



**BULLETIN IN BRIEF**

- Budget<sup>1</sup> with accumulated surplus 136 M, EUR/ 0.5 % of forecasted GDP (January-March)
- Central government debt outstanding (nominal value) 9 140 M, EUR/ 31.7 % of forecasted GDP (end of March)
- Municipalities' borrowings made from the Treasury 31 M, EUR/ 0.1 % of forecasted GDP (January-March)

GDP forecast for 2018 on February 2018: EUR 28 798 M (Ministry of Finance)

On January 15 Japanese credit rating agency *R&I* upgraded Latvia's credit rating to **A-** from **BBB+** and assigned stable rating outlook.

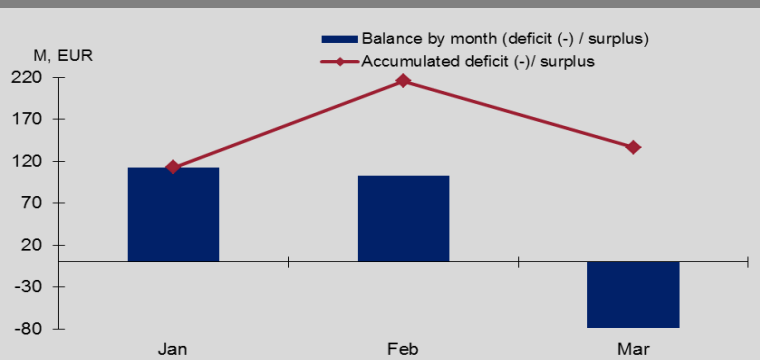
On February 22 the credit rating agency *S&P Global* made a deviation from its pre-established calendar and affirmed its 'A-' long-term foreign and local currency sovereign credit ratings on the Republic of Latvia. The outlook remains positive. On March 23 according to the Sovereign Release calendar *S&P Global* reaffirmed credit rating on the Republic of Latvia at "A-" level, outlook positive.

**GENERAL DATA**

**Central Government Consolidated Budget\***

Month	M, EUR		
	Jan	Feb	Mar
Balance by month (deficit (-) / surplus)	113	103	-79
Accumulated deficit (-)/ surplus	113	216	136

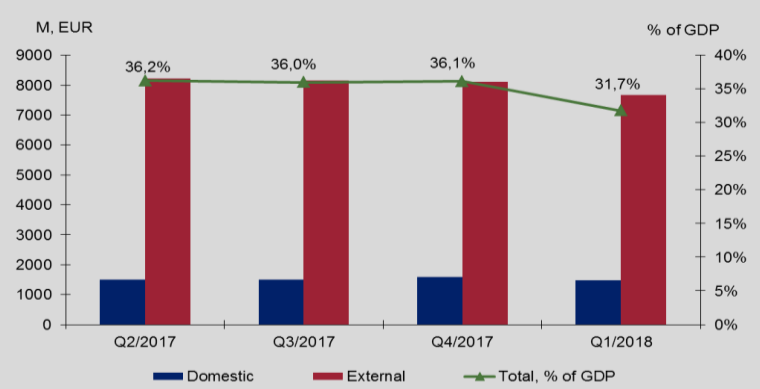
\* excluding grants, donations and derived public entities



**Central Government Debt Outstanding\***

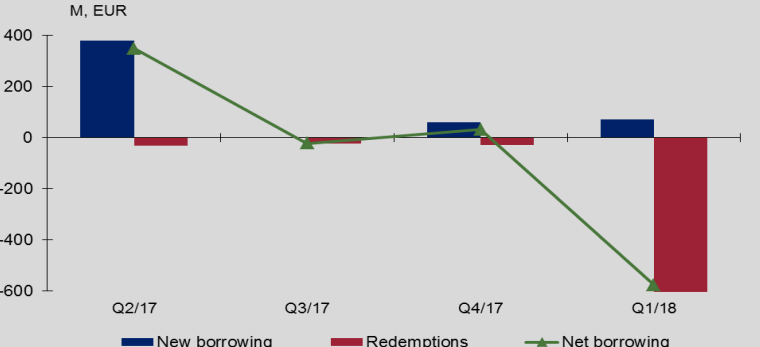
Debt (M, EUR)	Q2/ 2017		Q3/ 2017		Q4/ 2017		Q1/ 2018	
		%		%		%		%
Domestic debt	1 506	15%	1 503	16%	1 580	16%	1 474	16%
External debt	8 223	85%	8 165	84%	8 119	84%	7 666	84%
<b>Total</b>	<b>9 729</b>	<b>100%</b>	<b>9 667</b>	<b>100%</b>	<b>9 699</b>	<b>100%</b>	<b>9 140</b>	<b>100%</b>
Central government debt (% of GDP)	36.2		36.0		36.1		31.7	
Net debt (% of GDP) (nominal value)	29.8		29.3		31.7		29.1	

\* without the derivative financial instruments currency result



**Central Government Net Borrowing**

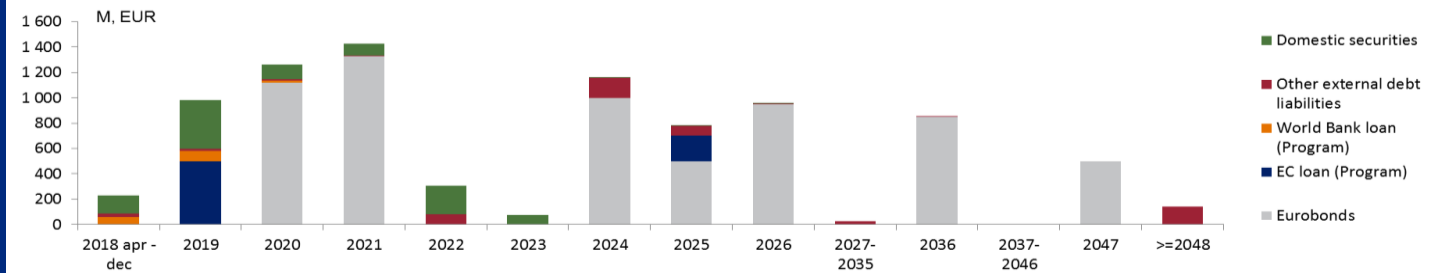
	M, EUR			
	Q2/17	Q3/17	Q4/17	Q1/18
New borrowing	381	0	61	71
<i>incl. Eurobonds</i>	350			
Redemptions	-32	-23	-30	-649
<i>incl. debt redemption to</i>				
<i>World Bank</i>	-20	-20	-20	-20
<i>Eurobonds</i>				-400
<b>Net borrowing</b>	<b>348</b>	<b>-23</b>	<b>31</b>	<b>-578</b>



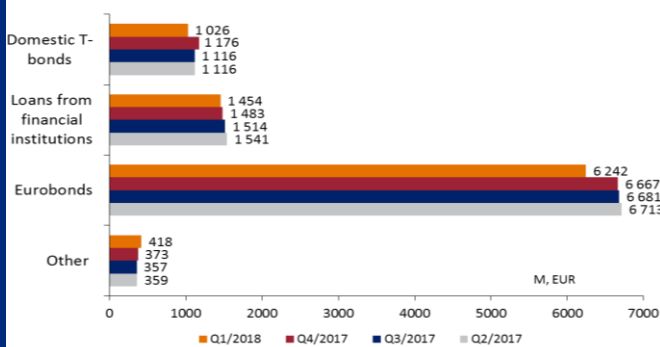
<sup>1</sup>Central government consolidated budget (excluding grants, donations and derived public entities)



**Central Government Debt Redemption Profile (at the end of March 2018)**

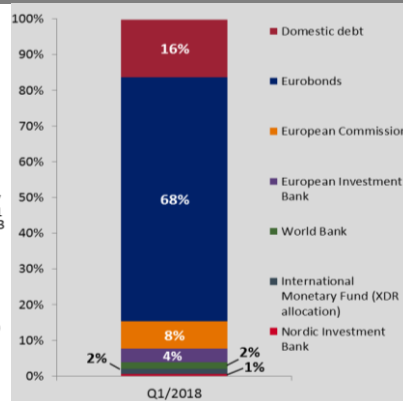


**Debt Outstanding by instruments/**

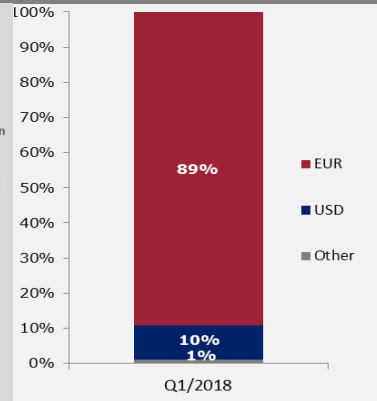


(nominal value, EUR)

**lenders/**

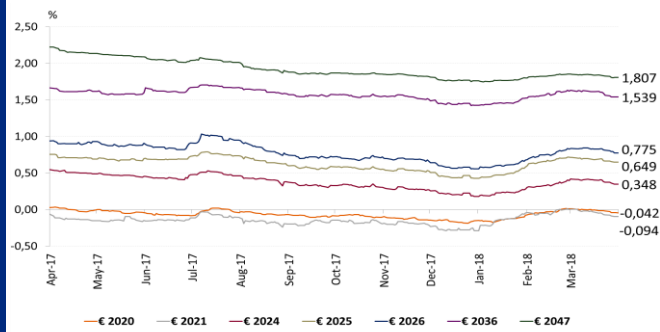


**currencies**



**FOREIGN SECURITIES**

**EUR Eurobond yields**



Source: Bloomberg, 30.03.2018

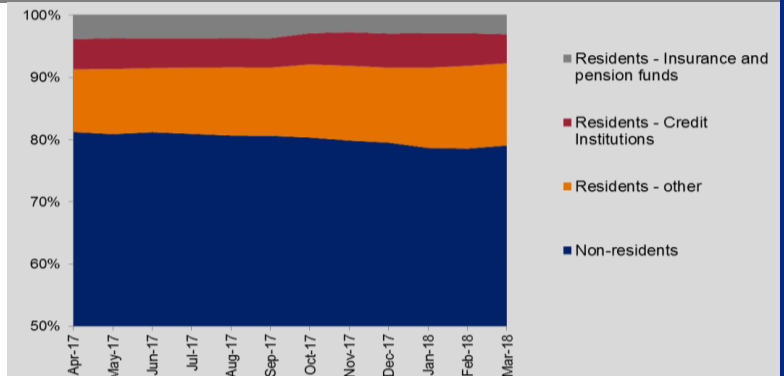
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2.750	A-	2.920	48
	16.06.2021	LATVIA	5.250	A-	3.088	51
EUR	15.12.2020	LATVIA	0.500	A-	-0.048	9
	21.01.2021	LATVIA	2.625	A-	-0.094	-2
	30.04.2024	LATVIA	2.875	A-	0.348	-12
	23.09.2025	LATVIA	1.375	A-	0.649	-1
	07.10.2026	LATVIA	0.375	A-	0.775	-1
	16.05.2036	LATVIA	1.375	A-	1.539	17
	15.02.2047	LATVIA	2.250	A-	1.807	37

**USD Eurobond yields**



Source: Bloomberg, 30.03.2018

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



Source: Bank of Latvia

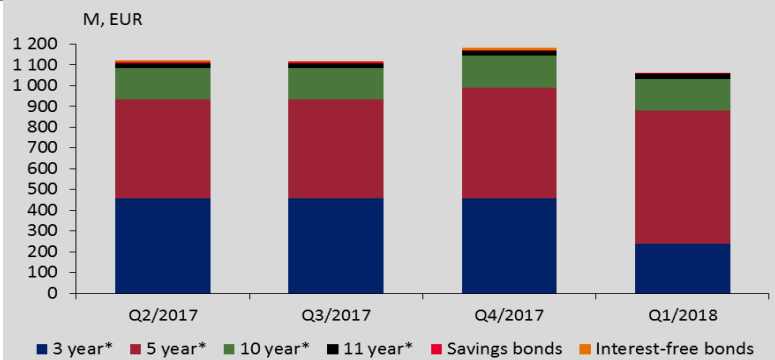


**DOMESTIC SECURITIES**

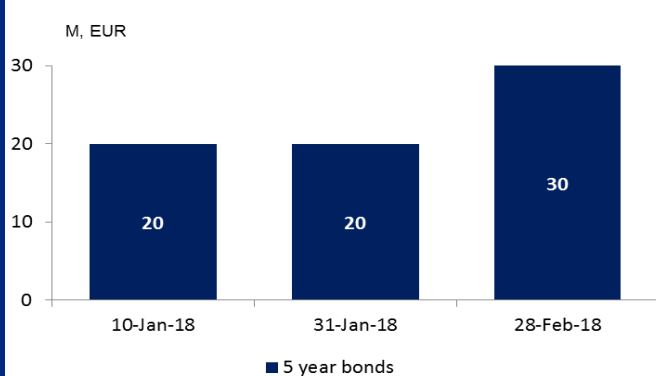
*Domestic Securities*

	M, EUR			
Outstanding	Q2/2017	Q3/2017	Q4/2017	Q1/2018
3 year*	458	458	458	237
5 year*	474	474	534	644
10 year*	152	152	152	152
11 year*	24	24	24	24
Savings bonds	5	5	5	5
Interest-free bonds	7.5	7.5	8.25	8.75
<b>Total</b>	<b>1 121</b>	<b>1 121</b>	<b>1 181</b>	<b>1 071</b>

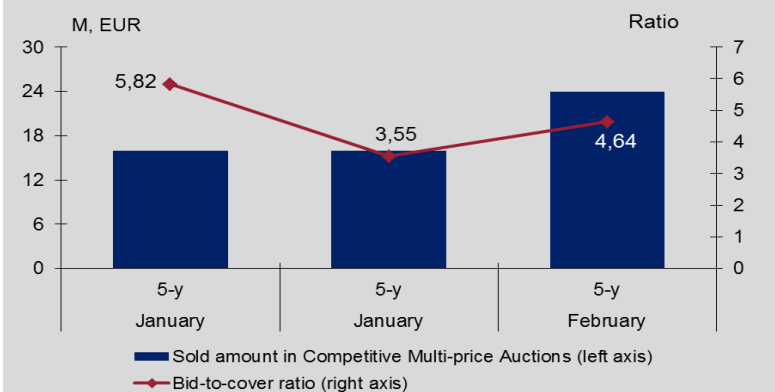
\*original maturity



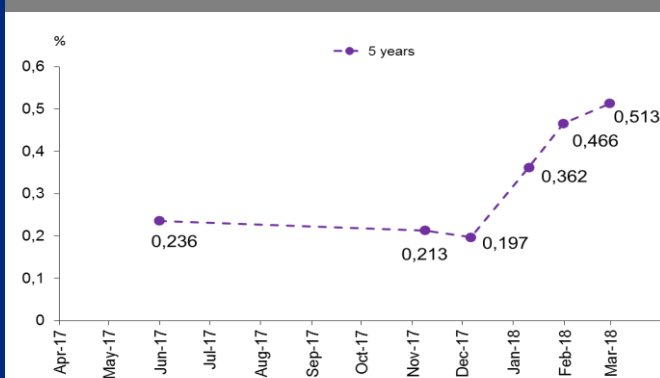
*Sold Amount at Auctions in 1st quarter*



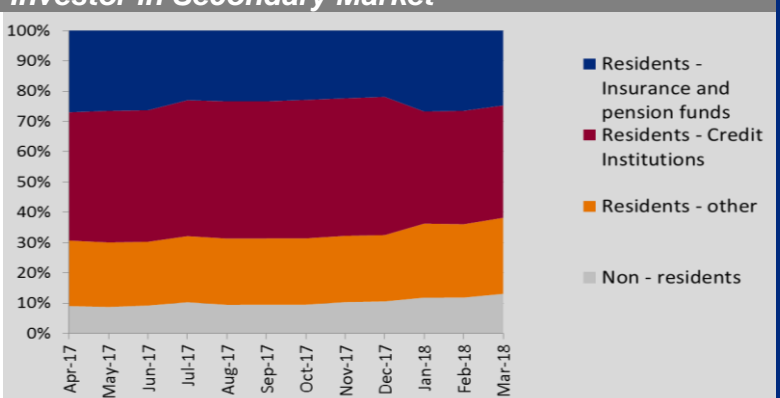
*Bid-to-cover Ratio at Competitive Multi-price Auctions in 1st quarter*



*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 issues 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 hold, 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

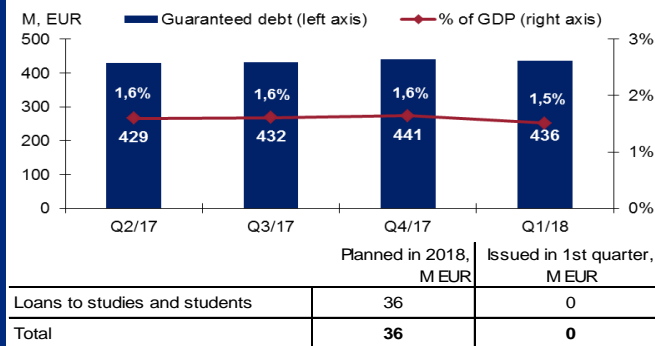
Parameters	31.12.2017.		31.03.2018.		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	13.1%	36.4%	10.2%	43.8%	≤ 25%	≤ 50%
Share of fixed rate <sup>^</sup>	90.5%		93.8%		≥ 60%	
Macaulay Duration (years)	5.86		6.05		5.00 - 9.00	
Net debt <sup>^^</sup> currency composition	EUR		EUR		EUR	
	99.89		99.96%		100% (+/- 5%)	

<sup>^</sup>Fixed rate central government debt with a maturity over one year.

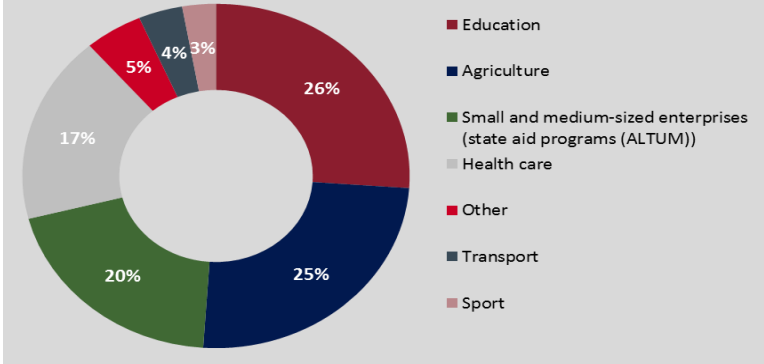
<sup>^^</sup> Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income securities, loans, receivables (including receivables of 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.

## ISSUANCE OF STATE GUARANTEES

### State Guaranteed Debt Outstanding

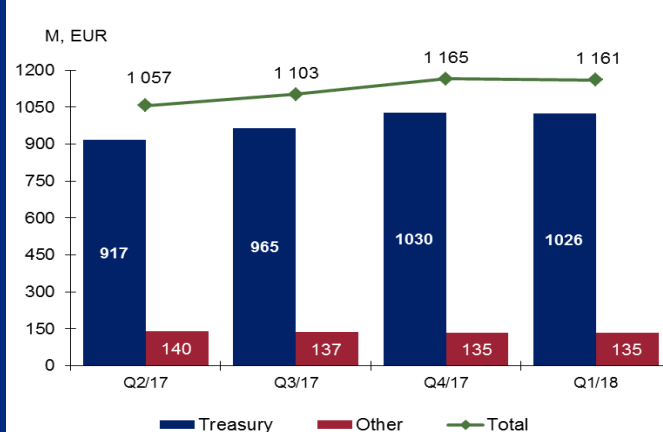


### State guaranteed loans by industry (end of March)

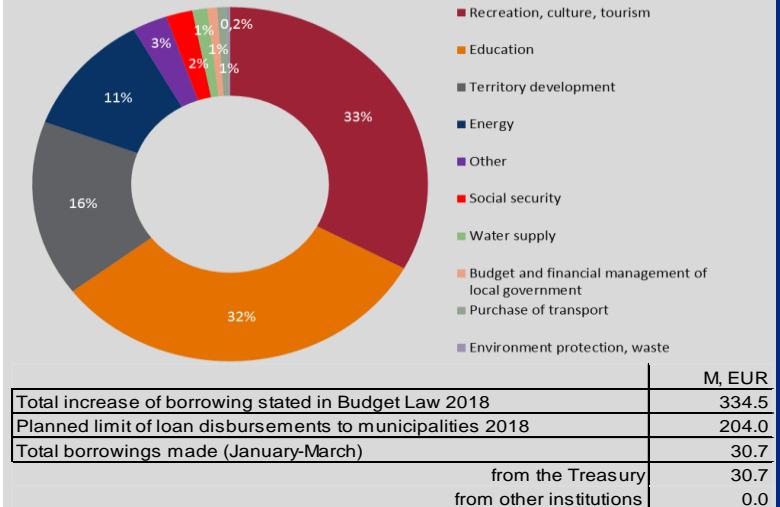


## MUNICIPALITIES' BORROWINGS

### Municipalities' Debt Outstanding



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



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**NEXT ISSUE:** Next Quarterly Bulletin will be available in the Treasury's web site on July 23, 2018.

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