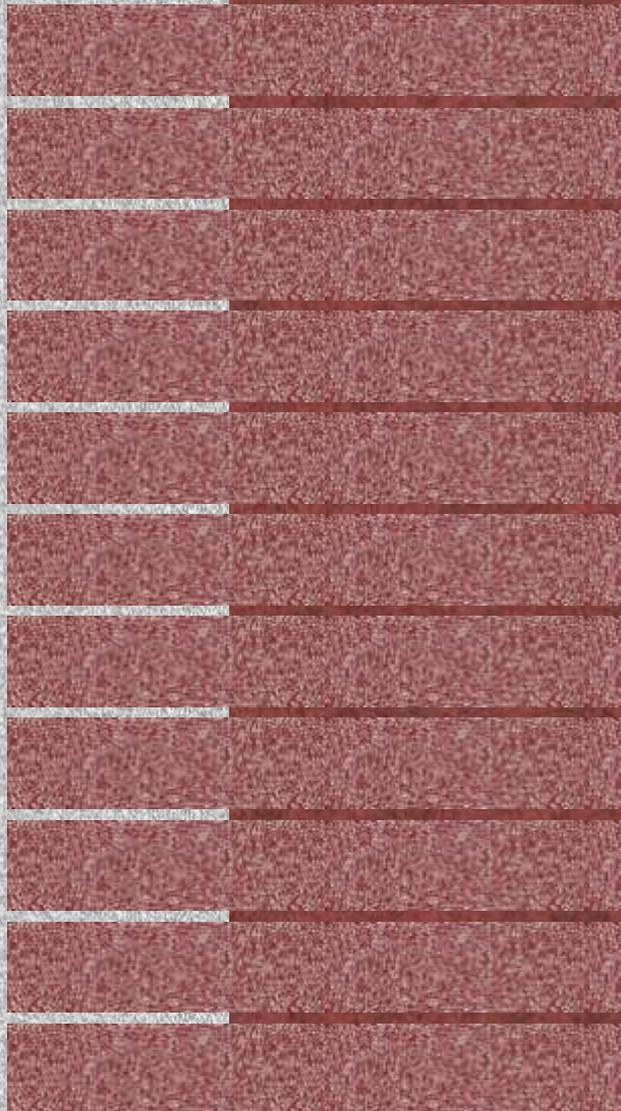


**MACROECONOMIC
DEVELOPMENTS
REPORT** 2018



DECEMBER

MACROECONOMIC DEVELOPMENTS REPORT

December 2018

MACROECONOMIC DEVELOPMENTS REPORT
December 2018, No 28

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Abbreviations

APP – asset purchase programme
AS – joint stock company
CSB – Central Statistical Bureau of Latvia
EC – European Commission
ECB – European Central Bank
EONIA – euro overnight index average
ESI – Economic Sentiment Indicator
EU – European Union
EU28 – 28 countries of the EU
EURIBOR – Euro Interbank Offered Rate
Eurostat – statistical office of the European Union
FOMC – Federal Open Market Committee
FRS – US Federal Reserve System
GDP – gross domestic product
HICP – Harmonised Index of Consumer Prices
JSC – joint stock company
MFI – monetary financial institution
OPEC – Organization of Petroleum Exporting Countries
PIT – personal income tax
PMI – Purchasing Managers' Index
SEA – State Employment Agency
UK – United Kingdom
UN – United Nations
US – United States of America
VAS – state joint stock company
VAT – value added tax

Introduction

Latvijas Banka remains optimistic with regard to Latvia's economic growth prospects over the last half of the year: its GDP growth forecast for 2018 has been upgraded considering the high rates reported in the second and third quarters of 2018. The future outlook, however, remains unchanged. Following the accelerated cyclical upswing, GDP growth is expected to slow down gradually over the next few years on account of selected growth-supporting factors losing momentum. Uncertainty in the global environment and weaker external demand are likely to constrain economic growth already in 2019, whereas demand side limitations, e.g. labour shortage and still inadequate investment levels in the environment of high production capacity utilisation, will be obstacles for ensuring sustainable rapid growth in the medium term.

A decline in the economic growth in several trade partners is bound to subdue increases in manufacturing and exports. Moreover, the current wage-productivity gap serves as a basis for concern regarding the sustainability of competitiveness that requires addressing the issue of labour availability. At the same time, the rapid growth of selected export-oriented high technology production and services sectors observed over the last few years persisted. To ensure balanced and sustained growth, however, it is essential that most sectors strengthen competitiveness.

In the circumstances of a weaker external demand, the role of domestic demand in supporting economic growth will become more important. Absorption of EU funds and implementation of private sector projects will find reflection in an increase in investment. This will also further support the real estate and construction sector activity. Nevertheless, the issue on the production factor adequacy in the construction sector is becoming increasingly topical as it may prevent the sector's growth in the medium term. In the labour shortage circumstances, a stable rise in wages will persist. With the workforce reserves running low, however, labour contribution to growth is likely to turn negative. Consequently, the contribution of private consumption is also expected to contract and increasing labour productivity will become more and more important for ensuring economic growth.

On account of the strong economic growth, the pressure of domestic demand on consumer prices is gradually increasing, although not as quickly as expected. Annual inflation hovering around 3% is currently a characteristic of a healthy economy and reflects sustainable income convergence as well as economic growth slightly above its potential. Both the increasing labour shortage and high degree of production capacity utilisation in most sectors testify to that. With unemployment declining and the labour market remaining tight, the rise in wages and salaries has accelerated considerably over the recent years. It means that although a moderate inflation rate appropriate for balanced economic growth is expected to persist in the future, it will be increasingly determined by domestic factors in particular.

1. External Demand

Previous assessment	Developments since the previous report	New assessment ¹
External demand		
Growth will further continue also in 2018, yet at a slower pace than in 2017 due to decelerating advance in a number of euro area countries, stronger risks of rising trade tariffs, and trouble with US and European cooperation associated with Iran's nuclear arms plan. The demand in global economy as a whole and Latvia's major trade partner countries continues on an upward trend.	<ul style="list-style-type: none"> – Brexit negotiations have entered the final phase before the upcoming UK Parliament's vote; – despite a temporary truce in trade wars, uncertainty remains high; – a fall in prices of oil and other commodities; – the new Italian government's budget battle with the EC; – global trade continues to expand; – sentiment indicators are deteriorating; – in Germany, Sweden and Lithuania, growth has decelerated in the third quarter as a result of one-off factors; – forecast for external demand has been revised downwards. 	Economic growth is expected to moderate in 2019 in comparison with this year. The continued uncertainty surrounding Brexit and materialised impact from trade wars strengthen the downside risks to future growth.

Although the global economy continued to grow in the second half of 2018, the disparities across regions and countries are increasing. Cyclical upswing continued in the advanced economies overall, including the US. In the euro area countries, however, the pace of growth decelerated further. With uncertainties surrounding Brexit persisting, the UK's economic growth was also moderate.

Tightening of the financial conditions over the second half of 2018, particularly in the US where the FRS was moving towards a neutral monetary policy stance, and rising long-term interest rates caused various asset price changes and posed new challenges associated with a heightened risk perception to the emerging economies. For example, the Argentine peso lost half its value in the course of 2018, forcing the government to apply for an IMF loan. At the same time, with its currency depreciating, Turkey is facing higher risks associated with excessive current account deficit and foreign currency debt burden. Currently, financial markets expect that the target range for the federal funds rate will be raised again in December and, as a minimum, once also in 2019. Unemployment in the US fell to 3.7% in September, which is the lowest mark since the beginning of 1969. This was also reflected in robust economic growth (3.5% in the third quarter), although its benefits are distributed quite unevenly: in a situation where the headline annual inflation stands at 2.3%, real wages of employees have grown by merely 0.7%. Moreover, with the GDP growing strongly, prices continue to increase gradually and, given that the target range for the federal funds rate will continue on an upward trend, this could exert a downward pressure on consumption. The rising interest rates also contributed to deterioration of consumer confidence in the second half of the year. PMIs for manufacturing and services sectors remained in a positive territory, although the most recent months saw a moderate downward trend. The trade war between China and the US culminated in September when the US administration imposed an additional 10% tariff on 200 billion USD worth of Chinese products, to be increased to 25% from the start of the next year, and the Chinese government retaliated by imposing additional tariffs on US imports worth another 60 billion USD. Nevertheless, during the G20 summit the leaders of both administrations agreed to reopen negotiations in order to resolve their trade disputes. Trade wars with other global economies have been almost completely put on hold, considering that the US government has managed to negotiate the terms of the free trade agreements with Mexico and Canada.

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

Worsened	Unchanged	Improved
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Following a period of robust growth in the second quarter, a 0.6% quarter-on-quarter drop in GDP was reported in Japan in the third quarter as a consequence of several episodes of natural disasters and shrinking trade volumes. Neither the government, nor the central bank have so far managed to make the future outlook of the private sector and consumers more optimistic; therefore, investment and consumption remain volatile. In mid-July, the EU finalised negotiations for a trade agreement with Japan removing almost all bilateral trade tariffs. The agreement will be ratified by the end of the year and it is scheduled to take effect as of February 2019. GDP growth rate in China also decelerated to 6.5% in the third quarter, despite the implementation of accommodative monetary and fiscal policies. Moreover, the downward effect of trade wars on growth will manifest itself only in the fourth quarter data.

Although the euro area economic growth still remained above the post-crisis average, in the third quarter of 2018 it fell to 1.6% year-on-year, the lowest level since the fourth quarter of 2014. Deceleration was primarily caused by a part of the core countries – Germany, Italy and the Netherlands – together accounting for 50.3% of the euro area economy. The reasons were different in each of the above-mentioned countries. In Germany, deceleration was caused by shrinking exports and disruption to car production, in Italy it was affected by a fall in industrial output, whereas in the Netherlands by lower investment inflows and rising imports. Despite a slightly lower pace, the euro area economic growth remained positive, with unemployment shrinking to 8.2% in October and exerting an upward pressure on wages. This resulted in a 4.5% and 4.1% rise in wages at current prices in Germany and Spain respectively or a 2.7% and 2.4% increase in real terms respectively. Nevertheless, the tightening of the labour market is yet to be reflected in a more substantial growth of consumer prices, as in November the year-on-year increase amounted to merely 1.9%. Some positive signals can be observed in the field of loans for house purchase (a 3.2% increase in October; gently sloping upward trend). EC survey results show that the views concerning the future outlook for the euro area economy development differ: a slight deterioration of the overall economic sentiment indicator in the fourth quarter masks a fall in consumer confidence and an improvement in industry confidence and retail trade confidence. PMI data paint a somewhat more negative picture: despite remaining positive, they have decreased considerably both in manufacturing and in services.

Economic growth has started to lose momentum in several Latvia's major trade partners. As a result, external demand in 2018 turned out to be lower than projected in June. Despite further shrinking of unemployment and rising of private consumption, the economic sentiment indicator has deteriorated. Although the EU average economic sentiment indicator still remains considerably above the long-term average, in November it declined to the lowest point since the beginning of summer 2017. It is projected that in 2019 the growth of external demand will be more moderate than previously expected, although only marginally lower than in 2018. Remaining uncertainties surrounding Brexit and more recently observed geopolitical tensions could also have a downward effect on external demand.

Like in Latvia, private consumption supported by shrinking unemployment and rising disposable income remains the main driver of economic growth in Latvia's Baltic neighbours. In the third quarter, Lithuania's GDP decreased by 0.3% quarter-on-quarter. This, however, was caused by short-term factors (problems in agriculture due to a poor grain harvest caused by the unusually hot and dry weather conditions in summer), and the economy is expected to recover in the fourth quarter. The EC revised the 2018 GDP growth forecast for Lithuania upwards from 3.1% in the spring forecast to 3.4%, as trade and construction continue to contribute significantly to economic growth. A similar rate is projected by the EC for Estonia: due to lower investment flows the forecast for 2018 has been slightly revised downwards from 3.7% in the spring forecast to 3.5%. Estonia's GDP grew by 0.4% in the third quarter, with the main contributors being construction and manufacturing. Trade continued to expand, pointing to strong private consumption supported

by the rising real wages. In October, the international credit rating agency Fitch Ratings upgraded Estonia's credit rating to AA-, which is going to have a positive effect on future investment inflows. In 2019, economic growth is expected to decelerate and fall below 3% in Lithuania and Estonia. It will continue to be supported by strengthening EU funding inflows and private consumption, with a weakening external demand and a tight labour market acting as dampening factors.

Germany's GDP contracted by 0.2% quarter-on-quarter in the third quarter due to temporary factors as the disruption to car production decreased the overall industrial output. The disruption as well as a fall in sales and exports of motor vehicles was caused by the introduction of new and more rigorous emission standards as of 1 September. The economy is expected to recover towards the end of the year, as the degree of capacity utilisation remains well above average and the industry slump is just a temporary set-back. Nevertheless, growth has moderated in 2018 overall. On account of weakening external demand, the EC revised Germany's GDP growth projections downwards from 2.3% in its spring forecast to 1.7%. At the same time, unemployment continues to shrink and wages remain on an upward trend, thereby supporting consumption. In combination with an accommodative fiscal policy, this will ensure steady growth in 2019.

In Sweden, economic growth continued to decelerate against the background of further shrinking of investment in construction. Although the depreciation of the Swedish krona had a positive effect on exports, the EC revised Sweden's GDP growth forecast for 2018 downwards from 2.6% in its spring forecast to 2.4%. The incoming data for the third quarter show a quarter-on-quarter decrease of GDP for the first time since 2013. This decrease by 0.2% can be explained by the shrinking trade and consumption as car sales declined as a consequence of the implemented tax policy and the new vehicle emission standards. GDP growth is expected to decelerate in 2019, as construction confidence deteriorated significantly in November and the economic sentiment indicator has fallen to the lowest level since 2016. The EC projects that it will be below 2%. The medium-term growth prospects are weakened by the unresolved structural unemployment challenges and shortage of qualified labour as well as lower external demand. Political uncertainty, i.e. failure to form a new government following September elections, also does not support stronger economic growth expectations.

In the UK, the uncertainties surrounding Brexit continue to weigh down on economic growth. The EC revised the UK's GDP growth forecast for 2018 downwards from 1.5% in its spring forecast to 1.3%, due to diminished investment inflows caused by uncertainties. According to the GDP flash estimate, GDP grew by 0.6% quarter-on-quarter in the third quarter, supported by exports and consumption. Unemployment was low in the third quarter (4.1%), but with growth decelerating, it is likely to increase. Private consumption will be suppressed by the moderate growth of wages (real wages increased by merely 0.9%) and accumulation of savings. At the same time, inflation growth is decelerating and stood at 2.2% in October. Despite some progress achieved in Brexit negotiations, the risk of a no-deal exit for the UK still remains. This could slow down investment inflows and economic growth, thereby having a negative effect on Latvia's external demand.

Poland's economic growth remains robust. The EC revised Poland's GDP growth forecast for 2018 upwards from 4.3% in its spring forecast to 4.8%. This was supported by the low level of unemployment and high consumer confidence that boosted private consumption. Third-quarter GDP data were also optimistic as the quarter-on-quarter growth accelerated from 1.1% in the second quarter to 1.7%. Although the EU funding inflows will continue to have a positive effect on the economic development in 2019, the pace of growth is likely to decline in the circumstances of the labour market tightening and prevailing external uncertainties.

According to the estimates of the Central Bank of the Russian Federation, Russia's year-

on-year economic growth decelerated from 1.9% in the second quarter to 1.5% in the third quarter. This was a result of a fall in agriculture and construction, with trade volumes also temporarily contracting. The EC left Russia's GDP growth forecast for 2018 unchanged at 1.7%. Growth is unlikely to accelerate also in the near term, as the sizeable government investments in infrastructure schedule for 2019 will be offset by falling consumption as a result of higher VAT rates. A major downside risk to the economy are the postponed US sanctions, and this issue has gained even more importance in the light of emerging geopolitical tensions. Oil prices have also decreased significantly over the last month due to more ample supply, making Russia's economy even more vulnerable. Further sanctions could weaken the Russian ruble, reducing imports and consequently also Latvia's external demand.

Chart 1

GDP GROWTH FORECASTS OF EC
(year-on-year; %)

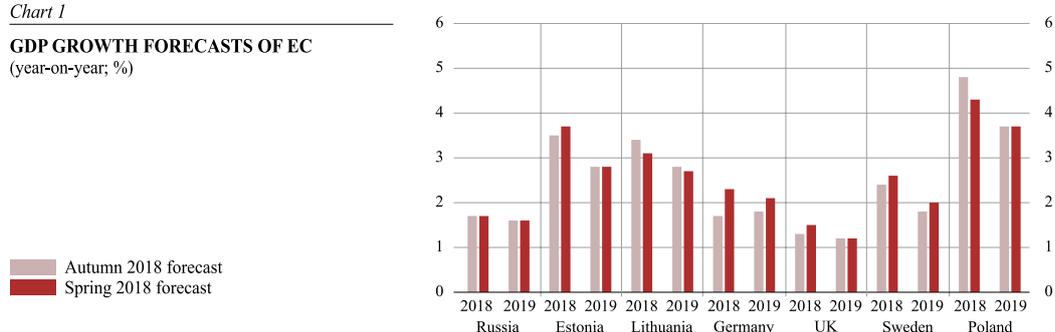
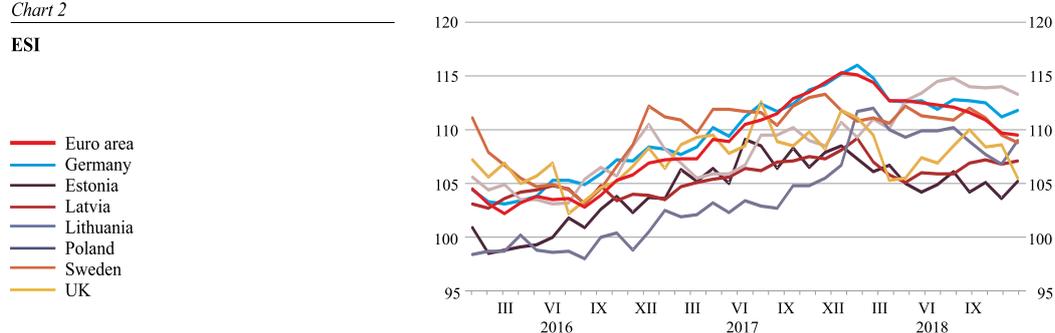


Chart 2

ESI



2. Financial Conditions

2.1 ECB policy

Previous assessment	Developments since the previous report	New assessment
ECB decisions		
Expectations that the expanded APP will be continued at least until the end of December 2018 are strengthening. Market participants expect that the key ECB interest rates will be raised no sooner than in the second quarter of 2019.	<ul style="list-style-type: none"> – Economic growth is starting to decelerate; – since June, the euro/US dollar exchange rate has depreciated to 1.13; – the ECB has revised downwards the forecasts for growth, at the same time leaving the long-term outlook regarding the convergence of inflation to the ECB's aim unchanged; – net asset purchases under the expanded APP end in December 2018. 	The principal payments from maturing securities purchased under the expanded APP will continue to be reinvested for an extended period of time past the date when the Governing Council of the ECB starts raising the key ECB interest rates. The key ECB interest rates are expected to remain at their present levels at least through the summer of 2019.

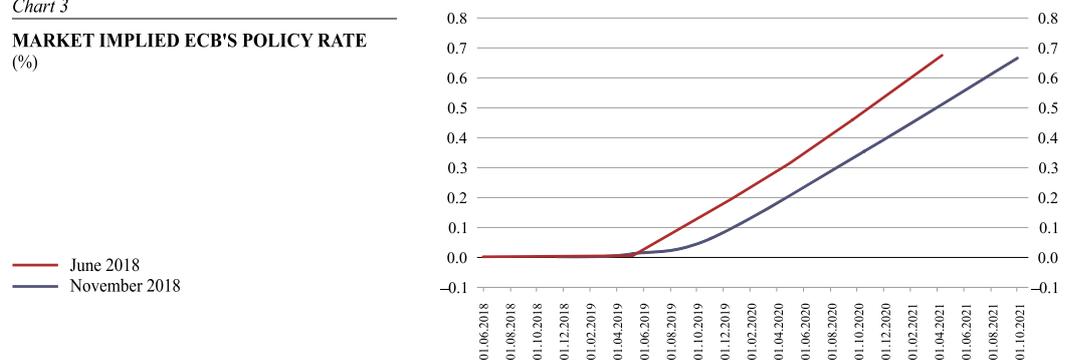
The ECB continued with a highly accommodative monetary policy, in August, September and October purchasing securities within the framework of the expanded APP in the amount of 24.8 billion euro, 29.7 billion euro and 15.0 billion euro respectively. At the same time, the ECB continued to reinvest principal payments from maturing securities purchased under the expanded APP: 2.0 billion euro, 9.0 billion euro and 23.9 billion euro in August, September and October respectively.¹

In his introductory statement to the December press conference, Mario Draghi, President of the ECB, pointed out that while incoming information has been weaker than expected, reflecting softer external demand but also some country and sector-specific factors, the underlying strength of domestic demand continues to underpin the euro area expansion and gradually rising inflation pressures. The strength of the economic growth supports the ECB's confidence that the sustained convergence of inflation to the ECB's aim will proceed and will be maintained even after the end of net asset purchases. At the same time, significant monetary policy stimulus is still needed to support the further build-up of domestic price pressures and headline inflation developments over the medium term.

Survey results as well as the probability implied by the euro overnight index swaps suggest that the financial market participants do not expect any raising of the ECB's deposit facility rate earlier than in the fourth quarter of 2019. Market participants now expect a later interest rate raise than they did six months ago.

Chart 3

MARKET IMPLIED ECB'S POLICY RATE (%)



¹ <https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html>.

2.2 Other central bank decisions and financial markets

Previous assessment	Developments since the previous report	New assessment
FRS decisions		
<p>Market participants expect further raising of the target range for the federal funds rate at the June meeting: these expectations are strengthened by the comments of the FRS decision-makers.</p> <p>Market expectations remain unchanged in the medium term, with participants anticipating more substantial interest rate raises.</p>	<ul style="list-style-type: none"> – At its June meeting, the FRS raised the target range for the federal funds rate by 25 basis points. At the end of July meeting, the target range was left unchanged, whereas at the September and December meetings it was again raised by 25 basis points¹; – US labour market conditions continue to improve, economic activity strengthens, while inflation is close to 2%, the symmetric inflation objective of the FRS; – the FRS balance sheet normalisation process accelerates as planned. 	<p>The FRS has signalled that the target range for the federal funds rate could be raised twice in 2019, approaching 3%. Nevertheless, at the current juncture market participants do not expect further raising of the target range for the federal funds rate in 2019.</p>
Bank of England's decisions		
<p>Following the last meeting of the Bank of England's Monetary Policy Committee, market participants anticipate that the next raising of the Bank Rate by 25 basis points could happen by the end of 2018. Low unemployment and growing wages are expected to increase the upward pressure on inflation which is above the Bank of England's target already.</p>	<ul style="list-style-type: none"> – In August, the Bank of England raised the Bank Rate by 25 basis points (to 0.75%) and left it unchanged in the subsequent months; – Inflation Report published in August stated that GDP is expected to grow by around 1.75% per year on average over the next three years; the projection was left unchanged at the end-of-October meeting; – annual inflation stood at 2.4% in November and exceeded the Bank of England's inflation target of 2%. 	<p>Following the October meeting of the Bank of England's Monetary Policy Committee, market participants do not anticipate any further raising of the Bank Rate in the near term. Further progress with Brexit will have a decisive role in the UK's future development and monetary policy setting.</p>
Bank of Japan's decisions		
<p>Although the Governor of the Bank of Japan has hinted in his latest speeches that an expansionary monetary policy cannot be pursued forever, the current monetary policy is expected to persist in the medium term.</p>	<ul style="list-style-type: none"> – Bank of Japan left the GDP forecast for 2018, 2019 and 2020 unchanged at 1.3%–1.5%, 0.8%–0.9% and 0.6%–0.9% respectively; – the inflation forecast for 2018 and 2019 was slightly adjusted downwards, whereas that for 2020 was left unchanged: 0.9%–1.0%, 1.8%–2.0% and 1.9%–2.1% respectively. 	<p>Although the Governor of the Bank of Japan has hinted in his latest speeches that an expansionary monetary policy cannot be pursued forever, the current monetary policy is expected to persist in the medium term.</p>
EUR/USD exchange rate		
<p>Market participants anticipate that the euro exchange rate against the USD will be 1.27 in a year's time.</p>	<ul style="list-style-type: none"> – Political risks in the euro area are associated with the decisions of the Italian government and progress with Brexit; – euro area's macroeconomic fundamentals point to deceleration of growth; – monetary policy implemented by the FRS and the ECB is becoming increasingly more divergent. 	<p>Market participants anticipate that the euro exchange rate against the USD will be 1.22 in a year's time.</p>

At its 7–8 November meeting, the FOMC decided to leave the target range for the federal funds rate unchanged at 2.00%–2.25%, and that was in line with the market expectations. It was pointed out that the labour market had continued to strengthen since the September

¹ At its December meeting, the FRS raised the target range for the federal funds rate to 2.25%–2.50%.

meeting and that economic activity had been rising at a strong rate. The latest data suggest that household spending continues to grow strongly, while the growth of business investment has moderated in comparison with the beginning of the year. 12-month inflation, both headline inflation and inflation excluding food and energy, remains close to 2%. It is still expected that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labour market conditions, and inflation near the FRS's symmetric 2% objective over the medium term. Risks to the economic outlook remain balanced. The FRS balance sheet normalisation programme proceeds as planned and the thresholds for reinvestment of principal payments from maturing securities remain unchanged at 30 billion US dollars and 20 billion US dollars for holdings of US Treasury securities and holdings of agency debt and agency mortgage-backed securities respectively. Analysts consider that the GDP growth of the second quarter of 2018 is the highest rate achieved by the US economy over the current business cycle and it can be expected to decelerate in the future. The FRS's December dot plot shows that it expects two rate hikes in 2019, pushing the target range closer to 3%. At the same time, futures suggest that market participants currently practically do not anticipate any further rate hikes in 2019: the probability of at least one hike of the target range for the federal funds rate has decreased to roughly 25%. In November, after the mid-term election to the US Congress and in light of the US President Donald Trump's negative remarks concerning rate hikes market participants became much more cautious when estimating the probability of any further raising of the target range for the federal funds rate.

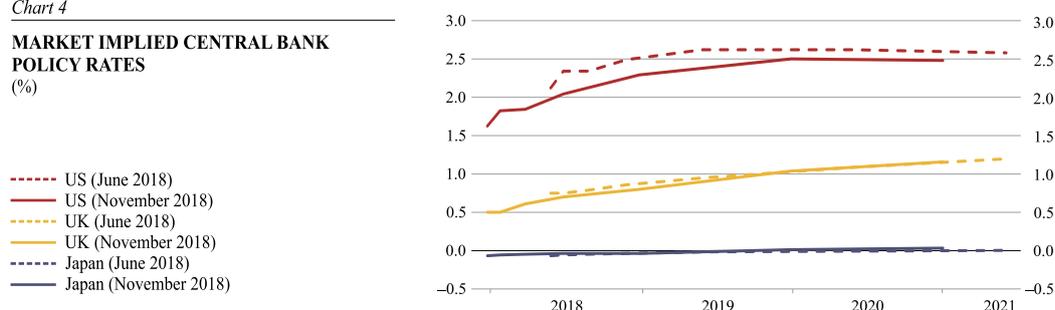
At its 1 November meeting, the Bank of England's Monetary Policy Committee voted unanimously to maintain Bank Rate at 0.75%. This decision coincided with the market expectations. The Monetary Policy Committee also decided to maintain the stock of UK government bond purchases and the stock of non-financial investment-grade corporate bond purchases at 435 billion British pound sterling and 10 billion British pound sterling respectively. In the Inflation Report presented at the November meeting, the Monetary Policy Committee pointed out that, conditioned on the gently rising path of Bank Rate and on the possible outcomes for the UK's eventual trading relationship with the EU, GDP is expected to grow by around 1.75% per year on average over the forecast period. For the forecast period up to the fourth quarter of 2021, there are no changes as compared to the August meeting. In 2018, inflation is projected to stand at 2.5% (2.3% in the August Report), whereas in the next three years it will be close to the 2% inflation target (2.1% in 2019 and 2020, and 2.0% in 2021). According to the Monetary Policy Committee, a large part of the inflationary pressure in 2018 was attributable to higher imports and energy prices. As these base effects are projected to fade in 2019, inflation will decrease. Bank of England also stressed that the monetary policy response to Brexit will not be automatic and could be in either direction. Conditioned on a smooth Brexit arrangement with the EU, Bank of England is going to raise Bank Rate to 1.5% over the next three years.

At its 30–31 October 2018 meeting, the Policy Board of the Bank of Japan decided to keep the short-term policy interest rate unchanged at –0.1%, the target level of the 10-year government bond yields at 0% as well as the annual pace of increase of the monetary base at 80 trillion Japanese yen or 624.9 billion euro. The asset purchase guidelines remained unchanged. Bank of Japan's Outlook for Economic Activity and Prices highlights that the country's economy is growing at a pace above its potential in 2018 as a result of accommodative financial conditions and government spending as well as firm global economic growth. In 2019 and 2020, the economy is likely to be supported by external demand. Nevertheless, the growth pace is projected to decelerate due to a cyclical slowdown in business fixed investment and the effects of the consumption tax hike. The rate of price changes has been persistently positive but has continued to be weak, regardless of the economic expansion and low level of unemployment. The Outlook highlights the weak inflation developments observed in the most recent months, yet reconfirms the commitment

to achieve the inflation target in the medium and long term. The Bank of Japan believes that the risks to economic growth and price outlook are skewed to the downside.

Chart 4

**MARKET IMPLIED CENTRAL BANK
POLICY RATES
(%)**



Financial market developments continued to be influenced by uncertainties and geopolitical risks. Tensions were escalated by the US President Donald Trump's announcements of potential new and higher trade tariffs in addition to the already existing ones, affecting 250 billion US dollars worth of Chinese goods. At the same time, in Europe the new Italian government unveiled its programme, triggering a fall in demand for Italian government securities. Turkey's economic problems and its collapsing currency were another source of concern for investors. Nevertheless, relatively good second-quarter corporate earnings figures in the US and global economic growth (particularly, in the US), allowed investors to preserve their optimistic to a certain extent, and, after the data on the third quarter corporate earnings in the US were released, even announce that the earnings had peaked. At the same time, also the strong economic growth and FRS forecasts concerning future interest rate hikes made investors rethink their investment strategies. Global economic growth also started to decelerate. The effects of the trade tariffs began to take toll on China's economy, inter alia strengthening investors concerns about the decelerating euro area economy as well.

Since the beginning of June, the yields on 10-year US Treasury bonds in debt markets have grown by 15 basis points, to 3.05%. The yield on comparable German government bonds has lost 2 basis points, decreasing to 0.36%. As a result, the spread between the yields on German and US government bonds has widened. Overall, the yields on government securities increased up to the end of September, but since the beginning of the fourth quarter risk aversion dominates in financial markets.

In most euro area countries, the yields on sovereign debt securities have increased. Markets were influenced also by the political developments in Italy. Investors became increasingly more concerned whether the Italian government was going to respect the fiscal discipline, triggering a sell-off of Italian government bonds. This, however, had only a minor effect on the yields of other euro area government securities. The yield on 10-year Italian government bonds rose by 60 basis points, to 3.27%. At the same time, the international rating agency Moody's Investors Service downgraded Italy's sovereign debt rating from Baa2 to Baa3, which is just one notch above junk status. Outlook is viewed as stable, thereby slightly softening the effect on the market. The international rating agency Standard & Poor's also reviewed Italy's sovereign debt rating and lowered its outlook from stable to negative, at the same time leaving the rating at BBB, which is two notches above junk status. From the beginning of June, the yields on 10-year Spanish and Portuguese government bonds have grown by 13 basis points and 3 basis points respectively, to 1.56% and 1.88%. This rise was caused by the developments in Italy that made investors to reassess the risks in Spain and Portugal as well. A lower yield on 10-year Portuguese government bonds can be partly explained by Moody's decision to raise Portugal's rating one notch from Ba1 to Baa3, with a stable outlook. The yield on 10-year French government bonds rose by 3 basis points, to 0.74%. At the same time, the yield on 10-year Greek government bonds has decreased by 9 basis points since the beginning of June, to 4.37%. The spreads between 10-year German

government bonds and other euro area government bonds have been growing from the beginning of September, pointing to an increased risk perception. The yield on 10-year UK government bonds grew by 13 basis points, to 1.41%.

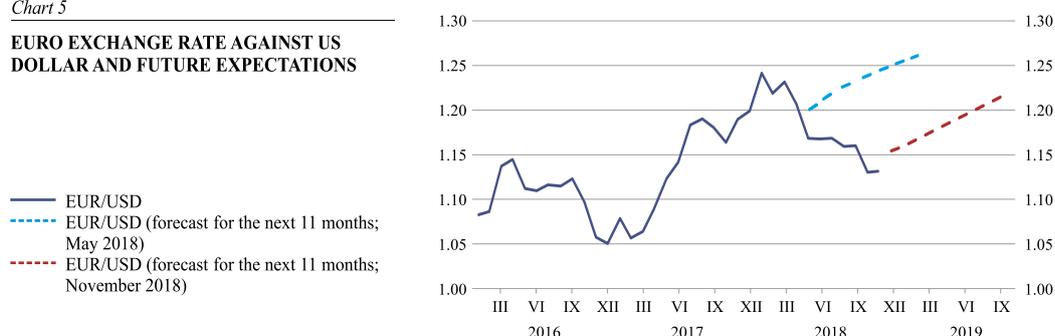
US stock market index S & P 500 decreased by 2.4% from the beginning of June, to 2673.45. The period up to the end of September was successful for the US stock market, yet at the beginning of September market sentiment changed and triggered an adjustment. S&P 500 Banks Index decreased by 3.73%, whereas Dow Jones Industrial Average remained broadly unchanged as compared to the beginning of June. The fall of S&P 500 Banks Index is associated with the concerns about the persistently narrow spreads between shorter-term and longer-term rates negatively affecting the long-term profitability of banks. At the same time, the costs of capital are increasing, whereas the competition in the banking sector remains tight.

European stock markets have also continued to fall since June. Contrary to the US stock market, there was no improvement over the summer months; therefore, the adjustment that started in October had a much stronger effect on stock market indices. For example, EURO STOXX 50 characterising the euro area stock market dropped by 8.13%, whereas the STOXX Europe 600 characterising Europe's overall market decreased by 7.39%. The deepest fall was observed in the banking, energy and car production sectors and it was associated with the developments in Italy, lower oil prices and potential trade barriers. At the same time, the new car emissions regulation caused significant problems to car producers. EURO STOXX Banks index characterising the euro area banking sector decreased by 13.46% against the background of rising concerns about the bank investment made in Turkey and other emerging economies and developments in Italy. At the same time, the UK stock market index FTSE 100 lost 8.64% and the UK banking sector index FTSE 350 Banks declined by 10.55%. Brexit uncertainties continue to exert a downward pressure on asset prices in the UK.

Japan's stock market index Nikkei 225 has decreased by 1.62% since the beginning of June, whereas the emerging markets stock index MSCI EM has dropped 13.59%. Japan's stock market was supported by the depreciation of the Japanese yen against the US dollar. Meanwhile, the slump in the emerging market stocks can be explained by the exacerbating concerns about the rising interest rates in the US. Changes in the US–China trade tariffs are also starting to have their toll on China's growth rate which is very important for the global market. The above-mentioned negative effects are unlikely to fade in the near term; therefore, the downward pressure on asset prices could still continue for some time.

Chart 5

EURO EXCHANGE RATE AGAINST US DOLLAR AND FUTURE EXPECTATIONS



The exchange rate of the euro against the US dollar has decreased by 2.91% since the beginning of June, to 1.132 US dollars per euro. The downward pressure on the euro stemming from the hard-to-predict Italian government decisions and 2019 budget negotiations with the EC, Brexit uncertainties and weaker euro area growth in the third quarter slightly undermined the investor confidence in the euro. The widening spreads between the yields on US and German government debt securities as well as the fact that the

announcements of the FRS management have mostly been optimistic and signal further rate hikes all are factors in favour of the US dollar. A 25 basis points rate increase in December is already priced in with a 77% probability. Nevertheless, financial markets still expect appreciation of the euro vis-à-vis the US dollar in the medium-term. A more significant increase of yields in the US is prevented by investor perception that there are about two years left until the end of the economic upswing and the start of cutting policy rates in the US, whereas the euro area still has a longer road to cover until the economy peaks. An upward pressure on the euro is exerted also by the fact that the euro area's current account is running a surplus, while the deficit in the US continues growing.

2.3 Securities market

The international rating agency Standard & Poor's upgraded Latvia's sovereign credit rating from A- to A with a stable outlook. It noted that the liquidation of ABLV Bank, AS and the reduction of non-resident deposits in Latvian banks did not undermined the stability of Latvia's financial system and had no significant fiscal effect on Latvia's economy.

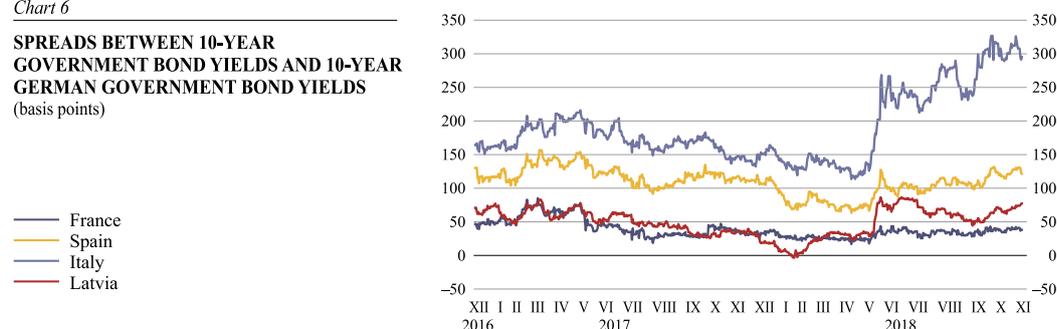
The Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) published a critical report on Latvia for the period up to November 2017. Latvia, Estonia and Lithuania were negatively affected by the money-laundering charges imposed on two Nordic banks – Nordea Bank AB and Danske Bank (Estonia branch). Nevertheless, both developments had no significant effect on the yields of Latvian government bonds.

Eight 5-year government bond issues were launched from the beginning of June till mid-December. Over the given period, the average yield increased from 0.49% to 0.57%, whereas the bids exceeded the offer 4.5 times.

On 5 September 2018, Latvia issued 350 million euro worth of bonds on the external market. This was a tap issue of 10-year and 30-year bonds originally launched in May 2018 and February 2017. At the September auction, the average yield on the 10-year bond was 1.00% and that on the 30-year bond was 1.86%, with the spreads over the same maturity German government bonds being 62 basis points and 81 basis points respectively. Investors from 70 countries participated at the auction. The yield on 10-year Latvian government bonds issued on external markets contracted from 1.14% in June to 1.02% on 14 December, while the spread over the same maturity German government bonds widened from 76 basis points to 77 basis points.

Chart 6

SPREADS BETWEEN 10-YEAR GOVERNMENT BOND YIELDS AND 10-YEAR GERMAN GOVERNMENT BOND YIELDS
(basis points)

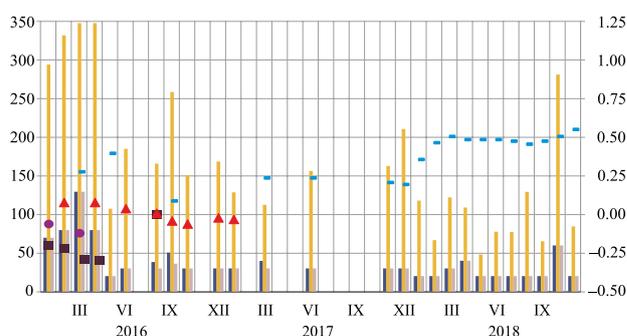
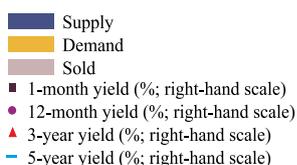


Over the period from 1 June to 14 December, Latvia's share index OMXR decreased by 7.7%, whereas the Baltic share index OMXBBGI contracted by 7.0%. Global economic growth related uncertainty and the wave of sell-offs on the leading global stock exchanges affected the Latvian stock exchange as well, as the dive of stock prices cannot be explained by domestic factors alone. Several large companies (for example, AS Latvijas Gāze and AS Olainfarm) reported a decrease in turnover, yet the profit, at the same time, continued to rise.

The largest share turnover was reported for AS MADARA Cosmetics when one shareholder sold the shares to another investor. The price of the company's shares grew by 4%. The second largest turnover was reported for two pharmaceutical companies (AS Olainfarm and AS GRINDEKS), while their shares depreciated by 19% and 16% respectively. At the same time, the price of AS Latvijas Gāze shares declined by 5%.

Chart 7

AUCTIONS OF GOVERNMENT SECURITIES
(millions of euro)



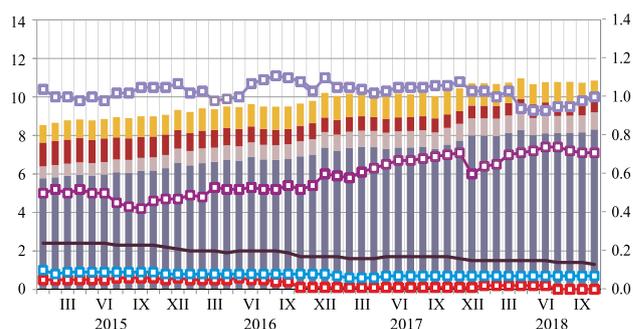
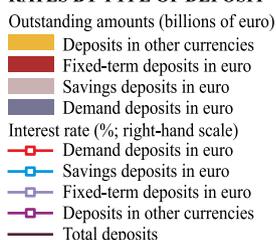
2.4 Interest rates

Previous assessment	Developments since the previous report	New assessment
Interest rate on loans to non-financial corporations		
Weighted average lending rates are not expected to decrease (except for temporary declines on account of the financing of relatively safer projects).	– Interest rates on large loans have started to recover from their historical lows.	Weighted average lending rates are not expected to decrease (except for temporary declines on account of the financing of relatively safer projects).
Interest rates on household loans		
Weighted average lending rates are not expected to decrease.	– Interest rates on consumer credit are no longer increasing; – interest rates with long initial rate fixation periods applied to loans for house purchase rose.	Weighted average lending rates are not expected to decrease.

From April to October 2018, the weighted average interest rates on deposits by non-financial corporations and household deposits continued to decrease, whereas the respective lending rates were volatile. As a result, the profitability of credit institutions was stable and even somewhat improved. Deposit rates decreased primarily in the household sector, with mostly the rates on fixed-term deposits and their share in total deposits shrinking. Interest rates on deposits of non-financial corporations in euro contracted relatively little.

Chart 8

MFI DEPOSITS AND THEIR INTEREST RATES BY TYPE OF DEPOSIT

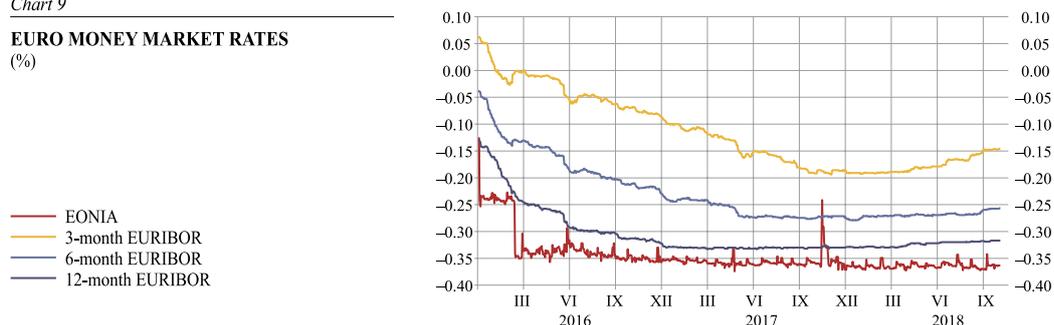


Interest rates on loans to non-financial corporations and consumer credit decreased on account of repayments of the most expensive loans and credit institutions granting loans on

better terms and conditions in some months. Lending rates in the segment of household loans for house purchase slightly increased as more loans previously granted at lower interest rates matured, and, at the same time, the lending rates applied to new loans and the euro money market rates did not decrease. Competition made credit institutions cut their margins on consumer credit and other lending to households, and loans with higher interest rates compared to the newly-granted loans were maturing. From June to October, interest rates on loans to non-financial corporations in euro ranged from 2.5%–2.6%, those on household loans for house purchase were from 2.2% to 2.3%, while those on consumer credit and other lending to households declined by 0.2 percentage point (to 11.3%).

Chart 9

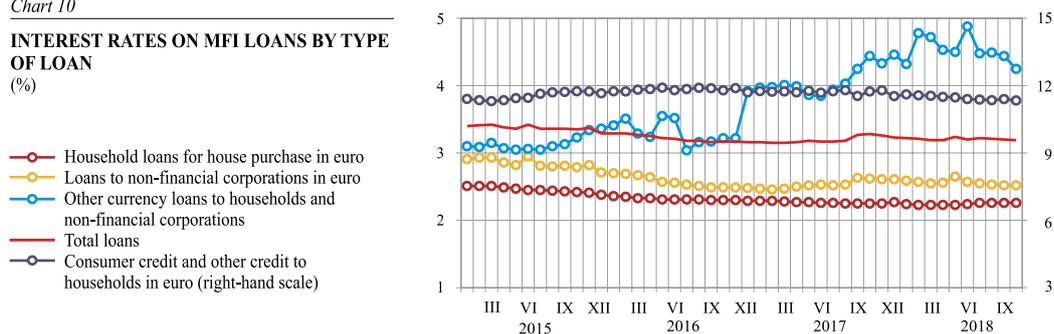
EURO MONEY MARKET RATES (%)



Overall costs of borrowing for new loans to non-financial corporations and households lingered at roughly the same level, yet the rate developments were different across various loan segments. Weighted average interest rate on new loans to non-financial corporations increased from 2.1% in April 2018 to 2.9% in October, returning to the level of 2017. The main contributor was the weighted average rate on large loans (above 1 million euro): in April 2018, it started to recover after April 2018, having dropped to the lowest level since 2004 when a interest rate reporting methodology common with the euro area countries was introduced in Latvia. At the same time, the respective interest rate on small loans (up to 250 thousand euro) tended to decrease, with the weighted average rate on medium-size loans (from 250 thousand euro to 1 million euro) remaining broadly unchanged.

Chart 10

INTEREST RATES ON MFI LOANS BY TYPE OF LOAN (%)



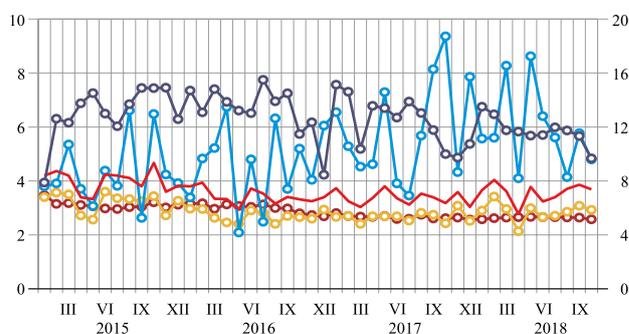
Interest rates on new loans to households in euro in the major lending segments continued to decline or remained broadly unchanged. Weighted average rate on household loans for house purchase remained broadly unchanged, going down from 2.7% in April to 2.6% in October, as a result different developments across various segments of loans for house purchase. The lending rates on collateralised loans for house purchase tended to decrease slowly, whereas those on uncollateralised loans increased. Floating interest rate and interest rate with the initial rate fixation period of up to 1 year on new loans to households for house purchase in euro also slightly decreased over the period from June to November, whereas the respective rate with a longer initial rate fixation period increased. Interest rate on new consumer credit in euro continued to decline up to July 2018 and then remained broadly unchanged. Overall, it decreased by 1.3 percentage points (14.6% in October), mainly as a result of lower risks

associated with the credit granted and credit institutions competing for new clients and to retain the existing ones. The respective interest rate on other lending to households shrank by 0.2 percentage point (3.9% in October).

Chart 11

INTEREST RATES ON NEW MFI LOANS BY TYPE OF LOAN (%)

- Loans for house purchase in euro
- Loans to non-financial corporations in euro
- Other currency loans to households and non-financial corporations
- Total loans
- Consumer credit and other credit to households in euro (right-hand scale)

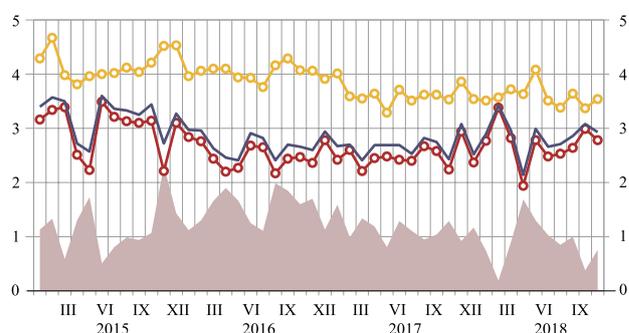


Considering the trends observed earlier with respect to the interest rates applied by credit institutions, those on deposits are overall expected to closely mirror the euro money market rates. The rates on household loans for house purchase and loans to non-financial corporations will slowly rise, whereas those on consumer credit will continue to fall. At the same time, the interest rates on new loans will remain broadly unchanged, as they will be affected by counteracting factors. Economic development and shrinking unemployment are likely to compress the risk premiums on loans, while uncertainties relating to further monetary policy development and higher risk scores assigned to credit institutions because of the money laundering scandal will acting in the opposite direction. Moreover, credit institutions could ease the credit standards applied to riskier customers in pursuit of a higher profitability.

Chart 12

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

- Spreads between large loans and small and medium-sized loans (percentage points)
- Interest rate on small and medium-sized loans (up to 1 million euro)
- Interest rate on large loans (over 1 million euro)
- Aggregate interest rate on loans



2.5 Loans and deposits

Despite some signs of lending recovery and prevailing favourable lending conditions, the domestic loan portfolio increased only marginally in the second and third quarters of 2018 and in October¹, with loans to non-financial corporations remaining broadly unchanged and household loans slightly expanding. Looking at new loans, only the amount newly-granted of household loans was larger as compared to the respective period of the previous year, whereas the amounts of both loans to non-financial corporations and domestic loans overall were significantly smaller. The adjusted rate of change in household loans, despite remaining negative, approached zero and was still following an upward trend. This was facilitated by the state support programme for house purchase, GDP growth and build-up of savings as well as the tight labour market conditions. At the same time, the annual rate of change in loans to non-financial corporations was lingering around zero, with developments being primarily influenced by disbursements and repayments of short-term loans. The overall growth of deposits with credit institutions was rather moderate, with household deposits steadily growing and deposits by non-financial corporations exhibiting volatility.

¹ The effects of banking sector restructuring excluded.

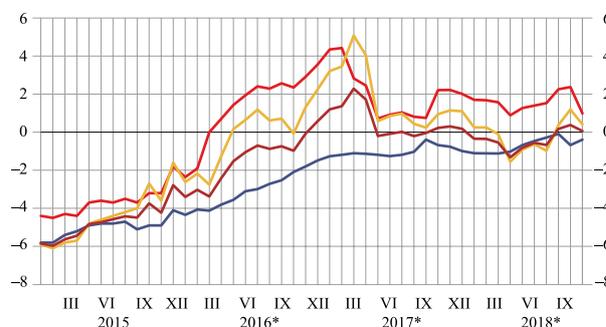
Previous assessment	Developments since the previous report	New assessment
Lending		
<p>Although credit institutions project an increase in the demand for loans, the actual development in late 2017 and early 2018 as well as the expected deceleration in the overall GDP growth have the effect of reducing the forecast of corporate lending expansion. The loan portfolio growth in 2018 and 2019 will gradually recover; however, at a lower-than-expected pace. The key factors contributing to corporate lending growth will be absorption of EU funds and the necessity to boost capacity, but unwillingness to take risks will reduce the demand for loans. The trends observed so far will persist in lending to households.</p>	<ul style="list-style-type: none"> – New loans granted to households continue to gradually increase; consumer credit portfolio is slowly expanding; household loans for house purchase also follow an upward trend and, the effects of banking sector restructuring excluded, their growth has returned to a positive territory; – growth is underpinned by economic development, shrinking unemployment and overall favourable labour market conditions for employees; – new loans to non-financial corporations continue to decrease, with the adjusted annual rate of change being close to zero; – the role of leasing in providing financing continues to grow. 	<p>Although the actual lending developments are in line with the projections, because of the high degree of uncertainty and potentially higher risk aversion, the forecast for lending growth has been revised downwards. Loan portfolio will continue to grow in 2019, yet at a lower pace than previously expected.</p>

The annual rate of decrease of the domestic loan portfolio was -4.6% in October (an increase of 1.0% excluding the effects of the banking sector restructuring). The annual rate of change in loans to non-financial corporations was -5.5% (0.4% excluding the effects of restructuring), whereas that of household loans was -5.9% (-0.4% in adjusted terms). At the same time, the growth of loans to the non-bank financial sector decelerated.

Chart 13

ANNUAL RATE OF CHANGE IN DOMESTIC LOANS (%)

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



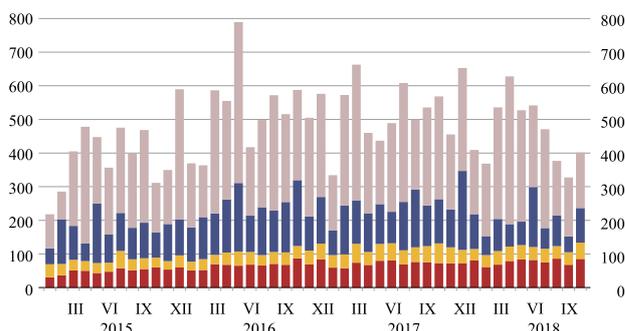
* From 2016 to 2018 – excluding the effects of banking sector restructuring.

The overall increase in loans, including corporate lending, over the first ten months of 2018 still suggested that market participants remain quite cautious and was lower than over the same period of the previous year. Moreover, the amount of new loans granted in the third quarter of 2018 was smaller than the amounts granted in the first or second quarter. From January to October 2018, only new loans to households exceeded the respective figure of 2017 (by 7.9% ; including loans for house purchase by 10.0%), while new loans to non-financial corporations posted a 29.8% decrease year-on-year.

Chart 14

NEW LOANS (millions of euro)

- New contracts (households)
- Renegotiated contracts (households)
- New contracts (non-financial corporations)
- Renegotiated contracts (non-financial corporations)

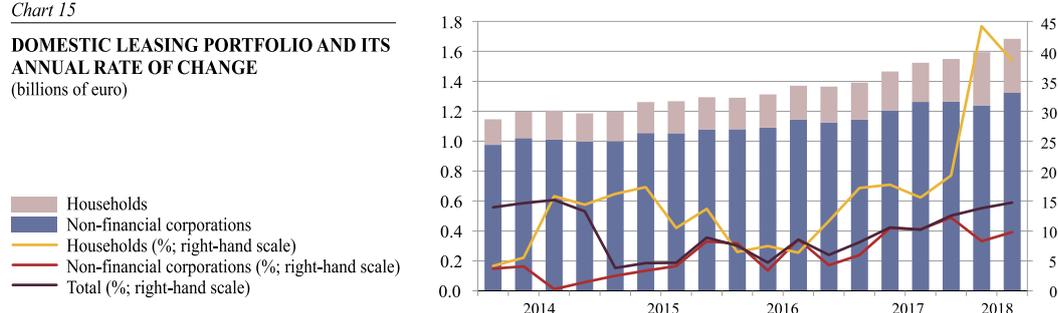


The results of the euro area bank lending survey of October 2018 also suggest that the attitude towards lending development prospects remains cautious: responses show that the demand for loans is not expected to grow in the first quarter of 2019.

At the same time, leasing is still widely used as a funding alternative, particularly for the purchase of equipment and vehicles in the corporate sector. This is secured by the solid growth of loans granted to non-bank financial institutions (an increase of 4.9% in October). The annual growth rate of the domestic leasing portfolio stood at 14.8% in the second quarter of 2018, including that of the non-financial corporations at 9.8%, while the share of the leasing portfolio of non-financial corporations in total loans expanded to 22.9%. The annual growth rate of household leasing portfolio was even higher.

Chart 15

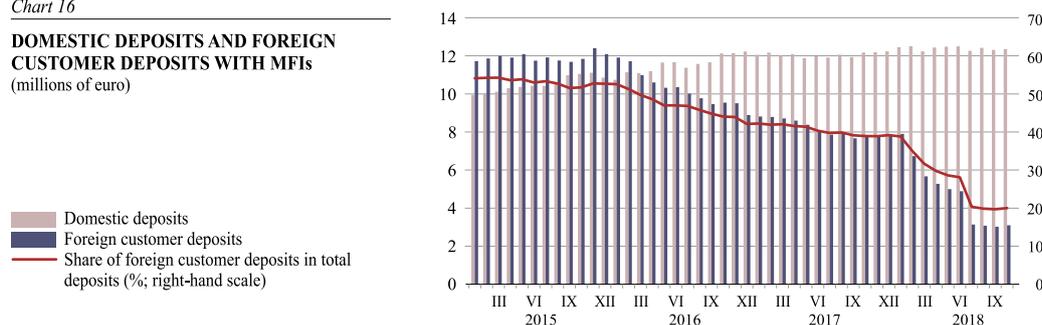
DOMESTIC LEASING PORTFOLIO AND ITS ANNUAL RATE OF CHANGE
(billions of euro)



The annual rate of change in domestic deposits was broadly unchanged throughout 2018, ranging from 3% to 4%. Household deposits continue to grow every month, whereas the growth of deposits by non-financial corporations has been more volatile. In October, the annual growth rates of deposits by non-financial corporations and households were -0.8% and 9.1% respectively, while the annual growth rate of domestic deposits overall stood at 3.5%. At the same time, deposits by foreign customers continued to shrink: by 41.3% over the last six months and by 60.1% since October 2017. As a result, the share of those deposits in total deposits contracted to 20.0% (38.9% in the same period of the previous year).

Chart 16

DOMESTIC DEPOSITS AND FOREIGN CUSTOMER DEPOSITS WITH MFIs
(millions of euro)



With interest rates persistently low, mostly liquid savings on current accounts increased (the annual growth rate of overnight deposits was 6.9% in October, while fixed-term deposits of all maturities contracted year-on-year). To avoid losses from diminishing real value of deposits and at the same to preserve sufficient liquidity, savings deposits redeemable at notice were selected as a alternative to fixed-term deposits: their annual growth rate was 2.9% in October.

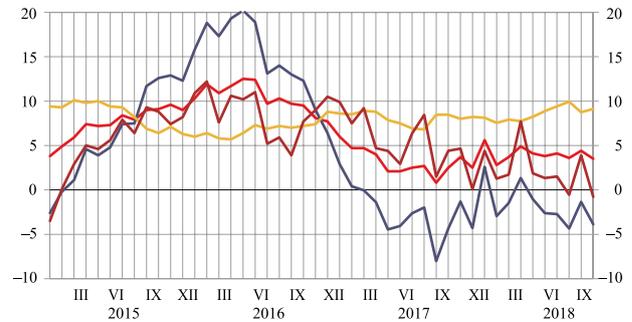
Both the annual development trends as well as the increase of the domestic loan portfolio in real terms over the most recent months suggest that the dry-up in lending observed at the beginning of the year is gradually coming to an end. Nevertheless, external uncertainties are likely to delay lending recovery and reduce both the businesses' propensity to borrow and the credit institutions' risk appetite. Although the actual lending figures are in line with

the previous forecasts and lending is expected to grow also over the next years, the pace will be lower than previously projected: in 2019, the growth rates of loans to non-financial corporations and household loans will be just slightly above zero.

Chart 17

ANNUAL RATE OF CHANGE IN DOMESTIC DEPOSITS (%)

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



Deposits will preserve the currently observed trends in 2019, i.e. an increase in household savings on account of growing wages and a tight labour market will support moderate overall growth. At the same time, deposits by non-financial corporations will be volatile, depending on their investment needs and the necessity to finance their growing imports.

3. Sectoral Development¹

Economic growth seen in the third quarter was faster than expected and reached the rate not observed since the fourth quarter of 2016. Construction contributed markedly to growth over the year, but the third quarter witnessed a slight reduction in activity, with information and communication as well as transportation and storage services developing more successfully.

Overall, industrial development was relatively successful; however, manufacturing growth was volatile and well behind the upward path recorded in the previous year during both the third quarter and the year. Drought across the whole region and repairs of the Lithuanian–Swedish interconnection maintained high energy prices, resulting in accelerated growth of the electricity generated in cogeneration plants in the third quarter. This offset the drought-driven fall in electricity output generated by hydroelectric power stations. Due to higher average outdoor temperatures, heat consumption was in all likelihood lower than in the third quarter of the previous year. However, overall growth of the mining and quarrying, energy and water supply sectors was somewhat stronger than expected. Growth in the trading sector is gradually shrinking. Despite the short-term rise in September (which could be explained by the opening of the IKEA store and possibly the postponed consumption), retail growth slowed down. Taking account of the upswing in cargoes at ports, the pick-up in freight transportation by rail and persistently good performance of the air passenger transport, the contribution by the transport sector was positive. Growth of the information and communication services sector has been stable and buoyant since the beginning of the year. Despite the fact that the XXVI Nationwide Latvian Song and XVI Dance Celebration took place in summer, the accommodation and catering sector experienced a drop in the third quarter. However, the real estate sector surged, and the third quarter saw a notable increase in the contribution of indirect taxes.

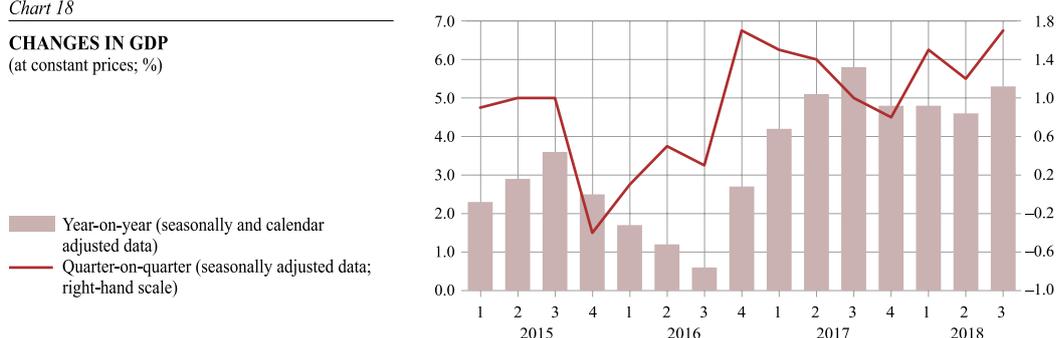
Previous assessment	Developments since the previous report	New assessment
Manufacturing		
Sustainable growth in 2018 and 2019 supported by both the external and domestic demand. Investment is projected to increase. The problem of labour shortage will intensify; therefore, entrepreneurs will focus more on automation processes.	<ul style="list-style-type: none"> – Sectoral development in the first half of 2018 was weaker than expected, performance in the third quarter was also weak; – many sub-sectors have reached a high degree of capacity utilisation, the problem of labour shortage has increased; – the high wood prices prevailing in wood processing have already created both opportunities and risks in various segments of wood processing since spring; – labour shortages contribute to business investment in automation processes; however, investment made in expansion of production is low; – the poor grain harvest triggered by the drought has led to the sharp increase in grain prices which give rise to concerns about profitability of the food industry; – the third quarter saw slowdown of economic growth or even its decline in some trading partners. 	Growth will remain moderate at the end of 2018 and in 2019. Faster growth will be constrained by the weak capacity of the supply side. The risks of moderation in external demand growth have heightened.

¹ The Chapter "Sectoral Development" analyses GDP and sectoral value added at constant prices, using seasonally and calendar adjusted data (unless otherwise specified).

Previous assessment	Developments since the previous report	New assessment
Construction		
2018 will witness continued buoyant growth. Both intensive absorption of EU funds and dynamic implementation of private projects support development.	– Construction production grew faster than expected in the second quarter, the third quarter witnessed deceleration in growth rate.	The absorption of EU funds, implementation of private construction projects and construction of the large shopping centres will continue to support growth also in 2019.
Real estate sector		
A large number of new commercial and residential real estate developments in 2018. With the supply of more affordable housing (in terms of price) growing, the increase in price of standard apartments is edging down.	– A price rise of standard apartments decelerated notably in the third quarter.	The demand and a slower price rise will contribute to the continuation of business activity in 2019.
Trade		
The high base achieved at the end of 2017 will affect the growth rate across the sector. There are, however, no new factors marking stronger development.	– Weaker incoming data; – a decline in exports which has an adverse effect on wholesale development; – development of new businesses.	Growth of the trade sector will be hindered by a more moderate increase in income and uncertainty in the external economic environment.
Transport		
The situation regarding transportation by rail and at ports will not improve in 2018, but airport operation indicators will continue to show improvement. The demand for road transport will be supported by further growth of the European economy; however, labour problems will limit the supply. Overall, the transport sector, in comparison with the economy as a whole, will experience stagnation.	– Contrary to the forecast, ports and transportation by rail register a pick-up in cargo volume; – airport performance indicators continue on an upward path; – the volume of freight transport by road is expanding, but the turnover is below that reached in 2017.	The improvements at ports and transportation by rail are short-lived, the previous trend will return in 2019. Slower growth in major European trade partners shows no evidence of expected improvements in road transport where labour shortage is still a pressing problem. Overall, the transport sector is expected to grow slowly.

Chart 18

CHANGES IN GDP
(at constant prices; %)



3.1 Manufacturing

The major obstacle to faster growth of manufacturing is the insufficient capacity of the supply side: as a result of the labour shortage and high production capacity utilisation, the supply fails to satisfy the strong demand. Several professional associations, e.g. the Association of Mechanical Engineering and Metalworking Industries of Latvia, have pointed to the high demand. However, the macroeconomic indicators confirm growth deceleration in Latvia's trade partners and thus a potential moderation of the external demand.

After a poorer performance in July, manufacturing experienced growth in August but a downturn in September. Overall, value added in manufacturing edged down 0.2% in the third quarter of 2018 quarter-on-quarter but increased 1.9% year-on-year. The food industry, which constitutes 15% of manufacturing output, and the dairy processing sector in particular, showed pronounced downward dynamics. Other sub-sectors have achieved quite good results, particularly manufacture of motor vehicles and their components, electrical equipment, chemicals and chemical products and wood industry. However, it is difficult to maintain high growth rates compared to the high base, and raising output also has its objective limits.

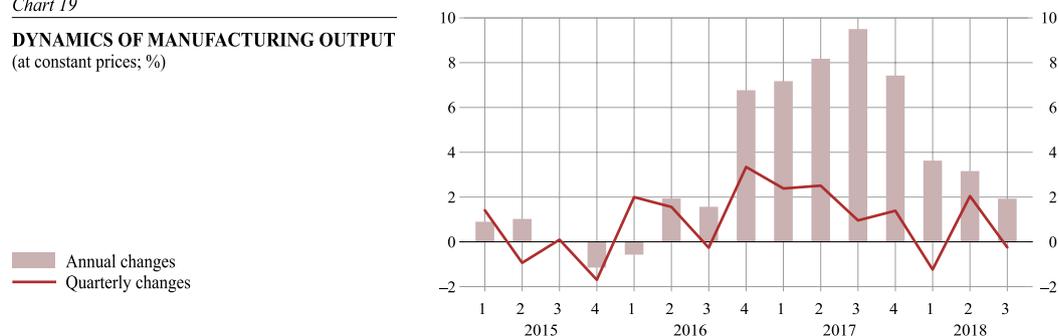
Over the year, the insufficient capacity of the supply side grew more acute, and labour shortage increased the pressure on wages. However, the fourth quarter has seen a change in the measures of capacity utilisation and factors limiting growth. Obviously, they are only short-term fluctuations and the trends will resume their path. According to statistical data, investment in machinery has been modest. Therefore, it cannot be expected that the issue of the high capacity utilisation will be solved.

Recently information about several new large investment projects has been made available; however, it is planned to implement them in other sectors, mostly in the energy and trade sectors. The major publicly announced investment projects in manufacturing are related to fibreboard producer Kronospan Riga, food producer Orkla and other smaller projects. According to industry associations, there are many businesses which do invest, but investment is basically focused on improving automation and efficiency in order to solve the issue of labour shortage, with fewer plans for expanding production.

Although manufacturing surprises on the positive side from time to time, there is no reason to expect faster growth without more profound investment. Therefore, manufacturing is expected to grow moderately in 2019.

Chart 19

DYNAMICS OF MANUFACTURING OUTPUT
(at constant prices; %)



3.2 Construction

Construction continued to grow buoyantly in the second and third quarters of 2018. Following the maximum of value added reached in the third quarter and created within a quarter in the post-crisis period, the annual growth rate decreased slightly. In the third quarter, value added in construction decreased by 6.6% quarter-on-quarter (an increase of 10.7% in annual terms). The third quarter witnessed the highest activity seen during the year,

and the quarterly decline shows that the growth rate will be lower than the results of the first half of the year (30%) when a new maximum of the sector's value added is reached.

Continued development of various construction sub-sectors was observed in the third quarter. Construction output data at current prices suggested that road construction was still the major contributor to output growth, and engineering works also enjoyed the most sustained development as a whole. In the segment of construction of non-residential buildings, construction of commercial space continued to make the largest contribution in the third quarter, and active construction of office buildings also persisted. Construction of residential buildings contributed markedly to the overall construction volume. 1 878 places of residence were built in the first nine months of 2018 (a year-on-year increase of 15%; this represents the first significant increase in housing construction since 2014 when dwellings were built expeditiously due to the forthcoming changes in the regulations specifying the purchase of housing in exchange for the entitlement to temporary residence permits). The example of Estonia and Lithuania suggests that an increase in apartment construction has a great potential. Over the past five years, the above countries have built approximately three times more apartments, in proportion to the size of their population, than in Latvia. Employment dynamics are growing in the regions outside Riga experiencing an upturn in the economic activity; however, they face an acute shortage of affordable apartments in terms of price.

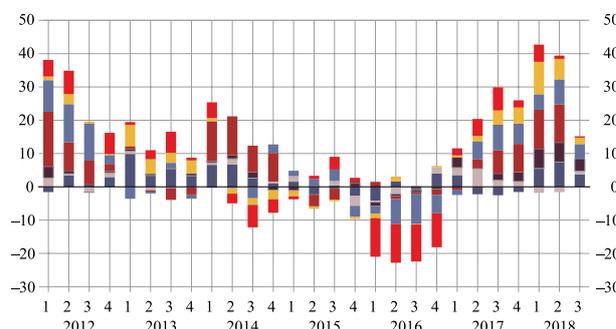
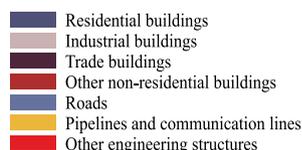
During the period of buoyant growth of construction, structural arrangement of the sector both at government level and at the initiative of economic operators also takes place. Several reforms contributing to the sector's productivity are being implemented, e.g. an opportunity to coordinate a construction idea by electronic means, mandatory from 2019, will reduce the time spent on the construction process. A financial support policy measure has also been designed, allowing local government capital companies to receive loans from the Treasury for the construction of rental apartments outside Riga. In addition to promoting the construction and real estate sectors, when engaging in development of rental apartments, this measure will also contribute to the overall economic development, enabling regions to attract labour. The support is expected to be available from early 2019, but it requires EC approval. At the initiative of the Partnership of Latvian Construction Entrepreneurs, the required number of sectoral businesses has agreed to conclude a collective agreement aimed at reducing the shadow economy and ensuring fair competition. The collective agreement, under which the minimum wage should be raised in the sector, is not currently being implemented as the President of Latvia has referred the related amendments to the Labour Law to the Saeima of the Republic of Latvia for re-examination.

Sentiment of construction contractors, after having stabilised at a positive level for several months, deteriorated in October and November to -0.7 and -0.8 respectively due to more negative employment forecasts, which remained positive overall over the three-month period. Sentiment indicators of construction contractors have been stabilising for several months at high levels in a longer-term perspective. It was in September when the sector's overall sentiment indicator became positive for the first time since late 2007. Employment assessment, a component of the above indicator, has already been positive since mid-2017, and the trend of improvement is also reflected in the assessment by businesses of development of orders received.

In addition to the increase in the availability of EU funding, development of the sector is driven by strong demand in several private sector segments concurrently, i.e. construction of residential and non-residential buildings. Thus, construction has far exceeded the maximum level observed in the recent past, but it substantially lags behind that achieved during economic overheating. Although the current growth trajectory is flatter and not based on strong lending expansion, the wage index is already approaching the highest level reached in 2008. Despite the rise in wages, the increase in the number of employees is much more modest, illustrating difficulties in attracting labour.

Chart 20

CONTRIBUTION OF SOME TYPES OF CONSTRUCTION OBJECTS TO OVERALL ANNUAL CONSTRUCTION GROWTH
(at current prices; percentage points)

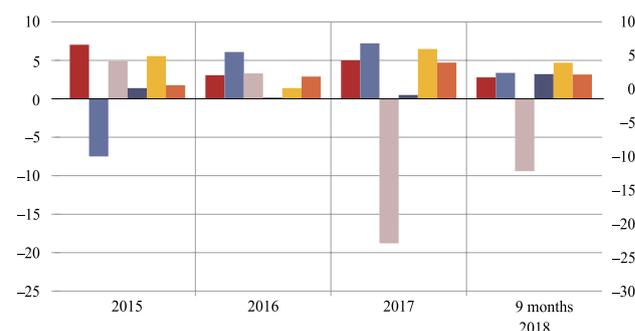
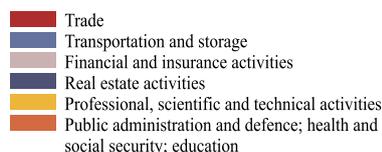


3.3 Real estate market

Real estate market activity remains high. The sector's value added increased by 7.4% in the third quarter of 2018 quarter-on-quarter. In the third quarter, the number of real estate purchases registered with the Land Register increased for the second consecutive quarter. In response to the market demand, developers plan to implement several budget-class residential projects in 2018; the first nine months of 2018 saw the number of finished housing grow. Data on the issued building permits show an expected further increase. According to real estate companies, this should reduce the lack of supply. Information published by real estate companies on prices of transactions with standard apartments in August and September shows that their annual growth rate continued to fall, approaching 5% (above 9% on average in 2017). In addition to the strong market demand, development of the sector could be stimulated by policy initiatives, e.g. the availability of the above funding for construction of municipal rental apartments could set in motion the long-stagnating apartment rental market as well as improvement of the draft Residential Tenancy Law, which is being prepared for the second reading by the Saeima of the Republic of Latvia, could arrange relationships between tenants and renters.

Chart 21

CHANGES IN VALUE ADDED OF MAIN SERVICE TYPES
(year-on-year; seasonally adjusted data; %)



3.4 Trade

Overall, development of the trade sector decelerated in the third quarter. First, despite the decline in unemployment and relatively stable consumer sentiment, one of the largest trade sectors, i.e. the retail trade, suffered a significant decline in growth rates during the summer months (the annual growth rate of retail trade was 3.0% in the third quarter; 5.0% in the second quarter). The increase in retail sales observed in September was temporary (possibly linked to the postponed consumption, which coincided with IKEA's first month of operation in Latvia), and the pace of development of the sector slowed again in October. In the third quarter, retail trade growth rates of car fuel and food continued to decrease. Trade had increased considerably in these commodity groups in the past.

In October, plans to be implemented by the LIDL retail chain on the Latvian market became more pronounced, i.e. construction of the logistics centre was launched, and the retail chain

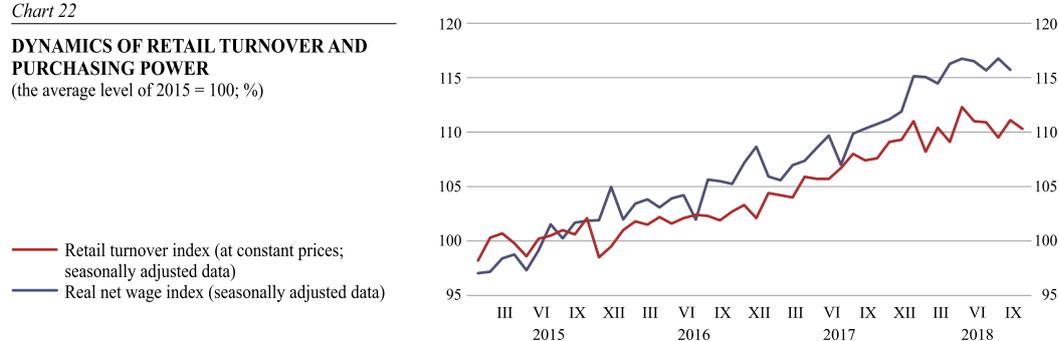
announced its plan to open 10 stores over a period of two and a half years, with the total investment around 125 million euro, the amount similar to that invested in Lithuania within the same time-frame. LIDL's impact on retail development will partly manifest itself as market reallocation effect and will intensify competition.

Sales of motor vehicles have already been contracting for the second consecutive quarter. However, this shrinkage is not equivalent to the decline in the automotive sector encountered by Europe's largest automotive countries due to delays in certification.

As already suggested by monthly data of nominal exports of goods and their unit value, weaker exports should have also been reflected in the wholesale trade and the value added of the trade sector which decreased by 0.2% in the third quarter in quarterly terms and posted an annual increase of a mere 1.6%.

Chart 22

DYNAMICS OF RETAIL TURNOVER AND PURCHASING POWER
(the average level of 2015 = 100; %)



3.5 Transport

Although the cargo volume declined at the beginning of 2018, the second and third quarters witnessed successful development of the transport sector. In the third quarter, the transport sector's value added increased by 4.3% quarter-on-quarter (by 7.2% year-on-year), also contributing positively to faster GDP growth. This is also confirmed by the pick-up in exports of transportation services (10.9%) observed in the third quarter. This development was driven mainly by the increase in freight volume in rail transport and at ports where the transported volume of coal and timber grew. The number of passengers at the airport has also continued on an upward path, while freight turnover by road has declined.

Following a drop in cargo volume in the first quarter, the second and third quarters saw rail freight volume increase significantly. Cargo volume increased even by 37.6% in the third quarter, and cargo turnover also boosted notably. Domestic freight transport decreased, but imported cargo volume demonstrated a robust upswing (around 80% of the total cargo volume). The increase in cargo volume received from Russia and Belarus had a major role to play in ensuring the above growth. The rise in Russian cargo volume was supported by repairs taking place at Russian port terminals, e.g. Ustjuga, and therefore cargoes were temporarily shifted to Latvia. The cargo volume received from Belarus increased by about a fifth. This was facilitated by the opening of an VAS Latvijas Dzelzceļš office in Minsk in 2017, which has helped to improve cooperation and create new partnerships with Belarusian companies. Similarly, the launch of the freight express train line Minsk–Riga in 2018 has improved the efficiency of cargo transportation.

In the second and third quarters of 2018, cargo turnover at ports elevated, yet the situation was not uniform across all ports. Cargo volume grew at all ports in the third quarter, but the first 10 months of 2018 saw their increase at Riga and Liepāja ports, while Ventspils port still recorded a fall year-on-year. The steepest cargo volume growth rate at ports was observed in July and October, but it was slower in other months. With coal transportation growing, the largest positive contribution was on account of bulk cargoes in the third quarter as well as in

October. The volume of liquid and general cargoes also mounted. The high prices have also increased the volume of transported timber, providing the second largest contribution to the rise in port cargoes. Following the 11-quarter drop, contribution of oil products also became slightly positive. Although the third quarter was favourable for ports, exports of services of freight transportation by sea declined to minimum.

Air transport also saw positive continued development, with the number of air passengers serviced increasing. In the third quarter, the AS STARPTAUTISKĀ LIDOSTA "RĪGA" provided services to 14.8% more passengers year-on-year. This is due to a higher airport load during the summer months as well as on account of new flight destinations. It should be noted that the AS STARPTAUTISKĀ LIDOSTA "RĪGA" was the only Baltic airport repeatedly recognised as one of the fastest growing European airports in 2018 (ranking second in the first quarter). However, the increase in freight transportation, following the rapid growth witnessed in the first quarter, decreased (by 7.2% in the third quarter year-on-year).

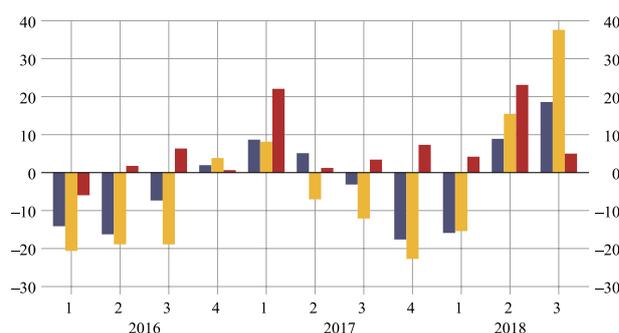
The trends observed in road transport in the first quarter persisted, i.e. the volume of freight transported by road rose in the third quarter, but turnover decreased year-on-year. In the first nine months of 2018, the volume of freight transported by road exceeded the level reached in the corresponding period of the previous year by 10.6%, while turnover contracted by 1.7%. International transport saw the steepest drop in turnover and the largest increase in volume. Although EU demand has remained high for the time being, it could decrease due to declining growth rates in trade partners. The balance of payments data also suggest that the contribution of road transport to the export growth of transport services was in negative territory. Moreover, labour shortage, which holds back growth of transport services, is still relevant.

Despite the positive results achieved in the transport sector, there is no guarantee that the above trend will continue in the long term. The increase in volume of cargoes in rail transport and at ports is largely linked to the above-mentioned repairs taking place in Ustjuga, owing to which Russian coal cargoes have been exported through Latvian ports. However, following the completion of the terminal repairs, in particular in view of the escalation of the geopolitical situation, Russia is likely to return to its long-term policy, i.e. shifting energy cargoes to its ports, at the earliest opportunity. In the more distant future, the construction of a terminal in Ustjuga planned by the Russian fertiliser producer Uralhim will have an adverse effect on port operation. As a result, it has also been planned to suspend transshipment of dry fertilisers at the port of Riga by 2022. In order to improve the availability of labour in the road transport sector, an association of road hauliers "Latvijas Auto" has invited the respective authorities to ease the rules for recruiting foreign drivers; however, nothing has changed in this respect so far. Moreover, although the EU's economic growth remains stable, it is becoming more moderate. Therefore, there is no reason to expect a rapid rise in the road transport sector. In the long term, significant air traffic projects will have more positive impact on the transport sector, thus opening wider development prospects. Investment is expected to increase the capacity of the public part of the airport's terminal by 49%, enhancing competitiveness.

Chart 23

ANNUAL CHANGES IN FREIGHT VOLUME OF MAIN TYPES OF FREIGHT TRAFFIC (%)

■ Ports
■ Railway
■ Road transport



4. GDP Analysis from the Demand Side¹

Previous assessment	Developments since the previous report	New assessment
Private consumption		
Private consumption will grow steadily; however, temporary caution in spending is likely.	<ul style="list-style-type: none"> – Employment rate is moving up; – unemployment continues to shrink; – a rise in average remuneration persists; – retail trade growth is slowing down; – higher assessment of savings on account of downward revisions of consumption levels of the previous years. 	Private consumption will grow steadily; spending of previous period savings is likely as a result of a slower increase in income.
Investment		
Following the rapid growth in 2017, investment will moderate in 2018.	<ul style="list-style-type: none"> – Investment growth has been higher than expected; – investment in machinery and equipment has improved; – new investment projects are submitted, implementation of large projects continues. 	Investment growth rate will exceed that of the economy.
Exports		
Export development assessment, which would otherwise improve due to a more positive external demand assessment, has become less optimistic on account of deteriorating external economic and geopolitical environment as well as problems in the financial services sector.	<ul style="list-style-type: none"> – External demand forecasts have been revised slightly downwards for 2019; – weak export growth in the third quarter; – euro area manufacturing growth has slowed down; – producer sentiment has improved. 	Deterioration of the external economic environment makes the export development assessment more cautious.
Imports		
As a result of investment activity, in 2018 the growth rate of imports of goods will continue to accelerate steadily, with its growth rate exceeding that of exports.	<ul style="list-style-type: none"> – Imports are expanding robustly along with a higher rise in investment and stable private consumption growth. 	On account of the high investment activity, imports of goods will continue on a stable upward path, exceeding the growth rate of exports.
Government consumption		
The government spending policy is in line with the planned policy.	<ul style="list-style-type: none"> – Budget expenditure growth reflecting government consumption has been observed due to the decisions made on allocating additional funding for defence and envisaging wage rises for the employees of public and local government structural units. 	The end of 2018 will see solid government consumption growth. Meanwhile, a slower pace of increase has been forecast for the coming years.

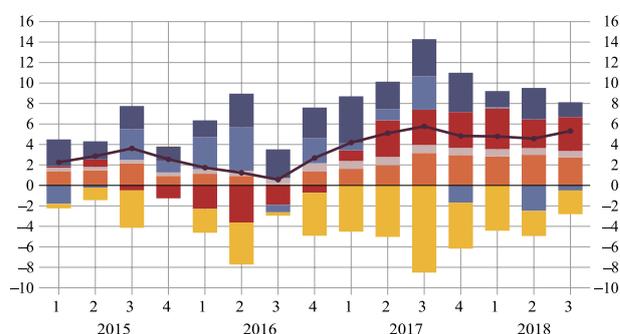
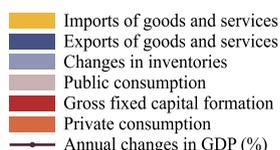
Domestic demand was strong, both on account of growing investment and expanding private and public consumption. On the demand side, external demand still represents the major risk for further growth. Although the impact of the global trade wars has not been felt up to now, concern regarding its materialisation and a fall in the external demand persists.

¹ This chapter analyses GDP and demand components at constant prices, using seasonally and calendar adjusted data (unless otherwise specified).

Chart 24

CONTRIBUTION TO ANNUAL CHANGES IN GDP

(demand side; percentage points)



4.1 Private consumption

With the employment rate moving up and the average remuneration on the rise, private consumption also provides a substantial contribution to GDP growth. The third quarter was no exception in this respect, with the growth rate remaining high at 1.2% and 4.4% quarter-on-quarter and year-on-year respectively. The impact of the postponed consumption on the quarterly indicator is not significant overall: in view of the expected entry of a new market participant in the segment of housing-related and other manufactured goods, part of households were likely to postpone their purchases in July and August in order to make them in September. The rate of remuneration increase moderated somewhat in the third quarter, with the consumer sentiment becoming more cautious in October and November. This makes the projections of the private consumption growth more moderate for 2019.

Chart 25

INDICATORS CHARACTERISING CONSUMPTION

(consumer confidence; net responses; 2015 = 100; %)

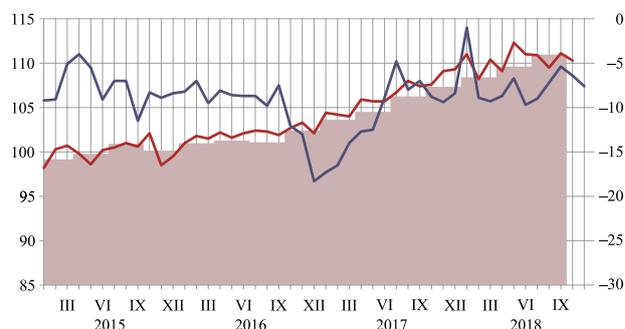
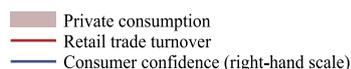
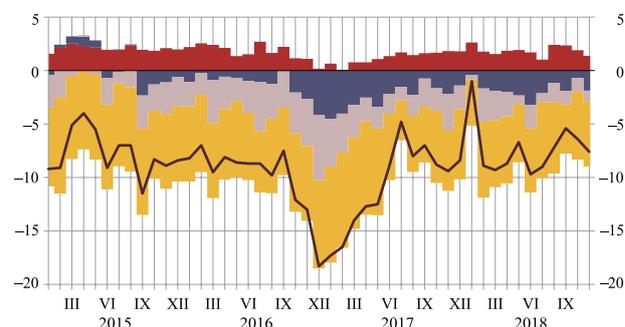
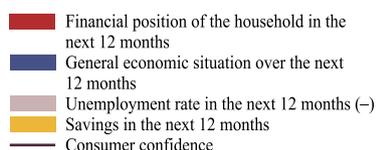


Chart 26

CONSUMER CONFIDENCE AND UNDERLYING FACTORS

(net responses; percentage points)



4.2 Investment

The first three quarters of 2018 saw volatile investment growth, and the third quarter results, given the drop in construction activity, actually was a surprise: 4.2% and 15.4% quarter-on-quarter and year-on-year respectively. Investment in machinery posted a much higher rise than before. New investment projects kept being submitted, therefore the pace of investment increase is likely to exceed the overall economic growth also in 2019. However, it is going to slow down following the rapid expansion observed in 2017 and 2018.

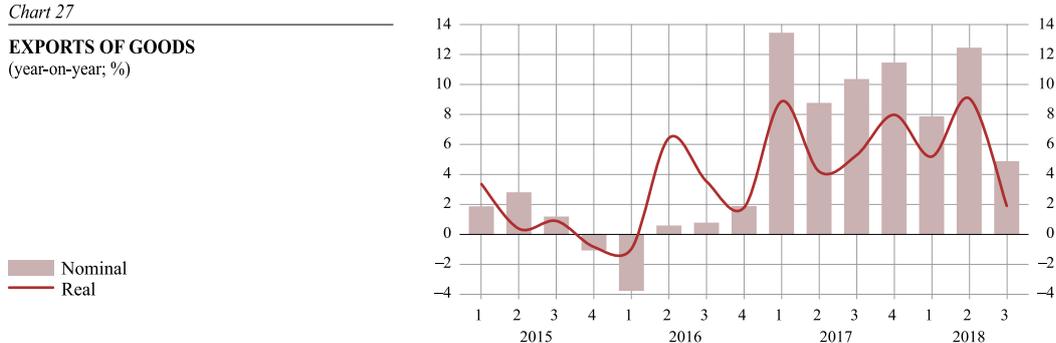
4.3 Exports

Along weaker growth in several trade partners and also a further decline in exports of financial services, the contribution of real exports of Latvian goods and services to GDP turned negative, with the rate of export decline reaching 0.4% over the third quarter of 2018, but their annual increase standing at a mere 2.3%.

In terms of value, exports of goods shrank in the third quarter, but posted a 4.8% increase year-on-year. The major export commodity groups recorded positive annual growth. Like in the previous quarters, the increase in the real volume of exports was the main contributor to the growth in exports of goods, with the price effect being less important. The largest positive contribution to export growth came from expanding exports of products of wood, articles of base metals, transport vehicles and prepared foodstuffs. Moderation in exports of goods resulted from declining re-export flows of selected electrical equipment and mechanical appliances and poorer grain harvest after the extremely dry summer. A slowdown in the economic growth in several major trade partners of Latvia is also a factor weakening exports.

Chart 27

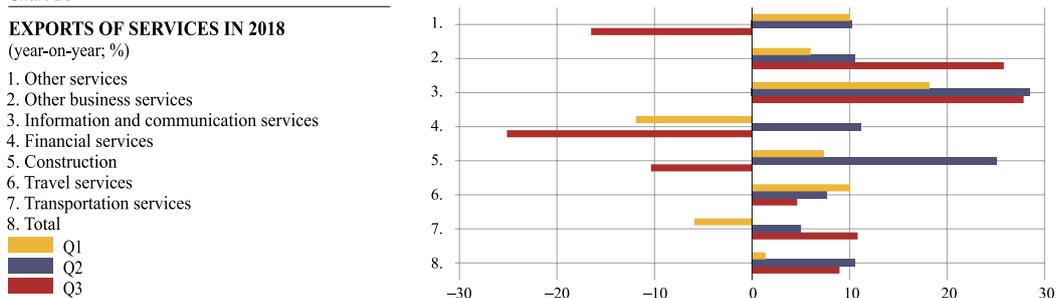
EXPORTS OF GOODS
(year-on-year, %)



Exports of services were volatile: following a more subdued increase in the first quarter of 2018, they posted higher growth in the second quarter. This was mostly supported by exports of transportation services (both by air and rail), persistently high export growth of information and communication services, as well as exports of construction services, notwithstanding the unfavourable situation in the UK and Sweden, Latvia's major export markets. Meanwhile, a fall of 25.1% and 10.4% in the financial services and construction sectors respectively contributed to export contraction in the third quarter. While the drop in exports of financial services could have been expected as a result of the shrinking non-resident deposits in Latvia, so steep a fall in exports of construction services was unexpected. This was probably on account of the high demand prevailing in the domestic market and its limited capacity, particularly shortage of employees, as well as due to materialisation of downside risks in the UK and a sharp decrease in exports to non-conventional markets.

Chart 28

EXPORTS OF SERVICES IN 2018
(year-on-year, %)



Geopolitical risks, various tariff and sanction wars between the leading global economies still threaten the growth prospects of external trade. A high degree of production capacity

utilisation and limited availability of labour also persist. In view of the above, export growth is expected to slow down.

4.4 Imports

With investment growth moving up quarter-on-quarter and private and public consumption also posting a steady increase, imports of goods and services expanded by 2.1% in the third quarter reaching 3.5% in annual terms. Imports of goods continue to benefit from access to EU structural funds. In August and September, a major role in import growth was played by the filling of Inčukalns gas storage facility. Expenditure on imports posted a relatively fast annual growth, i.e. 12.9%, as the import unit value increased.

Imports of services expanded quite rapidly, with their growth rate reaching 12.9% in the third quarter. Despite the still negative rate of increase in imports of financial services, it was offset by growing imports in other services groups with a larger share in total services. Imports of information and communication services as well as other business services continued to surge, with their share in total imports also expanding. Imports of construction services were also growing rapidly, while their share in total services amounted to approximately a mere 1.5%. Import growth of transportation services continued on a downward trend in annual terms, despite the rise in imports of air transport services expected to continue also in the near future.

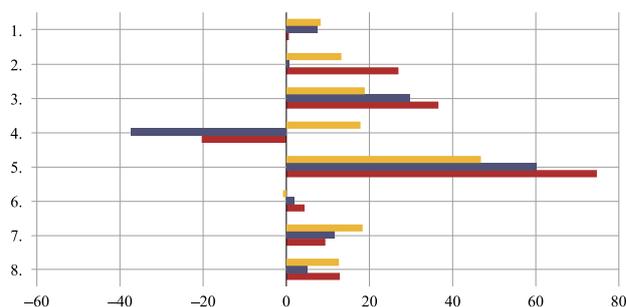
Chart 29

IMPORTS OF SERVICES IN 2018

(year-on-year, %)

1. Other services
2. Other business services
3. Information and communication services
4. Financial services
5. Construction
6. Travel services
7. Transportation services
8. Total

■ Q1
■ Q2
■ Q3



4.5 Government consumption

The overall increase in government expenditure has accelerated since mid-2018, reflecting a more active implementation of EU co-financed projects, as well as allocation of additional funding for defence and health. Overall, the annual increase in government expenditure reached 11.1% at the end of October 2018.¹

From the beginning of 2018, government consumption in real terms expanded gradually. Budget expenditure on compensation and that on goods and services, both reflecting government consumption dynamics at current prices, grew by 7.2% and 13.1% year-on-year respectively. An increase in additional expenditure for defence in order to have funding for defence reach 2% of GDP in 2018, as well as remuneration rises for the employees of public and local government structural units were the major factors affecting government consumption. Expenditure growth was observed for all items, except interest expenditure.

The most pronounced rise was recorded in those items of government expenditure that traditionally reflect implementation of EU co-financed projects, e.g. an increase in capital expenditure or government investment, as well as subsidies and grants. In the first 10 months of 2018, capital expenditure surged by 22.7%. Implementation of EU co-financed projects incorporated projects with funding allocated by local governments for EU co-financed projects and projects implemented by higher education institutions and co-financed by EU.

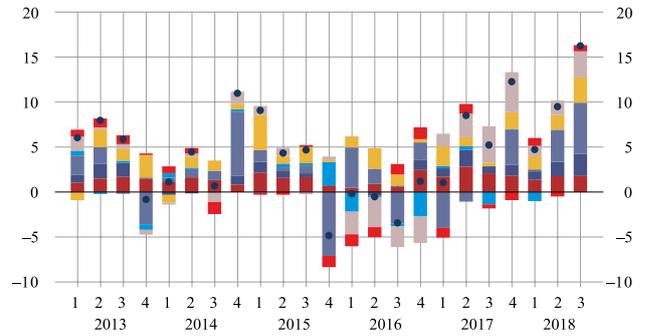
¹ Treasury data on the consolidated general government budget revenue and expenditure in January–October 2018.

Overall, economic growth is supported by higher government consumption and an expansion in investment; the overall tax revenue developments also point to positive trends in the economic development. In the last two months of 2018, a generally stable rise in government expenditure, including government consumption, is expected.

Chart 30

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

- Compensation
- Goods and services
- Subsidies and grants
- Social benefits
- Capital expenditure
- Other expenditure
- Interest expense
- Total



5. Labour Market

Previous assessment	Developments since the previous report	New assessment
Unemployment		
A gradual decline in unemployment (slightly below its natural level).	<ul style="list-style-type: none"> – The unemployment rate decreases somewhat faster than expected (7.0% of the economically active population in the third quarter of 2018); – there are moderately increasing signs of labour shortages. 	A gradual decline in unemployment.
Remuneration		
The average wage growth stood at 8% in 2018. The medium-term assessment has not been changed significantly.	<ul style="list-style-type: none"> – In the third quarter of 2018, the average wage growth (8%) was close to the projected one; – a collective agreement on the minimum wage in the construction has been signed; – the minimum remuneration level for the teaching staff has been somewhat increased. 	In 2018, the average wage growth slightly exceeded 8%; in 2019, it will be somewhat above 6%.

The most recent data on labour market developments confirm the previous trends, while both registered and actual unemployment rates have declined somewhat faster than projected. The number of vacancies continues to grow. Employment and participation rates which have so far been above the EU average increased further. Although there is still room for improvement of the participation rate in view of the regional and structural breakdown of unemployment rates, this resource for the purpose of increasing the number of employed persons, however, is limited. Given the worrisome demographic trends and the continuously negative migration balance, no increase and even a decrease in the number of employed persons can be expected in the medium and longer term; therefore, boosting productivity plays an increasingly important role in economic development.

The business survey data suggest that employment expectations for the coming months are positive in various sectors, but an increasing number of businesses, particularly in the construction and services sectors, indicate that it is the labour shortage that significantly weighs on business activities. The competition over hiring staff among businesses is also reflected in the wage increase rate that moderated year-on-year in the third quarter in Latvia (8.0%); however, this rise could be viewed as stable since the growth in base wages played a more important role than the irregular component of remuneration. The gross nominal wage has exceeded the limit of 1 000 euro, and the real net wage signals a continued upward trend, thus pointing to an increase in households' purchasing power.

As regards other recent developments in the labour market, a higher minimum wage for the teaching staff is not expected to have a significant impact on the overall wage level in the economy, taking into account the number of teachers and the facts that already now some of them are earning remuneration above the minimum wage level and that the increase in the minimum wage for the teaching staff is insignificant (30 euro). A collective agreement on the minimum wage in the construction (780 euro) is likely to have a stronger impact on changes in the average wage as a low officially paid wage rate is also determined by the prevalence of the so-called envelope wages in the sector (about one fifth of the persons employed in the sector work for the minimum wage or remuneration below it, while approximately 45% of employed persons are paid wages up to 700 euro). To see these changes, a transitional period has been foreseen; therefore the effect could be more pronounced in 2020. Currently, the issue regarding the potential conclusion of a collective agreement in the hospitality sector that would trigger a rise in the average wage rate appropriate for the market situation has become topical, but businesses of the sector require the introduction of the reduced VAT rate on public catering services in exchange for it.

Chart 31

RATE OF REGISTERED UNEMPLOYMENT AND THE SHARE OF JOBSEEKERS (%)

■ Share of jobseekers
— Rate of registered unemployment

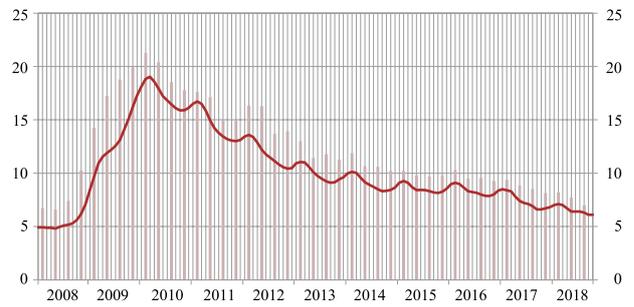


Chart 32

PERCENTAGE OF BUSINESSES WHO FIND LABOUR SHORTAGE AN IMPORTANT OBSTACLE TO BUSINESS GROWTH (%)

— Manufacturing
— Construction
— Services

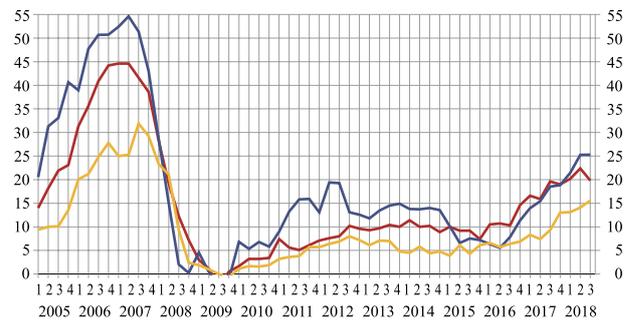
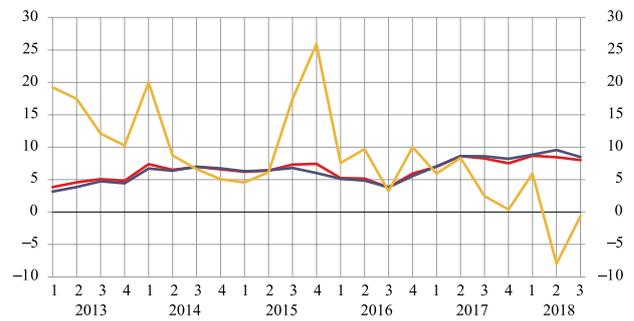


Chart 33

ANNUAL CHANGES IN THE AVERAGE MONTHLY WAGE IN THE ECONOMY BY COMPONENT (%)

— Total
— Regular wage
— Non-regular wage



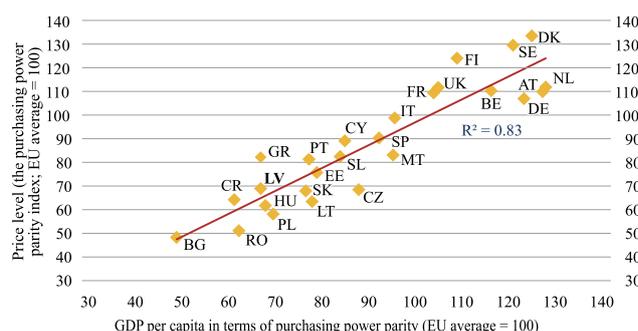
6. Costs and Prices

Previous assessment	Developments since the previous report	New assessment
Oil prices		
The average oil price is expected to be 73 US dollars per barrel in 2018, but 70 US dollars per barrel in 2019.	<ul style="list-style-type: none"> – The oil price recorded a gradual pick-up, exceeding 85 US dollars per barrel for a short time in the middle of October (the highest price over the past four years); – the US sanctions against Iran lead to considerably lower-than-expected decrease in oil supply. Following a several months' pause, the market is again concerned about excessive oil supply; – OPEC reduces oil output. 	The average oil price is expected to be 72 US dollars per barrel in 2018, 68 US dollars per barrel in 2019 and 66 US dollars per barrel in 2020.
Global food prices		
A moderate rise in global food prices is projected, but from the lower initial level.	<ul style="list-style-type: none"> – The hot and dry summer in Europe reduced the global wheat harvest to a record low of the last five years, and the global prices of wheat increased; – the prices of sugar and coffee declined significantly. 	A moderate rise in global food prices is projected.
Domestic labour costs and inflation expectations		
In 2018, the average wage growth will slightly exceed 8%, standing at 6% in 2019.	<ul style="list-style-type: none"> – Labour costs rose in line with forecasts in the first three quarters of 2018; – potential GDP and output gap forecast was revised slightly upwards; – inflation expectations remained broadly unchanged. 	In 2018, the average wage growth will slightly exceed 8%, while in 2019 – 6%.
Indirect taxes and administered prices		
Changes in excise tax rates have been taken into account according to the approved levels and a significant rise in tariff rates approved by "Rīgas Ūdens" Ltd. in June 2018 has been considered.	<ul style="list-style-type: none"> – The natural gas and heating prices gradually follow an upward path, thus reflecting a rise in the prices of oil products during previous months; – the heating price in this season might increase by 3%–4% (the contribution to inflation – 0.1 percentage point); – PUC approves new tariffs for unsorted municipal waste disposal at landfill sites "Getliņi" and "Cinīši" (the contribution to annual inflation in 2019 – up to 0.1 percentage point). 	A gradual increase in administered prices is projected. The assessment has not been changed significantly in comparison with June.

In the second half of 2018, inflation was somewhat lower than expected. With strong economic growth and rises in remuneration persisting, the inflationary effect of domestic demand increased gradually; however, the growth was slower in comparison with the June forecast. At the same time, the prices of food and energy products were close to expectations overall.

Chart 34

INCOME LEVEL AND PRICE LEVELS OF CONSUMER GOODS AND SERVICES IN 2017



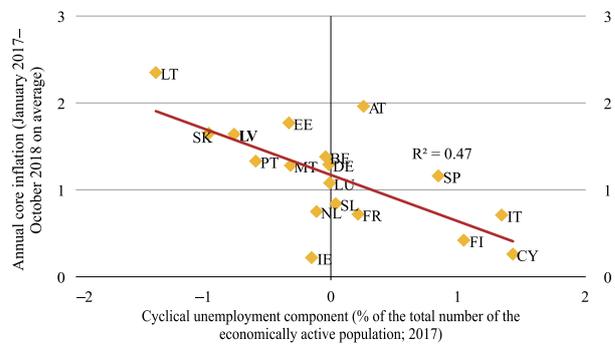
Note. Luxembourg and Ireland are excluded as they are outliers.

GDP growth forecast has been revised upwards since June. Potential GDP obviously grows faster than expected, thus reflecting a sustainable process of income convergence towards the rest of the EU countries. A close positive correlation between the income and prices levels exists at the EU level. Therefore, the EU countries with rapidly growing income (including Latvia) likewise experience higher increases in prices (in particular the prices of non-tradables and services).

Moreover, Latvia's economy will continue to grow somewhat faster than the potential level, and the unemployment rate will remain below its natural level. In comparison with the June forecast, the output gap is currently expected to achieve its maximum a few quarters later. Other euro area countries where the economy functions close to its potential or even slightly above it, also have a slightly higher inflation rate than the countries where the economy is functioning considerably below its potential.

Chart 35

CORE INFLATION AND CYCLICAL UNEMPLOYMENT COMPONENT



Notes. The sample covers euro area countries excluding Greece (outlier). Core inflation excludes taxes, energy and food prices.

Both higher potential GDP and output gap estimation mean that the gradual upward trend of core inflation¹ is most likely to persist also over the coming quarters.

Chart 36

ANNUAL INFLATION AND UNDERLYING INFLATION
(Q4 2018–2019 Latvijas Banka forecast; %)

— Inflation
— Inflation (excluding indirect taxes, food, energy and administered prices)

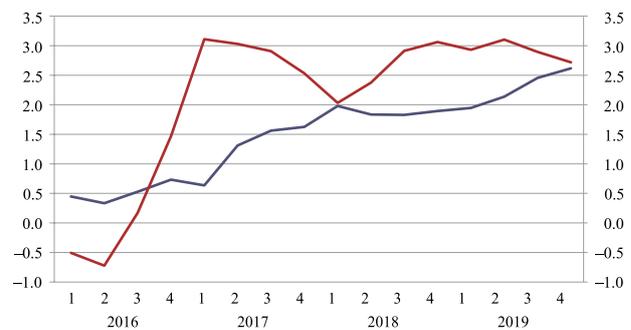
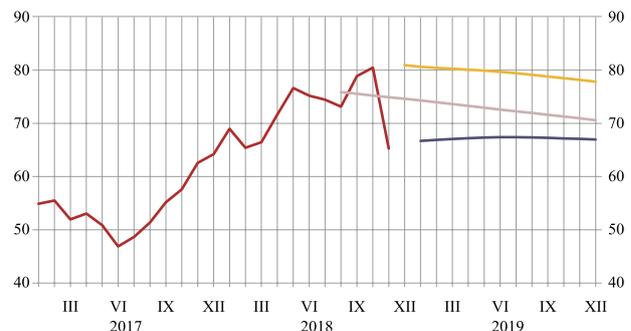


Chart 37

BRENT CRUDE OIL PRICES IN THE GLOBAL MARKET
(US dollars per barrel)

— Actual oil price
— Price of Brent crude oil futures in June 2018
— Price of Brent crude oil futures in October 2018
— Price of Brent crude oil futures in November 2018



In response to contradictory US oil output and supply data, signals from OPEC and the uncertain geopolitical outlook, the prices of oil continued to rise until mid-October. However, in October it became clear that the US sanctions against Iran lead to considerably

¹ Inflation, excluding food and energy prices, taxes and administered prices.

lower-than-expected decline in oil supply. Following a several months' pause, the market is again concerned about excessive oil supply. Even the decision taken by OPEC at the beginning of December to cut oil output slightly more than expected could not mitigate the concerns.

Overall, the oil price forecast has remained broadly unchanged since June. Oil price volatility is relatively quickly (within a few weeks) reflected in fuel price lists, while natural gas and heating tariffs usually display it with a few months' lag. Although AS Rīgas Siltums has announced that it does not intend to change the heating tariff significantly, a modest heating price rise in other cities may increase the total heating price in this season by 3%–4% (the contribution to inflation – 0.1 percentage point). Moreover, higher tariffs for unsorted municipal waste disposal at landfill sites "Getliņi" and "Cinīši" may push up inflation by almost 0.1 percentage point in 2019.

The impact of energy price rises expected in January 2019 (this reflects the increase in electricity price levels at Nord Pool Spot observed over the last months due to the hot and dry summer) on inflation in 2019 is estimated to be 0.2 percentage point. Moreover, the hot and dry summer in Europe reduced the global wheat harvest to a record low of the last five years. However, the impact of grain price hikes on inflation forecasts was largely offset by a considerable fall in the prices of sugar and coffee. Thus the projected impact of global food prices on inflation remained broadly unchanged.

Inflation in Latvia will still slightly exceed the euro area average in the medium term. Robust economic growth will determine that the inflationary effect of domestic demand will continue on a gradual upward trend. Annual inflation hovering around 3% is currently a characteristic of a healthy economy and reflects sustainable income convergence as well as the fact that the economy is operating slightly above its potential.

7. Conclusions and Forecasts

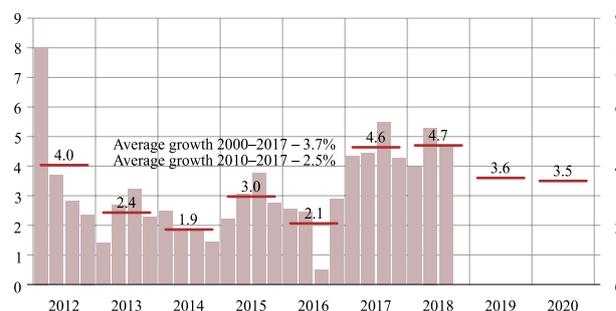
In 2018, Latvia's economic development was faster than expected and maintained the momentum achieved in the previous year. It continued to be driven by domestic demand supported by the strong rise in disposable income and investment activity. By contrast, in the second half of 2018 several countries started to experience slowdowns in their pace of economic growth, with the economic and geopolitical risks for Latvia associated with the external developments remaining significant. This has also started to be reflected in relatively weak export growth.

In the first three quarters of 2018 and particularly in the third quarter, stronger-than-projected GDP growth rates mainly contributed both to the upward revision of the GDP forecast for 2018 and the carry-over effect on the growth rates in 2019, although the future outlook had not improved overall. In the third quarter, robust growth was recorded in several services sectors, and this led to improvements in the development assessment of, for instance, the information and communication services sector. However, not all the factors underpinning growth will be sustainable. The improvements in Latvian port services and transportation services by rail can be viewed as short-lived since they are related to infrastructure repairs in Russia. The real estate and financial services sectors are highly volatile. Uncertainty in the financial sector is determined by changes in the segment of credit institutions providing services to foreign customers that might persist over the year to come depending on the credit institutions' capacity to adjust to market conditions. At the same time, the construction sector development slowed down already in the third quarter, expecting some moderation in the rapid pace of growth in the future. The development of manufacturing and trade has moderated significantly and will be adversely affected by the weakening of the global environment also in the future.

Latvijas Banka has revised its GDP growth forecast for 2018 upwards to 4.9% according to seasonally and calendar adjusted data (3.9% in June) and to 4.7% according to non-adjusted data (3.9% in June). The GDP growth forecast for 2019 has been revised upwards to 3.5% (3.0% in June) and to 3.6% (3.0% in June) respectively. In line with Latvijas Banka's expectations, in 2020 GDP growth will amount to 3.1% according to seasonally and calendar adjusted data and to 3.5% according to non-adjusted data.

Chart 38

ANNUAL CHANGE IN GDP
(at constant prices; seasonally and calendar non-adjusted data; 2018–2020 Latvijas Banka forecast; %)

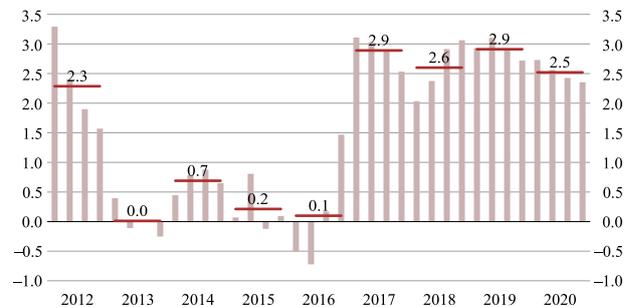


Although the GDP forecast has been revised upwards and the inflationary effect of domestic demand is gradually increasing, this rise has been lower than expected. Therefore, Latvijas Banka's inflation forecast for 2018 has been revised downwards from 2.9% in June to 2.6%. The inflation forecast for 2019 has remained unchanged (2.9%). The inflationary effect of domestic demand is expected to continue on a gradual upward trend, thus reflecting sustainable income convergence and the fact that the economy is operating slightly above its potential. With concerns about excessive oil supply reviving in the oil market and the oil price having lost almost one third of its value since the middle of October, the current oil price forecast is slightly lower than the June forecast. However, the energy component of inflation will be pushed up by higher electricity prices at the beginning of 2019, reflecting

electricity price hikes at the Nord Pool Spot Exchange due to the hot and dry summer. The process of income convergence will determine that inflation is most likely to exceed the euro area average also in the years to come. Latvijas Banka's inflation forecast for 2020 for Latvia is 2.5%.

Chart 39

HICP ANNUAL CHANGE
(2018–2020 Latvijas Banka forecast; %)



Table

FORECASTS OF MACROECONOMIC INDICATORS
(%)

	2018	2019	2020
ECONOMIC ACTIVITY (annual change at constant prices; seasonally and calendar adjusted data)			
GDP	4.9	3.5	3.1
Private consumption	4.3	3.9	3.5
Government consumption	5.4	2.3	2.1
Investment	14.1	4.8	5.2
Exports	4.0	3.1	3.4
Imports	4.7	4.3	4.3
INFLATION (annual HICP inflation)	2.6	2.9	2.5
LABOUR MARKET			
Unemployment (% of the economically active population)	7.4	7.0	6.9
Nominal gross wage (annual change)	8.5	6.5	5.7
CURRENT ACCOUNT BALANCE (% of GDP)	0.9	-0.4	-1.1
FISCAL SECTOR (% of GDP)			
General government debt	37.2	36.5	37.7
General government consolidated budget surplus/deficit (-)	-0.5	-0.7	-0.7

8. The Fiscal Impact of Inequality Measures. Analysis of Scenarios

Motivation

Unequal distribution of income is one of the problems faced by the Latvian public and to be addressed not only due to ethical, but also economic reasons (high inequality of income also contributes to unequal access to education and health care services, thus adversely affecting the human capital). It is no surprise that this issue was also topical in the context of the elections of the 13th Saeima of the Republic of Latvia, with several political parties listing the range of activities to reduce inequality and poverty risks, including the raising of the minimum wage and the non-taxable minimum.

However, given the limited budgetary resources, not all ideas can be implemented. Therefore, Latvijas Banka has assessed the fiscal impact of these measures and their effectiveness in reducing inequality and poverty risks, using the EUROMOD¹ and DSGE model for Latvia².

Simulations

The estimates are based on four scenarios, which, as of 2019, foresee:

- 1) the raising of the non-taxable minimum for wages from 230 euro to 500 euro, with the current differentiating mechanism maintained;
- 2) the increasing of the non-taxable minimum for pensions from 270 euro to 500 euro;
- 3) the simultaneous implementation of the measures envisaged under the first and the second scenarios;
- 4) the simultaneous implementation of the measures envisaged under the first and the second scenarios and the raising of the minimum wage from 430 euro to 500 euro.

The EUROMOD microsimulation model allowing to assess the effect of legislative changes on disposable income of individuals and paid taxes is used in the calculation of the direct impact of the measures on the budget, their impact on inequality and the poverty risk. At the same time, a DSGE model for Latvia is used to calculate the indirect effect on the budget, reflecting the economic activity growing as a result of the measures implemented.

Results

The first scenario. When raising the non-taxable minimum for wages, the reduction of the value of the inequality indicator is insignificant. As only a small percentage (10%) of the lowest-income households comprise members in employment, they would not be affected by changes in the non-taxable minimum. Moreover, technically the share of people at risk of poverty would increase (higher median income). Although the effect on inequality indicators is negligible, the impact of the measure on the budget is quite substantial. The decrease in the personal income tax (PIT) revenue by 142 million euro (0.45% of GDP) would be only marginally offset by higher private consumption, which in turn would lead to approximately 38 million euro (0.12% of GDP) being directed back into the budget. Thus, the total cost of the measure would be approximately 104 million euro – only a somewhat smaller amount than that of the budget expenditure for environmental protection for 2016 (135 million euro).

¹ EUROMOD is a tax-benefit microsimulation model for the EU that is maintained and developed by the Institute for Social and Economic Research (ISER) at the University of Essex, in collaboration with national expert teams from EU Member States. The Latvian national expert team is based at the Baltic International Centre for Economic Policy Studies (BICEPS). For more detailed information about the EUROMOD-Latvia model, see Pluta, A., Recchia, P., Zasova, A. *EUROMOD country report: Latvia 2014–2017* (available at https://www.euromod.ac.uk/sites/default/files/country-reports/year8/Y8_CR_LV_Final.pdf).

² Bušs, G. Wage formation, unemployment and business cycle in Latvia. Riga: Latvijas Banka, 2017. Working Paper 1/2017, 70 p.

The second scenario. The raising of the non-taxable minimum for pensions would also only marginally reduce the share of people at risk of inequality and poverty. Already now, the statutory non-taxable minimum applies to a large number of recipients of low pensions; therefore the recipients of average pensions would benefit most. The overall impact of the measure on the budget would be less pronounced than in the case of the first scenario (67 million euro; 0.2% of GDP).

The third scenario. Both these measures together would reduce the GINI coefficient from 0.360 to 0.355, and this would not substantially change Latvia's position in the EU: it has one of the five highest inequality indicators in EU countries. Moreover, this would lead to budget losses of 171 million euro (0.5% of GDP; the amount approximately equals that of the budget expenditure for higher education).

The fourth scenario. When implementing the above measures and increasing the minimum wage, the inequality indicator would decrease to 0.351; moreover, technically the share of people at risk of poverty would be lower as well. The cost of these measures would reach 163 million euro (0.5% of GDP; that is slightly less than in the case of the third scenario as, with the minimum wage rising, the compulsory social security contribution base also follows an upward trend). However, the total cost of the measures could be higher since the calculation has not taken into account the fact that, along with the raising of the minimum wage, the public sector wages would likewise increase. The regional breakdown has not been included in the calculation either: namely, with the minimum wage increasing, unemployment in Latgale is most likely to grow faster than in Riga.

Conclusions

Overall, the simulation results suggest that higher minimum wage and non-taxable minimum thresholds are insufficient to reduce inequality in Latvia effectively. Only a small percentage of the lowest-income households comprise members in employment; therefore, the improvement of the social benefit system would be a far more effective solution, instead of tax levers (and the minimum wage). In comparison with other European countries, the role of benefits in reducing inequality in Latvia is currently insignificant (see more information here).

Likewise, it can be concluded that the budgetary impact of the raising of the minimum wage and the non-taxable minimum is particularly relevant. With the total cost of the measures reaching approximately 170 million euro, extra-budgetary funds (0.5% of GDP) would have to be found. Given the impact of the measures already approved (increased financing for the health care sector and the tax reform), the budget has limited room for manoeuvre to implement such scale measures in the near future. Therefore, Latvia needs a well-targeted social policy strategy that would address inequality in a longer-term perspective, bearing budget constraints in mind.

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1. MONETARY INDICATORS AND INTEREST RATES

	2017					2018					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Overnight deposits ¹ (Latvian contribution to the euro area M1)	5.9	8.2	3.5	1.5	5.9	5.5	4.8	14.9			
Latvian contribution to the euro area M2 ¹	3.4	6.0	2.4	0.8	3.4	4.7	5.1	12.8			
Latvian contribution to the euro area M3 ¹	3.2	6.1	2.4	0.6	3.2	4.5	5.1	12.5			
Loans to resident financial institutions, non-financial corporations and households ¹	-2.5	2.8	0.9	-3.6	-2.5	-2.9	-2.9	-3.3			
Deposits of resident financial institutions, non-financial corporations and households ¹	2.5	4.7	2.1	0.8	2.5	3.7	3.8	4.4			
Long-term interest rate for convergence assessment purposes ²	0.83	0.94	0.88	0.85	0.66	0.73	0.86	0.98			
EURIBOR (3-month loans) ³	-0.329	-0.328	-0.330	-0.330	-0.329	-0.328	-0.325	-0.320			
Weighted average yield on government bonds	0.2 ⁴	0.2 ⁴	0.2 ⁴	-	0.2 ⁴	0.5 ⁴	0.5 ⁴	0.5 ⁴			
OMXR ³	903.7	753.0	846.3	995.7	1 019.1	1 028.1	1 049.6	1 001.0			

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits ¹ (Latvian contribution to the euro area M1)	3.5	4.2	1.5	4.6	5.5	5.9	8.8	7.9	5.5	4.6	3.7	4.8	13.8	12.8	14.9
Latvian contribution to the euro area M2 ¹	1.9	2.8	0.8	2.9	2.9	3.4	6.3	6.4	4.7	4.5	3.6	5.1	13.2	11.9	12.8
Latvian contribution to the euro area M3 ¹	1.9	2.8	0.6	2.8	2.8	3.2	5.9	6.2	4.5	4.3	3.5	5.1	12.9	11.5	12.5
Loans to resident financial institutions, non-financial corporations and households ¹	1.0	0.8	-3.6	-2.2	-2.3	-2.5	-2.8	-2.8	-2.9	-3.6	-3.1	-2.9	-8.2	-7.6	-3.3
Deposits of resident financial institutions, non-financial corporations and households ¹	2.5	2.7	0.8	2.5	3.7	2.5	5.6	2.8	3.7	4.9	4.1	3.8	4.1	3.6	4.4
Long-term interest rate for convergence assessment purposes ²	0.98	0.85	0.72	0.71	0.69	0.59	0.60	0.75	0.83	0.80	0.86	0.93	1.06	0.95	0.94
EURIBOR (3-month loans) ³	-0.330	-0.329	-0.329	-0.330	-0.329	-0.328	-0.328	-0.329	-0.328	-0.329	-0.326	-0.322	-0.321	-0.319	-0.319
Weighted average yield on government bonds	-	-	-	-	0.2 ⁴	0.2 ⁴	0.4 ⁴	0.5 ⁴	-	0.5 ⁴					
OMXR ³	982.5	1 007.6	995.8	1 009.8	1 034.0	1 013.4	1 028.8	1 018.9	1 036.3	1 043.2	1 056.7	1 048.7	1 029.0	998.8	972.7

¹ Year-on-year changes (%).

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

³ Average of the period.

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

2.a REAL SECTOR INDICATORS AND PRICES

	2017 ¹				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Industrial output²								
Increase/decrease ³ (at constant prices; working day adjusted data; %)	8.2	6.6	8.9	9.3	7.7	4.5	2.5	2.4
Cargoes loaded and unloaded at ports								
Turnover (thousands of tons)	61 877	18 491	15 498	13 723	14 165	15 556	16 885	16 279
Increase/decrease ³ (%)	-2.0	8.7	5.1	-3.1	-17.6	-15.9	8.9	18.6
Retail trade turnover^{2,4}								
Turnover (at current prices; millions of euro)	7 187.4	1 597.9	1 788.8	1 888.1	1 912.6	1 700.9	1 934.3	2 004.0
Increase/decrease ³ (at constant prices; %)	4.4	2.7	3.8	5.0	5.8	5.4	5.0	3.0
Unemployment rate (%)	6.8	8.3	7.2	6.6	6.8	7.0	6.4	6.1
Producer prices ² (increase/decrease compared with the previous period; %)	2.6	1.4	0.8	0.9	0.1	1.5	1.4	2.1
Consumer price inflation (HICP)								
Year-on-year basis (%)	2.9	3.1	3.0	2.9	2.5	2.0	2.4	2.9
Quarter-on-quarter basis (%)	x	1.0	1.4	-0.5	0.5	0.6	1.8	0.1
Financial surplus/deficit in the consolidated general government budget								
Surplus/deficit (millions of euro)	-221.7	99.8	130.9	130.1	-582.5	227.9	249.8	213.6
Ratio to GDP (%)	0.8	1.7	1.9*	1.8	8.0*	3.6	3.4	2.8

¹ Data have been revised.

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

³ Year-on-year basis.

⁴ Sale of motor vehicles and motorcycles not included.

2.b REAL SECTOR INDICATORS AND PRICES

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Industrial output¹															
Increase/decrease ² (at constant prices; working day adjusted data; %)	8.3	12.5	7.2	6.1	9.4	7.7	5.1	7.7	1.6	2.2	3.2	2.1	1.1	4.2	2.0
Cargoes loaded and unloaded at ports															
Turnover (thousands of tons)	4 221	4 854	4 648	4 301	5 141	4 723	5 021	5 222	5 313	6 001	5 516	5 369	5 533	5 494	5 252
Increase/decrease ² (%)	-13.5	8.6	-3.6	-25.5	-2.2	-23.4	-22.1	-5.1	-18.7	-0.6	16.8	13.4	31.1	13.2	13.0
Retail trade turnover^{1,3}															
Turnover (at current prices; millions of euro)	629.7	648.5	603.0	614.9	597.1	700.6	572.1	523.8	605.0	602.8	666.5	665.0	678.5	687.4	638.1
Increase/decrease ² (at constant prices; %)	4.5	5.3	5.1	4.4	5.6	7.3	6.3	3.5	6.3	3.1	6.7	5.2	4.3	1.4	3.4
Unemployment rate (%)	7.1	6.9	6.6	6.6	6.7	6.8	7.0	7.1	7.0	6.7	6.4	6.4	6.4	6.3	6.1
Producer prices ¹ (increase/decrease compared with the previous period; %)	0.4	0.1	0.3	-0.2	0.1	0.2	0.9	0.5	0.2	0.6	0.1	1.0	0.9	1.0	-0.4
Consumer price inflation (HICP)															
Year-on-year basis (%)	2.6	3.2	3.0	2.7	2.7	2.2	2.0	1.8	2.3	2.1	2.4	2.7	2.7	2.8	3.3
Month-on-month basis (%)	-0.8	-0.1	0.2	0.4	0.1	0.0	-0.1	0.2	1.3	0.3	0.5	0.7	-0.8	0.0	0.6
Annual core inflation (total HICP excluding fuel, regulated and unprocessed food prices; %)	2.0	2.7	2.4	2.3	2.3	1.8	1.8	1.9	2.2	1.9	1.9	2.0	2.0	1.9	2.3
Financial surplus/deficit in the consolidated general government budget (millions of euro)	62.9	74.2	-7.0	-99.0	-145.2	-338.3	172.8	127.1	-72.0	12.0	267.1	-29.3	200.4	45.8	-32.6

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

² Year-on-year basis.

³ Sale of motor vehicles and motorcycles not included.

3. ANALYTICAL ACCOUNTS OF THE CENTRAL BANK

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Latvia's contribution to the euro area monetary base	8 120.4	8 377.1	8 477.5	9 433.7	9 381.4	10 143.0	9 928.9	9 391.9	9 702.3	10 128.2	9 696.7	9 729.3	8 461.7	8 679.0	8 673.9
Currency in circulation	4 322.7	4 317.7	4 326.7	4 339.9	4 334.2	4 430.0	4 332.3	4 333.1	4 394.7	4 403.7	4 422.1	4 461.3	4 492.0	4 505.7	4 513.8
Current accounts (covering the minimum reserve system)	3 797.7	4 059.4	4 150.8	5 093.8	5 047.2	5 713.0	5 596.6	5 058.8	5 307.6	5 724.5	5 274.6	5 268.0	3 969.7	4 173.3	4 160.1
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	7 683.3	7 818.3	8 004.5	8 176.4	8 539.4	8 731.4	8 834.4	9 171.0	8 937.3	9 013.3	9 071.9	8 967.8	9 035.5	9 066.9	9 123.0
To MFIs in the euro area	504.6	499.2	495.1	482.8	509.6	506.8	506.5	746.2	491.5	478.6	504.6	302.2	338.1	275.1	273.5
To the general government sector in the euro area	1 822.9	1 846.5	1 871.4	1 899.9	2 055.1	2 099.3	2 130.1	2 162.4	2 120.3	2 136.9	2 172.6	2 221.0	2 255.9	2 268.3	2 269.3
To other euro area residents	5 355.8	5 472.6	5 638.0	5 793.7	5 974.7	6 125.3	6 197.8	6 262.4	6 325.5	6 397.8	6 394.7	6 444.6	6 441.5	6 523.5	6 580.2
Foreign assets outside the euro area	3 473.3	3 537.7	3 611.8	3 660.1	3 968.6	3 940.9	3 813.3	3 927.2	3 909.0	3 993.5	4 042.6	3 952.5	3 956.2	3 979.3	3 976.7
Foreign liabilities outside the euro area	19.8	23.5	4.9	1.1	12.2	3.2	25.4	6.7	4.6	1.1	1.1	1.6	1.3	11.2	5.5

4.

MONETARY AGGREGATES AND COUNTERPARTS IN THE EURO AREA: LATVIAN CONTRIBUTION

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Monetary aggregates: Latvian contribution															
M3	12 093.3	12 306.7	12 065.0	12 364.1	12 571.5	12 773.7	12 846.2	13 069.6	12 899.2	13 052.8	12 797.1	12 843.2	13 653.5	13 722.8	13 571.1
Repurchase agreements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued with maturity of up to 2 years	23.0	27.8	24.1	26.7	25.2	45.1	43.4	17.8	19.3	20.1	22.6	22.8	-12.3	-12.3	-11.0
Deposits with agreed maturity of up to 2 years	1 037.1	1 071.4	1 112.2	1 070.1	1 044.7	1 014.5	1 033.1	1 076.6	1 088.0	1 167.2	1 186.1	1 148.5	1 198.4	1 186.5	1 140.4
Deposits redeemable at notice of up to 3 months	897.9	901.9	904.9	908.1	914.9	951.2	954.7	954.9	953.5	948.4	938.6	941.8	931.3	922.4	926.7
Overnight deposits	10 135.2	10 305.6	10 023.9	10 359.1	10 586.7	10 762.8	10 815.0	11 020.3	10 838.4	10 917.1	10 649.8	10 730.0	11 536.0	11 626.2	11 515.1
Counterparts of monetary aggregates and longer-term financial liabilities: Latvian contribution															
Deposits of central government	980.8	1 030.2	1 030.7	997.4	805.8	703.4	841.1	1 041.1	899.4	956.4	1 182.3	1 158.7	1 245.4	905.9	954.0
Longer-term financial liabilities	3 819.7	3 868.4	4 071.3	4 060.2	4 047.0	4 009.0	3 949.1	3 926.3	3 849.0	3 863.3	3 854.3	3 865.0	3 485.6	3 525.5	3 531.4
Deposits with agreed maturity of over 2 years	307.4	306.4	297.3	286.3	286.8	284.1	278.7	274.1	267.8	272.1	275.2	287.0	296.0	309.7	318.7
Deposits redeemable at notice of over 3 months	8.3	8.2	8.3	8.3	8.2	8.3	8.4	8.4	8.4	8.2	8.0	8.0	7.9	7.9	7.9
Debt securities issued with maturity of over 2 years	82.7	83.6	76.7	79.0	98.8	99.9	102.2	103.0	106.6	109.1	108.9	110.2	61.0	55.2	61.0
Capital and reserves	3 421.3	3 470.3	3 689.0	3 686.5	3 653.2	3 616.8	3 559.9	3 540.8	3 466.3	3 473.9	3 462.2	3 459.8	3 120.7	3 152.6	3 143.8
Credit to euro area residents	17 461.9	17 559.3	16 964.2	17 213.2	17 417.5	17 413.3	17 194.4	17 288.2	17 072.5	16 935.7	17 002.8	17 128.1	16 161.4	16 234.5	16 269.2
Credit to general government	3 162.7	3 180.4	3 122.7	3 167.6	3 359.2	3 407.4	3 282.5	3 362.8	3 203.2	3 146.9	3 199.9	3 192.7	3 113.6	3 108.0	3 129.9
Credit to other euro area residents	14 299.2	14 379.0	13 841.5	14 045.6	14 058.2	14 005.8	13 912.0	13 925.5	13 869.3	13 788.8	13 802.9	13 935.5	13 047.9	13 126.5	13 139.4
Loans	13 494.9	13 574.5	13 041.7	13 203.9	13 219.0	13 169.9	13 094.9	13 123.8	13 085.5	13 012.2	13 019.3	13 170.3	12 479.6	12 558.7	12 552.4
Net external assets outside euro area	-667.3	-859.6	446.4	-164.7	382.8	-152.1	113.6	837.7	404.7	580.7	935.2	859.9	2 485.9	2 494.1	2 552.9

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)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Gold and gold receivables	230.8	235.6	232.5	233.3	230.6	230.9	230.2	230.4	229.5	232.1	238.0	229.0	221.9	220.6	218.1
Claims on non-euro area residents denominated in foreign currency	3 121.0	3 189.3	3 263.6	3 307.4	3 635.1	3 608.7	3 480.3	3 594.6	3 576.0	3 645.6	3 687.6	3 616.3	3 575.7	3 606.5	3 604.0
Claims on euro area residents denominated in foreign currency	288.8	294.3	297.8	283.1	339.2	355.1	349.0	369.7	359.8	354.6	351.7	348.1	349.6	324.2	336.2
Claims on non-euro area residents denominated in euro	121.5	112.8	115.7	119.5	102.9	101.3	102.8	102.2	103.5	115.9	117.0	107.2	158.5	152.3	154.6
Lending to euro area credit institutions related to monetary policy operations denominated in euro	244.7	244.7	244.7	244.7	244.7	244.7	244.7	194.7	247.7	247.7	247.7	58.8	58.8	58.8	43.3
Main refinancing operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.5
Longer-term refinancing operations	244.7	244.7	244.7	244.7	244.7	244.7	244.7	194.7	247.7	247.7	247.7	58.8	58.8	58.8	38.8
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	1.4	0.1	2.0	6.5	0.1	0.4	0.6	298.7	0.1	5.9	14.9	5.1	41.9	0.1	2.2
Securities of euro area residents denominated in euro	7 148.4	7 279.3	7 460.0	7 642.1	7 955.3	8 131.2	8 240.0	8 307.8	8 329.7	8 405.1	8 457.6	8 555.8	8 585.3	8 683.8	8 741.3
Securities held for monetary policy purposes	5 860.8	6 018.7	6 214.5	6 411.3	6 602.9	6 720.0	6 800.5	6 882.9	6 889.4	6 966.8	7 051.6	7 146.4	7 187.3	7 292.4	7 352.2
Other securities	1 287.6	1 260.6	1 245.5	1 230.9	1 352.5	1 411.2	1 439.5	1 424.9	1 440.3	1 438.3	1 406.0	1 409.4	1 398.0	1 391.4	1 389.1
Intra-Eurosystem claims	4 399.7	4 441.4	4 466.1	4 502.1	4 518.3	4 596.5	4 582.6	4 585.7	4 619.5	4 645.2	4 688.9	4 709.4	4 762.0	4 804.0	4 818.1
Other assets	248.6	226.8	158.5	148.3	222.3	230.0	318.0	195.2	194.5	164.0	167.4	181.0	194.8	212.8	176.9
Total assets	15 804.8	16 024.2	16 240.9	16 486.9	17 248.6	17 498.7	17 548.2	17 879.1	17 660.3	17 816.1	17 970.8	17 810.7	17 948.5	18 063.0	18 094.7

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

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
LIABILITIES															
Banknotes in circulation	4 211.2	4 205.5	4 213.8	4 226.7	4 219.5	4 314.1	4 227.0	4 228.0	4 289.5	4 298.2	4 315.7	4 353.9	4 383.3	4 396.3	4 403.0
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	3 797.7	4 059.4	4 150.8	5 093.8	5 047.2	5 713.0	5 596.6	5 058.8	5 307.6	5 724.5	5 274.6	5 268.0	3 969.7	4 173.3	4 160.1
Current accounts (covering the minimum reserve system)	3 797.7	4 059.4	4 150.8	5 093.8	5 047.2	5 713.0	5 596.6	5 058.8	5 307.6	5 724.5	5 274.6	5 268.0	3 969.7	4 173.3	4 160.1
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	18.7	30.4	1.4	0	7.6	22.6	38.9	20.5	23.6	20.1	20.6	20.6	21.0	26.5	24.3
Liabilities to other euro area residents denominated in euro	277.7	324.2	243.6	206.2	204.7	215.7	214.2	719.3	821.9	836.7	731.3	680.0	1 930.4	1 505.9	1 516.7
General government	98.2	145.5	61.5	18.3	17.6	29.5	21.1	43.8	230.2	291.1	226.1	212.1	480.2	80.7	127.0
Other liabilities	179.5	178.8	182.1	187.9	187.1	186.2	193.1	675.6	591.6	545.6	505.2	467.9	1 450.2	1 425.2	1 389.7
Liabilities to non-euro area residents denominated in euro	16.6	18.7	4.0	1.1	10.5	2.5	21.9	6.3	4.6	1.1	1.1	1.6	1.3	9.0	5.0
Liabilities to euro area residents denominated in foreign currency	149.5	146.1	150.4	148.5	150.6	144.3	142.7	143.9	142.9	147.0	147.1	147.4	148.0	145.6	146.4
Liabilities to non-euro area residents denominated in foreign currency	3.2	4.8	0.9	0	1.6	0.6	3.5	0.4	0	0	0	0	0	2.2	0.6
Intra-Eurosystem liabilities	6 587.9	6 463.4	6 703.4	6 025.7	6 860.1	6 339.7	6 599.2	6 976.6	6 368.9	6 041.6	6 729.5	6 640.9	6 837.4	7 132.4	7 169.0
Other liabilities	264.4	271.4	292.2	301.7	269.7	305.3	308.2	350.6	308.7	379.0	379.7	330.7	306.4	309.8	330.2
Capital and reserves	478.0	500.3	480.5	483.3	477.2	440.9	395.9	374.7	392.7	368.0	371.1	367.5	351.0	362.1	339.5
Total liabilities	15 804.8	16 024.2	16 240.9	16 486.9	17 248.6	17 498.7	17 548.2	17 879.1	17 660.3	17 816.1	17 970.8	17 810.7	17 948.5	18 063.0	18 094.7

7.

AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Loans to euro area residents	18 802.4	19 142.8	18 522.3	19 460.5	19 361.2	19 818.0	19 790.0	19 298.3	19 312.2	19 524.5	19 193.4	19 282.3	17 222.5	17 434.9	17 294.9
General government	151.5	152.1	73.5	76.3	67.9	65.6	65.5	65.0	64.8	60.0	84.2	84.0	83.0	82.7	82.0
Other residents	13 494.9	13 574.5	13 041.7	13 203.9	13 219.0	13 169.9	13 094.9	13 123.8	13 085.5	13 012.2	13 019.3	13 170.3	12 479.6	12 558.7	12 552.4
MFIs	5 156.0	5 416.2	5 407.2	6 180.3	6 074.3	6 582.6	6 629.6	6 109.4	6 161.9	6 452.3	6 089.9	6 028.0	4 659.9	4 793.5	4 660.5
Holdings of securities other than shares issued by euro area residents	1 911.6	1 883.9	1 781.1	1 816.9	1 857.1	1 837.3	1 695.9	1 536.5	1 355.1	1 165.7	1 153.7	1 091.5	957.3	934.5	980.4
General government	1 188.4	1 181.7	1 177.9	1 191.4	1 236.2	1 242.5	1 086.9	1 135.4	1 018.2	949.9	943.1	887.7	774.7	757.0	778.6
Other residents	146.3	141.1	133.1	139.2	144.0	148.2	173.4	160.2	146.6	123.3	122.9	116.4	104.4	103.3	119.7
MFIs	576.9	561.1	470.1	486.4	476.9	446.6	435.6	240.9	190.3	92.5	87.8	87.4	78.1	74.2	82.1
Holdings of money market fund shares or units issued by euro area residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of shares/ other equity issued by euro area residents	728.8	734.9	739.0	775.1	767.7	760.2	709.0	706.7	702.6	718.1	720.8	709.4	500.4	501.1	503.8
External ¹ assets	6 030.1	5 882.7	5 468.8	5 474.6	5 459.1	5 026.4	5 226.1	4 576.0	3 291.5	2 760.0	2 675.7	2 449.6	2 140.1	2 120.3	2 254.0
Fixed assets	175.6	175.4	175.0	175.2	175.7	174.4	174.7	191.4	190.6	187.4	187.8	186.8	184.1	183.7	183.9
Remaining assets	698.1	693.2	697.7	695.8	653.6	694.2	697.2	936.6	769.5	705.0	691.9	669.1	641.0	624.5	641.4
Total assets	28 346.6	28 513.1	27 384.0	28 398.1	28 274.5	28 310.6	28 292.9	27 245.5	25 621.6	25 060.7	24 623.3	24 388.8	21 645.3	21 799.0	21 858.5
LIABILITIES															
Currency in circulation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Deposits of euro area residents	13 794.9	13 832.5	14 162.2	14 529.0	14 552.1	14 637.4	14 852.6	15 029.6	14 312.3	14 438.9	14 473.5	14 481.3	14 137.9	14 327.6	14 216.7
Central government	733.1	738.6	818.9	830.6	637.6	529.6	677.2	853.4	526.3	518.3	809.2	799.3	617.2	679.5	680.6
Other residents	12 206.5	12 414.7	12 164.5	12 444.1	12 654.2	12 834.7	12 896.8	12 658.8	12 564.5	12 767.4	12 552.5	12 647.4	12 519.4	12 627.6	12 519.1
MFIs	855.3	679.1	1 178.8	1 254.3	1 260.3	1 273.2	1 278.5	1 517.4	1 221.6	1 153.1	1 111.9	1 034.6	1 001.3	1 020.5	1 017.0
Money market fund shares or units held by euro area residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued with a maturity of over 2 years held by euro area residents	86.2	87.0	80.1	82.3	102.4	104.4	104.6	104.9	104.0	104.0	110.8	113.2	61.4	61.4	61.4
Capital and reserves	2 943.3	2 969.9	3 208.5	3 203.2	3 176.0	3 175.9	3 163.9	3 166.1	3 073.6	3 105.9	3 091.1	3 092.3	2 769.7	2 790.6	2 804.3
External ¹ liabilities	10 147.2	10 252.8	8 625.9	9 294.8	9 028.9	9 111.5	8 897.8	7 653.4	6 790.1	6 173.5	5 778.3	5 536.0	3 608.6	3 588.1	3 671.9
Remaining liabilities	1 374.9	1 370.9	1 307.3	1 288.7	1 415.1	1 281.4	1 274.1	1 291.5	1 341.6	1 238.4	1 169.6	1 166.0	1 067.7	1 031.4	1 104.2
Total liabilities	28 346.6	28 513.1	27 384.0	28 398.1	28 274.5	28 310.6	28 292.9	27 245.5	25 621.6	25 060.7	24 623.3	24 388.8	21 645.3	21 799.0	21 858.5

¹ Non-euro area countries.

8. CONSOLIDATED BALANCE SHEET OF MFIs

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Loans to residents	12 936.4	12 938.8	12 316.8	12 485.2	12 517.8	12 458.4	12 445.4	12 442.8	12 443.8	12 366.7	12 398.7	12 456.0	11 813.3	11 897.5	11 922.3
General government	151.5	152.1	73.5	76.3	67.9	65.6	65.5	65.0	64.8	60.0	84.2	84.0	83.0	82.7	82.0
Other residents	12 784.9	12 786.7	12 243.3	12 408.9	12 449.9	12 392.8	12 379.9	12 377.8	12 379.0	12 306.6	12 314.5	12 372.0	11 730.3	11 814.7	11 840.3
Holdings of securities other than shares issued by other residents	1 770.8	1 793.5	1 820.3	1 867.1	1 923.3	1 937.1	1 789.5	1 826.6	1 727.7	1 729.9	1 767.1	1 828.6	1 758.3	1 755.8	1 773.2
General government	1 748.8	1 771.6	1 798.1	1 844.9	1 901.3	1 925.4	1 778.1	1 816.4	1 716.1	1 720.5	1 757.5	1 819.1	1 752.1	1 749.8	1 764.4
Other residents	22.1	22.0	22.2	22.2	22.0	11.7	11.4	10.2	11.6	9.5	9.6	9.6	6.1	6.0	8.8
Holdings of shares and other equity issued by other residents	637.6	640.7	644.0	679.8	674.3	665.1	620.9	618.7	615.0	631.3	638.9	626.7	441.6	439.4	440.5
Foreign assets	23 929.0	24 021.3	23 686.2	23 704.3	24 300.4	23 935.9	24 270.5	23 760.7	22 028.5	21 330.3	21 458.5	21 149.4	20 814.9	20 838.5	20 966.3
Fixed assets	214.2	214.4	214.2	214.9	215.4	214.1	214.1	230.5	229.5	226.6	226.8	225.6	222.8	222.2	222.3
Remaining assets	351.6	346.9	291.1	310.9	326.1	332.3	355.8	400.9	409.0	359.5	328.9	332.2	295.9	290.7	302.2
Total assets	39 839.5	39 955.6	38 972.5	39 262.2	39 957.3	39 542.8	39 696.2	39 280.3	37 453.5	36 644.3	36 818.9	36 618.6	35 346.7	35 444.0	35 626.8
LIABILITIES															
Currency outside MFIs	4 085.5	4 080.0	4 092.9	4 090.3	4 093.1	4 177.5	4 098.7	4 102.2	4 145.5	4 162.7	4 191.4	4 226.9	4 257.1	4 274.4	4 285.2
Deposits of central government	980.0	1 029.4	1 029.9	996.8	805.1	703.0	840.4	1 040.4	898.6	1 473.7	1 659.7	1 599.3	1 652.6	1 277.1	1 290.7
Deposits of other general government and other residents	11 360.8	11 504.4	11 297.9	11 531.7	11 738.0	11 889.3	11 965.7	12 330.8	12 301.3	11 946.4	11 697.6	11 723.7	12 695.2	12 799.0	12 680.9
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	84.4	84.8	80.8	82.8	102.7	113.9	113.4	98.2	97.3	97.3	97.1	97.1	61.3	61.3	61.3
Capital and reserves	3 421.3	3 470.3	3 689.0	3 686.5	3 653.2	3 616.4	3 559.9	3 540.8	3 466.3	3 473.9	3 462.2	3 459.8	3 120.7	3 152.6	3 143.8
External liabilities	18 547.2	18 396.5	17 458.3	17 559.9	18 243.2	17 733.3	17 799.4	16 805.3	15 139.1	14 177.5	14 434.9	14 238.5	12 347.7	12 642.6	12 798.5
Remaining liabilities	1 360.7	1 389.3	1 323.5	1 314.9	1 329.5	1 317.3	1 324.4	1 371.4	1 407.3	1 316.9	1 283.9	1 274.3	1 194.9	1 191.6	1 260.6
Excess of inter-MFI liabilities	-0.3	1.0	0.2	-0.5	-7.6	-8.0	-5.6	-8.8	-1.9	-4.2	-8.0	-1.0	17.2	45.3	105.8
Total liabilities	39 839.5	39 955.6	38 972.5	39 262.2	39 957.3	39 542.8	39 696.2	39 280.3	37 453.5	36 644.3	36 818.9	36 618.6	35 346.7	35 444.0	35 626.8

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

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
MFI reserves	3 985.1	4 247.5	4 335.1	5 294.2	5 238.8	5 938.0	5 812.3	5 272.1	5 534.8	5 941.9	5 487.9	5 465.5	4 165.0	4 334.6	4 258.7
Vault cash in euro	187.2	187.8	184.3	200.4	192.0	203.6	195.2	192.8	211.2	203.3	193.3	197.2	197.9	194.4	192.0
Deposits with Latvijas Banka	3 797.9	4 059.7	4 150.8	5 093.9	5 046.8	5 734.4	5 617.1	5 079.3	5 323.6	5 738.5	5 294.5	5 268.3	3 967.1	4 140.2	4 066.7
Foreign assets	9 347.2	9 245.3	8 719.6	8 519.1	8 397.8	7 791.3	8 107.6	7 524.5	5 720.9	4 888.3	4 896.7	4 619.5	4 165.0	4 091.0	4 170.2
Claims on the central government	943.4	944.6	867.5	892.6	916.7	933.6	753.3	760.4	702.9	682.5	709.5	731.3	628.8	610.0	625.9
Loans	124.0	124.5	46.6	50.2	42.0	39.7	39.3	39.1	38.8	38.5	64.5	64.6	64.2	63.6	63.9
Holdings of securities other than shares	819.4	820.1	820.9	842.4	874.7	893.9	714.0	721.3	664.0	644.0	645.0	666.7	564.6	546.4	562.0
Claims on the local government	27.8	28.0	27.2	26.5	26.3	26.3	26.5	26.3	26.3	21.9	20.1	19.8	18.8	19.2	18.1
Loans	27.4	27.6	26.8	26.1	25.9	25.9	26.1	25.9	25.9	21.5	19.7	19.4	18.8	19.2	18.1
Holdings of securities other than shares	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0	0	0
Claims on the financial institutions	1 583.5	1 588.0	1 583.0	1 759.8	1 744.4	1 702.6	1 720.7	1 720.9	1 717.3	1 726.5	1 754.5	1 757.1	1 661.4	1 665.9	1 656.8
Loans	1 121.3	1 130.8	1 123.8	1 269.0	1 269.0	1 256.0	1 292.2	1 291.8	1 298.6	1 313.6	1 339.5	1 353.4	1 328.8	1 335.6	1 325.9
Holdings of securities other than shares	1.7	1.6	1.6	2.0	1.8	2.3	2.0	1.5	1.3	1.3	1.2	1.2	2.2	2.1	1.6
Holdings of shares and other equity	460.5	455.7	457.6	488.9	473.6	444.4	426.5	427.5	417.3	411.6	413.7	402.5	330.4	328.2	329.3
Claims on public non-financial corporations	675.8	677.4	405.6	395.9	422.4	486.2	481.4	478.6	478.7	484.4	447.7	497.4	502.1	503.3	504.0
Loans	671.8	673.3	401.5	391.8	418.3	484.9	480.1	477.2	476.2	482.9	446.1	495.7	500.4	501.7	499.1
Holdings of securities other than shares	4.0	4.1	4.1	4.1	4.1	1.3	1.3	1.5	2.5	1.5	1.6	1.7	1.7	1.6	4.9
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	5 922.0	5 916.0	5 627.1	5 661.5	5 692.4	5 626.9	5 567.3	5 573.6	5 584.7	5 511.5	5 518.6	5 508.0	5 055.3	5 117.9	5 160.6
Loans	5 728.5	5 714.7	5 424.2	5 454.4	5 475.4	5 398.0	5 364.8	5 375.3	5 379.4	5 285.1	5 286.6	5 277.0	4 941.8	5 004.5	5 047.3
Holdings of securities other than shares	16.3	16.3	16.5	16.2	16.2	8.1	8.1	7.2	7.8	6.7	6.7	6.7	2.3	2.3	2.2
Holdings of shares and other equity	177.1	185.0	186.4	190.9	200.7	220.7	194.4	191.2	197.6	219.7	225.2	224.3	111.2	111.2	111.1
Claims on households	5 263.3	5 268.0	5 293.8	5 293.7	5 287.1	5 254.0	5 242.9	5 233.6	5 224.8	5 225.0	5 242.3	5 245.8	4 959.3	4 972.9	4 968.1
Loans	5 263.3	5 268.0	5 293.8	5 293.7	5 287.1	5 254.0	5 242.9	5 233.6	5 224.8	5 225.0	5 242.3	5 245.8	4 959.3	4 972.9	4 968.1
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	175.6	175.4	175.0	175.2	175.7	174.4	174.7	191.4	190.6	187.4	187.8	186.8	184.1	183.7	183.9
Other assets	340.8	333.4	277.4	295.7	290.7	293.8	318.3	383.9	394.6	348.3	318.7	301.1	282.1	275.8	287.7
Claims on resident MFIs	74.7	82.0	65.2	76.8	75.2	76.4	80.6	73.1	38.7	35.9	32.5	49.5	23.4	24.6	24.4
Holdings of MFI securities other than shares	7.4	7.4	7.4	7.0	6.9	7.3	7.3	7.1	7.1	7.1	7.1	7.1	0	0	0
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of MFI shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	28 346.6	28 513.1	27 384.0	28 398.1	28 274.5	28 310.6	28 292.9	27 245.5	25 621.6	25 060.7	24 623.3	24 388.8	21 645.3	21 799.0	21 858.5

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

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits in euro	7 838.8	7 927.8	7 757.8	7 971.6	8 220.0	8 439.3	8 460.1	8 347.7	8 511.2	8 675.4	8 432.4	8 520.5	8 525.0	8 608.5	8 573.6
Financial institutions	462.6	510.4	460.2	442.6	484.7	442.1	467.3	386.0	385.5	382.6	423.1	409.7	404.1	463.0	413.7
Public non-financial corporations	441.8	429.0	392.3	456.2	505.2	559.2	610.2	625.5	667.4	716.3	564.1	481.2	476.3	468.1	460.6
Private non-financial corporations	2 854.9	2 928.0	2 762.1	2 884.1	2 968.3	2 970.7	2 964.0	2 901.9	2 971.9	3 021.2	2 901.8	2 953.5	2 958.1	2 977.8	2 979.8
Households	4 079.6	4 060.4	4 143.2	4 188.7	4 261.8	4 467.3	4 418.7	4 434.3	4 486.5	4 555.4	4 543.5	4 676.1	4 686.5	4 699.6	4 719.5
Time deposits in euro	870.8	871.6	883.4	843.4	810.8	798.8	788.5	806.7	788.6	839.4	844.7	798.2	775.7	773.1	752.5
Financial institutions	147.1	143.9	150.4	137.5	140.4	140.1	136.2	139.0	135.8	136.6	134.1	89.1	69.5	67.8	66.8
Public non-financial corporations	5.3	14.6	15.9	15.9	15.2	14.9	16.3	21.3	21.3	80.7	80.7	80.7	69.7	54.1	33.8
Private non-financial corporations	103.6	102.5	108.9	93.5	68.7	63.1	58.1	76.3	62.4	61.5	65.1	62.8	64.8	75.3	75.6
Households	614.8	610.6	608.3	596.6	586.6	580.8	578.0	570.2	569.1	560.5	564.9	565.7	571.8	575.9	576.3
Deposits redeemable at notice in euro	850.6	853.3	857.9	862.3	869.9	896.6	906.4	912.0	912.9	908.6	898.4	901.3	892.3	883.1	887.5
Financial institutions	1.4	1.4	2.1	2.3	2.4	3.5	3.8	3.9	4.3	3.4	3.0	5.6	4.5	5.0	5.1
Public non-financial corporations	16.6	16.6	16.6	18.1	18.1	18.1	18.3	18.4	18.5	14.2	18.6	18.6	18.6	10.6	10.6
Private non-financial corporations	45.8	47.5	47.7	44.4	45.1	62.5	63.7	63.3	62.8	62.1	45.5	44.8	39.5	36.4	37.2
Households	786.8	787.7	791.5	797.5	804.2	812.6	820.6	826.4	827.3	828.9	831.4	832.3	829.8	831.1	834.7
Repos in euro	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency deposits of residents	1 312.6	1 339.6	1 298.2	1 330.9	1 302.8	1 266.8	1 296.7	1 242.4	1 150.7	1 138.5	1 127.8	1 142.4	1 127.2	1 121.9	1 063.6
Financial institutions	124.1	137.0	137.3	111.0	128.1	107.8	130.7	107.2	90.0	71.9	83.7	90.4	66.7	67.2	52.7
Public non-financial corporations	4.4	3.5	4.4	7.2	8.8	8.7	7.4	9.0	9.9	12.8	5.8	8.8	12.7	9.2	9.4
Private non-financial corporations	534.9	550.7	498.5	546.5	505.2	493.5	505.5	479.9	427.1	428.5	407.9	420.5	428.5	438.4	389.0
Households	649.2	648.4	658.0	666.2	660.6	656.8	653.1	646.3	623.8	625.3	630.4	622.7	619.2	607.1	612.6
Deposits of central government	732.3	737.8	818.1	829.9	637.0	529.2	676.5	852.7	525.5	517.6	808.3	798.6	616.7	678.8	679.9
Overnight deposits in euro	399.2	408.0	488.3	541.0	362.0	328.9	435.4	612.9	458.9	450.8	699.7	689.1	508.6	569.2	576.2
Time deposits in euro	304.1	299.1	299.0	258.0	258.0	183.0	224.0	224.0	51.9	51.9	92.9	92.9	90.8	90.8	89.8
Deposits redeemable at notice and repos in euro	13.0	12.6	12.1	12.1	11.8	11.3	11.2	11.4	11.6	11.7	12.2	12.4	12.5	13.2	8.7
Foreign currency deposits	16.0	18.2	18.7	18.8	5.1	5.9	5.9	4.5	3.1	3.2	3.5	4.3	4.8	5.6	5.2
Deposits of local government	308.4	333.3	318.5	335.5	347.4	301.5	320.9	346.4	346.3	357.0	367.3	334.5	332.5	359.1	351.4
Overnight deposits in euro	305.3	326.2	310.9	328.2	341.5	295.7	315.0	343.1	342.9	353.7	364.0	331.1	329.1	355.6	347.9
Time deposits in euro	0	4.0	4.0	4.0	2.5	2.5	2.5	0	0	0	0	0	0	0	0
Deposits redeemable at notice and repos in euro	3.0	3.1	3.6	3.3	3.3	3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.4	3.5	3.5
Foreign currency deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Foreign liabilities	11 910.8	11 862.8	10 711.2	11 487.5	11 351.3	11 375.9	11 141.4	9 772.7	8 746.5	8 064.4	7 618.4	7 558.0	5 496.9	5 477.7	5 586.7
Liabilities to Latvijas Banka	244.7	244.7	244.7	244.7	244.8	244.7	244.7	491.9	247.7	247.7	247.7	58.8	58.8	58.8	43.3
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	91.9	92.2	88.3	89.8	109.6	121.2	120.7	105.3	104.4	104.4	104.2	104.2	61.3	61.3	61.3
Capital and reserves	2 943.3	2 969.9	3 208.5	3 203.2	3 176.0	3 175.9	3 163.9	3 166.1	3 073.6	3 105.9	3 091.1	3 092.3	2 769.7	2 790.6	2 804.3
Residents	1 231.7	1 258.3	1 266.3	1 261.0	1 233.8	1 233.5	1 221.5	1 223.7	1 131.1	1 163.4	1 148.6	1 149.7	841.0	861.8	878.6
Retained earnings of the reporting year	197.4	218.6	218.9	230.6	236.2	235.8	33.8	39.0	90.1	127.4	131.2	132.1	185.3	211.8	229.9
Non-residents	1 711.7	1 711.7	1 942.2	1 942.2	1 942.2	1 942.4	1 942.4	1 942.4	1 942.5	1 942.5	1 942.5	1 942.6	1 928.7	1 928.7	1 925.7
Provisions	751.8	747.3	733.5	719.9	715.8	719.2	687.1	685.4	696.3	654.9	643.3	619.3	584.4	584.8	586.6
Other liabilities (incl. subordinated liabilities)	415.9	449.5	398.5	402.8	421.8	372.6	410.8	451.8	485.9	421.3	415.7	432.4	387.2	385.1	451.5
Liabilities to resident MFIs	74.6	83.3	65.4	76.4	67.3	68.8	75.1	64.4	31.9	25.6	23.9	28.2	17.6	16.2	16.3
TOTAL LIABILITIES	28 346.6	28 513.1	27 384.0	28 398.1	28 274.5	28 310.6	28 292.9	27 245.5	25 621.6	25 060.7	24 623.3	24 388.8	21 645.3	21 799.0	21 858.5
Memo items															
Trust assets	691.1	741.2	718.5	704.8	710.6	710.4	732.4	737.3	1 113.5	994.3	934.0	883.2	822.5	811.2	837.0
Foreign	576.2	625.2	603.3	585.5	599.5	596.5	625.1	632.7	1 010.6	890.4	839.2	767.1	702.7	662.0	630.7
Domestic	114.9	116.0	115.2	119.3	111.1	113.9	107.3	104.6	102.8	104.0	94.8	116.1	119.8	149.2	206.3
Trust liabilities	691.1	741.2	718.5	704.8	710.6	710.4	732.4	737.3	1 113.5	994.3	934.0	883.2	822.5	811.2	837.0
Foreign	596.7	624.8	604.8	589.3	601.1	600.6	621.6	629.2	630.5	559.2	540.6	507.6	497.4	492.9	490.4
Domestic	94.4	116.4	113.6	115.5	109.5	109.8	110.8	108.1	482.9	435.2	393.4	375.6	325.2	318.2	346.7

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		
2017									
VII	8 709.8	4 496.7	3 767.3	445.9	2 163.0	1 633.6	507.2	22.2	10 872.9
VIII	8 828.9	4 473.9	3 922.9	432.1	2 163.4	1 633.3	498.5	31.6	10 992.3
IX	8 610.6	4 564.5	3 649.9	396.2	2 186.7	1 636.5	517.2	33.0	10 797.3
X	8 848.3	4 609.8	3 775.6	462.9	2 159.9	1 639.1	486.3	34.5	11 008.3
XI	9 069.9	4 677.5	3 878.9	513.5	2 133.5	1 635.7	464.0	33.8	11 203.5
XII	9 299.2	4 887.5	3 843.8	567.8	2 102.4	1 630.0	439.4	33.1	11 401.6
2018									
I	9 338.4	4 824.4	3 896.5	617.5	2 113.3	1 645.8	432.8	34.7	11 451.7
II	9 188.5	4 837.9	3 716.2	634.4	2 120.5	1 639.4	441.3	39.8	11 308.9
III	9 259.6	4 870.5	3 711.9	677.1	2 103.8	1 636.3	427.8	39.8	11 363.4
IV	9 433.5	4 948.8	3 756.5	728.2	2 128.5	1 621.2	411.5	95.8	11 561.9
V	9 185.3	4 939.5	3 675.9	569.8	2 118.1	1 630.6	388.2	99.3	11 303.3
VI	9 298.2	5 060.7	3 748.8	488.7	2 064.2	1 636.1	327.5	100.6	11 362.5
VII	9 269.2	5 072.4	3 709.2	487.7	2 051.0	1 634.9	326.5	89.6	11 320.2
VIII	9 375.1	5 073.4	3 825.7	475.9	2 011.6	1 640.3	305.2	66.1	11 386.6
IX	9 297.5	5 093.9	3 734.9	468.7	1 979.7	1 649.1	284.9	45.7	11 277.3
	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				
2017									
VII	-2 563.7	13 375.1	-69.5	5 263.3	7 505.5	675.8	61.5	13 436.6	10 872.9
VIII	-2 617.9	13 350.8	-98.6	5 268.0	7 504.0	677.4	259.4	13 610.2	10 992.3
IX	-1 991.6	12 667.6	-241.9	5 293.8	7 210.1	405.6	121.3	12 788.9	10 797.3
X	-2 968.4	12 864.5	-246.4	5 293.7	7 421.3	395.9	1 112.2	13 976.7	11 008.3
XI	-2 953.5	13 104.9	-41.3	5 287.1	7 436.7	422.4	1 052.1	14 157.0	11 203.5
XII	-3 584.6	13 198.9	129.2	5 254.0	7 329.5	486.2	1 787.4	14 986.2	11 401.6
2018									
I	-3 033.8	12 794.7	-217.6	5 242.9	7 288.0	481.4	1 690.8	14 485.5	11 451.7
II	-2 248.2	12 594.3	-412.4	5 233.6	7 294.5	478.6	962.8	13 557.1	11 308.9
III	-3 025.6	12 863.0	-142.5	5 224.8	7 302.0	478.7	1 526.0	14 389.0	11 363.4
IV	-3 176.1	12 777.3	-170.1	5 225.0	7 238.0	484.4	1 960.7	14 738.0	11 561.9
V	-2 721.7	12 517.0	-446.0	5 242.3	7 273.0	447.7	1 508.0	14 025.0	11 303.3
VI	-2 938.5	12 626.2	-382.1	5 245.8	7 265.1	497.4	1 674.8	14 301.0	11 362.5
VII	-1 332.0	11 876.5	-301.6	4 959.3	6 716.7	502.1	775.7	12 652.2	11 320.2
VIII	-1 386.6	11 851.3	-408.8	4 972.9	6 783.9	503.3	921.9	12 773.2	11 386.6
IX	-1 416.5	11 902.3	-387.3	4 968.1	6 817.5	504.0	791.5	12 693.8	11 277.3

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

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Claims on MFIs	4 752.2	4 607.9	3 935.0	3 770.7	3 689.3	3 148.5	3 543.8	3 105.7	2 574.1	1 988.0	2 080.0	1 869.8	1 658.7	1 566.1	1 691.7
Loans															
Overnight	2 994.9	2 894.1	2 671.7	2 543.3	2 468.4	1 959.5	2 336.1	2 159.7	1 811.4	1 341.3	1 478.4	1 363.5	1 198.0	1 117.9	1 283.0
Short-term	638.5	616.6	306.1	233.4	222.2	213.4	285.3	272.8	259.5	269.3	244.8	151.2	150.0	148.6	98.8
Long-term	1.0	0.8	0.7	17.1	49.2	49.2	19.1	19.1	17.9	17.9	13.1	13.1	13.1	13.1	13.1
Redeemable at notice	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0
Holdings of securities other than shares	983.5	961.3	820.4	840.6	814.2	794.0	777.8	574.9	406.1	280.9	269.8	267.5	247.3	236.2	246.5
Holdings of shares and other equity	2.2	3.0	3.6	3.9	3.7	3.6	3.8	3.8	3.9	3.2	3.1	3.7	0	0	0
Other claims	132.2	132.2	132.5	132.5	131.7	128.9	121.7	75.4	75.4	75.4	70.8	70.8	50.4	50.4	50.4
Claims on non-MFIs	4 390.9	4 430.0	4 507.9	4 512.0	4 500.7	4 411.4	4 347.1	4 020.2	2 948.6	2 710.2	2 595.8	2 544.2	2 306.1	2 331.5	2 280.4
Loans															
Short-term	838.2	937.8	940.4	907.8	831.0	786.1	788.9	817.6	720.4	662.8	617.0	619.5	604.7	602.3	567.4
Long-term	1 177.3	1 174.5	1 192.3	1 165.6	1 133.4	1 099.7	1 043.6	1 009.4	1 003.2	1 001.8	991.9	1 023.2	932.7	947.0	934.1
Holdings of securities other than shares															
General government sector	1 241.5	1 232.5	1 312.6	1 377.7	1 468.9	1 488.5	1 481.0	1 286.8	639.5	537.2	493.8	425.9	384.4	392.5	364.9
Private sector	1 063.7	1 019.0	996.1	992.9	1 003.2	971.3	965.7	827.9	510.4	431.8	414.4	395.6	308.0	308.8	330.3
Holdings of shares and other equity	36.3	37.2	37.5	38.7	35.4	37.3	39.5	39.8	36.6	38.3	39.5	40.9	37.2	42.1	44.7
Other claims	33.9	29.0	29.0	29.4	28.8	28.5	28.4	38.6	38.5	38.4	39.3	39.1	39.0	38.9	38.9
Vault cash in foreign currencies	33.9	35.3	40.8	36.7	36.8	34.6	32.9	38.7	34.6	36.8	41.0	34.7	39.3	39.1	36.3
Other assets															
Other assets	170.1	172.0	236.0	199.7	171.0	196.8	183.7	359.9	163.6	153.3	179.9	170.7	160.9	154.3	161.8
Total foreign assets	9 347.2	9 245.3	8 719.6	8 519.1	8 397.8	7 791.3	8 107.6	7 524.5	5 720.9	4 888.3	4 896.7	4 619.5	4 165.0	4 091.0	4 170.2
Memo items															
Trust assets	576.2	625.2	603.3	585.5	599.5	596.5	625.1	632.7	1 010.6	890.4	839.2	767.1	702.7	662.0	630.7

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

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Liabilities to MFIs															
Overnight	721.4	439.3	933.8	779.8	544.4	313.3	317.2	322.6	316.9	320.1	329.0	359.6	340.3	352.0	344.9
Short-term	1 642.3	1 838.7	650.8	1 560.9	1 548.1	1 771.9	1 541.2	1 313.5	1 341.0	1 146.2	802.2	824.2	903.1	872.5	1 028.9
Long-term	939.8	890.1	768.9	666.2	686.3	745.7	743.3	842.4	850.6	748.9	958.9	953.9	945.8	1 040.3	1 054.9
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	3 274.0	3 143.8	2 332.4	2 988.7	2 759.2	2 809.3	2 581.0	2 462.1	2 486.9	2 200.1	2 074.8	2 121.9	2 182.2	2 260.8	2 424.2
Non-MFI deposits															
Overnight	7 083.9	7 149.8	6 830.9	6 972.3	6 948.1	7 045.7	7 119.3	5 574.1	4 788.5	4 497.4	4 240.9	4 085.3	2 296.9	2 198.5	2 139.4
Short-term	211.4	256.6	264.5	236.5	261.9	272.3	242.5	659.4	449.6	340.0	304.5	291.2	344.7	363.2	347.7
Long-term	465.8	481.0	469.6	458.3	445.0	449.9	442.2	422.1	377.7	387.8	410.6	445.6	459.3	478.5	494.0
Redeemable at notice	103.2	104.2	104.3	99.3	101.2	102.0	98.5	72.4	52.5	45.9	40.2	62.8	37.7	38.0	37.4
Other liabilities															
Other liabilities ¹	743.0	703.2	688.4	714.3	816.2	675.2	637.2	566.2	569.7	616.3	532.2	535.3	169.1	134.8	139.6
Total foreign liabilities	11 910.8	11 862.8	10 711.2	11 487.5	11 351.3	11 375.9	11 141.4	9 772.7	8 746.5	8 102.6	7 618.4	7 558.0	5 496.9	5 477.7	5 586.7
Memo items															
Trust liabilities	596.7	624.8	604.8	589.3	601.1	600.6	621.6	629.2	630.5	559.2	540.6	507.6	497.4	492.9	490.4

¹ Including subordinated liabilities.

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

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

	Claims on MFIs			Loans to non-MFIs			Liabilities to MFIs			Deposits by non-MFIs		
	EU	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
2017												
VII	2 481.8	1 283.4	1 152.6	987.5	710.0	1 028.0	2 779.1	536.0	524.3	2 812.6	1 026.0	5 051.8
VIII	2 374.0	1 274.6	1 137.4	1 073.4	787.8	1 039.0	2 635.2	351.1	532.9	2 870.3	1 089.9	5 121.2
IX	2 113.1	1 191.2	865.4	1 060.8	798.4	1 071.9	1 851.9	868.8	501.6	2 742.9	1 049.4	4 926.4
X	2 072.1	1 009.6	721.7	1 003.8	795.0	1 069.5	2 376.1	933.2	630.7	2 845.0	1 101.0	4 921.4
XI	1 992.5	952.2	747.2	970.1	769.1	994.3	2 144.2	948.2	634.7	2 886.3	1 104.0	4 869.9
XII	1 372.2	771.8	849.8	940.0	777.0	945.9	2 209.6	959.6	621.2	3 084.6	1 132.0	4 785.3
2018												
I	1 962.5	931.9	678.1	896.1	715.0	936.5	1 966.4	958.7	635.3	3 116.9	1 124.9	4 785.6
II	1 866.3	956.9	585.4	939.2	746.1	887.8	1 839.1	961.1	639.3	2 713.4	1 004.2	4 014.7
III	1 531.2	799.6	557.5	869.0	706.5	854.6	1 892.1	941.9	616.4	2 231.6	855.5	3 436.7
IV	1 243.7	677.9	384.7	856.3	705.5	808.2	1 645.5	879.9	569.7	2 062.8	849.2	3 208.3
V	1 380.1	762.8	356.1	838.1	704.8	770.8	1 560.6	840.3	529.4	1 989.2	882.7	3 007.0
VI	1 171.1	710.3	356.6	924.6	798.3	718.1	1 542.5	947.6	595.2	1 962.5	951.1	2 922.3
VII	1 099.9	669.4	261.2	877.1	749.3	660.3	1 615.6	924.9	573.6	1 484.2	867.2	1 654.4
VIII	1 008.7	628.6	270.9	881.8	744.0	667.5	1 680.9	945.5	583.9	1 487.7	882.5	1 590.4
IX	1 107.0	569.4	287.8	842.3	712.1	659.2	1 845.5	957.4	583.1	1 477.1	891.2	1 541.3

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

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits															
Amount	8 709.9	8 828.9	8 610.6	8 848.3	9 069.9	9 299.2	9 338.4	9 188.5	9 259.6	9 433.5	9 185.3	9 298.2	9 269.2	9 375.1	9 297.5
% ¹	80.1	80.3	79.7	80.4	81.0	81.6	81.5	81.3	81.5	81.6	81.3	81.8	81.8	82.3	82.4
Time deposits															
Maturity of 1–6 months															
Amount	243.6	260.1	283.8	273.2	277.4	218.0	239.5	186.7	198.6	222.8	258.3	238.6	246.8	216.2	168.8
% ¹	2.2	2.4	2.6	2.5	2.5	1.9	2.1	1.7	1.7	1.9	2.3	2.1	2.2	1.9	1.5
Maturity of 6–12 months															
Amount	562.9	541.2	534.3	526.6	486.5	477.9	473.4	547.3	526.6	540.2	499.5	459.5	441.4	439.0	439.8
% ¹	5.2	4.9	5.0	4.8	4.3	4.2	4.1	4.8	4.6	4.6	4.4	4.0	3.9	3.9	3.9
Long-term															
Amount	458.7	459.0	463.0	451.3	454.2	455.9	445.5	430.3	422.9	414.8	419.5	423.1	429.6	432.0	442.7
% ¹	4.2	4.2	4.3	4.1	4.1	4.0	3.9	3.8	3.8	3.6	3.6	3.7	3.8	3.8	3.9
Maturity of 1–2 years															
Amount	195.2	196.3	210.1	210.0	212.5	217.3	211.9	201.1	200.9	193.1	197.8	198.6	203.0	205.8	214.7
% ¹	1.8	1.8	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.7	1.7	1.7	1.8	1.8	1.9
Maturity of over 2 years															
Amount	263.5	262.7	252.9	241.3	241.7	238.6	233.6	229.2	222.0	221.8	221.7	224.6	226.6	226.2	227.9
% ¹	2.4	2.4	2.3	2.2	2.2	2.1	2.0	2.0	2.0	1.9	2.0	2.0	2.0	2.0	2.0
Deposits redeemable at notice															
Up to 3 months															
Amount	889.8	895.1	897.5	900.9	907.5	942.8	946.8	948.1	947.7	942.7	932.8	935.2	925.5	916.5	920.7
% ¹	8.2	8.1	8.3	8.1	8.0	8.2	8.3	8.3	8.3	8.2	8.3	8.3	8.2	8.0	8.2
Over 3 months															
Amount	8.0	8.0	8.0	8.0	7.9	7.9	8.0	8.0	8.0	8.0	7.9	7.9	7.8	7.8	7.8
% 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	0.1
Repos															
Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total deposits	10 872.9	10 992.3	10 797.3	11 008.3	11 203.5	11 401.6	11 451.7	11 308.9	11 363.4	11 561.9	11 303.3	11 362.5	11 320.2	11 386.6	11 277.3

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

14.a DEPOSITS BY FINANCIAL INSTITUTIONS

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
Insurance corporations									
2017									
VII	80.6	1.2	0.0	4.6	0.8	0	0	87.3	83.3
VIII	78.2	1.2	0.0	4.6	0.8	0	0	84.8	80.8
IX	71.8	1.2	10.0	3.4	0.8	0	0	87.2	83.2
X	68.5	2.2	10.0	3.3	0.8	0	0	84.8	80.4
XI	72.1	2.2	10.0	3.2	0.8	0	0	88.3	84.0
XII	80.5	2.2	10.0	3.1	0.8	0	0	96.7	92.4
2018									
I	77.5	2.2	10.0	3.0	0.8	0	0	93.6	89.9
II	68.6	2.9	10.0	3.0	0.8	0	0	85.3	81.3
III	65.6	2.9	10.0	2.9	0.8	0	0	82.2	77.8
IV	64.4	5.9	10.0	2.9	0.8	0	0	84.0	79.1
V	63.0	6.1	10.0	2.9	0.8	0	0	82.8	78.0
VI	62.9	6.1	10.0	2.9	0.3	0	0	82.2	77.4
VII	62.5	4.8	10.0	2.9	0.3	0	0	80.4	76.5
VIII	64.5	5.0	10.3	2.9	0.3	0	0	82.9	78.9
IX	67.3	5.0	10.3	1.9	0.3	0	0	84.8	80.9
Pension funds									
2017									
VII	233.8	19.8	6.0	13.6	0	0	0	273.2	216.0
VIII	306.8	12.8	6.0	13.6	0	0	0	339.1	268.2
IX	245.0	10.6	6.0	13.6	0	0	0	275.2	204.2
X	202.9	7.9	6.0	13.6	0	0	0	230.3	189.1
XI	232.8	6.6	6.5	14.2	0	0	0	260.1	203.4
XII	184.4	5.0	6.6	14.2	0	0	0	210.1	175.5
2018									
I	212.9	5.1	7.3	13.5	0	0	0	238.8	194.3
II	155.9	4.5	7.3	10.5	0	0	0	178.2	140.6
III	177.3	2.9	7.3	10.5	0	0	0	198.0	162.9
IV	173.1	2.9	7.3	10.5	0	0	0	193.8	161.4
V	181.4	0.2	8.3	9.6	0	0	0	199.4	160.8
VI	193.9	0.2	8.3	9.6	0	0	0	211.9	163.9
VII	156.5	1.2	6.7	10.2	0	0	0	174.6	155.5
VIII	221.8	2.4	5.5	10.2	0	0	0	239.8	220.2
IX	169.5	2.6	5.4	10.2	0	0	0	187.6	175.9

14.a DEPOSITS BY FINANCIAL INSTITUTIONS (CONT.)

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
Other financial institutions									
2017									
VII	238.0	66.3	3.7	4.3	0.7	0	0	313.1	261.7
VIII	228.2	68.0	4.1	4.3	0.7	0	0	305.3	256.9
IX	252.1	66.8	4.1	5.6	1.3	0	0	330.0	279.0
X	255.1	52.1	4.1	5.0	1.4	0	0	317.7	264.4
XI	270.7	52.1	4.9	5.4	1.6	0	0	334.8	281.3
XII	248.6	51.9	4.9	5.1	2.6	0	0	313.2	258.3
2018									
I	270.5	48.3	4.6	5.1	2.9	0.2	0	331.6	265.7
II	250.9	54.3	3.6	5.1	3.1	0.2	0	317.2	260.4
III	219.7	50.3	3.9	5.1	3.5	0.2	0	282.6	238.0
IV	202.2	50.4	4.6	5.1	2.6	0.1	0	265.0	234.6
V	249.1	51.0	4.6	5.1	2.1	0.1	0	312.0	276.2
VI	232.5	24.3	4.1	5.1	5.2	0.1	0	271.3	237.1
VII	241.6	5.1	4.1	5.1	4.1	0.1	0	260.0	220.1
VIII	233.7	3.4	3.5	5.1	4.7	0.1	0	250.6	210.2
IX	216.9	4.2	3.5	5.0	4.7	0.1	0	234.5	200.9
Investment funds, excluding money market funds, and alternative investment funds									
2017									
VII	19.7	40.1	0.0	0.0	1.9	0	0	61.7	50.2
VIII	17.8	40.6	0.0	0.0	5.1	0	0	63.5	49.9
IX	15.6	40.1	0.0	0.0	1.7	0	0	57.4	46.1
X	18.0	40.6	0.7	0.4	0.7	0	0	60.4	48.4
XI	29.9	40.6	1.1	0.4	0.6	0	0	72.5	58.8
XII	25.3	40.6	1.1	0.4	6.2	0	0	73.5	59.6
2018									
I	29.0	40.6	1.1	0.4	3.0	0	0	74.0	57.5
II	12.1	41.3	1.1	0.4	0.6	0	0	55.5	46.5
III	9.9	41.3	1.1	0.4	0.1	0	0	52.7	47.0
IV	8.9	41.3	1.1	0.4	0.1	0	0	51.8	47.6
V	9.4	38.6	1.1	0.4	0.1	0	0	49.6	45.0
VI	7.4	20.4	1.1	0.4	0.1	0	0	29.4	26.0
VII	7.7	20.4	1.1	0.4	0.1	0	0	29.7	25.9
VIII	7.7	20.4	1.1	0.4	0.1	0	0	29.7	26.5
IX	9.7	11.1	10.1	0.4	0.1	0	0	31.4	27.9

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									
2017									
VII	445.9	5.4	0.2	0.1	16.6	0	0	468.1	463.6
VIII	432.1	14.8	0.2	0.1	16.6	0	0	463.7	460.2
IX	396.2	16.1	0.2	0.1	16.6	0	0	429.2	424.8
X	462.9	16.1	0.2	0.1	18.1	0	0	497.4	490.2
XI	513.5	15.4	0.2	0.1	18.1	0	0	547.3	538.4
XII	567.8	14.7	0.2	0.1	18.1	0	0	600.9	592.2
2018									
I	617.5	16.1	0.2	0.1	18.3	0	0	652.2	644.7
II	634.4	21.1	0.2	0.1	18.4	0	0	674.2	665.2
III	677.1	21.1	0.2	0.1	18.5	0	0	716.9	707.1
IV	728.2	81.3	0.2	0.1	14.2	0	0	824.0	811.2
V	569.8	80.5	0.2	0.1	18.6	0	0	669.2	663.3
VI	488.7	81.8	0.2	0.1	18.6	0	0	589.4	580.5
VII	487.7	70.8	0.2	0.1	18.6	0	0	577.3	564.6
VIII	475.9	53.8	1.6	0.1	10.6	0	0	542.0	532.8
IX	468.7	33.4	1.6	0.1	10.6	0	0	514.4	505.0
Private non-financial corporations									
2017									
VII	3 195.1	266.2	9.0	22.5	46.4	0	0	3 539.2	3 004.4
VIII	3 292.0	257.2	9.0	22.4	48.1	0	0	3 628.7	3 078.0
IX	3 065.3	276.7	9.5	16.7	49.1	0	0	3 417.2	2 918.7
X	3 231.0	265.1	10.0	16.7	45.7	0	0	3 568.6	3 022.0
XI	3 273.4	240.9	10.2	16.3	46.4	0	0	3 587.2	3 082.1
XII	3 305.0	194.8	8.8	17.3	63.8	0	0	3 589.7	3 096.2
2018									
I	3 306.5	194.8	8.6	17.0	64.2	0	0	3 591.2	3 085.7
II	3 228.7	203.3	8.5	17.0	63.9	0	0	3 521.3	3 041.5
III	3 239.5	195.4	8.4	17.0	63.8	0	0	3 524.1	3 097.0
IV	3 307.9	176.7	8.5	17.2	63.1	0	0	3 573.4	3 144.8
V	3 173.0	175.0	8.1	17.7	46.5	0	0	3 420.3	3 012.4
VI	3 252.1	157.6	8.1	18.2	45.5	0	0	3 481.5	3 061.0
VII	3 240.9	183.7	9.3	16.9	40.1	0	0	3 490.9	3 062.4
VIII	3 298.1	164.9	10.7	16.9	37.3	0	0	3 527.9	3 089.5
IX	3 271.5	144.0	11.1	16.9	38.1	0	0	3 481.6	3 092.7

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									
2017									
VII	4 496.7	407.5	176.3	218.5	823.3	8.0	0	6 130.3	5 481.1
VIII	4 473.9	406.8	177.1	217.7	823.7	7.9	0	6 107.2	5 458.8
IX	4 564.5	406.4	180.5	213.6	828.0	8.0	0	6 201.1	5 543.0
X	4 609.8	415.7	179.1	202.3	834.0	8.0	0	6 248.9	5 582.7
XI	4 677.5	406.1	179.6	202.2	839.9	7.9	0	6 313.2	5 652.6
XII	4 887.5	386.7	185.7	198.4	851.3	7.8	0	6 517.5	5 860.7
2018									
I	4 824.4	405.8	180.2	194.5	857.5	7.9	0	6 470.2	5 817.2
II	4 837.9	406.6	170.6	193.0	861.3	7.8	0	6 477.2	5 830.9
III	4 870.5	411.2	170.1	186.0	861.1	7.8	0	6 506.8	5 882.9
IV	4 948.8	404.4	161.5	185.6	861.8	7.8	0	6 570.0	5 944.7
V	4 939.5	406.3	165.7	186.0	864.7	7.8	0	6 570.1	5 939.7
VI	5 060.7	407.8	166.9	188.3	865.5	7.8	0	6 696.8	6 074.1
VII	5 072.4	402.2	171.7	191.1	862.2	7.7	0	6 707.3	6 088.1
VIII	5 073.4	405.4	173.1	190.7	863.5	7.7	0	6 713.7	6 106.6
IX	5 093.9	408.3	172.8	193.5	866.8	7.7	0	6 743.0	6 130.4

14.d DEPOSITS BY GOVERNMENT AND NON-RESIDENTS

(at end of period; millions of euro)

	General government				Non-residents					
	Central government	Local government	In euro		MFIs	Non-MFIs		In euro		
						General government	Other			
2017										
VII	732.3	308.4	1 040.7	1 024.7	3 303.5	7 864.4	3.7	7 860.6	11 167.8	5 886.7
VIII	737.8	333.3	1 071.1	1 053.0	3 168.1	7 991.5	3.9	7 987.6	11 159.6	5 836.0
IX	818.1	318.5	1 136.6	1 117.9	2 353.5	7 669.3	9.2	7 660.1	10 022.8	5 193.5
X	829.9	335.5	1 165.5	1 146.6	3 006.8	7 766.4	10.2	7 756.2	10 773.2	5 900.7
XI	637.0	347.4	984.4	979.2	2 778.9	7 756.2	3.8	7 752.4	10 535.1	5 690.1
XII	529.2	301.5	830.7	824.8	2 830.8	7 869.9	2.9	7 867.0	10 700.7	5 957.9
2018										
I	676.5	320.9	997.4	991.5	2 601.7	7 902.5	3.4	7 899.2	10 504.2	5 904.1
II	852.7	346.4	1 199.1	1 194.6	2 478.4	6 728.1	3.7	6 724.3	9 206.5	5 351.2
III	525.5	346.3	871.7	868.6	2 508.5	5 668.3	9.4	5 658.9	8 176.8	5 976.9
IV	517.6	357.0	874.5	871.3	2 215.2	5 271.2	4.7	5 266.4	7 486.4	5 915.1
V	808.3	367.3	1 175.7	1 172.1	2 090.0	4 996.2	5.3	4 990.8	7 086.2	5 676.2
VI	798.6	334.5	1 133.1	1 128.8	2 137.8	4 884.9	4.9	4 880.0	7 022.6	5 672.7
VII	616.7	332.5	949.2	944.3	2 189.2	3 138.6	4.4	3 134.2	5 327.8	4 107.1
VIII	678.9	359.1	1 038.0	1 032.3	2 264.8	3 078.1	4.0	3 074.1	5 342.9	4 152.0
IX	679.9	351.4	1 031.3	1 026.0	2 428.6	3 018.5	3.9	3 014.6	5 447.1	4 339.2

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

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Short-term															
Amount	1 879.1	1 871.8	1 877.5	2 064.2	2 062.5	1 973.0	2 029.0	2 055.7	2 021.2	1 990.3	2 052.2	2 359.3	2 354.2	2 427.3	2 442.7
% ¹	14.7	14.6	15.3	16.6	16.6	15.9	16.4	16.6	16.3	16.2	16.7	19.1	20.1	20.5	20.6
Maturity of 1–5 years															
Amount	2 442.3	2 442.4	2 351.8	2 337.6	2 317.5	2 302.4	2 241.2	2 240.5	2 273.3	2 288.7	2 223.5	2 229.6	2 239.9	2 263.4	2 286.4
% ¹	19.1	19.1	19.2	18.9	18.6	18.6	18.1	18.1	18.4	18.6	18.0	18.0	19.1	19.2	19.3
Maturity of over 5 years															
Amount	8 463.6	8 472.6	8 014.0	8 007.0	8 069.9	8 117.5	8 109.7	8 081.5	8 084.5	8 027.7	8 038.8	7 783.1	7 136.2	7 124.0	7 111.2
% ¹	66.2	66.3	65.5	64.5	64.8	65.5	65.5	65.3	65.3	65.2	65.3	62.9	60.8	60.3	60.1
Total loans	12 784.9	12 786.7	12 243.3	12 408.9	12 449.9	12 392.8	12 379.9	12 377.8	12 379.0	12 306.6	12 314.5	12 372.0	11 730.3	11 814.7	11 840.3

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

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

(at end of period; millions of euro)

	Insurance corporations and pension funds			OFIs and financial auxiliaries			Public non-financial corporations					Private non-financial corporations				
	Up to 1 year		In euro	Up to 1 year		In euro	Up to 1 year	1-5 years	Over 5 years		In euro	Up to 1 year	1-5 years	Over 5 years		In euro
2017																
VII	0.0	0	0	x	x	x	8.6	82.7	580.5	671.8	631.3	1 207.5	1 780.4	2 740.6	5 728.5	5 546.4
VIII	0.0	0	0	x	x	x	10.3	82.1	580.9	673.3	632.6	1 191.2	1 779.9	2 743.6	5 714.7	5 534.9
IX	0.0	0	0	x	x	x	9.3	54.0	338.3	401.5	401.5	1 195.0	1 726.1	2 503.2	5 424.2	5 254.4
X	0.0	0	0	x	x	x	7.1	55.3	329.4	391.8	391.8	1 194.1	1 723.8	2 536.6	5 454.4	5 281.2
XI	0.0	0	0	x	x	x	19.8	69.5	329.0	418.3	418.3	1 194.0	1 690.5	2 590.9	5 475.4	5 295.6
XII	0.0	0	0	x	x	x	23.5	88.7	372.7	484.9	484.9	1 120.0	1 658.8	2 619.3	5 398.0	5 249.4
2018																
I	0.0	0	0	x	x	x	21.1	88.3	370.7	480.1	480.1	1 182.5	1 606.8	2 575.4	5 364.8	5 200.4
II	0.2	0	0	x	x	x	22.1	87.1	368.0	477.2	477.2	1 215.8	1 609.5	2 549.9	5 375.3	5 193.2
III	0.2	0	0	x	x	x	23.6	86.8	365.8	476.2	476.2	1 181.6	1 640.0	2 557.8	5 379.4	5 225.0
IV	0.2	0	0	x	x	x	18.8	85.3	378.8	482.9	482.9	1 166.4	1 638.6	2 480.1	5 285.1	5 137.4
V	0.0	0	0	x	x	x	11.6	58.7	375.8	446.1	446.1	1 217.0	1 590.0	2 479.6	5 286.6	5 148.8
VI	0.0	0	0	x	x	x	13.5	58.1	424.2	495.7	495.7	1 194.9	1 584.4	2 497.7	5 277.0	5 159.3
VII	0.0	0	0	x	x	x	21.8	48.2	430.4	500.4	500.4	1 185.7	1 582.9	2 173.3	4 941.8	4 835.2
VIII	0.0	0	0	x	x	x	26.2	48.0	427.5	501.7	501.7	1 245.9	1 604.3	2 154.3	5 004.5	4 889.3
IX	0.0	0	0	x	x	x	16.2	57.7	425.2	499.1	499.1	1 262.9	1 628.3	2 156.1	5 047.3	4 935.6
	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	
2017																
VII	0.0			0.0			420.1			248.6		452.6			1 121.3	
VIII	0.0			0.0			427.1			247.5		456.2			1 130.8	
IX	0.0			0.0			431.7			226.1		466.0			1 123.8	
X	0.0			0.0			581.7			221.1		466.2			1 269.0	
XI	0.0			0.0			575.0			222.4		471.6			1 269.0	
XII	0.0			0.0			577.6			223.5		454.8			1 256.0	
2018																
I	0.0			0.0			572.6			218.5		501.0			1 292.1	
II	2.0			2.0			567.3			218.4		503.9			1 289.6	
III	1.2			1.2			570.1			222.7		504.7			1 297.5	
IV	0.0			0.0			570.6			241.8		501.3			1 313.6	
V	0.0			0.0			587.7			248.8		503.0			1 339.5	
VI	0.0			0.0			920.5			260.3		172.7			1 353.4	
VII	0.0			0.0			926.3			282.7		119.8			1 328.8	
VIII	0.0			0.0			932.3			286.1		117.2			1 335.6	
IX	0.0			0.0			942.1			276.6		107.2			1 325.9	

16.b LOANS TO HOUSEHOLDS

(at end of period; millions of euro)

	Households												In euro	
	Consumer credit			Lending for house purchase			Other lending			In euro				
	Up to 1 year	1–5 years	Over 5 years	Up to 1 year	1–5 years	Over 5 years	Up to 1 year	1–5 years	Over 5 years					
2017														
VII	500.2	129.0	221.8	149.4	4 366.9	82.6	66.4	4 217.9	396.1	31.3	42.3	322.5	5 263.3	5 141.3
VIII	505.8	131.5	223.6	150.8	4 367.4	80.5	67.2	4 219.8	394.7	31.4	42.1	321.2	5 268.0	5 149.1
IX	509.0	130.9	226.1	152.0	4 365.3	77.2	64.2	4 223.9	419.5	33.4	55.4	330.6	5 293.8	5 175.2
X	511.1	141.4	224.2	145.5	4 367.1	97.0	61.3	4 208.9	415.5	42.9	52.0	320.5	5 293.7	5 176.1
XI	509.4	140.9	223.0	145.5	4 370.0	93.7	60.9	4 215.4	407.7	39.1	51.1	317.4	5 287.1	5 171.7
XII	490.5	124.5	220.5	145.6	4 362.8	88.8	58.9	4 215.0	400.7	38.6	52.0	310.1	5 254.0	5 143.1
2018														
I	493.7	127.9	219.0	146.8	4 352.6	87.0	57.0	4 208.6	396.6	37.8	51.6	307.2	5 242.9	5 135.2
II	491.7	126.7	217.9	147.1	4 348.9	85.4	55.8	4 207.7	393.0	36.2	51.8	305.0	5 233.6	5 125.8
III	492.8	126.3	218.4	148.1	4 342.6	83.3	54.4	4 205.0	389.4	35.1	51.1	303.2	5 224.8	5 121.2
IV	494.1	124.8	219.8	149.5	4 342.2	73.9	52.6	4 215.8	388.7	35.8	50.7	302.2	5 225.0	5 122.5
V	503.0	127.7	223.1	152.2	4 352.2	75.1	51.2	4 226.0	387.0	33.1	51.7	302.3	5 242.3	5 135.5
VI	504.1	125.3	224.9	153.9	4 355.3	72.2	49.7	4 233.4	386.3	33.0	52.2	301.2	5 245.8	5 140.0
VII	505.3	122.8	227.3	155.3	4 076.8	66.0	47.5	3 963.4	377.1	31.7	51.4	294.0	4 959.3	4 858.2
VIII	512.2	124.3	229.9	158.0	4 084.7	65.8	45.6	3 973.3	376.0	32.8	49.5	293.7	4 972.9	4 871.8
IX	515.1	124.7	231.1	159.3	4 087.0	63.9	44.9	3 978.3	366.0	32.9	47.9	285.2	4 968.1	4 867.9

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	MFIs	Non-MFIs		In euro			
					General government	Other				
2017										
VII	124.0	27.4	151.5	121.8	3 634.4	2 015.5	0	2 015.5	5 649.9	2 550.5
VIII	124.5	27.6	152.1	122.5	3 511.5	2 112.4	0	2 112.3	5 623.8	2 499.0
IX	46.6	26.8	73.5	73.5	2 978.5	2 132.7	0	2 132.7	5 111.2	2 369.3
X	50.2	26.1	76.3	76.3	2 793.7	2 073.3	0	2 073.3	4 867.1	2 370.2
XI	42.0	25.9	67.9	67.9	2 739.7	1 964.4	0	1 964.4	4 704.1	2 196.6
XII	39.7	25.9	65.6	65.6	2 222.0	1 885.9	0	1 885.9	4 107.9	1 606.1
2018										
I	39.3	26.1	65.5	65.5	2 640.6	1 832.6	0	1 832.6	4 473.2	2 143.1
II	39.1	25.9	65.0	65.0	2 451.7	1 827.0	0	1 827.0	4 278.7	2 165.9
III	38.8	25.9	64.8	64.8	2 088.7	1 723.6	0	1 723.6	3 812.3	2 100.9
IV	38.5	21.5	60.0	60.0	1 628.5	1 664.5	0	1 664.5	3 293.0	1 947.4
V	64.5	19.7	84.2	84.2	1 736.2	1 608.8	0	1 608.8	3 345.1	2 098.1
VI	64.6	19.4	84.0	84.0	1 527.7	1 642.7	0	1 642.7	3 170.5	1 849.5
VII	64.2	18.8	83.0	83.0	1 361.1	1 537.4	0	1 537.4	2 898.5	1 868.8
VIII	63.6	19.2	82.7	82.7	1 279.5	1 549.3	0	1 549.3	2 828.8	1 819.7
IX	63.9	18.1	82.0	82.0	1 394.8	1 501.5	0	1 501.5	2 896.4	1 921.9

17.a

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

(at end of Q2 2018, millions of euro; structure, %)

	With residual maturity of up to 1 year				With residual maturity of over 1 and up to 5 years				With residual maturity of over 5 years				Total loans			
	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%
Total	1 843.4	100.0	1 768.7	100.0	4 606.9	100.0	4 560.0	100.0	705.9	100.0	699.2	100.0	7 156.1	100.0	7 027.9	100.0
A Agriculture, forestry and fishing	132.6	7.2	113.9	6.4	387.3	8.4	387.1	8.5	56.4	8.0	56.4	8.1	576.3	8.1	557.4	7.9
B Mining and quarrying	4.0	0.2	4.0	0.2	9.9	0.2	9.9	0.2	1.2	0.2	1.2	0.2	15.1	0.2	15.1	0.2
C Manufacturing	263.6	14.3	260.0	14.7	392.9	8.5	379.0	8.3	62.7	8.9	56.5	8.1	719.2	10.0	695.5	9.9
D Electricity, gas, steam and air conditioning supply	27.5	1.5	27.5	1.6	345.7	7.5	345.7	7.6	63.7	9.0	63.7	9.1	436.9	6.1	436.9	6.2
E Water supply; sewerage, waste management and remediation activities	15.7	0.9	15.7	0.9	46.5	1.0	46.5	1.0	9.4	1.3	9.4	1.3	71.6	1.0	71.6	1.0
F Construction	53.1	2.9	53.1	3.0	58.5	1.3	58.5	1.3	22.9	3.2	22.9	3.3	134.6	1.9	134.5	1.9
G Wholesale and retail trade; repair of motor vehicles and motorcycles	421.6	22.9	386.9	21.9	252.4	5.5	249.3	5.5	19.9	2.8	19.9	2.8	693.9	9.7	656.1	9.3
H Transportation and storage	84.3	4.6	77.5	4.4	238.7	5.2	236.2	5.2	240.0	34.0	240.0	34.3	562.9	7.9	553.7	7.9
I Accommodation and food service activities	38.7	2.1	38.7	2.2	117.9	2.6	117.9	2.6	22.5	3.2	22.5	3.2	179.1	2.5	179.1	2.6
J Information and communication	48.1	2.6	48.0	2.7	100.7	2.2	100.3	2.2	0.5	0.1	0.5	0.1	149.3	2.1	148.8	2.1
K Financial and insurance activities	198.2	10.7	191.6	10.8	785.2	17.0	783.8	17.2	1.6	0.2	1.1	0.2	984.9	13.8	976.5	13.9
L Real estate activities	511.4	27.7	507.4	28.7	1 344.6	29.2	1 322.8	29.0	162.7	23.1	162.7	23.3	2 018.8	28.2	1 992.9	28.4
M Professional, scientific and technical activities	4.2	0.2	4.2	0.2	10.0	0.2	10.0	0.2	3.5	0.5	3.5	0.5	17.7	0.2	17.7	0.3
N Administrative and support service activities	5.4	0.3	5.4	0.3	381.4	8.3	377.8	8.3	4.6	0.6	4.6	0.6	391.3	5.5	387.8	5.5
O Public administration and defence; compulsory social security	0	0	0	0	7.8	0.2	7.8	0.2	0	0	0	0	7.9	0.1	7.8	0.1
P Education	12.8	0.7	12.8	0.7	20.1	0.4	20.1	0.4	1.1	0.2	1.1	0.2	34.0	0.5	34.0	0.5
Q Human health and social work activities	3.2	0.2	3.2	0.2	31.3	0.7	31.3	0.7	2.0	0.3	2.0	0.3	36.5	0.5	36.5	0.5
R Arts, entertainment and recreation	2.7	0.1	2.7	0.2	25.6	0.5	25.6	0.5	2.9	0.4	2.9	0.4	31.2	0.4	31.2	0.5
S Other service activities	16.3	0.9	16.1	0.9	50.4	1.1	50.4	1.1	28.3	4.0	28.3	4.0	94.9	1.3	94.8	1.3

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

(at end of Q3 2018, millions of euro; structure, %)

	With residual maturity of up to 1 year				With residual maturity of over 1 and up to 5 years				With residual maturity of over 5 years				Total loans			
	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%
Total	2 248.6	100.0	2 159.6	100.0	4 001.0	100.0	3 974.9	100.0	652.1	100.0	645.2	100.0	6 901.7	100.0	6 779.7	100.0
A Agriculture, forestry and fishing	112.0	5.0	93.7	4.3	417.0	10.4	416.7	10.5	45.3	6.9	45.3	7.0	574.3	8.3	555.7	8.2
B Mining and quarrying	3.9	0.2	3.9	0.2	10.1	0.3	10.1	0.3	1.3	0.2	1.3	0.2	15.3	0.2	15.3	0.2
C Manufacturing	282.9	12.6	279.2	12.9	366.5	9.2	352.8	8.9	53.9	8.3	47.6	7.4	703.2	10.2	679.6	10.0
D Electricity, gas, steam and air conditioning supply	61.0	2.7	61.0	2.8	336.5	8.4	336.4	8.5	60.2	9.2	60.2	9.3	457.6	6.6	457.6	6.7
E Water supply; sewerage, waste management and remediation activities	14.8	0.7	14.8	0.7	44.4	1.1	44.4	1.1	9.5	1.4	9.4	1.5	68.7	1.0	68.6	1.0
F Construction	49.5	2.2	49.5	2.3	55.1	1.4	55.1	1.4	28.5	4.4	28.5	4.4	133.1	1.9	133.1	2.0
G Wholesale and retail trade; repair of motor vehicles and motorcycles	501.4	22.3	449.3	20.8	240.0	6.0	239.3	6.0	22.0	3.4	22.0	3.4	763.4	11.1	710.6	10.5
H Transportation and storage	47.1	2.1	39.9	1.9	245.2	6.1	243.9	6.1	208.3	31.9	208.3	32.3	500.6	7.3	492.1	7.3
I Accommodation and food service activities	26.4	1.2	26.4	1.2	74.7	1.9	74.7	1.9	14.0	2.2	14.0	2.2	115.1	1.7	115.1	1.7
J Information and communication	36.2	1.6	35.8	1.7	89.7	2.2	89.7	2.3	0.4	0.1	0.4	0.1	126.3	1.8	125.9	1.8
K Financial and insurance activities	526.1	23.4	519.7	24.1	479.5	12.0	477.3	12.0	4.1	0.6	3.6	0.5	1 009.7	14.6	1 000.6	14.8
L Real estate activities	539.5	24.0	538.8	25.0	1 134.3	28.4	1 128.9	28.4	162.6	24.9	162.6	25.2	1 836.4	26.6	1 830.3	27.0
M Professional, scientific and technical activities	5.1	0.2	5.1	0.2	9.7	0.2	9.7	0.2	3.2	0.5	3.2	0.5	18.0	0.3	18.0	0.3
N Administrative and support service activities	5.6	0.2	5.6	0.3	392.9	9.8	390.5	9.8	5.1	0.8	5.1	0.8	403.7	5.8	401.2	5.9
O Public administration and defence; compulsory social security	0.0	0.0	0.0	0.0	7.4	0.2	7.4	0.2	0.0	0.0	0.0	0.0	7.5	0.1	7.4	0.1
P Education	17.6	0.8	17.6	0.8	15.6	0.4	15.6	0.4	1.1	0.2	1.1	0.2	34.3	0.5	34.3	0.5
Q Human health and social work activities	5.0	0.2	5.1	0.2	25.4	0.6	25.4	0.6	1.9	0.3	1.9	0.3	32.4	0.5	32.4	0.5
R Arts, entertainment and recreation	2.9	0.1	2.9	0.1	13.1	0.3	13.1	0.3	2.9	0.4	2.9	0.4	18.9	0.3	18.9	0.3
S Other service activities	11.6	0.5	11.3	0.5	43.9	1.1	43.9	1.1	27.8	4.3	27.8	4.3	83.2	1.2	83.0	1.2

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

(at end of period; millions of euro)

	2016	2017				
		XII	III	VI	IX	XII
Commercial credit		2 623.3	2 680.8	2 697.8	2 653.7	2 752.2
Industrial credit		1 311.5	1 293.5	1 296.9	1 130.6	1 129.3
Reverse repo		0.3	0.5	0.4	0.3	0.4
Financial leasing		64.0	67.9	71.6	74.3	77.0
Consumer credit		320.1	333.8	346.6	360.1	345.0
Mortgage loans		6 666.3	6 599.8	6 571.4	6 365.2	6 388.2
Factoring		1.3	1.2	1.0	0.9	0.9
Other credit		1 726.2	1 770.6	1 760.3	1 655.1	1 725.0
Total loans		12 713.0	12 748.0	12 746.1	12 240.3	12 417.9

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		
2017										
VII	7.4	7.4	819.7	819.7	22.1	22.1	3 288.7	3 147.3	4 137.9	1 307.6
VIII	7.4	7.4	820.5	820.5	22.0	22.0	3 212.8	3 071.8	4 062.7	1 292.1
IX	7.4	7.4	821.3	821.3	22.2	22.2	3 129.1	2 988.1	3 980.0	1 290.9
X	7.0	7.0	842.7	842.7	22.2	22.2	3 211.2	3 072.2	4 083.2	1 307.6
XI	6.9	6.9	875.1	875.1	22.0	22.0	3 286.3	3 152.3	4 190.4	1 343.6
XII	7.3	7.3	894.3	894.3	11.7	11.7	3 253.8	3 140.1	4 167.0	1 357.4
2018										
I	7.3	7.3	714.4	714.4	11.4	11.4	3 224.5	3 108.9	3 957.6	1 256.7
II	7.1	7.1	721.7	721.7	10.2	10.2	2 689.6	2 569.4	3 428.5	1 342.3
III	7.1	7.1	664.4	664.4	11.6	11.6	1 556.0	1 435.5	2 239.1	1 220.6
IV	7.1	7.1	644.4	644.4	9.5	9.5	1 250.0	1 107.4	1 910.9	1 158.8
V	7.1	7.1	645.4	645.4	9.6	9.6	1 178.0	1 073.1	1 840.1	1 146.8
VI	7.1	7.1	667.1	667.1	9.6	9.6	1 089.1	1 047.0	1 772.8	1 061.2
VII	0.0	0.0	564.6	564.6	6.1	6.1	939.7	896.8	1 510.4	918.7
VIII	0.0	0.0	546.4	546.4	6.0	6.0	937.6	887.7	1 490.0	899.3
IX	0.0	0.0	562.0	562.0	8.8	8.8	941.7	927.1	1 512.6	959.0

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		
2017					
VII	0	637.6	204.5	842.1	776.5
VIII	0	640.7	201.4	842.1	775.5
IX	0	644.0	202.6	846.5	779.8
X	0	679.8	204.5	884.3	815.9
XI	0	674.3	199.6	873.9	807.2
XII	0	665.1	198.2	863.3	800.6
2018					
I	0	620.9	193.3	814.3	751.8
II	0	618.7	157.6	776.3	713.3
III	0	615.0	154.5	769.4	714.8
IV	0	631.3	155.3	786.6	734.2
V	0	638.9	152.8	791.7	738.0
VI	0	626.7	154.5	781.2	726.7
VII	0	441.6	126.6	568.2	525.6
VIII	0	439.4	131.3	570.7	526.7
IX	0	440.5	134.0	574.5	529.4

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		
2017														
VII	319.2	82.8	17.2	15.0	0.0	0.2	0.4	11 913.6	88.8	11.2	9.2	0.0	0.1	0.8
VIII	328.0	78.8	21.2	18.4	0.0	0.1	0.6	12 063.4	88.7	11.3	9.3	0.0	0.1	0.8
IX	310.1	83.3	16.7	13.2	0.0	0.1	1.0	11 933.9	89.0	11.0	9.1	0.0	0.1	0.7
X	321.0	81.0	19.0	15.1	0.0	0.1	0.8	12 173.7	88.9	11.1	9.2	0.0	0.1	0.7
XI	312.0	82.5	17.5	12.4	0.0	0.1	1.7	12 187.8	89.3	10.7	8.8	0.1	0.1	0.7
XII	313.6	84.6	15.4	11.8	0.0	0.1	1.5	12 232.3	89.6	10.4	8.6	0.0	0.1	0.7
2018														
I	319.8	83.0	17.0	11.8	0.0	0.1	1.5	12 449.1	89.5	10.5	8.5	0.0	0.1	0.6
II	556.3	91.7	8.3	5.7	0.0	0.0	0.4	12 508.0	90.0	10.0	8.1	0.0	0.1	0.6
III	279.7	93.0	7.0	3.8	0.0	0.0	0.8	12 235.2	90.6	9.4	7.6	0.0	0.1	0.7
IV	273.3	94.5	5.5	2.4	0.0	0.0	0.8	12 436.5	90.8	9.2	7.4	0.0	0.1	0.6
V	271.6	95.0	5.0	2.8	0.0	0.0	0.0	12 479.0	90.9	9.1	7.3	0.0	0.1	0.6
VI	87.0	86.1	13.9	7.0	0.0	0.0	0.0	12 495.6	90.8	9.2	7.4	0.0	0.1	0.6
VII	76.4	89.4	10.6	3.0	0.0	0.0	0.0	12 269.4	90.8	9.2	7.4	0.0	0.1	0.7
VIII	75.0	89.1	10.9	3.5	0.0	0.0	0.0	12 424.6	90.9	9.1	7.3	0.0	0.1	0.7
IX	59.6	85.1	14.9	5.0	0.0	0.0	0.0	12 308.5	91.3	8.7	6.9	0.0	0.1	0.6

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		
2017														
VII	3 303.5	89.4	10.6	4.7	0.0	1.8	0.7	7 864.4	37.3	62.7	58.2	0.1	0.3	1.8
VIII	3 168.1	89.0	11.0	4.5	0.0	2.0	0.9	7 991.5	37.7	62.3	57.7	0.1	0.3	1.8
IX	2 353.5	93.7	6.3	3.1	0.0	1.8	0.2	7 669.3	39.0	61.0	56.2	0.1	0.3	1.8
X	3 006.8	95.5	4.5	3.5	0.0	0.1	0.2	7 766.4	39.0	61.0	56.3	0.1	0.3	2.0
XI	2 778.9	94.8	5.2	4.1	0.1	0.0	0.1	7 756.2	39.4	60.6	55.7	0.1	0.2	1.8
XII	2 830.8	94.5	5.5	3.8	0.7	0.0	0.1	7 869.9	41.7	58.3	54.1	0.1	0.2	1.8
2018														
I	2 601.7	94.6	5.4	4.3	0.0	0.1	0.2	7 902.5	43.6	56.4	51.9	0.1	0.2	1.8
II	2 478.4	94.3	5.7	4.7	0.0	0.1	0.1	6 728.1	44.8	55.2	50.0	0.0	0.3	1.9
III	2 508.5	94.6	5.4	4.3	0.0	0.0	0.1	5 668.3	63.6	36.4	31.7	0.0	0.3	1.4
IV	2 215.2	95.4	4.6	3.3	0.0	0.1	0.1	5 271.2	72.1	27.9	23.5	0.0	0.3	1.3
V	2 090.0	95.4	4.6	3.2	0.0	0.1	0.1	4 996.2	73.7	26.3	22.2	0.0	0.3	1.1
VI	2 137.8	96.1	3.9	2.8	0.0	0.1	0.1	4 884.9	74.1	25.9	20.5	0.0	0.2	1.0
VII	2 189.2	96.4	3.6	2.7	0.0	0.1	0.1	3 138.6	63.6	36.4	29.5	0.0	0.4	1.6
VIII	2 264.8	96.6	3.4	2.6	0.0	0.1	0.1	3 078.1	63.8	36.2	29.1	0.0	0.4	1.6
IX	2 428.6	97.1	2.9	2.0	0.0	0.2	0.1	3 018.5	65.6	34.4	29.0	0.0	0.4	1.6

20.c CURRENCY BREAKDOWN OF LOANS TO RESIDENTS

(at end of period)

Non-MFIs								
	Outstanding amount (all currencies; millions of euro)	Structure (%)						
		In euro		In foreign currencies				
				incl. USD	incl. CHF	incl. GBP		
2017								
VII	12 936.4	96.9	3.1	2.0	0.5			0.0
VIII	12 938.8	97.0	3.0	1.9	0.4			0.0
IX	12 316.8	97.5	2.5	1.9	0.5			0.1
X	12 485.2	97.5	2.5	1.9	0.4			0.1
XI	12 517.8	97.4	2.6	1.9	0.4			0.0
XII	12 458.4	97.7	2.3	1.7	0.4			0.0
2018								
I	12 445.4	97.6	2.4	1.8	0.4			0.0
II	12 442.8	97.4	2.6	2.0	0.4			0.1
III	12 443.8	97.7	2.3	1.7	0.4			0.1
IV	12 366.7	97.8	2.2	1.6	0.4			0.0
V	12 398.7	97.9	2.1	1.5	0.4			0.1
VI	12 456.0	98.1	1.9	1.3	0.4			0.1
VII	11 813.3	98.1	1.9	1.3	0.4			0.1
VIII	11 897.5	98.1	1.9	1.4	0.4			0.0
IX	11 922.3	98.1	1.9	1.3	0.4			0.1

20.d CURRENCY BREAKDOWN OF LOANS TO NON-RESIDENTS

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro		In foreign currencies					In euro		In foreign currencies			
			incl. USD	incl. JPY	incl. CHF	incl. GBP				incl. USD	incl. CHF	incl. GBP		
2017														
VII	3 634.4	45.2	54.8	39.8	1.4	1.4	5.1	2 015.5	45.1	54.9	53.0	0.1	1.5	
VIII	3 511.5	42.8	57.2	42.7	1.2	1.3	4.7	2 112.4	47.1	52.9	51.1	0.1	1.4	
IX	2 978.5	46.5	53.5	38.5	1.8	0.7	4.6	2 132.7	46.2	53.8	52.1	0.1	1.3	
X	2 793.7	49.6	50.4	36.5	1.2	0.7	4.3	2 073.3	47.5	52.5	50.7	0.1	1.4	
XI	2 739.7	44.5	55.5	40.1	0.6	0.7	4.0	1 964.4	49.7	50.3	48.3	0.1	1.7	
XII	2 222.0	29.7	70.3	48.9	1.6	5.5	4.7	1 885.9	50.2	49.8	47.8	0.2	1.6	
2018														
I	2 640.6	47.0	53.0	37.2	1.3	1.3	4.2	1 832.6	49.2	50.8	48.8	0.2	1.5	
II	2 451.7	51.0	49.0	33.0	1.3	1.3	4.1	1 827.0	50.1	49.9	47.9	0.2	1.6	
III	2 088.7	51.6	48.4	28.2	1.5	4.8	3.1	1 723.6	59.4	40.6	38.4	0.2	1.8	
IV	1 628.5	54.9	45.1	27.4	0.3	1.0	3.6	1 664.5	63.2	36.8	34.7	0.2	1.6	
V	1 736.2	60.8	39.2	23.7	0.2	1.0	3.7	1 608.8	64.8	35.2	33.3	0.2	1.6	
VI	1 527.7	48.2	51.8	28.8	3.9	1.0	4.3	1 642.7	67.8	32.2	30.4	0.2	1.4	
VII	1 361.1	57.3	42.7	24.3	2.2	1.2	4.8	1 537.4	70.8	29.2	24.2	0.2	1.5	
VIII	1 279.5	57.3	42.7	22.9	1.4	1.4	4.3	1 549.3	70.1	29.9	25.1	0.3	1.4	
IX	1 394.8	58.5	41.5	20.0	3.8	1.1	4.4	1 501.5	73.6	26.4	24.9	0.3	1.1	

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	USD	
2017						
VII	7.4		841.8	89.8		10.2
VIII	7.4		842.5	89.8		10.2
IX	7.4		843.4	89.6		10.4
X	7.0		865.0	87.8		12.2
XI	6.9		897.1	85.5		14.5
XII	7.3		905.9	85.1		14.9
2018						
I	7.3		725.8	82.1		17.9
II	7.1		731.9	83.6		16.4
III	7.1		676.0	81.3		18.7
IV	7.1		653.9	82.2		17.3
V	7.1		655.0	81.6		18.1
VI	7.1		676.7	82.1		17.6
VII	0.0		570.7	78.8		20.8
VIII	0.0		552.4	78.0		21.6
IX	0.0		570.8	78.5		21.1

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		
2017														
VII	983.5	16.8	83.2	80.4	0.0	0.0	1.6	2 305.2	16.4	83.6	82.3	0.0	0.2	0.8
VIII	961.3	16.5	83.5	81.1	0.0	0.1	1.6	2 251.5	16.4	83.6	82.3	0.0	0.2	0.8
IX	820.4	19.6	80.4	77.5	0.0	0.1	2.0	2 308.7	15.9	84.1	82.7	0.0	0.2	0.8
X	840.6	19.0	81.0	78.0	0.0	0.1	1.9	2 370.6	16.1	83.9	82.5	0.0	0.2	0.8
XI	814.2	19.6	80.4	78.4	0.0	0.1	1.8	2 472.1	16.6	83.4	82.1	0.0	0.2	0.7
XII	794.0	20.6	79.4	76.7	0.0	0.1	1.5	2 459.8	16.9	83.1	81.6	0.0	0.2	0.7
2018														
I	777.8	21.2	78.8	75.9	0.0	0.1	1.6	2 446.7	20.0	80.0	78.6	0.0	0.2	0.7
II	574.9	29.2	70.8	67.0	0.0	0.1	2.1	2 114.7	26.3	73.7	72.1	0.0	0.0	0.7
III	406.1	37.4	62.6	56.9	0.0	0.1	3.0	1 149.9	44.5	55.5	52.0	0.0	0.0	1.6
IV	280.9	51.7	48.3	44.5	0.0	0.2	0.0	969.0	48.4	51.6	48.1	0.0	0.0	1.9
V	269.8	53.8	46.2	42.5	0.0	0.0	0.0	908.2	50.6	49.4	46.9	0.0	0.0	0.8
VI	267.5	53.4	46.6	42.9	0.0	0.0	0.0	821.5	43.3	56.7	49.4	4.2	0.0	1.1
VII	247.3	55.3	44.7	40.2	0.0	0.0	0.0	692.5	48.0	52.0	44.4	5.0	0.0	1.0
VIII	236.2	57.0	43.0	39.4	0.0	0.0	0.0	701.4	47.6	52.4	44.9	5.0	0.0	1.0
IX	246.5	59.2	40.8	37.6	0.0	0.0	0.0	695.3	52.5	47.5	44.9	0.0	0.0	1.0

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
2017			
VII	668.8		34.9
VIII	662.4		35.5
IX	643.0		35.1
X	680.9		34.3
XI	691.2		36.4
XII	666.1		39.0
2018			
I	639.1		40.5
II	552.4		41.3
III	549.9		41.6
IV	555.8		41.1
V	562.6		40.0
VI	562.0		40.1
VII	134.4		78.0
VIII	134.6		77.9
IX	134.8		77.8

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)															
	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight ¹	0.02	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.01	0.01	0.01
With agreed maturity															
Up to 1 year	0.41	0.31	0.25	0.22	0.33	0.39	0.46	0.72	0.25	0.27	0.40	0.31	0.31	0.26	0.29
Over 1 and up to 2 years	1.11	1.05	1.14	1.19	1.22	1.08	1.28	1.17	0.95	1.09	0.96	1.12	1.16	1.20	1.30
Over 2 years	1.42	1.09	1.67	1.26	1.43	1.36	1.72	1.17	0.87	1.21	0.68	0.99	1.15	0.78	1.22
Redeemable at notice ²															
Up to 3 months	0.05	0.05	0.06	0.06	0.06	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Over 3 months	2.59	2.59	2.61	2.63	2.66	2.67	2.67	x	x	2.69	2.70	2.71	2.73	2.73	2.72
Deposits from non-financial corporations															
Overnight ¹	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
With agreed maturity															
Up to 1 year	0.00	0.04	0.19	0.54	0.38	0.15	0.01	0.57	0.00	0.03	0.01	0.02	0.00	0.03	0.00
Over 1 and up to 2 years	x	x	x	x	x	x	1.20	x	0.71	0.72	x	-	x	x	0.16
Over 2 years	x	x	0.00	x	x	3.33	2.88	x	0.03	x	0.93	0.70	0.94	x	0.10
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

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

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

(%)

2. Interest rates on deposits (outstanding amounts)															
	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Households															
Overnight ¹	0.02	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.01	0.01	0.01
With agreed maturity															
Up to 2 years	0.76	0.77	0.77	0.77	0.76	0.75	0.74	0.75	0.76	0.76	0.76	0.75	0.76	0.76	0.76
Over 2 years	2.30	2.29	2.30	2.30	2.29	2.23	2.23	2.23	2.17	2.15	2.14	2.11	2.08	2.07	2.07
Redeemable at notice ²															
Up to 3 months	0.05	0.05	0.06	0.06	0.06	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Over 3 months	2.59	2.59	2.61	2.63	2.66	2.67	2.67	x	x	2.69	2.70	2.71	2.73	2.73	2.72
Non-financial corporations															
Overnight ¹	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
With agreed maturity															
Up to 2 years	0.12	0.13	0.34	0.38	0.50	0.19	0.19	0.17	0.31	0.16	0.18	0.16	0.17	0.19	0.22
Over 2 years	0.76	0.75	0.51	0.52	0.52	0.57	0.55	0.50	0.50	0.51	0.53	0.56	0.63	0.63	0.63
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

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

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

(%)

3. Interest rates on loans to households (new business)															
	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft ¹	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft ¹	18.11	17.72	17.07	16.61	16.43	16.27	16.58	16.28	16.27	15.70	16.29	15.97	16.05	15.88	15.79
Extended credit card credit ¹	22.54	22.51	22.45	22.44	22.38	22.34	22.32	22.25	22.25	22.18	22.05	21.97	21.89	21.79	21.71
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	2.31	2.42	2.34	2.40	2.41	2.36	2.37	2.32	2.38	2.36	2.34	2.32	2.29	2.35	2.32
of wich with collateral or guarantees	2.39	2.50	2.40	2.44	2.48	2.42	2.49	2.37	2.43	2.40	2.36	2.38	2.31	2.41	2.37
Over 1 and up to 5 years	5.67	5.79	5.79	5.42	6.00	6.10	6.88	7.66	7.08	8.46	8.79	9.18	10.96	10.66	8.61
of wich with collateral or guarantees	3.53	3.36	3.33	3.27	3.42	3.83	3.13	4.10	2.88	3.92	3.95	4.37	5.42	4.65	2.77
Over 5 and up to 10 years	10.62	11.43	10.69	11.31	11.03	11.14	10.43	10.70	11.86	11.51	11.76	11.11	11.28	10.82	x
of wich with collateral or guarantees	7.87	10.09	8.30	9.15	8.26	8.48	8.25	x	10.51	9.21	10.02	9.68	8.01	8.77	x
Over 10 years	4.70	4.87	5.56	5.86	5.92	4.97	4.47	4.40	4.99	5.37	4.93	x	x	5.49	x
of wich with collateral or guarantees	4.79	x	5.62	x	x	x	5.28	5.58	5.66	x	x	x	x	x	x
Annual percentage rate of charge ²	2.88	2.89	2.80	2.84	2.83	2.72	2.73	2.80	2.86	2.84	2.87	2.85	2.85	2.86	2.83
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	17.72	16.85	17.28	17.11	17.62	17.76	16.75	17.46	17.88	17.87	17.58	17.49	16.52	16.74	17.79
of wich with collateral or guarantees	9.21	7.68	9.90	7.43	9.29	7.70	4.53	6.08	11.01	8.98	10.20	10.34	4.96	6.86	8.42
Over 1 year	15.68	15.59	15.81	15.75	16.01	15.92	15.50	16.05	15.00	14.62	14.33	13.90	13.56	13.42	13.35
of wich with collateral or guarantees	17.71	17.48	17.79	18.73	17.96	18.82	19.40	19.70	16.48	14.74	15.84	16.18	17.19	13.75	13.52
Annual percentage rate of charge ²	21.60	20.91	21.37	22.36	21.92	21.94	20.87	21.38	21.00	20.53	20.10	19.86	19.14	19.42	19.67
Other lending by initial rate fixation															
Floating rate and up to 1 year	3.92	4.14	4.18	3.55	2.98	3.32	4.02	4.27	3.91	3.70	3.97	3.42	3.90	3.96	3.69
Over 1 year	7.98	9.82	7.85	6.85	6.31	5.70	9.29	9.86	8.21	9.11	3.96	6.91	10.92	11.10	9.16

¹ End-of-period.

² The annual percentage rate of charge 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)															
	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft ¹	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft ¹	2.77	2.64	2.62	2.64	2.64	2.61	2.61	2.58	2.57	2.60	2.54	2.54	2.56	2.49	2.49
Extended credit card credit ¹	18.32	18.21	17.97	17.69	17.19	17.74	17.98	18.05	17.88	17.89	17.85	18.04	18.13	18.20	18.22
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	3.56	3.73	3.47	3.39	4.27	3.84	3.44	3.44	3.93	3.71	3.91	3.72	3.47	3.84	3.68
of wich with collateral or guarantees	3.91	4.08	3.66	3.86	4.09	3.81	3.47	3.58	4.12	3.86	3.95	3.82	3.55	3.84	3.82
Over 1 year	6.11	8.50	6.76	4.60	7.20	3.41	5.49	5.71	6.11	9.52	7.10	2.52	9.54	7.66	6.45
of wich with collateral or guarantees	6.05	x	7.21	5.95	7.50	6.36	x	5.40	6.47	9.65	8.02	x	8.93	8.44	7.84
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	3.52	3.46	3.65	3.59	3.50	3.58	3.46	3.46	3.48	3.40	3.69	3.37	3.02	3.45	3.14
of wich with collateral or guarantees	3.78	3.80	4.13	3.81	3.67	3.82	3.60	3.56	3.77	3.53	4.00	3.42	3.05	3.48	3.55
Over 1 year	1.67	x	x	x	x	1.93	x	x	x	x	8.59	x	5.70	x	x
of wich with collateral or guarantees	x	x	x	x	x	3.50	x	x	x	–	x	x	x	x	x
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	2.36	2.69	2.63	2.23	2.92	2.39	2.75	3.19	2.82	1.91	2.78	2.42	2.55	2.59	2.98
of wich with collateral or guarantees	2.86	2.59	2.70	3.18	3.16	3.25	3.03	3.27	2.89	1.97	2.81	2.88	2.90	2.63	3.29
Over 1 year	x	x	1.55	x	x	2.02	x	x	–	x	–	x	2.19	x	x
of wich with collateral or guarantees	x	x	1.55	x	x	x	x	x	–	x	–	x	2.19	x	x

¹ End-of-period.

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

(%)

5. Interest rates on loans (outstanding amounts)																
	2017						2018									
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX	
Loans to households																
Lending for house purchase, with maturity																
Up to 1 year	3.76	3.37	3.44	2.89	2.96	3.08	2.87	2.81	2.76	2.69	2.68	2.69	2.59	2.62	2.59	
Over 1 and up to 5 years	6.32	6.46	6.60	6.74	6.74	6.77	6.85	6.92	7.00	7.13	7.28	7.46	7.67	7.90	7.97	
Over 5 years	2.17	2.17	2.17	2.17	2.17	2.19	2.16	2.16	2.16	2.16	2.16	2.17	2.19	2.19	2.19	
Consumer credit and other loans, with maturity¹																
Up to 1 year ²	20.10	20.16	19.86	19.59	19.97	19.20	19.45	19.46	19.51	19.40	19.58	19.45	19.27	19.09	18.89	
Over 1 and up to 5 years	15.30	15.26	14.59	14.69	14.70	14.64	14.65	14.61	14.57	14.51	14.37	14.26	14.21	14.18	14.18	
Over 5 years	6.95	6.99	6.93	6.89	6.89	6.93	6.94	6.93	6.90	6.89	6.88	6.86	6.92	6.92	7.00	
Loans to non-financial corporations																
With maturity¹																
Up to 1 year ²	2.94	2.98	2.96	2.80	2.87	2.84	2.88	2.84	2.82	2.85	2.87	2.92	2.93	2.84	2.85	
Over 1 and up to 5 years	2.69	2.68	2.76	2.76	2.77	2.73	2.72	2.69	2.70	2.72	3.00	2.77	2.73	2.71	2.68	
Over 5 years	2.28	2.29	2.41	2.45	2.41	2.45	2.41	2.39	2.36	2.36	2.35	2.32	2.28	2.27	2.27	

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

² Including bank overdraft.

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

(%)

1. Interest rates on deposits (new business)																
	2017						2018									
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX	
Deposits from households																
Overnight ¹	0.33	0.30	0.29	0.32	0.32	0.24	0.24	0.27	0.26	0.26	0.26	0.26	0.26	0.27	0.27	
With agreed maturity																
Up to 1 year	1.14	1.14	1.34	1.20	1.11	1.08	1.17	1.04	1.05	1.11	1.07	1.21	1.07	1.18	1.46	
Over 1 and up to 2 years	1.37	1.33	1.05	1.43	1.44	1.50	1.85	1.90	1.43	1.28	1.60	2.00	2.10	1.68	1.47	
Over 2 years	1.72	2.69	2.20	2.94	3.13	2.54	2.26	2.51	1.41	1.42	1.40	2.07	3.00	2.17	4.13	
Redeemable at notice²																
Up to 3 months	0.16	0.16	0.16	0.16	0.16	0.20	0.21	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	
Over 3 months	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Deposits from non-financial corporations																
Overnight ¹	0.23	0.32	0.23	0.29	0.24	0.16	0.15	0.20	0.20	0.34	0.26	0.38	0.27	0.29	0.23	
With agreed maturity																
Up to 1 year	1.10	1.07	1.08	1.04	1.03	0.97	1.04	1.22	1.15	1.11	1.16	1.13	1.19	1.05	0.92	
Over 1 and up to 2 years	–	–	x	x	–	x	x	x	x	–	–	x	x	x	–	
Over 2 years	–	–	x	–	–	x	–	–	–	–	x	x	–	x	–	
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	

¹ End-of-period.

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

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

(%)

2. Interest rates on deposits (outstanding amounts)															
	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight ¹	0.33	0.30	0.29	0.32	0.32	0.24	0.24	0.27	0.26	0.26	0.26	0.26	0.26	0.27	0.27
With agreed maturity															
Up to 2 years	1.20	1.23	1.23	1.23	1.24	1.24	1.31	1.30	1.32	1.32	1.35	1.44	1.45	1.48	1.46
Over 2 years	3.15	3.16	3.11	3.10	3.11	3.11	3.14	3.14	3.08	3.10	3.08	3.18	3.19	3.18	3.20
Redeemable at notice ²															
Up to 3 months	0.16	0.16	0.16	0.16	0.16	0.20	0.21	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Over 3 months	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Deposits from non-financial corporations															
Overnight ¹	0.23	0.32	0.23	0.29	0.24	0.16	0.15	0.20	0.20	0.34	0.26	0.38	0.27	0.29	0.23
With agreed maturity															
Up to 2 years	1.23	1.26	1.28	1.29	1.28	1.29	1.42	1.47	1.60	1.68	1.76	1.79	1.80	1.87	1.87
Over 2 years	3.90	3.90	4.01	4.01	4.01	4.01	4.01	4.01	4.01	4.01	4.01	4.36	4.36	4.16	4.16
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

¹ End-of-period.

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

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

(%)

3. Interest rates on loans to households (new business)															
	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving loans and overdraft ¹	12.51	13.35	17.56	11.74	11.12	15.49	18.40	7.90	10.20	9.12	10.32	10.67	14.67	15.11	15.30
Extended credit card credit ¹	25.31	26.79	25.80	25.28	30.22	27.02	29.05	29.77	28.18	27.94	26.61	27.03	26.61	26.57	24.10
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	3.97	x	2.47	2.92	3.48	3.24	x	4.57	x	x	5.66	-	4.84	5.60	x
of w/ich with collateral or guarantees	x	x	x	2.82	3.24	x	x	4.57	x	x	5.95	-	5.37	6.15	x
Over 1 and up to 5 years	x	-	x	x	x	x	-	-	-	-	-	-	-	-	-
of w/ich with collateral or guarantees	x	-	-	-	-	x	-	-	-	-	-	-	-	-	-
Over 5 and up to 10 years	x	x	-	-	-	x	x	x	-	-	-	-	-	-	-
of w/ich with collateral or guarantees	-	x	-	-	-	-	-	-	-	-	-	-	-	-	-
Over 10 years	x	x	-	-	-	-	-	-	x	x	x	x	x	x	x
of w/ich with collateral or guarantees	-	-	-	-	-	-	-	-	x	-	-	x	x	-	-
Annual percentage rate of charge ²	4.22	3.91	2.57	2.96	3.53	4.00	4.59	4.61	4.64	4.55	5.27	x	4.94	5.36	x
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	x	x	x	x	x	x	x	8.89	x	x	x	x	x	x	x
of w/ich with collateral or guarantees	x	x	-	x	x	x	x	-	x	-	x	-	-	x	x
Over 1 year	-	-	-	-	-	-	-	-	x	x	x	x	x	x	x
of w/ich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual percentage rate of charge ²	x	x	x	x	x	x	x	8.89	x	x	x	x	x	x	x
Other lending by initial rate fixation															
Floating rate and up to 1 year	4.10	x	x	x	x	-	x	x	-	x	x	x	x	-	x
Over 1 year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

² The annual percentage rate of charge 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)															
	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving loans and overdraft ¹	4.34	4.38	4.94	4.94	5.02	5.52	5.23	5.43	5.49	5.53	5.69	5.98	5.80	5.69	5.60
Extended credit card credit ¹	x	x	32.10	x	x	x	31.89	x	x	x	x	x	x	x	x
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	4.14	4.85	x	x	x	x	5.42	x	-	-	-	x	x	x	x
of wich with collateral or guarantees	x	4.85	x	x	x	x	5.42	x	-	-	-	x	x	x	x
Over 1 year	-	-	x	x	x	-	x	-	-	-	x	-	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	-	x	x	-	-	-	-	-	-	x	x	-	x	-
of wich with collateral or guarantees	-	-	-	x	-	-	-	-	-	-	x	x	-	-	-
Over 1 year	-	-	-	-	-	-	-	x	-	-	-	x	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	x	-	-	-	x	-	-	-
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	-	x	x	x	-	x	x	x	x	-	x	x	-	-	-
of wich with collateral or guarantees	-	x	x	x	-	x	x	x	x	-	x	x	-	-	-
Over 1 year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

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

(%)

5. Interest rates on loans (outstanding amounts)															
	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Loans to households															
Lending for house purchase, with maturity															
Up to 1 year	2.83	2.89	2.77	4.45	1.42	1.43	1.44	1.48	2.43	2.57	2.23	2.15	2.35	2.47	3.27
Over 1 and up to 5 years	4.82	4.85	4.99	5.05	5.16	4.91	5.07	5.10	5.11	5.36	5.36	5.38	5.44	5.39	5.41
Over 5 years	3.40	3.41	3.42	3.54	3.57	3.47	3.76	3.86	3.98	4.14	4.24	4.31	4.32	4.33	4.34
Consumer credit and other loans, with maturity¹															
Up to 1 year ²	12.11	13.46	13.60	13.38	13.13	13.56	13.85	12.38	13.60	13.40	14.59	14.40	15.08	15.12	14.31
Over 1 and up to 5 years	5.79	5.81	6.14	6.13	6.13	5.74	5.75	5.79	6.22	6.57	6.55	7.01	7.02	7.02	7.32
Over 5 years	4.26	4.36	4.30	4.48	4.50	4.57	4.65	4.74	5.03	5.10	5.28	5.46	5.47	5.48	5.51
Loans to non-financial corporations															
With maturity¹															
Up to 1 year ²	4.43	4.72	5.29	5.67	5.33	5.90	5.28	6.17	6.40	5.52	5.67	7.02	6.69	6.46	6.40
Over 1 and up to 5 years	5.56	5.56	5.57	5.58	5.61	6.04	6.89	7.01	6.87	6.91	6.23	6.25	5.35	5.37	5.42
Over 5 years	7.47	7.43	7.51	7.48	7.31	6.87	6.78	6.71	6.71	7.45	7.47	7.54	6.19	6.19	6.18

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

² Including bank overdraft.

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

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

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
In euro															
Loans up to an amount of 0.25 million euro	3.53	3.72	3.62	3.89	4.50	3.95	3.66	3.51	3.98	3.79	3.90	3.85	3.36	3.87	3.72
of which with collateral or guarantees	3.93	4.10	3.90	4.11	4.20	3.88	3.74	3.69	4.22	4.10	3.93	4.08	3.42	3.83	3.94
Loans over an amount of 0.25 million euro and up to 1 million euro	3.37	3.49	3.60	3.40	3.53	3.59	3.56	3.54	3.57	3.40	3.64	3.84	2.97	3.53	3.23
of which with collateral or guarantees	3.63	3.77	4.02	3.50	3.67	3.81	3.74	3.69	3.91	3.56	3.96	4.04	2.98	3.62	3.72
Loans over 1 million euro	2.39	2.63	2.67	2.33	2.94	2.44	2.75	3.16	2.69	1.84	2.66	2.52	2.43	2.58	3.00
of which with collateral or guarantees	2.88	2.56	2.70	3.31	3.10	3.35	3.07	3.24	2.73	1.87	2.65	3.21	2.79	2.62	3.11
In US dollars															
Loans up to an amount of 0.25 million euro	x	-	-	-	-	-	x	x	-	-	-	x	-	-	-
of which with collateral or guarantees	x	-	-	-	-	-	x	x	-	-	-	x	-	-	-
Loans over an amount of 0.25 million euro and up to 1 million euro	-	-	-	-	-	-	-	-	-	-	x	x	-	-	-
of which with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	x	x	-	-	-
Loans over 1 million euro	-	x	-	-	-	x	x	x	x	-	x	x	-	-	-
of which with collateral or guarantees	-	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			
2017												
VII	18.8	1.6	1.2	–	21.6	230.1	64.0	0.7	–	294.8	316.4	
VIII	10.6	1.1	1.1	0.3	13.1	258.2	61.3	–	–	319.5	332.6	
IX	1.3	–	–	–	1.3	157.3	76.9	0.4	–	234.6	235.9	
X	14.3	1.5	0.3	–	16.1	118.9	75.5	0.8	–	195.2	211.3	
XI	9.4	0.2	–	–	9.6	182.5	59.9	2.2	–	244.6	254.2	
XII	0.8	0.8	1.5	–	3.1	187.5	61.3	1.7	–	250.5	253.6	
2018												
I	25.7	0.6	2.1	–	28.4	216.7	60.7	0.7	–	278.1	306.5	
II	12.6	0.8	0.0	–	13.4	168.2	50.8	2.9	–	221.9	235.3	
III	3.0	–	–	0.4	3.4	37.3	20.8	0.4	–	58.5	61.9	
IV	–	0.4	0.9	0.4	1.7	28.0	23.5	–	–	51.5	53.2	
V	11.9	0.9	–	–	12.8	32.2	28.1	–	–	60.3	73.1	
VI	19.4	1.4	0.4	–	21.2	30.9	24.3	–	–	55.2	76.4	
VII	12.1	1.1	0.5	–	13.7	30.8	24.2	–	–	55.0	68.7	
VIII	0.6	0.8	–	–	1.4	36.3	27.0	–	–	63.3	64.7	
IX	–	0.4	–	0.4	0.8	29.3	23.5	–	–	52.8	53.6	
	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			
2017												
VII	14 459.4		1 460.8		20.6		7.6		15 948.4		16 264.8	
VIII	14 543.9		1 464.9		13.7		7.8		16 030.3		16 362.9	
IX	11 835.1		1 265.6		35.7		4.4		13 140.8		13 376.7	
X	12 911.1		493.6		20.1		0.2		13 425.0		13 636.3	
XI	13 333.6		647.4		14.4		6.5		14 001.9		14 256.1	
XII	12 099.8		533.1		63.5		0.1		12 696.5		12 950.1	
2018												
I	13 621.1		468.1		70.0		0.9		14 160.1		14 466.6	
II	11 675.5		444.0		1.6		9.0		12 130.1		12 365.4	
III	10 852.8		578.1		132.5		26.8		11 590.2		11 652.1	
IV	6 983.6		405.9		0.0		–		7 389.5		7 442.7	
V	5 078.4		426.5		–		–		5 504.9		5 578.0	
VI	5 278.1		391.6		5.6		21.6		5 696.9		5 773.3	
VII	4 402.8		442.6		40.0		–		4 885.4		4 954.1	
VIII	4 178.0		267.2		–		–		4 445.2		4 509.9	
IX	3 395.9		294.0		27.0		–		3 716.9		3 770.5	

23. INTEREST RATES IN THE DOMESTIC INTERBANK MARKET

(% per annum)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Weighted average interest rates on loans in euro															
Overnight	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-	-0.4	-0.4	-0.4	-0.4	-
Up to 1 month	-0.4	-0.4	-	1.7	-0.4	-0.4	-0.4	-0.4	-	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
1-3 months	-0.3	-0.4	-	0.0	-	-0.4	-0.4	-0.4	-	-0.3	-	-0.4	-0.3	-	-
Over 3 months	-	-0.4	-	-	-	-	-	-	-0.3	-0.4	-	-	-	-	-0.4
Weighted average interest rates on loans in foreign currencies															
Overnight	0.6	0.6	0.6	0.6	0.6	0.7	0.8	0.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Up to 1 month	2.3	2.5	2.6	3.3	2.8	3.1	2.7	3.0	3.1	4.6	4.9	4.6	4.6	4.9	4.7
1-3 months	1.0	-	1.0	1.0	0.5	1.3	1.0	0.7	1.0	-	-	-	-	-	-
Over 3 months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

(millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Type of transaction															
Spot exchange transactions	4 581.2	4 736.5	4 271.5	4 650.9	5 302.4	5 866.5	5 755.3	6 575.5	7 560.8	6 165.6	4 827.8	3 805.6	4 065.8	4 077.8	3 151.8
Forward exchange contracts	205.9	208.0	242.9	352.8	333.3	583.2	308.2	319.7	477.3	210.0	313.5	167.6	334.5	275.5	181.8
Currency swap arrangements	33 813.1	33 454.9	28 717.3	30 716.1	28 906.8	27 242.6	21 378.7	19 116.3	21 142.7	17 086.5	16 333.6	14 616.6	15 499.3	15 681.6	14 685.3
Counterparties															
Resident MFIs	1 623.6	1 247.2	1 075.3	1 160.7	1 117.6	1 263.0	1 154.6	1 249.5	1 682.7	1 570.6	1 479.9	1 347.0	1 476.9	1 509.6	1 227.9
Resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	185.1	204.8	123.0	282.1	262.5	461.5	328.8	268.1	230.8	174.7	303.5	160.4	271.2	256.0	259.2
Resident government, non-financial corporations and non-profit institutions serving households	261.9	328.8	294.4	394.7	342.3	399.4	321.1	375.2	338.4	380.5	405.6	332.7	300.8	353.3	364.3
Non-resident MFIs	29 435.8	30 517.7	24 752.5	27 553.0	27 303.2	25 199.0	20 373.3	19 308.7	20 999.9	16 281.6	14 564.6	13 527.0	13 518.2	13 919.8	12 424.6
Non-resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	3 888.6	2 651.1	3 218.0	2 491.5	2 075.5	2 405.0	2 477.0	1 981.7	2 277.5	2 798.9	3 173.9	1 877.6	2 925.2	2 556.5	2 403.8
Non-resident government, non-financial corporations and non-profit institutions serving households	2 756.5	2 794.0	3 129.9	3 180.2	2 976.0	3 546.4	2 486.4	2 539.6	3 101.4	1 828.1	1 153.3	1 004.9	975.0	911.0	834.2
Households	448.7	655.7	638.6	657.6	465.4	418.1	301.1	288.6	550.2	427.8	394.0	340.3	432.4	528.7	505.1
Currencies															
Total in all currencies	38 600.2	38 399.4	33 231.7	35 719.8	34 542.4	33 692.3	27 442.3	26 011.5	29 180.8	23 462.1	21 474.9	18 589.8	19 899.6	20 034.9	18 019.0
incl. USD for EUR	25 823.7	26 539.9	23 000.3	24 375.7	22 809.0	21 578.8	18 298.9	17 148.4	21 149.5	15 819.8	15 137.2	12 180.8	13 026.9	13 503.8	12 272.0
incl. GBP for EUR	794.1	1 565.6	1 838.2	1 831.2	1 909.7	1 720.9	1 911.7	925.1	857.1	867.4	791.2	717.1	841.4	1 163.2	1 266.6
incl. other currencies for EUR	2 936.9	2 578.4	1 999.8	2 911.8	2 903.7	2 708.8	2 440.6	2 913.8	2 865.4	2 776.2	2 005.7	2 034.3	1 754.8	1 697.5	1 491.0

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

25. NON-CASH FOREIGN EXCHANGE TRANSACTIONS¹

(millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
USD for EUR²															
Amount	25 816.6	26 531.9	22 994.0	24 367.5	22 802.6	21 572.2	18 295.0	17 144.0	21 145.1	15 814.2	15 127.3	12 173.0	13 018.2	13 492.9	12 267.0
% ⁴	66.7	68.6	68.7	67.9	65.8	64.0	66.7	65.7	72.3	67.4	70.4	65.5	65.4	67.1	68.0
GBP for EUR²															
Amount	790.2	1 561.4	1 832.9	1 825.3	1 904.2	1 715.2	1 906.2	919.7	852.1	863.9	786.3	712.0	836.5	1 156.3	1 262.7
% ⁴	2.0	4.0	5.5	5.1	5.5	5.1	6.9	3.5	2.9	3.7	3.7	3.8	4.2	5.8	7.0
Other currencies (except USD and GBP) for EUR²															
Amount	2 930.4	2 573.0	1 996.5	2 908.7	2 901.9	2 706.2	2 443.2	2 915.2	2 864.4	2 775.3	2 000.8	2 030.3	1 751.7	1 693.2	1 488.8
% ⁴	7.6	6.7	6.0	8.1	8.4	8.0	8.9	11.2	9.8	11.8	9.3	10.9	8.8	8.4	8.3
RUB for USD³															
Amount	2 062.6	3 165.1	3 034.7	2 993.1	3 476.1	4 478.9	2 048.2	2 796.1	2 408.3	2 086.3	1 915.4	1 979.4	2 469.5	1 781.0	1 223.8
% ⁴	5.3	8.2	9.1	8.3	10.0	13.3	7.5	10.7	8.2	8.9	8.9	10.7	12.4	8.9	6.8
GBP for USD³															
Amount	1 351.8	927.1	814.6	1 282.6	1 236.1	939.9	898.3	610.6	675.0	894.1	616.8	545.0	732.9	713.9	744.1
% ⁴	3.5	2.4	2.4	3.6	3.6	2.8	3.3	2.4	2.3	3.8	2.9	2.9	3.7	3.6	4.1
SEK for USD³															
Amount	30.5	71.0	55.2	46.0	49.0	42.7	56.4	34.1	20.4	10.1	14.8	12.5	53.6	24.1	23.2
% ⁴	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.1	0.1	0.3	0.1	0.1
Other currencies (except EUR, RUB, GBP and SEK) for USD³															
Amount	5 496.2	3 660.9	2 533.2	2 183.4	2 025.3	1 942.4	1 614.6	1 497.9	1 122.2	852.6	948.4	1 083.9	993.2	1 185.9	982.9
% ⁴	14.2	9.5	7.6	6.1	5.8	5.8	5.9	5.8	3.8	3.6	4.4	5.8	5.0	5.9	5.4
Other currencies (except EUR and USD) for other currencies³															
Amount	202.2	187.3	216.2	279.5	248.1	299.5	181.0	163.8	155.6	161.8	64.8	44.3	42.0	44.2	48.1
% ⁴	0.6	0.4	0.5	0.8	0.8	0.9	0.6	0.6	0.6	0.8	0.3	0.3	0.2	0.2	0.3

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

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

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

⁴ As per cent of the total.

26. EURO FOREIGN EXCHANGE REFERENCE RATES PUBLISHED BY THE ECB

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

	2017						2018								
	31 July	31 August	30 September	31 October	30 November	31 December	31 January	28 February	31 March	30 April	31 May	30 June	31 July	31 August	30 September
USD	1.1727	1.1825	1.1806	1.1638	1.1849	1.1993	1.2457	1.2214	1.2321	1.2079	1.1699	1.1658	1.1736	1.1651	1.1576
GBP	0.8942	0.9197	0.8818	0.8785	0.8799	0.8872	0.8791	0.8842	0.8749	0.8796	0.8768	0.8861	0.8922	0.8974	0.8873
JPY	129.7000	130.8100	132.8200	132.0000	133.0800	135.0100	135.6000	130.7200	131.1500	132.1200	127.3300	129.0400	130.8400	129.0500	131.2300
CHF	1.1359	1.1446	1.1457	1.1622	1.1699	1.1702	1.1631	1.1520	1.1779	1.1968	1.1526	1.1569	1.1592	1.1281	1.1316

27. WEIGHTED AVERAGE EXCHANGE RATES (CASH TRANSACTIONS)¹

(foreign currency vs EUR)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
USD															
Buy	1.1649	1.1936	1.2037	1.1856	1.1833	1.1959	1.2327	1.2462	1.2458	1.2392	1.1949	1.1803	1.1816	1.1654	1.1778
Sell	1.1486	1.1773	1.1876	1.1688	1.1663	1.1782	1.2129	1.2294	1.2265	1.2218	1.1781	1.1711	1.1705	1.1609	1.1601
GBP															
Buy	0.8972	0.9224	0.9037	0.8976	0.8943	0.8919	0.8912	0.8917	0.8919	0.8824	0.8892	0.8890	0.8980	0.9067	0.9043
Sell	0.8778	0.9025	0.8898	0.8810	0.8784	0.8791	0.8732	0.8728	0.8723	0.8662	0.8754	0.8745	0.8800	0.8912	0.8904
JPY															
Buy	133.0279	138.6858	132.1771	135.3819	135.0158	138.5233	140.2987	137.5215	132.9858	136.3654	131.5764	135.7596	137.5514	132.8377	139.2643
Sell	126.4765	125.8436	126.4943	129.9128	129.4281	130.3241	131.8036	129.7007	127.3229	127.2054	126.0154	125.7149	128.9185	125.5652	128.0749
SEK															
Buy	9.7125	9.6624	9.6413	9.6945	9.9364	10.0854	10.0045	10.0911	10.3111	10.5683	10.5258	10.4242	10.4617	10.5516	10.6159
Sell	9.4808	9.4672	9.3789	9.5230	9.7087	9.8080	9.6692	9.7753	9.9856	10.2106	10.1658	10.1186	10.1931	10.3352	10.2294
RUB															
Buy	68.6531	70.5106	69.3660	68.7172	69.8231	70.2032	70.1413	70.7458	70.8334	74.3882	73.8119	73.5242	73.5941	76.1835	78.7434
Sell	66.0500	68.0874	67.3682	66.9792	67.9917	68.2273	68.1830	68.9990	69.1790	72.5457	71.2241	71.0819	71.0467	73.4726	76.1424
CHF															
Buy	1.1213	1.1569	1.1569	1.1699	1.1797	1.1859	1.1888	1.1700	1.1857	1.2050	1.1904	1.1732	1.1788	1.1579	1.1448
Sell	1.0885	1.1286	1.1321	1.1436	1.1511	1.1603	1.1638	1.1412	1.1554	1.1725	1.1683	1.1433	1.1484	1.1334	1.1182

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

28. STRUCTURE OF GOVERNMENT SECURITIES

(at end of period; millions of euro)

	2017						2018								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Stock of government securities outstanding	1 108.1	1 108.1	1 108.1	1 108.1	1 138.1	1 168.1	967.2	987.2	1 017.2	1 057.2	1 077.2	1 097.2	1 117.2	1 117.5	1 130.5
Residents	992.7	1 002.2	1 001.8	1 002.5	1 019.3	1 043.3	851.6	869.0	884.0	909.2	924.3	940.5	956.0	958.1	961.2
Non-financial corporations	16.8	16.8	16.8	16.8	15.0	15.0	16.8	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2
Central bank	169.1	169.8	169.8	169.9	176.9	180.9	160.5	160.5	177.0	195.8	195.8	195.8	205.6	210.4	210.4
Credit institutions	497.3	502.1	501.7	506.4	516.8	533.0	357.8	369.7	378.3	368.4	372.2	391.5	380.5	361.7	374.6
Money market funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	5.4	5.4	5.4
Financial auxiliaries	17.8	17.8	17.8	17.8	18.5	21.0	20.1	20.1	20.1	20.1	20.1	20.4	20.4	19.6	19.6
Insurance corporations and pension funds	253.8	257.8	257.8	253.8	254.3	255.5	258.5	260.5	250.5	266.8	278.0	274.7	286.3	302.4	292.6
Insurance corporations	22.7	22.7	22.7	23.7	22.7	22.7	21.1	21.1	21.1	22.1	23.1	23.1	26.1	27.0	28.5
Pension funds	231.1	235.1	235.1	230.0	231.5	232.8	237.4	239.4	229.4	244.7	254.9	251.6	260.2	275.4	264.1
Central government	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1
Households	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.5	1.5
Non-profit institutions serving households	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.9	4.9
Non-residents	115.4	105.9	106.2	105.5	118.8	124.8	115.6	118.2	133.2	148.0	152.9	156.7	161.2	159.3	169.3
Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	63.2	63.2	63.2	64.2	68.0	70.8	59.8	61.8	69.4	69.4	70.4	64.6	74.4	74.4	74.4
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	51.2	41.7	42.1	41.4	49.8	53.0	54.7	55.4	62.7	78.5	81.5	90.1	84.8	82.9	91.3
Insurance corporations and pension funds	1.0	1.0	1.0	0.0	1.0	1.0	1.0	1.0	1.0	0	1.0	2.0	2.0	2.0	3.5
Central government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Households	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-profit institutions serving households	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

29. AUCTIONS OF GOVERNMENT SECURITIES IN THE PRIMARY MARKET

(Q2 and Q3 2018)

Date	Initial maturity (months)	Supply (thousands of euro)	Demand (thousands of euro)	Purchase (thousands of euro)	Weighted average discount rate (%)
Competitive multi-price auctions					
4 April	60	30 000	96 970	30 000	0.494
30 May	60	16 000	39 300	16 000	0.487
20 June	60	16 000	56 200	16 000	0.488
11 July	60	16 000	57 100	16 000	0.478
29 August	60	16 000	98 750	16 000	0.459
19 September	60	16 000	52 387	16 000	0.475
Primary placement of government securities via outright sales of securities					
4 April	60	10 000	12 500	10 000	0.494
30 May	60	4 000	8 850	4 000	0.487
20 June	60	4 000	21 700	4 000	0.488
11 July	60	4 000	20 300	4 000	0.478
29 August	60	4 000	31 100	4 000	0.459
19 September	60	4 000	13 100	4 000	0.475

30. DYNAMICS OF GDP

	2017 ¹				2018			
	Q1	Q2	Q3	Q4	Q1 ¹	Q2	Q3	
At current prices (millions of euro)	27 033.1	5 922.5	6 743.6	7 108.0	7 259.0	6 377.3	7 377.7	7 760.5
At constant prices ² (millions of euro)	22 777.8	5 024.4	5 701.3	5 932.9	6 119.2	5 223.8	6 003.0	6 208.8
Annual growth rate (%)	4.6	4.3	4.4	5.5	4.3	4.0	5.3	4.7
Gross value added (%)	4.9	4.6	4.4	5.7	4.7	3.3	4.9	4.1

¹ Data have been revised.

² Chain-linked; average prices in 2010. Data seasonally non-adjusted.

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

	2017 ¹						2018								
	VII	VIII	IX	X	XI	XII	I ¹	II ¹	III ¹	IV	V	VI	VII	VIII	IX
EUR per month	935	940	920	927	944	1 013	960 ¹	941 ¹	985	991	1 007	1 015	1 020	1 017	982
Year-on-year changes (%)	108.0	108.6	108.3	108.9	107.8	106.1	109.4 ¹	109.4 ¹	107.5	108.8	108.6	107.9	109.1	108.1	106.7
Real net wage index (year-on-year basis; %)	104.5	104.6	104.6	105.0	104.0	102.8	108.8 ¹	109.0 ¹	106.8	108.2	107.7	106.4	107.8	106.6	104.8
Number of registered unemployed persons															
At end of month	65 554	63 717	61 461	61 014	61 538	63 121	65 136	65 282	64 631	61 882	59 548	59 119	58 888	58 051	56 734
Year-on-year changes (%)	84.7	84.2	82.7	82.4	81.7	80.6	-18.6	-17.5	-15.4	-13.7	-13.0	-11.4	-10.2	-8.9	-7.7

¹ Data have been revised.

32. LATVIAN FOREIGN TRADE BALANCE

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

	2017 ¹				2018			
	Q1	Q2	Q3	Q4	Q1 ¹	Q2	Q3	
Exports	11 507.0	2 681.2	2 753.3	2 922.9	3 149.7	2 892.5	3 097.3	3 062.6
Imports	14 041.1	3 229.7	3 422.2	3 730.5	3 658.7	3 446.5	3 779.7	4 212.3
Balance	-2 534.0	-548.4	-668.9	-807.6	-509.0	-554.0	-682.4	-1 149.7

	2017 ¹						2018								
	VII	VIII	IX	X	XI	XII	I ¹	II ¹	III ¹	IV	V	VI	VII	VIII	IX
Exports	877.0	1 000.5	1 045.3	1 082.9	1 110.3	956.4	968.8	949.6	974.1	990.4	1 054.8	1 052.0	949.8	1 078.3	1 034.5
Imports	1 183.6	1 292.2	1 254.8	1 262.3	1 197.6	1 198.8	1 103.0	1 118.2	1 225.3	1 155.2	1 290.1	1 334.3	1 355.4	1 473.3	1 383.6
Balance	-306.6	-291.6	-209.4	-179.4	-87.2	-242.4	-134.2	-168.6	-251.2	-164.8	-235.3	-282.3	-405.7	-394.9	-349.1

¹ Data have been revised.

33. MAIN EXPORT GOODS OF LATVIA

(in FOB prices)

	2017 ¹		2018					
			Q1 ¹		Q2		Q3	
	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	11 507.0	100.0	2 892.5	100.0	3 097.3	100.0	3 062.6	100.0
Agricultural and food products	2 380.2	20.7	523.5	18.1	569.1	18.4	591.0	19.3
Mineral products	528.2	4.6	133.4	4.6	132.1	4.3	139.6	4.6
Products of the chemical and allied industries	871.0	7.6	211.8	7.3	231.1	7.5	218.4	7.1
Plastics and articles thereof; rubber and articles thereof	366.8	3.2	85.6	3.0	99.7	3.2	91.5	3.0
Wood and articles of wood	1 905.4	16.6	510.2	17.6	577.8	18.7	569.7	18.6
Pulp of wood; paper and paperboard	247.7	2.2	60.9	2.1	62.0	2.0	72.1	2.4
Textiles and textile articles	347.5	3.0	85.1	2.9	81.0	2.6	85.1	2.8
Articles of stone, plaster, cement, glassware and ceramic products	315.3	2.7	79.0	2.7	84.6	2.7	79.0	2.6
Base metals and articles of base metals	1 008.7	8.8	289.1	10.0	302.0	9.8	291.1	9.5
Machinery and mechanical appliances; electrical equipment	2 059.1	17.9	540.7	18.7	546.6	17.6	570.7	18.6
Transport vehicles	718.3	6.2	190.9	6.6	202.6	6.5	182.9	6.0
Miscellaneous manufactured articles	416.8	3.6	100.5	3.5	109.7	3.5	105.1	3.4
Other goods	342.1	2.9	81.9	2.9	99.0	3.2	66.4	2.1

¹ Data have been revised.

34. MAIN IMPORT GOODS OF LATVIA

(in CIF prices)

	2017 ¹		2018					
	Millions of euro	%	Q1 ¹		Q2		Q3	
			Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	14 041.1	100.0	3 446.5	100.0	3 779.7	100.0	4 212.3	100.0
Agricultural and food products	2 370.7	16.9	576.5	16.7	627.1	16.6	697.1	16.5
Mineral products	1 327.8	9.5	281.6	8.2	286.3	7.6	559.0	13.3
Products of the chemical and allied industries	1 407.7	10.0	358.9	10.4	364.1	9.6	360.0	8.5
Plastics and articles thereof; rubber and articles thereof	788.2	5.6	196.7	5.7	209.0	5.5	218.9	5.2
Wood and articles of wood	449.5	3.2	130.0	3.8	155.3	4.1	146.9	3.5
Pulp of wood; paper and paperboard	295.5	2.1	70.7	2.1	74.4	2.0	79.3	1.9
Textiles and textile articles	500.4	3.6	123.0	3.6	118.5	3.1	134.6	3.2
Articles of stone, plaster, cement, glassware and ceramic products	258.5	1.8	57.4	1.7	66.6	1.8	73.5	1.7
Base metals and articles of base metals	1 124.8	8.0	321.6	9.3	337.1	8.9	337.3	8.0
Machinery and mechanical appliances; electrical equipment	2 996.8	21.3	754.6	21.9	874.9	23.1	874.8	20.8
Transport vehicles	1 613.5	11.5	359.1	10.4	441.0	11.7	481.8	11.4
Miscellaneous manufactured articles	332.5	2.4	72.1	2.1	78.9	2.1	93.7	2.2
Other goods	575.2	4.1	144.4	4.1	146.4	3.9	155.4	3.8

¹ Data have been revised.

35. LATVIAN FOREIGN TRADE PARTNERS

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

2018	Q1 ¹					Q2					Q3				
	Millions of euro			% of the total		Millions of euro			% of the total		Millions of euro			% of the total	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
Total	2 892.5	3 446.5	-554.0	100.0	100.0	3 097.3	3 779.7	-682.4	100.0	100.0	3 062.6	4 212.3	-1 149.7	100.0	100.0
Euro area countries	1 398.1	1 913.6	-515.4	48.3	55.5	1 443.8	2 136.5	-692.7	46.6	56.5	1 449.8	2 187.7	-737.9	47.3	51.9
EU28 countries	2 100.6	2 601.8	-501.2	72.6	75.5	2 192.4	2 863.3	-670.9	70.8	75.8	2 181.7	2 957.0	-775.3	71.2	70.2
incl. Germany	209.6	599.5	-389.9	7.2	17.4	209.6	669.1	-459.5	6.8	17.7	226.9	753.8	-527.0	7.4	17.9
Sweden	209.3	112.7	96.6	7.2	3.3	230.6	116.4	114.3	7.4	3.1	220.9	115.0	105.9	7.2	2.7
UK	146.9	76.8	70.0	5.1	2.2	182.2	83.6	98.6	5.9	2.2	199.0	103.8	95.2	6.5	2.5
Finland	66.5	155.0	-88.5	2.3	4.5	77.8	163.4	-85.6	2.5	4.3	78.6	166.4	-87.8	2.6	4.0
Denmark	145.7	79.0	66.7	5.0	2.3	124.6	79.9	44.7	4.0	2.1	128.3	79.8	48.5	4.2	1.9
Netherlands	67.3	133.0	-65.7	2.3	3.9	74.2	141.2	-67.0	2.4	3.7	71.9	129.4	-57.5	2.3	3.1
Lithuania	463.8	599.5	-135.7	16.0	17.4	484.6	669.1	-184.5	15.6	17.7	496.9	753.8	-257.0	16.2	17.9
Estonia	334.1	275.7	58.4	11.6	8.0	352.1	303.9	48.2	11.4	8.0	347.2	286.7	60.5	11.3	6.8
Poland	123.1	320.3	-197.2	4.3	9.3	132.3	342.3	-210.0	4.3	9.1	120.0	358.2	-238.2	3.9	8.5
CIS	334.7	387.4	-52.7	11.6	11.2	392.8	348.8	44.0	12.7	9.2	394.5	557.5	-163.0	12.9	13.2
incl. Russia	225.5	270.3	-44.8	7.8	7.8	273.5	220.4	53.1	8.8	5.8	284.7	425.7	-141.0	9.3	10.1
Other countries	457.1	457.3	-0.2	15.8	13.3	512.0	567.6	-55.6	16.5	15.0	486.3	697.8	-211.5	15.9	16.6
incl. USA	105.2	56.9	48.3	3.6	1.7	128.2	92.1	36.1	4.1	2.4	141.0	65.9	75.1	4.6	1.6
Norway	67.3	16.8	50.5	2.3	0.5	70.3	17.3	53.0	2.3	0.5	62.7	19.1	43.6	2.0	0.5
China	39.7	127.5	-87.8	1.4	3.7	33.7	115.0	-81.3	1.1	3.0	35.0	131.5	-96.5	1.1	3.1

¹ Data have been revised.

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

(at end of period; millions of euro)

	Non-financial corporations			Households		
	Revolving loans and overdraft	Convenience credit	Extended credit	Revolving loans and overdraft	Convenience credit	Extended credit
2017						
VII	745.0	1.4	8.1	33.3	5.8	119.0
VIII ¹	853.4	1.5	8.1	34.5	6.0	121.2
IX	883.5	1.5	7.8	35.9	6.7	120.7
X	870.9	1.6	7.7	47.6	6.9	121.3
XI	853.8	1.9	8.0	47.4	7.1	120.5
XII	820.8	1.5	7.6	45.1	6.3	118.5
2018						
I	827.2	1.3	8.2	46.5	4.7	121.3
II	874.2	1.3	9.1	46.1	4.9	119.3
III	881.2	1.4	10.0	45.5	5.0	119.8
IV	863.4	1.5	10.7	46.4	5.2	118.6
V	904.7	1.5	11.7	46.5	5.0	122.5
VI	911.7	1.5	12.6	45.2	5.0	121.1
VII	920.3	1.6	12.5	45.5	5.1	121.8
VIII	973.9	1.4	13.0	46.2	5.0	123.7
IX	979.8	1.4	13.6	46.6	4.8	124.5

¹ In August 2017, changes in stock positions of revolving loans and overdraft granted to resident non-financial corporations are mainly related to the changes in credit instrument classification made by several credit institutions.

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

(at end of period; millions of euro)

	In euro					
	With original maturity of over 1 year			With original maturity of over 2 years		
		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years
2017						
IX	4 550.6	723.3	3 684.7	4 408.5	1 274.9	3 031.8
XII	4 659.4	703.9	3 691.6	4 525.7	1 294.8	3 055.2
2018						
III	4 583.8	749.7	3 629.7	4 468.3	1 328.0	3 019.7
VI	4 513.0	587.8	3 691.8	4 403.5	1 226.3	3 017.6
IX	4 236.5	614.0	3 356.2	4 118.2	1 164.5	2 749.4

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 ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years
2017						
IX	4 938.8	160.3	4 315.6	4 898.5	267.3	4 294.4
XII	4 897.3	121.0	4 243.0	4 861.6	224.1	4 220.6
2018						
III	4 882.7	117.1	4 309.3	4 850.7	216.7	4 293.0
VI	4 915.9	113.1	4 328.7	4 884.6	205.2	4 320.2
IX	4 652.0	82.3	3 944.7	4 621.5	160.0	3 949.6

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

(millions of euro)

	Loans to households other than revolving loans and overdrafts, convenience and extended credit card debt						Loans to non-financial corporations other than revolving loans and overdrafts, convenience and extended credit card debt	
	For house purchase		For consumption		For other purpose			of which renegotiated loans
		of which renegotiated loans		of which renegotiated loans		of which renegotiated loans		
2017								
VII	78.4	35.6	24.0	2.2	6.8	3.9	495.5	352.9
VIII	84.1	36.9	25.2	1.9	8.9	3.7	377.5	205.9
IX	87.8	37.3	20.7	1.9	13.0	7.6	403.8	289.4
X	86.2	37.3	20.9	2.2	23.0	18.7	427.4	305.6
XI	76.6	26.7	19.3	2.2	20.4	15.8	335.2	223.3
XII	76.0	26.9	18.1	2.0	16.5	9.3	532.3	299.0
2018								
I	85.2	28.9	21.9	1.8	6.2	2.4	280.4	185.7
II	67.8	27.7	18.9	2.2	8.3	5.2	263.2	207.0
III	75.2	28.6	20.9	2.6	12.2	8.8	411.4	315.8
IV	82.2	29.3	23.3	3.6	12.9	6.7	505.9	439.5
V	84.2	31.3	25.7	4.5	14.5	6.3	383.9	314.2
VI	85.5	31.5	23.3	2.8	11.6	4.1	417.9	240.5
VII	79.7	32.1	26.1	3.7	9.0	4.6	354.4	293.0
VIII	83.9	29.6	26.9	3.0	10.4	4.4	251.9	161.3
IX	70.2	26.5	23.2	2.6	11.2	7.9	222.6	175.4

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

39. LATVIA'S BALANCE OF PAYMENTS

	2017	2018		
		Q1	Q2	Q3
Analytical data (% of GDP)¹				
Current account	0.7	3.2	0.5	-5.7
External debt				
Gross	141.4	130.8	127.5	126.0
Net	24.7	23.2	22.9	21.7
Foreign direct investment in Latvia				
Transactions	2.4	1.7	0.3	3.1
Closing position	54.4	54.7	53.2	51.7
Transactions (millions of EUR)				
Current account	191	201	35	-444
Goods	-2 308	-576	-492	-942
Credit (export)	11 543	2 820	3 072	2 972
Debit (import)	13 851	3 395	3 564	3 914
Services	2 332	534	648	628
Credit (export)	4 972	1 177	1 342	1 412
Debit (import)	2 640	643	695	784
Primary income	-190	208	-235	-200
Credit	1 445	557	298	271
Debit	1 635	349	533	471
Secondary income	357	35	115	70
Credit	1 074	233	301	280
Debit	718	198	186	210
Capital account	215	24	111	299
Credit	223	28	112	301
Debit	8	4	1	3
Financial account	341	478	465	31
Direct investment	-526	-74	-1	-201
Assets	498	71	-187	-125
Liabilities	1 024	145	-187	76
Portfolio investment	2 220	-748	-845	-37
Assets	2 242	-1 219	-264	355
Liabilities	22	-471	581	392
Financial derivatives	-486	-69	119	-7
Assets	-705	-160	-31	-79
Liabilities	-219	-91	-150	-73
Other investment	-1 758	1 271	1 310	296
Assets	30	-543	265	694
Liabilities	1 788	-1 815	-1 044	397
Reserve assets	892	97	-118	-21

¹ Data have been revised.

Additional Information

General notes

The cut-off date for the information used in the publication *Macroeconomic Developments Report* (December 2018, No. 28) is 14 December 2018.

The *Macroeconomic Developments Report* (December 2018, No. 28) published by Latvijas Banka is based on data provided by the CSB, ECB, Treasury, Nasdaq Riga, AS, Euribor-EBF and Latvijas Banka.

Data sources for charts are the EC (Charts 1, 2, 25, 26, 32, 34 and 35), Bloomberg (Charts 3, 4, 6, 9 and 37), Reuters (Charts 5 and 37), the Treasury (Charts 7 and 30), Latvijas Banka (Charts 8, 10–17, 28, 29, 31 and 33–41), the CSB (Charts 15, 18–25, 27, 31, 33, 36, 38 and 39) and the SEA (Chart 31).

Data sources for Statistics tables are Latvijas Banka (Tables 1, 3, 4, 6–25, 27, 28 and 36–39), Nasdaq Riga, AS (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, AS 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.