



**BULLETIN IN BRIEF**

- Budget<sup>1</sup> with accumulated surplus 625 M, EUR/ 2.2 % of forecasted GDP (January-September)
- Central government debt outstanding (nominal value) 10 234 M, EUR/ 35.2 % of forecasted GDP (end of September)
- Municipalities' borrowings made from the Treasury 174 M, EUR/ 0.6 % of forecasted GDP (January-September)

GDP forecast for 2018 on October 2018: EUR 29 039 M (Ministry of Finance)

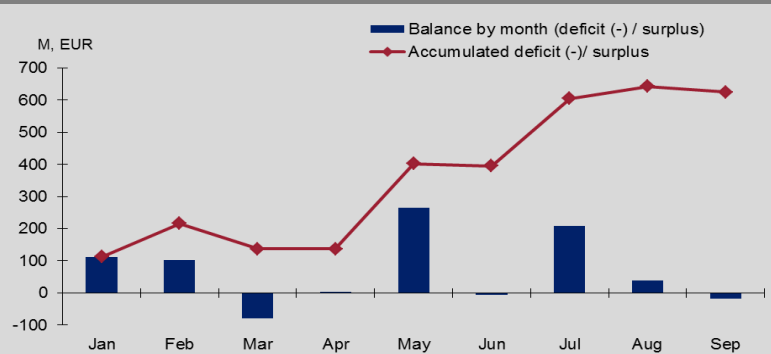
September 5, a funding plan for borrowings in amount of 1 billion EUR in international markets for 2018 is successfully completed. Latvia reopened two of its outstanding Eurobonds - notes maturing May 30, 2028 with coupon 1.125 % were increased by EUR 150 million at a yield of 0.997 % and notes maturing February 15, 2047 with coupon 2.250 % were increased by EUR 200 million at a yield of 1.861 %.

September 21, international credit rating agency S&P Global upgraded Latvia's credit rating to 'A' from 'A-' and assigned stable rating outlook.

**GENERAL DATA**

**Central Government Consolidated Budget\***

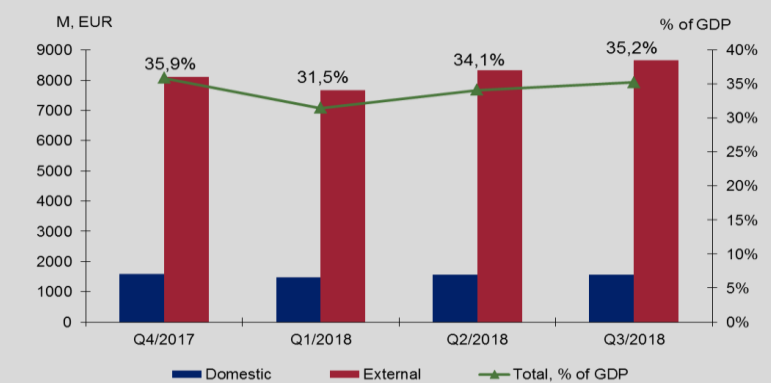
Month	M, EUR								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Balance by month (deficit -) / surplus	113	103	-79	0.2	265	-7	209	38	-18
Accumulated deficit (-) / surplus	113	216	136	137	402	395	605	643	625



\* excluding grants, donations and derived public entities

**Central Government Debt Outstanding**

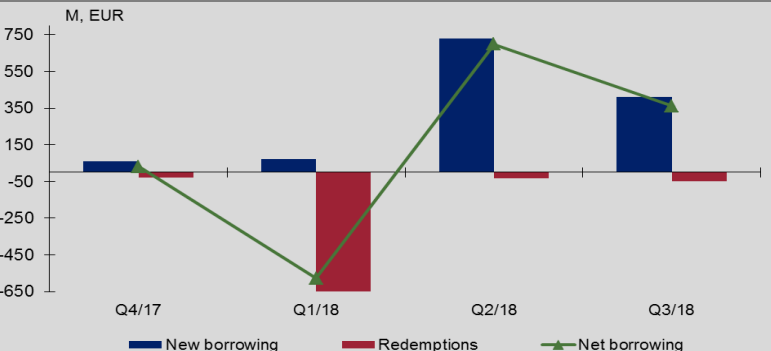
Debt (M, EUR)	Q4/2017		Q1/2018		Q2/2018		Q3/2018	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 580	16%	1 474	16%	1 574	16%	1 562	15%
External debt	8 119	84%	7 666	84%	8 338	84%	8 672	85%
<b>Total</b>	<b>9 699</b>	<b>100%</b>	<b>9 140</b>	<b>100%</b>	<b>9 912</b>	<b>100%</b>	<b>10 234</b>	<b>100%</b>
Central government debt (% of GDP)	35.9		31.5		34.1		35.2	
Net debt* (% of GDP) (nominal value)	34.5		28.8		28.2		27.6	



\* without the derivative financial instruments effect result

**Central Government Net Borrowing**

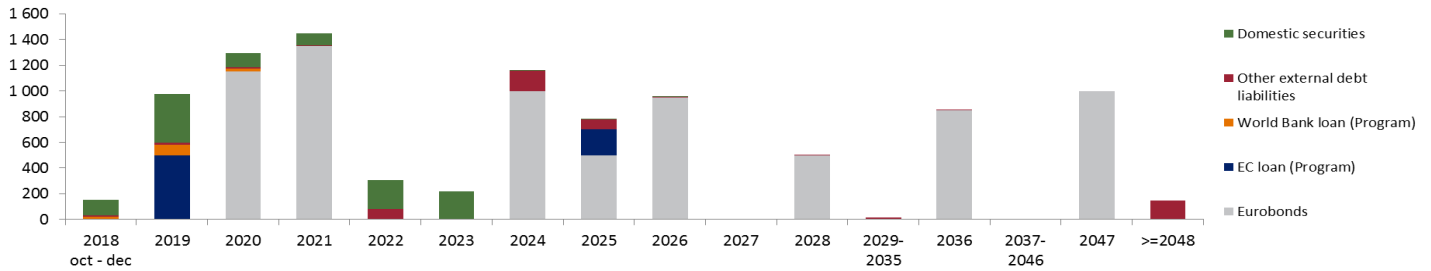
	M, EUR	Q4/17	Q1/18	Q2/18	Q3/18
		New borrowing	61	71	730
<i>incl. Eurobonds</i>			650	350	
Redemptions	-30	-649	-32	-49	
<i>incl. debt redemption to</i>					
<i>World Bank</i>	-20	-20	-20	-20	
<i>Eurobonds</i>			-400		
<i>domestic securities</i>			-221	-27	
<b>Net borrowing</b>	<b>31</b>	<b>-578</b>	<b>698</b>	<b>361</b>	



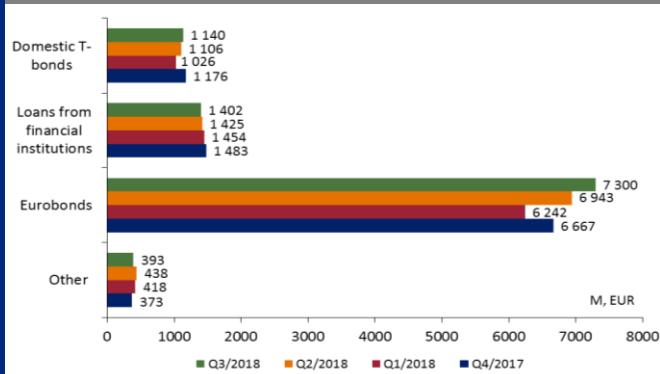
<sup>1</sup>Central government consolidated budget (excluding grants, donations and derived public entities)



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

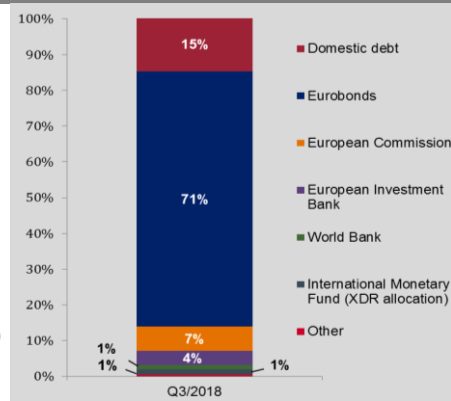


**Debt Outstanding by instruments/**

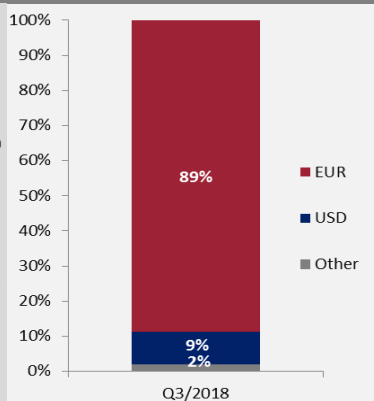


(nominal value, EUR)

**lenders/**

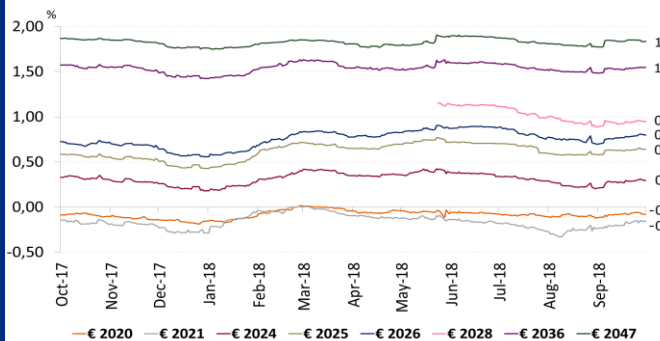


**currencies**



**FOREIGN SECURITIES**

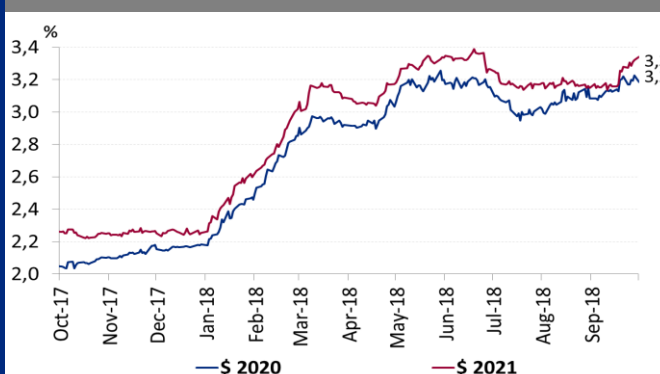
**EUR Eurobond yields**



Source: Bloomberg, 28.09.2018

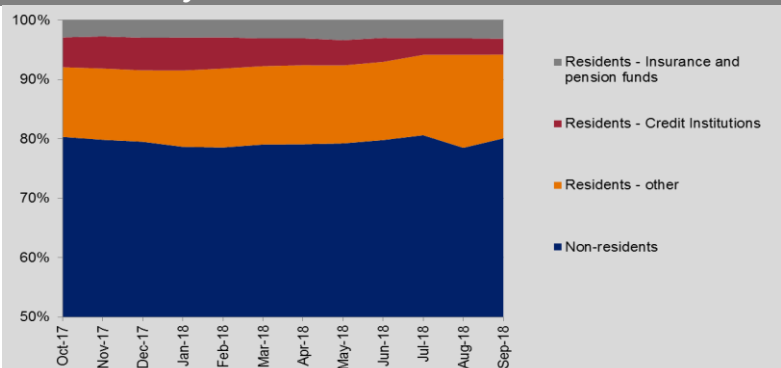
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2.750	A	3.224	56
	16.06.2021	LATVIA	5.250	A	3.320	40
EUR	15.12.2020	LATVIA	0.500	A	-0.079	9
	21.01.2021	LATVIA	2.625	A	-0.157	-1
	30.04.2024	LATVIA	2.875	A	0.303	-11
	23.09.2025	LATVIA	1.375	A	0.639	3
	07.10.2026	LATVIA	0.375	A	0.806	6
	30.05.2028	LATVIA	1.125	A	0.950	3
	16.05.2036	LATVIA	1.375	A	1.545	16
15.02.2047	LATVIA	2.250	A	1.830	34	

**USD Eurobond yields**



Source: Bloomberg, 28.09.2018

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



Source: Bank of Latvia

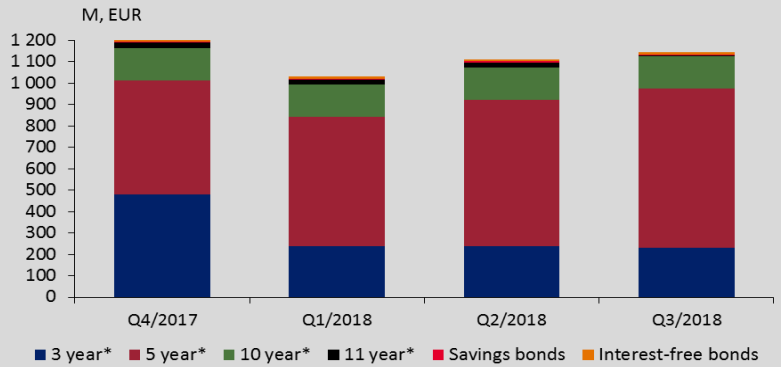


**DOMESTIC SECURITIES**

*Domestic Securities*

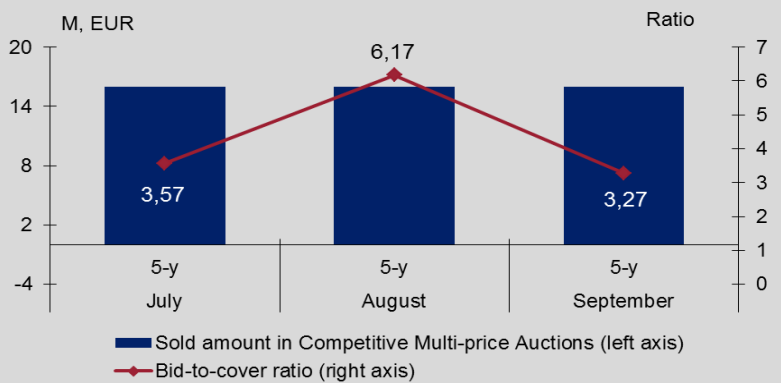
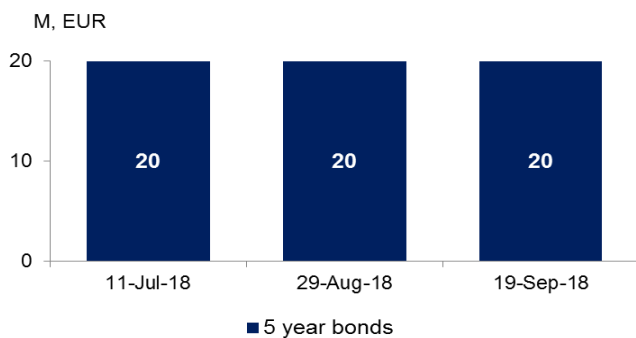
Outstanding	Q4/2017	Q1/2018	Q2/2018	M, EUR Q3/2018
3 year*	479	237	237	<b>230</b>
5 year*	534	604	684	<b>744</b>
10 year*	152	152	152	<b>152</b>
11 year*	24	24	24	<b>5</b>
Savings bonds	5	5	5	<b>5</b>
Interest-free bonds	8.25	8.75	9	<b>9.25</b>
<b>Total</b>	<b>1 181</b>	<b>1 031</b>	<b>1 111</b>	<b>1 145</b>

\*original maturity



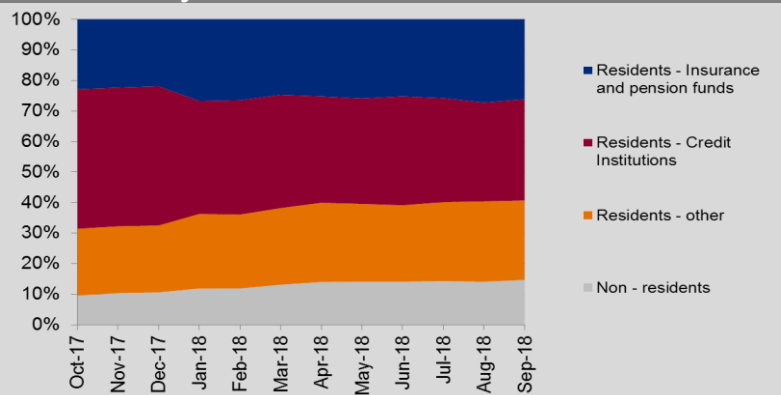
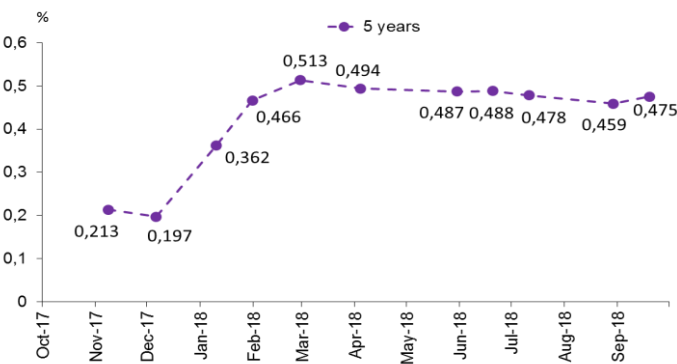
*Sold Amount at Auctions in 3rd quarter*

*Bid-to-cover Ratio at Competitive Multi-price Auctions in 3rd 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

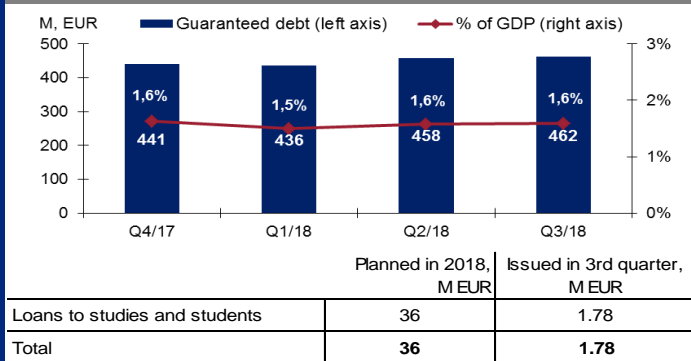
### Parameters of the Central Government Debt Portfolio Structure

Parameters	30.06.2018.		30.09.2018.		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	14.6%	44.1.8%	13.5 %	41.9 %	≤ 25%	≤ 50%
Share of fixed rate <sup>^</sup>	89.1%		90.1%		≥ 60%	
Macaulay Duration (years)	6.47		6.64		5.00 - 9.00	
Net debt <sup>^^</sup> currency composition	EUR		EUR		EUR	
	99.97%		99.96%		100% (+/- 5%)	

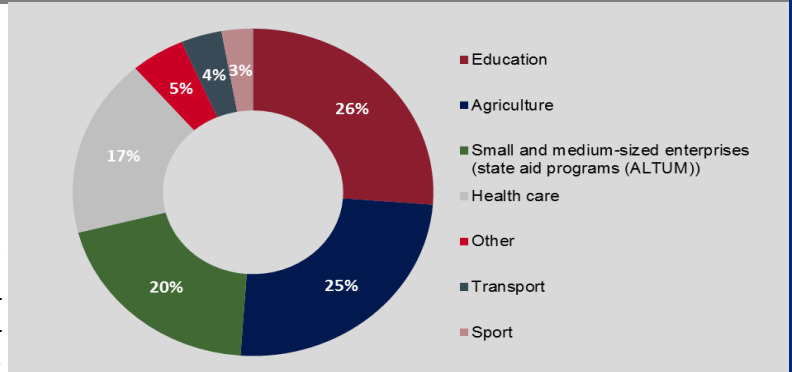
<sup>^</sup>Fixed rate central government debt with a maturity over one year.  
<sup>^^</sup> Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits 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.  
**Parameter for the domestic market.** Outstanding amount of central government securities distributed for domestic market investors at the end of the year is not less than the outstanding amount at the beginning of the year. Deviation is acceptable if, having a negative net issuance in the current year, it is compensated with the corresponding amount in the medium term Borrowing Plan by increased planned borrowings in domestic market in the next year.

## ISSUANCE OF STATE GUARANTEES

### State Guaranteed Debt Outstanding

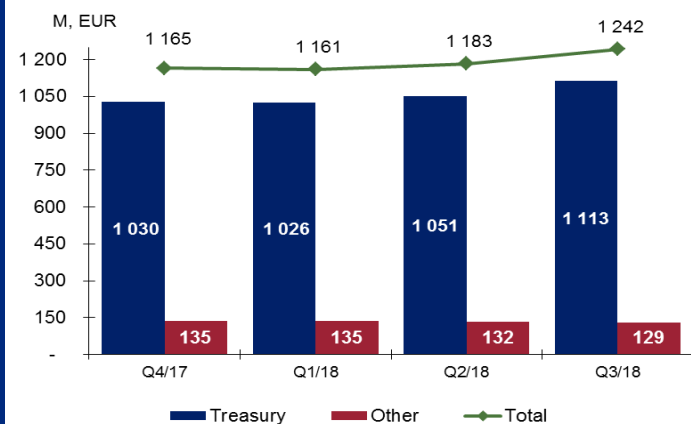


### State guaranteed loans by industry (at the end of September)

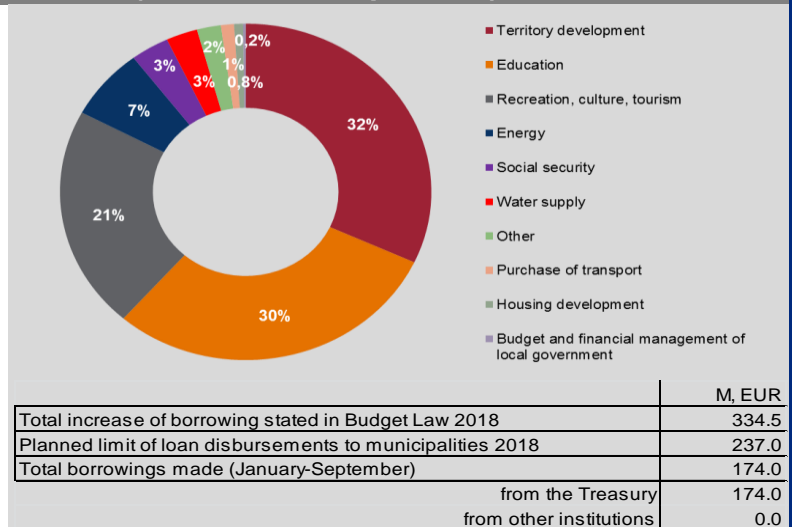


## MUNICIPALITIES' BORROWINGS

### Municipalities' Debt Outstanding



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



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**NEXT ISSUE:** Next Quarterly Bulletin will be available in the Treasury's web site on January 28, 2019.

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