



## BULLETIN IN BRIEF

- Budget<sup>1</sup> with accumulated deficit 185 M, EUR/ 0.6 % of forecasted GDP (January-December)
  - Central government debt outstanding (nominal value) 10 810 M, EUR/ 34.4 % of forecasted GDP (end of December)
  - Municipalities' borrowings made from the Treasury 297 M, EUR/ 0.9 % of forecasted GDP (January-December)
- GDP forecast for 2019 on June 2019: EUR 31 402 M (Ministry of Finance)

October 11, 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.

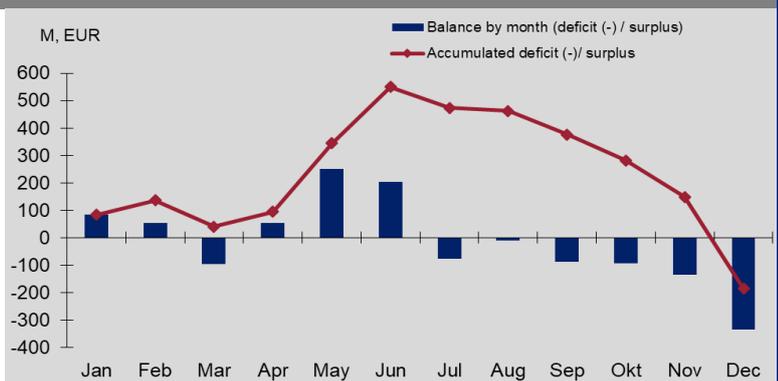
December 2, Japanese credit rating agency R&I upgraded Latvia's credit rating from 'A-' to 'A' and affirmed credit rating outlook stable.

## GENERAL DATA

### Central Government Consolidated Budget\*

Month	M, EUR											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Balance by month (deficit (-) / surplus)	84	53	-95	53	251	205	-77	-11	-86	-94	-134	-334
Accumulated deficit (-) / surplus	84	136	41	94	345	550	473	462	376	283	149	-185

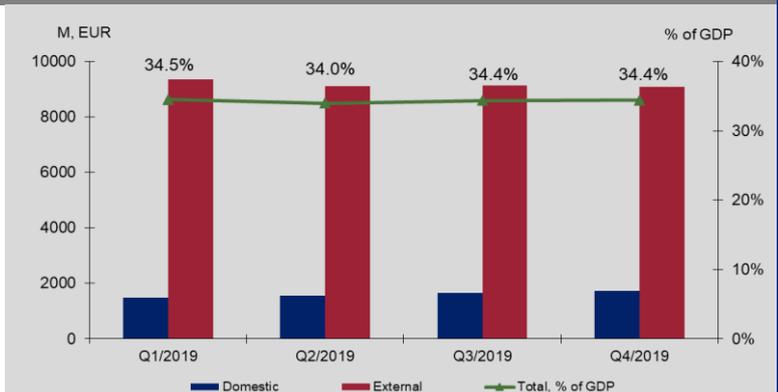
\* excluding grants, donations and derived public entities



### Central Government Debt Outstanding

Debt (M, EUR)	Q1/2019		Q2/2019		Q3/2019		Q4/2019	
	M, EUR	%						
Domestic debt	1 490	14%	1 562	15%	1 661	15%	1 731	16%
External debt	9 352	86%	9 106	85%	9 127	85%	9 079	84%
<b>Total</b>	<b>10 842</b>	<b>100%</b>	<b>10 667</b>	<b>100%</b>	<b>10 788</b>	<b>100%</b>	<b>10 810</b>	<b>100%</b>
Central government debt (% of GDP)	34.5		34.0		34.4		34.4	
Net debt* (% of GDP) (nominal value)	28.1		26.5		27.4		29.3	

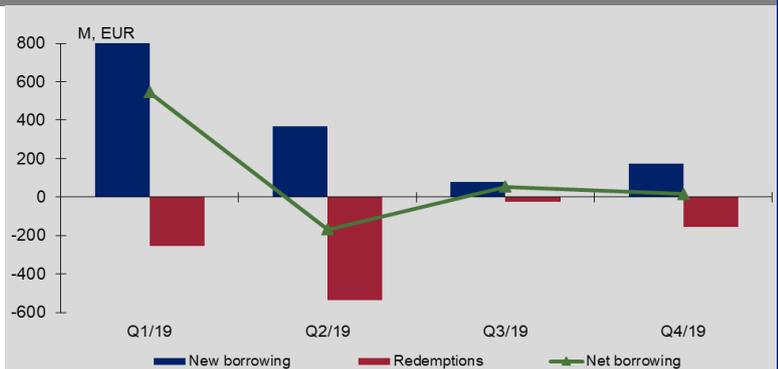
\* without the derivative financial instruments effect result



### Central Government Net Borrowing

	M, EUR	Q1/19	Q2/19	Q3/19	Q4/19
		New borrowing	800	370	80
<i>incl. Eurobonds</i>		700	300		
Redemptions	-255	-538	-26	-156	
<i>incl. debt redemption to</i>					
<i>World Bank</i>	-20	-20	-20	-20	
<i>European Commission</i>		-500			
<i>domestic securities</i>	-230	-6	-5	-135	
<b>Net borrowing</b>	<b>545</b>	<b>-168</b>	<b>54</b>	<b>16</b>	

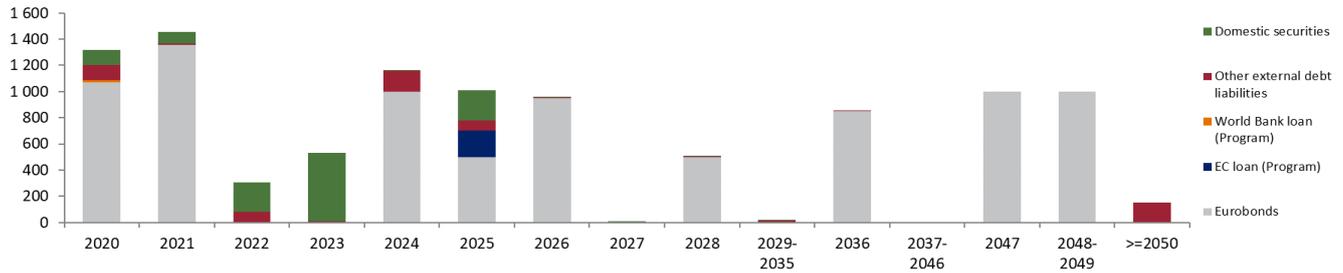
(nominal value)



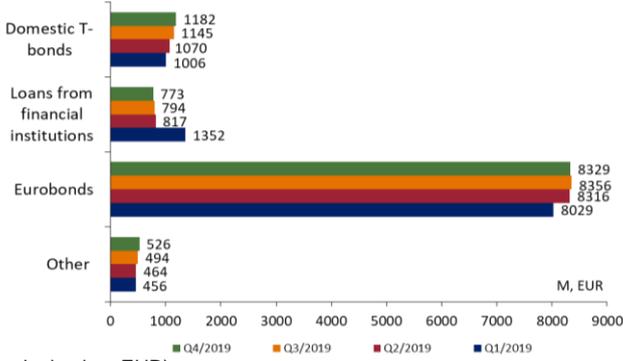
<sup>1</sup>Central government consolidated budget (excluding grants, donations and derived public entities)



## Central Government Debt Redemption Profile (at the end of December 2019)

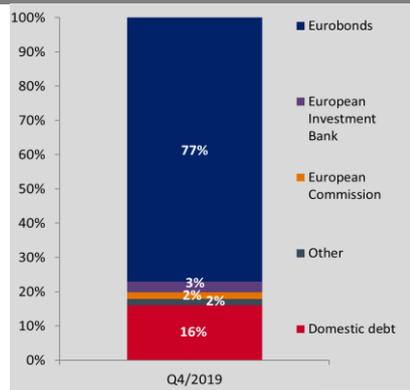


## Debt Outstanding by instruments/

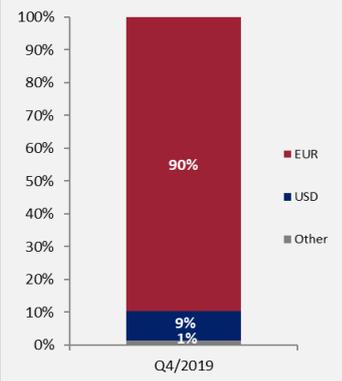


(nominal value, EUR)

## lenders/

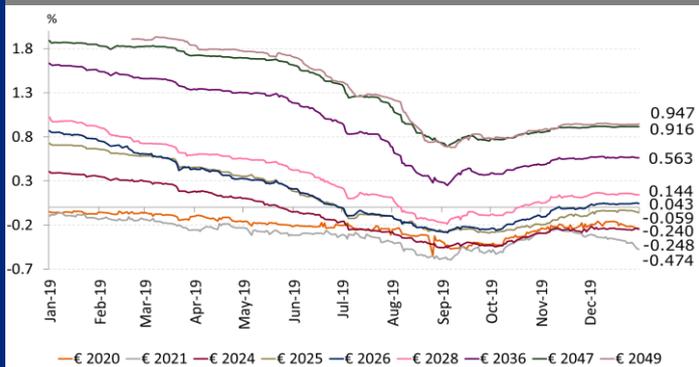


## currencies



## FOREIGN SECURITIES

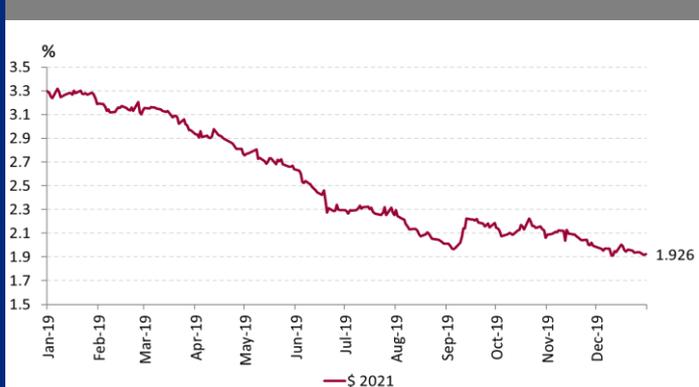
### EUR Eurobond yields



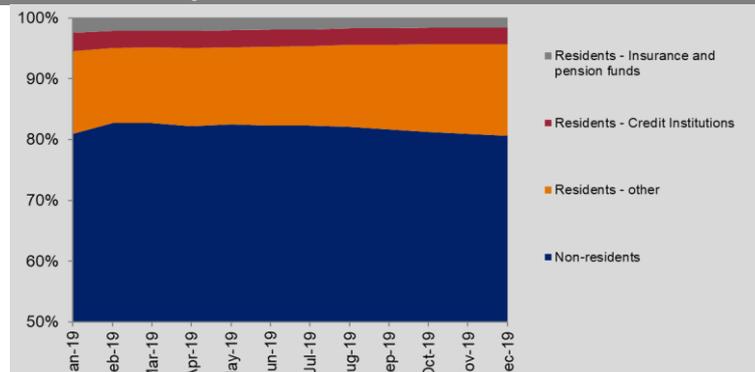
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2.750	A	0.503	283*
	16.06.2021	LATVIA	5.250	A	1.926	33
EUR	15.12.2020	LATVIA	0.500	A	-0.240	26
	21.01.2021	LATVIA	2.625	A	-0.474	-4
	30.04.2024	LATVIA	2.875	A	-0.248	-4
	23.09.2025	LATVIA	1.375	A	-0.059	7
	07.10.2026	LATVIA	0.375	A	0.043	9
	30.05.2028	LATVIA	1.125	A	0.144	8
	16.05.2036	LATVIA	1.375	A	0.563	10
	15.02.2047	LATVIA	2.250	A	0.916	34
19.02.2049	LATVIA	1.875	A	0.947	37	

\* bonds were matured on 12.01.2020.

### USD Eurobond yields



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



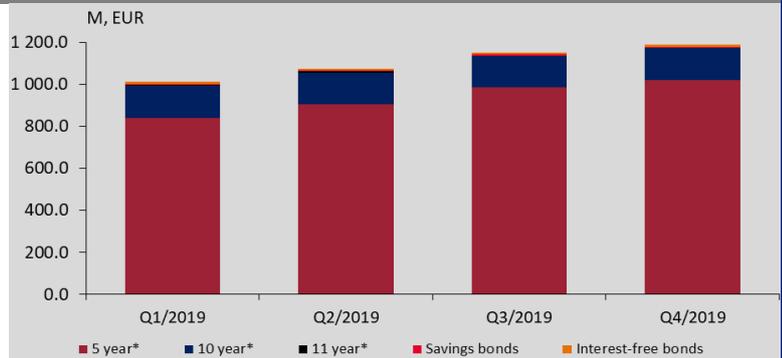


## DOMESTIC SECURITIES

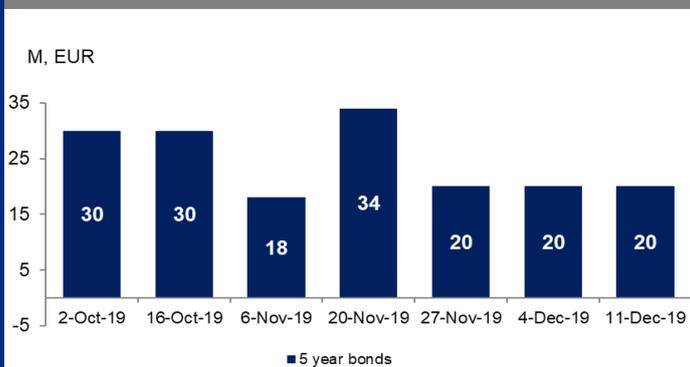
### Domestic Securities Outstanding

Outstanding	Q1/2019	Q2/2019	Q3/2019	M, EUR Q4/2019
5 year*	839.9	903.9	983.9	<b>1 020.6</b>
10 year*	151.6	151.6	151.6	<b>151.6</b>
11 year*	4.8	4.8	0.0	<b>0.0</b>
Savings bonds	5.1	5.2	5.3	<b>5.3</b>
Interest-free bonds	9.5	9.5	9.8	<b>10.3</b>
<b>Total</b>	<b>1 010.9</b>	<b>1 074.9</b>	<b>1 150.6</b>	<b>1 187.8</b>

\*original maturity



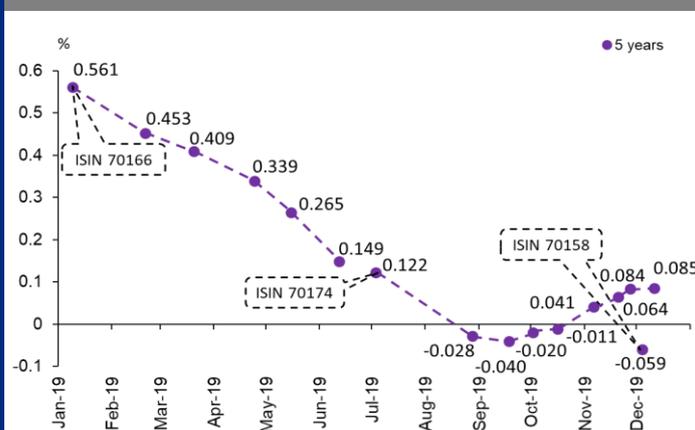
### Sold Amount at Auctions in 4th quarter



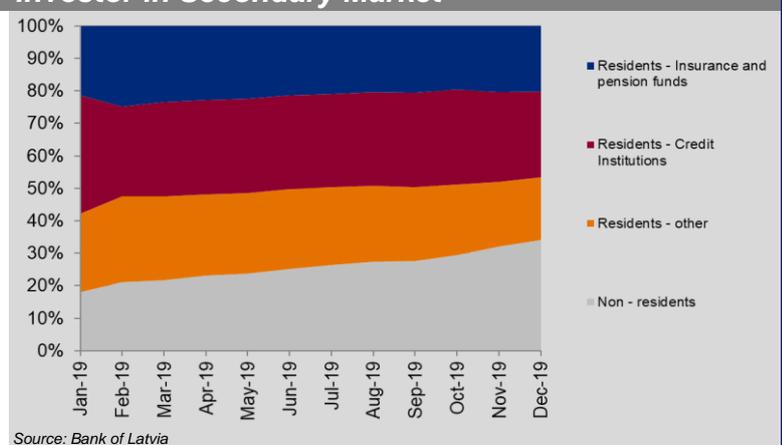
### Bid-to-cover Ratio at Competitive Multi-price Auctions in 4th quarter



### Competitive Multi-price Auction rates



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



### 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

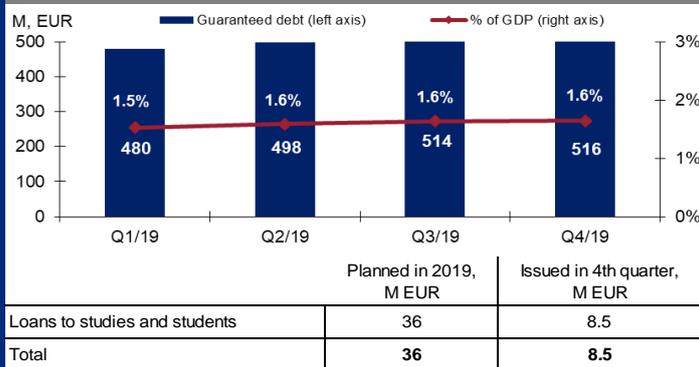
### Parameters of the Central Government Debt Portfolio Structure

Parameters	30.09.2019		31.12.2019		STRATEGY	
Domestic securities outstanding amount on the end of the year	1126.08 M, EUR <sup>^^</sup>		1172.24 M, EUR		not less than the amount on the end of the previous year <sup>^^^</sup>	
Maturity profile (%) of central government debt	≤ 1 year 13.2%	≤ 3 years 33.6%	≤ 1 year 17.1%	≤ 3 years 33.5%	≤ 1 year ≤ 25%	≤ 3 years ≤ 50%
Share of fixed rate <sup>^</sup>	90.1%		86.2%		≥ 60%	
Macaulay Duration (years)	7.77		7.61		5.00 - 9.00	
Net debt currency composition <sup>^^</sup>	EUR		EUR		EUR	
	100.04%		100.08%		100% (+/- 5%)	

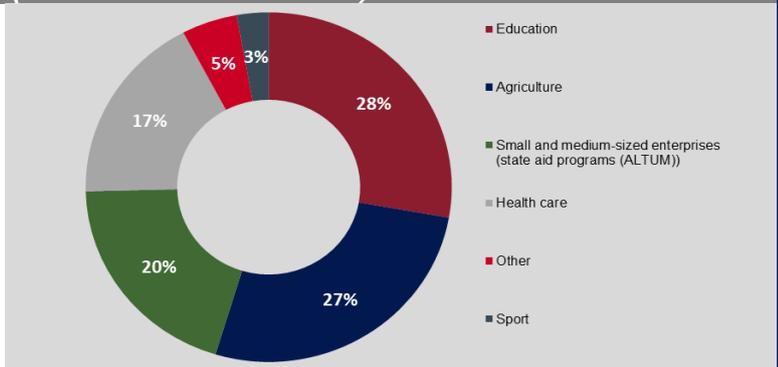
<sup>^</sup>Fixed rate central government debt with a maturity over one year.  
<sup>^^</sup> Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits 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> The index value is set once a year, i.e., at the end of the current year; value to 31.12.2018.  
<sup>^^^</sup> Deviation is acceptable if, having a negative net issuance in the current year, it is compensated with the corresponding amount by increased planned borrowings in domestic market in the next year.

## ISSUANCE OF STATE GUARANTEES

### State Guaranteed Debt Outstanding

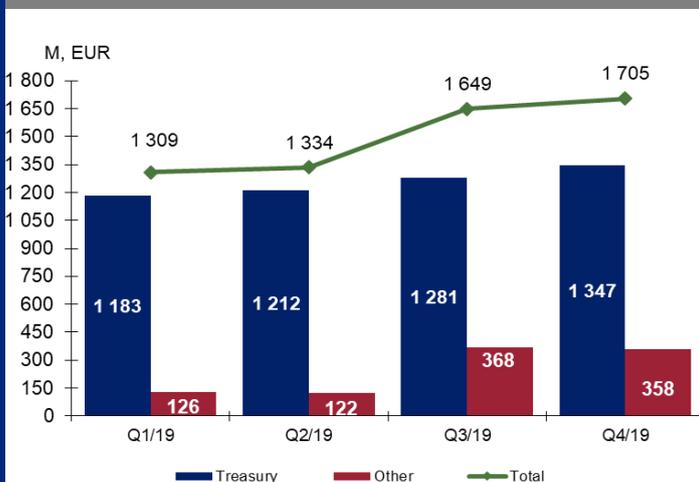


### State guaranteed loans by industry (at the end of December)

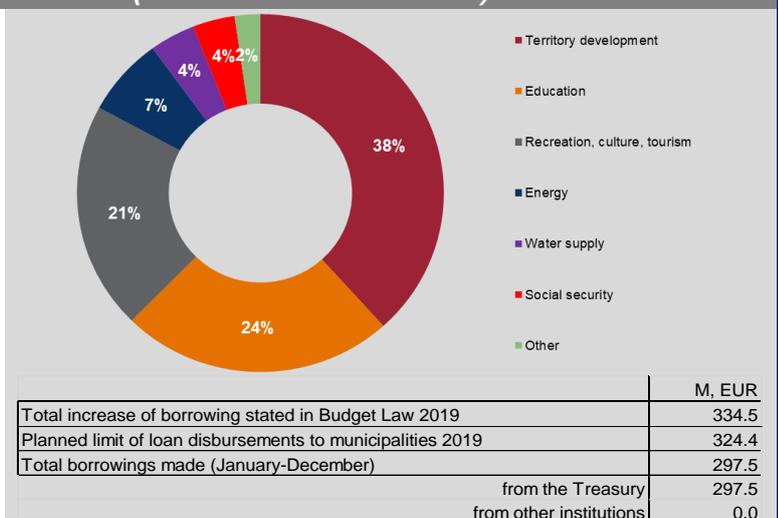


## MUNICIPALITIES' BORROWINGS

### Municipalities' Debt Outstanding



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



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**NEXT ISSUE:** Next Quarterly Bulletin will be available in the Treasury's web site on April 21, 2020.

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