



GOVERNMENT

- ◆ **Saeima on April 26 passed in the final reading a bill limiting financial operations by high-risk customers in the Latvian finance sector, mainly prohibiting Latvian registered banks to service shell companies.** The bill foresees the banning of Latvian financial institutions from cooperation with the entities that show the signs of being a shell company. (RĪGA, April 26, BNS)

RATING

- ◆ **On Friday, April 27, the credit rating agency Fitch reaffirmed its 'A-' long-term foreign and local currency sovereign credit ratings on the Republic of Latvia. The outlook remains stable.** Agency outlines that Latvia's ratings are supported by solid public finances, as well as successful public finance management what is reflected in moderate budget deficit and low levels of general government debt. Fitch points out that although recent developments in the Latvian banking sector have had a negative impact on the Latvian Republic, however, the measures taken by the institutions to mitigate risk and develop the sector leave a positive impression. (RĪGA, Apr 27, [Treasury](#))

BUDGET

- ◆ **During the 1st quarter of this year, revenue to the Latvian central government consolidated budget grew 10.4 % against the same period last year to EUR 2.53 billion while expenditure increased 5 % year-on-year to EUR 2.3 billion.** According to the April 2018 general government budget deficit and debt notification, **Latvia's general government budget deficit based on the ESA methodology was EUR 131.1 million or 0.5 % of GDP in 2017**, or much lower than the planned deficit at 1.1 % of GDP. According to the latest estimates, the general government budget deficit in 2018 is planned at 0.9 % of GDP. **Latvia's general government debt in 2017 was EUR 10 782 million or 40.1 % of GDP.** (RĪGA, Apr 26, BNS/ [Eurostat](#))

BANKING SECTOR

- ◆ **The share of foreign deposits in Latvian banks in the coming 3-4 months might shrink to 20 %, said Latvian Finance and Capital Market Commission's (FCMC) chairman Pēteris Putniņš** at the meeting of the new European Parliament's committee on financial crimes, tax evasion and tax avoidance. He said that the share of non-resident deposits reached its peak in 2015 – almost 55 % of all deposits attracted by Latvian banks. (RĪGA, Apr 26, BNS/ FCMC)
- ◆ **The total amount of deposits at Latvian banks decreased by 1.6 % or EUR 293.44 million from the beginning of April to EUR 17.792 billion as at April 26, the FCMC data show.** Compared to the end of February, aggregate deposits at the Latvian banks were down 8.2 % or EUR 1.593 billion. (RĪGA, Apr 27, FCMC)

MACROECONOMICS

- ◆ **In the 1st quarter of this year, construction costs in Latvia rose 3.6 % year-on-year.** In the 1st quarter of 2018, compared to the 4th quarter of 2017, the overall level of construction costs increased by 1 %. In March 2018, construction costs went up by 3.9 % compared to March 2017. (RĪGA, Apr 27, [CSB](#))

Republic of Latvia **A-** stable (Fitch)/ **A-** positive (S&P) / **A3** stable (Moody's)/ **A-** stable (R&I)

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- ◆ **Calendar adjusted data (at constant prices) show that, compared to March 2017, in March 2018 the total retail trade turnover rose by 6.5 %.** Turnover of retail trade in food products increased by 6.8 %, turnover of retail trade in non-food products (except for retail sale of automotive fuel) by 6.0%, and turnover of retail sale of automotive fuel by 7.3 %. (RĪGA, Apr 27, [CSB](#))

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