



## BULLETIN IN BRIEF

- Budget<sup>1</sup> with accumulated surplus 108 M, EUR/ 0.4 % of forecasted GDP (January-June)
- Central government debt outstanding (nominal value) 9 729 M, EUR/ 37.0 % of forecasted GDP (end of June)
- Municipalities' borrowings made from the Treasury 40 M, EUR/ 0.2 % of forecasted GDP (January-June)

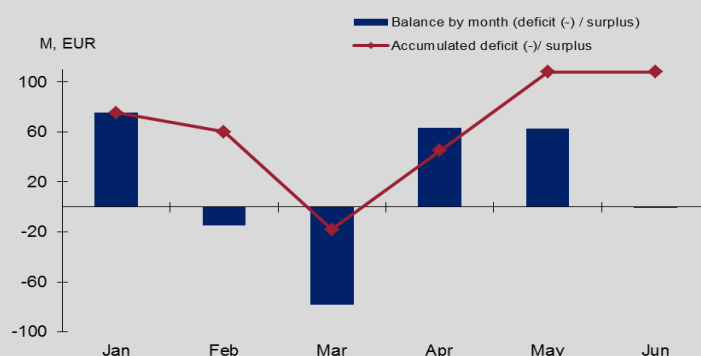
GDP forecast for 2017 on June 2017: EUR 26 309 M (Ministry of Finance)

On June 1, Latvia successfully priced a dual-tranche Eurobond transaction in an aggregate amount of EUR 350 million. Latvia reopened two of its Eurobonds – its 0.375% Eurobond maturing October 7, 2026, increasing the outstanding amount of these bonds by EUR 150 million at a yield of 0.950%, and its 1.375% Eurobond maturing May 16, 2036, increasing the outstanding amount by EUR 200 million at a yield of 1.703%. Demand for both tranches exceeded issue size by 3.3 times.

## GENERAL DATA

### Central Government Consolidated Budget\*

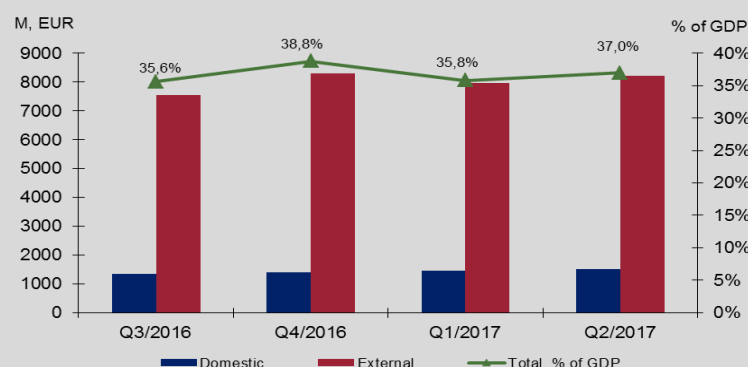
Month	M, EUR					
	Jan	Feb	Mar	Apr	May	Jun
Balance by month (deficit -) / surplus	75	-15	-78	63	63	-0,1
Accumulated deficit (-) / surplus	75	60	-18	45	108	108



\* excluding grants, donations and derived public entities

### Central Government Debt Outstanding\*

Debt (M, EUR)	Q3/2016		Q4/2016		Q1/2017		Q2/2017	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 357	15%	1 404	14%	1 451	15%	1 506	15%
External debt	7 556	85%	8 298	86%	7 972	85%	8 223	85%
<b>Total</b>	<b>8 913</b>	<b>100%</b>	<b>9 702</b>	<b>100%</b>	<b>9 423</b>	<b>100%</b>	<b>9 729</b>	<b>100%</b>
Central government debt (% of GDP)	35,6		38,8		35,8		37,0	
Net debt (% of GDP)	31,4		33,6		31,2		30,5	

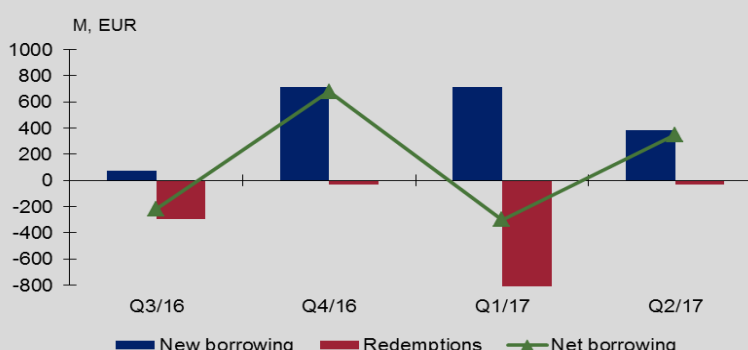


(nominal value)

\* without the derivative financial instruments currency result

### Central Government Net Borrowing

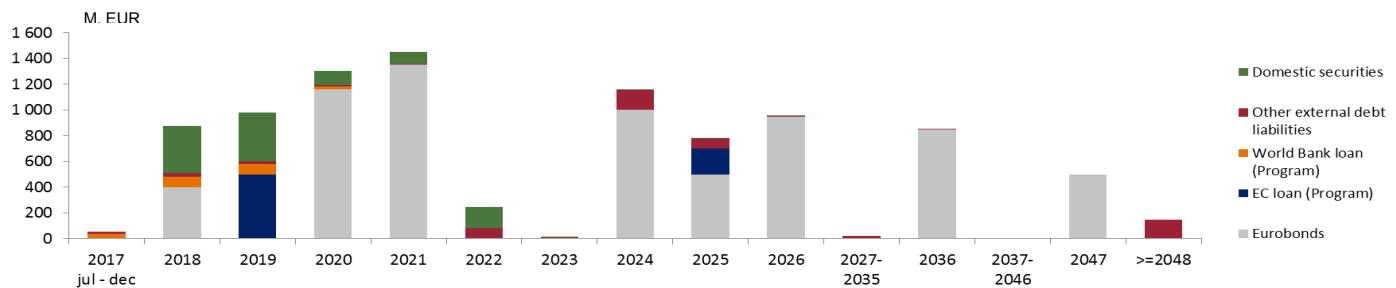
	M, EUR			
	Q3/16	Q4/16	Q1/17	Q2/17
New borrowing	74	711	711	381
<i>incl. Eurobonds</i>		650	650	350
Redemptions	-295	-33	-1011	-32
<i>incl. debt redemption to</i>				
<i>World Bank</i>	-20	-20	-20	-20
<i>Eurobonds</i>			-942	
<b>Net borrowing</b>	<b>-220</b>	<b>677</b>	<b>-300</b>	<b>348</b>



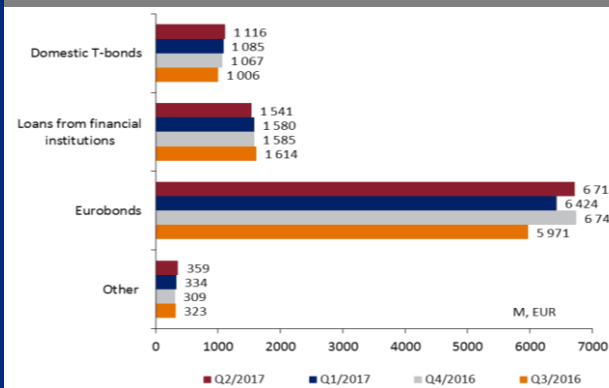
<sup>1</sup>Central government consolidated budget (excluding grants, donations and derived public entities)



## Central Government Debt Redemption Profile ( at the end of June 2017)

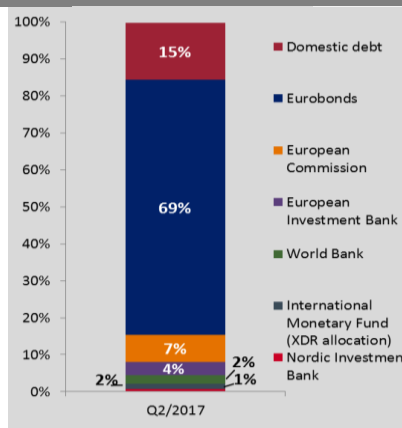


## Debt Outstanding by instruments/

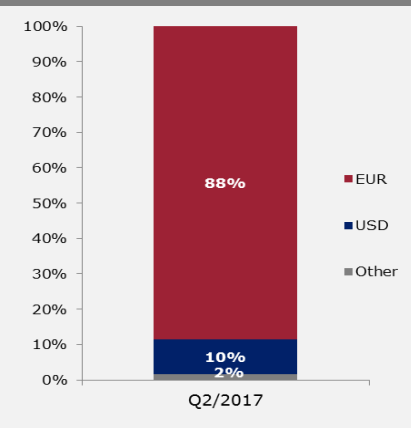


(nominal value)

## lenders/

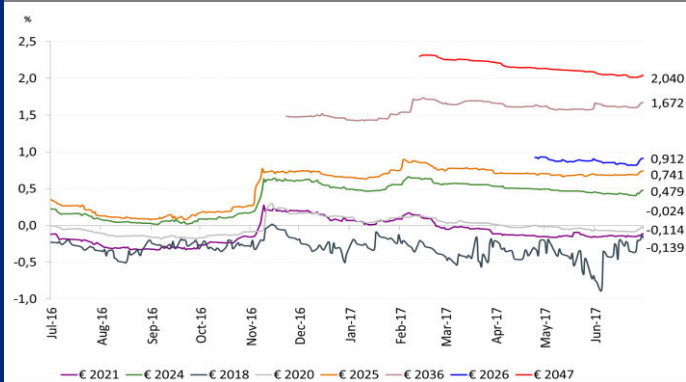


## currencies



## FOREIGN SECURITIES

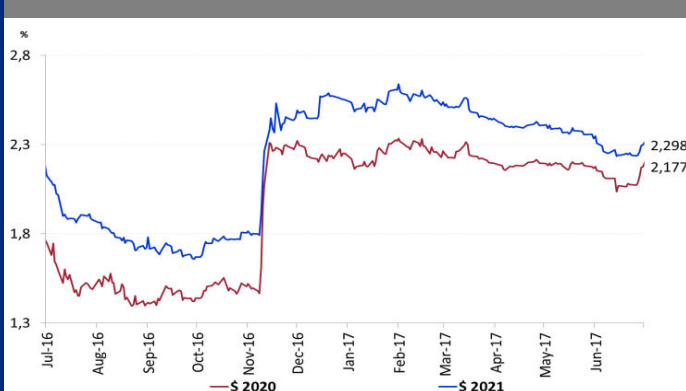
### EUR Eurobond yields



Source: Bloomberg, 30.06.2017

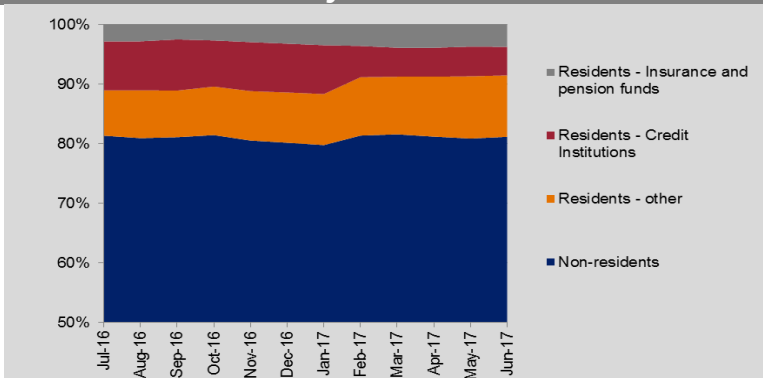
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2,750	A-	2,177	58
	16.06.2021	LATVIA	5,250	A-	2,295	51
EUR	05.03.2018	LATVIA	5,500	A-	-0,351	13
	15.12.2020	LATVIA	0,500	A-	-0,024	-1
	21.01.2021	LATVIA	2,625	A-	-0,114	-13
	30.04.2024	LATVIA	2,875	A-	0,449	1
	23.09.2025	LATVIA	1,375	A-	0,730	7
	07.10.2026	LATVIA	0,375	A-	0,912	12
	16.05.2036	LATVIA	1,375	A-	1,672	28
15.02.2047	LATVIA	2,250	A-	2,040	55	

### USD Eurobond yields



Source: Bloomberg, 30.06.2017

### External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

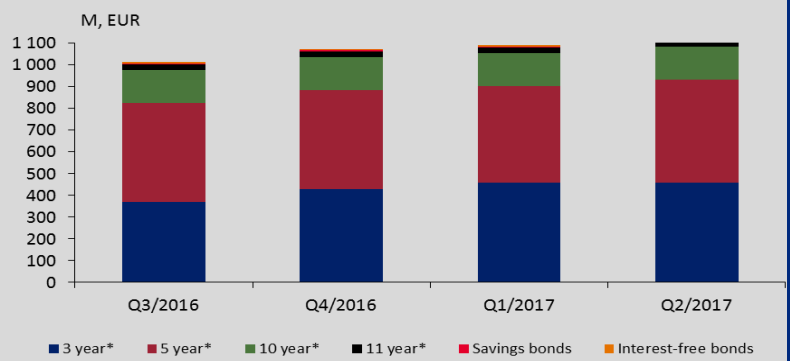


## DOMESTIC SECURITIES

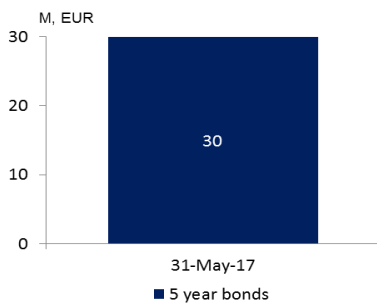
### Domestic Securities

Outstanding	Q3/2016	Q4/2016	Q1/2017	Q2/2017
	M, EUR			
3 year*	368	428	458	<b>458</b>
5 year*	457	457	444	<b>474</b>
10 year*	152	152	152	<b>152</b>
11 year*	24	24	24	<b>24</b>
Savings bonds	5	5	5	<b>5</b>
Interest-free bonds	5	6	7	<b>7,5</b>
<b>Total</b>	<b>1 006</b>	<b>1 066</b>	<b>1 090</b>	<b>1 121</b>

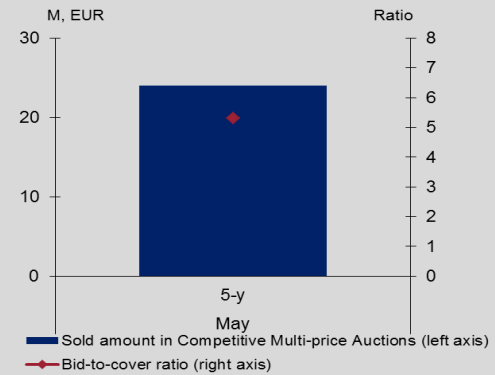
\*original maturity



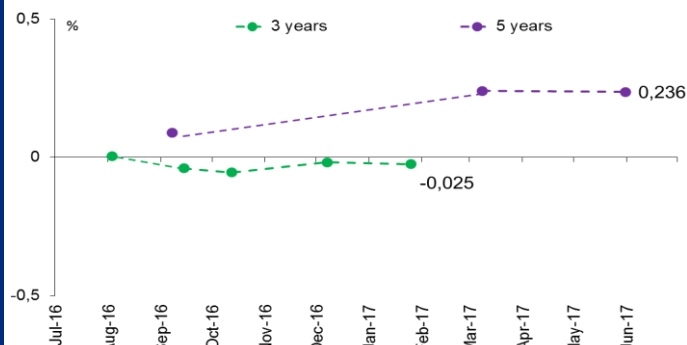
### Sold Amount at Auctions in 2nd quarter



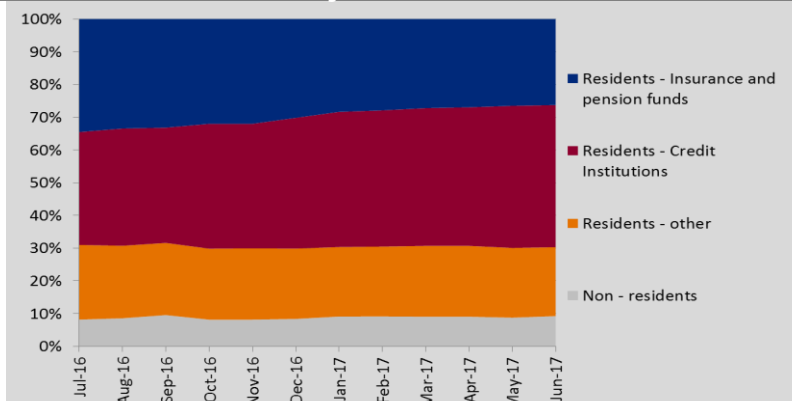
### Bid-to-cover Ratio at Competitive Multi-price Auctions in 2nd quarter



### Competitive Multi-price Auction rates



### Domestic Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

### Management of Planned Domestic Securities

Government securities can be issued in Latvia's and international financial markets. Domestic securities are issued by using auction method under the Latvian legislation. Latvian government bonds in international markets are issued by using syndicate method under other countries legislation.

Calendar for the planned auctions is being published each month on the Treasury's website. Government securities auctions are organized on Wednesdays. The Treasury holds the right to amend the calendar, days on which respective auctions are held, as well as borrowing amounts and instruments at any time. Since February 2013 the primary dealer system is operating in Latvia.



## DEBT PORTFOLIO MANAGEMENT

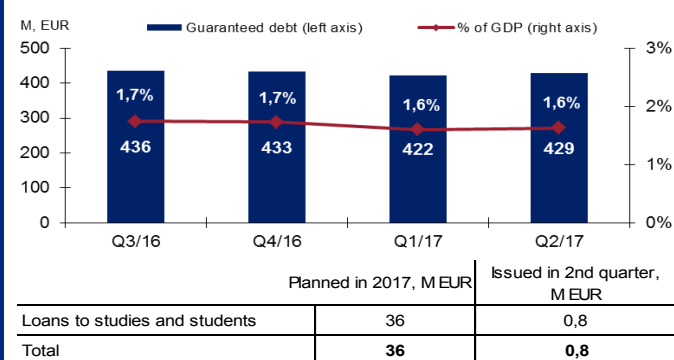
### Parameters of Debt Management Strategy

Parameters	31.03.2017.		30.06.2017.		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	11,4%	31,4%	11,4%	31,2%	≤ 25%	≤ 50%
Share of fixed rate <sup>^</sup>	91,8%		92,0%		≥ 60%	
Macaulay Duration (years)	6,23		6,31 <sup>^^^</sup>		4,70 - 6,25	
Net debt <sup>^^</sup> currency composition	EUR		EUR		EUR	
	100,32%		100,20%		100% (+/- 5%)	

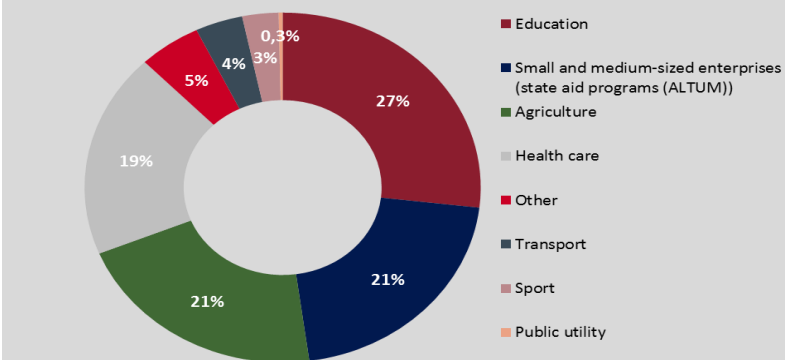
<sup>^</sup>Fixed rate central government debt with a maturity over one year.  
<sup>^^</sup> Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income securities, loans, receivables (including receivables of derivative financial instruments which are not classified as risky from credit risk perspective)), and increased by provisions of guarantees as well as liabilities of derivative financial instruments which are not classified as risky from credit risk perspective.  
<sup>^^^</sup> In line with Central Government Debt Management Strategy point 2.3.2 deviation from the limits of the Macaulay Duration is permissible if the deviation does not cause additional financial risk.

## ISSUANCE OF STATE GUARANTEES

### State Guaranteed Debt Outstanding

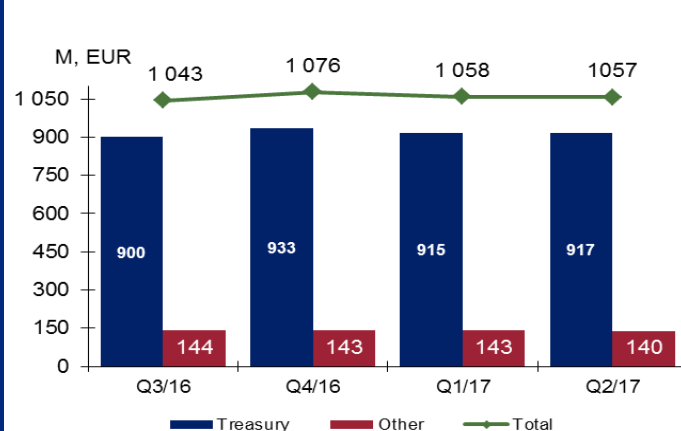


### State guaranteed loans by industry (end of June)

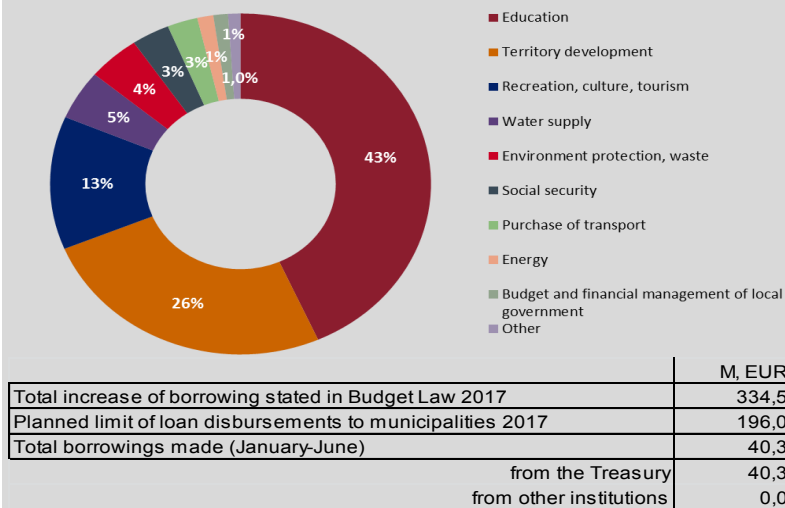


## MUNICIPALITIES' BORROWINGS

### Municipalities' Debt Outstanding



### Municipalities' Borrowings from the Treasury By Sectors (end of June)



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**NEXT ISSUE:** Next Quarterly Bulletin will be available in the Treasury's web site on October 23, 2017.

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Latvijas Republika **Fitch:A-** **Moody's: A3** **S&P: A-** **R&I: BBB+** **Bloomberg: TREL <GO>**