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Abbreviations

APP – asset purchase programme
CPI – consumer price index
CIT – corporate income tax
CSB – Central Statistical Bureau of Latvia
EC – European Commission
ECB – European Central Bank
ERAF – European Regional Development Fund
ESA 2010 – European System of Accounts 2010
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
FRS – US Federal Reserve System
GDP – gross domestic product
HICP – Harmonised Index of Consumer Prices
IMF – International Monetary Fund
JSC – joint stock company
LIAA – Investment and Development Agency of Latvia
Ltd. – limited liability company
MFI – monetary financial institution
MPC – mandatory procurement component (electricity)
OPEC – Organization of Petroleum Exporting Countries
PIT – personal income tax
PMI – Purchasing Managers' Index
SRS – State Revenue Service
UK – United Kingdom
UN – United Nations
US – United States of America
VAT – value added tax
WTO – World Trade Organization

Introduction

Latvijas Banka's assessment of Latvia's economic outlook continued to improve in the second half of the year, considering the strong external demand and favourable development of the private consumption as well as the recovery of investment inflows. Latvia's economic growth in 2017 was stronger than expected; therefore, the GDP growth forecasts were gradually revised upwards both in September and December. Robust economic growth, albeit decelerating, is expected also ahead, with more moderate rates reported for both external demand and investment inflows. The current strengthening of demand in Lithuania, Estonia and Poland as well as the fast economic recovery in Russia will decelerate in 2018, while in the case of the UK demand it is happening already. Investment inflows both private as well as from EU funds will remain substantial, yet the unusually high growth reported in 2017 can be explained by the low base for investment in vehicles as well as non-residential buildings and engineering works.

Inflation growth has been broadly consistent with the forecast: the rising global oil prices were offset by the strengthening of the euro against the US dollar, whereas the global food prices stabilised. Amendments to legislation introducing higher rates for certain indirect taxes and raising the minimum wage will have a significant effect on inflation in 2018. Overall, inflation growth can be expected to remain at the level similar to that of 2017, with the contribution of food prices decreasing, whereas the contribution of core inflation increasing as a result of the robust domestic demand and rising labour costs.

Although the pressure on wages caused by the tightening labour market has a positive effect on the disposable income of the population and consumption in the short-term, it weakens business competitiveness and deteriorates the medium-term economic growth prospects. The wage share in value added has already approached the EU average, causing Latvia to gradually lose its competitive advantages of low wages. Therefore, larger investment inflows in productive sectors (both private and government investment, including investment from EU funds) as well as structural reforms to improve human capital are particularly important to achieve strong and sustainable medium-term economic growth.

1. External Demand

Previous assessment	Developments since the previous report	New assessment[1]
External demand		
Moderate yet slightly faster-than-expected growth related to improved outlook across the euro area and for Latvia's major trade partners.	– Increase of global commodity (including oil) prices in the third quarter; – recovery of global trade continues; – improvement in sentiment indicators; – acceleration of euro area economic growth and improving confidence; – upward revision of external demand forecast for Latvia; – growing political disagreements in Europe.	Further growth that will be based on robust global demand as well as that of Latvia's main trade partners.

Economic environment continues to improve in almost all advanced economies, except the UK. At the same time, global economic sentiment indicators point to expected strong growth at the end of 2017, whereas the forecasts of the leading institutions suggest sustainable medium-term development.

Global financial conditions remain accommodative, although the USA is gradually moving towards monetary policy normalisation. US data releases confirm the strength of its economic potential as it has managed to recover from the August and September hurricanes in a matter of less than a quarter. Unemployment sank below its pre-crisis low in October and continues to decrease, although it was already below the level that the FRS considered full employment. In the last 12 months, inflation (2.05%) has been overshooting the target level of 2.0% again[2]. Confidence indicators point to strong near-term growth expectations in the USA. At the same time, the implementation of the tax reform initiative could provide an additional support to real economic growth.

Depreciation of the British pound sterling improved the UK's export outlook slightly, but also pushed up inflation and deteriorated the purchasing power and private sector demand, thereby decelerating the economic growth. In the circumstances of high inflation and unemployment hitting the lowest level in the last 42 years and continuing on a downward trend, the UK's monetary policy faces challenges that are made even more complicated by the political uncertainty. Given the number of unsolved issues in relation with Brexit, the UK's chances to reach a more favourable international cooperation arrangement are also unclear.

In the euro area, accommodative monetary policy along with rebounding economic activity has revived the labour market, with unemployment declining to the lowest level since the onset of the crisis.[3] Nevertheless, higher employment has not been fully reflected in the growth of wages and consequently also in the increase of consumer prices. Inflation remains below the ECB's inflation target and the ECB's projections[4] show only a gradual convergence of inflation towards the target. Global environment and external demand-driven growth has provided the euro area with a current account surplus that has reached a 10-year high and continues to increase.[5] Investment inflows in the euro area continue to grow, supported by the easing of the credit standards. Leading indicators (for example, ESI and PMI) signal strong economic activity in the near-term. In the IMF's World Economic Outlook of October

[1] Colours in tables are used to show differences in the assessment of impact on Latvia's GDP and inflation as compared to the previous forecast.

Worsened	Unchanged	Improved

[2] https://fred.stlouisfed.org/series/CPIAUCSL.
[3] http://sdw.ecb.europa.eu/reports.do?node=10000055.
[4] https://www.ecb.europa.eu/stats/prices/indic/forecast/html/table_hist_hicp.en.html.
[5] http://sdw.ecb.europa.eu/home.do?chart=t1.8.

2017, the euro area growth has been revised upwards by 0.2 percentage point, to 2.1% and 1.9% respectively. The outcome of Brexit is an equally important issue not only for the UK itself but also to the euro area because of the trade relationships as well as in light of other attempts to obtain political autonomy and independence (for example, in Catalonia).

The growth of the developing countries has been more divergent and with positive surprises in China and Russia. This has been a good year for the Chinese economy. China had to increase its overall national debt, however, although its performance in the second quarter was stronger than expected and resulted in an improvement of the growth prospects[1]. Russia, in turn, has managed to tame the rising inflation surprisingly fast, pushing it back to as low as 2.5% in November.

Stronger-than-expected global economic growth has been accompanied by a recovery in prices on oil and other commodities from the low level observed over the most recent years. The main driver of the oil prices was the joint initiative of OPEC and other oil-exporting countries to cut the oil supply, whereas the prices of other commodities, including minerals and ores, were supported by growing global demand.

Latvia's external demand is recovering at a slightly faster pace than previously expected. In 2017, economic growth was supported by the continuation of already earlier-observed global trends: further impact from the low oil prices, still-accommodative interest rates and shrinking unemployment stimulated private consumption. Faster development of Latvia's main trade partners was already taken into account when upgrading Latvia's GDP growth forecasts in September. Russia, where the economy is recovering swiftly after the downturn caused by the introduced sanctions and the falling oil prices, contributed significantly to the rising demand. At the same time, the developments in the UK are unfavourable: economic growth prospects are clouded by the high degree of uncertainly about the future associated with Brexit.

Russia's economy is recovering after the crisis. Data and forecasts available for 2017 point to significant positive trends: annual GDP growth stands at 1.7% as opposed to a 0.2% fall in 2016; inflation has retreated below 3%[2]. This has supported Latvia's exports of goods: annual growth of Latvia's exports of goods to Russia reached 37% in the first nine months of the year. Nevertheless, on balance, this growth is to be viewed as fragile as the positive effect on the Russian economy stemming from such factors as the rising prices on oil and other commodities may be short-lived and it is likely that the rapid recovery will decelerate into only moderate economic growth (medium-term forecasts expect growth below 2%). Boosting growth requires structural reforms to improve business environment and increase the currently-low investment inflows.

Same as Latvia, its Baltic neighbours also report high growth in 2017. According to forecasts, Lithuania's annual GDP growth will be 3.8%. Export expansion is expected to exceed 10% because of favourable external environment (developments in trade partners) benefiting trade, with high rates reported already in the first half of the year. Nevertheless, following the impressive performance in the first half of the year, Lithuania's economic growth decelerated significantly in the third quarter of the year, with the quarterly rise reaching merely 0.1%, due to weaker activity in retail trade and agriculture because of the poor harvest. High GDP growth (4.4%) is also projected for Estonia in 2017. This is based on the recovery of investment inflows (low base in 2016; EU funding cycle). Stable medium-term development is expected in both countries, with growth decelerating as a result of lower cost competitiveness due to shortage of qualified labour force which is already exerting an upward pressure on wages, as well as weakening of investment inflows.

[1] World Economic Outlook, October 2017.

[2] Hereinafter, the growth forecasts of Latvia's main trade partners are the European Commission's Autumn 2017 forecasts.

According to forecasts, Germany's economic development will also be solid in 2017, with annual GDP growth at 2.2%, and will continue along the same lines in the medium-term. Growth is mainly based on production and exports whose development was supported by the previously-weak euro as well as on the expanding domestic demand and the rise in construction reported in the first half of the year. Germany is an important export market for Latvia's building materials; for example, annual exports of wood to Germany increased by 13% in the first nine months of 2017. Unemployment continues to shrink and shortage of labour force could decelerate future growth. A downside medium-term risk could be the shrinking of export growth due to euro appreciation as Germany's exports to non-euro area countries total about 58%.[1]

Supported by domestic consumption, Poland's economic growth has exceeded the forecast (4.2% GDP growth expected in 2017). Consumption increased on account of rising wages, shrinking unemployment as well as the overall positive consumer sentiment. Development was also strengthened by implementation of EU-funded projects.

Despite several unsolved challenges, Sweden's GDP is expected to increase by 3.2%. Nevertheless, the flourishing of the real estate market observed in the previous years and the emergence of disproportions pose risks to future growth. Although investment in buildings and structures continued to increase in 2017, deceleration is expected in the medium term. This could have a negative effect also on Latvia's exports of wood (Sweden receives about 10% of Latvia's exports of wood; an increase of 19% in the first nine months of 2017) and exports of construction services (Sweden is the destination for about 50% of Latvia's exports of construction services; an increase of 22% in the first nine months of 2017). More attention should be paid to the reasons behind an emergence of a real estate bubble, i.e. mismatch between market demand and supply, availability of financing caused by the low interest rates as well as the adoption of legislation unfavourable to the real estate rental market. Situation in other Scandinavian countries is similar. For example, in Denmark the prices on real estate have already overshot the high level observed in 2006. Nevertheless, the general economic outlook for Denmark remains positive, with the medium-term GDP growth forecast slightly below 2%.

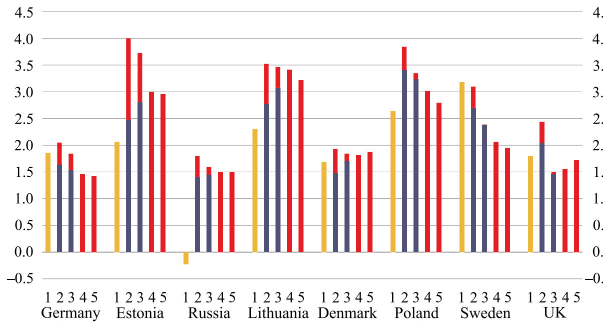
As already mentioned above, the uncertainties associated with Brexit have affected the UK's economic development already in 2017, with the forecast annual GDP growth rate falling to 1.5%. As a result of the rising prices on imports, inflation forecast for 2017 has been revised upwards to 2.7% and there has been a negative effect on private consumption. Export growth also failed to reach the expectations because of the weakening of the British pound sterling. Nevertheless, the Bank of England forecasts a steady expansion of investment and trade. This seems a bit too optimistic, considering the actual (weakening of London as an European financial centre) and the potential (failure to strike a deal on trade agreement with the EU; EU exit bill) effects caused by Brexit.

Chart 1

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

1 = 2016
2 = 2017
3 = 2018
4 = 2019
5 = 2020

IMF data
Spring forecast
Autumn forecast

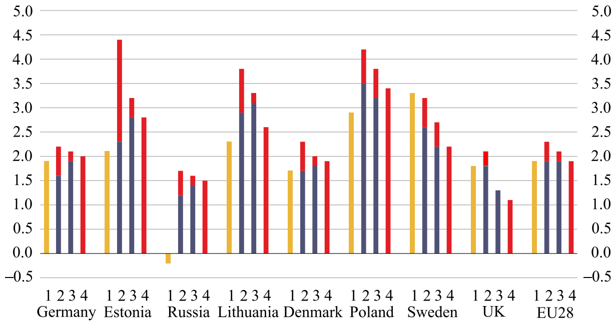


[1] According to Eurostat data on 2016.

Chart 2

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

1 = 2016
2 = 2017
3 = 2018
4 = 2019
EC data
Spring forecast
Autumn forecast



2. Financial Conditions

2.1 ECB policy

Previous assessment	Developments since the previous report	New assessment
ECB decisions		
Market expectations are in line with the decision by the Governing Council of the ECB to maintain the key ECB interest rates at the current level and to continue with the implementation of the expanded APP at least until the end of 2017; raising of the interest rates is expected in the second or third quarter of 2018. Market participants expect that the forward guidance of the Governing Council of the ECB will be changed in September 2017 with respect to tapering the expanded APP.	– Economic growth fundamentals and monetary aggregates continue to improve; – euro appreciated from 1.12 to 1.20 vis-à-vis the US dollar and then depreciated slightly, to 1.18; – the ECB has grown more confident that inflation would gradually converge towards its aim; – the ECB extended the expanded APP until at least the end of September 2018; – the ECB will continue fixed rate tender procedures with full allotment at least until the end of the last reserve maintenance period of 2019.	Expectations that, with further implementation of the expanded APP at least until September 2018, the interest rates will remain low for an extended period of time are strengthening. Market participants expect that the key ECB interest rates will be raised during the first half of 2019.

ECB continued with a highly accommodative monetary policy, purchasing securities within the framework of the expanded APP at a monthly pace of 60 billion euro. At the same time, the practice of reinvesting the principal payments from maturing securities purchased under the expanded APP was continued.

At its 26 October 2017 meeting, the Governing Council of the ECB decided to continue with the asset purchases in 2018, stating that from January 2018 the net asset purchases would continue at a monthly pace of 30 billion euro until the end of September 2018 or beyond, if necessary, and in any case until the Governing Council of the ECB sees a sustained adjustment in the path of inflation consistent with the ECB's inflation aim. At the press conference, Mario Draghi, President of the ECB, stressed that the decision to recalibrate the purchases reflected the growing confidence in the gradual convergence of inflation rates towards the ECB's inflation aim. This is based on increasingly robust and broad-based economic expansion, a rise in the measures of underlying inflation and the continued highly stimulating pass-through of the monetary policy measures to the financing conditions of the real economy.

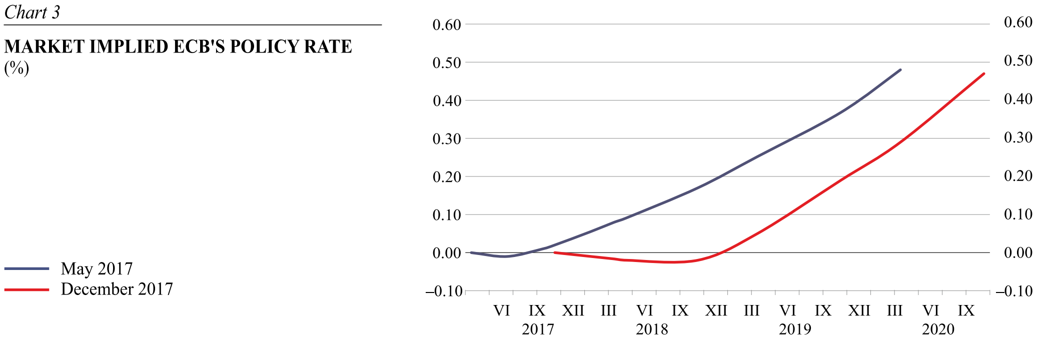
Survey results as well as the probability implied by the euro overnight index swaps suggest that the financial market participants do not expect any raising of the ECB's deposit facility rate earlier than in the first half of 2019. Market participants now expect a later interest rate raise than they did at the beginning of June. Following the decision made at the October meeting of the General Council of the ECB, euro depreciated against the US dollar.

As the amount of securities purchased within the framework of the extended APP is growing, the redemption amounts in the ECB's securities portfolio are also increasing accordingly. The ECB started to publish the data on the expected monthly redemption amounts, ensuring higher transparency and providing market participants information on the size of the gross interventions by the central bank. Redemptions in the amount of 134.0 billion euro[1] are expected from December 2017 to November 2018 within the framework of the expanded APP; therefore, every month the ECB will have to buy, on average, a 11.2 billion euro larger amount of securities.

[1] https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html.

Chart 3

MARKET IMPLIED ECB'S POLICY RATE
(%)



2.2 Other central bank decisions and financial markets

Previous assessment	Developments since the previous report	New assessment
FRS decisions		
Market participants expect that the target rate for federal funds will be raised at the June 2017 meeting. At the same time, market participants expect flattening of the path of the target rate for federal funds as of 2018.	– The target range for federal funds was left unchanged (0.75%–1.00%) at the FRS May meeting; it was raised by 0.25 percentage point at the June meeting and left unchanged (1.00%–1.25%) at the July, September and November meetings; – US labour market conditions continue to improve, economic activity strengthens, while inflation is expected to remain close to 2% in the near term; – the methodology for reducing the FRS balance sheet was revealed at the June meeting; – the FRS is implementing the balance sheet normalisation programme since the beginning of October; – the target range for federal funds was raised by 0.25 percentage points (to 1.25%–1.50%) at the December meeting of the FRS.	Market participants expect more substantial rises in the medium term.
Bank of England's decisions		
Market participants anticipate that the Bank of England's Bank Rate will remain unchanged at the level of 0.25% at least until the end of 2017.	– The Bank Rate was left unchanged until the November meeting, where it was increased by 25 basis points (to 0.5%), whereas the stock of the Asset Purchase Facility was left unaltered at 10 billion British pound sterling for sterling non-financial investment-grade corporate bond purchases and 435 billion British pound sterling for the stock of UK government bond purchases; – inflation has risen above the Bank of England's target. This can be explained by the depreciation of the British pound sterling in the wake of the referendum about the EU membership, still maintaining an upward pressure on the prices of imports.	Following the last meeting of the Bank of England's Monetary Policy Committee, market participants anticipate more modest rate adjustments next year, whereas the Bank's representatives admit that several further increases in the Bank Rate will be required in order to return inflation to the target.
Bank of Japan's decisions		
Market participants anticipate that the target rate will remain low in the upcoming three-year period.	– Bank of Japan raises the GDP forecast and adjusts downwards the inflation forecast; – inflation and consumer expectations concerning the level of future prices decrease.	Bank of Japan continues to highlight the necessity to preserve the current expansionary monetary policy in a longer term, which is in line with the market expectations.

Previous assessment	Developments since the previous report	New assessment
EUR/USD exchange rate		
Market participants anticipate that the euro exchange rate against the USD will be 1.08 USD per euro in a year's time.	– Political risks in the euro area remain moderate; a certain degree of uncertainty is associated with Catalonia's attempts to secede from Spain; – euro area's macroeconomic fundamentals are improving; – monetary policy implemented by the FRS and the ECB is becoming increasingly more divergent.	Market participants anticipate that the euro exchange rate against the USD will be 1.20 USD per euro in a year's time.

Financial market sentiment continued to be positive in the second half of 2017. US stock market activity continued to increase since the beginning of the year. This can mainly be explained by the positive US macroeconomic data releases as well as the depreciation of the US dollar. At the same time, the developments on the European stock markets were quite volatile during the summer months. Nevertheless, with confidence and macroeconomic fundamentals improving, the Euro Stoxx 50 index appreciated. The path of Germany's DAX index was similar, with falls reported in the summer months, followed by a recovery in autumn. As expected, at the end of September elections in Germany were again won by the Christian Democratic Union of Germany led by Angela Merkel. Despite the complicated process of forming a coalition, the effect of the elections on securities markets was minimal. The slump in the European stock markets observed during the summer months was accompanied by appreciation of the euro in the wake of the Presidential elections in France won by Emmanuel Macron and by capital inflows in the euro area. At the same time, the snap elections called by Theresa May in the UK at the beginning of summer did not yield the intended result and the Conservative Party lost its parliamentary majority. There are no significant changes in the UK stock markets and in mid-November the FTSE 100 index was the same as in the beginning of summer. Looking at the bond markets, the yields of the safest assets (e.g. German and US 10-year government bonds), however, have increased slightly, while the yields of riskier debt securities have contracted. Investors continue to keep a close eye on the latest Brexit updates and changes to the US tax code implemented by Donald Trump's administration, and, to a much lesser extent, on the political crisis in Spain (Catalonia's secession attempts).

In light of the solid macroeconomic performance, the FRS started the monetary policy normalisation or balance sheet reduction process in October. The FRS decided to decrease reinvestment of the principal payments received from maturing US Treasury debt securities as of October 2017. During the first three months, only the principal payments exceeding the initial cap of 6 billion US dollars per month will be reinvested. The cap will be increased at three-month intervals over a period of 12 months until it reaches 30 billion US dollars. Similar as with the Treasury securities, reinvestment of principal payments received on maturing agency debt and mortgage-backed securities in the FRS accounts will be decreased, with the initial cap for the first three months set at 4 billion US dollars per month, to be gradually increased over a period of 12 months until it reaches 20 billion US dollars. This will gradually compress the FRS balance sheet and its holdings of securities. At the December meeting, the target range for the federal funds rate was raised by 25 basis points, to 1.25%–1.50%. Market participants expect that the target range for federal funds will be raised on three more occasions in 2018. The Governors of some Federal Reserve Banks, however, are cautious in their comments and have remarked that they would like to see higher inflation rates prior to any further raises of the target range and that the low yields on long-term bonds limit the scope for more substantial raises as that would bring significant losses to the holders of those bonds.

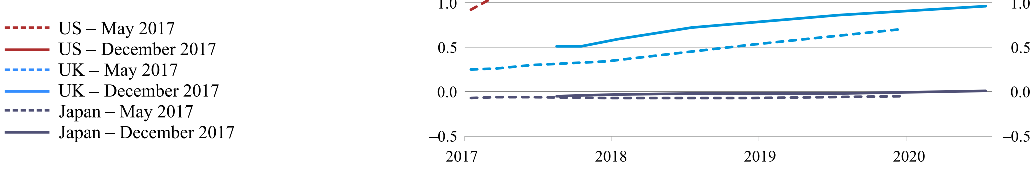
Concerned about the fact that inflation had risen further above the 2% target and considering that other macroeconomic fundamentals pointed to a further increase in inflation, at its

November meeting the Bank of England decided to raise the Bank Rate by 25 basis points, to 0.50%. At the same time, no changes were introduced to the Asset Purchase Facility, maintaining the stock of UK government bond purchases at 435 billion British pounds sterling and the stock of sterling non-financial investment-grade corporate bond purchases at 10 billion British pounds sterling. The Bank of England also admitted that any future increases in the Bank Rate would be expected to be at a gradual pace and to a limited extent. The markets reacted immediately: the British pound sterling plunged and the yields on government securities contracted. Market participants would have wanted to see clearer forward guidance from the Bank of England as to the future interest rate raises. The unusual market reaction was followed by the Bank of England representative's comments that, were the economy to follow the current path, further increases in interest rates would be warranted over the next few years, in order to return inflation to the target.

The Bank of Japan maintained the negative short-term policy interest rate at –0.1%, the target level of 10-year government bond yields at 0% and the annual pace of increase of the monetary base at 80 trillion Japanese yen. Its administration believes that keeping the current monetary policy unchanged until 2019–2020 would push inflation towards its target level of 2%. Inflation forecasts for the current and the following year were revised downwards.

Chart 4

MARKET IMPLIED CENTRAL BANK POLICY RATES
(%)

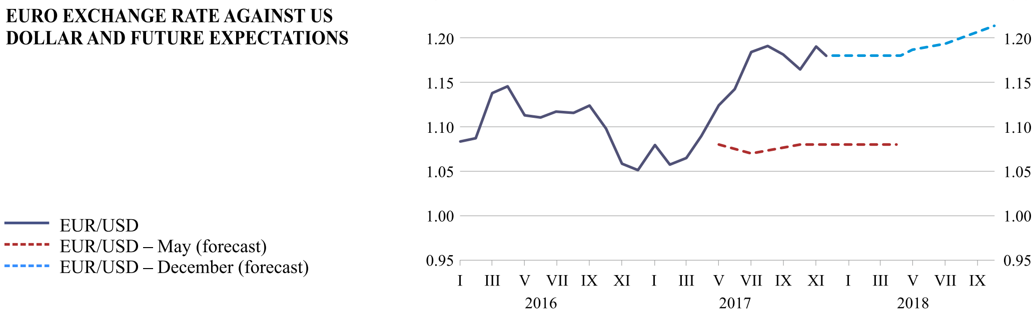


Political developments continue to be a source of higher uncertainty on the financial markets. Brexit is still an open question, with representatives from both sides negotiating the conditions of the UK's exit from the EU. Negotiations are dragging on and investors are concerned that the UK might face deterioration in its terms of trade.

After the first year in office, Donald Trump continues his struggle to fulfil the promises made prior to the elections. His unsuccessful attempts to repeal the Affordable Care Act or the so-called Obamacare are now replaced by a tax reform initiative that would envisage tax cuts on corporate profits. Although the initial proposal was strongly opposed and criticised by the non-governmental organisations, the administration is moving forward with the tax reform.

Chart 5

EURO EXCHANGE RATE AGAINST US DOLLAR AND FUTURE EXPECTATIONS



Spain has declared the Catalan referendum held in the beginning of October illegitimate. Following a month of uncertainty during which the Spanish government refused to start negotiations with the Catalan government, the Parliament of Catalonia held a symbolical independence vote. After that the Catalan government was dissolved and new elections were called on 21 December. Investors keep a close watch on those developments, yet their impact on the financial markets has so far been limited.

The second half of 2017 saw a substantial appreciation of the euro vis-à-vis the US dollar, thereby continuing the trend that started already at the end of the first half of the year. Many sources see it as a result of the strengthening of the euro area economy as well as Emmanuel Macron's victory at the Presidential elections in France which reduced the uncertainty and renewed capital inflows into the euro area. Market expectations regarding the euro exchange rate in the coming 12-months period have also increased since the May assessment. Currently, it is expected that the euro will trade at 1.20 USD in a year's time.

There is a general improvement in macroeconomic fundamentals as data releases show the best results of the last few years; therefore, the major central banks have started to gradually withdraw their monetary stimulus.

2.3 Latvia's balance of payments and cross-border financial flows

In the first half of the year, the increase of 929.7 million euro in foreign liabilities was more than offset by the rise of 1.3 billion euro in foreign assets. In the third quarter, however, the situation was the opposite, with foreign assets growing by 549.9 million euro and liabilities by 741.0 million euro.

The net outflow of the first half of the year was primarily determined by non-bank financial institutions increasing their portfolio investment abroad as well as the government placing short-term deposits with foreign banks. The third-quarter inflow was a result of foreign direct investment in Latvia. Although foreign deposits with Latvia's credit institutions continued to decrease (at a lower rate than previously), this was offset by depleting foreign assets. The cross-sectoral financial flows observed after Nordea Bank AB and DNB ASA merged their banking operations in the Baltics and created JSC Luminor Bank left Latvia's debt liabilities broadly unchanged. Although the foreign liabilities of credit institutions decreased, as part of the current corporate loan contracts were transferred to Nordea Bank AB, the foreign liabilities of those businesses increased accordingly. The largest financial flows in the public sector were caused by Latvijas Banka participation in the expanded APP within the framework of the Eurosystem's monetary policy, resulting in a further increase of the foreign assets.

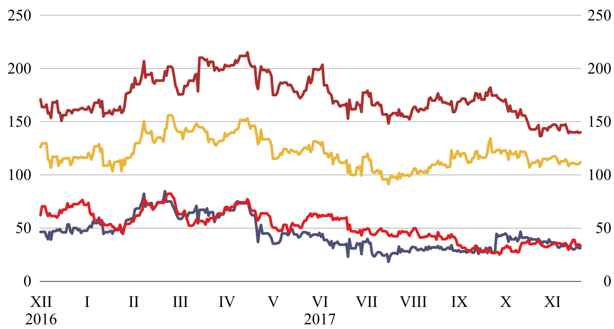
2.4 Securities market

Latvian government held no auctions of domestic government securities in the period from June to October 2017. Two primary auctions were conducted in November and December with an additional offer of four-year bonds. The average yield was 0.21% and 0.20%, representing a 3 basis points and a 4 basis points decrease in comparison with the respective yields at the May auction of those bonds.

Chart 6

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

France
Spain
Italy
Latvia

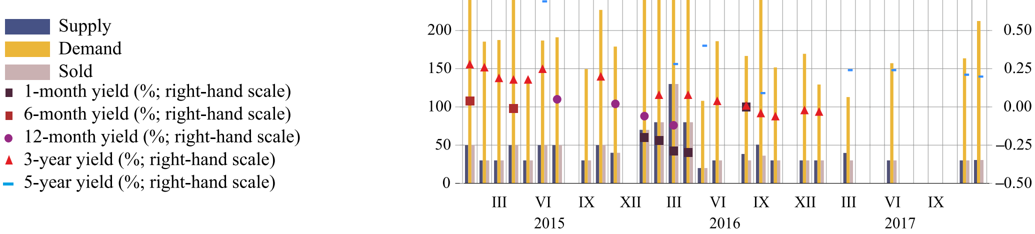


On 8 November, the yield of the Latvian bonds launched on the international markets and maturing in 2026 at 0.62% was another 32 basis points lower than at the end of May, whereas the spread over the same maturity German government bonds narrowed from 81 basis points to 48 basis points. Favourable financial conditions supported a further narrowing of the spreads between the sovereign bond yields of the euro area periphery countries and those of Germany, with preference changing from safer to riskier securities.

Latvia's share price index OMXR appreciated by 10.7% from the end of May to 7 December, whereas the Baltic share price index OMXBBGI grew by 12.6%. The increase in the share price of JSC LATVIJAS KUĢNIECĪBA remained impressive at 52.7% and the turnover of those shares was also quite high (28.2 million euro). Depreciation of share prices was reported for only three Latvian companies.

Chart 7

AUCTIONS OF GOVERNMENT SECURITIES
(millions of euro)



2.5 Interest rates

Previous assessment	Developments since the previous report	New assessment
Interest rate on loans to non-financial corporations		
A slight decrease due to the shrinking of the risk premium priced into the lending rates and persistently favourable euro money market conditions.	– Demand for loans to small and medium-sized enterprises is growing, whereas demand for loans to large enterprises is decreasing; – euro money market rates are relatively stable.	Composite lending rates are not expected to decrease.
Interest rates on household loans		
A slight decrease in the interest rates of consumer credit and other lending to households due to the shrinking of the priced-in risk premium. Interest rates on household loans for house purchase unchanged.	– Margins on household loans for house purchase decreased; – euro money market rates are relatively stable.	A slight decrease in lending rates as a result of the narrowing of the margins.

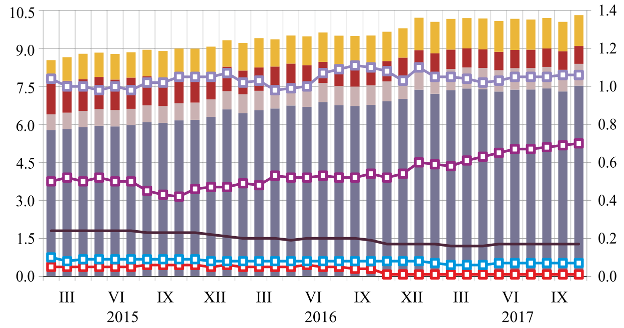
Weighted average interest rate on household deposits continued to fall from May to October 2017 and that on deposits by non-financial corporations also slightly declined. As to the household deposits, the fall was supported by an increase in the share of demand deposits in the overall household deposits.

Interest rates on household loans continued to decline mainly as a result of the shrinking margin over the euro money market rate applied on new loans as well as cheaper loans gradually replacing more expensive ones. Interest rates on loans to non-financial corporations increased as a result of divergent demand development trends across non-financial corporations of different sizes as well as the effect from the establishment of JSC Luminor Bank by merging the banking operations of Nordea Bank AB and DNB ASA in the Baltics. Weighted average interest rates on household loans for house purchase and loans to non-financial corporations ranged from 2% to 3%. The respective rates on consumer credit and other lending to households remained broadly unchanged at 11.7%.

Chart 8

MFI DEPOSITS AND THEIR INTEREST RATES BY TYPE OF DEPOSIT

Outstanding amounts (billions of euro)
Deposits in other currencies
Fixed-term deposits in euro
Savings deposits in euro
Demand deposits in euro
Interest rate (%; right-hand scale)
Demand deposits in euro
Savings deposits in euro
Fixed-term deposits in euro
Deposits in other currencies
Total deposits



The margins on new household loans for house purchase in euro continued to narrow, while those on loans to enterprises and consumer credit remained unchanged. Assuming that the economic and labour market developments remain favourable, interest rates on household loans and deposits can be expected to decreased slightly in the coming quarters.

Long-term interest rates on new small and average loans to enterprises in euro, previously rapidly approaching the respective rates of large loans, remained broadly unchanged from May to October 2017. The low level of interest rates as well as the need for making fixed investment, mergers, acquisitions and restructuring supported a higher demand for loans in small and medium-sized enterprises which is reflected by the increase in new small and average long-term euro-denominated loans to non-financial corporations in comparison with the respective period of the previous year. At the same time, interest rates on new large euro denominated loans to non-financial corporations somewhat decreased. With large enterprises more frequently resorting to internal financing and other types of borrowing, their demand for loans decreased. This was reflected by the year-on-year decline in new large long-term loans.

Chart 9

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

Household 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)

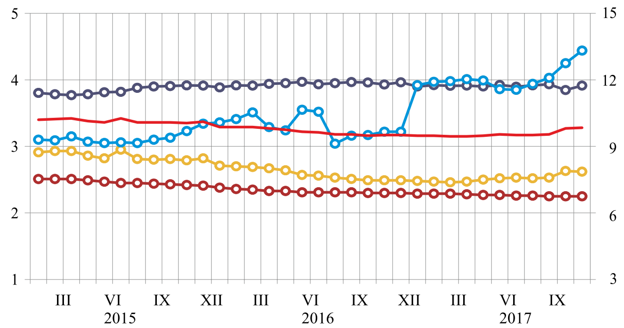
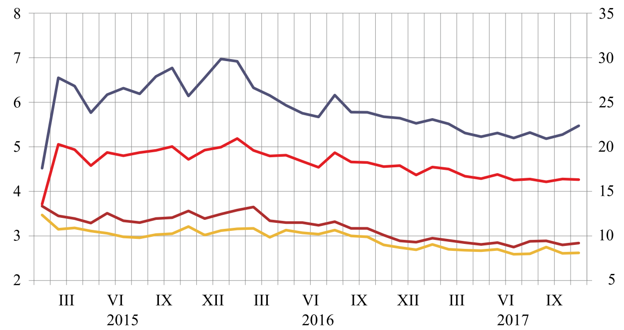


Chart 10

AGREED RATES AND EFFECTIVE RATES ON NEW MFI LOANS TO HOUSEHOLDS IN EURO
(%)

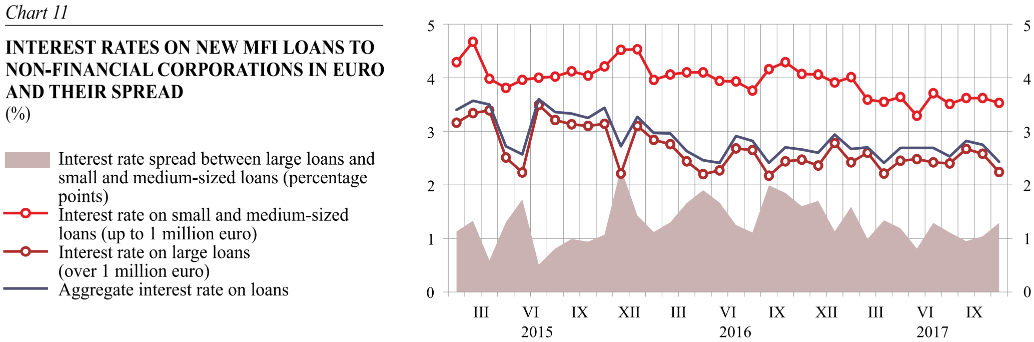
Agreed rate on household loans for house purchase
Effective rate on household loans for house purchase
Agreed rate on consumer credit (right-hand scale)
Effective rate on consumer credit (right-hand scale)



The lending rates on new euro-denominated household loans for house purchase also followed a downward trend in the period from May to October 2017, with competition among credit institutions prompting them to reduce the margins over the reference rate. Stronger consumer confidence and the development of the housing market resulted in a higher household demand for new loans for house purchase and consequently a more substantial rise in new loans in the respective sector. The share of loans with a higher loan-to-value ratio in new household loans for house purchase increased. Weighted average interest rate on consumer credit remained broadly unchanged in the period from May to October 2017. Nevertheless, one of its components, the lending rate of new credit agreements, slightly decreased.

Chart 11

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



2.6 Credits and deposits

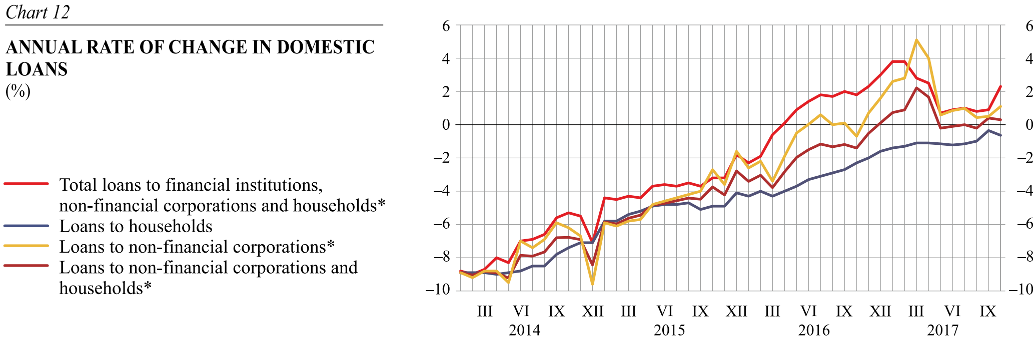
Previous assessment	Developments since the previous report	New assessment
Lending		
A steady increase in the total loan portfolio and that of non-financial corporations will continue in 2018 (active absorption of EU funds, growing capital of enterprises and their readiness for investment serving as major factors). Stabilisation of the annual rate of change of lending to households in the second half of 2017, with government continuing the state support programme for house purchase and demand for consumer credits rising.	– New loans to households are increasing, those to non-financial corporations – slightly shrinking; – a commercial bank transfers the portfolio of all loans granted to state enterprises and almost a third of the portfolio of loans granted to private non-financial corporations (estimated at approximately 600 million euro) to its foreign parent bank; – the state support programme for house purchase for families with children is ongoing; – activity and prices in the real estate market are augmenting; – a gradual absorption of EU funds is continuing; – JSC "Attīstības finanšu institūcija Altum" together with LIDA and credit institutions offer various financial instruments to small and medium-sized enterprises.	A slight increase in the total loan portfolio of non-financial corporations will continue in 2018 (in annual terms – excluding transfers of the loan portfolio to the foreign parent bank); however, growth estimates have been reduced due to slower lending to enterprises. The key factors are as follows: more active absorption of EU funds, the necessity to boost capacity dictated by mounting foreign and domestic demand; growing capital of enterprises and their readiness for investment. Recovery of the annual growth rate of lending to households in the first half of 2018, with government continuing the state support programme for house purchase and expanding the range of beneficiaries of guarantees by adding young professionals as well as with the demand for consumer credits rising.

The second and third quarters of 2017 as well as October saw moderate development of monetary indicators. Although new loans increased in individual months, it was only the household loan portfolio that exceeded the respective amount of the previous year, but loans granted to non-financial corporations shrank. Thus, the annual rate of change of the loan portfolio granted to households improved in a persistent manner, albeit it was still in negative territory. This was affected by both the state support programme for house purchase for families with children and an improvement of the overall economic situation, i.e. a pickup in wages, decline in unemployment and growing savings. Meanwhile, the total domestic loan portfolio and loans to non-financial corporations which increased moderately in early 2017 have remained almost unchanged over the last period, and their annual rate of change is approaching zero. The pace of increase in deposits received by credit institutions is somewhat faster, and it is driven by household savings growth as well as by inflows of EU funds and an expansion in exports.

As a result of changes in the credit institutions sector, September saw a significant contraction of the domestic non-financial corporations' loan portfolio whose annual rate of change became negative once more. Prior to the reorganisation of the Latvian Branch of Nordea Bank AB, it transferred all loans granted to state enterprises and almost a third of the portfolio of loans granted to private non-financial corporations to Nordea Bank AB Sweden. This had no effect on the Latvian economy as enterprises continue to use the received loans. Meanwhile, if the above structural changes are not taken into account, the slightly upward trend in loans (year-on-year) is continuing.

Chart 12

ANNUAL RATE OF CHANGE IN DOMESTIC LOANS
(%)



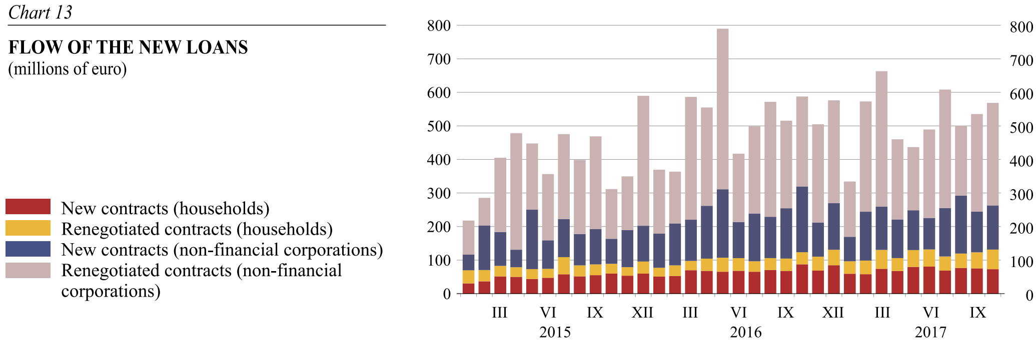
* Data for September and October 2017 exclude transfer of a loan portfolio of one bank to its parent bank.

Lending to the economy indicators remained relatively stable, excluding the above one-off effect, although the annual growth rate of loans to non-financial corporations decelerated following repayments of several large long-term loans in the first half of 2017, and it remained only marginally above zero. In October, the annual growth rate of total domestic loans, including loans to non-financial corporations, was 2.3% and 1.1% respectively. At the same time, the annual rate of change in loans to households approached zero, albeit it remained negative (–0.6% in October). An increase in loans to the non-bank financial sector moderated.

In six months of 2017, i.e. from May to October, new loans to households exceeded the respective indicator of 2016 by 7.0%, including loans for house purchase and consumer credits which increased by 9.5% and 8.8% respectively. Meanwhile, new loans to non-financial corporations posted a 15.3% decrease year-on-year.

Chart 13

FLOW OF THE NEW LOANS
(millions of euro)



The bank lending survey conducted in October 2017 suggests that the demand for loans by small and medium-sized enterprises picked up somewhat in the third quarter and is expected to continue also in the fourth quarter, while the demand for loans by large enterprises followed a downward trend. The demand for household loans posted a rise in the third quarter which is expected to continue to grow also in the fourth quarter.

Lending to businesses is still hindered by the relatively slow increase in access to EU structural funds, but it is supported by the Eurosystem's accommodative monetary policy in a persistently low interest rate environment, by a rise in real estate market activity, by support programmes to small and medium-sized enterprises implemented by JSC "Attīstības finanšu institūcija Altum" and LIDA and by support programmes for business start-ups. The state support programme for house purchase for families with children plays an important role in the household sector. Currently the programme has also been supplemented by support to young professionals up to the age of 35. Lending to households is also facilitated by the firm demand for loans backed by the positive consumer confidence indicators.

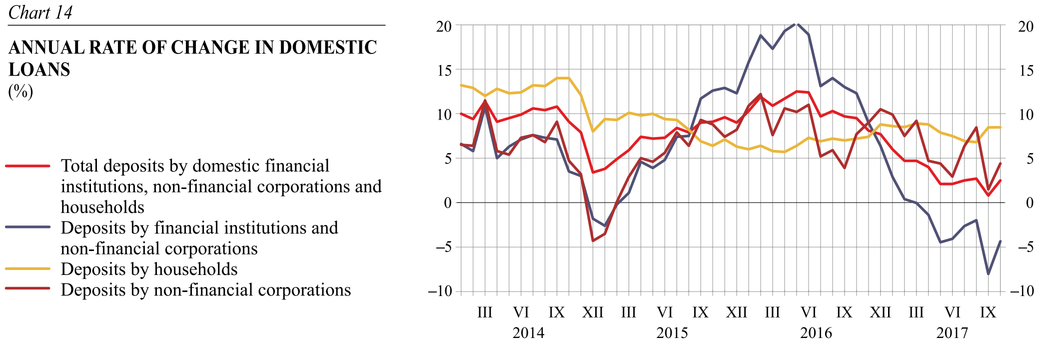
Overall, loan dynamics were also in line with changes in domestic deposits. Their rise was very moderate, and in October they exceeded the level of the corresponding month of the previous year by 2.5%. The annual growth rate of deposits made by households was considerably steeper (8.5%), continuing to point to a slower increase in consumption in favour of build-up of deposits brought about by the increasing level of wages and decline in unemployment. Deposits by non-financial corporations were more volatile (the annual growth rate of deposits was 4.4% in October), with enterprises investing their excess funds and using them for imports transactions. At the same time, a decrease in deposits of financial institutions reduced the expansion of total deposits.

In the low interest rate environment, depositors preferred liquidity and used mainly their settlement accounts to build up deposits (the annual growth rate of demand deposits remains positive for the eighth consecutive year). With a view to bringing down the drop in the value of real deposits, but at the same time maintaining sufficient liquidity, smaller amounts of short-term deposits and savings deposits redeemable at a period of notice are deposited, and they also show a positive trend. Meanwhile, longer-term deposits are dropping steeply.

At the end of 2017 and also in 2018, dynamics of deposits will preserve their current trends, i.e. moderate overall growth will be achieved on account of a stable increase in household savings supported by the growing wages and shrinking unemployment, although the positive consumer sentiment will not contribute to excessively rapid build-up of savings in credit institutions' accounts. Meanwhile, dynamics of corporate deposits will be more volatile, and revenue will be used both for investment and imports.

Chart 14

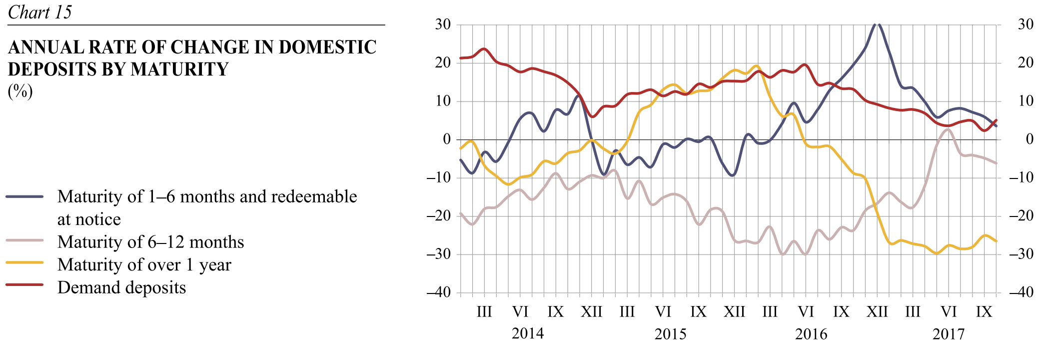
ANNUAL RATE OF CHANGE IN DOMESTIC LOANS
(%)



Lending to households will return to growth. This will be supported by both an improvement in consumer sentiment and overall favourable economic situation as well as by higher activity on the real estate market. The contribution by the state support programme for house purchase implemented by JSC "Attīstības finanšu institūcija Altum" will also remain positive. The corporate loan portfolio will also slightly expand since investment required to boost the production capacity, crediting of individual real estate transactions and state support instruments for lending to small enterprises could have a positive effect on the lending area.

Chart 15

ANNUAL RATE OF CHANGE IN DOMESTIC DEPOSITS BY MATURITY
(%)



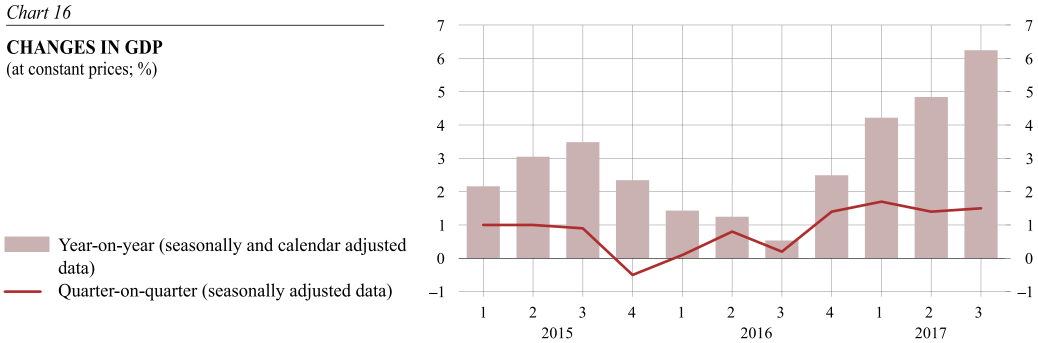
Although the rise in lending to non-financial corporations is slower than expected and some one-off circumstances give reason to revise the corporate lending forecast downwards, generally, however, the trend remains positive. Meanwhile, the forecast for lending to households remains unchanged, and the annual rate of change will return to positive territory again at the beginning of 2018.

3. Sectoral Developments

GDP growth has been very strong in 2017, exceeding forecasts. In the second quarter, GDP grew by 1.4% quarter-on-quarter (according to seasonally adjusted data) but in the third quarter of 2017 – by 1.5%. Thus, annual GDP growth reached 5.8% in the third quarter of 2017 (according to seasonally adjusted data – 6.2%).

Chart 16

CHANGES IN GDP
(at constant prices; %)



In early 2017, growth was more based on exporting sectors, and it was largely supported by an increase in external demand, but recently the dynamics of domestic demand play an increasing role. In line with the forecast, the key sectors underpinning growth were construction and manufacturing; however, the construction growth rate was considerably stronger than expected. The energy sector has also grown rapidly owing to weather conditions, but agriculture and forestry have been adversely affected by rainfalls. The trade sector experienced moderate growth as projected.

In September 2017, GDP forecast was revised upwards; the new assessment (and also the colour indication) has been presented in comparison with the forecast of September instead of the forecast of June published in the previous "Macroeconomic Developments Report".

Previous assessment	Developments since the previous report	New assessment
Manufacturing		
Resilient growth in 2017. Accelerating construction activity will promote output growth in some subsectors of manufacturing.	– The sector developed faster than expected, but in the short term, i.e. in September and October, it was negatively affected by the heavy rainfall; the wood industry and food processing were particularly badly hit; – capacity utilisation has grown rapidly during the year, and the issue of shortage of employees has become greater in some subsectors; – sectoral and business views as to the end of 2017, 2018 and 2019 are optimistic.	Sustainable growth in 2018 and 2019 supported by both the external and domestic demand. It is expected that investment will increase. The problem of labour shortage will intensify; therefore, entrepreneurs will focus more on automation processes.
Construction		
Strong recovery in 2017; improved availability of EU funds will contribute to acceleration of the sector's activity in 2018.	– Annual growth in construction output exceeded 20% in the third quarter.	A large number of projects under development and availability of EU funds will facilitate buoyant growth also in 2018.

Previous assessment	Developments since the previous report	New assessment
Transport		
Stabilisation of the transport sector, i.e. the situation in rail transportation and at ports could improve in 2017 year-on-year; however, development of road transport will be hindered by protectionist measures in EU countries. In comparison with 2016, the sector's value added will not rise notably.	– In line with the forecast, development of ports and rail transportation was considerably weaker than at the beginning of the year; – recovery of construction activities contributes to development of road transport domestically, income from exports of road transport services has augmented recently.	The situation with regard to transportation by rail and at ports will not improve in 2018. However, a moderate increase in transportation by road could be observed if new protectionist measures are not implemented and economic recovery of Europe and Russia continues. The transport sector, in comparison with the economy as a whole, will experience stagnation.
Real estate market		
2017 has seen a pickup in housing prices and market activity.	– Price hikes of standard apartments retain their rapid pace; – the Saeima of the Republic of Latvia approved the expansion of the range of beneficiaries of guarantees (in 2018) under the state support programme for house purchase.	High activity of transactions on the apartment market will continue in 2018.
Trade		
The sector's development trends in 2017 are similar to those observed in 2016. Somewhat faster development of the sector is possible in the coming years.	– In the second quarter, the annual rate of increase in real net wage remained the same as in 2016 due to inflationary effects, but in the first half of 2017 it did not reach this level. Thus, the increase in purchasing power developed moderately; – the trade sector has developed capacity mainly on account of previous investment decisions; there is evidence of a tendency towards trade concentration in larger centres.	In line with the forecast, the trade sector's growth rate can somewhat pick up in the coming years, mainly in wholesale and non-food retail trade.

3.1 Manufacturing

Dynamic development of manufacturing continued in the third quarter on account of both increasing export volumes and growing demand on the domestic market. In September and October, manufacturing experienced the worst results produced by the wood industry, which was affected by heavy rainfalls restricting forest operations and transportation. This, in turn, caused problems related to further processing of raw materials. The abundant rain had an effect on agriculture, and the negative consequences became apparent also in food processing. Overall, manufacturing faced increasing challenges inherent in availability of labour. Moreover, capacity utilisation has surged in some sectors during the year, reaching a historical high. Investment, which is currently low in manufacturing, plays an increasing role in retaining competitiveness.

Manufacturing output increased substantially in the third quarter, i.e. by 1.2% quarter-on-quarter (seasonally adjusted data) and by 9.3% year-on-year (adjusted for calendar effects). October witnessed a more moderate growth rate (0.2% month-on-month and 5.9% year-on-year).

Development was supported by both higher external demand and, to an increasingly greater extent, growing domestic demand. This is particularly obvious when looking at the inputs required by the robustly growing construction: wood, non-metallic mineral products, metal structures, various building materials also produced by the subsectors manufacturing chemicals, rubber and plastic products. Meanwhile, external markets have been mostly interested in food, chemical products, electrical equipment, fabricated metal products, transport vehicles and their components as well as pharmaceutical preparations produced in Latvia. Although the overall industrial data do not provide information about the pharmaceutical sector, the information made public by enterprises suggests that the financial performance of JSC GRINDEKS and JSC OLAINFARM, the major players of the pharmaceutical industry, is impressive this year.

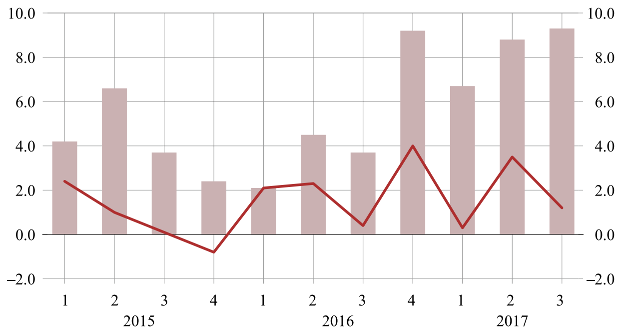
Sentiment indicators of the fourth quarter suggest that the industrial sentiment is increasingly becoming positive. Moreover, for the first time in the history of measuring sentiment, the most frequent reply to the question on factors limiting production was that there were none. The survey suggests that the demand-related problems have gradually lost their dominance, yet shortage of labour is becoming increasingly stronger and the situation has particularly worsened in 2017.

The level of investment in manufacturing is relatively low. This could have been affected by changes in tax legislation since some potential investors possibly hold back to pay dividends during the transitional period of CIT regulation, thus optimising taxes payable and postponing investment to a later date. At the same time, capacity utilisation in some subsectors has reached or is close to reaching its historical high. A particularly high level of capacity utilisation can be observed in woodworking, manufacture of pharmaceutical products as well as transport vehicles and their components. Therefore, investment in the productive sector is becoming increasingly more important.

Manufacturing based on strong external and domestic demand will continue its dynamic growth; however, the rate of increase will moderate. CIT exempt reinvested earning and the expansion of the VAT reverse payment procedure, which will also be extended to construction materials and fabricated metal products as of 2018, will give an additional impetus to investment, improve competitiveness of domestic enterprises and their balance sheets as well as curb the shadow economy. Thus, credit institutions will be able to cooperate more successfully to receive loans.

Chart 17

DYNAMICS OF MANUFACTURING OUTPUT
(at constant prices; %)



Annual changes
Quarterly changes

3.2 Energy

Output of the energy sector in 2017 has augmented mainly on account of external factors and weather conditions which favoured energy production. In the third quarter, inflows of water in the Daugava river basin increased due to persistent heavy rainfalls in some eastern regions of Latvia, thus boosting generation of electricity. The rainfalls, which had a negative impact on agriculture, contributed positively to electricity production also in October.

In 2017, heat production could be unable to reach the results achieved in 2016, at least in terms of growth rate, since the average outdoor temperature during the heating season of

2016 was lower than in 2015, but over the past heating months of this year it has somewhat exceeded the level of 2016.

In the near term, both weather conditions and repairs of the interconnection NordBalt of the Lithuanian and Swedish electricity transmission planned in the second half of 2018 and during which the price of the electricity market could go up, will continue to affect development of the energy sector. In the medium and longer term, the effect of the energy policy will also be important, e.g. solutions aimed at both further support to energy production from renewable sources and support to energy intensive industrial enterprises to alleviate problems related to MPC costs.

3.3 Agriculture and forestry

Development of these sectors is positively affected by both the global price hikes of crop and animal production and an additional rise in the wood price across global markets. The increasing demand on the domestic market also supports forestry and logging. In the first half of 2017, the value added of the sector recorded a year-on-year pickup of 4.0%. Agricultural non-financial corporations increased their net turnover by 7.7%.

During the first six months of 2017, the purchase of grain (in tones) decreased year-on-year, and this is associated with fluctuations in the harvest volume over the past years. However, the contraction in volume was offset by a higher price which, according to CSB data, was 13.4% higher than in 2016. Although the price has gone up, it is 14.0% lower than on average during the past five years. This is related to high cereal harvests and stocks worldwide. Cereal areas are increasing on an annual basis; however, the rainfalls witnessed this autumn have destroyed a large part of grain sowings in Latgale and elsewhere in Latvia, bringing harvest down. Thus, the harvest of 2017 is expected to be, on average, at the level of the previous year.

According to the information compiled by the Agricultural Data Centre, the volume of raw milk purchased in the first nine months of 2017 is the same as it was in the respective period of the previous year despite a slight decrease in the number of cows, suggesting a rise in productivity. Meanwhile, the average purchase price of milk has been continuously edging up since March, following the average milk purchase price in the EU. It has been supported by an upward trend in the demand for milk across all global markets. A pickup in the price of butter that started this summer has been driven by global trends and an increase in the processing cost price owing to the limited availability of raw materials.

Production of meat products has elevated in the animal production sector. Pork price has been increasing as the pork purchase price has mounted both at local and global levels. Price changes are primarily affected by an uptrend in demand in China.

Recovery of construction activity has a positive effect on the forestry and logging industry due to a rise in the demand for wood and owing to price hikes. Thus, the industry's net turnover has augmented this year, but its most serious risk remains associated with future demand for the industry's production in the UK, which is one of the top-five export destinations.

The global price trends will continue to affect the agricultural sector in 2018. It is very unlikely that marked changes in grain price will occur since global grain stocks are abundant, and the global grain harvest forecast for 2017/2018 was increased in November due to a good harvest in South America, South Africa and Russia. Milk price dynamics follow an upward trend in the EU. This is driven by the increased global demand for milk with a high fat content, and the average purchase price of milk produced in Latvia interacts with this trend. It is likely that the pork price will also continue to go up. The price of both milk and pork will gradually stabilise, with farms boosting the number of animals.

3.4 Construction

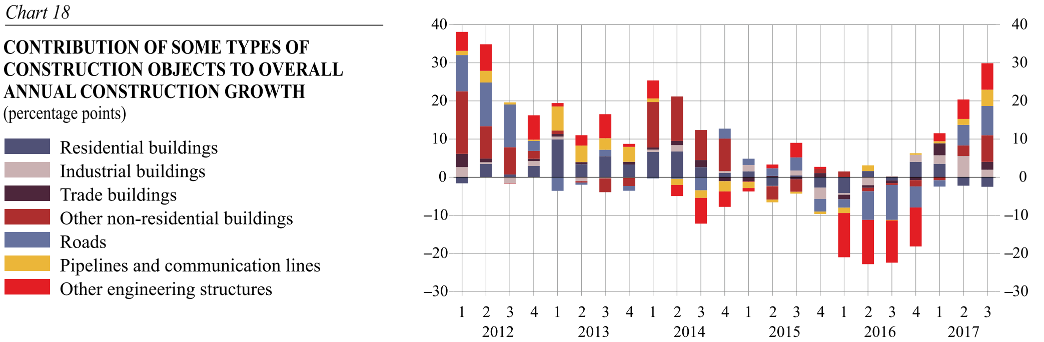
With the number of private sector construction projects growing and the flow of EU funds being restored, construction growth has increasingly shown signs of acceleration already since the beginning of 2017. The construction sector's value added rose by 5.1% and 6.8% in the second and third quarters, with the annual growth rate reaching 25.0%. The steep increase has also been caused by the weak activity in 2017. As a result, notwithstanding the high growth rate in the first nine months of 2017, construction output was actually still lower than in the respective period of 2014 and 2015.

Businesses in the construction sector refer to the long-expected renewal of the availability of EU funds which is reflected in road construction and construction of pipelines and other communication lines – the key driving forces of growth in the second and third quarters. Following a stagnation in the first quarter, the rapid increase in construction of civil engineering structures in the next two quarters contributed to the speedy recovery of the construction industry, accounting for more than a half of the upswing in output of the whole sector. The large contribution of the construction of industrial and trade buildings to the expansion of the construction sector observed since the beginning of the year suggests that the recovery of the private sector has started already earlier. In the second and third quarters, growth was likewise increasingly supported by the construction of buildings of education institutions and administrative buildings, while also providing for the rising growth rate of construction of non-residential buildings. At the same time, the volume of construction of residential buildings continued on a downward trend in the second and third quarters. This is related to the sluggish construction activity of multi-dwelling residential buildings in the second quarter and the decline in the volume of construction of one-dwelling buildings in the third quarter. It should be noted that the segment of multi-dwelling residential buildings saw a significant rise in 2016 – a year that was otherwise highly unsuccessful for the construction industry. However, the growing demand and a large number of projects under development give reason to expect the expansion of the segment of residential buildings also in the future.

Information provided by businesses in the construction sector suggests that a considerable number of projects is currently planned for the construction of apartment, shop and office buildings along with the ongoing recovery of the construction related to the co-financing of EU funds, and this will generate strong construction growth over the next few years. At the current juncture, the sector returns to the output level observed a few years ago. It will be necessary to tap into the unrealised productivity potential for the sector to be able to continue significantly increasing its output. The indicators of the labour force development in the sector suggest that in the second quarter of 2017, the number of employed persons was 7% lower than in 2014 and 2015, but real wages and salaries have increased by about 13% since then. The required high remuneration and labour shortage (e.g. the Latvian Association of Civil Engineers specifically points to the decreasing number of skilled employees in recent years) will weigh on the growth perspectives based solely on the increase in the number of employed persons.

Chart 18

CONTRIBUTION OF SOME TYPES OF CONSTRUCTION OBJECTS TO OVERALL ANNUAL CONSTRUCTION GROWTH
(percentage points)



3.5 Real estate market

The real estate market continued to see rapid increases in the transaction prices of standard apartments in the first nine months of 2017, while the prices of apartments in new projects fluctuated with no clear trend, with the total number of transactions remaining at the high level of 2016. Value added of the real estate sector recovered gradually, with the annual growth rate exceeding 3% in the third quarter.

According to the data provided by real estate enterprises, price hikes of standard apartments displayed no trend toward acceleration in August and September, and the annual rate of increase remained close to 10%. Real estate enterprises indicate that the rise in prices of standard apartments is fuelled by the lack of supply of quality apartments in this segment and the lack of supply of budget class apartments in new projects. At the same time, there are a number of positive factors evident on the demand side, such as a sustained and an increasingly steeper rise in wages and salaries, a favourable situation in the lending sector, with credit institutions reducing interest rates further and expanding the amount of new loans. Moreover, the state aid programme for families with children to purchase housing, implemented by the JSC "Attīstības finanšu institūcija Altum", will be expanded from 2018. It is envisaged that about 1 000 young specialists up to 35 years of age could receive aid for house purchase in 2018. The amount of loans issued under the programme accounts for around one third of overall lending for house purchase.

With developers responding to market demand, a number of major budget class residential building projects are being developed; several of them are planned to be completed in 2018. With the income level of Latvian households increasing, high activity of the apartment market is expected to persist also in the future, while the supply of new dwelling space at an acceptable price could represent an opportunity to mitigate price pressures in the segment of used housing.

3.6 Trade

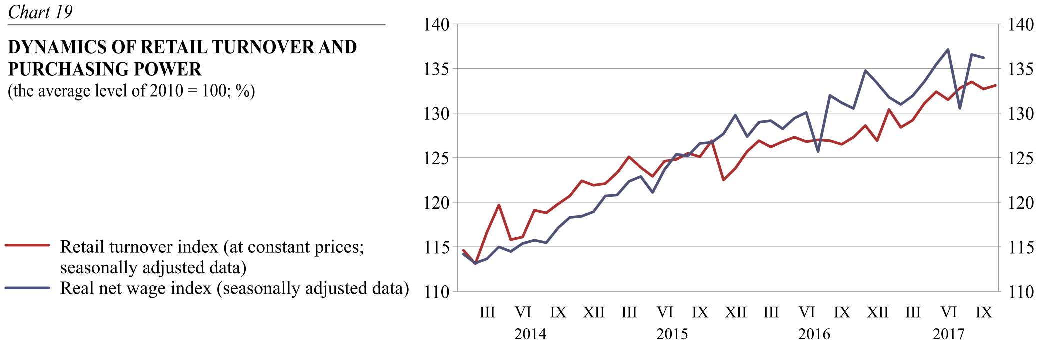
In parallel with generally more buoyant economic growth and a steady rise in purchasing power (the annual rate of increase in a real net wage reached 3.6% in the first three quarters), the trade sector also developed in a more dynamic manner. New capacity is being built both in wholesale and retail trade. However, in the light of the limited nature of the domestic market, part of the future capacity could be targeted at internal restructuring of the sector, e.g. trade concentration in larger centres together with other services.

The share of the trade sector in value added remains slightly below 13%. In the first three quarters of 2017, the sector's value added at constant prices according to seasonally and calendar adjusted and revised CSB data increased by 3.8% (somewhat faster than on average in 2016 when the rise stood at 3.4%). Gains in purchasing power which had a favourable effect on retail trade as well as on sale of motor vehicles and motorcycles further fostered growth of the trade sector in the first nine months of 2017. Development of retail trade became more dynamic from quarter to quarter. According to seasonally and calendar adjusted data, its turnover in real terms augmented by 4.9% in the third quarter year-on-year (overall, by 3.7% in the first three quarters).

Although significant construction activity targeted at needs of trading enterprises is ongoing (construction of both logistics centres and trading venues, e.g. IKEA and "Akropole", as well as the expansion of the existing trade centres), it is a fact that several of these projects will include movement of the current market participants in pursuit of better business models. In addition to the above and other known projects, e.g. Lidl plans, a non-food retail chain Pepco (offering mainly clothing and household articles), widespread on the Eastern European market, in November announced its wish to start business on the Latvian market already in March 2018. Despite the stable growth, the choice of traders offering a limited product mix or low prices in favour of the Latvian market, however, suggests that purchasing power is low. The small market prevents an increase in the sector's profitability, which follows a decreasing trend in retail trade.

Chart 19

DYNAMICS OF RETAIL TURNOVER AND PURCHASING POWER
(the average level of 2010 = 100; %)



The trade of motor vehicles and motorcycles developed more dynamically in the first nine months of 2017 year-on-year. This could be explained by a steady rise in purchasing power and improved access to funding for leasing activity.

3.7 Transport

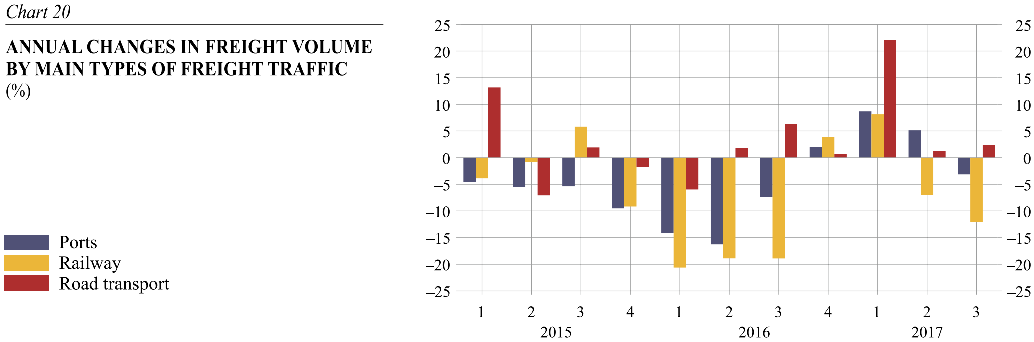
Overall, the first three quarters saw successful development of the transport sector, and it was only the second quarter that witnessed a slight deceleration in development. At the beginning of 2017, these dynamics were mainly driven by a robust upswing in the volume of coal cargoes in rail transport and at ports triggered by one-off factors; however, this surge decelerated in the middle of the year. Transportation by road yielded good results at the beginning of the year as the volume of cargoes and their turnover showed a considerable growth domestically owing to recovery of construction activity. Meanwhile, the results produced by international freight transport improved in the third quarter. The growth rate of the transport sector's value added regained its momentum in the third quarter of 2017 (a 0.9% increase in the second quarter and 2.3% – in the third one). The falling volume of cargoes loaded and unloaded at ports and the contracting volume of rail freight will decelerate growth also in the coming quarters, but road and air transport could develop successfully.

Following the short recovery period, the volume of cargoes loaded and unloaded at ports and the volume of rail freight shrank again. The port of Ventspils saw the steepest growth rate in the first half of the year followed by a drop already in the third quarter. The volume of cargoes diminished also at Riga port. A considerable increase in the volume of cargoes was registered in Liepāja in the third quarter. However, the beginning of the fourth quarter was unsuccessful, i.e. October witnessed a 27% fall year-on-year. Such recent dynamics are attributed to a decline in the volume of coal cargoes at all ports (it was the rise in coal cargoes at the end of 2016 and early 2017 that improved the situation), a continuous decrease in the volume of transhipped oil products and a more pessimistic picture emerging in transhipment of cereals. It is positive that the upward path in the volume of transhipped containers is continuing. This is partly attributable to the economic recovery of Russia and higher volumes of Russia's imports in transit through Latvia's ports.

The second and third quarters of 2017 saw an expansion in both the volume and turnover of freight transportation by road. A drop in freight turnover in international transport, which was adversely affected (over an extended period of time) by a protectionist policy prevailing in EU countries, came to an end in the third quarter. Road transport experienced greater success in the third quarter than in the second one with regard to transportation of both imports and exports. This is in line with information provided by sectoral experts in relation to an increase in freight, especially concerning transportation to Russia, which ranks second behind Germany in terms of the most important partner in the field of transportation by road.

Chart 20

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



SJSC RIGA INTERNATIONAL AIRPORT has demonstrated more rapid growth with respect to the number of passengers served (an increase of 13.5% in the second quarter and of 15.6% in the third one). The improvement in these operational indicators could be attributed to the closure of Vilnius airport in July and August due to its renovation. However, the number of passengers continued to rise rapidly also in September. The cargo volume handled at the airport has also augmented. Investment in infrastructure and active work with carriers have contributed to this increase.

The very successful development of the transport sector observed in early 2017 decelerated in the middle of the year as projected, i.e. the pickup in the volume of coal cargoes was a one-off factor whose positive effect decreased in the course of the year and is likely to cease at the end of the year. In the absence of new one-off factors or an improvement in relations with Russia, a rebound in oil cargoes or surge in the volume of coal cargoes at ports is not expected in 2018. There is also no hope of a sharp increase in the volume of transhipped cereals due to the recent rainfalls, unless ports manage to attract large quantities of cereals from abroad. However, the airport's operation is evolving successfully and continuously. The number of passengers transported could exceed the record-high level reached in 2016. Further recovery of the European economy will have a positive impact on transportation by road. An increase in freight drives up income of carriers in certain routes, and this is also reflected in exports of services statistics. Therefore, the transport sector, which has been traditionally supported by cargoes loaded and unloaded at ports and rail freight, will rather rely on road and air transport in the future.

4. GDP Analysis from the Demand Side

In September 2017, the GDP forecast was revised upwards; the new assessment, along with the colour indication, is given in comparison with the September forecast and not that of June published in the previous issue of the "Macroeconomic Developments Report".

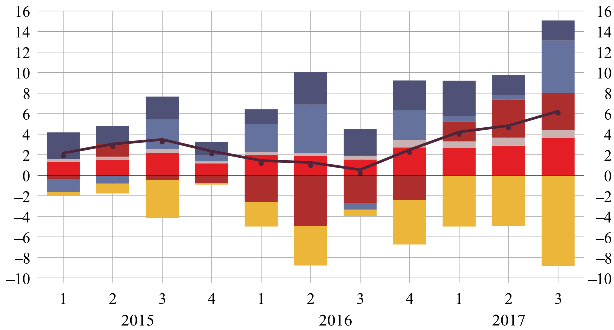
Previous assessment	Developments since the previous report	New assessment
Private consumption		
The annual growth rate of private consumption will remain broadly unchanged.	– In the first three quarters of 2017, the real net wage grew by 3.6% year-on-year maintaining a solid increase in consumption; – a rise in the minimum wage and a favourable influence of direct taxes on the real net income dynamics can also be expected in the future.	Growth in private consumption will, on average, remain stable over the projection period.
Investment		
In 2017, the contribution of investment to GDP growth will increase and approach the positive contribution of private consumption.	– A steep rise was recorded in the first three quarters of 2017, amplified by a lower base according to the revised data; – projects scheduled to be implemented by the time of Latvia's centenary remain relevant; new projects have been announced and launched.	In the projection period, the annual growth of gross capital formation could increase at a slightly faster rate on account of a lower base, the actual activity in the construction sector, the concentration of the EU funds in the second half of 2017 and new investment projects.
Exports		
The growth rate of exports of goods and services has been revised upwards for 2017.	– With the growth outlook improving in many countries, external demand forecasts have been revised upwards; – due to the data revisions carried out by the CSB, the assessment of exports has been revised upwards for 2015 and 2016; – deteriorating cost competitiveness poses a risk to the market share development; – as a result of an upswing in construction, certain manufacturing companies may be focusing on the domestic market.	The assessment of exports of goods and services will remain unchanged over the medium term.
Imports		
A steeper rise in investment will result in an increase in demand for imports of capital and intermediate goods.	– The data on the development of the construction sector and the government capital expenditure for the first nine months of 2017 suggest a more rapid expansion of imports in real terms; – with their income rising, Latvian travellers have increased their spending abroad (travel services imports).	On account of higher investment activity, the growth rate of imports will continue to exceed that of exports.
Government consumption		
The assessment of the government consumption dynamics has remained broadly unchanged.	– 2017 data suggest somewhat accelerated government consumption growth; – certain measures, e.g. a rise in the remuneration of health care professionals, point to robust government consumption in 2018 (included in the September forecast).	The assessment of government consumption dynamics has not changed since September.

Looking at GDP by expenditure, in the first three quarters of 2017 the contribution of private consumption to economic growth exceeded that recorded in the corresponding period of 2016. Nonetheless, investment has become an equivalent source of support for growth, as was expected. However, investment is still insufficient to ensure growth in productivity. Currently, the rapid rise in investment activity and the construction sector development gives urgency to the issue of labour availability which, along with the difficulties of some businesses to pay the increased minimum wage set for 2018, is adversely affecting the cost-related competitive advantages. This is amplified by the uncertainty surrounding the future policy regarding energy prices.

Chart 21

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

- Imports of goods and services
- Exports of goods and services
- Changes in inventories
- Public consumption
- Gross fixed capital formation
- Private consumption
- Annual changes in GDP (%)



4.1 Private consumption

Looking at GDP by expenditure, the contribution of private consumption to economic growth increased again in the third quarter of 2017. Following a four-and-a-half-year low at the end of 2016, in the first half of 2017 consumer confidence gradually improved, inter alia, on account of higher employment expectations. In the third quarter, however, it stabilised, with the households' financial situation assessed most optimistically during this period, but already in October and November a downward trend in consumer confidence followed.

Chart 22

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

- Private consumption
- Retail trade turnover
- Consumer confidence (right-hand scale)

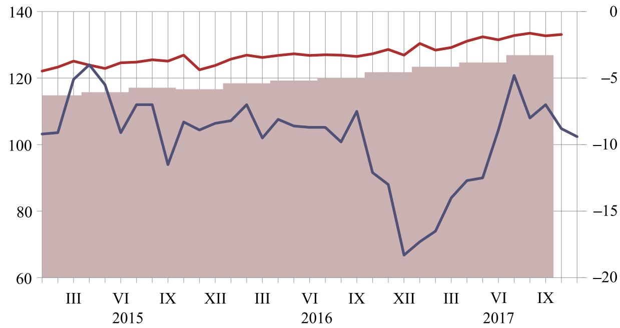
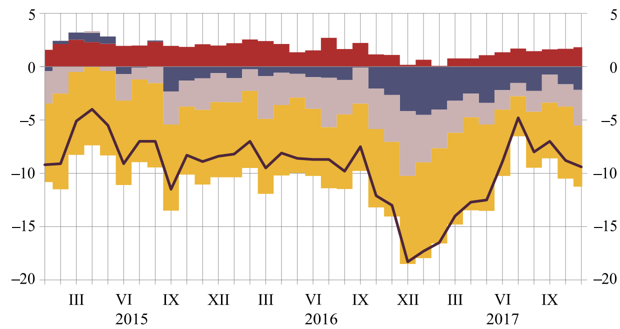


Chart 23

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

- Financial position of the household in the next 12 months
- General economic situation over next 12 months
- Unemployment rate in the next 12 months (–)
- Savings in the next 12 months
- Consumer confidence



In the first nine months of 2017, the expansion of private consumption was slightly more rapid than that of retail trade, and the share of services by type of consumption expenditure has recorded a year-on-year increase. The contribution from trade of household goods, including durable goods, to retail trade remained one of the highest, also suggesting a gradual increase in welfare. The number of cars newly registered with the Road Traffic Safety Department, which had declined somewhat in 2016, is also increasing steadily.

In view of the planned rise in the minimum wage as well as the influence of direct taxes on the real income dynamics, the assessment of consumption growth in the projection period has been revised upwards.

4.2 Investment

As expected, investment has gradually become a source of support for growth in 2017. However, gross fixed capital formation amounts to only approximately 20% of GDP, which is insufficient to ensure productivity growth.

According to the CSB revised data, the decline in investment was more pronounced in 2016 (14.7%), thus the steep rise in investment observed in 2017, reaching 15.5% in the first nine months of the year, was partly due to a lower base. With the private and public sector projects financed both from the EU funds and by other means gaining momentum, investment growth was supported particularly by investment in the so-called other buildings, e.g. commercial buildings and warehouses as well as road construction and transport equipment. In this respect, a significant contribution came from the aircraft purchases made by the JSC Air Baltic Corporation.

Looking by type of investment, that in machinery and equipment is still modest, mainly implying that it is the manufacturing sector that is currently providing insufficient capacity strengthening. Unable to increase productivity more rapidly, the manufacturing sector may, in the coming quarters, face additional competitiveness challenges due to the rise in remuneration. At the same time, significant growth can be observed with respect to investment in the so-called other buildings, e.g. commercial buildings, warehouses as well as road construction. Infrastructure projects scheduled to be completed by the time of Latvia's centenary remain relevant.

Chart 24

ANNUAL CHANGE IN INVESTMENT AND CONTRIBUTION OF COMPONENTS
(at constant prices; seasonally adjusted data; %)

Dwellings
Other buildings and structures
Transportation equipment
Other machinery and equipment
Cultivated biological resources
Intellectual property
GFCF

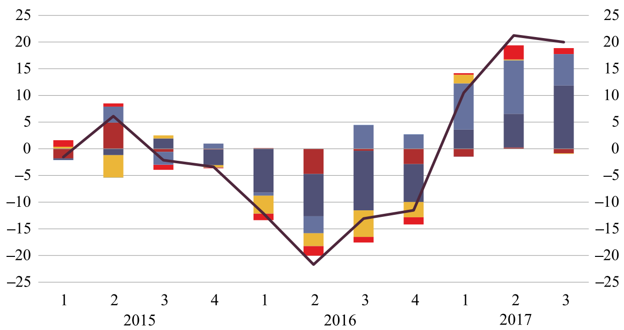
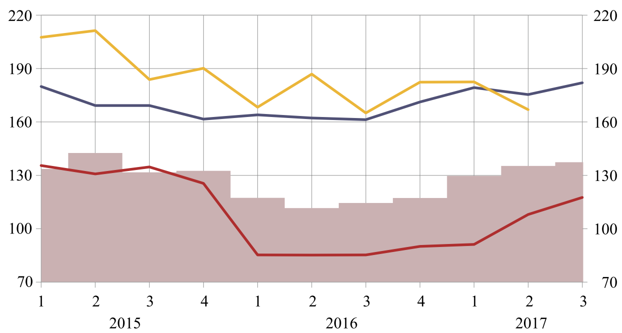


Chart 25

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

GFCF
Construction of buildings
Construction of engineering structures
Import of capital goods



In the first half of 2017, the inflow of foreign direct investment in Latvia amounted to 316.7 million euro, whereas in July–September it reached 464.2 million euro. The largest inflows of investment were recorded in construction, trade, real estate and the accommodation and catering services also in the first half of the year. The largest foreign direct investment inflows were registered from Lithuania, Russia, Luxembourg, Germany and Estonia. In July–September, foreign direct investment inflows were supported by the financial and insurance sectors as well as the trade, manufacturing and construction sectors. The largest inflows were from Sweden, Estonia, the Netherlands and Denmark.

4.3 Exports

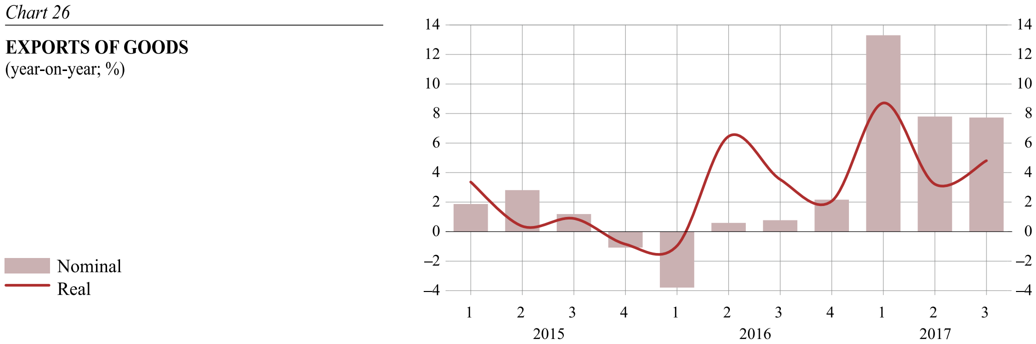
Exports of Latvian goods and services continue to expand, yet the annual growth is somewhat moderating. Higher activity in the global economy, sustainable growth in Latvia's main trade partners and global price increases facilitated favourable terms of trade and thus continued contributing to an increase in the export value of Latvian goods. In the third quarter of 2017, nominal annual growth in exports of goods (7.9%) remained similar to that of the second quarter (7.8%), facilitated by both an increase in real volumes of exports and a rise in prices. In the third quarter, re-export growth was more pronounced than in the previous quarter; but it is rather the exports manufactured domestically than re-exports that ensured export growth both in the third quarter and in 2017 overall. The beginning of the fourth quarter has also been favourable for exports with exports of goods reaching a monthly record high in October.

As Russia's economic growth was stabilising, Latvia's exports of goods to Russia grew by 36.6% year-on-year in the first ten months of 2017. The expansion of exports was largely supported by an increase in exports of beverages, machinery and electrical equipment and pharmaceutical products. According to the WTO data, Latvia's export share also grew in the Russian market in the first seven months of 2017.

In the breakdown by country, the rise in exports of goods was on account of both the traditional partner markets and more remote markets. In the first ten months of 2017, exports of goods to EU countries have increased by 8.9% year-on-year. Exports to Asian countries have seen a very similar growth (8.8%), while exports to America have surged by 67%. In 2017, exports of goods in nominal terms grew most notably to Russia, the US, Estonia, Germany and Sweden.

Chart 26

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



In the first ten months of 2017, the largest positive contribution to the expansion of exports was on account of export growth in food products, including beverages, articles of base metals, machinery and electrical equipment, products of wood, animal products, and products of the chemical industry, including pharmaceutical products. The food industry has recovered from the difficulties of the past three years caused by the Russian embargo on imports of certain food products and the resulting increase in competition in other countries. Exports of food products to Lithuania have increased notably supported by the displacement of the production of several Orkla Foods Latvija Ltd. products intended for the Lithuanian market from Lithuania to a factory in Latvia, Babīte municipality. Exporters of fish, dairy and meat products continue to search for or have found new markets or they have expanded their product range in the existing markets. Latvia's producers of sweets are developing and improving the range of their products on a continuous basis. An increasing number of new export markets are conquered, e.g. in Central Europe, Nordic countries, the US, South Korea and other countries, thus justifying the investment made in this sector.

Although growth in exports of wood can no longer be expressed in double-digit figures, demand for Latvia's products of wood is still in place; therefore, exports of products of wood have provided significant positive contribution to overall growth in exports of goods also in 2017. The fall in exports of wood to the UK has been offset by its increase to Sweden, Germany, Denmark, Italy, Korea, Lithuania, Norway, etc.

Income from exports of services continued on an upward trend posting increases of 5.1% and 8.8% in the first half of 2017 and in the third quarter of 2017 respectively. The main contribution came from exports of transport services, transportation by road in particular. Exports of computer, information and construction services have also expanded and have been growing for an extended period of time. Exports of construction services to Sweden, the UK and Germany continue to increase, and those to Lithuania have expanded notably in 2017. Transportation services provided in the first half and in the third quarter of 2017 increased on account of transportation services by sea, road and air. Decelerating expansion of transportation services by sea in the third quarter was more than offset by accelerating growth in exports of transportation services by road. Looking at travel services, the spending of visitors from abroad overall was smaller in the first half of the year in comparison with 2016, although a slight increase was observed in the third quarter. Overall, the number of visitors from abroad and the duration of their stay in Latvia continue to grow mainly on account of visitors from Russia, Lithuania, Estonia and Finland.

According to preliminary data, total exports of services are expected to increase in 2017. In 2018, the share of transportation services in the overall structure of services' exports is expected to gradually decrease due to a decline in railroad and port services. The contraction will be offset by IT and construction services as well as by the expected increase in the number of visitors from abroad and higher spending on account of Latvia's centenary celebration.

The real effective exchange rate remains on a gradual upward path, already suggesting deteriorating cost competitiveness in a time when the rate of economic growth and the increase in remuneration fail to reach their pre-crisis levels, whereas the gap between the growth rates of remuneration and labour productivity has reached the previous level and the shortage of investment hinders productivity growth.

Constant market share analysis of exports of goods suggests that the EU market competitiveness is contracting. As a result of the negative competitiveness effect, the market share is most notably shrinking in the nearest markets, i.e. in Lithuania and Poland. Meanwhile, the most favourable market share development can be observed in Germany and the Netherlands as well as in some smaller markets, e.g. the rapid market share increase in Hungary and the Czech Republic.

According to the preliminary 2017 data collected by the WTO, the share of Latvia's exports of goods and services in global imports has remained at the previous level despite deteriorating cost competitiveness.

In some sectors, domestic market-oriented businesses and exporting businesses are facing a cost competitiveness risk as the minimum wage has been raised to a level that part of companies, given their current productivity, are unable to ensure, and the uncertainty surrounding the future policy of the energy sector inter alia affects the pricing mechanism and, consequently, significant cost components of many exporting businesses.

Latvia's foreign trade outlook is relatively favourable. Further economic growth of trade partners will create opportunities for Latvian exporters. However, while facing the cost competitiveness risk, businesses have maintained intensive capacity utilisation and producers have been increasingly pointing to the labour shortage as a factor constraining production. Against this background, it will be difficult to maintain a rapid and sustainable export growth. Therefore, the growth rate of exports of goods is likely to slow down in future.

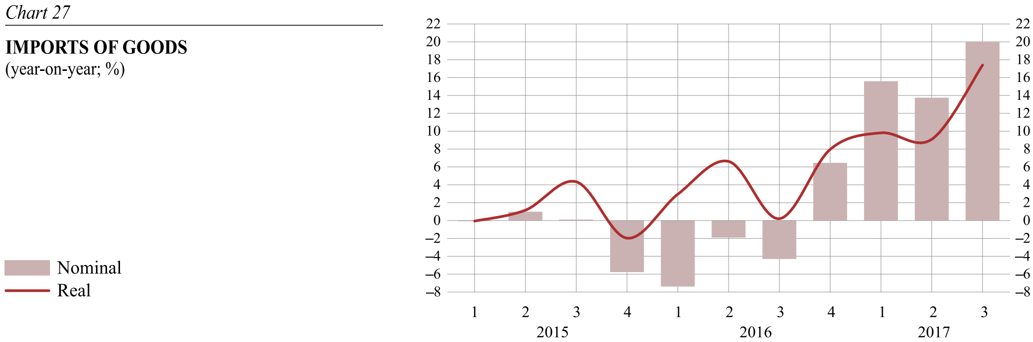
4.4 Imports

The value of imported goods rises at a more rapid pace than that of exported goods, thus increasing the foreign trade deficit in goods. A steeper increase in imports in 2017 is overall related to a significantly stronger economic growth and export development. Imports are positively affected by faster inflows of EU funds ensuring the recovery of investment activity as well as by the renewal of the fleet of the JSC Air Baltic Corporation.

In the first ten months of 2017, imports of goods grew by 16.0% year-on-year. In the third quarter, the expansion of the real volume of imports of goods was more significant than the rise in prices. With Latvia's economic activity recovering, the growing domestic demand is also increasing the demand for imported goods. Imports of consumer goods, intermediate goods and capital goods expanded, and an increase was observed in the commodity groups having a large share of re-exports, e.g. oil products, machinery and electrical equipment. The impact of prices also played an important role.

Chart 27

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



According to the information provided by the JSC Air Baltic Corporation to the media, a significant contribution to the increase in imports of goods came from purchasing Bombardier CS300 aircrafts. Earlier in 2017, the JSC Air Baltic Corporation purchased seven aircrafts and by the end of 2017 it had eight aircrafts of this kind. Meanwhile, in 2018 and 2019 twelve more aircrafts are planned to be received (six each year), providing a further substantial contribution to imports of goods.

In 2018, the increase in imports of goods is also expected to decelerate somewhat mainly due to the base effect; however, it will remain higher than export growth on account of an upward trend in investment.

Nominal imports of services continued expanding also in the first half of 2017 (7.1%) and in the third quarter of the year (10.3%). In both periods, growth was mostly driven by an increase in transportation services, those by sea, road and air in particular. Over the same periods, growth in imports was also facilitated by financial services mostly on account of the credit institutions' foreign currency transactions. Imports of construction services also increased slightly, and the spending of Latvian travellers picked up somewhat. The largest imports of construction services came from Lithuania, Estonia, Finland, Germany and Sweden. Meanwhile, the spending of Latvian travellers rose in Italy, Spain and somewhat also in Switzerland.

4.5 Government consumption

Government expenditure data suggest that the government consumption expenditure continued on an upward path also in the third quarter. The rise in the wages and salaries of teachers, employees in the defence sector, police staff and judicial staff and other employees in the interior system envisaged in the Law on State Budget 2017 along with an increase in the minimum wage and a robust increase in the government expenditure on goods and services contributed to a solid growth in government consumption in the third quarter of the year. Moreover, the official data of the consolidated general government budget in October and November suggest that the upward trend will also continue in the fourth quarter, albeit at a slower pace.

The consolidated general government budget expenditure on compensation and that on goods and services posted year-on-year increases of 9.3% and 5.9% respectively in the third quarter accounting for more than a half of the overall rise in the consolidated general government budget expenditure. An expansion of expenditure on social benefits contributes to a stronger economic activity, thus supporting private consumption.

Alongside with high government expenditure, government investment has also been recovering from a record low in 2016, with its growth in absolute terms accelerating at an increasingly faster rate from quarter to quarter. In the third quarter and in the first three quarters of 2017 overall, government capital expenditure increased by 41.1% and 44.6% respectively. The growing investment is related to a considerably more active implementation of EU funds-financed infrastructure projects by local governments in particular. Meanwhile, the large closure payments for the 2007–2013 programming period funded by the Cohesion Fund and the ERDF and settled during the first four months of 2016 accounted for a seeming decline in subsidies and grants in the first half of 2017. With the impact of the first four months of 2016 fading, the expenditure on subsidies and grants has been growing since May, mainly as a result of higher EU structural funds expenditure in the 2014–2020 programming period. The plan for the absorption of EU funding provides for a high concentration of expenditure in the fourth quarter. Since a number of expenditure items partly offset the dynamics of one another, total government expenditure grew by 5.2% in the first three quarters of 2017. Tax revenue rose at an even more rapid pace posting a 7.6% increase in the first three quarters of 2017, including 9.2% growth in the third quarter, mainly on account of VAT, PIT and mandatory state social insurance contributions. The increase in revenue from taxes on labour is supported by a steady rise in remuneration improving purchasing power and consumption which, in turn, results in higher VAT revenue.

The target of the general government budget deficit set by the Law on State Budget 2018 (according to ESA 2010) is 0.9% of GDP. However, the unexpectedly rapid economic development observed in the third quarter and the excess of tax revenue as compared to the budgeted amount recorded in the first ten months of the year suggest that revenue collections are most likely to be more positive and will reflect in an improved budget balance. Government consumption is lower than planned, and the implementation of the projects financed from EU funds is delayed. This creates additional risks with respect to the expenditure forecast execution which could result in even lower budget deficit at the end of the year. Despite increasingly favourable economic conditions, the decisions adopted by the government will not facilitate an improvement in the nominal budget balance in the coming years. Even if higher economic activity will ensure additional budgetary tax revenue, the recovery of government investment and the tax reform measures will generate an opposite effect.

In the current favourable economic conditions, the government policy can be assessed as expansionary and the measures implemented by the government, i.e. changes in tax legislation, a more rapid pension indexation and a rise in wages and salaries in the public sector, suggest procyclicality.

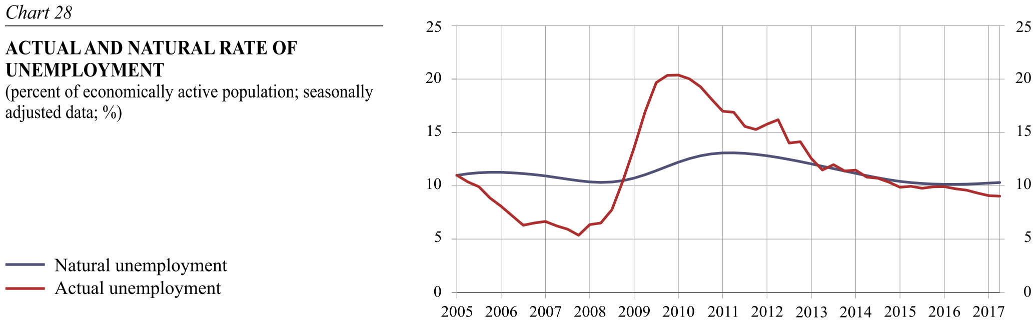
5. Labour Market

Previous assessment	Developments since the previous report	New assessment
Unemployment		
A gradual decline in unemployment (close to its natural level).	– The unemployment rate declines somewhat faster than projected; – the labour market shows signs of labour shortages.	The previous assessment has remained broadly unchanged, the risks are on the downside.
Remuneration		
In 2017, the average wage will increase by 6%. The medium-term rise in wages will approach 5%.	– The private sector has recorded a more buoyant increase in remuneration than expected; – the minimum wage will rise substantially in 2018.	The average wage will rise by 8% in 2017 and 2018. The medium-term assessment has not been changed significantly.

Owing to more accelerated economic growth, there are signs of labour shortages. The unemployment rate has fallen below its natural rate, with the cyclical unemployment component becoming negative. The rate of registered unemployment has followed a downward trend, representing less than 7%, while the share of jobseekers is 8.5% of the economically active population. The number of unfilled vacancies is rising rapidly, and businesses increasingly complain about labour shortages. The stability of the Beveridge curve over time confirms that the structural component of unemployment remains high. It is the structural component of unemployment that should be combated in order to put further decline in unemployment on a sustainable path. It could be done by improving the efficiency of active labour market measures (retraining courses and purposeful integration of certain population groups into the labour market); moreover, it can be also attained through structural reforms in education and health care in a longer term perspective.

Chart 28

ACTUAL AND NATURAL RATE OF UNEMPLOYMENT
(percent of economically active population; seasonally adjusted data; %)



The number of employed persons has remained broadly unchanged for the last three years (some statistical data sources may suggest an increase or a decrease in the number of employed people in the short term). This does not point to weak labour demand (denoted as jobless recovery in some European countries) as the share of employed persons reached its historical high and exceeded the EU average. The stagnating number of the employed reflects the tight labour supply, with the number of working age population decreasing gradually on account of negative net migration and the fact that the mortality rate has exceeded the birth rate for a protracted period.

The economic development is expected to continue on a labour productivity path also in the future, with the number of the employed remaining broadly unchanged. Therefore, as many businesses are planning to increase the number of their employees, the competition for labour among businesses is growing. Overall in the economy, it will be reflected in higher wages instead of increases in the number of employed persons.

Remuneration has slightly outpaced labour productivity in a couple of years, with the share of wages and salaries in value added approaching the EU average. It shows that labour-intensive sectors in Latvia gradually lose the relative advantage at the EU level. If wages continue on an upward trend at the current pace and outpace labour productivity growth, the medium-term impact on economic activity will be negative as the short-term positive effect on private consumption will be offset by the medium-term negative impact on competitiveness.

Chart 29

ANNUAL RATE OF INCREASE IN EMPLOYMENT
(%)

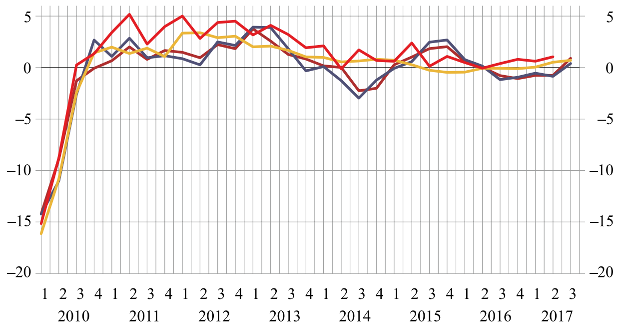
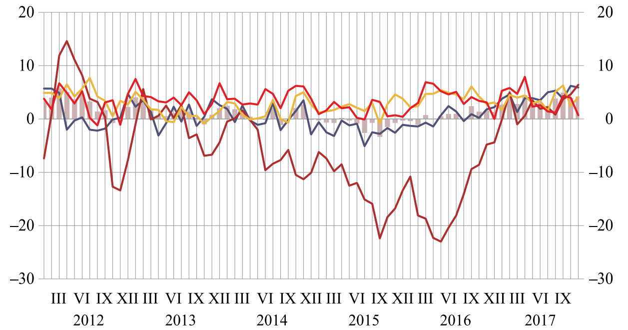


Chart 30

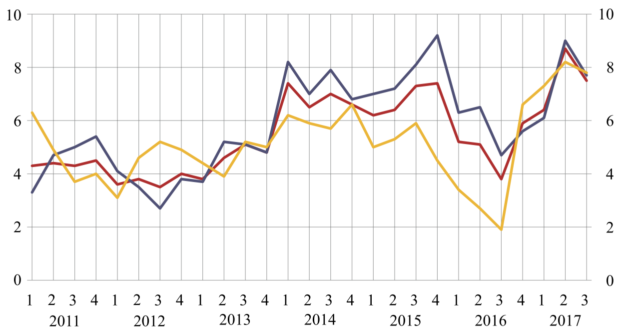
DATA FROM BUSINESS SURVEYS ON PROJECTED 3-MONTH EMPLOYMENT DYNAMICS
(balance of replies; percentage points)



Signs of labour shortages are expected to intensify in the next quarters. This will be due to robust economic growth, with GDP exceeding its potential level. The actual and natural unemployment rate will continue to decline gradually; however, the cyclical component of unemployment will remain in negative territory. Thus, remuneration will keep rising steadily, and it will be also supported by a significant rise in the minimum wage in 2018.

Chart 31

ANNUAL CHANGES IN THE AVERAGE MONTHLY GROSS NOMINAL WAGE AND SALARY
(%)



6. Costs and Prices

The assessment (and also the colour indication) has been presented in comparison with the forecast of September instead of the forecast of June published in the previous "Macroeconomic Developments Report".

Previous assessment	Developments since the previous report	New assessment
Oil prices		
It is expected that the average price will be 51.1 US dollars per barrel in 2017, 50.2 US dollars per barrel in 2018 and 49.8 US dollars per barrel in 2019.	– The price of Brent crude oil exceeded 60 US dollars per barrel in November 2017; – OPEC extended oil production cuts until the end of 2018; – oil stocks in the US demonstrate a downward trend.	It is expected that the average price will be 54.1 US dollars per barrel in 2017, 60.2 US dollars per barrel in 2018 and 57.7 US dollars per barrel in 2019.
Global food prices		
A moderate rise in global food prices is projected in 2017.	– Global food prices stabilised; – the global forecast for the harvest of cereal products could be at an all-time high in 2017 and 2018.	The previous assessment has remained broadly unchanged.
Domestic labour costs and inflation expectations		
In 2017, wages will increase by 6%. Inflation expectations will remain at the same level as in the spring of 2017.	– Labour costs rise slightly faster than projected; – inflation expectations follow an upward trend.	In 2017 and 2018, the average wage will increase by 8%.
Indirect taxes and administered prices		
An increase in the excise tax in line with the approved levels and the possible rise in natural gas tariffs after the liberalisation of the gas market have been taken into account.	– A faster than expected increase in excise tax rates for fuel, alcohol and tobacco as of 2018 (their overall contribution to inflation in 2018 (0.6 percentage point) has already been taken into account in the forecast of September); – a reduced VAT rate on vegetables and fruit typical of Latvia (the contribution to inflation in 2018 is –0.1 percentage point).	Changes in VAT and excise tax rates have been taken into account according to the approved levels.

Inflation dynamics in the second half of 2017 is in line with the expected dynamics, and annual inflation continues to fluctuate around the level of 3%. Fuel prices posted an increase in autumn due to a rise in oil prices, but this still did not reflect in natural gas and heating tariffs; moreover, it was partly offset by the appreciation of the euro vis-à-vis the US dollar. Although domestic economic activity and rising labour costs exceeded the projected growth, it has not significantly translated into core inflation dynamics so far. Thus, Latvijas Banka's inflation forecast for 2017 remains at 2.9%.

Chart 32

CHANGES IN HICP BY COMPONENT
(percentage points)

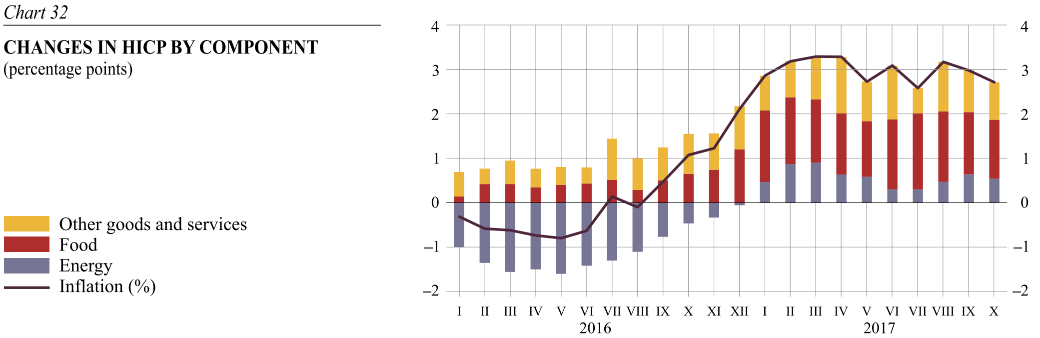
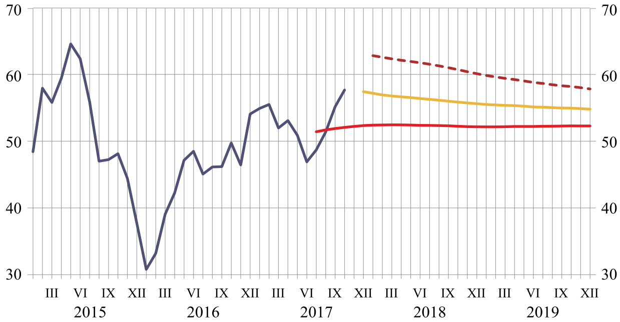


Chart 33

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

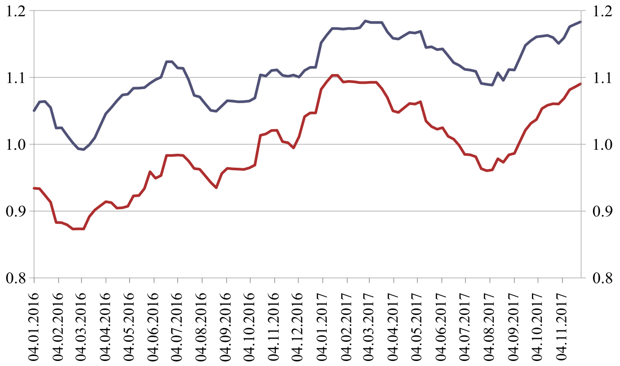


In November, the price of Brent crude oil reached 63 US dollars per barrel, and this is the highest level of the last two and a half years. At the end of November, the OPEC countries agreed to expand oil production cuts until the end of 2018. The oil price is supported by the downward dynamics of oil stocks in the US, the political and military instability in Iraq's Kurdistan region as well as the arrests related to corruption in Saudi Arabia. It is possible that some of these events will affect oil prices only in the short term. Judging by the prices of oil futures contracts, investors currently expect a fall (approximately to 57 US dollars per barrel) in oil prices in the medium term. However, this price also exceeds the one projected some months ago. Thus, the new assessment of the average oil price in 2018 also exceeds the previous assessment.

Fuel prices reflected the oil price dynamics on the global stock exchanges and the fluctuations of the euro exchange rate against the US dollar with a delay of a couple of weeks. In November, the price of 95 octane petrol was 1.17 euro per litre or almost at the same level as six months ago. In July, the natural gas tariff for households increased slightly, reflecting a rise in the prices of oil products in the previous months. At the beginning of the heating season, heating tariffs were similar to those imposed in spring. The correlation between the natural gas price and the average price of oil products of the preceding nine months means that the heating tariff could increase in the months ahead. No impact of the liberalisation of the gas market on natural gas and heating prices (its impact on total inflation can be estimated at 0.1 percentage point) has been observed so far.

Chart 34

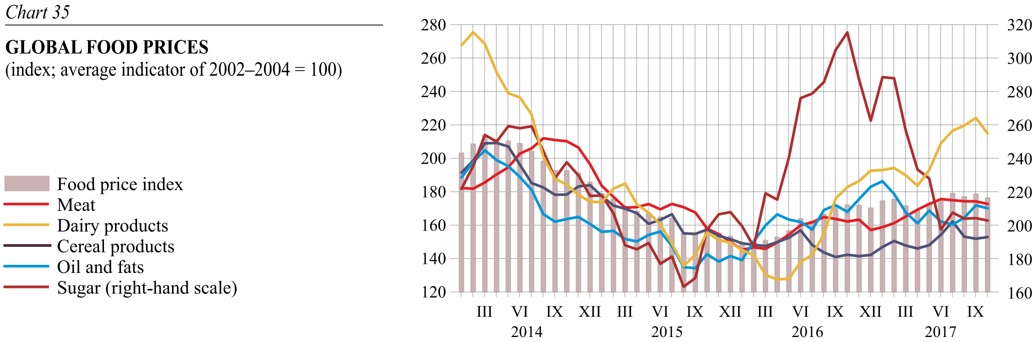
AVERAGE RETAIL FUEL PRICE
(euro)



Global food prices stabilised. The global forecast for the harvest of cereal products has been revised upwards over the past months, and the current record high harvest is expected in 2017. Thus, the produced volume of cereal products could exceed the consumption rates already for the fifth consecutive year, and the stocks of cereal products amount to an-all time high. Following an upsurge in the run of several months, the global prices of dairy products including the prices of butter decreased in October (out of dairy products, butter prices witnessed the most pronounced increase in 2017). In the coming months, the stabilisation of the global prices of dairy products will be also reflected in retail prices in Latvia.

Chart 35

GLOBAL FOOD PRICES
(index; average indicator of 2002–2004 = 100)



Inflation in 2018 will be significantly affected by legislative amendments. A significant increase in excise tax rates on fuel, alcohol and tobacco may push up inflation in 2018 by 0.6 percentage point comprising direct impact (0.4 percentage point) and indirect impact (0.2 percentage point) (or higher prices of other goods and services as a result of rising fuel prices). The minimum wage will also increase from January 2018 (from 380 euro to 430 euro per month), and this may push up inflation in 2018 by 0.1 percentage point. At the same time, a lower VAT rate on vegetables and fruit typical of Latvia (from 21% to 5% as of January 2018) may reduce inflation by 0.1 percentage point.

7. Conclusions and Forecasts

In 2017, GDP growth was very strong and higher than projected. According to Latvijas Banka's forecasts, robust growth will continue also in the future; however, such a high level of annual GDP growth is unlikely to persist.

Private consumption will remain strong on account of declining unemployment, an increase in real income and the high consumer confidence. EU fund inflows will continue and increase in 2018, supporting prospects of a notable positive contribution of the construction sector to growth in the next few years. As a result of a persistently strong domestic and external demand, high production capacity utilisation and low interest rates, private investment is also expected to continue supporting economic growth. At the same time it should be noted that only a modest recovery in lending has been projected. Moreover, the accelerated rate of investment growth in 2017 resulted from both the low base of 2016 and some one-off events, e.g. the purchase of planes.

Despite the robust external demand, its rate of increase in the next few years will be slower than in 2017 and contribution of exports to economic growth is likely to decline. Manufacturing, closely related to exports, will also continue on an upward trend, but the growth will become less pronounced.

In September 2017, Latvijas Banka revised upwards its GDP forecast published in June. Consequently, part of the factors, e.g. solid external demand, the effect of higher minimum wage and other legislative act amendments on private consumption, and stronger growth in some sectors, that had pointed to a required upward revision of the forecast since publishing the previous issue of the Macroeconomic Developments Report, have already been included in the September forecast.

However, positive sectoral preliminary statistical data and the GDP flash estimate for the third quarter of 2017 allow a further upward revision of the GDP forecast. According to data not adjusted for seasonal and calendar effects, in 2017 GDP growth is likely to stand at 4.7% (4.2% in September), while in seasonally and calendar adjusted terms it is likely to be 5.2% and 4.7% respectively. Further GDP growth of 4.1% is projected in 2018 (3.8% in September) in both seasonally and calendar adjusted and non-adjusted terms. Although the GDP forecast has been revised upwards, it is mostly based on the observed growth data, while the outlook on future development and factors behind it has remained broadly unchanged. In 2019, the pace of the economic growth is projected to remain sustained, albeit not so rapid as before: 3.2% according to data adjusted and not adjusted for seasonal and calendar effects.

In 2017, inflation developed along the expected path, therefore Latvijas Banka's inflation forecast for 2017 remains unchanged at 2.9%. In 2018, inflation is also likely to stand at 2.9%. The change in the inflation forecast from the one published in the June issue of the Macroeconomic Developments Report to that released in September, i.e. 0.8 percentage point, to 2.8%, was mostly driven by the information on a steep rise in the excise tax and a substantial increase in the minimum wage. The change in the inflation forecast in the period from September to December, i.e. 0.1 percentage point, to 2.9%, mainly resulted from a stronger-than-expected domestic demand and a further rise in oil prices. Core inflation in 2018 will be higher than in 2017 on account of a hike in labour costs. In 2018, service prices are projected to rise by more than 3% on average, reflecting robust domestic demand and a sustained pick-up in labour costs that will persist on the back of the cyclical unemployment component remaining negative. Moreover, if the level of oil prices stabilises above 60 US dollars per barrel, inflation may slightly exceed the forecast. In 2019, inflation is projected to be 2.6%.

Chart 36

ANNUAL CHANGE IN GDP
(at constant prices; seasonally and calendar non-adjusted data; 2017–2019 Latvijas Banka forecast; %)

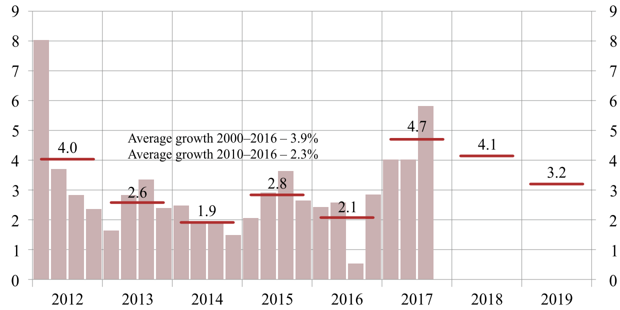
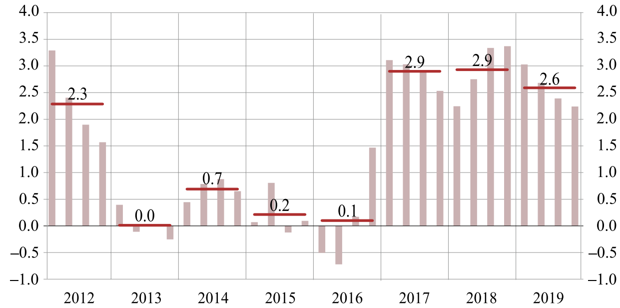


Chart 37

HICP ANNUAL CHANGE
(2017–2018 Latvijas Banka forecast; %)



8. Analysis of Scenarios

8.1 Wages continue to rise faster than labour productivity

1. Motivation

The increase in remuneration in Latvia has exceeded that of labour productivity growth in recent years. Moreover, the rise in remuneration accelerated in the first half of 2017, and a rapid wage and salary growth is also expected in the coming years, both because of labour demand exceeding labour supply and administrative decisions (an increase in the minimum wage). To analyse the channels through which wage increases (that are not based on labour productivity) affect the economy, a DSGE model for Latvia has been used for the simulation of the business cycle (see Ginters Bušs. *Wage formation, unemployment and business cycle in Latvia.* Riga: Latvijas Banka, 2017. Working Paper 1/2017, 70 p.)[1].

2. Simulation

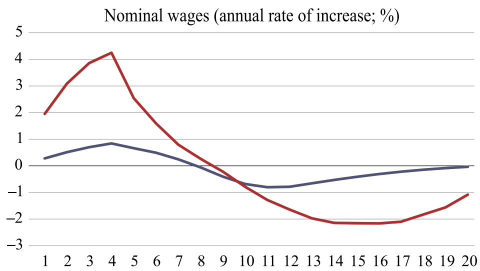
Two scenarios are considered. Both scenarios assume that the upward phase of the business cycle is caused by positive consumer sentiment. The private consumption growth that lasts for two years and reaches around 7% is modelled. In case of the first scenario, economic activity is not restricted by labour supply, and thereby no significant rise in wages and salaries can be observed (see Chart 38). The second scenario takes into account tight labour supply. Hence, labour shortages lead to stronger bargaining power granted to employees in this case[2]; therefore, remuneration outpaces labour productivity.

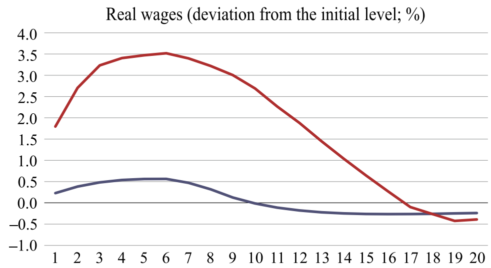
In both cases, the expansion of private consumption is similar as a slower growth rate in employment is offset by a steeper rise in remuneration in the second case. However, an increase in unit labour costs has an adverse effect on the economy. First, higher labour costs are reflected in rising prices of products; therefore, local production is partly replaced by relatively cheaper import goods (lower competitiveness in the local market). Second, higher prices of export goods negatively affect external competitiveness, and this is why real exports sees a decline. Third, investment inflows and consequently also the potential economic growth slow down due to the deterioration of the profitability of businesses.

Hence, in the second scenario GDP growth is slower. The second scenario also assumes that recession is deeper, GDP is lower and unemployment is higher in the downward phase of the business cycle when businesses reduce employment and wages. The longer is the wage adjustment process, the slower is the economic recovery.

Chart 38

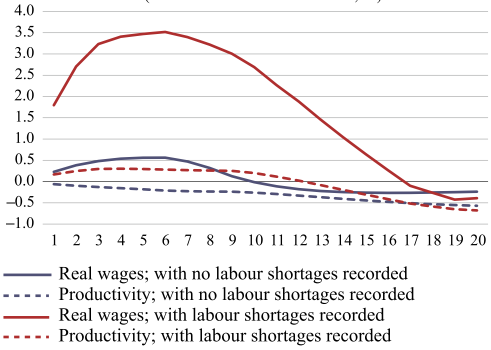
EFFECT OF GROWING DOMESTIC DEMAND ON THE ECONOMY DEPENDING ON THE AVAILABILITY OF LABOUR
(by quarter)



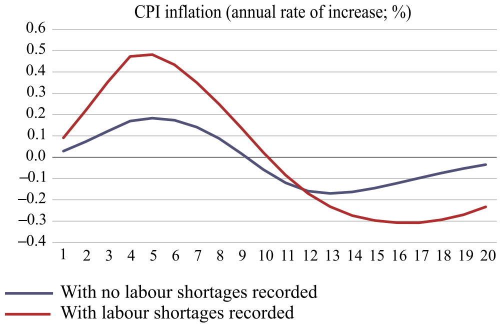


[1] This is one of the models used by Latvijas Banka and representing just a part of the information taken into account when forming an opinion on topical policy issues and economic development.
[2] An increase of 10% in the opportunities for employees to earn money outside their full-time job has been recorded.

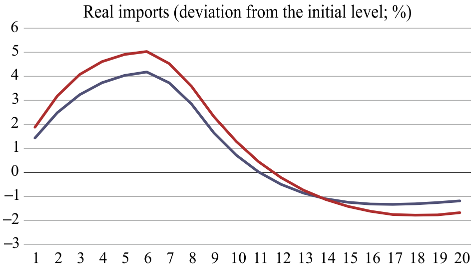
Gap between wages and productivity
(deviation from the initial level; %)



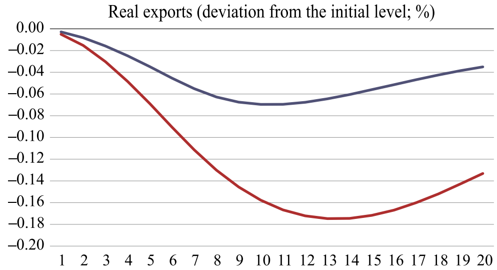
CPI inflation (annual rate of increase; %)



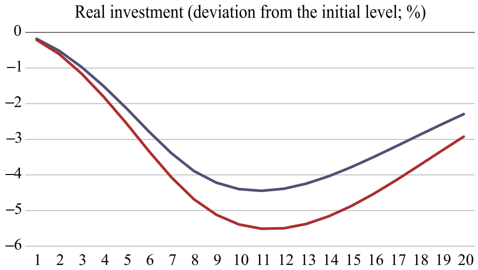
Real imports (deviation from the initial level; %)



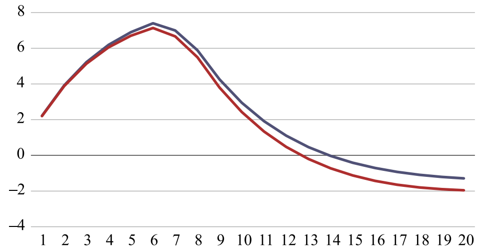
Real exports (deviation from the initial level; %)



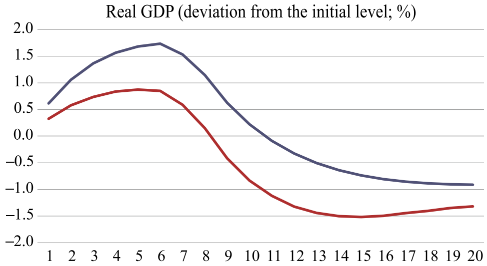
Real investment (deviation from the initial level; %)



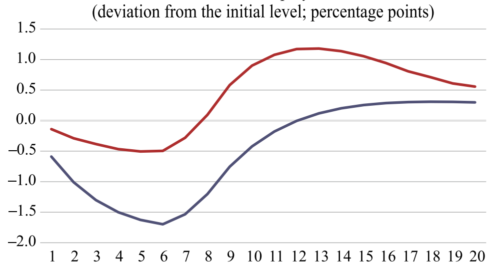
Real private consumption (deviation from the initial level; %)



Real GDP (deviation from the initial level; %)



Share of unemployment
(deviation from the initial level; percentage points)



3. Conclusions

A rapid wage rise boosts income and consumption in the short term. However, the seemingly positive momentum is not likely to continue and may last just as long as consumer and business sentiments (affected also by external events, e.g. external demand) improve further. If labour productivity does not grow simultaneously, the positive effect is temporary. The fact that wages and salaries rise considerably faster than labour productivity has caused negative consequences in the medium term – a few years after a positive wage shock has occurred, real disposable income and output as well as exports, private consumption and employment fall behind the projections of the scenario with no labour shortages. The loss of internal and external competitiveness and reduced economic growth potential due to weaker corporate financial positions and lower investment are the main channels. Thus, the simulation results show that wage growth should be based on labour productivity growth to be on a sustainable path.

8.2 Decline in housing prices in the Nordic countries

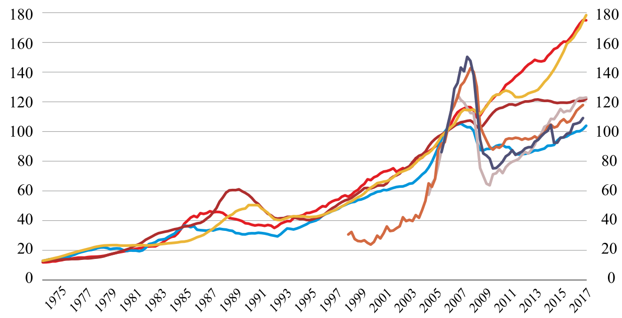
1. Motivation

The Latvian economy and financial system are very open. Thus, both regional and global external shocks have a great potential to mirror in the country's economic and financial indicators rather rapidly. A potential steep fall in Swedish real estate prices represents one of the sources of systemic risk. Such a drop can cause macrofinancial tension throughout the region of the Nordic and Baltic countries due to the close economic and financial ties that exist between them.

The price dynamics of Swedish real estate in combination with an increase in lending and private sector debt and the high debt level observed over the past years give rise to concerns as to sustainability of the situation. Normalisation of historically low risk premiums at global level could also mirror in erosion of real estate prices in Sweden and other Nordic countries. Currently several indicators show that the Swedish housing market is witnessing a slowdown in development. Most market participants and Sveriges Riksbank believe that the Nordic countries will see healthy stabilisation of the real estate price level.[1] Latvijas Banka's forecast baseline scenario also contains an assumption of its gradual stabilisation. Meanwhile, a risk scenario is aimed at modelling a steep decline in real estate prices peculiar to deep crises and its potential impact on the Latvian economy. The likelihood that such a scenario might occur is low, and the results obtained cannot be interpreted as forecast risks of the baseline scenario. However, the results give an idea of the potential adverse effects if developments were very unfavourable.

Chart 39

REAL ESTATE PRICE DYNAMICS OF THE NORDIC AND BALTIC COUNTRIES
(index: 2006 = 100)



A significant drop in real estate prices in the Nordic countries would halt housing market development, notably affecting consumer sentiment and investment in the economy. A decline in demand in the Nordic countries would trigger a reduction in exports in their trade partners (including the Baltic countries).

The halt in real estate market development would significantly deteriorate possibilities and motivation of enterprises to make investment, using bank loans and their own funds or capital market resources. Adverse development of the real estate market could worsen loan quality in Nordic banks which in turn would increase the risk premium of these banking groups, making market funding more expensive for them (as they would be considered riskier). A rise in financing costs of Nordic banking groups could boost interest rates on new loans both in the Nordic countries and subsidiaries and branches of Nordic banking groups in the Baltic region (including Latvia). Although dependence of subsidiaries on their parent bank funding has decreased considerably and the ratio of domestic loans to deposits has improved over the past years, decisions on the policy of interest rates on loans are largely

[1] Press release by *Sveriges Riksbank* of 22 November 2017 *A slower rate of increase of household indebtedness is needed for stability*. [viewed on 15 December 2017]. Available: *http://www.riksbank.se/Documents/Pressmeddelanden/2017/prm_171122_eng.pdf*. Arnold, Martin, Milne, Richard. *Sweden's big banks call an end to decades-long housing boom. Financial Times.* 14 November 2017 [viewed on 15 December 2017]. Available: *https://www.ft.com/content/07c97b9e-c633-11e7-b2bb-322b2cb39656.* Bergqvist, Robert, et al. Theme: The resilience of the Swedish housing market. *SEB Nordic Outlook.* 21 November 2017, pp. 33–34.

taken at the banking group level, and the financial position of the banking group affects also subsidiaries. With interest rates on loans augmenting, the demand for loans would follow a downward trend. With the quality of loans deteriorating in home countries of banking groups, credit standards could be tightened in the Baltic countries, thus decelerating lending development. The deterioration of financing conditions and narrowing of profit opportunities would have an adverse effect on the market value of enterprises. Thus, investment activity would contract also in cases when investment is made by using funds of enterprises or capital market resources rather than bank loans.

Overall, this would have a negative impact on development of enterprises. Moreover, business and consumer confidence could be deteriorated by an increase in macrofinancial tension in the region, hampering the decision-making process in relation to investment and consumption in the short term, thus slowing down domestic economic development.

2. Simulation

The simulation has been performed by employing the ESCB multi-country model and Latvian DSGE model[1]. A decline in housing prices in Sweden and other Nordic countries on average by 30%[2], which would result in a rise in interest rates on short-term loans by 2 percentage points in the course of three years, is modelled. The drop in real estate prices and the related effects are assumed to depreciate the effective exchange rate of the Swedish krona by 15%[3] in the first year and by 5% in the second one. Thus, in parallel with the steep fall in real estate prices, deterioration of consumer sentiment, which would drive the contraction in private consumption in the Nordic countries[4], is also modelled. The impact of these four channels on the economy would materialise via weakening of Latvia's external demand; therefore, for the purpose of further analysis they have been grouped together in a single external demand channel. The effect of these channels is modelled by employing the ESCB multi-country model which takes into account both the direct impact of a specific Nordic country and Latvia's trade and the indirect impact via other trade partners of Latvia[5]. In addition to the external demand channel, deterioration of investment funding possibilities[6] in Latvia is also modelled. Moreover, taking account of the deceleration in the economic activity and weakening of sentiment in the region as a whole, an increase in uncertainty in Latvia is also modelled. The adverse effect of the total drop in real estate prices in Sweden and other Nordic countries on Latvia's GDP in the course of three years has been assessed at 2.3% vis-à-vis the baseline scenario (see Chart 40).

The Latvian economy would be affected by the external demand channel primarily via a decline in exports. The Nordic countries are important partners of Latvia's exports, and their total share in Latvia's exports of goods constitutes approximately 15%. Moreover, these countries are also important partners of Latvia's largest trade partners, mainly Estonia, which would also be adversely affected should this scenario materialises. The above aspect is taken into account in this simulation. In the first year following a significant adjustment of real estate prices in the Nordic countries, the level of Latvia's exports would be 1.5% below that of the baseline scenario. In the second year, exports of Sweden and other Nordic countries would become more competitive as a result of weakening of the effective exchange rate, and

[1] Bušs, Ginters. *Wage formation, unemployment and business cycle in Latvia*. Riga: Latvijas Banka, 2017. Working Paper 1/2017, 70 p. Model simulations represent just part of the information taken into account when forming opinion on topical policy issues and economic development.
[2] The assumption is based on the cumulative drop in housing prices in Sweden in the 1990s. Taking into account the close mutual links among the economies of the Nordic countries and the boom in real estate prices seen by several of these countries for a lengthy period, it is assumed that the plunge in housing prices experienced by Sweden will also decrease housing prices in other Nordic countries.
[3] For example, in early 1990s, when Sweden witnessed a considerable drop in housing prices, the exchange rate decreased by approximately 20%, with Sweden introducing the floating exchange rate.
[4] Consumption would fall by 5% in the Nordic countries in the course of two years.
[5] The model contains the mutual trade link among EU28 countries.
[6] A pickup in interest rate on short-term loans by 2 percentage points in Latvia over a three-year period has been modelled.

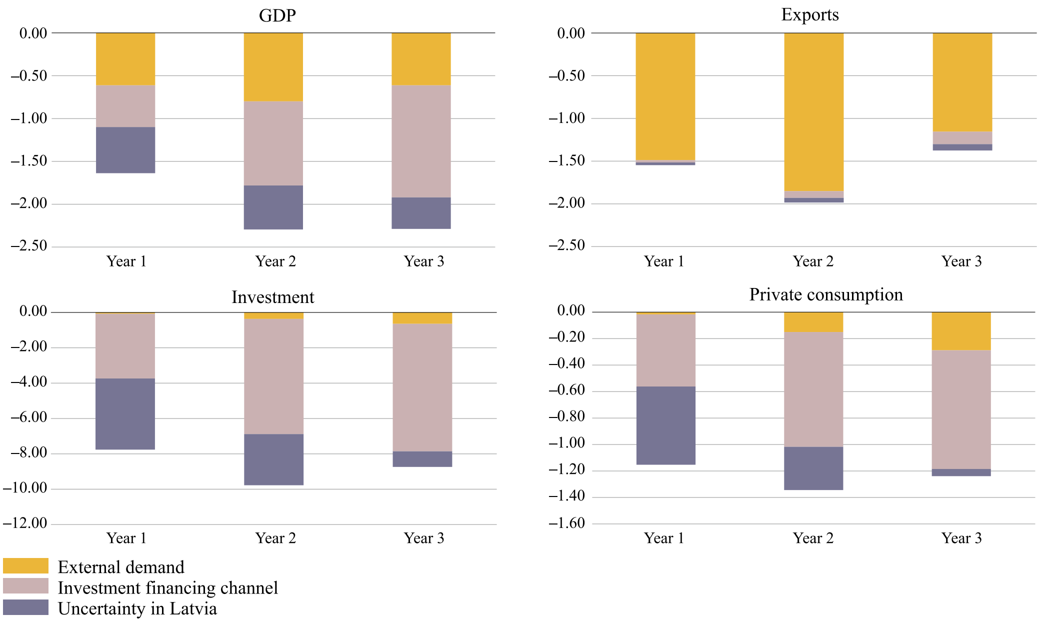
this would soften the GDP fall in these countries. Therefore, a relatively small additional decrease in the level of Latvia's exports vis-à-vis the baseline scenario (up to 2%) can be observed in the second year of simulation. Meanwhile, exports would start recovering in the third year, and after three years their level would remain about 1.4% lower compared to the baseline scenario. Due to a decline in external demand, Latvia's GDP would be 0.6% lower vis-à-vis the baseline scenario in the third year.

Deterioration of investment funding possibilities has the greatest negative effect on Latvia's GDP, and this would materialise primarily via three channels. First, new loans to enterprises would contract. Second, loans to households would shrink, thus reducing consumption and also motivation of enterprises to make investment. Third, the deterioration of financing conditions and narrowing of profit opportunities would have an adverse effect on the market value of enterprises, impairing their possibilities to make investment also in the cases where bank loans are not used for financing investment. Therefore, the decline in investment would constitute 9% vis-à-vis the baseline scenario in the course of three years. Moreover, enterprises would reduce not only investment but also the number of employees and wages, thus exerting additional pressure on private consumption. Overall, the impact of the investment financing channel on Latvia's GDP would be negative, i.e. it would decrease by 1.3% relative to the baseline scenario within three years.

The effect of the third, uncertainty, channel can be seen most during the initial period of the simulation when investment and private consumption in Latvia would be postponed due to the uncertainty surrounding the impact of the crisis, its depth and channels. In the first year, private consumption would decrease by 1.1% vis-à-vis the baseline scenario. Due to a rise in uncertainty, GDP would fall by approximately 0.5% relative to the baseline scenario in the first year following the shock, but the coming years would experience no additional negative impact of the channel owing to moderation of uncertainty.

Chart 40

CUMULATIVE IMPACT ON THE LATVIAN ECONOMY WITHIN THREE YEARS OF SIMULATION
(level changes vis-à-vis the baseline scenario; %)



3. Conclusions

In the event of a crisis which would be similar to that seen by the Nordic countries in early 1990s in terms of scope, a sharp drop in real estate prices in Sweden and the entire Nordic region could have a significant effect on the Latvian economy, i.e. GDP deviation from the baseline scenario in the course of three years has been modelled to reach approximately 2.3%. Deterioration of investment funding possibilities would provide the largest and most lasting negative contribution. This can be explained by both the abundant presence of Nordic banking groups in Latvia and the Baltic region as a whole and by the close links among the economies which means that a negative shock in one country can have a negative cross-border impact on the financial position of enterprises located in other countries within a short period of time. Latvia's exports would contract due to the impact of the external trade channel, but the elevated uncertainty would make enterprises further postpone investment and households – their consumption, with a consequent negative impact on the overall economic growth.

Statistics

List of tables

1. MONETARY INDICATORS AND INTEREST RATES

	2016					2017		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Overnight deposits[1] (Latvian contribution to the euro area M1)	7.4	12.7	16.5	11.1	7.4	8.2	3.5	1.5
Latvian contribution to the euro area M2[1]	7.0	9.9	12.0	9.3	7.0	6.0	2.4	0.8
Latvian contribution to the euro area M3[1]	6.9	9.5	11.6	9.0	6.9	6.1	2.4	0.6
Loans to resident financial institutions, non-financial corporations and households[1]	3.0	–0.6	1.4	2.0	3.0	2.8	0.9	–3.6
Deposits of resident financial institutions, non-financial corporations and households[1]	7.7	10.9	12.4	9.7	7.7	4.7	2.1	0.8
Long-term interest rate for convergence assessment purposes[2]	0.53	0.88	0.53	0.17	0.55	0.94	0.88	0.85
EURIBOR (3-month loans)[3]	–0.264	–0.187	–0.258	–0.298	–0.312	–0.328	–0.330	–0.330
Weighted average yield on government bonds	0.3[4]	0.3[4]	0.4[4]	0.1[4]	–0.04[5]	0.2[4]	0.2[4]	–
OMXR[3]	656.4	612.9	629.5	655.5	726.3	753.0	846.3	995.7

	2016						2017								
	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)	13.1	13.4	11.1	11.9	9.5	7.4	6.4	6.3	8.2	7.7	5.4	3.5	3.5	4.2	1.5
Latvian contribution to the euro area M2[1]	10.1	10.7	9.3	9.5	8.5	7.0	5.9	5.0	6.0	5.7	4.7	2.4	1.9	2.8	0.8
Latvian contribution to the euro area M3[1]	9.7	10.3	9.0	9.3	8.3	6.9	6.1	4.9	6.1	5.9	4.8	2.4	1.9	2.8	0.6
Loans to resident financial institutions, non-financial corporations and households[1]	1.8	1.7	2.0	1.8	2.3	3.0	3.8	3.8	2.8	2.5	0.7	0.9	1.0	0.8	–3.6
Deposits of resident financial institutions, non-financial corporations and households[1]	9.7	10.3	9.7	9.5	8.1	7.7	6.0	4.7	4.7	4.0	2.1	2.1	2.5	2.7	0.8
Long-term interest rate for convergence assessment purposes[2]	0.30	0.12	0.10	0.19	0.56	0.90	0.89	0.99	0.94	0.92	0.88	0.85	0.98	0.85	0.72
EURIBOR (3-month loans)[3]	–0.294	–0.298	–0.302	–0.309	–0.313	–0.316	–0.325	–0.329	–0.329	–0.330	–0.329	–0.330	–0.330	–0.329	–0.329
Weighted average yield on government bonds	–	0.005[5]	0.1[4]	–0.1[5]	–	–0.02[5]	–0.03[5]	–	0.2[4]	–	0.2[4]	–	–	–	–
OMXR[3]	633.6	638.3	694.4	717.2	725.3	736.2	742.6	745.8	769.3	796.2	834.0	900.4	982.5	1 007.6	995.8

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.
5 Weighted average primary market yield of 3-year government bonds.

2.a REAL SECTOR INDICATORS AND PRICES

	2016					2017		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Industrial output[1, 2]								
Increase/decrease[3] (at constant prices; working day adjusted data; %)	5.0	2.1	4.5	3.7	9.2	6.7	8.8	9.3
Turnover (thousands of tons)	63 116	17 013	14 743	14 168	17 192	18 491	15 498	13 723
Increase/decrease[3] (%)	–9.3	–14.1	–16.3	–7.3	2.0	8.7	5.1	–3.1
Retail trade turnover [1, 2, 4]								
Turnover (at current prices; millions of euro)	6 697.2	1 485.2	1 683.7	1 754.9	1 773.4	1 597.9	1 788.8	1 881.3
Increase/decrease[3] (at constant prices; %)	2.2	2.2	2.6	1.4	2.4	2.4	3.8	4.9
Unemployment rate (%)	8.4	9.1	8.3	7.9	8.4	8.3	7.2	6.6
Producer prices[1] (increase/decrease compared with the previous period; %)	–2.4	–1.0	–0.8	0.4	0.2	1.3	1.1	0.7
Consumer price inflation (HICP)								
Year-on-year basis (%)	0.1	–0.5	–0.7	0.2	1.5	3.1	3.0	2.9
Quarter-on-quarter basis (%)	x	–0.6	1.5	–0.3	0.9	1.0	1.4	–0.5
Financial surplus/deficit in the consolidated general government budget								
Surplus/deficit (millions of euro)	–101.7	48.4	137.8	117.4	–405.3	99.8	130.9	130.1
Ratio to GDP (%)	0.4	0.9	2.2	1.8	6.0	1.7	2.0	1.8

[1] Data are calculated according to the Statistical classification of economic activities in the European Community (NACE Rev. 2).
[2] Data have been revised.
[3] Year-on-year basis.
[4] Sale of motor vehicles and motorcycles not included.

2.b REAL SECTOR INDICATORS AND PRICES

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Industrial output[1, 2]															
Increase/decrease[3] (at constant prices; working day adjusted data; %)	3.4	2.3	5.6	7.3	9.1	11.6	7.7	4.9	7.3	6.3	10.1	10.1	8.3	12.5	7.1
Cargoes loaded and unloaded at ports															
Turnover (thousands of tons)	4 880	4 468	4 820	5 769	5 257	6 166	6 449	5 503	6 538	6 038	4 724	4 736	4 221	4 854	4 648
Increase/decrease[3] (%)	–3.2	–11.0	–7.8	1.1	–4.7	9.3	13.4	–2.2	14.7	16.2	–9.2	8.9	–13.5	8.6	–3.6
Retail trade turnover[1, 2, 4]															
Turnover (at current prices; millions of euro)	593.6	598.0	563.2	573.6	551.2	648.6	530.7	498.8	568.3	569.7	608.2	611.0	629.7	648.5	603.2
Increase/decrease[3] (at constant prices; %)	1.9	1.2	1.0	0.3	4.9	2.3	3.8	1.1	2.3	3.4	4.1	3.7	4.6	5.3	4.9
Unemployment rate (%)	8.3	8.1	7.9	7.9	8.0	8.4	8.5	8.4	8.3	7.8	7.4	7.2	7.1	6.9	6.6
Producer prices[1] (increase/decrease compared with the previous period; %)	–0.1	0.6	0.3	–0.4	0.3	0.4	0.7	0.4	0.1	0.1	0.4	0.5	0.4	0.1	0.3
Consumer price inflation (HICP)															
Year-on-year basis (%)	0.1	–0.1	0.5	1.1	1.2	2.1	2.9	3.2	3.3	3.3	2.7	3.1	2.6	3.2	3.0
Month-on-month basis (%)	–0.3	–0.7	0.4	0.6	0.1	0.6	0.1	0.4	0.9	0.4	0.2	0.4	–0.8	–0.1	0.2
Annual core inflation (total HICP excluding fuel, regulated and unprocessed food prices; %)	1.7	1.2	1.4	1.7	1.8	2.2	2.4	2.3	2.6	3.0	2.3	2.8	2.0	2.7	2.5
Financial surplus/deficit in the consolidated general government budget (millions of euro)	21.4	42.0	54.0	–67.5	–95.8	–242.0	121.8	11.0	–33.0	70.9	79.4	–19.4	62.9	74.2	–7.0

[1] Data are calculated according to the Statistical classification of economic activities in the European Community (NACE Rev. 2).
[2] Data have been revised.
[3] Year-on-year basis.
[4] Sale of motor vehicles and motorcycles not included.

3. ANALYTICAL ACCOUNTS OF THE CENTRAL BANK

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Latvia's contribution to the euro area monetary base	7 887.5	7 810.6	8 122.5	8 446.8	8 507.6	8 453.7	8 109.5	8 201.1	8 020.7	8 545.8	8 254.9	8 305.4	8 120.4	8 377.1	8 477.5
Currency in circulation	4 231.2	4 217.5	4 229.7	4 250.2	4 256.3	4 262.6	4 199.3	4 206.7	4 217.5	4 256.8	4 260.0	4 300.4	4 322.7	4 317.7	4 326.7
Current accounts (covering the minimum reserve system)	3 656.3	3 593.1	3 892.8	4 196.6	4 251.3	4 191.1	3 910.2	3 994.4	3 803.2	4 289.0	3 994.9	4 005.0	3 797.7	4 059.4	4 150.8
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	6 144.2	6 308.0	6 388.7	6 647.3	6 839.0	6 944.3	7 059.7	6 741.2	7 011.0	7 239.5	7 402.1	7 039.6	7 683.3	7 818.3	8 004.5
To MFIs in the euro area	694.7	690.8	528.2	572.6	607.0	548.0	520.8	530.2	523.2	519.9	530.6	524.8	504.6	499.2	495.1
To the general government sector in the euro area	2 092.8	2 124.2	2 270.1	2 289.9	2 254.1	2 270.5	2 242.4	1 698.1	1 746.0	1 794.1	1 824.1	1 297.1	1 822.9	1 846.5	1 871.4
To other euro area residents	3 356.7	3 493.0	3 590.4	3 784.8	3 977.9	4 125.8	4 296.5	4 512.9	4 741.8	4 925.5	5 047.4	5 217.7	5 355.8	5 472.6	5 638.0
Foreign assets outside the euro area	3 123.9	3 119.8	3 475.1	3 496.3	3 540.3	3 470.9	3 416.7	3 540.9	3 459.5	3 407.2	3 424.9	3 460.5	3 473.3	3 537.7	3 611.8
Foreign liabilities outside the euro area	1.4	3.3	3.9	3.8	1.1	17.9	6.6	1.1	9.1	13.5	24.3	11.1	19.8	23.5	4.9

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Monetary aggregates: Latvian contribution															
M3	11 863.7	11 973.3	11 989.1	12 030.9	12 234.1	12 375.6	12 128.2	12 303.5	12 345.9	12 508.8	12 367.7	12 219.3	12 093.3	12 306.7	12 065.0
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	22.9	31.5	42.0	35.4	36.6	67.8	80.2	40.9	46.5	35.6	33.9	18.5	23.0	27.8	24.1
Deposits with agreed maturity of up to 2 years	1 233.7	1 231.7	1 237.9	1 245.8	1 303.4	1 285.2	1 225.7	1 153.5	1 143.0	1 138.7	1 169.3	1 070.0	1 037.1	1 071.4	1 112.2
Deposits redeemable at notice of up to 3 months	813.7	820.3	830.1	842.0	855.7	864.1	884.7	893.1	881.2	893.2	890.1	895.1	897.9	901.9	904.9
Overnight deposits	9 793.4	9 889.8	9 879.1	9 907.6	10 038.5	10 158.5	9 937.6	10 216.0	10 275.3	10 441.3	10 274.5	10 235.7	10 135.2	10 305.6	10 023.9
Counterparts of monetary aggregates and longer-term financial liabilities: Latvian contribution															
Deposits of central government	662.5	735.5	826.1	1 263.3	1 206.0	1 042.7	1 105.3	1 096.9	925.2	927.2	849.6	984.9	980.8	1 030.2	1 030.7
Longer-term financial liabilities	3 923.7	3 961.9	3 994.7	3 973.8	3 888.9	3 924.7	3 897.7	3 921.4	3 846.4	3 730.8	3 820.9	3 784.6	3 819.7	3 868.4	4 095.4
Deposits with agreed maturity of over 2 years	411.9	405.9	405.3	406.9	368.6	365.6	321.0	320.2	317.2	310.2	300.5	302.5	307.4	306.4	297.3
Deposits redeemable at notice of over 3 months	4.7	4.6	4.5	4.3	4.5	4.5	4.4	8.4	8.3	8.4	8.3	8.3	8.3	8.2	8.3
Debt securities issued with maturity of over 2 years	37.9	38.5	38.9	39.5	40.2	95.3	110.2	111.0	111.5	113.0	114.2	86.1	82.7	83.6	76.7
Capital and reserves	3 469.2	3 512.9	3 546.0	3 523.0	3 475.6	3 459.3	3 462.1	3 481.8	3 409.4	3 299.3	3 398.0	3 387.7	3 421.3	3 470.3	3 713.0
Credit to euro area residents	17 642.7	17 660.9	17 893.8	17 950.4	18 010.2	18 049.1	17 994.9	17 193.1	17 313.0	17 329.5	17 392.0	16 867.1	17 461.9	17 559.3	16 964.2
Credit to general government	3 472.5	3 460.0	3 691.8	3 765.4	3 762.1	3 786.2	3 719.7	2 919.1	3 009.5	3 043.5	3 145.6	2 630.5	3 162.7	3 180.4	3 122.7
Credit to other euro area residents	14 170.1	14 200.8	14 202.0	14 185.1	14 248.1	14 262.8	14 275.2	14 274.0	14 303.5	14 285.9	14 246.4	14 236.6	14 299.2	14 379.0	13 841.5
Loans	13 388.1	13 425.4	13 443.3	13 423.4	13 483.9	13 481.9	13 489.9	13 482.8	13 527.1	13 506.2	13 461.3	13 453.4	13 494.9	13 574.5	13 041.7
Net external assets outside euro area	–1 704.7	–1 454.4	–1 134.0	–1 125.5	–1 195.2	–895.3	–929.3	–383.9	–595.6	–811.7	–473.1	–1 256.7	–667.3	–859.6	446.4

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)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Gold and gold receivables	256.2	251.8	253.1	248.0	237.8	234.3	239.0	252.5	247.9	247.6	240.8	232.6	230.8	235.6	232.5
Claims on non-euro area residents denominated in foreign currency	2 690.4	2 705.0	2 471.6	3 101.2	3 150.2	3 092.1	3 058.9	3 158.4	3 101.3	3 048.7	3 070.7	3 104.9	3 121.0	3 189.3	3 263.6
Claims on euro area residents denominated in foreign currency	577.6	577.5	364.7	400.7	407.9	358.8	299.7	310.3	326.0	328.8	308.0	302.3	288.8	294.3	297.8
Claims on non-euro area residents denominated in euro	177.3	163.0	750.5	147.1	152.4	144.6	118.7	130.0	110.3	110.8	113.3	123.1	121.5	112.8	115.7
Lending to euro area credit institutions related to monetary policy operations denominated in euro	234.3	234.3	244.7	244.7	244.7	257.2	257.2	244.7	244.7	244.7	244.7	244.7	244.7	244.7	244.7
Main refinancing operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Longer-term refinancing operations	234.3	234.3	244.7	244.7	244.7	257.2	257.2	244.7	244.7	244.7	244.7	244.7	244.7	244.7	244.7
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	9.4	1.6	0.5	11.6	22.2	9.1	0.0	9.7	0.1	0.1	0.1	0.3	1.4	0.1	2.0
Securities of euro area residents denominated in euro	5 323.0	5 494.6	5 778.8	5 990.4	6 164.2	6 319.8	6 502.8	6 176.6	6 440.3	6 666.0	6 849.4	6 492.4	7 148.4	7 279.3	7 460.0
Securities held for monetary policy purposes	3 341.9	3 523.6	3 732.9	3 989.9	4 202.9	4 357.3	4 586.6	4 823.8	5 075.2	5 275.7	5 465.4	5 666.0	5 860.8	6 018.7	6 214.5
Other securities	1 981.2	1 971.0	2 045.9	2 000.5	1 961.2	1 962.4	1 916.2	1 352.8	1 365.1	1 390.3	1 384.0	826.4	1 287.6	1 260.6	1 245.5
Intra-Eurosystem claims	3 996.9	4 039.4	4 061.0	4 107.3	4 119.8	4 195.9	4 177.4	4 196.0	4 221.1	4 272.2	4 311.1	4 355.4	4 399.7	4 441.4	4 466.1
Other assets	144.5	144.8	145.2	137.8	145.5	160.1	203.4	144.6	162.3	214.7	233.6	197.4	248.6	226.8	158.5
Total assets	13 409.5	13 611.9	14 070.1	14 388.7	14 644.6	14 771.8	14 857.1	14 622.7	14 853.9	15 133.5	15 371.6	15 053.0	15 804.8	16 024.2	16 240.9

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
LIABILITIES															
Banknotes in circulation	4 042.3	4 028.3	4 039.7	4 060.0	4 064.7	4 150.1	4 087.0	4 094.2	4 106.8	4 146.6	4 149.7	4 189.4	4 211.2	4 205.5	4 213.8
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	3 656.3	3 593.1	3 892.8	4 196.6	4 251.3	4 191.1	3 910.2	3 994.4	3 803.2	4 289.0	3 994.9	4 005.0	3 797.7	4 059.4	4 150.8
Current accounts (covering the minimum reserve system)	3 656.3	3 593.1	3 892.8	4 196.6	4 251.3	4 191.1	3 910.2	3 994.4	3 803.2	4 289.0	3 994.9	4 005.0	3 797.7	4 059.4	4 150.8
Deposit facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed-term deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fine-tuning reverse operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits related to margin calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other liabilities to euro area credit institutions denominated in euro	0.0	0.4	1.1	0.0	0.0	0.7	6.0	0.0	5.9	9.5	12.2	5.2	18.7	30.4	1.4
Liabilities to other euro area residents denominated in euro	179.1	175.0	171.9	176.8	178.7	212.2	181.7	225.7	192.9	208.6	190.1	262.7	277.7	324.2	243.6
General government	9.7	6.3	10.3	9.8	12.5	46.7	10.9	55.7	23.7	33.5	15.7	89.0	98.2	145.5	61.5
Other liabilities	169.4	168.7	161.6	167.1	166.3	165.5	170.7	170.0	169.2	175.0	174.5	173.6	179.5	178.8	182.1
Liabilities to non-euro area residents denominated in euro	1.4	2.0	3.7	3.8	1.1	17.9	6.4	1.1	8.7	12.6	22.1	9.8	16.6	18.7	4.0
Liabilities to euro area residents denominated in foreign currency	152.3	151.4	154.1	158.2	165.1	159.8	155.9	163.9	160.3	153.3	149.1	154.5	149.5	146.1	150.4
Liabilities to non-euro area residents denominated in foreign currency	0.0	1.3	0.2	0.0	0.0	0.0	0.1	0.0	0.4	0.9	2.2	1.3	3.2	4.8	0.9
Intra-Eurosystem liabilities	4 540.5	4 803.6	4 947.8	4 945.7	5 154.2	5 292.4	5 830.1	5 399.8	5 860.5	5 572.0	6 103.9	5 688.7	6 587.9	6 463.4	6 703.4
Other liabilities	252.5	267.1	259.2	311.8	364.5	294.1	272.5	298.0	273.9	279.5	263.4	260.3	264.4	271.4	292.2
Capital and reserves	585.1	589.7	599.6	535.7	464.9	453.4	407.2	445.6	441.4	461.6	484.0	476.1	478.0	500.3	480.5
Total liabilities	13 409.5	13 611.9	14 070.1	14 388.7	14 644.6	14 771.8	14 857.1	14 622.7	14 853.9	15 133.5	15 371.6	15 053.0	15 804.8	16 024.2	16 240.9

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Loans to euro area residents	19 037.4	18 728.0	18 826.6	19 333.4	19 433.1	19 002.1	18 992.2	19 008.5	18 897.1	19 404.0	19 075.7	19 376.5	18 802.4	19 142.8	18 522.3
General government	115.3	115.3	114.9	109.3	112.6	108.8	111.1	111.5	110.5	109.1	163.3	153.8	151.5	152.1	73.5
Other residents	13 388.1	13 425.4	13 443.3	13 423.4	13 483.9	13 481.9	13 489.9	13 482.8	13 527.1	13 506.2	13 461.3	13 453.4	13 494.9	13 574.5	13 041.7
MFIs	5 534.0	5 187.3	5 268.4	5 800.6	5 836.5	5 411.3	5 391.2	5 414.2	5 259.4	5 788.8	5 451.1	5 769.3	5 156.0	5 416.2	5 407.2
Holdings of securities other than shares issued by euro area residents	2 085.6	2 040.6	2 164.3	2 162.5	2 173.3	2 212.9	2 156.3	1 885.0	1 905.1	1 888.8	1 912.5	1 920.0	1 911.6	1 883.9	1 781.1
General government	1 264.4	1 220.5	1 306.8	1 366.2	1 395.3	1 406.9	1 366.3	1 109.4	1 152.9	1 140.4	1 158.2	1 179.5	1 188.4	1 181.7	1 177.9
Other residents	155.6	141.5	138.2	139.7	141.2	143.8	142.1	147.5	144.6	146.2	153.8	149.3	146.3	141.1	133.1
MFIs	665.6	678.6	719.3	656.7	636.8	662.2	647.9	628.1	607.7	602.2	600.4	591.1	576.9	561.1	470.1
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	695.5	703.0	689.6	691.0	692.0	705.9	712.0	712.6	700.7	702.4	700.1	703.6	728.8	734.9	739.0
External[1] assets	7 178.7	7 343.0	6 835.5	6 846.6	6 651.6	6 454.1	6 484.9	6 752.6	6 562.5	6 153.7	5 971.2	5 835.4	6 030.1	5 882.7	5 468.8
Fixed assets	168.8	169.1	176.6	176.6	176.1	176.4	175.8	176.8	177.2	174.5	174.8	177.0	175.6	175.4	175.0
Remaining assets	885.1	825.8	843.3	913.0	903.0	876.7	906.2	797.1	782.3	774.2	722.8	724.5	698.1	693.3	721.0
Total assets	30 051.1	29 809.6	29 535.9	30 123.2	30 029.1	29 428.1	29 427.5	29 332.5	29 024.9	29 097.6	28 557.1	28 736.9	28 346.6	28 513.1	27 407.2
LIABILITIES															
Currency in circulation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Deposits of euro area residents	13 543.5	13 438.6	13 648.1	14 088.5	14 077.1	14 021.1	13 961.8	14 061.5	13 925.3	14 228.8	14 303.9	13 824.3	13 794.9	13 832.5	14 162.2
Central government	500.5	577.8	661.7	1 095.4	1 028.4	836.1	938.5	877.2	741.2	740.4	684.8	741.4	733.1	738.6	818.9
Other residents	12 088.1	12 183.6	12 195.2	12 239.6	12 404.3	12 512.3	12 202.8	12 421.2	12 455.7	12 616.8	12 468.1	12 337.9	12 206.5	12 414.7	12 164.5
MFIs	954.9	677.2	791.2	753.5	644.4	672.7	820.5	763.1	728.4	871.7	1 151.0	744.9	855.3	679.1	1 178.8
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	38.0	38.4	38.7	39.5	40.2	96.3	112.5	113.6	114.0	115.6	117.5	89.6	86.2	87.0	80.1
Capital and reserves	2 884.1	2 923.2	2 946.5	2 987.3	3 010.7	3 006.0	3 054.9	3 036.2	2 968.0	2 837.6	2 914.0	2 911.5	2 943.3	2 969.9	3 232.6
External[1] liabilities	12 005.5	11 913.6	11 440.5	11 464.2	11 385.9	10 801.2	10 821.9	10 673.3	10 605.7	10 356.2	9 841.3	10 537.7	10 147.2	10 252.8	8 625.9
Remaining liabilities	1 580.0	1 495.8	1 462.1	1 543.7	1 515.1	1 503.4	1 476.5	1 448.0	1 411.8	1 559.4	1 380.4	1 373.8	1 374.9	1 370.9	1 306.5
Total liabilities	30 051.1	29 809.6	29 535.9	30 123.2	30 029.1	29 428.1	29 427.5	29 332.5	29 024.9	29 097.6	28 557.1	28 736.9	28 346.6	28 513.1	27 407.2

[1] Non-euro area countries.

8. CONSOLIDATED BALANCE SHEET OF MFIs

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
ASSETS															
Loans to residents	12 768.0	12 798.8	12 819.3	12 800.0	12 853.2	12 818.7	12 846.5	12 847.7	12 862.5	12 876.7	12 866.0	12 900.6	12 936.4	12 938.8	12 316.8
General government	115.3	115.3	114.9	109.3	112.6	108.8	111.1	111.5	110.5	109.1	163.3	153.8	151.5	152.1	73.5
Other residents	12 652.7	12 683.5	12 704.5	12 690.7	12 740.6	12 709.9	12 735.4	12 736.2	12 752.0	12 767.6	12 702.7	12 746.8	12 784.9	12 786.7	12 243.3
Holdings of securities other than shares issued by other residents	1 468.6	1 518.6	1 546.6	1 660.5	1 709.1	1 753.7	1 766.2	1 550.1	1 620.3	1 647.1	1 697.6	1 732.0	1 770.8	1 793.5	1 820.3
General government	1 446.2	1 497.5	1 525.6	1 639.5	1 688.5	1 732.6	1 745.1	1 529.1	1 598.8	1 625.6	1 676.0	1 710.5	1 748.8	1 771.6	1 798.1
Other residents	22.4	21.1	21.1	20.9	20.7	21.1	21.1	21.0	21.5	21.5	21.6	21.5	22.1	22.0	22.2
Holdings of shares and other equity issued by other residents	601.1	608.6	594.9	596.2	597.5	612.0	618.2	618.6	611.9	613.1	610.8	613.4	637.6	640.7	644.0
Foreign assets	23 855.0	23 804.0	23 612.1	24 103.3	24 127.9	23 679.9	23 944.7	23 810.4	23 850.9	23 720.5	23 696.8	23 442.9	23 929.0	24 021.3	23 629.8
Fixed assets	206.4	206.7	214.2	214.3	213.7	214.0	213.2	214.1	214.6	212.2	213.0	215.5	214.2	214.4	214.2
Remaining assets	370.9	355.4	369.6	408.6	387.0	374.0	411.0	370.0	363.3	360.4	330.6	358.2	351.6	346.9	370.8
Total assets	39 270.0	39 292.2	39 156.8	39 782.9	39 888.4	39 452.3	39 799.7	39 411.0	39 523.5	39 430.0	39 414.8	39 262.6	39 839.5	39 955.6	38 995.8
LIABILITIES															
Currency outside MFIs	3 918.7	3 904.5	3 913.3	3 937.3	3 942.8	4 018.4	3 960.8	3 968.1	3 976.3	4 016.4	4 023.4	4 064.8	4 085.5	4 080.0	4 092.9
Deposits of central government	661.8	734.8	825.2	1 262.7	1 205.2	1 042.2	1 104.8	1 096.2	924.5	926.6	848.9	984.3	980.0	1 029.4	1 029.9
Deposits of other general government and other residents	11 046.5	11 168.4	11 161.4	11 200.6	11 279.9	11 555.6	11 290.5	11 463.3	11 449.6	11 523.3	11 369.4	11 422.7	11 360.8	11 504.4	11 297.9
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	65.0	65.4	65.5	56.5	57.2	80.3	86.1	82.5	84.9	86.8	89.4	90.5	84.4	84.8	80.8
Capital and rezerves	3 469.2	3 512.9	3 546.0	3 523.0	3 475.6	3 459.4	3 462.1	3 481.8	3 409.4	3 299.3	3 398.0	3 387.7	3 421.3	3 470.3	3 713.0
External liabilities	18 566.0	18 403.3	18 185.1	18 296.7	18 414.1	17 830.9	18 439.4	17 919.0	18 265.2	18 004.3	18 300.1	17 921.5	18 547.2	18 396.5	17 458.3
Remaining liabilities	1 542.6	1 503.1	1 460.1	1 508.6	1 513.1	1 470.4	1 456.0	1 399.3	1 413.3	1 572.9	1 385.6	1 391.2	1 360.7	1 389.3	1 322.7
Excess of inter-MFI liabilities	0.2	–0.2	0.2	–2.5	0.4	–4.9	0.0	0.9	0.3	0.4	–0.1	0.1	–0.3	1.0	0.2
Total liabilities	39 270.0	39 292.2	39 156.8	39 782.9	39 888.4	39 452.3	39 799.7	39 411.0	39 523.5	39 430.0	39 414.8	39 262.6	39 839.5	39 955.6	38 995.8

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
MFI reserves	3 836.7	3 774.3	4 077.7	4 378.2	4 434.0	4 383.5	4 097.2	4 181.8	3 993.4	4 478.8	4 181.2	4 190.3	3 985.1	4 247.5	4 335.1
Vault cash in euro	180.3	181.2	184.9	181.7	182.7	192.4	187.1	187.4	190.1	189.5	186.0	185.3	187.2	187.8	184.3
Deposits with Latvijas Banka	3 656.4	3 593.1	3 892.8	4 196.5	4 251.3	4 191.1	3 910.1	3 994.4	3 803.3	4 289.3	3 995.2	4 005.0	3 797.9	4 059.7	4 150.8
Foreign assets	11 365.3	11 144.2	10 516.5	10 744.5	10 524.0	9 973.9	10 158.8	10 273.3	10 113.9	9 728.4	9 492.3	9 584.9	9 347.2	9 245.3	8 663.2
Claims on the central government	893.2	914.4	926.6	983.7	1 023.8	1 056.2	1 062.1	822.0	857.2	856.0	935.7	933.8	943.4	944.6	867.5
Loans	85.6	85.2	81.3	79.6	79.5	79.6	82.0	82.7	82.2	81.0	135.8	125.9	124.0	124.5	46.6
Holdings of securities other than shares	807.6	829.2	845.3	904.1	944.3	976.6	980.1	739.4	775.0	775.0	799.9	807.9	819.4	820.1	820.9
Claims on the local government	30.1	30.4	34.0	30.0	33.5	29.6	29.4	29.2	28.7	28.5	27.8	28.3	27.8	28.0	27.2
Loans	29.7	30.1	33.6	29.7	33.2	29.2	29.1	28.9	28.3	28.1	27.4	27.9	27.4	27.6	26.8
Holdings of securities other than shares	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Claims on the financial institutions	1 467.0	1 480.7	1 495.6	1 489.8	1 503.5	1 493.8	1 518.2	1 519.6	1 511.2	1 533.2	1 547.4	1 568.9	1 583.5	1 588.0	1 583.0
Loans	989.5	1 002.5	1 024.3	1 017.5	1 030.2	1 029.6	1 047.9	1 049.0	1 047.3	1 070.7	1 086.8	1 112.9	1 121.3	1 130.8	1 123.8
Holdings of securities other than shares	2.0	1.9	1.9	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.7	1.7	1.6	1.6
Holdings of shares and other equity	475.5	476.4	469.4	470.5	471.6	462.5	468.5	468.9	462.2	460.8	458.7	454.2	460.5	455.7	457.6
Claims on public non-financial corporations	677.1	673.0	676.2	680.7	677.8	686.3	684.8	682.8	686.0	681.5	671.6	679.6	675.8	677.4	405.6
Loans	672.3	669.3	672.6	677.1	674.4	682.7	681.2	679.3	682.0	677.5	667.6	675.6	671.8	673.3	401.5
Holdings of securities other than shares	4.8	3.7	3.7	3.6	3.5	3.6	3.6	3.5	4.0	4.0	4.0	4.0	4.0	4.1	4.1
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	5 807.2	5 838.8	5 836.0	5 809.5	5 851.4	5 858.2	5 872.3	5 882.6	5 905.4	5 910.0	5 839.2	5 864.3	5 922.0	5 916.0	5 627.1
Loans	5 666.1	5 691.0	5 695.0	5 668.3	5 710.0	5 692.9	5 706.8	5 717.1	5 740.0	5 741.9	5 671.3	5 689.3	5 728.5	5 714.7	5 424.2
Holdings of securities other than shares	15.5	15.5	15.5	15.5	15.5	15.8	15.8	15.8	15.8	15.8	15.8	15.8	16.3	16.3	16.5
Holdings of shares and other equity	125.6	132.3	125.5	125.7	125.9	149.5	149.7	149.7	149.7	152.4	152.1	159.2	177.1	185.0	186.4
Claims on households	5 324.7	5 320.7	5 312.6	5 327.8	5 325.9	5 304.7	5 299.5	5 290.8	5 282.8	5 277.5	5 277.0	5 269.0	5 263.3	5 268.0	5 293.8
Loans	5 324.7	5 320.7	5 312.6	5 327.8	5 325.9	5 304.7	5 299.5	5 290.8	5 282.8	5 277.5	5 277.0	5 269.0	5 263.3	5 268.0	5 293.8
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	168.8	169.1	176.6	176.6	176.1	176.4	175.8	176.8	177.2	174.5	174.8	177.0	175.6	175.4	175.0
Other assets	361.3	343.2	357.3	396.2	372.4	358.7	398.9	355.7	351.9	351.5	322.0	348.6	340.8	333.4	357.1
Claims on resident MFIs	119.7	120.8	126.8	106.0	106.6	92.3	121.9	109.3	109.8	70.1	80.6	85.0	74.7	82.0	65.2
Holdings of MFI securities other than shares	0.0	0.0	0.0	0.0	0.0	14.5	8.7	8.6	7.5	7.5	7.4	7.4	7.4	7.4	7.4
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	30 051.1	29 809.6	29 535.9	30 123.2	30 029.1	29 428.1	29 427.5	29 332.5	29 024.9	29 097.6	28 557.1	28 736.9	28 346.6	28 513.1	27 407.2

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits in euro	7 346.7	7 452.2	7 489.2	7 534.4	7 566.5	7 926.4	7 704.5	7 871.6	7 889.1	7 938.9	7 773.0	7 870.2	7 838.8	7 927.8	7 757.8
Financial institutions	590.7	724.9	719.9	623.3	560.7	557.0	494.1	519.1	472.7	550.9	478.2	498.9	462.6	510.4	460.2
Public non-financial corporations	433.9	438.2	410.2	415.1	393.1	404.0	426.4	486.0	533.1	555.5	445.9	433.5	441.8	429.0	392.3
Private non-financial corporations	2 656.6	2 642.1	2 698.6	2 791.6	2 840.8	3 025.3	2 868.6	2 935.7	2 935.4	2 802.1	2 838.2	2 848.5	2 854.9	2 928.0	2 762.1
Households	3 665.4	3 647.0	3 660.5	3 704.4	3 771.9	3 940.2	3 915.4	3 930.9	3 948.0	4 030.5	4 010.7	4 089.3	4 079.6	4 060.4	4 143.2
Time deposits in euro	1 150.9	1 133.2	1 121.1	1 118.5	1 134.7	1 029.6	973.1	947.2	916.5	896.3	886.0	876.5	870.8	871.6	883.4
Financial institutions	331.5	325.5	326.7	314.1	305.2	272.9	206.3	186.3	162.6	163.2	157.7	152.3	147.1	143.9	150.4
Public non-financial corporations	33.1	34.8	32.8	42.4	42.8	21.1	21.1	19.8	20.3	20.9	17.9	9.5	5.3	14.6	15.9
Private non-financial corporations	91.3	81.0	83.3	80.1	109.7	74.0	109.9	102.3	104.6	101.3	100.6	100.1	103.6	102.5	108.9
Households	695.1	691.9	678.3	682.0	677.1	661.6	635.7	638.8	629.0	610.9	609.8	614.6	614.8	610.6	608.3
Deposits redeemable at notice in euro	757.8	764.1	774.2	788.2	801.0	808.9	831.8	841.6	830.1	842.8	843.6	847.7	850.6	853.3	857.9
Financial institutions	1.0	1.0	1.1	1.7	2.2	3.5	4.1	4.0	1.6	1.4	1.2	1.4	1.4	1.4	2.1
Public non-financial corporations	6.5	6.8	6.8	6.8	8.7	9.0	9.0	9.0	9.0	9.0	8.6	16.6	16.6	16.6	16.6
Private non-financial corporations	38.9	40.0	44.3	49.5	50.1	44.8	57.7	57.3	47.5	53.9	54.2	45.4	45.8	47.5	47.7
Households	711.3	716.3	722.0	730.2	740.1	751.6	761.0	771.3	772.1	778.5	779.6	784.2	786.8	787.7	791.5
Repos in euro	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency deposits of residents	1 349.1	1 352.2	1 329.0	1 295.5	1 298.3	1 361.2	1 330.1	1 340.5	1 323.1	1 345.9	1 351.4	1 347.9	1 312.6	1 339.6	1 298.2
Financial institutions	179.6	158.8	158.7	141.8	136.6	83.3	86.3	125.7	123.3	128.2	131.2	120.9	124.1	137.0	137.3
Public non-financial corporations	4.9	3.9	3.5	4.0	3.6	3.2	2.4	3.5	3.1	2.6	2.6	2.1	4.4	3.5	4.4
Private non-financial corporations	503.3	526.5	510.3	505.4	502.3	605.0	569.8	530.0	516.0	537.7	547.0	561.7	534.9	550.7	498.5
Households	661.3	663.0	656.4	644.3	655.8	669.7	671.6	681.3	680.7	677.5	670.6	663.2	649.2	648.4	658.0
Deposits of central government	499.7	577.1	660.7	1 094.8	1 027.6	835.6	937.9	876.5	740.5	739.8	684.1	740.8	732.3	737.8	818.1
Overnight deposits in euro	289.3	345.4	379.3	574.4	517.9	373.6	397.9	486.7	383.7	387.0	330.9	407.0	399.2	408.0	488.3
Time deposits in euro	191.7	201.7	222.2	464.0	462.0	418.8	480.1	333.0	302.0	301.7	304.7	304.1	304.1	299.1	299.0
Deposits redeemable at notice and repos in euro	12.5	11.2	11.4	11.7	11.9	12.2	12.1	15.1	14.8	14.3	14.1	13.6	13.0	12.6	12.1
Foreign currency deposits	6.3	18.8	47.9	44.6	35.8	31.1	47.9	41.7	40.0	36.7	34.5	16.0	16.0	18.2	18.7
Deposits of local government	272.7	297.9	286.4	296.9	313.1	264.1	280.3	292.3	321.5	324.4	340.8	306.8	308.4	333.3	318.5
Overnight deposits in euro	263.4	290.8	279.3	286.8	305.0	255.9	272.2	284.3	313.5	319.4	338.0	303.9	305.3	326.2	310.9
Time deposits in euro	6.6	4.3	4.3	7.3	5.3	5.3	5.3	5.3	5.3	2.3	0.0	0.0	0.0	4.0	4.0
Deposits redeemable at notice and repos in euro	2.6	2.7	2.7	2.7	2.8	2.8	2.7	2.7	2.7	2.8	2.8	2.8	3.0	3.1	3.6
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)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Foreign liabilities	14 016.8	13 574.2	13 218.5	13 281.8	13 142.2	12 481.1	12 580.1	12 476.4	12 369.6	12 399.4	12 150.1	12 209.5	11 910.8	11 862.8	10 711.2
Liabilities to Latvijas Banka	234.3	234.3	244.7	244.7	244.7	257.2	257.2	244.7	244.7	244.7	244.7	244.7	244.7	244.7	244.7
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	65.0	65.4	65.5	56.5	57.2	94.8	94.7	91.1	92.4	94.3	96.9	97.9	91.9	92.2	88.3
Capital and reserves	2 884.1	2 923.2	2 946.5	2 987.3	3 010.7	3 006.0	3 054.9	3 036.2	2 968.0	2 837.6	2 914.0	2 911.5	2 943.3	2 969.9	3 232.6
Residents	1 177.0	1 216.3	1 239.5	1 280.3	1 303.7	1 295.5	1 344.3	1 326.7	1 258.6	1 128.2	1 202.8	1 199.9	1 231.7	1 258.3	1 290.3
Retained earnings of the reporting year	300.9	340.0	372.1	406.7	437.9	451.5	32.9	60.8	104.2	135.7	165.3	164.7	197.4	218.6	242.9
Non-residents	1 707.1	1 706.9	1 707.0	1 707.0	1 707.0	1 710.6	1 710.6	1 709.4	1 709.4	1 709.4	1 711.3	1 711.7	1 711.7	1 711.7	1 942.2
Provisions	800.8	791.6	786.3	785.4	779.3	768.6	760.8	766.7	783.4	775.1	758.2	762.6	751.8	747.3	732.7
Other liabilities (incl. subordinated liabilities)	553.3	523.6	486.9	535.8	546.8	507.3	500.0	437.6	435.8	587.6	433.4	435.8	415.9	449.5	398.5
Liabilities to resident MFIs	119.9	120.6	126.9	103.5	107.1	87.4	122.1	110.2	110.2	70.9	80.9	85.0	74.6	83.3	65.4
TOTAL LIABILITIES	30 051.1	29 809.6	29 535.9	30 123.2	30 029.1	29 428.1	29 427.5	29 332.5	29 024.9	29 097.6	28 557.1	28 736.9	28 346.6	28 513.1	27 407.2
Memo items															
Trust assets	1 483.3	1 421.3	1 463.4	1 369.3	1 250.6	827.0	812.8	806.7	799.5	787.6	726.8	733.8	691.1	741.2	718.5
Foreign	1 344.9	1 282.2	1 339.4	1 246.1	1 125.0	697.5	691.3	691.0	680.5	671.6	610.0	618.0	576.2	625.2	603.3
Domestic	138.4	139.1	124.0	123.1	125.5	129.6	121.6	115.7	119.0	115.9	116.8	115.8	114.9	116.0	115.2
Trust liabilities	1 483.3	1 421.3	1 463.4	1 369.3	1 250.6	827.0	812.8	806.7	799.5	787.6	726.8	733.8	691.1	741.2	718.5
Foreign	1 393.6	1 331.2	1 376.1	1 277.8	1 157.0	726.6	714.9	710.2	699.6	689.0	629.6	640.2	596.7	624.8	604.8
Domestic	89.7	90.1	87.3	91.5	93.6	100.5	97.9	96.6	99.9	98.5	97.2	93.6	94.4	116.4	113.6

10. MONETARY SURVEY OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	Overnight deposits (resident)				Deposits with agreed maturity and redeemable at notice (resident)				Total
		Households	Financial institutions and private non-financial corporations	Public non-financial corporations		Households	Financial institutions and private non-financial corporations	Public non-financial corporations	
2016									
VII	8 320.6	4 100.0	3 784.5	436.1	2 283.8	1 633.0	608.5	42.3	10 604.4
VIII	8 412.2	4 086.4	3 885.6	440.2	2 289.6	1 631.9	614.3	43.4	10 701.8
IX	8 409.5	4 089.1	3 908.5	412.0	2 303.9	1 628.1	634.4	41.4	10 713.4
X	8 418.1	4 118.8	3 882.0	417.3	2 318.6	1 642.1	625.5	51.0	10 736.7
XI	8 429.8	4 178.4	3 855.7	395.7	2 370.7	1 666.4	651.9	52.4	10 800.5
XII	8 768.3	4 360.3	4 000.8	407.2	2 357.8	1 662.8	664.9	30.1	11 126.0
2017									
I	8 550.9	4 342.2	3 779.9	428.8	2 288.5	1 641.5	617.0	30.0	10 839.5
II	8 778.4	4 364.0	3 925.9	488.5	2 222.6	1 658.3	534.6	29.7	11 001.0
III	8 774.1	4 383.9	3 854.9	535.2	2 184.8	1 645.9	508.7	30.2	10 958.9
IV	8 859.3	4 460.0	3 841.2	558.1	2 164.7	1 637.4	497.4	29.9	11 023.9
V	8 670.3	4 444.0	3 778.2	448.1	2 183.8	1 626.8	530.2	26.8	10 854.1
VI	8 763.6	4 514.9	3 813.4	435.2	2 178.6	1 636.3	515.9	26.4	10 942.3
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

	Net foreign assets	Net domestic assets							Total
		Credit to residents					Other items (net)		
			General government (net)	Households	Financial institutions and private non-financial corporations	Public non-financial corporations			
2016									
VII	–2 652.6	13 426.8	150.8	5 324.7	7 274.2	677.1	–169.8	13 257.0	10 604.4
VIII	–2 430.0	13 383.1	69.9	5 320.7	7 319.5	673.0	–251.3	13 131.8	10 701.8
IX	–2 702.0	13 333.9	13.5	5 312.6	7 331.6	676.2	81.5	13 415.4	10 713.4
X	–2 537.3	12 929.9	–377.9	5 327.8	7 299.3	680.7	344.1	13 274.0	10 736.7
XI	–2 618.2	13 075.2	–283.5	5 325.9	7 355.0	677.8	343.5	13 418.7	10 800.5
XII	–2 507.2	13 329.1	–13.9	5 304.7	7 352.0	686.3	304.1	13 633.2	11 126.0
2017									
I	–2 421.3	13 248.1	–126.7	5 299.5	7 390.5	684.8	12.7	13 260.8	10 839.5
II	–2 203.1	13 058.2	–317.6	5 290.8	7 402.2	682.8	145.9	13 204.1	11 001.0
III	–2 255.8	13 209.3	–176.1	5 282.8	7 416.6	686.0	5.4	13 214.7	10 958.9
IV	–2 671.0	13 222.6	–179.7	5 277.5	7 443.3	681.5	472.3	13 694.9	11 023.9
V	–2 657.8	13 273.8	–61.4	5 277.0	7 386.6	671.6	238.1	13 511.9	10 854.1
VI	–2 624.6	13 296.3	–85.4	5 269.0	7 433.1	679.6	270.6	13 566.9	10 942.3
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

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Claims on MFIs	5 702.3	5 665.8	5 083.6	5 465.7	5 195.9	4 694.1	5 058.9	5 192.7	5 048.7	4 899.2	4 715.3	5 013.5	4 752.2	4 607.9	3 935.0
Loans															
Overnight	3 317.3	3 173.4	2 650.7	3 029.6	2 975.9	2 521.6	2 912.4	3 113.0	3 022.7	2 940.5	2 757.8	3 143.0	2 994.9	2 894.1	2 671.7
Short-term	907.7	1 003.8	955.1	1 013.2	819.6	740.8	743.2	706.2	706.6	690.4	730.2	713.9	638.5	616.6	306.1
Long-term	3.7	3.7	3.5	4.2	1.6	1.0	1.5	0.2	0.2	0.2	1.0	1.0	1.0	0.8	0.7
Redeemable at notice	12.8	12.8	12.8	12.8	12.9	12.9	1.9	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Holdings of securities other than shares	1 329.8	1 340.1	1 326.2	1 268.6	1 248.6	1 280.3	1 263.6	1 233.8	1 180.5	1 130.0	1 089.5	1 020.4	983.5	961.3	820.4
Holdings of shares and other equity	1.7	1.9	1.6	1.7	2.1	0.5	0.4	0.5	0.4	0.4	0.3	1.2	2.2	3.0	3.6
Other claims	129.3	130.1	133.7	135.7	135.2	137.0	135.9	137.2	138.3	137.7	136.5	134.0	132.2	132.2	132.5
Claims on non-MFIs	5 284.3	5 135.8	5 095.5	4 908.1	4 941.7	4 915.1	4 747.2	4 787.3	4 791.8	4 559.2	4 523.9	4 351.3	4 390.9	4 430.0	4 507.9
Loans															
Short-term	952.2	953.0	906.4	915.1	936.1	928.1	929.6	971.7	967.8	901.3	903.3	820.8	838.2	937.8	940.4
Long-term	1 285.5	1 287.6	1 307.5	1 280.9	1 303.6	1 302.1	1 258.3	1 223.7	1 235.1	1 200.8	1 217.3	1 211.8	1 177.3	1 174.5	1 192.3
Holdings of securities other than shares															
General government sector	1 559.0	1 398.3	1 403.9	1 302.3	1 284.5	1 274.5	1 200.6	1 210.5	1 215.9	1 134.8	1 136.8	1 138.7	1 241.5	1 232.5	1 312.6
Private sector	1 412.5	1 420.9	1 400.5	1 331.4	1 339.8	1 336.6	1 285.9	1 307.2	1 303.0	1 252.0	1 196.4	1 110.5	1 063.7	1 019.0	996.1
Holdings of shares and other equity	43.0	43.5	44.3	45.7	45.0	39.5	39.1	40.4	35.4	36.0	35.9	35.6	36.3	37.2	37.5
Other claims	32.1	32.5	32.9	32.8	32.6	34.3	33.8	33.8	34.5	34.3	34.1	33.9	33.9	29.0	29.0
Vault cash in foreign currencies	35.2	41.2	36.3	35.5	38.5	39.1	32.4	39.3	33.0	36.8	38.3	29.5	33.9	35.3	40.8
Other assets															
Other assets	343.5	301.4	301.1	335.2	347.8	325.6	320.3	254.1	240.4	233.2	214.8	190.6	170.1	172.0	179.6
Total foreign assets	11 365.3	11 144.2	10 516.5	10 744.5	10 524.0	9 973.9	10 158.8	10 273.3	10 113.9	9 728.4	9 492.3	9 584.9	9 347.2	9 245.3	8 663.2
Memo items															
Trust assets	1 344.9	1 282.2	1 339.4	1 246.1	1 125.0	697.5	691.3	691.0	680.5	671.6	610.0	618.0	576.2	625.2	603.3

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Liabilities to MFIs															
Overnight	659.8	479.4	401.2	393.8	336.6	409.6	407.4	373.9	345.0	533.4	825.5	411.5	721.4	439.3	933.8
Short-term	1 635.9	1 768.1	1 791.3	1 769.6	1 721.8	1 569.5	1 722.3	1 693.8	1 638.6	1 575.6	1 272.4	2 070.6	1 642.3	1 838.7	650.8
Long-term	918.3	818.2	816.2	808.4	811.1	857.2	911.2	846.0	939.4	958.3	956.3	951.3	939.8	890.1	768.9
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	3 180.7	3 028.4	2 976.7	2 944.3	2 848.4	2 817.9	3 005.8	2 887.8	2 903.1	3 044.2	3 027.6	3 412.2	3 274.0	3 143.8	2 332.4
Non-MFI deposits															
Overnight	9 030.6	8 790.5	8 475.2	8 551.3	8 468.5	7 933.5	7 912.4	7 889.3	7 805.7	7 718.7	7 517.2	7 306.7	7 083.9	7 149.8	6 830.9
Short-term	292.6	284.9	278.3	283.8	330.9	258.5	227.0	228.0	226.8	201.9	212.9	239.7	211.4	256.6	264.5
Long-term	602.4	599.9	609.2	607.9	607.4	596.4	577.2	576.7	581.9	578.7	558.4	467.9	465.8	481.0	469.6
Redeemable at notice	89.3	96.9	104.3	99.5	102.8	101.8	98.8	93.5	95.6	94.8	90.1	86.2	103.2	104.2	104.3
Other liabilities															
Other liabilities[1]	787.9	736.2	742.8	767.6	762.9	754.4	723.9	775.3	736.6	737.9	717.2	675.6	743.0	703.2	688.4
Total foreign liabilities	14 016.8	13 574.2	13 218.5	13 281.8	13 142.1	12 481.1	12 580.1	12 476.4	12 369.6	12 399.4	12 150.1	12 209.5	11 910.8	11 862.8	10 711.2
Memo items															
Trust liabilities	1 393.6	1 331.2	1 376.1	1 277.8	1 157.0	726.6	714.9	710.2	699.6	689.0	629.6	640.2	596.7	624.8	604.8

[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		Other countries and international institutions	EU		Other countries and international institutions	EU		Other countries and international institutions	EU		Other countries and international institutions
		incl. euro area countries			incl. euro area countries			incl. euro area countries			incl. euro area countries	
2016												
VII	2 765.2	1 757.9	1 476.3	1 014.5	735.4	1 223.3	2 645.6	600.6	568.5	3 521.0	1 211.7	6 493.8
VIII	2 548.5	1 473.4	1 645.2	1 014.1	741.9	1 226.4	2 486.4	322.4	579.3	3 358.2	1 184.6	6 414.0
IX	2 192.4	1 248.8	1 429.7	1 007.7	738.9	1 206.2	2 444.0	419.6	564.7	3 346.9	1 196.4	6 120.1
X	2 590.6	1 498.1	1 469.2	974.2	732.7	1 221.8	2 421.2	405.3	550.5	3 357.4	1 206.7	6 185.0
XI	2 459.5	1 478.6	1 350.5	999.2	743.4	1 240.5	2 330.6	292.7	539.0	3 415.3	1 291.4	6 094.4
XII	1 981.3	1 127.9	1 295.0	1 018.5	772.1	1 211.6	2 250.3	328.1	586.2	3 175.9	1 122.7	5 714.4
2017												
I	2 369.7	1 359.2	1 289.3	991.9	754.5	1 195.9	2 439.5	441.3	601.4	3 161.1	1 083.5	5 654.3
II	2 484.1	1 310.5	1 337.1	1 010.2	746.6	1 185.1	2 338.6	408.3	575.0	3 219.8	1 128.6	5 567.6
III	2 452.1	1 346.3	1 277.4	1 035.3	775.1	1 167.6	2 381.3	373.6	541.7	3 172.2	1 176.1	5 537.9
IV	2 490.5	1 429.3	1 140.6	988.8	738.6	1 113.3	2 499.7	556.2	567.5	3 236.5	1 269.1	5 357.7
V	2 298.2	1 375.3	1 190.9	1 036.1	758.6	1 084.5	2 497.8	825.5	556.4	3 142.8	1 273.9	5 235.8
VI	2 698.2	1 679.3	1 159.7	970.0	706.7	1 062.5	2 903.2	415.2	530.2	2 913.2	1 089.5	5 187.3
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

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits															
Amount	8 320.6	8 412.2	8 409.5	8 418.1	8 429.8	8 768.3	8 550.9	8 778.4	8 774.1	8 859.3	8 670.3	8 763.6	8 709.9	8 828.9	8 610.6
%[1]	78.5	78.6	78.5	78.4	78.0	78.8	78.9	79.8	80.1	80.4	79.9	80.2	80.1	80.3	79.7
Time deposits															
Maturity of 1–6 months															
Amount	241.0	264.3	291.5	298.3	314.1	393.0	362.1	307.9	308.6	283.5	255.5	247.0	243.6	260.1	283.8
%[1]	2.3	2.5	2.7	2.8	2.9	3.5	3.3	2.8	2.8	2.6	2.4	2.3	2.2	2.4	2.6
Maturity of 6–12 months															
Amount	583.9	563.9	561.2	560.9	586.1	529.5	526.8	504.1	500.6	504.8	567.0	571.3	562.9	541.2	534.3
%[1]	5.5	5.3	5.2	5.2	5.4	4.8	4.9	4.6	4.6	4.6	5.3	5.2	5.2	4.9	5.0
Long-term															
Amount	647.5	643.4	623.3	619.7	617.1	574.2	517.2	515.7	492.5	481.5	469.8	464.0	458.7	459.0	463.0
%[1]	6.1	6.0	5.8	5.8	5.8	5.2	4.8	4.7	4.5	4.4	4.3	4.2	4.2	4.2	4.3
Maturity of 1–2 years															
Amount	317.6	315.6	295.7	292.3	286.9	246.4	233.7	233.4	212.7	208.5	205.9	198.8	195.2	196.3	210.1
%[1]	3.0	2.9	2.8	2.7	2.7	2.2	2.2	2.1	1.9	1.9	1.9	1.8	1.8	1.8	2.0
Maturity of over 2 years															
Amount	329.9	327.7	327.6	327.4	330.2	327.8	283.5	282.3	279.8	273.0	263.9	265.2	263.5	262.7	252.9
%[1]	3.1	3.1	3.1	3.0	3.1	2.9	2.6	2.6	2.6	2.5	2.4	2.4	2.4	2.4	2.3
Deposits redeemable at notice															
Up to 3 months															
Amount	806.8	813.6	823.5	835.3	848.9	856.6	878.0	886.5	874.9	886.5	883.4	888.3	889.8	895.1	897.5
%[1]	7.6	7.6	7.7	7.8	7.9	7.7	8.1	8.0	7.9	8.0	8.1	8.1	8.2	8.1	8.3
Over 3 months															
Amount	4.7	4.6	4.5	4.3	4.5	4.5	4.4	8.3	8.2	8.3	8.1	8.1	8.0	8.0	8.0
%[1]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	10 604.4	10 701.8	10 713.4	10 736.7	10 800.5	11 126.0	10 839.5	11 001.0	10 958.9	11 023.9	10 854.1	10 942.3	10 872.9	10 992.3	10 797.3

[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									
2016									
VII	60.9	14.2	9.6	7.1	0.8	0	0	92.6	84.2
VIII	199.6	16.0	9.1	7.1	0.8	0	0	232.6	223.6
IX	196.3	16.6	9.1	7.0	0.9	0	0	229.9	221.0
X	136.1	13.7	9.1	7.0	0.8	0	0	166.8	158.4
XI	132.0	12.7	9.1	5.9	0.8	0	0	160.5	153.3
XII	105.6	10.2	6.7	5.9	0.8	0	0	129.1	123.5
2017									
I	97.6	11.2	5.3	5.9	0.8	0	0	120.7	115.0
II	88.9	2.2	5.3	5.5	0.8	0	0	102.7	96.9
III	76.7	2.3	5.2	3.0	0.8	0	0	88.0	81.5
IV	76.6	2.2	5.2	3.0	0.8	0	0	87.9	81.5
V	77.3	1.1	5.2	3.0	0.8	0	0	87.5	82.7
VI	70.9	1.1	0.0	4.5	0.8	0	0	77.4	73.4
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
Pension funds									
2016									
VII	389.8	44.8	51.8	26.6	0	0	0	513.0	469.2
VIII	378.4	45.8	52.1	26.6	0	0	0	503.0	463.9
IX	369.9	45.6	52.1	26.3	0	0	0	493.9	458.9
X	326.5	36.8	52.1	24.8	0	0	0	440.2	414.5
XI	245.5	37.6	52.2	22.5	0	0	0	357.8	330.4
XII	269.1	38.7	22.6	22.2	0	0	0	352.6	335.6
2017									
I	210.0	24.8	22.6	22.8	0	0	0	280.1	264.2
II	276.0	16.7	22.0	22.3	0	0	0	336.9	293.1
III	246.1	18.0	6.0	19.3	0	0	0	289.3	249.4
IV	328.7	17.8	6.0	19.3	0	0	0	371.7	325.4
V	274.8	19.6	6.0	13.6	0	0	0	314.0	254.2
VI	288.4	19.5	6.0	13.6	0	0	0	327.4	276.4
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

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									
2016									
VII	272.9	80.5	7.9	58.8	0.3	0	0	420.4	315.9
VIII	261.3	76.5	8.1	56.7	0.3	0	0	403.0	311.2
IX	267.4	76.5	8.5	56.9	0.3	0	0	409.7	314.8
X	259.2	76.4	7.6	57.3	0.9	0	0	401.5	310.2
XI	280.3	71.6	7.9	56.8	1.4	0	0	418.2	329.7
XII	227.9	73.3	7.5	57.4	2.7	0	0	368.8	319.6
2017									
I	232.2	73.9	8.3	3.0	3.4	0	0	320.8	269.0
II	243.3	72.2	7.2	3.0	3.3	0	0	329.0	265.9
III	227.1	72.5	6.0	3.4	0.8	0	0	309.8	249.4
IV	233.6	72.6	6.0	4.0	0.7	0	0	316.8	258.2
V	218.0	72.7	6.0	4.0	0.5	0	0	301.2	249.4
VI	222.8	71.3	4.2	4.3	0.6	0	0	303.4	253.9
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
Investment funds, excluding money market funds, and alternative investment funds									
2016									
VII	36.3	39.4	1.2	0	0.0	0	0	76.9	54.0
VIII	30.6	39.9	1.2	0	0.0	0	0	71.7	52.6
IX	30.5	41.3	1.2	0	0.0	0	0	73.0	53.1
X	29.7	42.2	0.5	0	0.0	0	0	72.5	56.0
XI	25.5	42.2	0.5	0	0.0	0	0	68.2	54.7
XII	23.4	42.3	0.5	0	0.0	0	0	66.1	54.6
2017									
I	26.6	42.2	0.5	0	0.0	0	0	69.3	56.4
II	23.8	42.7	0.0	0	0.0	0	0	66.6	53.5
III	32.0	41.0	0.0	0	0.0	0	0	73.0	56.7
IV	26.2	41.0	0.0	0	0.1	0	0	67.3	50.5
V	24.6	41.0	0.0	0	0.1	0	0	65.7	50.9
VI	22.6	41.0	0.0	0	1.8	0	0	65.4	48.9
VII	19.7	40.1	0.0	0	1.9	0	0	61.7	50.2
VIII	17.8	40.6	0.0	0	5.1	0	0	63.5	49.9
IX	15.6	40.1	0.0	0	1.7	0	0	57.4	46.1

14.b DEPOSITS BY NON-FINANCIAL CORPORATIONS

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
Public non-financial corporations									
2016									
VII	436.1	34.0	0	1.7	6.5	0	0	478.4	473.5
VIII	440.3	34.9	0	1.7	6.8	0	0	483.7	479.8
IX	412.0	32.9	0	1.6	6.8	0	0	453.3	449.8
X	417.3	42.6	0	1.6	6.8	0	0	468.2	464.3
XI	395.7	42.2	0	1.6	8.7	0	0	448.2	444.6
XII	407.2	19.5	0	1.5	9.0	0	0	437.2	434.1
2017									
I	428.8	19.5	0.0	1.5	9.0	0	0	458.9	456.5
II	488.5	20.5	0.0	0.2	9.0	0	0	518.2	514.7
III	535.2	21.0	0.0	0.2	9.0	0	0	565.4	562.3
IV	558.1	20.6	0.0	0.2	9.0	0	0	587.9	585.3
V	448.1	18.0	0.0	0.2	8.6	0	0	474.9	472.4
VI	435.2	9.6	0.0	0.2	16.6	0	0	461.7	459.6
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
Private non-financial corporations									
2016									
VII	3 024.7	193.3	14.6	15.9	41.5	0.1	0	3 290.1	2 786.8
VIII	3 015.7	201.3	15.1	14.8	42.7	0.0	0	3 289.7	2 763.2
IX	3 044.5	218.5	10.8	15.6	47.0	0.0	0	3 336.4	2 826.2
X	3 130.6	217.7	10.3	15.8	52.3	0.0	0	3 426.6	2 921.1
XI	3 172.3	250.2	11.5	15.8	53.0	0.0	0	3 502.8	3 000.5
XII	3 374.8	302.5	10.6	13.6	47.5	0.0	0	3 749.1	3 144.1
2017									
I	3 213.6	296.7	11.2	23.3	61.1	0.0	0	3 606.0	3 036.2
II	3 293.9	236.6	10.8	23.3	60.7	0.0	0	3 625.3	3 095.3
III	3 273.1	243.6	10.3	25.8	50.8	0.0	0	3 603.5	3 087.4
IV	3 176.1	228.8	9.9	23.0	57.1	0.0	0	3 494.9	2 957.2
V	3 183.5	269.1	9.5	23.0	54.9	0.0	0	3 540.0	2 993.0
VI	3 208.7	268.4	9.7	22.8	46.1	0.0	0	3 555.8	2 994.1
VII	3 195.1	266.2	9.0	22.5	46.4	0.0	0	3 539.2	3 004.4
VIII	3 292.0	257.2	9.0	22.4	48.1	0.0	0	3 628.7	3 078.0
IX	3 065.3	276.7	9.5	16.7	49.1	0.0	0	3 417.2	2 918.7

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									
2016									
VII	4 100.1	418.6	232.3	219.8	757.7	4.5	0	5 733.0	5 071.8
VIII	4 086.4	413.7	229.9	220.8	762.9	4.5	0	5 718.2	5 055.2
IX	4 089.1	421.2	213.9	220.2	768.4	4.4	0	5 717.2	5 060.8
X	4 118.8	429.8	212.6	220.8	774.5	4.3	0	5 760.9	5 116.6
XI	4 178.4	443.7	205.7	227.6	785.0	4.4	0	5 844.8	5 189.0
XII	4 360.3	436.0	198.5	227.3	796.5	4.4	0	6 023.1	5 353.4
2017									
I	4 342.2	420.6	185.7	227.1	803.7	4.4	0	5 983.7	5 312.1
II	4 364.0	421.2	188.1	228.2	812.6	8.3	0	6 022.3	5 341.0
III	4 383.9	410.8	185.2	228.2	813.5	8.2	0	6 029.8	5 349.1
IV	4 460.0	405.3	181.5	223.5	818.9	8.2	0	6 097.4	5 419.9
V	4 444.0	400.9	179.2	220.1	818.5	8.1	0	6 070.8	5 400.2
VI	4 514.9	407.5	178.8	219.7	822.3	8.1	0	6 151.3	5 488.0
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

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		
2016										
VII	499.7	272.7	772.5	766.2	3 214.1	10 014.8	5.0	10 009.8	13 228.9	5 953.6
VIII	577.1	297.9	875.0	856.1	3 065.7	9 772.2	4.5	9 767.7	12 837.9	5 746.3
IX	660.7	286.4	947.1	899.3	3 008.7	9 467.0	4.8	9 462.2	12 475.7	5 648.9
X	1 094.8	296.9	1 391.6	1 347.0	2 971.8	9 542.4	4.6	9 537.8	12 514.2	5 763.9
XI	1 027.6	313.1	1 340.8	1 305.0	2 869.6	9 509.6	4.4	9 505.2	12 379.2	5 676.1
XII	835.6	264.1	1 099.7	1 068.6	2 836.4	8 890.3	11.8	8 878.4	11 726.7	5 517.1
2017										
I	937.9	280.3	1 218.2	1 170.3	3 040.9	8 815.4	11.9	8 803.5	11 856.3	5 645.7
II	876.5	292.3	1 168.8	1 127.2	2 913.6	8 787.5	6.1	8 781.4	11 701.1	5 502.2
III	740.5	321.5	1 062.0	1 021.9	2 923.0	8 710.1	5.5	8 704.6	11 633.1	5 504.5
IV	739.8	324.4	1 064.2	1 027.4	3 067.3	8 594.2	5.9	8 588.3	11 661.4	5 703.4
V	684.1	340.8	1 024.9	990.4	3 054.2	8 378.6	9.9	8 368.7	11 432.8	5 682.7
VI	740.8	306.8	1 047.5	1 031.5	3 433.4	8 100.5	8.1	8 092.4	11 533.9	6 007.4
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

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

(at end of period; millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Short-term															
Amount	1 704.9	1 746.0	1 825.3	1 823.2	1 851.8	1 747.6	1 808.6	1 821.4	1 846.8	1 869.8	1 861.2	1 843.0	1 879.1	1 871.8	1 877.5
%[1]	13.5	13.8	14.4	14.4	14.5	13.8	14.2	14.3	14.5	14.6	14.7	14.5	14.7	14.6	15.3
Maturity of 1–5 years															
Amount	2 480.3	2 497.9	2 388.3	2 343.6	2 372.3	2 430.3	2 435.4	2 424.2	2 412.3	2 434.8	2 439.5	2 438.2	2 442.3	2 442.4	2 351.8
%[1]	19.6	19.7	18.8	18.5	18.6	19.1	19.1	19.0	18.9	19.1	19.2	19.1	19.1	19.1	19.2
Maturity of over 5 years															
Amount	8 467.4	8 439.6	8 490.8	8 523.8	8 516.5	8 532.0	8 491.4	8 490.6	8 492.9	8 463.0	8 402.0	8 465.5	8 463.6	8 472.6	8 014.0
%[1]	66.9	66.5	66.8	67.1	66.9	67.1	66.7	66.7	66.6	66.3	66.1	66.4	66.2	66.3	65.5
Total loans	12 652.7	12 683.5	12 704.5	12 690.7	12 740.6	12 709.9	12 735.4	12 736.2	12 752.0	12 767.6	12 702.7	12 746.8	12 784.9	12 786.7	12 243.3

[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
2016																
VII	0	0	0	x	x	x	5.8	76.5	590.0	672.3	610.1	1 183.4	1 736.0	2 746.7	5 666.1	5 476.8
VIII	0	0	0	x	x	x	6.9	75.4	587.0	669.3	606.8	1 224.4	1 743.5	2 723.2	5 691.0	5 475.7
IX	0	0	0	x	x	x	9.6	74.5	588.5	672.6	610.7	1 171.6	1 744.2	2 779.2	5 695.0	5 466.9
X	0	0	0	x	x	x	8.5	78.1	590.4	677.1	634.6	1 173.5	1 702.7	2 792.1	5 668.3	5 430.9
XI	0	0	0	x	x	x	10.1	74.4	589.9	674.4	631.4	1 202.3	1 730.2	2 777.5	5 710.0	5 470.7
XII	0	0	0	x	x	x	13.3	75.5	593.9	682.7	638.8	1 108.3	1 788.0	2 796.5	5 692.9	5 467.8
2017																
I	0	0	0	x	x	x	15.0	75.9	590.3	681.2	640.3	1 166.1	1 791.2	2 749.6	5 706.8	5 479.6
II	0	0	0	x	x	x	8.2	77.9	593.3	679.3	638.9	1 170.5	1 788.2	2 758.4	5 717.1	5 483.9
III	0	0	0	x	x	x	11.2	77.3	593.4	682.0	641.4	1 188.9	1 781.1	2 769.9	5 740.0	5 521.6
IV	0	0	0	x	x	x	8.6	77.6	591.3	677.5	637.4	1 206.3	1 788.6	2 747.0	5 741.9	5 545.4
V	0	0	0	x	x	x	11.4	76.5	579.6	667.6	628.0	1 185.4	1 790.4	2 695.5	5 671.3	5 484.3
VI	0	0	0	x	x	x	14.0	83.3	578.4	675.6	635.5	1 172.9	1 773.4	2 743.0	5 689.3	5 516.7
VII	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	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	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

	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
2016								
VII	0	0	0	231.5	353.7	404.3	989.5	967.8
VIII	0	0	0	230.6	361.5	410.4	1 002.5	981.3
IX	0	0	0	364.7	249.4	410.2	1 024.3	997.9
X	0	0	0	364.3	238.9	414.3	1 017.5	990.8
XI	0	0	0	369.9	241.2	419.2	1 030.2	1 001.8
XII	0	0	0	373.3	241.4	414.9	1 029.6	999.7
2017								
I	0	0	0	374.4	241.3	432.2	1 047.9	1 018.5
II	0	0	0	374.8	239.9	434.4	1 049.0	1 017.2
III	0	0	0	381.4	232.5	433.5	1 047.3	1 019.1
IV	0	0	0	391.6	244.7	434.3	1 070.7	1 042.4
V	0	0	0	402.0	246.8	438.0	1 086.8	1 058.2
VI	0	0	0	409.6	252.7	450.6	1 112.9	1 083.2
VII	0	0	0	420.1	248.6	452.6	1 121.3	1 091.5
VIII	0	0	0	427.1	247.5	456.2	1 130.8	1 105.6
IX	0	0	0	431.7	226.1	466.0	1 123.8	1 098.8

16.b LOANS TO HOUSEHOLDS

(at end of period; millions of euro)

	Households													
	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		
2016														
VII	478.4	128.8	180.7	168.9	4 431.2	93.0	82.9	4 255.2	415.2	62.4	50.5	302.3	5 324.7	5 174.4
VIII	483.8	129.9	183.8	170.0	4 421.8	90.1	83.3	4 248.4	415.1	64.1	50.4	300.6	5 320.7	5 172.9
IX	485.3	128.2	186.5	170.6	4 415.0	87.8	83.2	4 244.0	412.2	63.4	50.5	298.3	5 312.6	5 166.2
X	489.6	128.5	188.9	172.2	4 420.8	86.3	84.7	4 249.7	417.4	62.1	50.3	305.0	5 327.8	5 182.5
XI	493.1	129.1	190.4	173.7	4 418.8	80.5	84.9	4 253.4	413.9	59.9	51.2	302.9	5 325.9	5 179.9
XII	487.3	124.3	192.3	170.6	4 411.8	72.6	83.5	4 255.7	405.6	55.8	49.5	300.3	5 304.7	5 159.4
2017														
I	494.4	126.8	195.3	172.2	4 402.9	73.0	82.6	4 247.3	402.2	53.3	49.1	299.8	5 299.5	5 157.1
II	474.2	128.7	203.6	141.9	4 407.0	102.4	73.0	4 231.6	409.6	36.9	41.6	331.1	5 290.8	5 149.0
III	481.7	131.1	207.4	143.2	4 394.6	98.8	71.4	4 224.4	406.6	35.4	42.7	328.5	5 282.8	5 143.4
IV	485.1	129.6	210.9	144.5	4 385.4	97.2	70.6	4 217.5	407.1	36.5	42.3	328.2	5 277.5	5 142.0
V	492.8	130.7	215.2	146.8	4 379.6	95.1	69.1	4 215.4	404.6	36.5	41.5	326.6	5 277.0	5 146.3
VI	493.9	127.7	218.5	147.6	4 374.2	85.7	67.5	4 221.0	400.8	33.0	42.9	324.9	5 269.0	5 141.6
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

16.c LOANS TO 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		
2016										
VII	85.6	29.7	115.3	82.1	4 241.5	2 237.7	0.0	2 237.7	6 479.2	2 454.6
VIII	85.2	30.1	115.3	82.2	4 193.7	2 240.5	0.0	2 240.5	6 434.2	2 428.4
IX	81.3	33.6	114.9	82.5	3 622.1	2 214.0	0.0	2 214.0	5 836.1	2 283.1
X	79.6	29.7	109.3	78.0	4 059.8	2 195.9	0.0	2 195.9	6 255.7	2 638.2
XI	79.5	33.2	112.6	81.3	3 810.0	2 239.8	0.0	2 239.8	6 049.8	2 494.9
XII	79.6	29.2	108.8	77.1	3 276.3	2 230.2	0.0	2 230.2	5 506.4	2 209.6
2017										
I	82.0	29.1	111.1	79.3	3 659.0	2 187.8	0.0	2 187.8	5 846.8	2 391.8
II	82.7	28.9	111.5	80.5	3 821.2	2 195.4	0.0	2 195.4	6 016.6	2 455.1
III	82.2	28.3	110.5	79.6	3 729.5	2 202.9	0.0	2 202.9	5 932.4	2 402.2
IV	81.0	28.1	109.1	78.8	3 631.1	2 102.1	0.0	2 102.1	5 733.2	2 329.1
V	135.8	27.4	163.3	133.7	3 489.0	2 120.6	0.0	2 120.6	5 609.6	2 278.8
VI	125.9	27.9	153.8	124.2	3 857.9	2 032.6	0.0	2 032.6	5 890.5	2 679.6
VII	124.0	27.4	151.5	121.8	3 634.4	2 015.5	0.0	2 015.5	5 649.9	2 550.5
VIII	124.5	27.6	152.1	122.5	3 511.5	2 112.4	0.0	2 112.3	5 623.8	2 499.0
IX	46.6	26.8	73.5	73.5	2 978.5	2 132.7	0.0	2 132.7	5 111.2	2 369.3

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

(at end of Q2 2017, 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	2 492.2	100.0	2 360.2	100.0	4 058.2	100.0	3 996.8	100.0	1 007.3	100.0	928.4	100.0	7 557.8	100.0	7 285.4	100.0
A Agriculture, forestry and fishing	187.2	7.5	166.3	7.1	311.3	7.7	311.2	7.8	60.2	6.0	60.2	6.5	558.7	7.4	537.7	7.4
B Mining and quarrying	14.3	0.6	5.2	0.2	10.0	0.3	10.0	0.2	0.4	0.0	0.4	0.0	24.8	0.3	15.6	0.2
C Manufacturing	292.2	11.7	287.3	12.2	402.0	9.9	390.3	9.8	107.2	10.6	107.2	11.6	801.4	10.6	784.8	10.8
D Electricity, gas, steam and air conditioning supply	36.2	1.4	36.2	1.5	386.1	9.5	386.1	9.7	87.6	8.7	87.6	9.4	509.9	6.7	509.9	7.0
E Water supply; sewerage, waste management and remediation activities	7.5	0.3	7.4	0.3	49.1	1.2	49.1	1.2	11.7	1.2	11.7	1.3	68.2	0.9	68.2	0.9
F Construction	59.4	2.4	59.3	2.5	103.2	2.5	88.9	2.2	64.0	6.3	38.1	4.1	226.5	3.0	186.3	2.6
G Wholesale and retail trade; repair of motor vehicles and motorcycles	390.6	15.7	354.2	15.0	215.3	5.3	213.9	5.4	25.8	2.6	25.8	2.8	631.8	8.4	593.9	8.1
H Transportation and storage	109.2	4.4	97.5	4.1	247.8	6.1	235.8	5.9	298.7	29.6	298.7	32.2	655.6	8.7	632.0	8.7
I Accommodation and food service activities	21.4	0.9	21.4	0.9	129.0	3.2	129.0	3.2	21.5	2.1	21.5	2.3	171.9	2.3	171.9	2.4
J Information and communication	59.1	2.4	46.5	2.0	103.3	2.6	102.6	2.6	2.1	0.2	2.1	0.2	164.5	2.2	151.2	2.1
K Financial and insurance activities	647.8	26.0	618.6	26.2	504.9	12.4	496.0	12.4	1.7	0.2	1.2	0.1	1 154.5	15.3	1 115.8	15.3
L Real estate activities	633.1	25.4	626.7	26.6	1 417.5	34.9	1 405.3	35.2	266.2	26.4	213.8	23.0	2 316.8	30.7	2 245.8	30.8
M Professional, scientific and technical activities	5.6	0.2	5.6	0.2	16.3	0.4	16.3	0.4	2.7	0.3	2.7	0.3	24.6	0.3	24.6	0.3
N Administrative and support service activities	5.6	0.2	5.5	0.2	17.9	0.4	17.9	0.4	3.3	0.3	3.3	0.4	26.8	0.3	26.7	0.4
O Public administration and defence; compulsory social security	0.0	0.0	0.0	0.0	2.8	0.1	2.8	0.1	6.9	0.7	6.9	0.7	9.7	0.1	9.7	0.1
P Education	0.8	0.0	0.8	0.0	33.0	0.8	33.0	0.8	0.6	0.1	0.6	0.1	34.5	0.5	34.4	0.5
Q Human health and social work activities	3.9	0.2	3.9	0.2	31.6	0.8	31.6	0.8	2.0	0.2	2.0	0.2	37.6	0.5	37.5	0.5
R Arts, entertainment and recreation	4.5	0.2	4.3	0.2	24.2	0.6	24.2	0.6	3.7	0.4	3.7	0.4	32.4	0.4	32.2	0.4
S Other service activities	13.8	0.5	13.5	0.6	52.9	1.3	52.8	1.3	41.0	4.1	40.9	4.4	107.6	1.4	107.2	1.5

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

(at end of Q3 2017, 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	2 352.0	100.0	2 225.7	100.0	3 834.7	100.0	3 790.3	100.0	765.8	100.0	741.9	100.0	6 952.5	100.0	6 757.9	100.0
A Agriculture, forestry and fishing	167.5	7.1	147.4	6.6	330.8	8.6	330.8	8.7	57.5	7.5	57.5	7.7	555.8	8.0	535.7	7.9
B Mining and quarrying	13.0	0.6	4.1	0.2	10.6	0.3	10.6	0.3	0.7	0.1	0.7	0.1	24.2	0.3	15.4	0.2
C Manufacturing	273.8	11.6	269.6	12.1	410.2	10.7	396.2	10.4	77.1	10.1	75.6	10.2	761.1	10.9	741.4	11.0
D Electricity, gas, steam and air conditioning supply	35.7	1.5	35.7	1.6	287.3	7.5	287.3	7.6	84.2	11.0	84.2	11.3	407.1	5.9	407.2	6.0
E Water supply; sewerage, waste management and remediation activities	7.4	0.3	7.4	0.3	48.9	1.3	48.9	1.3	11.5	1.5	11.5	1.6	67.8	1.0	67.8	1.0
F Construction	58.7	2.5	58.7	2.6	87.3	2.3	87.3	2.3	10.3	1.4	10.3	1.4	156.4	2.2	156.3	2.3
G Wholesale and retail trade; repair of motor vehicles and motorcycles	446.8	19.0	404.7	18.2	216.0	5.6	213.1	5.6	21.0	2.7	21.0	2.8	683.8	9.8	638.8	9.5
H Transportation and storage	77.8	3.3	67.8	3.0	192.7	5.0	182.0	4.8	244.3	31.9	244.3	32.9	514.8	7.4	494.1	7.3
I Accommodation and food service activities	23.3	1.0	23.3	1.0	121.1	3.2	121.1	3.2	20.9	2.7	20.9	2.8	165.3	2.4	165.3	2.4
J Information and communication	46.2	2.0	37.2	1.7	105.1	2.7	104.5	2.8	0.5	0.1	0.5	0.1	151.8	2.2	142.2	2.1
K Financial and insurance activities	602.3	25.6	577.7	26.0	545.9	14.2	537.4	14.2	1.7	0.2	1.2	0.2	1 149.8	16.5	1 116.3	16.5
L Real estate activities	567.7	24.1	560.3	25.2	1 311.9	34.2	1 304.1	34.4	177.2	23.1	155.5	21.0	2 056.9	29.6	2 019.9	29.9
M Professional, scientific and technical activities	6.6	0.3	6.6	0.3	15.6	0.4	15.6	0.4	3.0	0.4	3.0	0.4	25.2	0.4	25.2	0.4
N Administrative and support service activities	4.5	0.2	4.5	0.2	12.4	0.3	12.4	0.3	3.0	0.4	2.9	0.4	19.8	0.3	19.8	0.3
O Public administration and defence; compulsory social security	0.0	0.0	0.0	0.0	2.6	0.1	2.6	0.1	6.6	0.9	6.6	0.9	9.2	0.1	9.2	0.1
P Education	1.1	0	1.1	0.1	32.2	0.8	32.2	0.8	0.8	0.1	0.8	0.1	34.1	0.5	34.1	0.5
Q Human health and social work activities	2.6	0.1	2.6	0.1	33.5	0.9	33.5	0.9	2.4	0.3	2.4	0.3	38.5	0.6	38.5	0.6
R Arts, entertainment and recreation	3.9	0.2	3.9	0.2	25.0	0.7	25.0	0.7	3.0	0.4	3.0	0.4	31.9	0.5	31.9	0.5
S Other service activities	13.2	0.6	13.1	0.6	45.7	1.2	45.7	1.2	40.0	5.2	40.0	5.4	98.9	1.4	98.8	1.5

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

(at end of period; millions of euro)

	2016				2017		
	III	VI	IX	XII	III[1]	VI	IX
Commercial credit	2 469.1	2 540.8	2 659.1	2 623.3	2 680.8	2 697.8	2 653.7
Industrial credit	2 081.2	2 214.2	1 346.8	1 311.5	1 293.5	1 296.9	1 130.4
Reverse repo	1.7	1.5	1.7	0.3	0.5	0.4	0.3
Financial leasing	56.8	59.1	61.1	64.0	67.9	71.6	74.3
Consumer credit	356.5	370.9	313.1	320.1	333.8	346.6	360.7
Mortgage loans	6 310.2	6 240.0	6 693.6	6 666.3	6 599.8	6 571.4	6 373.9
Factoring	1.3	1.2	1.1	1.3	1.2	1.0	0.9
Other credit	1 117.3	1 201.1	1 646.9	1 726.2	1 770.6	1 760.3	1 645.8
Total loans	12 394.0	12 628.8	12 723.5	12 713.0	12 748.0	12 746.1	12 240.1

[1] Data have been revised.

19.a HOLDINGS OF SECURITIES OTHER THAN SHARES

(at end of period; millions of euro)

	Securities other than shares									
	MFIs		General government		Other residents		Non-residents			In euro
		incl. long-term		incl. long-term		incl. long-term		incl. long-term		
2016										
VII	0.0	0.0	808.0	808.0	22.4	22.4	4 301.3	4 015.7	5 131.6	1 218.5
VIII	0.0	0.0	829.6	829.6	21.1	21.1	4 159.3	3 930.8	5 009.9	1 170.9
IX	0.0	0.0	845.7	845.7	21.1	21.1	4 130.6	3 922.4	4 997.3	1 262.1
X	0.0	0.0	904.4	904.4	20.9	20.9	3 902.3	3 701.6	4 827.6	1 317.4
XI	0.0	0.0	944.7	944.7	20.7	20.7	3 872.9	3 695.8	4 838.3	1 304.1
XII	14.5	14.5	977.0	977.0	21.1	21.1	3 891.5	3 738.9	4 904.0	1 316.3
2017										
I	8.7	8.7	980.4	980.4	21.1	21.1	3 750.1	3 623.6	4 760.3	1 269.1
II	8.6	8.6	739.7	739.7	21.0	21.0	3 751.5	3 629.0	4 520.8	1 248.9
III	7.5	7.5	775.3	775.3	21.5	21.5	3 699.4	3 574.7	4 503.7	1 241.9
IV	7.5	7.5	775.4	775.4	21.5	21.5	3 516.8	3 397.4	4 321.2	1 259.5
V	7.4	7.4	800.3	800.3	21.6	21.6	3 422.8	3 304.6	4 252.1	1 321.8
VI	7.4	7.4	808.3	808.3	21.5	21.5	3 269.6	3 127.2	4 106.9	1 307.3
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

19.b HOLDINGS OF SHARES AND OTHER EQUITY

(at end of period; millions of euro)

	Shares and other equity				
	MFIs	Other residents	Non-residents		In euro
2016					
VII	0.0	601.1	206.1	807.2	742.1
VIII	0.0	608.6	208.0	816.6	750.8
IX	0.0	594.9	212.5	807.4	740.8
X	0.0	596.2	215.8	812.1	743.5
XI	0.0	597.5	214.9	812.4	741.8
XII	0.0	612.0	211.3	823.3	756.5
2017					
I	0.0	618.2	209.2	827.4	761.6
II	0.0	618.6	211.9	830.5	762.2
III	0.0	611.9	208.6	820.6	757.7
IV	0.0	613.1	208.5	821.6	759.1
V	0.0	610.8	206.8	817.6	756.0
VI	0.0	613.4	204.7	818.0	757.3
VII	0.0	637.6	204.5	842.1	776.5
VIII	0.0	640.7	201.4	842.1	775.5
IX	0.0	644.0	202.6	846.5	779.8

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
2016														
VII	354.2	76.4	23.6	20.4	0.1	0.2	1.9	11 376.9	88.1	11.9	10.0	0.0	0.2	0.8
VIII	354.9	75.2	24.8	21.4	0.1	0.2	2.2	11 576.8	88.2	11.8	10.0	0.0	0.1	0.7
IX	371.6	75.8	24.2	21.4	0.0	0.2	2.4	11 660.5	88.2	11.8	9.9	0.0	0.1	0.8
X	348.1	77.9	22.1	19.7	0.1	0.1	1.9	12 128.3	89.0	11.0	9.3	0.0	0.1	0.6
XI	351.7	76.2	23.8	21.5	0.1	0.2	1.4	12 141.3	89.0	11.0	9.2	0.0	0.1	0.6
XII	344.6	78.6	21.4	17.7	0.0	0.2	1.5	12 225.7	88.6	11.4	9.7	0.0	0.2	0.6
2017														
I	379.2	73.1	26.9	25.3	0.0	0.2	0.9	12 057.7	88.6	11.4	9.7	0.0	0.1	0.6
II	354.8	73.4	26.6	25.7	0.0	0.1	0.2	12 169.8	88.6	11.4	9.6	0.0	0.1	0.6
III	354.8	74.0	26.0	24.9	0.0	0.2	0.3	12 020.8	88.7	11.3	9.6	0.0	0.1	0.7
IV	315.5	83.6	16.4	15.3	0.0	0.2	0.4	12 088.0	88.6	11.4	9.7	0.0	0.1	0.6
V	325.5	81.4	18.6	17.4	0.0	0.2	0.4	11 879.0	88.3	11.7	9.8	0.0	0.2	0.7
VI	329.7	81.5	18.5	16.8	0.0	0.2	0.2	11 989.8	88.6	11.4	9.4	0.0	0.2	0.7
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

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
2016														
VII	3 214.1	88.3	11.7	5.6	0.0	2.1	0.2	10 014.8	31.1	68.9	63.9	0.1	0.4	1.9
VIII	3 065.7	87.4	12.6	6.5	0.0	1.8	0.2	9 772.2	31.4	68.6	63.2	0.1	0.3	2.0
IX	3 008.7	87.5	12.5	6.4	0.0	1.8	0.2	9 467.0	31.9	68.1	62.9	0.1	0.3	2.2
X	2 971.8	89.2	10.8	5.5	0.0	1.9	0.2	9 542.4	32.6	67.4	62.5	0.1	0.3	1.9
XI	2 869.6	88.5	11.5	6.0	0.0	1.9	0.2	9 509.6	33.0	67.0	61.4	0.1	0.3	1.9
XII	2 836.4	86.8	13.2	7.1	0.0	2.3	0.1	8 890.3	34.4	65.6	60.7	0.1	0.3	1.9
2017														
I	3 040.9	87.0	13.0	7.7	0.0	1.8	0.2	8 815.4	34.0	66.0	60.7	0.1	0.3	1.9
II	2 913.6	86.4	13.6	7.7	0.0	2.0	0.4	8 787.5	34.0	66.0	60.7	0.1	0.3	2.0
III	2 923.0	87.4	12.6	6.4	0.0	2.0	0.5	8 710.1	33.9	66.1	60.8	0.0	0.3	2.0
IV	3 067.3	87.3	12.7	6.6	0.0	1.9	0.7	8 594.2	35.2	64.8	59.0	0.0	0.3	2.0
V	3 054.2	87.0	13.0	6.5	0.0	2.0	0.8	8 378.6	36.1	63.9	58.1	0.1	0.3	1.8
VI	3 433.4	89.1	10.9	5.3	0.0	1.8	0.6	8 100.5	36.4	63.6	59.3	0.1	0.3	1.8
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

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. JPY	incl. CHF	incl. GBP
2016							
VII	12 768.0	96.4	3.6	2.1	0.0	0.6	0.0
VIII	12 798.8	96.3	3.7	2.3	0.0	0.6	0.0
IX	12 819.3	96.1	3.9	2.4	0.0	0.6	0.0
X	12 800.0	96.2	3.8	2.5	0.0	0.6	0.0
XI	12 853.2	96.2	3.8	2.5	0.0	0.5	0.0
XII	12 818.7	96.3	3.7	2.4	0.0	0.5	0.0
2017							
I	12 846.5	96.3	3.7	2.4	0.0	0.5	0.0
II	12 847.7	96.3	3.7	2.5	0.0	0.5	0.0
III	12 862.5	96.4	3.6	2.3	0.0	0.5	0.0
IV	12 876.7	96.7	3.3	2.1	0.0	0.5	0.0
V	12 866.0	96.8	3.2	2.0	0.0	0.5	0.0
VI	12 900.6	96.9	3.1	1.9	0.0	0.5	0.0
VII	12 936.4	96.9	3.1	2.0	0.0	0.5	0.0
VIII	12 938.8	97.0	3.0	1.9	0.0	0.4	0.0
IX	12 316.8	97.5	2.5	1.9	0.0	0.5	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. JPY	incl. CHF	incl. GBP
2016														
VII	4 241.5	38.6	61.4	47.6	0.2	5.3	4.1	2 237.7	36.6	63.4	58.9	0.0	0.1	1.0
VIII	4 193.7	38.4	61.6	43.5	0.2	9.1	4.2	2 240.5	36.4	63.6	58.9	0.0	0.1	1.1
IX	3 622.1	40.7	59.3	42.3	1.0	4.9	5.6	2 214.0	36.6	63.4	58.9	0.0	0.1	0.8
X	4 059.8	45.4	54.6	42.3	0.9	2.6	4.1	2 195.9	36.2	63.8	59.1	0.0	0.1	1.0
XI	3 810.0	44.5	55.5	42.1	0.5	2.2	4.6	2 239.8	35.8	64.2	59.4	0.0	0.1	1.1
XII	3 276.3	42.5	57.5	44.1	0.7	2.6	4.9	2 230.2	36.6	63.4	58.3	0.0	0.1	1.2
2017														
I	3 659.0	43.8	56.2	43.1	0.3	1.7	5.2	2 187.8	36.1	63.9	58.8	0.0	0.1	1.1
II	3 821.2	43.9	56.1	41.9	0.8	2.0	4.6	2 195.4	35.3	64.7	59.3	0.0	0.1	1.2
III	3 729.5	42.6	57.4	41.3	1.3	1.6	5.7	2 202.9	37.0	63.0	57.1	0.0	0.1	1.5
IV	3 631.1	42.9	57.1	41.3	1.0	2.2	5.3	2 102.1	36.7	63.3	57.3	0.0	0.1	1.6
V	3 489.0	41.1	58.9	44.3	0.3	1.7	5.1	2 120.6	39.8	60.2	54.5	0.0	0.1	1.5
VI	3 857.9	46.6	53.4	41.7	0.3	1.3	4.3	2 032.6	43.4	56.6	54.6	0.0	0.1	1.5
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	0.0	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	0.0	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	0.0	0.1	1.3

20.e CURRENCY BREAKDOWN OF HOLDINGS OF RESIDENT SECURITIES OTHER THAN SHARES

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
				incl. USD	incl. JPY	incl. CHF	incl. GBP				incl. USD	incl. JPY	incl. CHF	incl. GBP
2016														
VII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	830.3	61.1	38.9	38.9	0.0	0.0	0.0
VIII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	850.6	61.8	38.2	38.2	0.0	0.0	0.0
IX	0.0	0.0	0.0	0.0	0.0	0.0	0.0	866.7	61.6	38.4	38.4	0.0	0.0	0.0
X	0.0	0.0	0.0	0.0	0.0	0.0	0.0	925.4	63.4	36.6	36.6	0.0	0.0	0.0
XI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	965.3	63.9	36.1	36.1	0.0	0.0	0.0
XII	14.5	100.0	0.0	0.0	0.0	0.0	0.0	998.0	64.8	35.2	35.2	0.0	0.0	0.0
2017														
I	8.7	100.0	0.0	0.0	0.0	0.0	0.0	1 001.5	65.9	34.1	34.1	0.0	0.0	0.0
II	8.6	100.0	0.0	0.0	0.0	0.0	0.0	760.7	90.5	9.5	9.5	0.0	0.0	0.0
III	7.5	100.0	0.0	0.0	0.0	0.0	0.0	796.8	88.3	11.7	11.7	0.0	0.0	0.0
IV	7.5	100.0	0.0	0.0	0.0	0.0	0.0	796.9	88.6	11.4	11.4	0.0	0.0	0.0
V	7.4	100.0	0.0	0.0	0.0	0.0	0.0	821.9	89.2	10.8	10.8	0.0	0.0	0.0
VI	7.4	100.0	0.0	0.0	0.0	0.0	0.0	829.8	89.4	10.6	10.6	0.0	0.0	0.0
VII	7.4	100.0	0.0	0.0	0.0	0.0	0.0	841.8	89.8	10.2	10.2	0.0	0.0	0.0
VIII	7.4	100.0	0.0	0.0	0.0	0.0	0.0	842.5	89.8	10.2	10.2	0.0	0.0	0.0
IX	7.4	100.0	0.0	0.0	0.0	0.0	0.0	843.4	89.6	10.4	10.4	0.0	0.0	0.0

20.f CURRENCY BREAKDOWN OF HOLDINGS OF NON-RESIDENT SECURITIES OTHER THAN SHARES

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
				incl. USD	incl. JPY	incl. CHF	incl. GBP				incl. USD	incl. JPY	incl. CHF	incl. GBP
2016														
VII	1 329.8	17.0	83.0	81.6	0.0	0.0	0.9	2 971.5	16.3	83.7	80.0	1.4	0.1	1.0
VIII	1 340.1	17.0	83.0	81.6	0.0	0.0	0.9	2 819.2	14.8	85.2	82.3	0.2	0.1	1.2
IX	1 326.2	18.8	81.2	79.6	0.0	0.0	1.0	2 804.3	17.1	82.9	80.6	0.0	0.1	0.8
X	1 268.6	19.6	80.4	78.6	0.0	0.0	1.1	2 633.7	18.3	81.7	79.5	0.0	0.1	0.7
XI	1 248.6	16.8	83.2	81.0	0.0	0.0	1.3	2 624.3	18.2	81.8	79.4	0.0	0.1	0.7
XII	1 280.3	16.3	83.7	81.6	0.0	0.0	1.3	2 611.1	17.1	82.9	80.6	0.0	0.1	0.6
2017														
I	1 263.6	17.7	82.3	80.3	0.0	0.0	1.3	2 486.5	15.2	84.8	82.5	0.0	0.2	0.6
II	1 233.8	14.5	85.5	83.4	0.0	0.0	1.4	2 517.7	14.8	85.2	82.9	0.0	0.2	0.6
III	1 180.5	13.7	86.3	84.1	0.0	0.0	1.4	2 518.9	14.6	85.4	84.2	0.0	0.2	0.6
IV	1 130.0	15.2	84.8	82.5	0.0	0.0	1.5	2 386.8	15.7	84.3	83.0	0.0	0.2	0.8
V	1 089.5	17.0	83.0	80.2	0.0	0.0	1.5	2 333.2	17.0	83.0	81.7	0.0	0.2	0.8
VI	1 020.4	17.0	83.0	80.5	0.0	0.0	1.6	2 249.2	17.1	82.9	81.5	0.0	0.2	0.8
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

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
2016			
VII	689.8	31.0	69.0
VIII	687.5	31.1	68.9
IX	685.6	31.3	68.7
X	656.9	31.1	68.9
XI	687.9	31.2	68.8
XII	710.1	33.3	66.7
2017			
I	698.6	33.9	66.1
II	682.4	33.0	67.0
III	701.4	32.7	67.3
IV	696.2	34.0	66.0
V	683.5	34.8	65.2
VI	640.6	36.9	63.1
VII	668.8	34.9	65.1
VIII	662.4	35.5	64.5
IX	643.0	35.1	64.9

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)															
	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight[1]	0.05	0.05	0.04	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02
With agreed maturity															
Up to 1 year	0.34	0.25	0.34	0.36	0.33	0.50	0.48	0.29	0.27	0.37	0.31	0.38	0.41	0.31	0.25
Over 1 and up to 2 years	1.19	0.97	1.09	1.00	0.76	1.07	0.92	0.73	1.12	1.10	1.25	1.09	1.11	1.05	1.14
Over 2 years	1.77	1.65	1.52	1.58	1.68	1.41	1.52	1.52	1.32	1.41	1.11	1.75	1.42	1.09	1.67
Redeemable at notice[2]															
Up to 3 months	0.06	0.06	0.06	0.07	0.06	0.07	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.06
Over 3 months	6.88	x	x	x	x	x	x	2.55	2.57[3]	2.57	2.58	2.59	2.59	2.59	2.61
Deposits from non-financial corporations															
Overnight[1]	0.04	0.03	0.04	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.01
With agreed maturity															
Up to 1 year	0.01	0.08	0.02	0.07	0.02	0.07	0.04	0.01	0.03	0.00	0.16	0.01	0.00	0.04	0.19
Over 1 and up to 2 years	x	1.33	1.40	1.07	0.35	1.42	x	x	x	0.56	0.43	–	x	x	x
Over 2 years	x	x	0.64	0.70	x	1.56	x	x	x	–	x	x	x	x	0.00
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

[1] End-of-period.
[2] For this instrument category, households and non-financial corporations are merged and allocated to the household sector.
[3] Data have been revised.

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)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Households															
Overnight[1]	0.05	0.05	0.04	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02
With agreed maturity															
Up to 2 years	0.80	0.81	0.80	0.80	0.79	0.79	0.79	0.78	0.75	0.72	0.73	0.75	0.76	0.77	0.77
Over 2 years	2.41	2.42	2.39	2.36	2.31	2.30	2.26	2.27	2.27	2.29	2.30	2.30	2.30	2.29	2.30
Redeemable at notice[2]															
Up to 3 months	0.06	0.06	0.06	0.07	0.06	0.07	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.06
Over 3 months	6.88	x	x	x	x	x	x	2.55	2.57	2.57	2.58	2.59	2.59	2.59	2.61
Non-financial corporations															
Overnight[1]	0.04	0.03	0.04	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.01
With agreed maturity															
Up to 2 years	0.20	0.21	0.21	0.20	0.17	0.17	0.13	0.13	0.13	0.12	0.13	0.13	0.12	0.13	0.34
Over 2 years	1.23	1.18	1.17	1.18	1.18	1.20	0.76	0.77	0.85	0.77	0.77	0.77	0.76	0.75	0.51
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)															
	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft[1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft[1]	17.83	17.74	17.45	17.52	17.07	17.49	18.47	18.02	17.98	18.02	18.42	18.17	18.11	17.72	17.07
Extended credit card credit[1]	23.14	23.15	23.16	23.15	23.12	23.10	23.08	22.73	22.74	22.75	22.68	22.62	22.54	22.51	22.45
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	2.63	2.54	2.55	2.48	2.49	2.49	2.42	2.43	2.44	2.35	2.47	2.38	2.31	2.42	2.34
of wich with collateral or guarantees	2.74	2.56	2.61	2.49	2.52	2.59	2.47	2.52	2.55	2.40	2.54	2.40	2.39	2.50	2.40
Over 1 and up to 5 years	7.14	6.94	6.88	5.57	5.25	5.37	6.11	6.68	5.68	6.42	5.80	5.57	5.67	5.79	5.79
of wich with collateral or guarantees	3.43	3.64	3.59	3.69	3.56	3.04	4.75	3.34	3.39	3.63	3.62	3.28	3.53	3.36	3.33
Over 5 and up to 10 years	13.39	10.88	13.30	13.30	11.92	12.11	12.06	12.57	11.96	13.49	12.38	11.33	10.62	11.43	10.69
of wich with collateral or guarantees	8.69	5.55	x	x	x	6.69	7.65	8.75	8.30	x	9.43	8.13	7.87	10.09	8.30
Over 10 years	4.64	4.65	5.98	6.36	4.94	5.12	5.11	5.15	5.12	5.28	5.19	2.81	4.70	4.87	5.56
of wich with collateral or guarantees	4.74	4.64	5.98	6.71	4.94	4.97	5.29	5.14	5.27	5.31	5.58	2.39	4.79	x	5.62
Annual percentage rate of charge[2]	3.32	3.17	3.17	3.02	2.89	2.86	2.95	2.90	2.85	2.81	2.85	2.75	2.88	2.89	2.80
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	20.95	20.82	19.80	20.42	20.69	19.63	20.50	17.68	17.58	17.93	18.34	17.53	17.72	16.85	17.28
of wich with collateral or guarantees	16.02	11.93	8.02	9.23	10.07	8.24	10.49	6.03	9.05	11.35	13.21	13.60	9.21	7.68	9.90
Over 1 year	18.65	17.19	17.47	16.69	16.71	15.84	16.71	17.42	16.11	15.59	16.04	15.55	15.68	15.59	15.81
of wich with collateral or guarantees	16.79	15.37	17.28	16.97	18.20	18.54	19.17	19.76	18.42	17.95	16.62	17.66	17.71	17.48	17.79
Annual percentage rate of charge[2]	25.80	23.89	23.87	23.38	23.22	22.64	23.07	22.58	21.55	21.13	21.55	20.99	21.60	20.91	21.37
Other lending by initial rate fixation															
Floating rate and up to 1 year	4.44	3.95	4.31	3.45	3.78	3.90	3.88	3.74	3.45	3.26	3.76	4.02	3.92	4.14	4.18
Over 1 year	10.78	9.36	8.29	4.75	4.13	1.58	7.29	9.74	8.33	6.71	4.96	8.41	7.98	9.82	7.85

[1] End-of-period.
[2] The annual percentage rate of charge (APRC) covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

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

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft[1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft[1]	2.73	2.67	2.76	2.74	2.80	2.71	2.74	2.82	2.80	2.82	2.93	2.86	2.77	2.64	2.62
Extended credit card credit[1]	19.39	19.31	19.45	19.52	19.60	19.55	19.55	17.83	17.90	18.32	18.00	18.36	18.32	18.21	17.97
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	4.39	4.29	4.33	4.51	4.61	4.25	4.20	3.84	3.57	3.62	3.63	3.76	3.56	3.73	3.47
of wich with collateral or guarantees	4.67	4.24	4.44	4.38	4.51	4.53	3.92	3.97	3.74	3.75	3.87	3.93	3.91	4.08	3.66
Over 1 year	5.54	7.04	6.01	4.26	5.45	3.33	7.01	6.31	7.74	6.58	7.62	6.03	6.11	8.50	6.76
of wich with collateral or guarantees	7.32	7.59	6.16	6.49	6.92	5.52	6.22	7.31	7.95	5.89	7.67	x	6.05	x	7.21
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	3.46	4.10	4.21	3.88	3.68	3.97	3.74	3.33	3.43	3.52	2.94	3.66	3.52	3.46	3.65
of wich with collateral or guarantees	3.65	4.28	4.45	3.97	3.61	4.30	3.70	3.41	3.67	3.87	3.34	4.24	3.78	3.80	4.13
Over 1 year	x	2.58	3.22	3.44	x	1.40	4.04	3.02	3.91	x	x	x	1.67	x	x
of wich with collateral or guarantees	x	2.45	x	x	x	2.38	x	4.32	3.86	x	x	x	x	x	x
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	2.57	2.16	2.47	2.37	2.34	2.95	2.43	2.50	2.19	2.44	2.48	2.31	2.36	2.69	2.63
of wich with collateral or guarantees	2.57	2.24	2.51	2.54	2.31	3.31	2.88	2.57	1.97	2.40	2.86	2.32	2.86	2.59	2.70
Over 1 year	5.70	2.53	2.31	x	x	1.84	x	x	x	x	–	3.26	x	x	1.55
of wich with collateral or guarantees	x	x	2.61	x	x	2.83	x	x	x	x	–	3.32	x	x	1.55

[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)															
	2016						2017								
	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	3.53	3.48	3.51	3.59	3.84	3.96	3.88	3.68	3.33	3.69	3.74	3.64	3.76	3.37	3.44
Over 1 and up to 5 years	5.49	5.58	5.67	5.66	5.65	5.64	5.66	6.04	6.07	6.10	6.18	6.25	6.32	6.46	6.60
Over 5 years	2.23	2.22	2.22	2.21	2.21	2.20	2.20	2.20	2.20	2.18	2.17	2.17	2.17	2.17	2.17
Consumer credit and other loans, with maturity[1]															
Up to 1 year[2]	20.58	20.58	20.52	20.48	21.09	20.75	21.03	19.55	19.62	19.52	19.73	19.80	20.10	20.16	19.86
Over 1 and up to 5 years	16.05	16.02	15.96	15.87	15.77	15.70	15.63	15.79	15.62	15.54	15.50	15.35	15.30	15.26	14.59
Over 5 years	6.28	6.30	6.31	6.30	6.31	6.22	6.25	6.91	6.93	6.91	6.94	6.93	6.95	6.99	6.93
Loans to non-financial corporations															
With maturity[1]															
Up to 1 year[2]	2.81	2.75	2.76	2.72	2.73	2.72	2.72	2.75	2.77	2.81	2.93	2.96	2.94	2.98	2.96
Over 1 and up to 5 years	2.80	2.81	2.77	2.80	2.79	2.73	2.73	2.70	2.72	2.73	2.70	2.71	2.69	2.68	2.76
Over 5 years	2.29	2.26	2.25	2.25	2.25	2.26	2.25	2.22	2.22	2.26	2.27	2.29	2.28	2.29	2.41

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)															
	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight[1]	0.26	0.27	0.27	0.25	0.26	0.26	0.29	0.27	0.29	0.30	0.29	0.32	0.33	0.30	0.29
With agreed maturity															
Up to 1 year	0.47	0.47	0.54	0.53	0.58	0.76	0.72	0.70	0.91	1.00	0.90	1.00	1.14	1.14	1.34
Over 1 and up to 2 years	1.35	1.04	1.13	1.97	1.38	1.46	1.25	1.56	1.52	2.25	1.37	1.56	1.37	1.33	1.05
Over 2 years	3.32	2.55	2.29	2.53	3.09	2.10	1.87	3.05	1.82	2.20	2.61	2.77	1.72	2.69	2.20
Redeemable at notice[2]															
Up to 3 months	0.14	0.14	0.15	0.15	0.14	0.14	0.14	0.15	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Over 3 months	–	–	–	–	–	–	–	x	x	x	x	x	x	x	x
Deposits from non-financial corporations															
Overnight[1]	0.17	0.18	0.18	0.11	0.10	0.21	0.18	0.19	0.25	0.30	0.22	0.27	0.23	0.32	0.23
With agreed maturity															
Up to 1 year	0.40	0.39	0.39	0.49	0.42	0.62	0.70	0.65	0.69	0.85	1.03	1.06	1.10	1.07	1.08
Over 1 and up to 2 years	–	–	–	–	–	–	–	–	–	–	–	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)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight[1]	0.26	0.27	0.27	0.25	0.26	0.26	0.29	0.27	0.29	0.30	0.29	0.32	0.33	0.30	0.29
With agreed maturity															
Up to 2 years	0.85	0.86	0.88	0.84	0.96	0.98	1.02	1.04	1.06	1.17	1.15	1.18	1.20	1.23	1.23
Over 2 years	3.12	3.11	3.15	3.15	3.05	3.08	3.12	3.13	3.14	3.16	3.14	3.14	3.15	3.16	3.11
Redeemable at notice[2]															
Up to 3 months	0.14	0.14	0.15	0.15	0.14	0.14	0.14	0.15	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Over 3 months	–	–	–	–	–	–	–	x	x	x	x	x	x	x	x
Deposits from non-financial corporations															
Overnight[1]	0.17	0.18	0.18	0.11	0.10	0.21	0.18	0.19	0.25	0.30	0.22	0.27	0.23	0.32	0.23
With agreed maturity															
Up to 2 years	0.79	0.71	0.71	0.82	0.79	0.86	0.82	0.84	0.90	0.95	1.14	1.20	1.23	1.26	1.28
Over 2 years	0.32	0.50	3.27	3.15	3.15	3.84	3.84	3.84	3.85	3.89	3.89	3.90	3.90	3.90	4.01
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)															
	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft[1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft[1]	21.86	21.01	21.87	16.12	20.11	18.82	15.90	17.27	10.83	9.29	10.48	13.36	12.51	13.35	17.56
Extended credit card credit[1]	26.13	26.96	24.95	26.14	26.20	27.20	26.14	25.65	26.25	26.08	25.14	26.49	25.31	26.79	25.80
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	2.80	3.12	4.30	3.73	3.87	2.67	3.18	4.17	x	3.51	6.19	3.88	3.97	x	2.47
of wich with collateral or guarantees	4.27	4.19	4.34	3.95	x	x	x	4.29	–	3.72	6.55	3.93	x	x	x
Over 1 and up to 5 years	–	–	x	–	–	x	x	x	x	–	x	–	x	–	x
of wich with collateral or guarantees	–	–	x	–	–	–	–	–	x	–	–	–	x	–	–
Over 5 and up to 10 years	–	–	–	–	–	–	–	–	–	–	–	x	x	x	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	x	–
Over 10 years	x	–	–	–	–	x	x	x	–	–	–	x	x	x	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Annual percentage rate of charge[2]	3.29	3.29	4.30	3.78	3.96	3.08	3.55	4.33	3.71	3.51	6.62	4.13	4.22	3.91	2.57
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	17.29	x	x	x	x	x	x	x	x	x	x	x	x	x	x
of wich with collateral or guarantees	x	–	x	–	x	–	–	x	–	–	x	–	x	x	–
Over 1 year	–	–	–	–	–	–	–	–	–	–	x	–	–	–	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Annual percentage rate of charge[2]	17.35	x	x	x	x	x	x	x	x	x	15.33	x	x	x	x
Other lending by initial rate fixation															
Floating rate and up to 1 year	x	x	x	x	x	x	x	x	x	4.58	4.08	–	4.10	x	x
Over 1 year	–	–	–	–	–	x	–	–	–	–	–	–	–	–	–

[1] End-of-period.
[2] The annual percentage rate of charge (APRC) covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

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

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft[1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft[1]	4.44	4.14	4.20	4.07	4.03	4.11	4.12	4.07	4.20	4.16	4.16	4.18	4.34	4.38	4.94
Extended credit card credit[1]	6.59	24.86	6.67	24.97	24.94	25.03	24.74	20.02	20.40	x	x	x	x	x	32.10
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	–	x	–	–	9.90	x	4.12	x	3.90	x	4.14	4.85	x
of wich with collateral or guarantees	x	x	–	–	–	–	9.90	x	4.12	x	3.90	x	x	4.85	x
Over 1 year	–	–	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	2.87	x	–	x	–	–	x	x	x	x	x	–	x	–	x
of wich with collateral or guarantees	x	x	–	x	–	–	x	x	x	x	x	–	–	–	–
Over 1 year	–	–	–	–	–	–	–	x	–	–	–	–	–	–	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	x	–	–	–	–	–	–	–
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	x	5.69	–	6.53	x	–	4.63	–	x	x	–	x	x
of wich with collateral or guarantees	x	x	x	5.69	–	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)

	2016						2017								
	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	2.72	2.65	2.85	2.90	3.28	3.28	3.24	3.28	2.89	2.71	2.67	2.37	2.83	2.89	2.77
Over 1 and up to 5 years	5.08	4.94	4.84	4.76	4.78	4.76	4.89	4.78	4.77	4.78	4.82	4.69	4.82	4.85	4.99
Over 5 years	3.07	3.12	3.16	3.21	3.22	3.26	3.33	3.35	3.38	3.40	3.36	3.37	3.40	3.41	3.42
Consumer credit and other loans, with maturity[1]															
Up to 1 year[2]	9.04	10.08	10.28	11.86	11.64	12.75	12.76	13.45	13.22	13.24	13.57	13.93	12.11	13.46	13.60
Over 1 and up to 5 years	6.39	6.36	6.30	6.24	5.81	5.87	5.88	5.77	5.78	5.84	5.78	5.79	5.79	5.81	6.14
Over 5 years	4.12	4.04	4.09	4.39	4.41	4.42	4.51	4.24	4.25	4.26	4.30	4.31	4.26	4.36	4.30
Loans to non-financial corporations															
With maturity[1]															
Up to 1 year[2]	4.49	4.48	4.30	4.17	4.12	4.29	4.36	4.36	4.40	4.38	4.25	4.31	4.43	4.72	5.29
Over 1 and up to 5 years	5.57	5.52	5.65	5.62	5.62	5.75	5.85	5.87	6.42	6.44	5.56	5.52	5.56	5.56	5.57
Over 5 years	3.14	3.19	3.19	3.18	3.16	6.88	6.96	6.88	6.74	6.77	7.54	7.58	7.47	7.43	7.51

[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; %)

	2016						2017								
	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	4.60	4.64	4.63	4.73	5.04	4.36	4.38	3.81	3.66	3.65	3.61	3.82	3.53	3.72	3.62
of wich with collateral or guarantees	5.11	4.75	4.87	4.73	5.11	4.77	4.07	4.04	3.92	3.85	3.84	4.14	3.93	4.10	3.90
Loans over an amount of 0.25 million euro and up to 1 million euro	3.44	4.18	4.30	3.65	3.70	3.91	3.66	3.27	3.42	3.45	3.17	3.52	3.37	3.49	3.60
of wich with collateral or guarantees	3.68	4.41	4.60	3.71	3.62	4.26	3.61	3.34	3.66	3.78	3.35	4.07	3.63	3.77	4.02
Loans over 1 million euro	2.45	2.02	2.49	2.58	2.26	3.33	2.76	2.47	2.18	2.38	2.87	2.48	2.39	2.63	2.67
of wich with collateral or guarantees	2.45	2.06	2.50	2.46	2.23	3.47	2.77	2.53	1.93	2.49	2.92	2.51	2.88	2.56	2.70
In US dollars															
Loans up to an amount of 0.25 million euro	x	x	–	x	–	–	x	x	x	x	x	x	x	–	–
of wich with collateral or guarantees	x	x	–	–	–	–	x	x	x	x	x	x	x	–	–
Loans over an amount of 0.25 million euro and up to 1 million euro	x	–	–	x	–	–	–	–	–	–	–	–	–	–	–
of wich with collateral or guarantees	x	–	–	x	–	–	–	–	–	–	–	–	–	–	–
Loans over 1 million euro	x	x	x	5.47	–	x	–	–	4.63	–	x	x	–	x	–
of wich with collateral or guarantees	x	x	x	5.47	–	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		
2016											
VII	0.0	16.5	0.5	–	17.0	356.7	45.9	–	–	402.6	419.6
VIII	0.4	16.6	–	–	17.0	385.9	99.8	–	–	485.7	502.7
IX	–	16.5	–	–	16.5	283.7	93.5	0.5	–	377.7	394.2
X	0.1	–	0.5	–	0.6	226.6	67.8	3.5	–	297.9	298.5
XI	0.8	–	0.5	–	1.3	100.7	85.0	1.3	–	187.0	188.3
XII	0.8	2.5	–	–	3.3	49.5	94.5	0.9	–	144.9	148.2
2017											
I	0.1	2.4	0.7	0.6	3.8	426.9	78.1	0.6	–	505.6	509.4
II	0.5	1.3	–	–	1.8	505.3	71.0	0.5	–	576.8	578.6
III	0.1	0.8	–	–	0.9	200.5	52.9	0.9	–	254.3	255.2
IV	8.6	0.1	0.4	–	9.1	156.0	49.2	1.2	–	206.4	215.5
V	8.7	3.4	–	–	12.1	238.3	19.3	–	–	257.6	269.7
VI	2.0	2.6	0.5	0.2	5.3	269.9	35.2	0.4	–	305.5	310.8
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

	Loans to non-resident MFIs					Total loans
	Overnight	Up to 1 month	1–3 months	Over 3 months		
2016						
VII	19 031.6	1 318.5	29.1	5.0	20 384.2	20 803.8
VIII	21 275.9	1 580.2	115.2	35.6	23 006.9	23 509.6
IX	15 870.3	1 303.3	127.9	7.0	17 308.5	17 702.7
X	13 443.8	1 261.4	37.4	100.4	14 843.0	15 141.5
XI	14 486.6	1 493.5	101.1	4.1	16 085.3	16 273.6
XII	18 467.3	1 214.9	96.4	48.8	19 827.4	19 975.6
2017						
I	14 598.3	602.8	104.7	17.1	15 322.9	15 832.3
II	13 879.0	497.9	94.6	–	14 471.5	15 050.1
III	16 590.4	893.1	81.3	3.0	17 567.8	17 823.0
IV	12 903.4	1 174.3	60.9	3.0	14 141.6	14 357.1
V	13 384.2	2 052.4	32.4	2.5	15 471.5	15 741.2
VI	13 459.2	2 306.5	83.5	–	15 849.2	16 160.0
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

23. INTEREST RATES IN THE DOMESTIC INTERBANK MARKET

(% per annum)

	2016						2017								
	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	–0.4
Up to 1 month	–0.4	–0.4	–0.4	–	–	–0.4	–0.4	–0.4	–0.4	–0.4	–0.4	–0.4	–0.4	–0.4	–
1–3 months	0.0	–	–	0.0	–0.4	–	–0.4	–	–	0.0	–	–0.4	–0.3	–0.4	–
Over 3 months	–	–	–	–	–	–	0.0	–	–	–	–	–0.4	–	–0.4	–
Weighted average interest rates on loans in foreign currencies															
Overnight	0.3	0.3	0.3	0.3	0.3	1.2	0.5	0.5	0.4	0.5	0.5	0.6	0.6	0.6	0.6
Up to 1 month	0.4	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.8	0.7	0.8	2.0	2.3	2.5	2.6
1–3 months	–	–	0.0	0.3	0.04	0.3	0.5	0.5	0.6	0.8	–	0.8	1.0	–	1.0
Over 3 months	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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

(millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Type of transaction															
Spot exchange transactions	6 866.6	7 485.5	9 636.4	8 576.0	6 873.3	7 876.0	6 846.7	8 880.1	7 918.8	5 999.7	5 130.6	4 818.1	4 581.2	4 736.5	4 271.5
Forward exchange contracts	262.1	261.5	395.0	415.0	364.2	252.5	413.1	273.9	271.8	348.9	354.4	238.3	205.9	208.0	242.9
Currency swap arrangements	25 024.1	31 641.6	28 399.4	27 536.0	28 100.3	28 505.2	24 551.9	25 803.3	33 600.6	25 059.5	30 985.0	37 190.9	33 813.1	33 454.9	28 717.3
Counterparties															
Resident MFIs	2 224.9	2 173.2	2 023.5	1807.8	850.8	1 354.9	2 105.7	1 500.2	1 808.7	1 363.4	1 541.0	1 579.4	1 623.6	1 247.2	1 075.3
Resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	96.0	74.0	198.0	106.5	150.2	349.6	304.9	270.6	305.9	204.8	249.5	180.8	185.1	204.8	123.0
Resident government, non-financial corporations and non-profit institutions serving households	222.8	265.2	301.7	261.6	306.3	307.4	243.4	265.6	328.0	296.5	261.2	283.7	261.9	328.8	294.4
Non-resident MFIs	23 779.5	30 315.5	28 266.1	24 866.0	25 798.3	25 291.7	19 705.7	20 724.0	26 767.3	20 849.3	25 775.7	30 775.9	29 435.8	30 517.7	24 752.5
Non-resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	2 054.8	2 327.1	2 924.2	4 842.9	3 771.3	3 697.4	3 445.0	3 742.9	4 845.1	3 215.6	4 184.2	4 510.7	3 888.6	2 651.1	3 218.0
Non-resident government, non-financial corporations and non-profit institutions serving households	3 389.7	3 683.7	3 658.0	3 453.3	3 415.2	4 925.5	4 952.4	8 104.9	7 326.9	4 902.3	3 755.3	4 439.3	2 756.5	2 794.0	3 129.9
Households	385.1	549.9	1 059.4	1 188.8	1 045.8	707.2	1 054.7	349.1	409.3	576.1	703.1	477.6	448.7	655.7	638.6
Currencies															
Total in all currencies	32 152.9	39 388.6	38 430.8	36 527.0	35 337.8	36 633.7	31 811.7	34 957.4	41 791.2	31 408.0	36 470.0	42 247.4	38 600.2	38 399.4	33 231.7
incl. USD for EUR	16 488.1	22 057.7	20 450.9	19 480.1	19 779.1	20 954.8	15 931.0	18 469.0	21 154.2	16 373.1	22 975.9	26 965.1	25 823.7	26 539.9	23 000.3
incl. GBP for EUR	2 093.5	2 250.0	2 048.4	1 805.3	1 106.2	983.9	897.4	1 147.1	1 301.7	925.3	1 222.6	1 387.0	794.1	1 565.6	1 838.2
incl. other currencies for EUR	4 145.7	2 371.0	2 851.6	2 159.9	3 523.4	2 976.0	2 338.2	1 455.7	2 845.4	1 605.7	2 334.9	2 791.1	2 936.9	2 578.4	1 999.8

[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 TRANSACTIONS[1]

(millions of euro)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
USD for EUR[2]															
Amount	16 476.2	22 046.4	20 442.0	19 469.0	19 766.8	20 942.5	15 922.1	18 461.3	21 146.3	16 366.5	22 969.7	26 956.9	25 816.6	26 531.9	22 994.0
%[4]	51.3	56.0	53.2	53.3	55.9	57.1	50.0	52.8	50.6	52.1	62.8	63.6	66.7	68.6	68.7
GBP for EUR[2]															
Amount	2 088.1	2 243.0	2 042.5	1 799.4	1 096.7	977.9	893.2	1 139.1	1 294.1	915.4	1 217.3	1 382.3	790.2	1 561.4	1 832.9
%[4]	6.5	5.7	5.3	4.9	3.1	2.7	2.8	3.3	3.1	2.9	3.3	3.3	2.0	4.0	5.5
Other currencies (except USD and GBP) for EUR[2]															
Amount	4 142.5	2 366.5	2 845.6	2 156.1	3 519.3	2 969.6	2 335.3	1 451.9	2 841.9	1 600.5	2 330.5	2 785.7	2 930.4	2 573.0	1 996.5
%[4]	12.9	6.0	7.4	5.9	10.0	8.1	7.3	4.2	6.8	5.1	6.4	6.6	7.6	6.7	6.0
RUB for USD[3]															
Amount	3 638.2	4 232.3	3 703.4	4 014.3	3 337.7	5 422.4	5 490.6	5 673.3	6 202.4	5 552.0	3 604.5	4 775.4	2 062.6	3 165.1	3 034.7
%[4]	11.3	10.8	9.6	11.0	9.4	14.8	17.2	16.2	14.8	17.7	9.9	11.3	5.3	8.2	9.1
GBP for USD[3]															
Amount	1 711.0	2 916.3	3 212.1	2 825.7	1 596.6	1 099.7	2 246.3	2 925.5	1 703.9	1 689.1	1 615.3	1 858.4	1 351.8	927.1	814.6
%[4]	5.3	7.4	8.4	7.7	4.5	3.0	7.1	8.4	4.1	5.4	4.4	4.4	3.5	2.4	2.4
SEK for USD[3]															
Amount	82.3	193.6	112.3	151.2	102.1	28.3	35.1	106.1	89.2	72.3	39.9	37.4	30.5	71.0	55.2
%[4]	0.2	0.5	0.3	0.4	0.3	0.1	0.1	0.3	0.2	0.2	0.1	0.1	0.1	0.2	0.2
Other currencies (except EUR, RUB, GBP and SEK) for USD[3]															
Amount	3 656.0	4 584.4	4 861.3	5 174.4	5 445.2	4 745.3	4 363.8	4 757.0	8 191.1	4 829.5	4 466.2	4 090.0	5 496.2	3 660.9	2 533.2
%[4]	11.4	11.6	12.6	14.2	15.4	12.9	13.7	13.6	19.6	15.4	12.2	9.6	14.2	9.5	7.6
Other currencies (except EUR and USD) for other currencies[3]															
Amount	345.5	796.6	1 216.1	937.0	493.8	463.0	555.0	426.1	323.6	416.2	320.5	454.7	202.2	187.3	216.2
%[4]	1.1	2.0	3.2	2.6	1.4	1.3	1.8	1.2	0.8	1.2	0.9	1.1	0.6	0.4	0.5

[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)

	2016						2017								
	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	1.1113	1.1132	1.1161	1.0946	1.0635	1.0541	1.0755	1.0597	1.0691	1.0930	1.1221	1.1412	1.1727	1.1825	1.1806
GBP	0.8440	0.8481	0.8610	0.9005	0.8525	0.8562	0.8611	0.8531	0.8555	0.8447	0.8737	0.8793	0.8942	0.9197	0.8818
JPY	114.8300	115.0100	113.0900	114.9700	120.4800	123.4000	121.9400	118.8300	119.5500	121.7600	124.4000	127.7500	129.7000	130.8100	132.8200
CHF	1.0823	1.0957	1.0876	1.0820	1.0803	1.0739	1.0668	1.0648	1.0696	1.0831	1.0896	1.0930	1.1359	1.1446	1.1457

27. WEIGHTED AVERAGE EXCHANGE RATES (CASH TRANSACTIONS)[1]

(foreign currency vs EUR)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
USD															
Buy	1.1190	1.1320	1.1337	1.1125	1.0856	1.0634	1.0721	1.0745	1.0791	1.0823	1.1195	1.1354	1.1649	1.1936	1.2037
Sell	1.1048	1.1156	1.1165	1.0988	1.0768	1.0500	1.0581	1.0601	1.0625	1.0671	1.1018	1.1199	1.1486	1.1773	1.1876
GBP															
Buy	0.8522	0.8658	0.8614	0.9030	0.8748	0.8524	0.8689	0.8578	0.8720	0.8553	0.8621	0.8876	0.8972	0.9224	0.9037
Sell	0.8325	0.8475	0.8432	0.8824	0.8604	0.8364	0.8519	0.8442	0.8565	0.8391	0.8457	0.8684	0.8778	0.9025	0.8898
JPY															
Buy	120.6191	117.2687	121.6475	118.5544	121.3693	125.7813	124.5833	124.0133	122.6867	120.1222	131.4957	127.2489	133.0279	138.6858	132.1771
Sell	113.5047	110.7532	112.1614	111.0345	113.2427	117.6622	118.8126	117.0006	117.4587	114.7740	119.8285	122.2291	126.4765	125.8436	126.4943
SEK															
Buy	9.5733	9.6022	9.6486	9.8401	10.0011	9.8163	9.5905	9.6076	9.6843	9.7648	9.8356	9.8878	9.7125	9.6624	9.6413
Sell	9.3290	9.3573	9.4361	9.5542	9.7286	9.6179	9.3959	9.3825	9.4254	9.4451	9.5688	9.6020	9.4808	9.4672	9.3789
RUB															
Buy	71.7452	73.4237	72.5679	70.1605	70.2186	66.1728	64.2010	62.7322	62.1997	60.9068	63.2289	64.8709	68.6531	70.5106	69.3660
Sell	69.6913	71.1134	70.8448	68.2576	68.5606	64.4040	62.4312	61.1011	60.7200	59.3428	61.6041	63.2023	66.0500	68.0874	67.3682
CHF															
Buy	1.1081	1.1055	1.1022	1.1042	1.0952	1.0900	1.0877	1.0831	1.0883	1.0866	1.1091	1.1040	1.1213	1.1569	1.1569
Sell	1.0763	1.0924	1.0938	1.0897	1.0742	1.0780	1.0628	1.0537	1.0760	1.0647	1.0889	1.0879	1.0885	1.1286	1.1321

[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)

	2016						2017								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Stock of government securities outstanding	928.2	958.2	1 000.7	1 030.8	1 030.8	1 060.8	1 048.1	1 048.1	1 078.1	1 078.1	1 094.9	1 108.1	1 108.1	1 108.1	1 108.1
Residents	852.4	876.1	905.2	946.8	946.7	972.0	952.7	952.4	980.5	980.5	999.1	1 004.8	992.7	1 002.2	1 001.8
Non-financial corporations	20.6	20.6	20.6	20.6	20.6	20.6	17.1	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Central bank	138.8	139.3	141.3	144.3	145.6	149.1	149.1	150.4	160.7	160.7	160.7	160.7	169.1	169.8	169.8
Credit institutions	320.1	343.3	352.6	393.3	392.3	424.0	433.0	436.3	453.9	456.5	475.6	481.3	497.3	502.1	501.7
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	0.3	0.3	0.3
Financial auxiliaries	11.0	11.0	17.3	17.3	17.3	17.3	17.3	18.5	17.8	17.8	17.8	17.8	17.8	17.8	17.8
Insurance corporations and pension funds	320.5	320.5	331.9	329.8	329.8	320.0	297.4	292.5	293.4	290.8	290.3	290.3	253.8	257.8	257.8
Insurance corporations	40.5	40.5	40.6	40.6	40.6	40.6	37.5	37.2	37.2	37.2	37.2	37.2	22.7	22.7	22.7
Pension funds	280.0	280.0	291.3	289.2	289.2	279.4	259.9	255.3	256.2	253.6	253.1	253.1	231.1	235.1	235.1
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	2.4	2.4	2.4	2.4	2.0	2.0	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Non-profit institutions serving households	6.7	6.7	6.7	6.7	6.7	6.7	4.8	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Non-residents	75.8	82.1	95.5	84.0	84.1	88.8	95.3	95.6	97.5	97.5	95.8	103.3	115.4	105.9	106.2
Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	48.7	49.0	51.0	51.2	51.6	51.4	63.5	63.5	63.4	63.4	58.3	58.2	63.2	63.2	63.2
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	27.1	33.1	44.5	32.8	32.5	37.3	31.8	32.1	34.1	34.1	37.5	44.0	51.2	41.7	42.1
Insurance corporations and pension funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
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 2017)

Date	Initial maturity (months)	Supply (thousands of euro)	Demand (thousands of euro)	Purchase (thousands of euro)	Weighted average discount rate (%)
Competitive multi-price auctions					
31 May	60	24 000	127 295	24 000	0.236
Primary placement of government securities via outright sales of securities					
31 May	60	–	29 900	6 000	0.236

30. DYNAMICS OF GDP

	2016[1]					2017		
		Q1	Q2	Q3	Q4	Q1[1]	Q2	Q3
At current prices (millions of euro)	24 926.7	5 507.6	6 197.1	6 510.3	6 711.8	5 853.9	6 648.3	7 095.8
At constant prices[2] (millions of euro)	21 785.7	4 813.2	5 471.4	5 632.1	5 869.1	5 006.4	5 691.4	5 961.3
Annual growth rate (%)	2.1	2.4	2.6	0.5	2.8	4.0	4.0	5.8
Gross value added (%)	1.4	1.8	1.8	0.0	2.2	4.4	4.5	5.8

[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

	2016						2017								
	VII	VIII	IX	X	XI	XII	I[1]	II[1]	III[1]	IV	V	VI	VII	VIII	IX
Average gross wages and salaries															
EUR per month	866	866	850	852	876	954	872	855	910	912	928	941	928	933	914
Year-on-year changes (%)	100.3	106.4	104.8	104.3	107.4	106.1	107.1	105.5	106.4	108.2	108.6	109.3	107.2	107.8	107.6
Real net wage index (year-on-year basis; %)	99.8	106.0	103.8	102.9	105.6	103.5	103.3	101.3	102.1	103.9	104.8	105.6	103.7	103.8	103.9
Number of registered unemployed persons															
At end of month	77 425	75 664	74 357	74 053	75 348	78 357	80 016	79 152	76 431	71 705	68 439	66 708	65 554	63 717	61 461
Year-on-year changes (%)	96.0	94.8	94.7	94.9	95.2	95.8	93.6	91.4	89.5	87.2	86.5	85.3	84.7	84.2	82.7

[1] Data have been revised.

32. LATVIAN FOREIGN TRADE BALANCE

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

	2016[1]					2017		
		Q1	Q2	Q3	Q4	Q1[1]	Q2	Q3
Exports	10 357.7	2 362.6	2 529.5	2 646.4	2 819.2	2 676.9	2 726.8	2 850.9
Imports	12 249.2	2 788.3	3 022.6	3 093.3	3 345.0	3 223.4	3 438.4	3 713.2
Balance	–1 891.5	–425.7	–493.1	–446.9	–525.8	–546.5	–711.7	–862.4

	2016[1]						2017								
	VII	VIII	IX	X	XI	XII	I[1]	II[1]	III[1]	IV	V	VI	VII	VIII	IX
Exports	802.8	882.9	960.7	976.1	955.9	887.3	812.2	835.5	1 029.3	853.7	945.1	928.0	858.2	958.3	1 034.4
Imports	979.1	1 062.2	1 051.9	1 115.7	1 110.9	1 118.5	1 008.7	1 004.8	1 209.9	1 037.2	1 160.0	1 241.3	1 180.1	1 287.1	1 246.0
Balance	–176.4	–179.2	–91.3	–139.6	–155.0	–231.2	–196.6	–169.3	–180.6	–183.5	–214.9	–313.3	–321.9	–328.9	–211.6

[1] Data have been revised.

33. MAIN EXPORT GOODS OF LATVIA

(in FOB prices)

	2016[1]		2017					
			Q1[1]		Q2		Q3	
	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	10 357.7	100.0	2 676.9	100.0	2 726.8	100.0	2 850.9	100.0
Agricultural and food products	1 997.5	19.3	508.4	19.0	496.7	18.2	618.0	21.7
Mineral products	512.2	4.9	121.6	4.6	131.0	4.8	139.8	4.9
Products of the chemical and allied industries	805.0	7.8	207.2	7.8	221.2	8.1	215.2	7.5
Plastics and articles thereof; rubber and articles thereof	340.2	3.3	88.7	3.3	97.1	3.6	91.1	3.2
Wood and articles of wood	1 779.9	17.2	472.3	17.6	474.8	17.4	447.5	15.7
Pulp of wood; paper and paperboard	230.4	2.2	60.0	2.2	60.3	2.2	64.6	2.3
Textiles and textile articles	314.2	3.0	88.3	3.3	82.4	3.0	89.7	3.1
Articles of stone, plaster, cement, glassware and ceramic products	300.5	2.9	75.3	2.8	81.3	3.0	73.7	2.6
Base metals and articles of base metals	833.8	8.1	235.6	8.8	272.1	10.0	251.8	8.8
Machinery and mechanical appliances; electrical equipment	1 857.9	17.9	464.6	17.4	470.4	17.2	534.8	18.8
Transport vehicles	660.8	6.4	188.2	7.0	170.7	6.3	148.5	5.2
Miscellaneous manufactured articles	368.2	3.6	91.5	3.4	95.6	3.5	99.0	3.5
Other goods	357.2	3.4	75.3	2.8	73.2	2.7	77.2	2.7

[1] Data have been revised.

34. MAIN IMPORT GOODS OF LATVIA

(in CIF prices)

	2016[1]		2017					
			Q1[1]		Q2		Q3	
	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	12 249.2	100.0	3 223.4	100.0	3 438.4	100.0	3 713.2	100.0
Agricultural and food products	2 043.7	16.6	530.5	16.5	562.9	16.4	645.8	17.4
Mineral products	1 103.7	9.0	310.3	9.6	311.3	9.1	403.3	10.9
Products of the chemical and allied industries	1 291.5	10.6	372.9	11.6	352.2	10.2	354.7	9.5
Plastics and articles thereof; rubber and articles thereof	684.7	5.7	183.9	5.7	199.9	5.8	223.1	6.0
Wood and articles of wood	406.7	3.3	108.2	3.4	117.0	3.4	116.6	3.1
Pulp of wood; paper and paperboard	279.9	2.3	69.4	2.1	76.3	2.2	79.7	2.1
Textiles and textile articles	473.6	3.9	123.7	3.8	119.7	3.5	147.9	4.0
Articles of stone, plaster, cement, glassware and ceramic products	237.4	1.9	57.1	1.8	66.9	1.9	69.6	1.9
Base metals and articles of base metals	935.0	7.6	244.9	7.6	296.7	8.6	282.0	7.6
Machinery and mechanical appliances; electrical equipment	2 631.8	21.5	633.0	19.6	701.5	20.4	785.4	21.2
Transport vehicles	1 223.8	10.0	289.6	9.0	343.7	10.0	293.5	7.9
Miscellaneous manufactured articles	303.5	2.5	71.2	2.2	77.8	2.3	84.0	2.3
Other goods	634.0	5.1	228.6	7.1	212.5	6.2	227.7	6.1

[1] Data have been revised.

35. LATVIAN FOREIGN TRADE PARTNERS

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

2017	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	2 676.9	3 223.4	–546.5	100.0	100.0	2 726.8	3 438.4	–711.7	100.0	100.0	2 850.9	3 713.2	–862.4	100.0	100.0
Euro area countries	1 356.8	1 818.5	–461.7	50.7	56.4	1 305.2	2 024.7	–719.5	47.9	58.9	1 358.8	2 089.8	–731.0	47.7	56.3
EU28 countries	2 018.5	2 467.3	–448.8	75.4	76.6	1 960.5	2 723.3	–762.8	71.9	79.2	1 985.2	2 807.7	–822.5	69.6	75.6
incl. Germany	209.5	348.1	–138.7	7.8	10.8	190.0	401.2	–211.1	7.0	11.7	210.7	399.8	–189.1	7.4	10.8
Sweden	168.3	97.6	70.8	6.3	3.0	181.6	107.5	74.1	6.7	3.1	155.3	104.4	50.8	5.4	2.8
UK	138.6	61.2	77.4	5.2	1.9	146.5	65.3	81.2	5.4	1.9	154.4	96.2	58.2	5.4	2.6
Finland	55.3	134.3	–79.0	2.1	4.2	56.5	146.5	–90.0	2.1	4.3	60.5	152.7	–92.2	2.1	4.1
Denmark	142.8	78.5	64.3	5.3	2.4	114.4	82.9	31.5	4.2	2.4	115.2	81.0	34.2	4.0	2.2
Netherlands	75.7	136.0	–60.2	2.8	4.2	64.7	144.1	–79.4	2.4	4.2	71.8	143.1	–71.3	2.5	3.9
Lithuania	458.0	571.7	–113.7	17.1	17.7	464.9	672.3	–207.5	17.0	19.6	480.9	679.5	–198.7	16.9	18.3
Estonia	336.7	243.2	93.5	12.6	7.5	322.8	270.9	51.9	11.8	7.9	316.2	261.8	54.3	11.1	7.1
Poland	138.9	316.4	–177.5	5.2	9.8	130.7	318.8	–188.1	4.8	9.3	126.1	320.9	–194.8	4.4	8.6
CIS	293.7	346.0	–52.3	11.0	10.7	339.8	323.5	16.3	12.5	9.4	388.2	421.2	–33.1	13.6	11.4
incl. Russia	204.4	260.4	–56.0	7.6	8.1	230.5	209.4	21.1	8.5	6.1	282.6	312.2	–29.6	9.9	8.4
Other countries	364.7	410.1	–45.4	13.6	12.7	426.4	391.7	34.7	15.6	11.4	477.5	484.3	–6.8	16.8	13.0
incl. USA	55.7	22.1	33.6	2.1	0.7	56.4	33.3	23.1	2.1	1.0	99.4	51.4	48.0	3.5	1.4
Norway	64.9	12.1	52.8	2.4	0.4	59.4	11.4	48.0	2.2	0.3	65.9	13.5	52.4	2.3	0.4
China	33.7	112.5	–78.8	1.3	3.5	24.4	99.0	–74.6	0.9	2.9	32.2	119.8	–87.7	1.1	3.2

[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
2016						
VII	691.1	1.6	2.5	41.4	6.3	117.1
VIII	722.0	1.6	2.8	42.3	6.2	119.1
IX	683.0	1.7	3.2	42.7	7.1	118.6
X	669.7	1.7	3.6	42.3	7.4	118.7
XI	692.1	1.7	3.9	42.7	7.3	119.2
XII	655.2	1.7	4.1	38.1	6.3	117.6
2017						
I	702.4	1.6	4.6	37.0	6.2	118.9
II	682.9	1.5	5.0	35.8	6.5	116.7
III	714.9	1.6	5.8	35.8	6.6	118.1
IV	739.6	1.5	6.7	35.1	6.6	117.4
V	709.4	1.6	7.4	34.6	6.8	119.6
VI	737.0	1.5	7.7	33.1	6.2	118.2
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

[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
2016						
IX	5 023.8	686.0	4 075.3	4 873.6	1 274.0	3 367.5
XII	5 111.2	608.6	4 201.3	4 971.1	1 269.1	3 453.0
2017						
III	5 083.7	569.2	4 255.3	4 939.9	1 305.9	3 422.8
VI	5 063.9	797.1	4 009.2	4 932.6	1 464.1	3 253.3
IX	4 550.6	723.3	3 684.7	4 408.5	1 274.9	3 031.8

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
2016						
IX	4 897.5	220.6	4 194.6	4 849.3	334.3	4 233.7
XII	4 915.1	212.2	4 202.5	4 867.3	321.3	4 224.2
2017						
III	4 886.5	168.5	4 156.3	4 843.7	280.8	4 153.0
VI	4 901.6	163.2	4 136.7	4 860.3	270.9	4 128.7
IX	4 938.8	160.3	4 315.6	4 898.5	267.3	4 294.4

38. VOLUMES OF NEW BUSINESS AND RENEGOTIATED LOANS[1] 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
2016								
VII	69.1	27.9	19.3	0.6	7.2	2.2	386.9	245.1
VIII	74.7	29.4	20.0	0.8	9.7	4.5	456.3	334.7
IX	75.3	30.6	19.0	1.4	7.4	3.7	379.7	230.0
X	85.5	31.1	20.0	1.0	16.7	3.8	444.8	260.9
XI	76.5	33.1	19.5	0.9	12.7	6.8	394.8	293.0
XII	81.6	39.2	20.3	0.9	27.3	5.4	441.1	306.8
2017								
I	69.1	33.3	20.9	0.8	5.1	2.5	233.9	161.3
II	72.0	35.1	20.1	1.3	5.6	4.0	471.5	326.2
III	83.1	36.3	23.7	1.0	22.2	18.3	521.5	398.0
IV	75.9	34.2	22.1	1.0	6.6	2.6	353.6	238.9
V	93.4	41.0	23.5	1.0	8.8	4.7	281.4	163.3
VI	97.3	44.8	23.0	1.7	10.1	3.8	353.4	259.8
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

[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

	2016[1]					2017		
		Q1	Q2	Q3	Q4	Q1[1]	Q2	Q3
Analytical data (% of GDP)								
Current account	1.4	3.9	–0.2	1.5	0.6	3.2	–3.1	–4.2
External debt								
Gross	148.2	148.5	154.3	150.1	148.8	147.7	145.5	142.7
Net	28.6	29.2	29.3	29.2	28.8	26.8	26.5	25.6
Foreign direct investment in Latvia								
Transactions	0.5	–1.5	–2.7	3.5	2.3	2.7	2.4	5.5
Closing position	53.8	54.8	53.7	54.1	54.0	54.5	54.6	54.8
Transactions (millions of EUR)								
Current account	342	216	–14	101	39	187	–204	–301
Goods	–1 918	–461	–498	–425	–534	–565	–701	–827
Credit (export)	10 391	2 356	2 532	2 690	2 813	2 656	2 710	2 869
Debit (import)	12 309	2 818	3 030	3 115	3 347	3 221	3 410	3 697
Services	2 141	541	530	533	538	575	528	570
Credit (export)	4 575	1 085	1 137	1 169	1 184	1 146	1 189	1 272
Debit (import)	2 433	544	607	636	646	572	661	702
Primary income	–62	105	–116	–35	–16	132	–112	–116
Credit	1 398	424	339	287	346	512	308	299
Debit	1 460	319	455	322	363	380	421	415
Secondary income	180	31	70	28	51	45	81	72
Credit	905	215	228	195	267	207	239	250
Debit	725	184	158	167	215	162	158	177
Capital account	249	100	63	5	82	–1	114	38
Credit	262	109	63	7	83	1	117	39
Debit	13	9	1	2	2	2	3	1
Financial account	443	200	92	39	112	253	76	–191
Direct investment	–4	70	209	–143	–139	–67	–124	–390
Assets	217	23	126	103	–35	98	72	–14
Liabilities	221	–47	–82	246	104	165	196	375
Portfolio investment	912	1 169	–367	235	–125	344	–345	1 091
Assets	1 876	1 114	202	224	336	136	–139	1 086
Liabilities	964	–55	569	–11	461	–207	206	–5
Financial derivatives	202	3	0	14	185	–196	–154	–158
Assets	–282	–94	–109	–53	–26	–276	–179	–175
Liabilities	–484	–97	–109	–66	–211	–81	–24	–17
Other investment	–791	–1 047	253	338	–335	125	521	–985
Assets	193	957	809	–584	–989	587	734	–596
Liabilities	984	2 005	556	–922	–655	462	214	388
Reserve assets	124	6	–3	–404	525	46	179	250

[1] Data have been revised.

Additional Information

General notes

The cut-off date for the information used in the publication *Macroeconomic Developments Report* (December 2017, No. 26) is 14 December 2017.

The *Macroeconomic Developments Report* (December 2017, No. 26) published by Latvijas Banka is based on data provided by the CSB, ECB, Treasury, Nasdaq Riga, Euribor-EBF and Latvijas Banka.

Data sources for charts are the IMF (Chart 1), the EC (Charts 2, 22, 23, 29, 30, 32 and 34), the CSB (Charts 16–22, 24–29, 31, 32, 36 and 37), Bloomberg (Charts 3, 4, 6 and 33), the Treasury (Chart 7), Latvijas Banka (Charts 8–15, 28, 30, 32, 33, 36–38 and 40), SRS (Chart 29), Reuters (Charts 5 and 33), FAO (Chart 35) and Federal Reserve Bank of Dallas (Chart 39).

Data sources for Statistics tables are Latvijas Banka (Tables 1, 3, 4, 6–25, 27, 28 and 36–39), Nasdaq Riga (Table 1), the Treasury (Tables 1, 2.ab and 29), Euribor-EBF (Table 1), the CSB (Tables 2.ab and 30–35) and ECB (Tables 5 and 26).

Details may not add because of rounding-off.

FOB value is the price of a commodity on the border of the exporting country, including the transportation and insurance costs only up to the border.

CIF value is the price of a commodity on the border of the importing country, including the transportation and insurance costs only up to the border.

"–" – no transactions in the period; "x" – no data available, no computation of indicators possible or insufficient number of respondents to publish information.

Money and banking sector

Calculation of monetary aggregates includes the balance sheet data of Latvijas Banka and information from the financial position reports of other MFIs, prepared using methodology of Latvijas Banka (see Latvijas Banka Regulation No. 132 "Regulation for Compiling the 'Monthly Financial Position Report' of Monetary Financial Institutions" of 16 May 2014).

In the publication, the following terms have been used:

MFIs – financial institutions forming the money-issuing sector. In Latvia, MFIs include Latvijas Banka, credit institutions and other MFIs in compliance with the List of Monetary Financial Institutions of the Republic of Latvia compiled by Latvijas Banka. In the EU, MFIs include the ECB, the national central banks of the euro area, credit institutions and other MFIs (money market funds) in compliance with the original List of MFIs published by the ECB.

Non-MFIs – entities other than MFIs.

Financial institutions – other financial intermediaries, excluding insurance corporations and pension funds, (hereinafter, OFIs), financial auxiliaries, insurance corporations and pension funds.

OFIs – financial corporations that are primarily engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and close substitutes for deposits from their customers other than MFIs, or insurance technical reserves. OFIs are corporations engaged in lending (e.g. financial leasing companies, factoring companies, export/import financing companies), investment funds, investment brokerage companies, financial vehicle corporations, financial holding corporations, and venture capital corporations. OFIs data include also financial auxiliaries' data.

Financial auxiliaries – financial corporations that are primarily engaged in auxiliary financial activities, i.e. activities that are closely related to financial intermediation but are not financial intermediation themselves, e.g. investment brokers who do not engage in financial intermediation services on their own behalf, corporations that provide infrastructure for financial markets, central supervisory institutions of financial institutions and the financial market provided that they are separate institutional units. In Latvia, the FCMC and the Nasdaq Riga shall also be regarded as financial auxiliaries. Financial auxiliaries' data are included in OFIs data.

Non-financial corporations – economic entities producing goods or providing non-financial services with the aim of gaining profit or other yield.

Households – natural persons or groups of natural persons whose principal activity is consumption and who produce goods and services exclusively for their own consumption, as well as non-profit institutions serving households. The following are also regarded as households in the Republic of Latvia: persons engaged in individual entrepreneurship provided that they have not registered their activity with the Commercial Register of the Enterprise Register of the Republic of Latvia.

Holdings of securities other than shares – financial assets, which are instruments of the holder, usually negotiable and traded or compensated on secondary markets and which do not grant the holder any ownership rights over the issuing institutional unit.

The following information is published in accordance with the ECB methodology:

1) Assets and liabilities of Latvijas Banka (Table 6), expanding the range of reported financial instruments;

2) Aggregated balance sheet of MFIs (excluding Latvijas Banka), i.e. the sum of the harmonised balance sheets of Latvia's MFIs, excluding Latvijas Banka (Table 7);

3) monetary aggregates and their components (Table 4) reflect Latvia's contributions to the euro area monetary aggregates and their counterparts. These are obtained from the consolidated balance sheet of MFIs. Latvia's contributions to the following monetary aggregates are calculated and published:
– overnight deposits in all currencies held with MFIs;
– deposits redeemable at a period of notice of up to and including 3 months (i.e. short-term savings deposits) made in all currencies and deposits with an agreed maturity of up to and including 2 years (i.e. short-term time deposits) in all currencies held with MFIs.
– repurchase agreements, debt securities with a maturity of up to and including 2 years issued by MFIs, and money market fund shares and units.

The monetary aggregates of Latvijas Banka (Table 3) are also published comprising the national contribution to the euro area monetary base and the counterparts, as well as a monetary survey of Latvia's MFIs (excluding Latvijas Banka; Table 10).

In view of the fact that Latvijas Banka collects more comprehensive information, the following is also published:

1) consolidated balance sheet of MFIs obtained by netting out inter-MFI positions in the aggregated balance sheet of Latvia's MFIs (Table 8). Due to slight accounting methodology differences, the sum of the inter-MFI positions is not always zero; therefore, the balance is reported under the item Excess of inter-MFI liabilities.

2) Aggregated balance sheet of Latvia's MFIs (excluding Latvijas Banka) which is the sum of the harmonised balance sheets (Tables 9ab);

3) Information characterising foreign assets and foreign liabilities of MFIs (excluding Latvijas Banka; Tables 11ab), including selected items in the monthly financial position report of MFIs (excluding Latvijas Banka) by group of countries (Table 12);

4) Information characterising the maturity profile and types of deposits (including repo agreements) of Latvia's financial institutions, non-financial corporations and households with MFIs (excluding Latvijas Banka; Tables 13 and 14abc) as well as government and non-resident deposits (Table 14d). Deposits redeemable at notice have been grouped by period of notice. Long-term deposits include deposits with the original maturity of over 1 year. The breakdown of MFI (excluding Latvijas Banka) deposits by currency is provided in Tables 20ab;

5) Information characterising the maturity profile and types of MFI (excluding Latvijas Banka) loans to Latvia's financial institutions, non-financial corporations and households (Tables 15, 16ab, 17, 18, 36 and 37) as well as government and non-resident loans (Table 16c). The breakdown of MFI (excluding Latvijas Banka) loans by currency is provided in Tables 20cd;

6) Information characterising MFI (excluding Latvijas Banka) securities holdings (Tables 19ab and 20ef);

7) Information characterising debt securities issued by MFIs (excluding Latvijas Banka; Table 20g).

Interest rates

The interest rates calculation includes information from MFI reports prepared in compliance with Latvijas Banka Regulation No. 133 "Regulation for Compiling Interest Rate Reports of Monetary Financial Institutions" of 16 May 2014. Based on the methodology laid out in the above Regulation, credit institutions, branches of foreign credit institutions and particular credit unions registered in the Republic of Latvia have to provide information on interest rates on deposits and loans applied in transactions with resident non-financial corporations and households.

Information on interest rates on deposits and loans applied in transactions with non-financial corporations and households provided by credit institutions, branches of foreign credit institutions and credit unions registered in the Republic of Latvia is collected (Table 21). Interest rate statistics is collected on new business and outstanding amounts. All rates included in the interest rate statistics are weighted average rates. When preparing the interest rate statistics, credit institutions use annualised agreed rates (AAR) or narrowly defined effective rates (NDER) and annual percentage rate of charge (APRC). Credit institutions have to select the calculation of the AAR or the NDER based on the terms and conditions of the agreement. The NDER can be calculated on any deposit or loan. In addition to the AAR or the NDER, the APRC is reported for loans to households for house purchase and consumer credits.

The interest rates on new business with overnight deposits and deposits redeemable at notice and on their outstanding amounts coincide.

Interest rates on new loans are reported on the basis of the initial rate fixation period set in the agreement, whereas overdraft interest rates are reported on loan balances.

When reporting the interest rates on consumer credit and other credit to households with the maturity of up to 1 year and loans to non-financial corporations with the maturity of up to 1 year, interest rates on overdraft are included.

Interbank market lending interest rates (Table 23) are reported as weighted average interest rates on new business, aggregating the information submitted by credit institutions, prepared based on the methodology of Latvijas Banka (see Latvijas Banka Regulation No. 102 "Regulation for Compiling the 'Report on Monetary Market Transactions'" of 16 May 2013).

Foreign exchange and exchange rates

Information characterising the foreign currency selling and buying transactions is reported based on the methodology of Latvijas Banka (see Latvijas Banka Regulation No. 36 "Regulation for Purchasing and Selling Cash Foreign Currency" of 13 May 2009 and Latvijas Banka Regulation No. 101 "Regulation for Compiling Reports on Foreign Currency Purchases and Sales" of 16 May 2013). The principal foreign exchange transactions (Table 24) comprise the cash and non-cash transactions conducted by credit institutions and branches of foreign credit institutions, reported by transaction type and counterparty, and currency. Non-cash foreign exchange transactions (Table 25) comprise non-cash transactions performed by credit institutions and branches of foreign credit institutions, reported by major currency.

The euro reference rates published by the ECB (Table 26) are reported as monthly mathematical averages. Weighted average exchange rates (cash transactions; Table 27) are reported based on the information provided by credit institutions and branches of foreign credit institutions as well as currency exchange bureaus.