



## RATING

- ◆ **The international credit rating agency Fitch affirmed its 'A-' long term foreign and local currency sovereign credit ratings on the Republic of Latvia. The outlook is set stable.** Fitch notes that the Latvia's belonging to the high 'A' category is supported in by conservative fiscal policy and low levels of government debt. The agency positively evaluates also the rapid average growth of the Latvian economy in five-year period, however, points out that GDP per capita is still below 'A' category average. Fitch recognizes the economic development, fiscal consolidation and mitigation of macroeconomic imbalances, all contributing to more stable economy growth in recent years. (RĪGA, Oct 27, [Treasury](#))

## BANKING SECTOR

- ◆ **Latvian monetary financial institutions (mostly banks), earned EUR 242.9 million in aggregate profit in the first nine months of 2017, down 34.7 % from the same period in 2016,** the Bank of Latvia reported. In September 2017, the monetary financial institutions showed aggregate profit of EUR 24.5 million. (RĪGA, Oct 27, BNS/Bank of Latvia)

## MACROECONOMICS

- ◆ In the 2nd quarter of 2017 Latvia had one of the largest general government budget surpluses against GDP among EU member states, according to data on 22 European Union (EU) member states. **The statistics show that in April-June 2017 Latvia's budget surplus was equal to 1.6 % of GDP.** (RĪGA, Oct 24, [Eurostat](#))
- ◆ In the 2nd quarter of this year, Latvia's government debt grew at a rate that was one of the fastest in the EU. **During the 2nd quarter of 2017, Latvia's government debt increased by 0.8 percentage points year-on-year. In the 2nd quarter of this year, Latvia's government debt was the 7th lowest in the EU and was equal to 40 % of GDP.** (RĪGA, Oct 24, [Eurostat](#))
- ◆ **Revenue to the Latvian general government consolidated budget was EUR 7.15 billion in the first nine months of this year, up 5.8 % from the same period in 2016, while expenditure reached EUR 6.79 billion, up 5.2 %,** the Finance Ministry said. As tax revenue increased by 7.6 % from the respective period last year and was above the target, surplus to the budget reached EUR 350.8 million, increasing by EUR 57.2 million from the same period last year. **The ministry said that expenditure is growing steeper towards the end of the year, therefore 2017 will be closed with a budget deficit, that is smaller than planned. The budget deficit for 2017 is projected at 0.9 % of the GDP or EUR 235 million.** (RĪGA, Oct 26, BNS/ Ministry of Finance)
- ◆ **Compared to August, in September 2017 the level of construction costs in Latvia grew by 0.2 %.** Compared to September 2016, construction costs increased by 2.3 %. (RĪGA, Oct 26, [CSB](#))

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