															
Amount	305.8	346.0	353.1	313.8	281.4	312.5	254.3	237.6	235.2	216.2	196.6	185.2	213.0	223.6	259.5
% <sup>1</sup>	3.3	3.7	3.7	3.3	3.0	3.3	2.6	2.4	2.4	2.2	2.0	1.8	2.1	2.1	2.5
<b>Maturity of 6–12 months</b>															
Amount	831.2	826.1	786.8	817.9	782.7	793.9	765.3	762.0	727.6	734.7	719.3	634.9	611.5	604.9	607.8
% <sup>1</sup>	9.0	8.8	8.3	8.6	8.3	8.3	7.9	7.9	7.5	7.5	7.2	6.1	6.0	5.8	5.8
<b>Long-term</b>															
Amount	602.6	593.4	612.5	633.2	632.2	653.1	659.4	654.5	656.5	678.4	687.1	710.0	708.0	707.9	682.1
% <sup>1</sup>	6.5	6.3	6.5	6.7	6.7	6.9	6.8	6.7	6.7	6.9	6.9	6.9	6.9	6.8	6.5
<b>Maturity of 1–2 years</b>															
Amount	266.8	259.1	278.6	303.8	303.8	325.0	330.4	324.2	324.1	340.9	347.9	383.5	378.5	380.7	362.5
% <sup>1</sup>	2.9	2.8	3.0	3.2	3.2	3.4	3.4	3.3	3.3	3.5	3.5	3.7	3.7	3.7	3.5
<b>Maturity of over 2 years</b>															
Amount	335.7	334.3	333.9	329.4	328.5	328.1	329.0	330.3	332.4	337.5	339.2	326.6	329.4	327.1	319.6
% <sup>1</sup>	3.6	3.6	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.2	3.2	3.1	3.1
<b>Deposits redeemable at notice</b>															
<b>Up to 3 months</b>															
Amount	690.5	706.5	691.6	707.8	699.4	696.1	716.8	716.8	725.8	731.4	741.8	772.6	794.9	819.9	783.7
% <sup>1</sup>	7.4	7.5	7.3	7.4	7.3	7.2	7.4	7.4	7.4	7.5	7.4	7.5	7.8	7.8	7.5
<b>Over 3 months</b>															
Amount	5.0	5.1	5.1	5.1	5.1	5.2	5.2	5.1	5.1	5.0	5.0	4.9	4.8	4.7	4.8
% <sup>1</sup>	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	0.0
<b>Repos</b>															
Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% <sup>1</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total deposits</b>	<b>9 275.8</b>	<b>9 391.1</b>	<b>9 439.5</b>	<b>9 492.8</b>	<b>9 456.7</b>	<b>9 533.5</b>	<b>9 669.4</b>	<b>9 703.9</b>	<b>9 765.7</b>	<b>9 804.8</b>	<b>9 990.8</b>	<b>10 333.6</b>	<b>10 230.2</b>	<b>10 509.4</b>	<b>10 469.2</b>

<sup>1</sup> 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
<b>Insurance corporations</b>									
<b>2015</b>									
I	54.1	38.7	13.5	14.4	0.4	0	0	121.1	115.3
II	56.4	39.4	13.5	14.4	0.4	0	0	124.0	117.9
III	49.5	37.9	11.4	13.0	0.4	0	0	112.2	106.4
IV	51.6	31.9	10.3	11.8	0.4	0	0	106.0	100.4
V	52.1	28.1	10.4	11.7	0.4	0	0	102.6	98.9
VI	48.0	24.6	10.1	11.6	0.4	0	0	94.8	90.6
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
<b>2016</b>									
I	56.8	6.4	10.2	11.0	1.0	0	0	85.5	83.1
II	56.3	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
<b>Pension funds</b>									
<b>2015</b>									
I	180.0	14.1	35.4	29.9	0.0	0	0	259.5	246.6
II	192.7	14.1	29.8	30.2	0.0	0	0	266.8	248.2
III	151.4	14.1	14.7	30.2	0.0	0	0	210.5	202.4
IV	162.8	35.4	15.4	29.3	0.0	0	0	242.9	212.4
V	168.1	36.3	15.3	28.5	0.0	0	0	248.2	230.2
VI	164.6	36.3	15.3	28.5	0.0	0	0	244.7	238.6
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
<b>2016</b>									
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

## 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									
I	151.4	50.0	19.4	74.4	21.2	0	0	316.4	291.8
II	172.4	33.8	18.6	73.3	14.5	0	0	312.7	287.1
III	159.4	25.2	40.2	71.9	1.5	0	0	298.2	272.7
IV	147.4	18.5	39.4	71.8	1.3	0	0	278.3	250.8
V	161.8	19.9	35.3	70.2	0.8	0	0	288.1	258.4
VI	168.2	38.9	36.0	69.9	0.9	0	0	313.9	282.0
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
Investment funds, excluding money market funds, and alternative investment funds									
2015									
I	40.1	1.0	0.0	0.0	0.0	0	0	41.0	27.2
II	31.9	1.3	0.0	0.0	0.0	0	0	33.1	18.9
III	30.8	1.1	0.0	0.0	0.0	0	0	31.9	19.9
IV	33.1	1.3	0.0	0.0	0.0	0	0	34.3	19.3
V	35.7	1.3	0.0	0.0	0.0	0	0	37.0	17.8
VI	30.1	1.3	0.0	0.0	0.0	0	0	31.4	18.9
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

## 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									
I	290.8	61.3	0.1	0.2	0.8	0	0	353.1	346.9
II	297.7	63.4	0.1	0.2	15.3	0	0	376.7	369.6
III	336.0	85.3	0.1	0.2	15.9	0	0	437.5	429.7
IV	360.7	67.1	0.1	0.2	25.2	0	0	453.3	445.4
V	385.1	50.0	0.1	0.2	21.7	0	0	457.0	449.6
VI	350.5	53.3	0.1	0.2	13.7	0	0	417.8	411.1
VII	360.1	57.0	0.1	0.2	19.2	0	0	436.5	427.5
VIII	361.1	64.1	3.9	0.2	19.2	0	0	448.5	439.9
IX	324.6	72.5	3.9	0.2	22.3	0	0	423.5	414.4
X	332.7	62.8	3.9	6.2	18.3	0	0	423.9	414.4
XI	307.3	51.8	3.6	6.1	8.3	0	0	377.1	368.0
XII	332.3	45.2	2.9	1.9	12.7	0	0	395.1	387.3
2016									
I	332.0	41.1	2.6	1.9	12.7	0	0	390.3	382.3
II	385.3	39.6	2.1	1.9	12.8	0	0	441.6	436.6
III	412.2	38.9	2.1	1.8	6.2	0	0	461.3	456.5
Private non-financial corporations									
2015									
I	2 636.2	241.8	22.9	21.1	61.6	0	0	2 983.6	2 669.4
II	2 654.1	301.0	24.1	20.5	58.0	0	0	3 057.8	2 733.9
III	2 746.8	273.7	23.2	20.3	48.4	0	0	3 112.4	2 731.2
IV	2 660.9	309.7	30.1	20.1	52.1	0	0	3 072.9	2 730.2
V	2 659.7	278.9	30.5	19.9	42.7	0	0	3 031.8	2 641.6
VI	2 663.7	327.2	46.0	19.5	40.9	0	0	3 097.3	2 720.1
VII	2 768.7	266.2	48.2	19.3	44.6	0	0	3 147.0	2 738.2
VIII	2 754.9	248.5	48.0	19.0	45.7	0	0	3 116.1	2 703.7
IX	2 897.7	226.5	38.5	18.1	44.5	0	0	3 225.2	2 786.5
X	2 851.0	230.1	48.1	20.6	44.3	0	0	3 194.1	2 783.4
XI	2 916.8	218.7	42.1	19.6	52.1	0	0	3 249.3	2 877.4
XII	3 081.7	179.8	41.4	20.2	69.1	0	0	3 392.2	2 995.3
2016									
I	2 975.2	203.0	38.4	19.1	73.1	0	0	3 308.8	2 865.2
II	3 069.8	201.5	38.7	18.7	83.3	0	0	3 412.1	2 909.8
III	3 026.6	224.5	36.9	20.3	49.6	0	0	3 357.9	2 927.5

## 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									
I	3 488.1	730.2	175.5	195.7	606.5	5.0	0	5 201.1	4 613.2
II	3 508.8	719.1	173.1	195.7	618.3	5.1	0	5 220.0	4 620.9
III	3 516.7	702.5	189.0	198.3	625.3	5.1	0	5 236.9	4 622.2
IV	3 598.6	667.9	208.5	196.2	628.8	5.1	0	5 305.1	4 699.0
V	3 593.3	649.5	212.2	198.0	633.8	5.1	0	5 291.9	4 676.2
VI	3 647.6	624.8	217.5	198.3	640.2	5.2	0	5 333.6	4 714.7
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

## 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				
							General government	Other		
2015										
I	468.2	198.1	666.2	661.4	3 528.9	11 723.6	4.1	11 719.5	15 252.5	6 339.6
II	412.9	215.1	628.0	623.4	3 424.4	11 867.1	4.2	11 862.9	15 291.5	6 384.5
III	433.6	238.9	672.4	667.4	3 406.6	11 992.2	4.8	11 987.4	15 398.8	6 211.8
IV	572.3	236.4	808.7	804.3	3 291.0	11 909.3	6.3	11 903.0	15 200.3	6 122.2
V	652.2	258.4	910.6	905.6	3 406.6	12 086.4	11.8	12 074.6	15 493.0	6 140.8
VI	572.3	236.4	808.7	804.3	3 291.0	11 909.3	6.3	11 903.0	15 200.3	6 122.2
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

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

(at end of period; millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Short-term</b>															
Amount	1 853.5	1 853.6	1 868.8	1 841.4	1 853.3	1 850.3	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
% <sup>1</sup>	14.7	14.8	15.0	14.8	14.8	14.8	14.4	14.6	14.2	14.4	14.2	13.5	13.7	14.1	13.2
<b>Maturity of 1–5 years</b>															
Amount	2 502.0	2 467.0	2 446.7	2 434.9	2 463.1	2 474.7	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
% <sup>1</sup>	19.9	19.7	19.6	19.6	19.7	19.9	20.3	20.2	20.1	19.9	20.1	19.9	19.8	19.8	19.1
<b>Maturity of over 5 years</b>															
Amount	8 212.6	8 181.0	8 155.1	8 165.9	8 187.0	8 134.8	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
% <sup>1</sup>	65.4	65.5	65.4	65.6	65.5	65.3	65.3	65.2	65.7	65.7	65.7	66.7	66.5	66.1	67.7
Total loans	12 568.1	12 501.7	12 470.6	12 442.2	12 503.4	12 459.8	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

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

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

(at end of period; 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																
I	0.0	0.0	0.0	x	x	x	8.8	59.7	586.3	654.9	449.9	1 279.6	1 857.3	2 603.2	5 740.0	5 502.8
II	0.0	0.0	0.0	x	x	x	15.7	61.3	576.3	653.3	448.0	1 283.4	1 818.4	2 604.9	5 706.7	5 469.7
III	0.0	0.0	0.0	x	x	x	8.8	61.3	581.5	651.5	444.3	1 288.0	1 797.4	2 586.7	5 672.1	5 427.2
IV	0.2	0.2	0.2	x	x	x	7.7	60.8	597.3	665.8	459.3	1 263.2	1 758.1	2 599.2	5 620.5	5 393.5
V	0.0	0.0	0.0	x	x	x	8.6	60.1	591.4	660.1	453.5	1 257.8	1 776.8	2 636.3	5 670.9	5 444.4
VI	0.1	0.1	0.1	x	x	x	9.3	66.6	581.7	657.6	448.8	1 257.8	1 776.9	2 617.5	5 652.2	5 431.4
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
	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																
I		0.0		0.0		0.0		189.7		282.8		83.1		555.7		527.6
II		0.1		0.1		0.0		185.2		286.3		82.8		554.3		526.1
III		0.5		0.5		0.0		201.7		286.4		80.3		568.3		539.2
IV		0.2		0.2		0.0		205.6		313.8		80.6		600.1		555.3
V		0.0		0.0		0.0		222.3		324.1		82.2		628.6		582.4
VI		0.2		0.2		0.0		225.3		329.2		82.0		636.5		591.1
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

## 16.b LOANS TO HOUSEHOLDS

(at end of period; millions of euro)

	Households													In euro
	Consumer credit				Lending for house purchase				Other lending					
	Up to 1 year	1–5 years	Over 5 years		Up to 1 year	1–5 years	Over 5 years		Up to 1 year	1–5 years	Over 5 years			
<b>2015</b>														
I	437.4	154.3	124.7	158.4	4 717.2	147.3	115.2	4 454.7	462.8	73.7	62.2	326.9	5 617.4	5 431.7
II	436.7	152.1	126.1	158.5	4 678.0	145.3	105.5	4 427.2	472.6	71.8	69.5	331.2	5 587.3	5 405.6
III	440.4	150.9	128.9	160.6	4 661.6	143.2	100.3	4 418.1	476.1	75.8	72.5	327.8	5 578.1	5 391.2
IV	442.8	149.4	132.1	161.3	4 641.6	139.6	97.7	4 404.2	471.1	75.5	72.4	323.2	5 555.4	5 372.8
V	446.9	150.2	135.5	161.1	4 629.5	138.3	96.2	4 395.0	467.4	76.1	70.4	321.0	5 543.7	5 360.1
VI	447.1	147.7	138.2	161.2	4 605.1	136.1	93.6	4 375.3	461.1	73.9	70.1	317.1	5 513.3	5 336.4
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
<b>2016</b>														
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

## 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	In euro	MFIs	Non-MFIs				
						General government	Other			
<b>2015</b>										
I	53.1	25.9	79.0	79.0	7 617.3	2 105.8	0.0	2 105.8	9 723.1	4 394.8
II	52.9	26.6	79.5	79.5	7 035.1	2 122.3	0.0	2 122.3	9 157.4	3 922.9
III	52.6	26.4	79.0	79.0	6 669.6	2 208.4	0.0	2 208.4	8 878.0	3 861.3
IV	51.9	26.2	78.1	78.1	5 928.9	2 183.5	0.0	2 183.5	8 112.4	3 167.8
V	52.7	26.9	79.6	79.6	6 219.9	2 231.2	0.0	2 231.2	8 451.1	3 405.9
VI	52.9	26.6	79.5	79.5	6 036.7	2 162.4	0.0	2 162.4	8 199.1	3 344.7
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
<b>2016</b>										
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

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

(at end of Q4 2015, 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	%
<b>Total</b>	2 202.8	100.0	2 055.5	100.0	3 764.9	100.0	3 541.2	100.0	981.4	100.0	912.1	100.0	6 949.1	100.0	6 508.8	100.0
<b>A</b> Agriculture, forestry and fishing	127.1	5.8	108.1	5.3	240.2	6.4	239.8	6.8	44.8	4.6	44.8	4.9	412.1	5.9	392.7	6.0
<b>B</b> Mining and quarrying	7.5	0.3	7.5	0.4	13.1	0.4	13.1	0.4	0.2	0.0	0.2	0.0	20.7	0.3	20.8	0.3
<b>C</b> Manufacturing	316.1	14.4	304.8	14.8	482.0	12.8	466.4	13.2	59.4	6.1	59.4	6.5	857.5	12.4	830.6	12.8
<b>D</b> Electricity, gas, steam and air conditioning supply	61.9	2.8	60.0	2.9	313.7	8.3	240.1	6.8	45.5	4.6	45.5	5.0	421.1	6.1	345.6	5.3
<b>E</b> Water supply; sewerage, waste management and remediation activities	6.0	0.3	6.0	0.3	39.1	1.0	39.1	1.1	51.1	5.2	51.1	5.6	96.1	1.4	96.2	1.5
<b>F</b> Construction	90.0	4.1	90.0	4.4	138.4	3.7	120.9	3.4	189.5	19.3	157.8	17.3	417.9	6.0	368.7	5.7
<b>G</b> Wholesale and retail trade; repair of motor vehicles and motorcycles	401.6	18.2	352.7	17.2	220.3	5.9	206.3	5.8	18.0	1.8	18.0	2.0	639.9	9.2	577.0	8.9
<b>H</b> Transportation and storage	82.3	3.7	72.7	3.5	295.1	7.8	281.1	7.9	241.1	24.6	241.1	26.4	618.5	8.9	594.9	9.1
<b>I</b> Accommodation and food service activities	41.2	1.9	41.2	2.0	78.3	2.1	78.3	2.2	10.9	1.1	10.9	1.2	130.4	1.9	130.4	2.0
<b>J</b> Information and communication	2.6	0.1	2.5	0.1	59.6	1.6	58.5	1.7	8.0	0.8	8.0	0.9	70.1	1.0	69.0	1.1
<b>K</b> Financial and insurance activities	209.2	9.5	187.7	9.1	531.8	14.1	485.7	13.7	3.1	0.3	2.4	0.3	744.1	10.7	675.8	10.4
<b>L</b> Real estate activities	752.8	34.2	745.6	36.3	1 147.5	30.5	1 106.2	31.2	218.1	22.2	181.1	19.8	2 118.4	30.5	2 032.9	31.2
<b>M</b> Professional, scientific and technical activities	9.4	0.4	9.4	0.5	15.0	0.4	15.0	0.4	6.0	0.6	6.0	0.7	30.4	0.4	30.4	0.5
<b>N</b> Administrative and support service activities	31.3	1.4	9.9	0.5	35.7	1.0	35.7	1.0	1.4	0.1	1.4	0.1	68.4	1.0	47.0	0.7
<b>O</b> Public administration and defence; compulsory social security	0.6	0.0	0.6	0.0	0.8	0.0	0.8	0.0	26.6	2.7	26.6	2.9	28.1	0.4	28.0	0.4
<b>P</b> Education	0.6	0.0	0.6	0.0	27.8	0.7	27.8	0.8	0.9	0.1	0.9	0.1	29.4	0.4	29.3	0.5
<b>Q</b> Human health and social work activities	2.3	0.1	2.3	0.1	19.2	0.5	19.2	0.6	0.5	0.1	0.5	0.1	22.0	0.3	22.0	0.3
<b>R</b> Arts, entertainment and recreation	4.4	0.2	4.1	0.2	8.5	0.2	8.5	0.2	3.5	0.4	3.5	0.4	16.5	0.2	16.1	0.2
<b>S</b> Other service activities	55.8	2.6	49.8	2.4	98.7	2.6	98.7	2.8	52.9	5.4	52.9	5.8	207.5	3.0	201.4	3.1

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

(at end of Q1 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	%
<b>Total</b>	2 500.9	100.0	2 384.6	100.0	3 637.5	100.0	3 439.2	100.0	957.3	100.0	891.5	100.0	7 095.7	100.0	6 715.3	100.0
<b>A</b> Agriculture, forestry and fishing	134.6	5.4	115.7	4.9	238.1	6.5	237.4	6.9	49.5	5.2	49.5	5.5	422.2	5.9	402.6	6.0
<b>B</b> Mining and quarrying	6.2	0.3	6.2	0.3	13.6	0.4	13.6	0.4	0.0	0.0	0.0	0.0	19.8	0.3	19.8	0.3
<b>C</b> Manufacturing	369.4	14.8	354.7	14.9	420.7	11.6	413.4	12.0	34.6	3.6	34.6	3.9	824.7	11.6	802.7	12.0
<b>D</b> Electricity, gas, steam and air conditioning supply	47.7	1.9	46.6	2.0	306.5	8.4	236.6	6.9	72.7	7.6	72.7	8.1	427.0	6.0	355.9	5.3
<b>E</b> Water supply; sewerage, waste management and remediation activities	3.5	0.1	3.5	0.1	42.0	1.2	42.0	1.2	49.5	5.2	49.5	5.6	95.0	1.3	95.0	1.4
<b>F</b> Construction	91.1	3.7	91.1	3.8	143.3	3.9	127.1	3.7	176.8	18.5	147.5	16.5	411.2	5.8	365.7	5.4
<b>G</b> Wholesale and retail trade; repair of motor vehicles and motorcycles	396.9	15.9	359.4	15.1	195.5	5.4	187.1	5.4	15.7	1.6	15.7	1.8	608.1	8.6	562.2	8.4
<b>H</b> Transportation and storage	108.3	4.3	94.5	4.0	268.9	7.4	256.9	7.5	239.9	25.1	239.9	26.9	617.1	8.7	591.3	8.8
<b>I</b> Accommodation and food service activities	32.8	1.3	32.8	1.4	78.1	2.2	78.1	2.3	25.1	2.6	25.1	2.8	136.1	1.9	136.0	2.0
<b>J</b> Information and communication	2.3	0.1	2.3	0.1	68.6	1.9	67.6	2.0	2.1	0.2	2.1	0.2	73.0	1.0	72.0	1.1
<b>K</b> Financial and insurance activities	522.2	20.9	506.1	21.2	488.8	13.4	445.1	12.9	2.9	0.3	2.3	0.3	1 013.8	14.3	953.5	14.2
<b>L</b> Real estate activities	706.4	28.2	698.9	29.3	1 175.9	32.3	1 136.9	33.1	201.9	21.1	166.1	18.6	2 084.2	29.4	2 001.9	29.8
<b>M</b> Professional, scientific and technical activities	5.0	0.2	5.0	0.2	16.7	0.5	16.7	0.5	3.3	0.3	3.3	0.4	24.9	0.4	25.0	0.4
<b>N</b> Administrative and support service activities	12.8	0.5	10.4	0.4	33.4	0.9	33.4	1.0	1.5	0.2	1.5	0.2	47.7	0.7	45.3	0.7
<b>O</b> Public administration and defence; compulsory social security	0.4	0.0	0.4	0.0	0.8	0.0	0.8	0.0	24.9	2.6	24.9	2.8	26.1	0.4	26.1	0.4
<b>P</b> Education	0.6	0.0	0.6	0.0	27.8	0.8	27.8	0.8	0.8	0.1	0.8	0.1	29.2	0.4	29.2	0.4
<b>Q</b> Human health and social work activities	3.4	0.1	3.4	0.1	17.8	0.5	17.8	0.5	0.5	0.0	0.5	0.1	21.7	0.3	21.7	0.3
<b>R</b> Arts, entertainment and recreation	4.4	0.2	4.2	0.2	8.5	0.2	8.5	0.2	3.5	0.4	3.5	0.4	16.5	0.2	16.2	0.2
<b>S</b> Other service activities	52.9	2.1	48.8	2.0	92.4	2.5	92.4	2.7	52.0	5.4	52.0	5.8	197.4	2.8	193.2	2.9

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

(at end of period; millions of euro)

	2015				2016	
	III	VI	IX <sup>1</sup>	XII	III	
Commercial credit	2 259.5	2 201.6	2 227.2	2 210.0	2 463.8	
Industrial credit	2 087.4	2 201.5	2 211.1	2 203.3	2 086.5	
Reverse repo	2.7	1.3	2.2	2.6	1.7	
Financial leasing	51.7	53.2	55.2	55.8	56.8	
Consumer credit	322.7	343.2	348.8	349.0	359.3	
Mortgage loans	6 667.2	6 562.5	6 495.9	6 400.8	6 315.7	
Factoring	3.5	4.6	3.8	3.6	1.3	
Other credit	1 096.6	1 102.7	1 113.1	1 120.8	1 107.2	
<b>Total loans</b>	<b>12 491.3</b>	<b>12 470.7</b>	<b>12 457.4</b>	<b>12 346.0</b>	<b>12 392.2</b>	

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

## 19.a HOLDINGS OF SECURITIES OTHER THAN SHARES

(at end of period; millions of euro)

	Securities other than shares								In euro	
	MFIs		General government		Other residents		Non-residents			
		incl. long-term		incl. long-term		incl. long-term		incl. long-term		
2015										
I	0.0	0.0	746.7	608.9	39.0	39.0	4 155.5	3 539.4	4 941.2	1 422.0
II	0.0	0.0	775.6	644.6	34.4	34.4	4 400.4	3 749.7	5 210.5	1 393.2
III	0.0	0.0	794.0	676.5	35.1	35.1	4 849.0	4 068.1	5 678.1	1 288.6
IV	0.0	0.0	863.9	741.0	17.8	17.8	4 900.4	3 923.1	5 782.1	1 461.3
V	0.0	0.0	888.1	778.1	17.7	17.7	4 920.8	4 169.1	5 826.6	1 395.2
VI	0.0	0.0	908.8	813.8	21.6	21.6	4 911.8	4 094.6	5 842.2	1 373.7
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

## 19.b HOLDINGS OF SHARES AND OTHER EQUITY

(at end of period; millions of euro)

	Shares and other equity				In euro	
	MFIs		Other residents	Non-residents		
2015						
I		0.5	572.9	256.3	829.7	734.9
II		0.5	580.0	255.5	836.1	737.5
III		0.5	558.1	267.5	826.2	722.9
IV		0.5	555.9	274.7	831.1	733.4
V		0.5	556.7	277.7	835.0	734.8
VI		0.5	562.3	268.8	831.7	735.6
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

## 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						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2015														
I	388.5	38.8	61.2	54.2	0.0	0.1	3.8	9 942.1	90.2	9.8	7.9	0.0	0.1	0.9
II	354.6	41.6	58.4	54.0	0.0	0.1	3.9	10 019.0	90.0	10.0	6.9	0.0	0.1	0.7
III	390.7	54.2	45.8	45.5	0.0	0.1	0.1	10 112.0	89.5	10.5	8.6	0.0	0.2	0.7
IV	438.0	51.9	48.1	46.6	0.0	0.1	1.3	10 301.5	89.9	10.1	8.2	0.0	0.2	0.7
V	414.1	55.0	45.0	43.8	0.0	0.2	0.9	10 367.3	89.5	10.5	8.6	0.0	0.2	0.7
VI	442.2	57.4	42.6	41.5	0.0	0.2	0.8	10 428.3	89.8	10.2	8.3	0.0	0.2	0.7
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

## 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						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2015														
I	3 528.9	87.0	13.0	4.3	0.0	2.3	1.6	11 723.6	27.9	72.1	66.3	0.1	0.5	1.6
II	3 424.4	87.5	12.5	3.8	0.0	1.9	1.6	11 867.1	28.6	71.4	65.2	0.1	0.4	1.6
III	3 406.6	86.0	14.0	5.2	0.0	1.9	1.6	11 992.2	27.4	72.6	68.9	0.0	0.4	1.6
IV	3 291.0	86.1	13.9	4.9	0.0	2.0	1.6	11 909.3	27.6	72.4	68.6	0.1	0.4	1.7
V	3 406.6	85.7	14.3	5.6	0.0	1.9	1.6	12 086.4	26.6	73.4	69.1	0.1	0.3	1.7
VI	3 462.4	85.9	14.1	5.5	0.0	1.9	1.5	11 746.7	27.4	72.6	68.5	0.1	0.3	1.9
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

## 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. GBP
			incl. USD	incl. JPY	incl. CHF		
2015							
I	12 647.1	94.8	5.2	2.6	0.0	0.8	0.5
II	12 581.2	94.8	5.2	2.6	0.0	0.8	0.5
III	12 549.6	94.7	5.3	2.7	0.0	0.8	0.5
IV	12 520.3	94.7	5.3	2.7	0.0	0.8	0.5
V	12 583.0	94.7	5.3	2.7	0.0	0.8	0.5
VI	12 539.3	94.8	5.2	2.6	0.0	0.8	0.5
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

## 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				incl. GBP		In euro	In foreign currencies				
		incl. USD	incl. JPY	incl. CHF				incl. USD	incl. JPY	incl. CHF	incl. GBP			
2015														
I	7 617.3	48.9	51.1	45.8	0.1	0.6	2.0	2 105.8	31.9	68.1	66.4	0.0	0.1	1.2
II	7 035.1	46.7	53.3	46.8	0.1	1.2	2.2	2 122.3	30.2	69.8	67.8	0.0	0.1	1.4
III	6 669.6	47.8	52.2	45.1	0.2	1.4	2.6	2 208.4	30.5	69.5	67.7	0.0	0.1	1.3
IV	5 928.9	41.9	58.1	50.0	0.4	1.6	3.0	2 183.5	31.3	68.7	67.0	0.0	0.1	1.2
V	6 219.9	43.8	56.2	48.6	0.4	1.4	2.7	2 231.2	30.7	69.3	67.6	0.0	0.1	1.2
VI	6 036.7	44.3	55.7	46.1	0.8	1.8	3.4	2 162.4	31.0	69.0	67.1	0.0	0.1	1.3
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

**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						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2015														
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	785.7	78.3	21.7	21.7	0.0	0.0	0.0
II	0.0	0.0	0.0	0.0	0.0	0.0	0.0	810.0	78.5	21.5	21.5	0.0	0.0	0.0
III	0.0	0.0	0.0	0.0	0.0	0.0	0.0	829.0	77.4	22.6	22.6	0.0	0.0	0.0
IV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	881.7	79.6	20.4	20.4	0.0	0.0	0.0
V	0.0	0.0	0.0	0.0	0.0	0.0	0.0	905.8	79.7	20.3	20.3	0.0	0.0	0.0
VI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	930.4	79.8	20.2	20.2	0.0	0.0	0.0
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

**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						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2015														
I	1 246.2	24.6	75.4	75.0	0.0	0.3	0.0	2 909.3	20.6	79.4	76.8	0.0	0.0	0.2
II	1 296.4	23.4	76.6	75.9	0.0	0.7	0.0	3 104.0	18.6	81.4	78.5	0.0	0.1	0.2
III	1 372.4	21.9	78.1	75.1	0.0	1.3	0.0	3 476.6	10.0	90.0	88.9	0.0	0.1	0.2
IV	1 265.7	18.7	81.3	78.5	0.0	1.5	0.0	3 634.7	14.4	85.6	84.4	0.0	0.1	0.2
V	1 342.5	17.3	82.7	79.8	0.0	1.8	0.0	3 578.2	12.3	87.7	86.0	0.0	0.1	0.6
VI	1 347.1	17.4	82.6	81.9	0.0	0.7	0.0	3 564.7	11.1	88.9	88.2	0.0	0.1	0.6
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

## 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			
I	537.4	30.7	69.3
II	599.2	29.4	70.6
III	628.0	29.3	70.7
IV	611.4	30.3	69.7
V	626.0	30.8	69.2
VI	562.1	31.2	68.8
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

## 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			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	
Deposits from households																
Overnight <sup>1</sup>	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.06	0.05	0.05	0.06	0.06
With agreed maturity																
Up to 1 year	0.54	0.37	0.31	0.28	0.24	0.31	0.20	0.23	0.20	0.21	0.24	0.43	0.38	0.23	0.34	0.34
Over 1 and up to 2 years	1.01	0.95	1.64	1.61	0.83	0.80	0.98	0.98	1.25	1.39	1.34	1.24	1.13	1.05	1.15	1.15
Over 2 years	1.92	2.09	1.11	2.04	1.37	1.60	2.70	1.97	3.64	2.87	1.60	1.95	1.68	1.94	1.71	1.71
Redeemable at notice <sup>2</sup>																
Up to 3 months	0.09	0.06	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Over 3 months	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	7.18
Deposits from non-financial corporations																
Overnight <sup>1</sup>	0.05	0.05	0.05	0.05	0.06	0.05	0.06	0.07	0.07	0.07	0.04	0.06	0.04	0.04	0.04	0.04
With agreed maturity																
Up to 1 year	0.03	0.04	0.03	0.04	0.02	0.05	0.01	0.03	0.02	0.01	0.01	0.06	0.01	0.01	0.04	0.04
Over 1 and up to 2 years	0.10	0.51	1.57	0.34	0.99	0.30	x	x	0.91	0.78	0.95	0.66	0.48	1.49	0.52	0.52
Over 2 years	0.28	0.20	0.14	x	0.04	x	x	x	2.04	0.82	x	0.70	0.45	x	x	x
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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

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

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

(%)

2. Interest rates on deposits (outstanding amounts)																
	2015												2016			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	
<b>Households</b>																
Overnight <sup>1</sup>	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.06	0.05	0.05	0.06	0.06
With agreed maturity																
Up to 2 years	0.82	0.80	0.82	0.84	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.82	0.79	0.79	0.78
Over 2 years	3.10	3.10	3.08	3.07	3.04	3.03	2.98	2.97	2.97	2.88	2.83	2.77	2.50	2.49	2.39	
Redeemable at notice <sup>2</sup>																
Up to 3 months	0.09	0.06	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Over 3 months	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	7.18
<b>Non-financial corporations</b>																
Overnight <sup>1</sup>	0.05	0.05	0.05	0.05	0.06	0.05	0.06	0.07	0.07	0.07	0.04	0.06	0.04	0.04	0.04	0.04
With agreed maturity																
Up to 2 years	0.41	0.39	0.33	0.30	0.28	0.27	0.29	0.29	0.28	0.27	0.26	0.24	0.24	0.23	0.21	
Over 2 years	0.98	0.91	0.91	1.03	1.04	1.04	1.04	0.90	1.04	0.92	0.95	1.36	1.36	1.28	1.18	
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

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

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

(%)

3. Interest rates on loans to households (new business)															
	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	18.15	18.03	18.05	18.74	18.59	18.78	18.59	18.49	18.32	18.28	18.15	17.02	17.11	17.19	18.03
Extended credit card credit <sup>1</sup>	23.27	23.23	23.22	23.22	23.24	23.28	23.24	23.26	23.24	23.20	23.15	23.22	23.19	23.21	23.15
<b>Lending for house purchase</b>															
<b>By initial rate fixation</b>															
Floating rate and up to 1 year	3.27	3.04	3.01	2.87	2.92	2.79	2.85	2.90	2.86	2.86	2.81	2.79	2.81	2.73	2.68
of wich with collateral or guarantees	3.34	3.02	3.03	2.89	2.93	2.81	2.87	2.90	2.97	2.91	2.83	2.81	2.87	2.76	2.72
Over 1 and up to 5 years	18.05	8.50	7.16	7.39	7.32	10.24	8.31	8.29	11.14	6.91	9.20	8.68	12.97	10.87	7.08
of wich with collateral or guarantees	10.56	5.27	5.28	5.85	4.65	5.29	4.53	4.48	4.80	3.29	4.92	5.47	4.18	3.67	3.28
Over 5 and up to 10 years	x	5.79	7.04	5.75	10.40	4.44	6.36	5.26	10.22	7.58	13.76	12.93	17.24	12.80	18.62
of wich with collateral or guarantees	x	5.18	6.35	3.45	x	3.90	6.18	x	x	7.19	7.78	7.21	9.00	7.81	x
Over 10 years	5.79	5.52	5.60	5.63	x	5.62	x	6.56	4.84	6.28	4.97	6.42	4.41	x	5.15
of wich with collateral or guarantees	5.95	x	5.66	5.67	x	5.61	x	x	6.82	6.02	4.95	6.70	4.13	x	5.13
Annual percentage rate of charge <sup>2</sup>	3.67	3.45	3.39	3.29	3.51	3.34	3.30	3.39	3.41	3.56	3.39	3.49	3.58	3.65	3.34
<b>Consumer credit</b>															
<b>By initial rate fixation</b>															
Floating rate and up to 1 year	17.04	21.75	20.95	16.35	20.41	20.37	19.95	19.33	20.46	17.30	19.84	20.13	21.86	20.26	19.98
of wich with collateral or guarantees	3.65	7.77	6.83	4.94	6.74	8.93	4.51	11.00	7.16	5.28	10.84	7.50	12.50	8.42	7.89
Over 1 year	12.07	19.47	18.98	18.89	18.87	18.27	18.88	19.75	19.80	19.37	19.52	19.88	20.49	19.32	18.51
of wich with collateral or guarantees	1.63	14.16	13.49	13.70	14.60	14.29	14.54	14.42	13.69	14.25	15.99	14.39	14.32	15.51	13.79
Annual percentage rate of charge <sup>2</sup>	17.60	27.75	26.82	23.83	25.85	26.58	25.95	27.89	28.85	25.71	27.75	29.86	29.59	26.62	25.76
<b>Other lending by initial rate fixation</b>															
Floating rate and up to 1 year	4.57	6.32	4.31	4.82	4.19	4.31	4.55	3.89	4.75	4.62	4.41	5.61	4.67	4.59	4.95
Over 1 year	1.41	5.23	7.74	9.21	7.15	8.81	5.58	7.07	13.84	7.43	5.26	6.12	6.50	4.54	10.00

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

<sup>2</sup> 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		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	2.79	2.79	2.87	2.82	2.92	2.91	2.90	2.92	2.99	2.95	2.97	2.95	2.93	2.88	2.78
Extended credit card credit <sup>1</sup>	19.35	19.43	18.95	19.26	19.60	19.47	19.68	19.74	19.45	18.98	19.32	19.23	19.51	19.51	19.34
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	4.50	4.53	4.52	3.83	4.32	4.22	4.30	4.20	4.51	4.55	4.76	4.53	4.25	4.40	4.08
of wich with collateral or guarantees	4.33	4.49	4.34	3.79	4.30	4.02	4.25	4.09	4.26	4.40	4.96	4.69	4.22	4.46	4.00
Over 1 year	6.84	8.39	6.81	7.36	7.72	5.69	6.18	7.07	4.69	4.96	5.13	5.80	8.69	6.37	6.45
of wich with collateral or guarantees	7.48	8.87	7.67	7.31	7.85	5.71	8.91	8.06	4.75	5.51	5.30	7.12	8.09	7.49	6.19
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	4.10	4.51	3.72	3.66	3.79	3.86	3.87	3.91	3.82	4.00	4.47	4.39	3.57	3.77	3.93
of wich with collateral or guarantees	4.01	4.57	3.72	3.66	3.75	3.88	3.91	3.84	3.84	4.01	4.71	4.52	3.94	3.91	4.32
Over 1 year	x	x	x	x	x	x	x	x	3.30	–	3.05	5.10	x	5.08	x
of wich with collateral or guarantees	–	x	x	x	x	x	x	x	x	–	–	5.13	x	x	x
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	3.32	3.15	3.25	2.51	2.23	3.49	3.04	2.75	3.10	3.20	2.18	3.02	2.84	2.74	2.43
of wich with collateral or guarantees	3.30	3.52	3.25	2.92	2.99	3.59	3.11	2.74	3.15	3.23	2.20	3.10	3.31	3.04	2.57
Over 1 year	2.05	x	x	–	x	–	5.92	8.01	–	x	2.36	3.80	–	3.60	x
of wich with collateral or guarantees	x	x	x	–	x	–	5.92	9.63	–	–	2.33	4.01	–	x	x

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

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

(%)

5. Interest rates on loans (outstanding amounts)															
	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Loans to households</b>															
<b>Lending for house purchase, with maturity</b>															
Up to 1 year	4.24	4.41	4.94	4.68	4.61	4.25	4.22	4.48	4.20	4.17	4.09	3.61	3.27	3.65	3.72
Over 1 and up to 5 years	4.25	4.36	4.38	4.42	4.43	4.48	4.53	4.49	4.54	4.61	4.60	4.66	4.74	4.82	4.89
Over 5 years	2.42	2.41	2.40	2.39	2.37	2.36	2.36	2.35	2.35	2.33	2.33	2.31	2.29	2.28	2.26
<b>Consumer credit and other loans, with maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	20.36	20.51	20.26	20.35	20.38	20.44	20.43	20.54	20.38	20.40	20.44	20.28	20.33	20.38	20.70
Over 1 and up to 5 years	15.74	15.55	15.37	15.32	15.45	15.37	15.36	15.83	15.92	15.97	16.01	16.12	16.16	15.96	15.99
Over 5 years	5.58	5.52	5.52	5.55	5.57	5.61	5.96	5.98	6.08	6.08	6.08	6.09	6.17	6.20	6.27
<b>Loans to non-financial corporations</b>															
<b>With maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	2.92	3.01	3.06	2.94	3.07	3.75	3.04	3.12	3.15	3.21	3.46	2.98	2.99	2.95	3.00
Over 1 and up to 5 years	3.32	3.30	3.29	3.21	3.08	3.06	3.06	3.05	3.09	3.05	3.04	3.02	3.01	3.00	2.99
Over 5 years	2.65	2.66	2.65	2.61	2.57	2.57	2.56	2.52	2.52	2.48	2.46	2.45	2.44	2.42	2.38

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

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

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

(%)

1. Interest rates on deposits (new business)															
	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Deposits from households</b>															
<b>Overnight<sup>1</sup></b>															
With agreed maturity	0.26	0.28	0.27	0.28	0.29	0.28	0.17	0.16	0.14	0.15	0.16	0.17	0.26	0.25	0.25
Up to 1 year	0.18	0.12	0.12	0.20	0.20	0.89	0.26	0.41	0.26	0.27	0.32	0.46	0.48	0.47	0.44
Over 1 and up to 2 years	1.04	1.04	1.03	1.08	0.92	0.87	0.98	0.71	1.11	1.12	1.34	1.26	1.22	0.93	1.34
Over 2 years	2.19	3.02	5.33	2.28	1.84	2.63	2.16	5.20	2.05	4.04	3.03	2.28	2.22	1.95	2.66
<b>Redeemable at notice<sup>2</sup></b>															
Up to 3 months	0.10	0.11	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Over 3 months	x	x	x	x	x	x	x	x	x	–	–	–	–	–	–
<b>Deposits from non-financial corporations</b>															
<b>Overnight<sup>1</sup></b>															
With agreed maturity	0.04	0.05	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.09	0.10	0.15	0.16	0.17	0.13
Up to 1 year	0.08	0.10	0.10	0.13	0.10	0.14	0.13	0.21	0.15	0.15	0.10	0.20	0.33	0.30	0.28
Over 1 and up to 2 years	–	x	–	–	x	–	–	–	0.96	x	–	–	–	x	x
Over 2 years	–	–	–	–	–	–	x	x	–	–	–	–	–	–	x
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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

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

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

(%)

2. Interest rates on deposits (outstanding amounts)															
	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Deposits from households															
Overnight <sup>1</sup>	0.26	0.28	0.27	0.28	0.29	0.28	0.17	0.16	0.14	0.15	0.16	0.17	0.26	0.25	0.25
With agreed maturity															
Up to 2 years	0.73	0.72	0.72	0.73	0.73	0.73	0.73	0.76	0.76	0.76	0.74	0.74	0.74	0.75	0.76
Over 2 years	2.92	2.98	3.21	3.22	3.19	3.20	3.20	3.27	3.29	3.24	3.23	3.23	3.21	3.17	3.19
Redeemable at notice <sup>2</sup>															
Up to 3 months	0.10	0.11	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Over 3 months	x	x	x	x	x	x	x	x	x	-	-	-	-	-	-
Deposits from non-financial corporations															
Overnight <sup>1</sup>	0.04	0.05	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.09	0.10	0.15	0.16	0.17	0.13
With agreed maturity															
Up to 2 years	0.68	0.53	0.55	0.68	0.66	0.55	0.55	0.58	0.57	0.71	0.69	0.69	0.77	0.80	0.80
Over 2 years	0.29	0.29	0.29	0.67	0.67	1.52	0.92	0.92	0.91	0.85	0.85	0.07	0.07	0.07	0.30
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

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

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

(%)

3. Interest rates on loans to households (new business)															
	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	14.38	13.86	10.91	9.43	13.03	12.84	15.80	15.78	13.70	15.56	17.33	14.17	13.08	11.20	15.91
Extended credit card credit <sup>1</sup>	26.32	25.76	26.01	24.36	24.82	25.25	25.03	24.97	24.63	24.85	25.60	26.10	26.76	28.13	29.09
<b>Lending for house purchase</b>															
<b>By initial rate fixation</b>															
Floating rate and up to 1 year	2.86	2.84	5.59	2.42	2.76	2.29	x	3.43	2.45	2.33	2.59	6.40	3.54	4.65	3.67
of wich with collateral or guarantees	3.06	2.84	5.70	2.40	3.04	2.08	x	3.43	3.58	x	2.21	6.40	5.61	4.38	3.66
Over 1 and up to 5 years	–	–	x	x	x	–	–	–	–	–	–	–	–	–	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Over 5 and up to 10 years	–	x	–	–	–	–	–	–	–	–	–	–	–	–	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Over 10 years	x	–	–	–	–	x	x	x	–	–	–	x	–	–	–
of wich with collateral or guarantees	x	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Annual percentage rate of charge <sup>2</sup>	3.18	3.02	6.15	2.63	3.20	2.89	x	4.13	2.51	2.33	2.62	6.23	3.55	4.87	3.71
<b>Consumer credit</b>															
<b>By initial rate fixation</b>															
Floating rate and up to 1 year	x	x	18.40	10.41	16.60	x	x	x	18.21	17.80	16.65	13.46	x	12.01	x
of wich with collateral or guarantees	–	–	–	x	x	x	x	x	x	x	x	x	x	x	x
Over 1 year	–	–	–	–	–	x	x	x	–	–	–	–	–	–	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Annual percentage rate of charge <sup>2</sup>	16.91	17.37	18.40	10.41	16.71	14.66	x	x	18.21	17.80	16.65	13.46	x	12.01	x
<b>Other lending by initial rate fixation</b>															
Floating rate and up to 1 year	3.21	4.84	4.11	3.65	4.60	4.91	4.54	5.36	3.76	3.77	3.80	2.10	3.26	3.90	x
Over 1 year	–	–	–	–	–	x	–	–	–	–	–	–	–	–	–

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

<sup>2</sup> 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		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	3.45	3.45	3.53	3.69	3.68	3.69	3.85	3.73	4.06	4.03	4.21	4.37	4.35	4.46	4.35
Extended credit card credit <sup>1</sup>	20.56	20.31	22.15	22.60	19.13	21.18	16.09	18.60	20.76	20.99	18.45	18.93	24.54	25.23	22.28
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	x	3.62	3.76	6.83	x	x	x	x	–	6.04	x	x	6.09
of wich with collateral or guarantees	–	–	x	x	3.67	6.83	x	x	x	x	–	5.46	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	4.19	x	4.38	5.09	x	x	x	–	x	–	–	–	–
of wich with collateral or guarantees	–	x	x	x	4.38	x	–	x	–	–	x	–	–	–	–
Over 1 year	x	–	x	–	–	–	–	–	–	–	–	–	–	–	x
of wich with collateral or guarantees	x	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	–	–	6.82	3.50	2.91	x	x	x	x	6.56	4.10	x	x	4.78	x
of wich with collateral or guarantees	–	–	6.82	3.52	2.89	x	x	x	x	x	x	x	x	6.27	x
Over 1 year	–	–	–	–	–	–	–	–	–	x	x	–	–	–	x
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	x	x	–	–	–	x

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

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

(%)

5. Interest rates on loans (outstanding amounts)															
	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Loans to households</b>															
<b>Lending for house purchase, with maturity</b>															
Up to 1 year	1.67	1.87	1.89	1.75	1.73	1.41	2.18	2.18	2.20	3.19	3.21	2.25	2.49	2.55	2.55
Over 1 and up to 5 years	5.17	5.20	6.89	6.97	7.00	6.98	7.01	7.05	7.09	5.13	5.07	5.02	5.05	5.08	5.04
Over 5 years	2.73	2.73	2.73	2.76	2.77	2.77	2.75	2.76	2.77	2.78	2.79	2.88	2.98	3.03	3.07
<b>Consumer credit and other loans, with maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	13.65	13.63	13.78	12.72	11.71	16.91	17.44	18.00	14.88	13.25	11.14	9.87	10.26	9.83	11.06
Over 1 and up to 5 years	6.54	6.72	6.69	6.68	6.66	6.81	6.85	6.89	6.81	6.84	6.85	6.72	6.62	6.64	6.60
Over 5 years	3.67	3.79	4.07	3.78	3.78	4.10	4.16	4.18	4.20	3.90	3.89	4.17	4.22	4.25	4.25
<b>Loans to non-financial corporations</b>															
<b>With maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	3.77	3.79	4.09	4.09	4.04	4.12	4.27	4.07	4.52	4.52	4.83	4.70	4.75	4.86	4.37
Over 1 and up to 5 years	5.31	5.27	5.25	4.68	4.68	5.00	4.88	4.94	5.12	5.03	5.11	5.16	5.17	4.94	4.91
Over 5 years	5.57	5.51	5.60	5.80	5.85	5.85	5.82	6.22	6.23	6.24	6.30	6.32	6.38	6.37	6.39

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

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

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

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

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>In euro</b>															
<b>Loans up to an amount of 0.25 million euro</b>															
	4.45	4.77	4.57	4.42	4.83	4.24	4.32	4.22	4.53	4.56	4.45	4.52	4.37	4.49	4.32
of which with collateral or guarantees	4.10	4.59	4.43	4.31	4.78	3.95	4.28	4.16	4.24	4.39	4.54	4.67	4.36	4.62	4.60
<b>Loans over an amount of 0.25 million euro and up to 1 million euro</b>															
	3.88	4.65	3.56	3.78	4.32	3.92	3.92	3.88	3.83	3.76	4.35	4.29	3.34	3.84	3.85
of which with collateral or guarantees	3.87	4.65	3.52	3.82	4.33	4.03	3.92	3.94	3.85	3.80	4.62	4.43	3.50	4.00	4.23
<b>Loans over 1 million euro</b>															
	2.54	3.51	3.23	2.72	2.53	3.66	3.01	2.77	3.22	2.86	2.10	2.95	3.14	2.84	2.23
of which with collateral or guarantees	x	3.51	3.23	2.64	3.24	3.69	3.09	2.75	3.14	2.91	2.11	3.05	3.51	3.02	2.36
<b>In US dollars</b>															
<b>Loans up to an amount of 0.25 million euro</b>															
	x	x	x	x	x	x	x	x	x	x	–	x	x	x	x
of which with collateral or guarantees	–	–	x	–	–	–	x	–	x	–	–	x	–	–	x
<b>Loans over an amount of 0.25 million euro and up to 1 million euro</b>															
	–	–	–	–	x	x	–	–	–	–	x	–	–	–	–
of which with collateral or guarantees	–	–	–	–	x	x	–	–	–	–	–	–	–	–	–
<b>Loans over 1 million euro</b>															
	–	–	6.82	x	–	x	x	x	x	x	x	x	–	x	x
of which with collateral or guarantees	–	–	6.82	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												
I	–	16.7	0.5	–	17.2	1 475.8	516.6	–	–	1 992.4	2 009.6	
II	–	16.9	0.2	–	17.1	1 540.9	520.9	–	–	2 061.8	2 078.9	
III	0.1	17.0	–	–	17.1	1 308.3	735.8	–	–	2 044.1	2 061.2	
IV	0.4	16.7	0.7	–	17.8	435.8	670.0	–	–	1 105.8	1 123.6	
V	–	16.8	0.5	–	17.3	397.7	623.8	–	–	1 021.5	1 038.8	
VI	–	17.0	–	–	17.0	435.5	675.1	0.4	–	1 111.0	1 128.0	
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	
	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												
I	46 084.6	4 324.9	186.1	212.4	50 808.0	52 817.6						
II	44 231.6	3 923.9	275.4	1.9	48 432.8	50 511.7						
III	43 118.7	3 568.7	136.1	2.3	46 825.8	48 887.0						
IV	33 779.9	3 659.0	104.4	30.6	37 573.9	38 697.5						
V	24 057.7	1 947.7	27.6	23.7	26 056.7	27 095.5						
VI	26 932.0	2 721.0	21.2	5.9	29 680.1	30 808.1						
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						

## 23. INTEREST RATES IN THE DOMESTIC INTERBANK MARKET

(% per annum)

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

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

(millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Type of transaction															
Spot exchange transactions	18 736.8	22 507.1	17 479.0	16 185.0	11 577.1	14 396.3	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
Forward exchange contracts	435.8	280.2	475.6	395.9	300.8	390.8	394.4	235.2	362.3	469.4	345.5	602.0	308.6	420.2	374.0
Currency swap arrangements	28 316.8	30 621.8	32 636.9	31 497.1	29 387.0	31 558.6	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
Counterparties															
Resident MFIs	352.5	329.7	558.4	605.1	546.7	855.4	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
Resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	55.6	24.4	159.2	160.2	62.4	151.9	82.3	58.8	111.4	64.1	57.5	231.5	61.6	60.8	131.2
Resident government, non-financial corporations and non-profit institutions serving households	290.8	242.2	291.6	284.1	231.3	310.3	264.2	220.1	392.9	350.0	275.3	451.4	269.7	261.4	389.9
Non-resident MFIs	26 793.9	33 191.9	31 793.7	27 591.4	25 992.4	27 324.6	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
Non-resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	3 736.7	3 596.1	4 816.1	5 060.8	3 193.5	4 584.9	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
Non-resident government, non-financial corporations and non-profit institutions serving households	14 340.1	15 196.8	12 174.4	13 760.6	10 447.7	11 308.0	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
Households	1 919.6	828.1	798.0	615.7	790.9	1 810.6	1 288.4	1 074.2	751.4	953.7	700.7	966.8	807.1	711.0	733.7
Currencies															
Total in all currencies	47 489.3	53 409.1	50 591.4	48 077.9	41 265.0	46 345.7	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
incl. USD for EUR	30 262.5	34 282.3	30 882.0	24 720.3	22 955.2	22 860.7	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
incl. GBP for EUR	490.8	323.6	1 023.1	1 145.8	1 113.6	1 195.7	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
incl. other currencies for EUR	2 314.3	2 139.8	2 063.4	2 546.1	2 060.5	3 513.1	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

<sup>1</sup> 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 TRANSACTIONS<sup>1</sup>

(millions of euro)

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
USD for EUR <sup>2</sup>															
Amount	30 246.1	34 267.7	30 867.5	24 708.3	22 942.5	22 851.1	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
% <sup>4</sup>	63.5	64.0	61.0	51.4	55.6	49.3	45.2	49.2	46.9	51.3	58.8	52.2	59.5	58.5	45.4
GBP for EUR <sup>2</sup>															
Amount	484.6	319.1	1 017.6	1 137.2	1 106.5	1 187.7	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
% <sup>4</sup>	1.0	0.6	2.0	2.4	2.7	2.6	2.5	2.3	2.6	3.1	3.3	3.1	4.5	4.0	5.3
Other currencies (except USD and GBP) for EUR <sup>2</sup>															
Amount	2 469.3	2 198.4	2 060.3	2 542.5	2 057.8	3 508.9	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
% <sup>4</sup>	5.2	4.1	4.1	5.3	5.0	7.6	5.6	3.9	3.7	3.9	3.6	4.8	3.7	3.1	4.4
RUB for USD <sup>3</sup>															
Amount	3 882.4	6 073.3	5 930.1	9 308.2	6 719.5	6 960.9	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
% <sup>4</sup>	8.1	11.3	11.7	19.4	16.3	15.0	21.0	21.8	24.4	20.3	13.2	16.8	13.8	14.5	22.3
GBP for USD <sup>3</sup>															
Amount	3 846.5	5 178.8	4 441.8	4 430.9	2 761.2	3 360.9	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
% <sup>4</sup>	8.1	9.7	8.8	9.2	6.7	7.3	7.5	6.4	4.5	4.7	4.5	6.4	5.7	6.0	6.9
SEK for USD <sup>3</sup>															
Amount	44.9	49.7	67.9	71.2	98.5	40.4	50.8	56.3	69.2	92.3	97.7	134.3	58.7	59.9	233.7
% <sup>4</sup>	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.2	0.1	0.7
Other currencies (except EUR, RUB, GBP and SEK) for USD <sup>3</sup>															
Amount	4 951.9	3 578.8	4 918.9	4 593.1	4 074.5	6 567.3	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
% <sup>4</sup>	10.4	6.7	9.7	9.6	9.9	14.2	13.0	12.9	14.0	12.5	12.8	12.9	9.1	10.1	12.3
Other currencies (except EUR and USD) for other currencies <sup>3</sup>															
Amount	1 715.0	1 905.6	1 296.6	1 287.6	1 492.6	1 852.8	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
% <sup>4</sup>	3.6	3.5	2.6	2.6	3.6	3.9	5.1	3.4	3.8	4.0	3.6	3.5	3.5	3.7	2.7

<sup>1</sup> Including non-cash transactions performed by credit institutions, reported by major currency.

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

<sup>3</sup> 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).

<sup>4</sup> 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		
	31.01.	28.02.	31.03.	30.04.	31.05.	30.06.	31.07.	31.08.	30.09.	31.10.	30.11.	31.12.	31.01.	29.02.	31.03.
USD	1.1305	1.1240	1.0759	1.1215	1.0970	1.1189	1.0967	1.1215	1.1203	1.1017	1.0579	1.0887	1.0920	1.0888	1.1385
GBP	0.7511	0.7278	0.7273	0.7267	0.7190	0.7114	0.7041	0.7275	0.7385	0.7182	0.7048	0.7340	0.7641	0.7858	0.7916
JPY	133.0800	134.0500	128.9500	133.2600	135.9500	137.0100	136.3400	136.0700	134.6900	132.8800	130.2200	131.0700	132.2500	123.1400	127.9000
CHF	1.0468	1.0636	1.0463	1.0486	1.0341	1.0413	1.0565	1.0825	1.0915	1.0900	1.0903	1.0835	1.1144	1.0914	1.0931

## 27. WEIGHTED AVERAGE EXCHANGE RATES (CASH TRANSACTIONS)<sup>1</sup>

(foreign currency vs EUR)

	2015												2016			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	
USD																
Buy	1.1739	1.1419	1.0948	1.0876	1.1256	1.1325	1.1113	1.1239	1.1336	1.1294	1.0829	1.0976	1.0971	1.1184	1.1219	
Sell	1.1594	1.1229	1.0771	1.0770	1.1158	1.1187	1.0990	1.1120	1.1191	1.1192	1.0694	1.0845	1.0788	1.1060	1.1055	
GBP																
Buy	0.7768	0.7529	0.7333	0.7301	0.7280	0.7271	0.7146	0.7209	0.7379	0.7388	0.7144	0.7357	0.7628	0.7847	0.7916	
Sell	0.7652	0.7385	0.7177	0.7179	0.7179	0.7165	0.7055	0.7108	0.7269	0.7268	0.7019	0.7206	0.7474	0.7688	0.7737	
JPY																
Buy	138.6371	138.1045	135.9340	132.3356	142.9270	150.0833	140.3156	140.0501	138.8534	141.1050	136.3799	137.2515	131.2660	129.7883	130.5036	
Sell	136.0851	131.9304	127.8662	127.5718	132.9672	138.6587	134.1366	135.0062	133.4481	132.5667	130.8227	130.0103	127.4484	124.0418	123.6487	
SEK																
Buy	9.6123	9.6325	9.3813	9.4574	9.4404	9.4043	9.5703	9.6598	9.5262	9.4837	9.4646	9.4104	9.5399	9.5429	9.4044	
Sell	9.3084	9.3539	9.1350	9.2105	9.1803	9.1624	9.4991	9.3759	9.3308	9.2570	9.2493	9.2251	9.1902	9.3096	9.1981	
RUB																
Buy	75.5179	73.3908	65.3114	57.1519	56.9532	61.7894	63.3437	72.8490	75.2334	71.2503	70.3281	76.6211	83.5001	84.8913	78.3678	
Sell	72.1270	70.7611	63.5742	55.8186	55.4048	59.8144	61.7016	70.9720	73.0790	69.5071	68.5964	74.7383	81.2215	83.0537	76.1175	
CHF																
Buy	1.0896	1.0813	1.0736	1.0546	1.0620	1.0603	1.0656	1.0937	1.1095	1.1067	1.0970	1.1029	1.1368	1.1169	1.1078	
Sell	1.0987	1.0542	1.0559	1.0315	1.0336	1.0378	1.0354	1.0711	1.0826	1.0787	1.0794	1.0723	1.0843	1.0947	1.0788	

<sup>1</sup> 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		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Stock of government securities outstanding	1 126.5	1 142.1	1 157.1	1 232.1	1 247.4	1 282.4	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
Residents	1 061.8	1 087.7	1 100.8	1 164.9	1 183.4	1 218.8	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
Non-financial corporations	29.7	29.7	29.7	29.7	30.4	30.4	30.4	30.4	30.2	30.2	30.2	28.4	28.4	28.4	28.4
Central bank	0.3	0.3	11.4	14.6	18.7	37.6	37.6	37.6	37.6	48.7	60.9	70.9	76.1	87.5	99.0
Credit institutions	444.1	467.0	474.0	535.3	556.6	574.5	563.3	565.0	492.0	541.0	535.6	456.4	377.0	409.9	460.8
Money market funds	4.4	0.9	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial intermediaries excluding investment funds	69.2	69.2	66.2	1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	9.4
Financial auxiliaries	45.6	46.2	46.2	86.2	86.5	86.5	54.8	54.8	57.0	57.0	27.0	26.2	27.5	28.0	48.0
Insurance corporations and pension funds	451.1	456.7	454.3	413.6	406.5	405.4	422.9	421.8	437.3	429.9	428.3	388.9	354.2	344.1	346.6
Insurance corporations	47.3	48.1	47.8	48.1	46.4	53.3	55.3	55.3	53.7	53.8	53.8	53.7	40.3	40.3	42.0
Pension funds	403.8	408.6	406.5	365.5	360.1	352.1	367.6	366.6	383.6	376.1	374.5	335.2	313.9	303.8	304.6
Central government	8.6	8.6	8.6	73.7	73.7	73.7	70.7	70.7	56.9	56.9	56.9	55.0	55.0	55.0	55.4
Households	4.0	3.9	3.8	3.8	3.7	3.7	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	2.9
Non-profit institutions serving households	4.8	5.3	6.4	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	64.8	54.4	56.3	67.3	64.1	63.7	65.4	64.8	66.2	63.5	63.3	79.9	59.9	55.6	61.8
Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	36.4	31.6	32.2	41.7	41.4	41.6	41.6	41.6	41.0	41.0	42.0	49.6	41.8	35.3	35.3
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	28.2	22.6	24.0	25.5	22.5	21.9	23.6	23.0	25.1	22.4	21.2	30.2	18.0	20.2	26.4
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	0.1	0.1	0.1
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

(Q4 2015 and Q1 2016)

Date (dd.mm.)	Initial maturity (months)	Supply (thousands of euro)	Demand (thousands of euro)	Purchase (thousands of euro)	Weighted average discount rate (%)
<b>Competitive multi-price auctions</b>					
14.10.	36	40 000	144 500	40 000	0.201
04.11.	12	32 000	118 000	32 000	0.020
13.01.	6	16 000	77 000	16 000	-0.055
28.01.	21 (day)	50 000	176 100	50 000	-0.199
10.02.	36	24 000	102 895	24 000	0.079
26.02.	21 (day)	50 000	185 000	50 000	-0.223
09.03.	6	40 000	100 500	40 000	-0.121
16.03.	60	24 000	80 190	24 000	0.284
30.03.	21 (day)	50 000	140 200	50 000	-0.294
<b>Primary placement of government securities via outright sales of securities</b>					
14.10.	36	10 000	82 500	10 000	0.201
04.11.	12	8 000	60 510	8 000	0.020
13.01.	6	4 000	42 400	4 000	-0.055

## 30. DYNAMICS OF GDP

	2014 <sup>1</sup>	2015 <sup>1</sup>	2016				
			Q1	Q2	Q3	Q4	
At current prices (millions of euro)	23 580.9	24 377.7	5 389.0	6 073.9	6 449.8	6 465.1	5 467.0
At constant prices <sup>2</sup> (millions of euro)	20 862.5	21 399.8	5 291.9	5 347.9	5 389.6	5 370.3	5 373.6
Annual growth rate (%)	2.5	2.6	2.0	2.8	3.3	2.2	1.5
Gross value added (%)	2.1	2.5	1.7	2.8	2.8	2.5	1.8

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

<sup>2</sup> Chain-linked; average prices in 2010. Quarterly data seasonally adjusted.

16.03.	60	6 000	20 900	6 000	0.284
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### 31. CHANGES IN THE AVERAGE MONTHLY WAGES AND SALARIES AND UNEMPLOYMENT

	2015												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Average gross wages and salaries <sup>1</sup>															
EUR per month	778	766	813	815	802	817	863	814	810	817	816	900	814	813	854
Year-on-year changes (%)	104.7	106.0	107.9	106.3	106.1	106.8	107.6	107.5	106.9	105.8	107.3	109.2	104.6	106.2	105.1
Real net wage index (year-on-year basis; %) <sup>1</sup>	105.6	106.7	108.2	106.6	105.7	107.1	108.5	108.4	108.3	106.6	108.0	109.7	104.9	106.7	105.5
Number of registered unemployed persons															
At end of month	86 246	87 873	86 604	82 833	80 567	80 688	80 671	79 825	78 557	78 052	79 153	81 780	85 452	86 581	85 414
Year-on-year changes (%)	89.1	89.9	89.6	90.0	91.8	94.6	97.0	98.6	99.3	98.6	99.1	99.7	99.1	98.5	98.6

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

### 32. LATVIAN FOREIGN TRADE BALANCE

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

	2015 <sup>1</sup>												2016					
	Q1			Q2			Q3			Q4			Q1					
Exports	10 379.0			2 455.7			2 524.0			2 627.9			2 771.4			2 323.3		
Imports	12 559.1			3 010.7			3 104.1			3 245.5			3 198.8			2 764.6		
Balance	-2 180.1			-554.9			-580.1			-617.6			-427.5			-441.3		

	2015 <sup>1</sup>												2016		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Exports	795.8	783.0	877.0	906.3	807.2	810.4	853.0	797.6	977.3	998.2	948.5	824.7	711.0	778.5	833.8
Imports	909.0	994.3	1 107.3	1 069.9	999.2	1 035.0	1 110.4	1 045.2	1 089.9	1 113.3	1 069.9	1 015.7	820.8	918.0	1 025.8
Balance	-113.2	-211.4	-230.4	-163.6	-192.0	-224.6	-257.4	-247.6	-112.6	-115.1	-121.4	-191.0	-109.8	-139.5	-192.0

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

### 33. MAIN EXPORT GOODS OF LATVIA

(in FOB prices)

	2015 <sup>1</sup>										2016	
			Q1		Q2		Q3		Q4		Q1	
	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%
<b>Total</b>	10 379.0	100.0	2 455.7	100.0	2 524.0	100.0	2 627.9	100.0	2 771.4	100.0	2 323.3	100.0
Agricultural and food products	1 945.1	18.7	377.6	15.4	374.0	14.8	516.0	19.6	677.5	24.5	443.4	19.1
Mineral products	721.3	7.0	183.8	7.5	174.3	6.9	201.5	7.7	161.8	5.8	118.8	5.1
Products of the chemical and allied industries	736.3	7.1	169.4	6.9	187.1	7.4	182.2	6.9	197.6	7.1	201.5	8.7
Plastics and articles thereof; rubber and articles thereof	321.5	3.1	72.8	2.9	82.5	3.3	85.5	3.3	80.7	2.9	73.5	3.2
Wood and articles of wood	1 736.2	16.7	428.8	17.4	440.9	17.5	427.8	16.3	438.8	15.8	464.1	20.0
Pulp of wood; paper and paperboard	236.4	2.3	54.9	2.2	59.0	2.3	60.3	2.3	62.2	2.3	59.5	2.6
Textiles and textile articles	382.3	3.7	122.9	5.0	90.3	3.6	90.1	3.4	79.0	2.9	79.5	3.4
Articles of stone, plaster, cement, glassware and ceramic products	243.0	2.3	59.1	2.4	63.3	2.5	66.9	2.5	53.7	1.9	65.4	2.8
Base metals and articles of base metals	899.7	8.7	210.7	8.6	249.0	9.9	235.2	9.0	204.7	7.4	200.7	8.6
Machinery and mechanical appliances; electrical equipment	1 923.7	18.5	487.9	19.9	474.4	18.8	476.2	18.1	485.1	17.5	364.4	15.7
Transport vehicles	537.0	5.2	117.3	4.8	144.9	5.7	123.4	4.7	151.4	5.5	100.8	4.3
Miscellaneous manufactured articles	342.4	3.3	85.3	3.5	91.0	3.6	82.4	3.1	83.7	3.0	82.4	3.5
Other goods	354.2	3.4	85.2	3.5	93.4	3.7	80.5	3.1	95.1	3.4	69.3	3.0

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

### 34. MAIN IMPORT GOODS OF LATVIA

(in CIF prices)

	2015 <sup>1</sup>										2016	
			Q1		Q2		Q3		Q4		Q1	
	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%
<b>Total</b>	12 559.1	100.0	3 010.7	100.0	3 104.1	100.0	3 245.5	100.0	3 198.8	100.0	2 764.6	100.0
Agricultural and food products	1 918.4	15.3	429.0	14.2	470.1	15.2	499.8	15.4	519.5	16.2	477.1	17.3
Mineral products	1 523.6	12.1	385.2	12.8	352.2	11.4	409.0	12.6	377.3	11.8	275.9	10.0
Products of the chemical and allied industries	1 268.5	10.1	312.2	10.4	320.7	10.3	321.3	9.9	314.2	9.8	350.7	12.7
Plastics and articles thereof; rubber and articles thereof	704.0	5.6	167.1	5.6	180.6	5.8	194.5	6.0	161.7	5.1	154.2	5.6
Wood and articles of wood	366.2	2.9	90.5	3.0	94.9	3.1	90.4	2.8	90.4	2.8	101.0	3.7
Pulp of wood; paper and paperboard	288.8	2.3	69.6	2.3	71.8	2.3	75.9	2.3	71.5	2.2	70.4	2.5
Textiles and textile articles	525.7	4.2	155.7	5.2	121.2	3.9	137.8	4.2	110.9	3.5	121.7	4.4
Articles of stone, plaster, cement, glassware and ceramic products	228.9	1.8	51.4	1.7	60.6	2.0	61.7	1.9	55.2	1.7	50.2	1.8
Base metals and articles of base metals	1 001.3	8.0	243.9	8.1	273.3	8.8	264.3	8.1	219.8	6.9	199.4	7.2
Machinery and mechanical appliances; electrical equipment	2 742.2	21.8	647.0	21.5	693.5	22.3	691.1	21.3	710.7	22.2	556.8	20.1
Transport vehicles	1 109.0	8.8	251.4	8.3	245.4	7.9	271.7	8.4	340.4	10.7	212.3	7.7
Miscellaneous manufactured articles	309.8	2.5	72.5	2.4	75.9	2.4	76.2	2.4	85.2	2.7	64.1	2.3
Other goods	572.8	4.6	135.1	4.5	144.0	4.6	151.7	4.7	142.0	4.4	130.9	4.7

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

### 35. LATVIAN FOREIGN TRADE PARTNERS

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

	2015					2016				
						Q1				
	Millions of euro			% of the total		Millions of euro			% of the total	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
Total	10 379.0	12 559.1	-2 180.1	100.0	100.0	2 323.3	2 764.6	-441.3	100.0	100.0
Euro area countries	5 130.8	7 191.8	-2 061.0	49.4	57.3	1 139.6	1 543.5	-404.0	49.1	55.8
EU28 countries	7 586.7	9 899.0	-2 312.2	73.1	78.8	1 713.7	2 152.8	-439.1	73.8	77.9
incl. Germany	676.7	1 418.0	-741.2	6.5	11.3	172.1	298.1	-126.0	7.4	10.8
Sweden	544.0	425.9	118.0	5.2	3.4	135.6	102.4	33.2	5.8	3.7
UK	541.6	234.6	307.0	5.2	1.9	133.8	50.9	83.0	5.8	1.8
Finland	194.2	672.2	-477.9	1.9	5.4	51.1	118.6	-67.5	2.2	4.3
Denmark	428.3	277.0	151.3	4.1	2.2	125.9	67.0	58.9	5.4	2.4
Netherlands	266.9	466.0	-199.0	2.6	3.7	61.6	133.2	-71.6	2.7	4.8
Lithuania	1 971.2	2 183.8	-212.6	19.0	17.4	384.5	459.6	-75.1	16.6	16.6
Estonia	1 211.5	958.9	252.7	11.7	7.6	294.8	225.1	69.7	12.7	8.1
Poland	626.2	1 394.3	-768.2	6.0	11.1	124.4	301.7	-177.4	5.4	10.9
CIS	1 222.8	1 505.9	-283.1	11.8	12.0	217.1	340.4	-123.3	9.3	12.3
incl. Russia	831.8	1 075.9	-244.0	8.0	8.6	137.1	262.4	-125.3	5.9	9.5
Other countries	1 569.4	1 154.3	415.1	15.1	9.2	392.4	271.4	121.0	16.9	9.8
incl. USA	147.8	87.6	60.2	1.4	0.7	35.4	25.7	9.7	1.5	0.9
Norway	231.5	49.9	181.6	2.2	0.4	54.8	9.8	45.0	2.4	0.4
China	106.4	415.3	-309.0	1.0	3.3	27.1	96.5	-69.3	1.2	3.5

### 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						
I	767.6	1.6	1.0	58.0	7.2	112.7
II	770.7	1.6	1.0	56.7	7.3	110.8
III	768.2	1.8	1.0	56.9	7.5	111.6
IV	742.4	1.8	1.0	51.9	7.3	111.0
V	725.7	1.7	1.1	53.1	7.3	111.3
VI	719.5	1.7	1.1	51.8	7.4	111.4
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

**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 $\leq 1$ year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period $\leq 2$ years
2015						
III	4 705.7	841.5	3 639.0	4 485.5	1 502.4	2 817.9
VI	4 691.7	850.4	3 661.0	4 507.7	1 493.5	2 878.8
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

**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 $\leq 1$ year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period $\leq 2$ years
2015						
III	5 033.0	223.3	4 128.9	4 986.6	337.0	4 176.0
VI	4 989.8	224.6	4 110.6	4 947.0	351.5	4 195.3
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

**38. VOLUMES OF NEW BUSINESS AND RENEGOTIATED LOANS<sup>1</sup> 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		
<b>2015</b>								
I	29.4	14.8	18.9	7.4	19.6	16.1	148.0	101.2
II	42.5	20.1	12.2	0.9	14.6	11.4	207.9	79.7
III	48.9	24.1	15.0	3.6	14.3	2.4	305.8	210.7
IV	49.9	21.8	16.9	2.4	8.4	3.8	382.0	331.5
V	46.8	21.2	16.6	2.3	8.1	5.8	332.5	156.7
VI	46.1	18.1	15.3	1.0	11.7	7.4	278.4	195.0
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
<b>2016</b>								
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

<sup>1</sup> 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**

	2014					2015					2016
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1
Analytical data (% of GDP)											
Current account	-2.0	-2.5	-2.2	-2.6	-0.7	-1.2	-1.0	-2.4	-2.9	1.4	1.8
External debt											
Gross	142.2	132.6	140.8	145.2	142.2	137.7	149.7	144.3	144.2	137.7	143.7
Net	32.0	35.6	34.1	33.2	32.0	25.9	32.7	29.8	28.0	25.9	25.8
Foreign direct investment in Latvia											
Transactions	1.9	2.6	1.3	0.3	3.5	2.4	4.5	1.9	2.5	1.0	-1.6
Closing position	51.2	50.7	51.0	50.8	51.2	54.8	52.8	53.3	54.2	54.8	54.2
Transactions (millions of EUR)											
Current Account	-466.8	-132.2	-129.6	-161.2	-43.8	-299.6	-51.6	-148.3	-190.3	90.6	101.0
Goods	-2 274.6	-570.5	-581.5	-600.9	-521.7	-2 111.5	-523.6	-593.2	-614.8	-379.9	-460.9
Credit (export)	10 179.8	2 398.4	2 426.6	2 576.1	2 778.7	10 282.1	2 461.4	2 497.3	2 599.0	2 724.5	2 307.2
Debit (import)	12 454.4	2 968.9	3 008.2	3 177.0	3 300.3	12 393.6	2 984.9	3 090.5	3 213.8	3 104.4	2 768.1
Services	1 744.6	405.1	445.4	448.2	446.0	1 764.3	417.4	440.8	453.3	452.7	427.9
Credit (export)	3 851.9	876.5	954.9	1 015.0	1 005.5	4 042.2	925.3	990.1	1 074.9	1 052.0	960.3
Debit (import)	2 107.3	471.5	509.5	566.8	559.6	2 278.0	507.9	549.3	621.6	599.3	532.4
Primary Income	-39.9	72.3	-7.5	-94.1	-10.6	-69.6	77.1	-29.6	-87.9	-29.2	117.9
Credit	1 215.8	397.8	321.3	246.1	250.5	1 363.4	410.9	351.5	307.9	293.2	422.3
Debit	1 255.7	325.5	328.9	340.2	261.1	1 433.0	333.8	381.1	395.8	322.4	304.4
Secondary Income	103.1	-39.0	14.0	85.6	42.5	117.3	-22.5	33.7	59.2	47.0	16.2
Credit	973.3	194.8	248.1	251.0	279.4	958.9	219.9	224.9	255.1	259.1	226.8
Debit	870.3	233.8	234.1	165.4	236.9	841.6	242.4	191.2	195.9	212.1	210.6
Capital Account	753.7	126.3	309.3	149.8	168.3	684.0	183.7	253.3	141.4	105.7	107.2
Credit	758.4	127.2	311.0	150.7	169.6	689.4	185.9	254.0	142.2	107.3	108.7
Debit	4.7	0.9	1.7	0.9	1.3	5.4	2.2	0.8	0.8	1.7	1.4
Financial Account	797.1	241.1	349.0	173.9	33.1	-154.0	-103.5	147.6	-136.4	-61.6	67.6
Direct Investment	-232.8	8.3	-68.1	-79.5	-93.5	-563.5	-202.3	-123.9	-140.2	-97.2	75.2
Foreign	215.8	144.2	4.8	-59.3	126.2	14.4	40.5	-10.3	18.5	-34.3	-12.3
Latvia	448.6	135.9	72.9	20.2	219.7	577.9	242.9	113.6	158.7	62.8	-87.5
Portfolio Investment	-95.0	-569.8	52.1	384.8	38.0	2 064.3	1 106.2	778.5	-691.6	871.2	1 179.7
Assets	1 573.3	438.3	666.3	359.8	108.9	2 151.9	1 024.0	465.6	-143.8	806.1	1 120.9
Liabilities	1 668.3	1 008.1	614.2	-25.0	70.9	87.6	-82.2	-313.0	547.8	-65.0	-58.8
Financial Derivatives	149.1	-11.3	29.3	62.4	68.7	176.8	185.5	-34.1	-43.1	68.5	0.3
Assets	-165.7	-69.8	-32.7	-17.5	-45.6	-377.3	-21.3	-140.9	-105.1	-110.0	-94.0
Liabilities	-314.7	-58.5	-62.0	-79.9	-114.3	-554.1	-206.8	-106.8	-62.0	-178.5	-94.3
Other Investment	1 092.1	818.4	362.2	-114.6	26.1	-2 142.2	-1 276.7	-552.4	511.8	-824.9	-1 193.7
Assets	1 409.8	-41.8	1 673.9	352.3	-574.6	-3 442.0	-1 103.3	-450.9	362.0	-2 249.8	789.2
Liabilities	317.6	-860.2	1 311.7	466.9	-600.7	-1 299.8	173.4	101.5	-149.7	-1 424.9	1 982.9
Reserve Assets	-116.4	-4.5	-26.5	-79.2	-6.2	310.7	83.8	79.4	226.7	-79.2	6.2

## Additional Information

### General notes

The cut-off date for the information used in the publication *Macroeconomic Developments Report* (June 2016, No. 23) is 6 June 2016.

The *Macroeconomic Developments Report* 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 EC (Charts 1.1, 1.3, 3.4, 3.5, 4.3, 4.4, 4.11 and 5.5), Rosstat (Chart 1.1), Markit (Chart 1.2), the CSB (Charts 1.4, 1.5, 2.24, 3.1–3.4, 3.7, 3.8, 4.1, 4.2, 4.5–4.9, 4.12, 4.13, 5.2, 5.4, 6.2 and 6.3), Bloomberg (Charts 2.1–2.6, 2.8 and 2.9), the Treasury (Charts 2.7 and 3.9–3.11), Latvijas Banka (Charts 2.10–2.25, 4.9, 5.2, 6.1–6.3, 7.1 and 7.2), the ECB (Chart 2.10), Road Traffic Safety Directorate (Chart 3.6.), SEA (Charts 4.9 and 4.10), Reuters (Chart 5.1) and Food and Agriculture Organization of the United Nations (Chart 5.2).

Data sources for Statistics tables are Latvijas Bankas (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.