



BANKING SECTOR

- ◆ **Latvian monetary financial institutions (mostly banks) earned EUR 90.1 million in aggregate profit in January-March 2018, down 13.5 % against the same period last year, the Bank of Latvia reported.** In March 2018, the monetary financial institutions generated EUR 51.1 million in aggregate profit. (RĪGA, May 3, BNS)
- ◆ **Since the beginning of May, aggregate deposits at Latvian banks have decreased by 0.3 %, or EUR 46.527 million, to EUR 17.749 billion as at May 10,** according to the Financial and Capital Market Commission's (FCMC) data. Aggregate bank deposits have dropped 1.9 %, or EUR 336.692 million from the end of March and by 8.4 %, or EUR 1.636 billion from the end of February. (RĪGA, May 11, FCMC)
- ◆ **The share of shell companies in Latvian banks has dropped from 40 % to about 24 %, Prime Minister Māris Kučinskis (Greens/Farmers) told the press after the Financial Sector Cooperation Platform meeting.** On Wednesday May 9, the bill limiting financial operations by high-risk customers in the Latvian finance sector, mainly prohibiting Latvian registered banks to service shell companies, came into force. (RĪGA, May 10, BNS)

MACROECONOMICS

- ◆ **Latvia's gross domestic product (GDP) in the 1st quarter of this year rose 4.3 % year-on-year according to seasonally non-adjusted data,** according to the Central Statistical Bureau's flash estimate. Compared to the corresponding period of 2017, during the 1st quarter of 2018 seasonally and calendar adjusted GDP grew by 5.2 %. According to seasonally and calendar non-adjusted data, in the 1st quarter the GDP was affected by the increase of 3 % in industrial output, rise of 35 % in construction, and growth of 5 % in retail trade. (RĪGA, May 2, [CSB](#))
- ◆ **The Latvian economy is expected to grow by 3.3 % this year, the European Commission (EC) says in its Spring 2018 Economic Forecast.** Valdis Dombrovskis, the European Commission's Vice President for the Euro and Social Dialogue, told BNS that investment will continue to grow as EU funding flows into the economy and strong wage growth and moderate employment growth will ensure a steady rise of household consumption. (RĪGA, May 3, [EC](#))
- ◆ **The average level of consumer prices in Latvia in April this year rose 0.2 % from March 2018, while they rose 2 % compared to April 2017.** During the last 12 months, consumer prices rose 2.5 % against the previous 12-month period. In April, the greatest pressure on the consumer price changes was put by the growth in prices of clothing and footwear, furnishings, as well as the reduction in prices of goods and services related to transport, food and non-alcoholic beverages, prices in miscellaneous goods and services group, prices of alcoholic beverages and tobacco products. (RĪGA, May 10, [CSB](#))
- ◆ **In January-March this year, Latvia's exports value constituted EUR 2.86 billion - an increase of EUR 176.6 million or 6.6 % on the 1st quarter of 2017, while the imports value was EUR 3.4 billion - up by EUR 168.1 million or 5.2 %.** Compared to March 2017, foreign trade balance has worsened as exports in total foreign trade amount decreased from 45.8 % to 44.2 %. (RĪGA, May 11, [CSB](#))

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

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