

**MACROECONOMIC
DEVELOPMENTS
REPORT 2017**

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Abbreviations

APP	– asset purchase programme
CIS	– Commonwealth of Independent States
CSB	– Central Statistical Bureau of Latvia
EC	– European Commission
ECB	– European Central Bank
EONIA	– euro overnight index average
ESA 2010	– European System of Accounts 2010
EU	– European Union
EU28	– 28 countries of the EU
EURIBOR	– Euro Interbank Offered Rate
Eurostat	– statistical office of the European Union
FAO	– Food and Agriculture Organization of the United Nations
FRS	– US Federal Reserve System
GDP	– gross domestic product
GFCF	– gross fixed capital formation
HICP	– Harmonised Index of Consumer Prices
JSC	– joint stock company
Ltd.	– limited liability company
MFI	– monetary financial institution
OPEC	– Organization of Petroleum Exporting Countries
PIT	– personal income tax
PJSC	– public joint stock company
PMI	– Purchasing Managers' Index
PUC	– Public Utilities Commission
SJSC	– state joint stock company
SRS	– State Revenue Service
TLTRO	– targeted longer-term refinancing operations
UK	– United Kingdom
UN	– United Nations
US	– United States of America
VAT	– value added tax
WTO	– World Trade Organization

Introduction

In the course of the last six months, Latvijas Banka's assessment of economic development in Latvia has become more optimistic due to external demand becoming stronger and investment activity recovering gradually. At the end of 2016 and in early 2017, economic growth in Latvia accelerated, and the leading indicators of both global environment and major trade partners corroborate sustainability of improvements in the external economic environment also in the future. Meanwhile, financing conditions are favourable for lending, and the labour market shows signs of further improvement. More positive effects from the EU funding cycle for the economy are expected in the course of the year, with the domestic demand gaining momentum and GDP growing, in construction and related sectors in particular.

Hikes in energy and food prices observed in world markets at the end of 2016 and in early 2017 triggered higher inflation rates. At the current juncture, the influence of external factors has become stable, while domestically strengthening economic activity and wage increases gradually provide a more positive domestic demand effect on inflation.

Amidst wages growing faster than productivity and with the share of remuneration in value added approaching the EU average, the gains in Latvian export market shares point to resilience in competitiveness. Investment recovery is a basis for productivity growth, and already in the first quarter of 2017, the private sector investment project launching activity became brisker, public investment recovery was gaining momentum, and foreign direct investment inflows remained robust. Nevertheless, the course of domestic structural reform process and the development and stability of a competitiveness-enhancing tax system have not lost their significance for strengthening the long-term potential of the economy.

1. External Demand

Previous assessment	Developments since the previous report	New assessment ¹
External demand		
Moderate growth, albeit somewhat slower than previously expected due to weaker demand from Lithuania, Sweden and Poland	<ul style="list-style-type: none"> – Increase/strengthening of global commodity (oil including) prices in the first quarter; – recovery of world trade; – acceleration of euro area economic growth and improving confidence; – upward revision of external demand forecast for Latvia. 	Moderate yet slightly faster-than-expected growth related to improved outlook across the euro area and for Latvia's major trade partners.

The global economic environment is posting an overall improvement. Global financial conditions remain favourable, and economic growth is gaining momentum in an ever-increasing number of world countries. In the US, expectations of growth-enhancing fiscal policy have softened; following the FRS's raising of the federal funds target rate in March, market participants are anticipating tighter monetary conditions to be introduced in a more gradual way. However, the conditions for US economic development remain favourable, including almost full employment in the labour market and wage growth. Meanwhile, other major central banks proceeded with accommodative monetary policy. The recovery of global trade flows is underway and is driven by growing global demand, including for investment, and rising commodity prices. Business confidence surveys (global PMI of new export orders) suggest that global trade will be growing likewise resiliently also in the future. Oil and other commodity price rises at the turn of the year triggered the recovery of demand in commodity-exporting developing countries. Via trade and confidence channels, this acceleration in their recovery is positively affected also by economic advance and improved confidence of market participants across developed countries as well as by more dynamic progress in and better outlook for the economy of China.

For most countries, the oil price rise has been the decisive underpinning factor of a higher inflation rate, yet substantial pressures from oil prices are not to be expected, as oil and food prices have stabilised and the effect of demand on inflation continues to be weak. Despite inflation elevation in the euro area because of higher energy prices, core inflation remains very low due to delayed wage increases and a weak pressure from domestic prices.

In the euro area, economic recovery is gaining momentum, basically driven by stronger domestic demand. Improvements in external environment have simultaneously translated into export expansion. Private consumption is facilitated by retained employment growth and improving consumer confidence. However, the labour market improvements have not been sufficient to speed up the wage growth as an effect of economic recovery; in addition, the augmenting of household real incomes was held back by hiking energy prices. Monetary policy continues to support the rebirth of investment and is expected, coupled with improved company profitability, to further spur it. The outlook for euro area GDP growth for 2017 has been revised slightly upwards by international institutions.

The 2017 GDP growth outlook for Latvia's major trade partners has improved as well. It is determined by better-than-previously-projected economic performance and the dynamics of several leading indicators from future changes predicting surveys (e.g. EC compiled economic sentiment indicator and PMI). As stronger growth has given impetus to global

¹ Colours in tables are used to show differences in the assessment of impact on Latvia's GDP and inflation vis-à-vis the previous forecast.

Worsened	Unchanged	Improved
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foreign trade, the forecast of external demand in 2017 for Latvia has undergone a quite substantial upward revision.

Similar to Latvia, latest macroeconomic indicators recorded by Lithuania and Estonia are better than projected. The expansion of external trade accompanied with increasing public expenditure are the drivers of growth in both Lithuania and Estonia. Additionally, the financing from EU structural funds became available again in 2017. Nevertheless, the perspective for Latvian exports related to stronger external economic activity may be partly limited by the effect of demand structure, for, mostly resulting from a more buoyant investment activity, the demand is likely to grow for imported capital goods.

Stabilisation of oil prices has brought about a better economic perspective for Russia. Its economy is expected to come out of the two-year long recession in 2017. The declining inflation and stable exchange rate both support the revival of private consumption growth, which is expected to be followed by a somewhat stronger investment activity. A more dynamic economic development, however, is likely to be restricted by still heightened uncertainty and weakness of structural growth factors. Direct dependence of Latvia's economy on Russia has diminished, while the latter's indirect impact via other economies of the region remains rather strong.

The economic perspective has improved also for Germany. In 2017, its economic development is likely to be spurred by private consumption because further labour market improvements. The investment activity is likewise expected to be high, partly due to the immigration policy providing for public financing for social housing. Brisker investment and building activities are good news for Latvian exporters, primarily for manufacturers of building materials (e.g. wood and metal structures) and other products.

The forecasts for growth in Sweden continue to be good. It will still be supported by the resilient private consumption as well as previously buoyantly strengthening investment and thereby also construction activity. The Latvian building companies and their associates manage to take advantage of the active residential stock construction in Sweden.

The UK still experiences heightened uncertainty, resulting from the Brexit process and amplified by the outcome of the latest general election. This uncertainty is also mirrored by economic indicators, which show falling growth rates. Under the impact of depreciating British pound sterling import prices elevated, thereby also causing consumer price inflation to increase at the rate which exceeded the rate of wage growth. As a result, a fall in private consumption has occurred for the first time since 2013. PMI of the UK construction sector, which is significant for Latvia, suggests that the relatively sluggish first quarter growth will be followed by revived activity, and it gives rise to hopes that Latvia's exports of wood to the UK will manage to recover, at least in part, after the year-on-year fall experienced in the first four months of 2017.

2. Financial Conditions

2.1 ECB policy

Previous assessment	Developments since the previous report	New assessment
ECB decisions		
Market expectations are in line with the decision by the Governing Council of the ECB to maintain the key ECB interest rates at the current level and to continue with the implementation of the expanded APP at least until the end of March 2017.	<ul style="list-style-type: none"> – Economic growth fundamentals and monetary aggregates continue to improve; – at its June meeting, the Governing Council of the ECB expresses the view that the risks to the euro area growth outlook are balanced; – at its June meeting, the Governing Council of the ECB decides to drop the reference to further key ECB interest rate cuts from its forward guidance. 	<p>Market expectations are in line with the decision by the Governing Council of the ECB to maintain the key ECB interest rates at the current level and to continue with the implementation of the expanded APP at least until the end of 2017; raising of the interest rates is expected in the second or third quarter of 2018.</p> <p>Market participants expect that the forward guidance of the Governing Council of the ECB will be changed in September 2017 with respect to tapering the expanded APP.</p>

ECB continued to provide highly accommodative monetary policy conditions. In line with the previous decisions, purchases within the framework of the expanded APP continued in April at a monthly pace of 60 billion euro. At the same time, the practice of reinvesting the principals from maturing securities purchased under the expanded APP was continued. The final TLTRO II tender was conducted in March, with the allotment totalling 233.5 billion euro. Some banks exercised the early repayment option for the amounts borrowed at TLTRO I tenders. Currently, the total amount outstanding within the framework of both TLTRO I and TLTRO II is 761.9 billion euro.

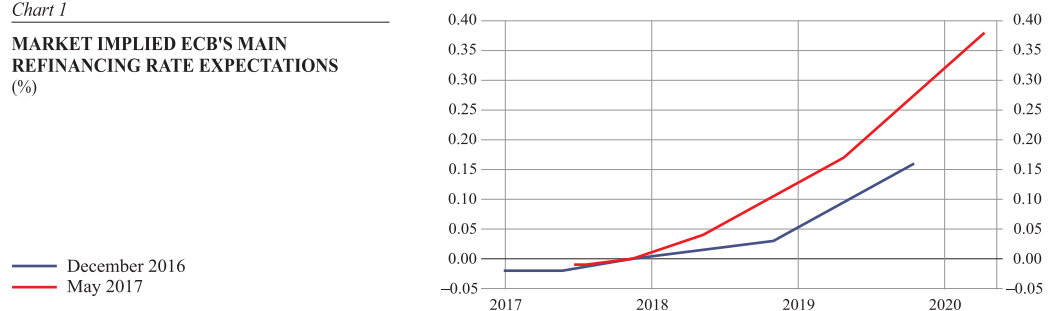
At its January, March, April and June meetings, the Governing Council of the ECB decided to keep the key ECB interest rates and the non-standard monetary policy measures unchanged. At its April meeting, the Governing Council of the ECB admitted that "the cyclical recovery of the euro area economy is becoming increasingly solid and that downside risks have further diminished". At the June meeting, the assessment of risk was raised even further and at the moment the Governing Council of the ECB considers the risks surrounding the euro area growth outlook to be broadly balanced. At its June meeting, the Governing Council also decided to introduce a change to its forward guidance and drop the reference to further key ECB interest rate cuts from it. Currently, the Governing Council of the ECB expects the key ECB interest rates "to remain at their present levels for an extended period of time, and well past the horizon of the net asset purchases". There was no change in the forward guidance as concerns the expanded APP: it is intended that the monthly pace will remain the same until the end of 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim.

At the press conference of January 2017, Mario Draghi, President of the ECB, provided a more detailed explanation as to what is considered to be an appropriate level of inflation by naming four features characterising the compliance of the euro area inflation with the ECB's inflation target. First of all, it is inflation in the medium-term; second, it has to be a durable convergence (it cannot be transient); third, it has to be self-sustained, i.e. it has to stay on target even in the absence of the ECB's extraordinary monetary policy support; fourth, inflation has to be defined for the euro area as a whole.

In the most recent months, with the inflation rising and other economic growth fundamentals improving, market participants started to expect tapering of the expanded APP purchases.

The latest surveys show that most market participants anticipate that the ECB will start progressively reducing the monthly purchases of securities under the expanded APP as of the first quarter of 2018 and that it will take six months to fully wind down the expanded APP purchases. Survey results as well as the probability implied by the euro overnight index swaps suggest that the ECB could raise the deposit facility rate as early as in the second half of 2018. The implied forward yield curve steepened slightly in May as compared to December 2016, suggesting that the market participants expect somewhat more notable raising of the target rate.

Chart 1
MARKET IMPLIED ECB'S MAIN REFINANCING RATE EXPECTATIONS (%)

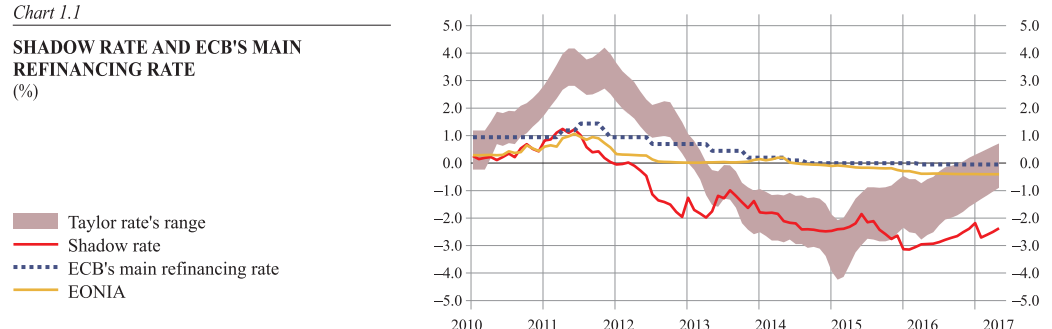


Box 1. Shadow rate

The current economic situation can be characterised as an era of low interest rates. After several years of monetary accommodation, the ECB has hit the zero lower bound mark. The main refinancing rates have been cut to levels close to zero and even lower. Traditionally, when explaining the monetary policies pursued by central banks and estimating the degree to which central banks need to reduce or increase the nominal interest rates to adjust to changes in inflation and other economic conditions in order to foster price stability and full employment, Taylor's rule¹ is used. Yet in the circumstances of zero interest rates the main refinancing rate of the central bank is not an adequate parameter to characterise the monetary policy stance because unconventional monetary policy measures, like the expanded APP and long-term lending operations, are used to enhance accommodation. To characterise all the central bank's accommodative monetary policy measures, a new indicator, the so-called shadow rate, can be employed.

The shadow rate is derived from the term-structure of risk-free interest rates by applying mathematical models and can be used to estimate the future effect of the monetary policy on various macroeconomic variables. The shadow rate is not directly observable but acts as a measure of what the main refinancing rate of the central bank would be in the absence of a zero lower bound for interest rates and if the central bank used only the main refinancing operations instead of the non-standard monetary policy instruments.

Chart 1.1
SHADOW RATE AND ECB'S MAIN REFINANCING RATE (%)



¹ Taylor, J. B. *Discretion versus Policy Rules in Practice*. Carnegie-Rochester Conference Series on Public Policy 39, December 1993, pp. 195-214.

The shadow rate estimated by Latvijas Banka (currently, –2.3%; see Chart 1.1) is derived based on average euro overnight index swap (OIS) rates over the period of three months to ten years. As overnight loans granted to major banks are mainly considered risk-free, OIS can be used to estimate the long-term risk-free interest rates. In normal circumstances, the shadow rate tracked the money market rates closely. With interest rates approaching zero and the ECB employing the unconventional monetary policy instruments, the shadow rate moved away from the money market rates. The first dive of the shadow rate below EONIA happened in mid-2011 when the ECB announced the expansion of the Securities Markets Programme and the next one in November 2011 following the ECB's announcement of the start of longer-term refinancing operations. The shadow rate entered a negative territory for the first time in April 2012 after Mario Draghi, the President of the ECB, announced: "within our mandate, the ECB is ready to do whatever it takes to preserve the euro", thus affecting the market expectations. Comparing the theoretical rate implied by Taylor's rule and the shadow rate of the euro area, one can conclude that, since the end of 2013, the shadow rate was able to follow the Taylor rule-implied rate into the negative territory regardless of the non-standard monetary policy stimulus provided by the Eurosystem. Moreover, it remained close to the upper bound of the Taylor rate's range. Following the gradual recovery trend observed in the euro area economy, the range of the Taylor rule-implied rate started to move upwards in 2015, whereas the shadow rate remained low, pointing to the presence of significant monetary stimulus provided by the ECB.

2.2 Other central bank decisions and financial markets

Previous assessment	Developments since the previous report	New assessment
FRS decisions		
Market participants expect that the target rate will be raised at December 2016 and March 2017 meetings. At the same time, market participants expect more significant increases of the target rate in the upcoming three-year period.	<ul style="list-style-type: none"> – At its December meeting, the FRS raises the target range for the federal funds rate from 0.25%–0.50% to 0.50%–0.75% and then to 0.75%–1.00% at its March meeting; – FRS anticipates that a change in reinvestment policy regarding maturing bonds would be appropriate in the near future; – the new US administration is slow on the promised reforms, market participants lose faith in the implementation of growth-supporting future policies; – US labour market indicators continue to improve, economic activity strengthens, while the inflation growth is lower than expected; – longer-term bond yields are increasing. 	Market participants expect that the target rate for federal funds will be raised at June 2017 meeting. At the same time, market participants expect flattening of the path of the target rate for federal funds as of 2018.
Bank of England's decisions		
Market participants anticipate that the target rate will remain at a lower level in the upcoming three-year period.	<ul style="list-style-type: none"> – The process of the United Kingdom's withdrawal from the EU has commenced; – UK Prime Minister Theresa May announces a snap general election. 	Market participants anticipate that the Bank of England's Bank Rate will remain unchanged at the level of 0.25% at least until the end of 2017.

Bank of Japan's decisions		
Market participants anticipate that the target rate will remain low in the upcoming three-year period.	<ul style="list-style-type: none"> – Bank of Japan raises the GDP forecast and adjusts downwards the inflation forecast; – inflation and consumer expectations concerning the level of future prices decrease. 	Market participants anticipate that the target rate will remain low in the upcoming three-year period.
EUR/USD exchange rate		
Market participants anticipate that the euro will depreciate against the USD (to 1.04 USD per euro) in a year.	<ul style="list-style-type: none"> – Political risks in the euro area subside; – market participants lose faith in fast implementation of growth-supporting policies in the USA. 	Market participants anticipate that the euro exchange rate against the USD will be 1.10 USD per euro in a year.

Financial market sentiment was positive at the beginning of 2017. Stock price volatility was low and overall the prices somewhat increased. Central bank policies continued to influence the financial market developments. Investors kept a close watch on the first instructions given by the new US President Donald Trump to see whether they fulfil the promises made in the run up to the elections. In the euro area financial markets, investors continued to follow the unfolding of the Brexit scenario and the developments related to the upcoming Presidential elections in France. With the Presidential elections in France approaching, volatility increased in April and the prices of safe assets went up. The good polling results of Marine Le Pen caused jitters on the financial markets because of her anti-European political beliefs and the resultant prospects of France potentially leaving the EU. Once the centrist and pro-European candidate Emmanuel Macron took over the lead at polls, particularly after the first round, and subsequently gained the voters' support at the second round, the political risks in the euro area subsided and the financial market sentiment improved. In May, the euro exchange rate vis-à-vis the US dollar reached the highest level of the last six months, the prices of riskier assets increased, whereas those of the most safe bonds slightly decreased.

During the first four months of 2017, the euro exchange rate vis-à-vis the US dollar followed a moderate upward trend which steepened in May when the political uncertainty in the euro area declined and that in the USA heightened. In May 2017, the euro appreciated by 6.7% in comparison with December 2016, with its exchange rate vis-à-vis the US dollar going from 1.05 USD per euro to 1.12 USD per euro. The market participants' expectations regarding the euro exchange rate in the coming 12-months period have heightened since the November assessment (to 1.10 USD per euro).

Chart 2

EURO EXCHANGE RATE AGAINST US DOLLAR AND FUTURE EXPECTATIONS

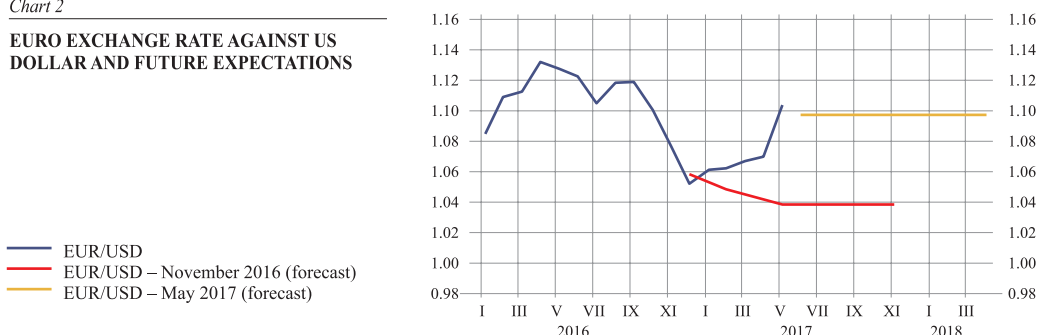
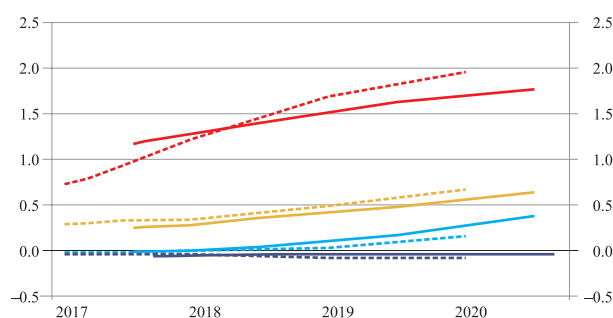


Chart 3

**MARKET IMPLIED CENTRAL BANK
BASE RATES
(%)**

- US – December 2016
- US – May 2017
- UK – December 2016
- UK – May 2017
- Euro area – December 2016
- Euro area – May 2017
- Japan – December 2016
- Japan – May 2017



With the investor optimism concerning the ability of the newly-elected US President to fulfil his pre-election promises and implement business growth supporting policies fading, the positive response of the financial market observed at the turn of 2016 turned flat. Failure to go ahead with the promised health care reform made market participants question the new-elected President's ability to keep his promises, thereby having a negative effect on the market sentiment.

As already expected by the market participants, the Federal Reserve Board raised the target rate for federal funds by 0.25 percentage point (to the target range of 0.75%–1.00%) at its March meeting. At the same time, contrary to the market expectations, no announcement of an intention to potentially raise the rate more substantially in the future was made. The slope of the implied term structure curve of the federal funds rate flattened slightly as of 2018 after several FRS participants revealed that reinvestment of maturing bonds could be discontinued in the near future. This is a restrictive monetary policy step, implying that the future path of the base rate of the central bank could be flatter in the future.

Despite the growing inflation, Bank of England continued with an accommodative monetary policy as it was warranted by the weakening of the domestic demand and its forecasts. Bank of England maintained its Bank Rate at the level of 0.25%, with the size of the asset purchases also remaining unchanged at 435 billion British pound sterling. Market expectations concerning the future actions of the Bank of England have also remained unchanged and no raising of the Bank Rate is projected in the course of 2017. Moreover, market participants anticipate the Bank of England's target interest rate to remain low in the coming three years.

Bank of Japan continued with a particularly accommodative monetary policy and abstained from any new decisions in the reporting period. It kept unchanged the short-term policy interest rate at -0.1% , the target level of 10-year government bond yields at 0% and the annual pace of increase of the monetary base at 80 trillion Japanese yen. At the same time, Bank of Japan upgraded the outlook for economic growth from "moderate recovery" to "moderate expansion". Quite naturally, the implied term structure curve of Bank of Japan's policy rate remained constant since December 2016, suggesting that the market expects the central bank to continue accommodative monetary policy.

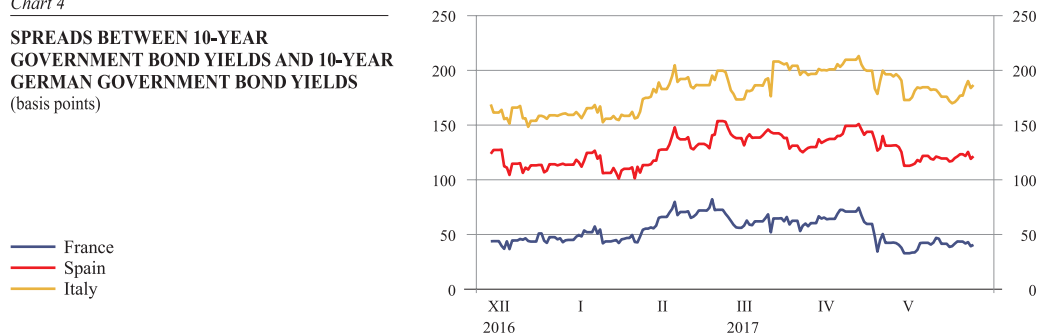
2.3 Securities market

During the first five months of 2017, 2–10 year yields of euro area government bonds increased. This was supported by the relatively robust economic growth observed in the first quarter of the year offsetting the negative effect of the political uncertainties (Brexit, Presidential elections in France). Moreover, the economic growth of the euro area outpaced that of the USA. Starting from mid-April when the victory of Emmanuel Macron at the Presidential elections in France became more certain, the political risks in the euro abated and the spread between the 10-year French, Spanish and Italian government bond yields and the same maturity German government bonds narrowed. Nevertheless, a rather considerable

degree of uncertainty remains with regard to the upcoming Parliamentary elections in Italy scheduled for May 2018. Moreover, the current polls are dominated by the populist Five Star Movement (*Movimento Cinque Stelle*). Some euro area countries experienced a decline in the government bond yields. For example, the 10-year Greek and Portuguese government bond yields contracted as the decrease in the fiscal risks in those countries was more substantial than the upward pressure on the yields caused by the economic growth.

Chart 4

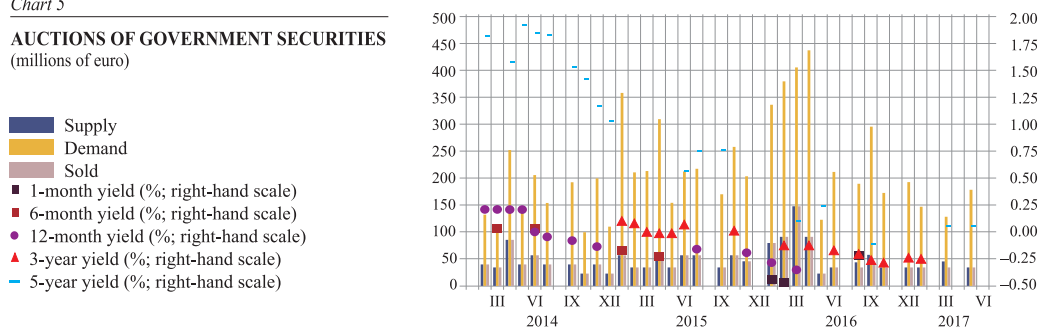
SPREADS BETWEEN 10-YEAR GOVERNMENT BOND YIELDS AND 10-YEAR GERMAN GOVERNMENT BOND YIELDS (basis points)



The Eurosystem purchased public sector securities within the framework of the expanded APP based on the capital key, at the same time demonstrating certain flexibility of the programme. For example, April data revealed that the Eurosystem had slightly stepped up the purchases of the French government securities, most likely with a view to easing the tension ahead of the French Presidential elections. Consequently, in order to preserve the capital key proportions and implement a market-neutral expanded APP, the purchases of the French government securities made in some other months will have to be reduced accordingly.

Chart 5

AUCTIONS OF GOVERNMENT SECURITIES (millions of euro)



During the period of rising interest rates, auctions of Latvian government securities were only organised on three occasions, offering 3-year and 5-year bonds. Meanwhile, Latvia launched euro bonds with a 10-year and 30-year maturities on the international financial markets on 9 February (both issues together totalling 650 million euro) in order to cover most of the borrowing scheduled for 2017 as well as to benefit from the low interest rate environment. 30-year euro bonds had the historically longest maturity, their yield was 2.33%, with the spread of 98 basis points above the mid-swap rate. At the same time, an additional issue of 10-year bonds, maturing in October 2026, was launched, with the yield set at 1.062%. The yield of the 10-year Latvian government bonds was the lowest in comparison with other similar-rating countries.

Two different-maturity additional euro bond issues were launched by Latvia on the international financial markets on 1 June for the total amount of 350 million euro, covering the rest of the borrowing scheduled for 2017. The yield of the 10-year bonds was 0.95% (with the spread of 23 basis points above the mid-swap rate), whereas that of the 20 year bonds was 1.70% (with the spread of 35 basis points above the mid-swap rate).

2.4 Interest rates

Previous assessment	Developments since the previous report	New assessment
Interest rate on loans to non-financial corporations and households		
A slight decrease due to the decline in the euro money market rates.	<ul style="list-style-type: none"> – Euro money market rates continued to decrease; – the pressure from competition motivated some credit institutions to reduce the margins; – creditworthiness of businesses improved. 	A slight decrease due to the shrinking of the risk premium priced into the lending rates and persistently favourable euro money market conditions.
Interest rate on household loans		
A slight decrease due to the decline in the euro money market rates.	<ul style="list-style-type: none"> – Euro money market rates continued to decrease; – the pressure from competition motivated some credit institutions to reduce the margins; – creditworthiness of households improved. 	A slight decrease in the interest rates of consumer credit and other credit granted to households due to the shrinking of the priced-in risk premium. Interest rates on loans for house purchase unchanged.

In the fourth quarter of 2016 as well as from January to April 2017, the lending margins on new euro loans narrowed slightly in all major sectors of Latvia's credit market. A lower risk premium was priced into the lending rates due to the tightening of competition among Latvia's credit institutions and an improvement in the borrowers' creditworthiness supported by the general economic development and that of particular sectors. A minor reduction of the lending and deposit rates can be expected in the coming quarters as well.

The financing costs of Latvia's credit institutions have decreased further in comparison with October 2016. Most deposits by households and non-financial corporations are demand deposits and savings deposits with interest rates close to zero or negative. The interest rate on demand deposits in euro continued to approach zero in the reporting period. Nevertheless, households and non-financial corporations do not seem willing to increase their investments in longer-term fixed-term deposits on Latvia's deposits market. Although some households and non-financial corporations continue to make longer-term fixed-term deposits as well as place deposits with smaller credit institutions offering higher interest rates, the share of fixed-term deposits in euro in all deposits received from households and non-financial corporations tends to shrink. Despite the rising interest rates, the growth of the proportion of deposits made in the US dollar and other currencies subsided in the reporting period.

Lending rates continued to decrease slowly in Latvia's major lending segments, as a significant part of the loans has a floating interest rate which is directly affected by the further decline of the euro money market rates. Moreover, the margins on new euro loans granted by Latvia's credit institutions also tend to decrease gradually. Interest rates on outstanding household loans for house purchase and loans to non-financial corporations remained slightly above 2%, whereas the rates applied to consumer credit and other credit to households declined by 0.1 percentage point, reaching 11.7%.

As regards new euro loans, lower interest rates were applied on loans to non-financial corporations, household loans for house purchase as well as consumer credit and other credit to households in the reporting period. In all the above segments, the interest rates decreased on account of a gradual narrowing of the margins supported by the tight competition among the credit institutions.

Chart 6

MFI DEPOSITS AND THEIR INTEREST RATES BY TYPE OF DEPOSIT

Outstanding amounts (billions of euro)

- Deposits in other currencies
- Fixed-term deposits in euro
- Savings deposits in euro
- Demand deposits in euro

Interest rate (%; right-hand scale)

- Demand deposits in euro
- Savings deposits in euro
- Fixed-term deposits in euro
- Deposits in other currencies
- Total deposits

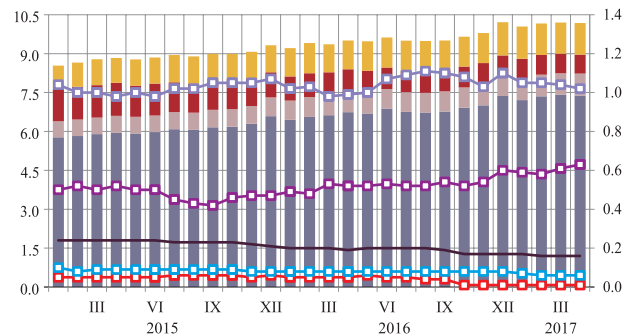
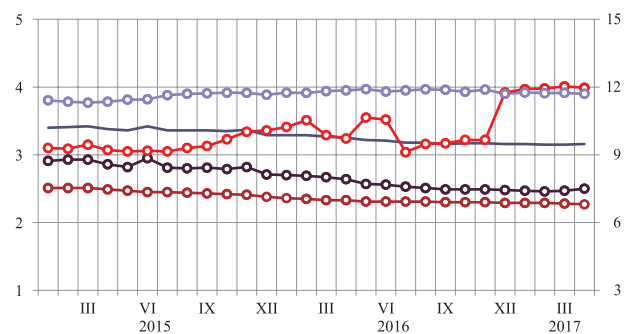


Chart 7

INTEREST RATES ON MFI LOANS BY TYPE OF LOAN (%)

- Household loans for house purchase in euro
- Loans to non-financial corporations in euro
- Other currency loans to households and non-financial corporations
- Total loans
- Consumer credit and other credit to households in euro (right-hand scale)



With the overall economic growth and that of particular sectors strengthening, the financial soundness of non-financial corporations improved and they could qualify for cheaper loans. The decrease in the interest rates on new small and medium-sized euro loans to non-financial corporations observed since October 2016 was more substantial than that in the case of large loans. Some significant Latvia's credit institutions narrowed their margins on loans to small and medium-sized enterprises in the reporting period, as they had a positive outlook on Latvia's economic growth prospects and those of individual sectors and were also struggling to retain their positions in Latvia's credit market. Although the interest rates applied to new euro loans to non-financial corporations in Latvia have been reduced, they remain higher than in most of the other euro area countries.

Chart 8

AGREED RATES AND EFFECTIVE RATES ON NEW MFI LOANS TO HOUSEHOLDS IN EURO (%)

- Agreed rate on household loans for house purchase
- Effective rate on household loans for house purchase
- Agreed rate on consumer credit (right-hand scale)
- Effective rate on consumer credit (right-hand scale)

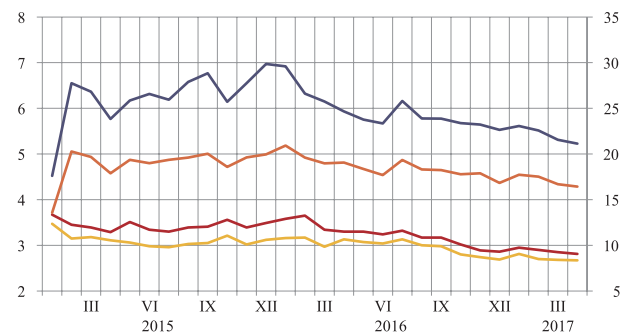


Chart 9

INTEREST RATES ON NEW MFI LOANS TO NON-FINANCIAL CORPORATIONS IN EURO AND THEIR SPREAD (%)

- Interest rate spread between large loans and small and medium-sized loans (in percentage points)
- Interest rate on small and medium-sized loans (up to 1 million euro)
- Interest rate on large loans (over 1 million euro)
- Aggregate interest rate on loans

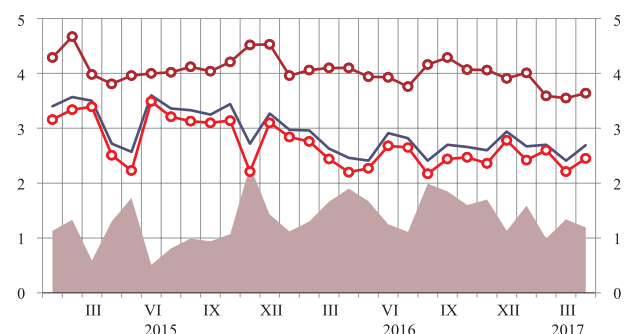
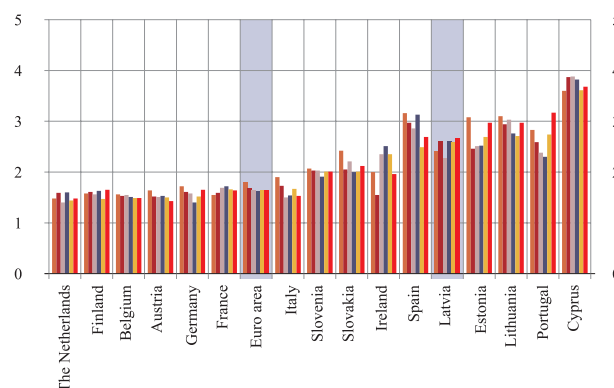


Chart 10

INTEREST RATES ON NEW MFI LOANS TO NON-FINANCIAL CORPORATIONS IN EURO (%)

■ Q1 2016
■ Q2 2016
■ Q3 2016
■ Q4 2016
■ Q1 2017



Interest rates on household loans for house purchase as well as those on consumer credit and other credit decreased as, motivated by competition, credit institutions cut their margins, but also because the risk associated with the granted loans was also lower. Non-interest charges on household loans for house purchase and consumer credit remained broadly unchanged in the reporting period.

2.5 Credits and deposits

Previous assessment	Developments since the previous report	New assessment
Lending		
A steady increase in the total loan portfolio and that of non-financial corporations in 2017 (active absorption of EU funds serving as the major factor). Recovery of the annual growth rate of lending to households already in the second half of 2017, with government continuing the support programme for house purchase for new families.	<ul style="list-style-type: none"> – New loans to both non-financial corporations and households have expanded; – the support programme for new house purchase is ongoing; – activity and prices in the real estate market have augmented; – more active absorption of EU funds has started; – JSC "Attīstības finanšu institūcija Altum" together with credit institutions offers credit guarantees for small and medium-sized enterprises and a new support programme aimed at granting loans for renovation of residential buildings. 	A steady increase in the total loan portfolio and that of non-financial corporations will continue in 2017 and 2018 (active absorption of EU funds, growing capital of non-financial corporations and their readiness for investment serving as major factors). Stabilisation of the annual rate of change of lending to households in the second half of 2017, with government continuing the support programme for house purchase for new families and with the demand for consumer credits rising.

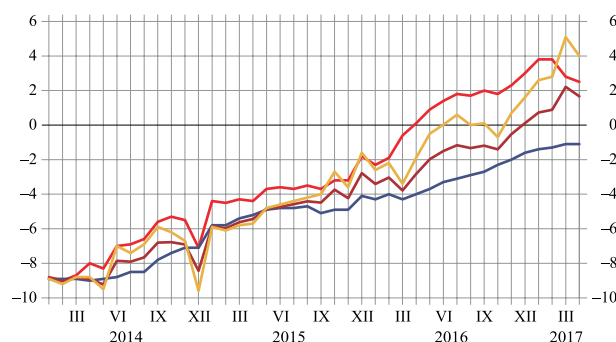
At the end of 2016 and in early 2017, credit institutions continued a gradual acceleration of lending to the economy, i.e. both the total domestic loan portfolio and loans to non-financial institutions recorded an increase during five of the last seven months, while the shrinking of the household loan portfolio decelerated. The annual growth rate of total domestic loans, including loans to non-financial corporations and households, was in positive territory (in April, 2.5% and 1.7% respectively). It was only the annual rate of change in loans to households that approached zero every month, although it remained negative (–1.1% in April).

Since the uptrend in loans to the non-bank financial sector decelerated, lending to non-financial corporations played the central role in lending growth. The investment recovery has started to contribute to the demand for loans despite the hindering effect of the slow increase in access to EU structural funds which decelerates progress of construction projects. Fight against the shadow economy, the Eurosystem's accommodative monetary policy in a persistently low interest rate environment and the stable credit standards, which

Chart 11

ANNUAL RATE OF CHANGE IN LOANS TO RESIDENTS (%)

- Total loans to financial institutions, non-financial corporations and households
- Loans to households
- Loans to non-financial corporations
- Loans to non-financial corporations and households



are slightly eased in certain cases, have a positive effect on lending. An entrepreneurship programme of the JSC "Attīstības finanšu institūcija Altum" regarding credit guarantees for small and medium-sized enterprises (150 million euro have been foreseen for this purpose in 2017) and its household sector support programme for house purchase for new families facilitate lending. A new support programme aimed at granting loans for renovation of residential buildings has been launched in 2017. Lending to households is also fostered by the increasing demand for consumer credit supported by favourable consumer confidence dynamics in the first four months of 2017. The growing activity in the real estate market generates a positive environment in long-term lending.

An increase in new loans mirrors these trends. During the seven months from October 2016 to April 2017, new loans to non-financial corporations exceeded the indicators of the respective period of 2015 and 2016 by 13.5%, loans to households for house purchase – by 18.1% and consumer credit – by 18.2%. The annual rate of change in new domestic loans reached 15.6% in the above period.

Chart 12

FLOW OF THE NEW LOANS (millions of euro)

- New agreements (households)
- Revised agreements (households)
- New agreements (non-financial corporations)
- Revised agreements (non-financial corporations)

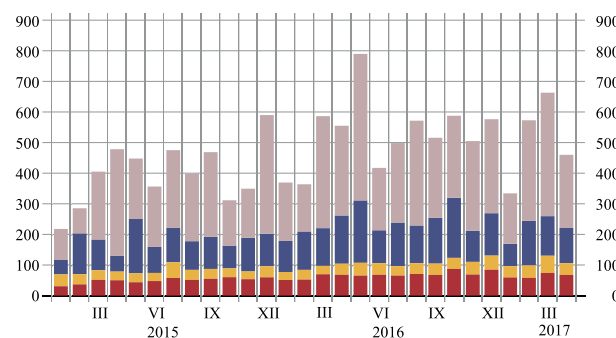
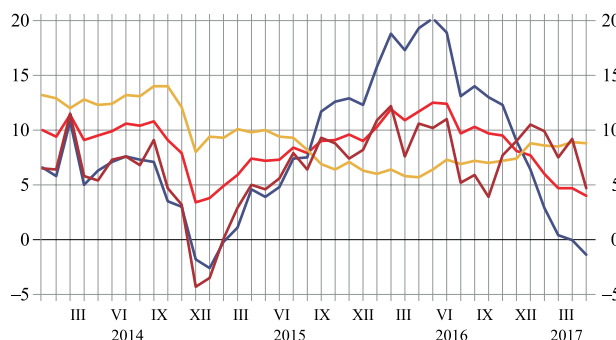


Chart 13

ANNUAL RATE OF CHANGE IN RESIDENT DEPOSITS (%)

- Total deposits by resident financial institutions, non-financial corporations and households
- Deposits by financial institutions and non-financial corporations
- Deposits by households
- Deposits by non-financial corporations



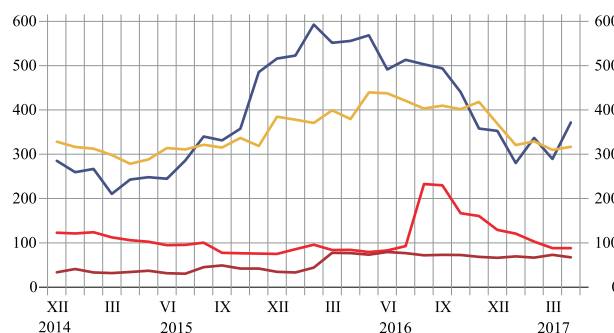
It was primarily the expansion of domestic deposits that provided funding for the moderate growth in loans. This growth was close to the economic growth rate, and in April it exceeded the level of the respective period of the previous year by 4.0%. The annual growth rate of deposits received from non-financial corporations and households was steeper (4.7% and 8.8% respectively), continuing to point to a slower increase in consumption in favour of a

rise in deposits. The change in the policy concerning the allocation of financial institutions' savings hindered the expansion of total deposits until March, resulting in the reduction of deposits in domestic credit institutions.

Chart 14

DEPOSITS OF DOMESTIC FINANCIAL INSTITUTIONS
(millions of euro)

— Insurance corporations
— Pension funds
— Other financial institutions
— Investment funds, excluding money market funds, and alternative investment funds



For quite some time now, monetary data suggest that cooperation between the real economy sector and credit institutions has been successful, i.e. with economic indicators moderately improving, non-financial corporations (and also households) steadily increase their deposits with credit institutions which, in turn, stimulate lending to businesses, thus providing a common contribution to economic development. Dynamics of both the loan portfolio and new loans demonstrate that the trend of moderate growth in lending to businesses will continue, and the second half of the year might also see a minor increase in the household lending portfolio. Nevertheless, the positive changes in the household loan portfolio witnessed by the household sector will be slowed down by the high level of repayment of long-term loans granted during the pre-crisis period. The euro area bank lending survey of March 2017 suggests that the situation in the credit market was stable in the first quarter of 2017, and it is projected that credit standards will remain unchanged in the second quarter. Meanwhile, the demand for loans by individual non-financial corporation segments has increased, and it is expected to pick up in the second quarter. Moreover, several credit institutions project a rise in the demand for household loans in the second quarter. With lending to non-financial corporations recovering somewhat stronger than expected, there are grounds for improving forecast in lending to non-financial corporations, while the forecast in lending to households remains broadly unchanged, i.e. the annual rate of change will stabilise in the second half of 2017.

Box 2. Euro area bank lending survey results for Latvia

Effect of ECB non-standard monetary policy instruments

The results of the euro area bank lending survey suggest that the negative ECB deposit facility rate has the greatest impact on Latvian banks. In the second half of 2016, the negative ECB deposit facility rate contributed to a decrease in the interest rate on loans to non-financial corporations and households for house purchase in two of the four surveyed Latvian banks and in one bank – on consumer credit and other lending to households. One bank reported that the downward trend of interest rates associated with the negative ECB deposit facility rate triggered an increase in the segment of new loans to households for house purchase. Meanwhile, a half of the surveyed Latvian banks mentioned a negative aspect, i.e. their net income edged down in the second half of 2016 due to negative deposit facility rates.

In response to questions concerning the participation in TLTROs, Latvian banks pointed out that the main reason why they were tempted to participate in the TLTROs is the attractive terms enabling them to improve their profitability. By contrast, the main reasons keeping Latvian banks from participation in the TLTROs are the restrictions on collateral and the lack of limitations on funding as well as sufficient liquidity. In the fourth quarter of 2016, Latvian banks used the funds obtained through the TLTROs for substituting the resources

drawn from other Eurosystem's liquidity providing operations (mainly funding received within TLTRO I) and interbank loans. One Latvian bank has slightly improved its liquidity position through participation in the TLTROs.

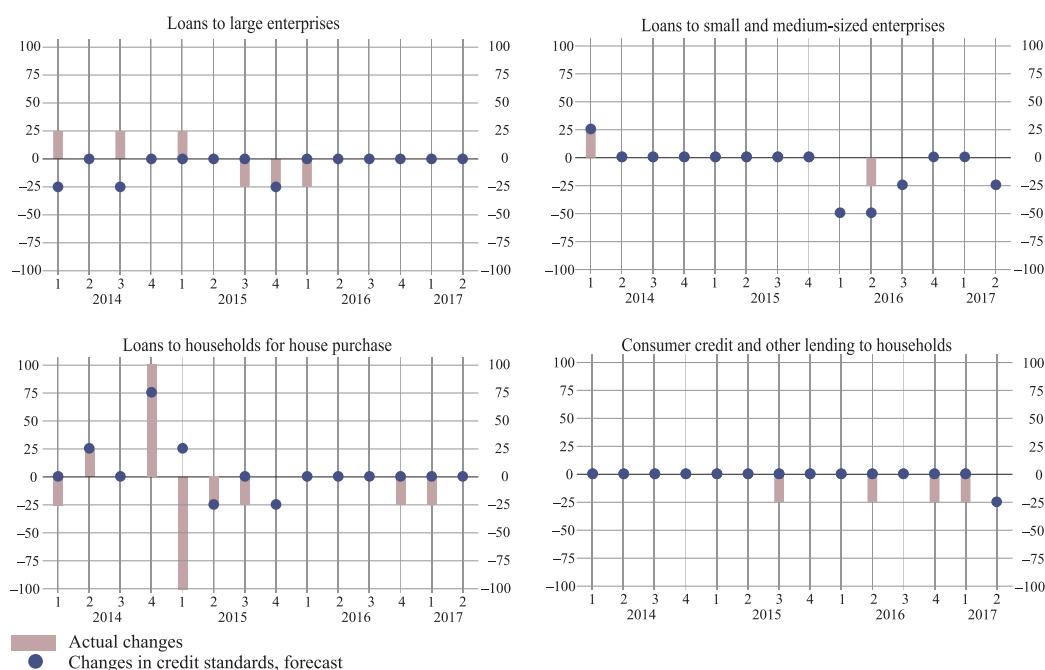
Credit standards, terms and conditions and demand

Currently all surveyed Latvian banks have tighter credit standards than those witnessed, on average, since the first quarter of 2003, but they are less tight than those prevailing, on average, since the second quarter of 2010. A trend of slow easing of credit standards is present in the segment of lending to households. In the fourth quarter of 2016 and the first quarter of 2017, i.e. for two consecutive quarters, one Latvian bank slightly eased its credit standards for loans to households for house purchase as well as for consumer credit and other lending to households. Competition among banks played the key role in the slight easing of credit standards in both sectors of lending to households. In addition, credit standards for consumer credit and other lending to households were eased also because of the growing non-bank competition and rising credit institutions' risk tolerance limits. It is expected that the standards in this lending sector might be slightly eased also in the second quarter. Latvian banks did not change credit standards for loans to non-financial corporations neither in the fourth quarter of 2016 nor in the first quarter of 2017. However, one bank intends to slightly ease credit standards for loans to small and medium-sized enterprises in the second quarter of 2017.

Chart 2.1

CHANGES IN CREDIT STANDARDS

(net percentage of banks reporting tightening credit standards; %)



Similar factors contributed to the use of slightly eased terms and conditions for loans to households. In the first quarter of 2017, one Latvian bank somewhat reduced the margin on loans to households for house purchase and slightly eased general terms and conditions for consumer credit and other lending to households. Even though the terms and conditions for loans to non-financial corporations were mainly eased in the first half of 2016, they were somewhat tightened between the fourth quarter of 2016 and the first quarter of 2017. In the fourth quarter of 2016, one Latvian bank slightly raised its non-interest rate charges for loans to small and medium-sized enterprises, and one bank increased the spread over the money market reference interest rate on risky loans to large enterprises in the first quarter of

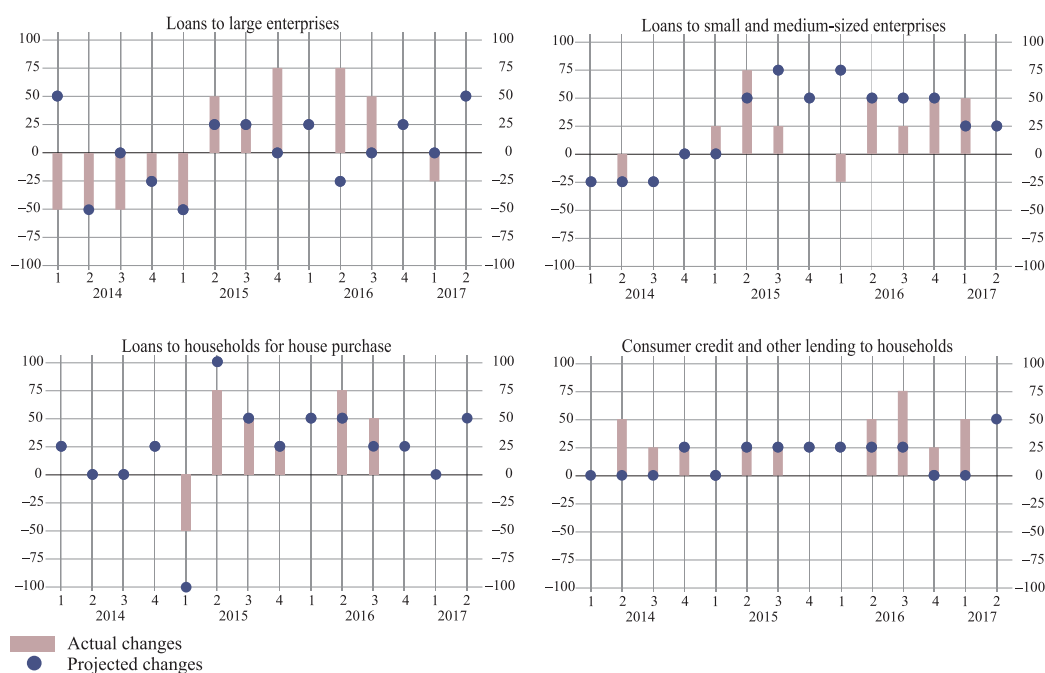
2017. A Latvian bank tightened terms and conditions for loans to non-financial corporations in relation to prevention of money laundering and financing of terrorism.

In the fourth quarter of 2016 and first quarter of 2017, the demand for loans in Latvia's credit market increased further both in the sector of non-financial corporations and that of lending to households. Banks observed that it was the demand for loans by small and medium-sized enterprises that had expanded more during the reporting period. This was facilitated by the necessity of enterprises to invest in fixed assets and use short-term loans to supplement their inventories and current assets, refinance and restructure their debt as well as agree on new conditions. The household sector saw a rise in the demand for consumer credit and other loans for two consecutive quarters since households needed funding to purchase durable consumer goods (cars, furniture, etc.). Latvian banks expect that the demand by all lending sectors for loans to enterprises, loans to households for house purchase as well as for consumer credit and other lending to households will continue to grow.

Chart 2.2

CHANGES IN LOAN DEMAND

(net percentage of banks reporting increased demand for loans; %)



Overall, the results of the euro area bank lending survey suggest that the credit market situation is favourable for further recovery of lending. The non-standard monetary policy instruments employed by the ECB, competition among banks and the raising of the risk tolerance limits contribute to the decline in lending rates as well as to easing of terms and conditions with regard to other loans. The necessity to make long-term investment of different kinds and low interest rates facilitate demand in the environment of increased economic activity.

2.6 Cross-border financial flows in the balance of payments

The cross-border financial flows in 2016 overall were affected by the decisions made by both the private and public sectors. Foreign assets posted a higher increase of 2.0 billion euro than foreign liabilities growing by 1.5 billion euro. The foreign assets reflected in the financial account expanded more than liabilities in the first quarter of 2017 (by 582.7 million euro and 336.9 million euro respectively).

In 2016, the largest cross-border financial flows in the private sector on the asset side accounted for decreases in the deposits of credit institutions with foreign banks and in portfolio investment abroad totalling 2.3 billion euro. This was driven by outflows of foreign customer deposits with Latvian credit institutions on the liabilities side observed already since the beginning of 2016 (3.2 billion euro in 2016; 32.9 million euro in the first quarter of 2017), which were offset by credit institutions by cutting their foreign assets. In the first quarter of 2017, portfolio investment abroad continued on a downward trend, but credit institutions' deposits with foreign banks increased. Changes in the deposits of some credit institutions reflect the regular interbank transactions which are affected by the bank group decisions on intra-group liquidity shifts.

The flows determined by the public sector decisions were primarily related to the participation of Latvijas Banka in the expanded APP within the framework of the Eurosystem's monetary policy measures. Overall, Latvijas Banka invested 2.7 billion euro in foreign assets in 2016. The programme continued also in the first quarter of 2017.

3. Sector Developments

Previous assessment	Developments since the previous report	New assessment
Manufacturing		
Robust growth in 2016, weaker but still resilient growth in 2017.	<ul style="list-style-type: none"> – Robust growth towards the close of 2016, with slight deceleration in the first quarter of 2017; – moderately optimistic sectoral and business assessment for 2017 in general. 	Resilient growth in 2017. Accelerating construction activity expected to promote output growth in some sub-branches of manufacturing.
Construction		
Marked output contraction in 2016; recovery in 2017 slightly more moderate than projected.	<ul style="list-style-type: none"> – The downward trend discontinued at the end of 2016; the beginning of 2017 characterised by buoyant growth; – the sector association predicts a large construction output concentration in 2018. 	Strong recovery in 2017; fund profile likely to boost sector activity in 2018.
Transport		
Substantial freight volume contraction in transportation by rail and at ports in 2016 but lesser respective drop expected in 2017; as of road transport, the swift previous acceleration is unlikely to continue (the sectoral value added is likely to shrink overall).	<ul style="list-style-type: none"> – Recently better freight volume developments at ports and by rail than expected. 	Transport sector stabilisation: in 2017, improvements in rail transportation and at ports vis-à-vis the previous year are expected; growth in transportation by road, on the other hand, likely to be blocked by protectionist measures in the EU countries. In comparison with 2016, the sectoral value added unlikely to rise notably.
Real estate market		
Gradual recovery of housing prices and market activity in 2016, which is likely to become more pronounced in 2017 due to lending expansion.	<ul style="list-style-type: none"> – Serial type apartment price hikes to accelerate gradually; – market activity continuously on a moderate rise, exceeding the notable increase in transaction activity of 2016. 	Further rise in housing prices and market activity in 2017.
Trade		
Positive contribution from one-off factors actual in 2016, likely to weaken in 2017; new factors mostly unlikely to push up demand, hence aggregated sector growth in 2017 expected smaller than projected.	<ul style="list-style-type: none"> – Volatile output dynamics at the end of 2016 and in early 2017; – several intra-sector projects announced, with the impact from them felt in a longer term. 	The 2017 sector growth similar to 2016 trends, with somewhat faster pace of sector development possible in up-coming years.

3.1 Manufacturing

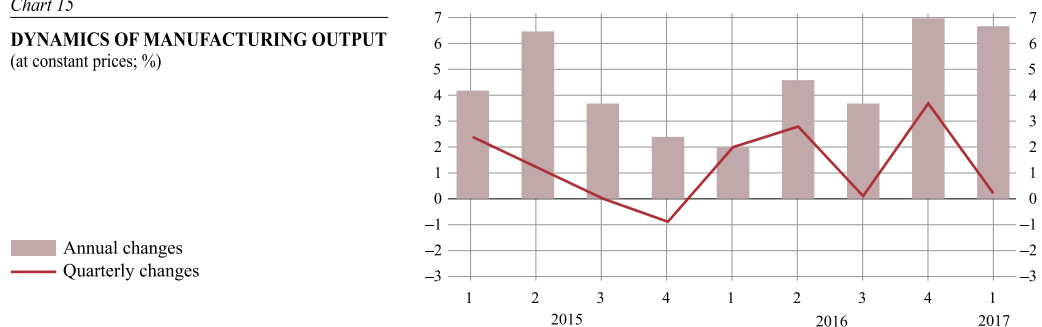
The end of 2016 and the beginning of 2017 were very successful periods for manufacturing. In the fourth quarter of 2016, sector's value added picked up 10.1% (according to seasonally and calendar day adjusted data), while a 10.3% increment was recorded for the first

quarter of 2017. The manufacturing output volume at constant prices grew quarter-on-quarter by 3.6% in the fourth quarter of 2016, such performance assessed as very good. By comparison, the quarter-on-quarter increase in manufacturing output in the first quarter of 2017 was 0.1%. It should be taken into account, however, that, this poor quarterly growth notwithstanding, the annual changes remained at a very high level (6.7%). The sector's recent good progress is mainly determined by favourable external developments, with both economic and sentiment indicators of major foreign trade partners improving. Also, the surveys of sector enterprises and associations confirm that the external demand for sector's output became stronger at the end of 2016 and in early 2017.

Even though the recent performance of sector is overall assessed as very good, its production has been fluctuating under the influence of different sub-sectoral developments over time. For instance, most likely driven by one-off factors, the output growth in wood industry decelerated notably, thereby causing performance plummeting for the whole sector early in the year. Nevertheless, a longer-term outlook for sectoral growth is assessed as positive.

Chart 15

DYNAMICS OF MANUFACTURING OUTPUT
(at constant prices; %)



In the first quarter of 2017, contributors to sectoral growth were such sub-sectors (branches) as the manufacture of computer, electronic and optical products, electrical equipment, as well as machinery and transport vehicles and their components. The growth continues to be broad-based, covering most sub-sectors of manufacturing. Robust annual growth in manufacture of fabricated metal products in combination with good building material output data confirm the strengthening of construction activity implied by the GDP data release. The manufacture of furniture and beverages as well as the chemical industry demonstrate a dynamic growth. The manufacture of food products, the second largest sub-sector, by contrast, continues to display growth rate volatility, lingering close to zero. The sector stagnation has become protracted. Amidst limited domestic market conditions, exports figure as the only means of boosting output. Admittedly, capturing new export markets, particularly for food products, is a complicated and time-consuming activity. Wood processing, the largest manufacturing sector, has been sending negative signals: as February and March data were very weak, growth vis-à-vis the previous year was insignificant. Sector businesses, however, reject the presence of any fundamental changes, and the upcoming months are likely to see a further, albeit less dynamic, advance of the sector.

In general, the beginning of 2017 has been quite successful for manufacturing, with its continuation anticipated on the same positive note. The external environment shows gradual improvement of the situation, which is very well attested also by the results of the recent Latvian industrialists' survey and the answers to the EC business sentiment survey. The latter survey excels in almost unprecedented indicators relative to the assessment of the volume of both orders and output projected for the future. The estimated capacity utilisation is also record high, at 74.8%.

Only 37.4% of all manufacturers name insufficient demand as a serious growth-restricting obstacle (the indicator was at such a low level during the pre-crisis period). Meanwhile, the share of businesses admitting labour force hiring problems as a significant growth-restricting

factor is gradually growing (16.6%). However, this indicator cannot be assessed as very high in historical terms, as there have been periods with every second manufacturer considering this factor significant.

Of late, manufacturing has demonstrated stable remuneration rises. They are likely to take place also in the near future. Despite overall positive profitability in the sector in previous years, the sub-sectors' performance has displayed differences, which seem even more pronounced in the breakdown by individual business. Amidst persisting remuneration rises, businesses will have to look for new opportunities to boost productivity and profitability so that such wage growth becomes sustainable. The pressure from labour demand is likely to strengthen gradually also in other sectors. Hence investing in production, performance efficiency, innovations, etc. will be of crucial importance. Non-financial investment statistics show that of late the year 2016 has been the weakest in terms of investment. Despite the somewhat rising investment activity in early 2017, the overall investment level is still low, thereby undermining the growth potential in the sector.

Manufacturing production is expected to post a pickup of about 4%–5% in 2017. The so far substantial increment should be attributed more to the end-2016 and early-2017 performance. Over time, the sector's performance should moderate, thereby reflecting trends of the gradual external environment recovery. Steeper growth of the sector is held back by investment shortages of the past.

3.2 Agriculture

In 2016 vis-à-vis 2015, value added in agriculture increased by 1.9% at constant prices and decreased by the same percentage at current prices. Agricultural non-financial corporations posted a net turnover decline of 7.9% in 2016. Such weak sectoral performance in 2016 was underpinned by contracting grain harvesting, the low average purchase price for milk, and the epidemic of African swine fever.

Against 2015, total cereal harvest in Latvia shrank by 10.5% in 2016, notwithstanding a 6.5% extension of the sown area. It was the second largest harvest in Latvia's history (2.7 million tons; a record harvest of 3.0 million tons in 2015). According to the CSB data, cereal purchases decreased by 8.3%, with the average purchase price also going down. This was driven by falling prices at global grain markets and the quality of grain, most of the purchased grain being of feed grain quality due to unfavourable weather conditions. The average purchase price of grain was 134 euro per ton in 2016 (the lowest average purchase price since 2010). From January to April 2017, the global grain price index rose somewhat on average (by 4.3%) in comparison with autumn 2016 when it was at its low. A higher grain price in global markets had a positive impact on price developments in Latvia, where the average purchase price elevated by 12.6% year-on-year in the first quarter of 2017.

According to the information compiled by the Agricultural Data Centre, the volume of raw milk straight from the farm slightly increased year-on-year in 2016. The respective year-on-year figure for the first quarter of 2017 remains almost unchanged, despite the current trend of reducing the number of dairy cows not vanishing since 2015. The average purchase price of milk, on the other hand, kept on climbing in December and January consistently with the trend since August 2016, most likely because of the growing demand for milk across global markets. In February, however, its price rebounded again, increasingly lagging behind the EU average milk purchase price.

In livestock breeding, the focus is still on fighting African swine fever which is spreading in Latvia for the third consecutive year. Pork prices report an upswing, with purchase prices rising in both domestic and global markets. China (the largest pork importing market in the world) acts as the first factor to trigger price changes. The supply deficit on its domestic meat market is addressed by making bulky pork purchases from Europe (now almost two times

more than in 2015). In Europe (e.g. in Denmark, the Netherlands, Belgium and Germany) in turn, the number of pigs has notably declined.

The effects from global price trends are expected to weigh on agriculture in 2017. Globally good wheat harvests are projected to supplement the already existing large stocks of wheat, thereby not encouraging grain price upswings. In addition, rains during grain harvesting in 2016 caused financial losses, with an adverse impact on investing activities in the sector in 2017. Milk prices in the EU market elevated, thereby reducing concerns about notable adverse fluctuations in milk prices in Latvia, because historically the average purchase price of milk has always interdependent on global trends. Overall, no marked changes in comparison with the previous year are to be expected in 2017.

3.3 Construction

Weak performance of the construction sector in 2016 was primarily determined by the delayed drawdowns from the EU funds. In 2016, the construction sector's value added shrank by 17.9%, and some recovery started in the last quarter of the year. The rebound in the previous downward trend became evident in the first quarter of 2017, when value added posted a pickup of 5.0%, with the annual increase measuring 3.1% according to seasonally and calendar day adjusted data.

The upswing in construction output in the first quarter (2.2% according to seasonally adjusted data) was mainly driven by expanding construction of non-residential, e.g. trade, industrial and warehouse, buildings. Following the recovery in the fourth quarter of 2016, the segment of multi-dwelling residential buildings saw the construction output shrink in the first quarter of 2017, albeit the annual growth rate remained strong. Building of civil engineering structures, on the other hand, continued to stagnate, still anticipating improvement in the availability of EU funding, lack of which was the main obstacle for construction growth also in 2016. Seasonally adjusted volume changes in building civil engineering structures turned somewhat negative again in the first quarter of 2017 (despite a slight increase in the fourth quarter of 2016).

The most recent prudent estimations by the Ministry of Finance of the Republic of Latvia relative to availability of financing from the EU funds are above the actual materialisation in 2016. The CSB data suggest that the fast growth seen in the first quarter of 2017 was mainly driven by construction unrelated to co-financing of the EU funds. Businesses in the construction sector also voice their expectations for more intensive absorption of the EU funds prospectively in the second half of the year. Developers' plans to set in motion many privately financed construction projects (building of trade space, office buildings, warehouses and industrial space) corroborate the sector's growth potential. The implementation of such large projects as building of the trade centre "Akropole", IKEA store and New Hanza City has started. In addition, the sector growth has been spurred by favourable weather conditions at the beginning of the year which allowed for the start of an early building.

The leading construction indicators have been improving since the middle of 2016 and ever increasingly point to changing sentiments of sector businesses: employment expectations taken from EC surveys for the first five months of 2017 already indicate an increase. The order assessment is continuously becoming better, and the period secured with orders in the first half of the year was on par with the 2014 level; likewise, the indicator of overall builders' sentiment, albeit still negative, has improved two times vis-à-vis the lowest level in mid-2016. The production of building materials reflecting the demand in the construction sector, in turn, accelerated in 2016.

The start of 2017 is likely to have ushered in a productive period for the sector. The Ministry

of Finance of the Republic of Latvia plans for EU funding injections into the Latvian economy have exceeded the level of 2016; also in the years to come, the absorption of EU funding is to increase to make up for the delay in 2016. Following a temporary stagnation, the construction of residential buildings sends signals of recovery in activity due to resident demand, while the construction costs do not suggest the emergence of a sustainable growth trend yet. The low 2016 base in the segment of non-residential buildings and civil engineering structures, when projects co-financed by the EU funding stagnated and large-scale construction projects were scarce, will encourage the achievement of a faster growth rate in 2017. The stances of both sector businesses and associations also point to their plans of launching larger projects in 2017 and some upcoming years.

To address the risk of economic overheating associated with the access to the EU funding renewed after a period of notable drop in the first half of 2016, the Ministry of Finance of the Republic of Latvia has revised notably down the EU funding projected for 2017 and 2018, allocating flows to the years to come. Considering the previously incurred fund administration problems, the forecasts are likely to be of pessimistic nature. With private sector projects gaining momentum, a planned reduced accessibility to the EU funding in the near term may prevent potential overheating, shortages of work force and rising costs in the construction sector. Based on information available to the sector association on future projects, it is anticipating a more pronounced private and EU co-financed project concentration in 2018.

3.4 Real estate market

In 2016, the real estate market recovered from adjustments triggered by more stringent investment criteria for the entitlement to temporary residence permits. Value added in real estate activities declined somewhat (by 0.6%) in the fourth quarter of 2016 and the year as a whole, even despite stronger activity and an increase in the number of transactions. Also in the first quarter of 2017, changes in value added were still slightly negative.

According to the data of the Land Register, following a notable rise in 2016, the number of real estate transactions in the first five months of 2017 was similar to the level of the respective period of 2016. At the beginning of 2017, prices of standard apartments continued a steep upward trend, characterised by growth acceleration to around 8% in annual terms. Real estate enterprises acknowledge price rises at an albeit slightly slower pace in segments of other dwelling construction (e.g. in new projects) as well. The house price index compiled by the CSB, which has been on the rise since the late-2014 correction and which in the fourth quarter of 2016 pointed to a price level slightly exceeding the high recorded for the third quarter of 2014 in the segment of used housing, shows that the recovery of real estate market activity had translated into higher prices. The CSB's turnover index of real estate enterprises shows that, in contrast to renting or managing real estate, it is in real estate purchase or sales transactions that value added drops more notably. This can be explained by the growing number of transactions and falling average value of a transaction (a smaller share of large transactions).

Transaction numbers and housing prices are expected to go up gradually also in 2017. Amidst rising income levels and shrinking debt liabilities, the purchasing power of Latvian households is improving, while the amount of new loans for house purchase is growing. The state aid programme for young families to purchase housing, implemented by the JSC "Attīstības finanšu institūcija Altum", promotes the activity in the real estate market and enjoys political support for its continuation, including the government-approved intention to extend the target audience by including young specialists in the programme. The overall number of programme participants is likely to increase in the near future. The amount of loans issued under the programme accounts for around one third of overall lending for house purchase.

3.5 Trade

The growth of the trade sector had decelerated since 2014, with its value added at constant prices increasing by 3.4% in 2016.

A pickup in wholesale, following a rapid acceleration in the fourth quarter of 2015, did not continue in 2016. Its annual rate of increase decelerated until the end of the year and amounted only to 2.0% in the first quarter of 2017.

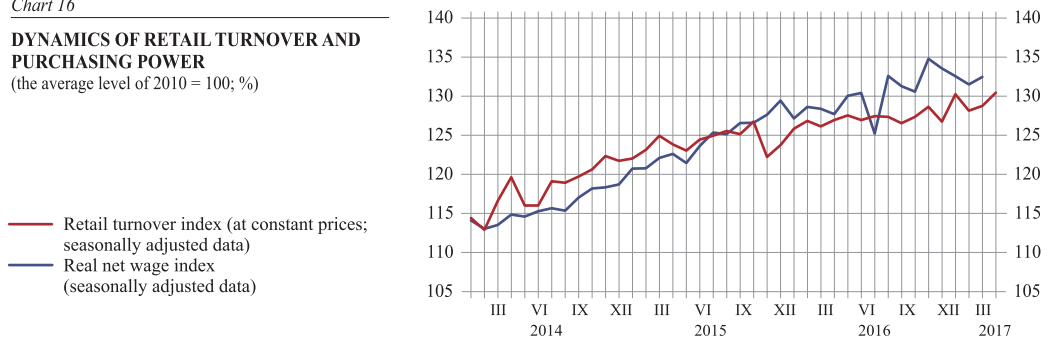
In 2016, sales of motor vehicles benefited from purchases by legal persons and a rise in leasing activity in 2016. The increasing purchasing power coupled with more favourable lending and leasing offers to households allowed developing sales of new cars in 2016. Nevertheless, the number of cars newly registered with the Road Traffic Safety Directorate decreased in general, pointing to the small market, i.e. opportunities to develop the sector in the domestic market are limited. Data covering the first months of 2017 suggest that the annual growth rate of both trade and car registration has been positive. However, such development might have been affected by one-off factors, e.g. different ways of calculating the vehicle operation tax (based on the volume of carbon dioxide (CO₂) emissions) and the imposition of a fee on motor vehicles registered abroad and participating in road traffic in Latvia.

In 2016, the total retail trade turnover at constant prices edged up by a mere 2.5%, which was the slowest growth rate recorded in five years. Retail trade growth stabilised at the end of the year. The quarterly rate of increase (seasonally adjusted data) returned to positive territory and even accelerated in the first quarter of 2017. Retail profitability calculated on the basis of quarterly data also remained stable in 2016, suggesting that consumer purchasing power was rising. According to the CSB revised data, an increase in net remuneration was steeper in 2016 than initially estimated, but the average annual inflation was close to zero. Thus, purchasing power was edging up and retailers could maintain the rate of return irrespective of the slightly decreased turnover.

An increase in consumer confidence observed along with a modest improvement in retail confidence outlines retail development in the coming months. It is likely that in the medium and long term retail might concentrate in larger trade centres and retail chains which are better placed to reduce costs. This is confirmed by the withdrawal of the JSC Prisma Latvija from operation in Latvia due to the overestimated market opportunities (supermarkets occupied large spaces which could be adapted to the needs of new lessees), by strengthening the largest retail chains (construction of the new logistics centre of RIMI LATVIA Ltd. has been commenced, MAXIMA Latvija Ltd. is opening new shops) as well as concentration of services in one location to increase the number of buyers in shops and service companies (e.g. in the new thematic centre Decco). Also, IKEA will occupy the segment dealing with maintenance and improvement of the dwelling. The new entrant will most likely compete with smaller manufacturers and traders and could in part service, e.g. Estonian consumers. Examples suggest that purchases of durable goods gain in importance rather than those of prime necessity goods (due to an increase in purchasing power and access to financing), but at the same time another challenge has surfaced, i.e. the small market makes its participants explore new solutions to competition.

Chart 16

DYNAMICS OF RETAIL TURNOVER AND PURCHASING POWER
(the average level of 2010 = 100; %)



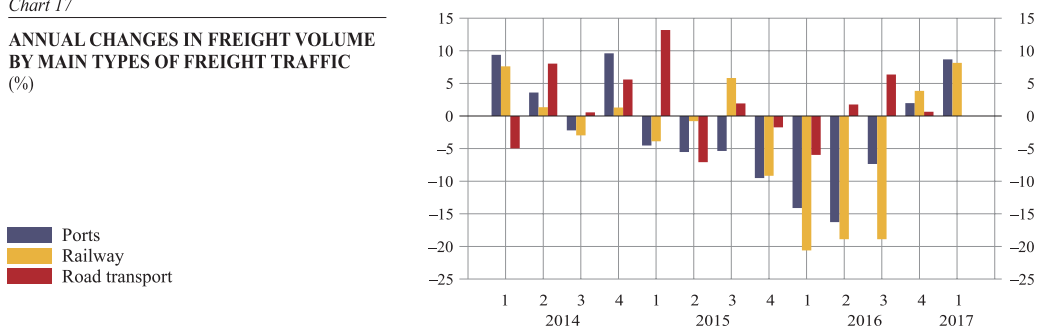
Vision of trade development has remained broadly unchanged since the publication of the December Macroeconomic Development Report. From the historical point of view, retail development is fairly well in line with dynamics of purchasing power. However, the common trend has weakened since the second half of 2016. Purchasing power will not accelerate in the short term as higher inflation will offset a steeper rise in wages. However, expansion of the large retailers like the entry into the market of new enterprises will partly result in market redistribution and only partly – growth of the sector which could ensure over time not only the classical retail services in a specific field but also more abundant supply. They could also include wholesale and logistics services provided to foreign partners.

3.6 Transport

During almost the entire 2016, the transport sector was characterised by a contraction of cargo volumes at ports and decrease in cargoes by rail. The last two quarters of 2016 also saw a decline in the turnover of road freight transport. Overall, the transport sector's revenue generated from export services fell due to the contribution provided by maritime and rail transport. Nevertheless, the value added of the transport sector augmented by 1.1% in 2016, following a marginal contraction in 2015. This was on account of the excellent results achieved by road transport at the beginning of 2016 and the very good growth of the air passenger transport observed throughout the year. The fourth quarter of 2016 and first quarter of 2017 (compared to the previous quarters) saw an increase in value added in the sector as a whole, i.e. 1.2% and 3.0% respectively. The preliminary data on the volume of cargoes at ports and in rail transport as well as the successful result provided by exports of transportation services at the beginning of the year confirmed the rapid growth in the first quarter.

Chart 17

ANNUAL CHANGES IN FREIGHT VOLUME BY MAIN TYPES OF FREIGHT TRAFFIC
(%)



At the end of 2016, the volume of cargoes at ports and the volume of rail freight started to recover, and this recovery continued also at the beginning of 2017. In the breakdown by port, the Port of Ventspils, where the volume of transhipped cargoes the level last seen in 2015, has recorded the sharpest rate of increase. The high-sounding news about the refusal by the Russian state railway company Rossijskije železnije dorogi to approve a significant part of the demand for freight transportation to Latvia's ports is most likely exaggerated.

However, this news reiterates that cooperation with Russia is fragile and depends on political considerations and that it is important to seek more stable alternatives.

In the breakdown by type of cargo, the volume of coal cargoes has expanded more significantly, while that of oil products continues to contract. The volume of transhipped containerised freight has been increasing since the end of 2016. The pickup in transhipped coal cargoes can be significantly attributed to global trends characterised by a higher demand for coal and its price rise. For example, imports by China, the central participant of the coal market, have augmented by a third in the first four months of 2017 year-on-year. Although China's demand for coal will continue to move up, the country's coal mining will also be on the rise as the previously established restrictions on mining have been lifted. Thus, the rapid expansion of imports will most likely discontinue, and this will also be reflected in global coal prices.

Overall, the weight and turnover of freight transported by road changed only slightly in 2016, and this situation should be viewed as negative in comparison with growth observed in the previous years. The second half of the year saw a decrease in turnover in the segment which had previously registered the highest growth, i.e. shipments between foreign countries (mainly between EU countries). Meanwhile, the first quarter of 2017 saw a sharp increase in inland transport again and a relatively small pickup in international transport (therefore, the weight of the transported cargoes has demonstrated a surge, but their turnover – significantly smaller growth). Major risks posed to road transport are still related to the protectionist policy pursued by EU countries as an increasing number of countries impose limits and tighten rules with regard to carriers from other countries.

The SJSC Riga International Airport reached a record-high number of passengers served in 2016, and the passenger numbers continued to rise also in the first four months of 2017 (6.3%). April saw buoyant growth of the number of passengers which was most likely related to the seasonal effect of Easter in March 2016.

It is expected that in 2017 the sector will not face the contraction of freight volume seen in 2016. The value added of the industry might broadly remain at the level recorded in 2016. The pickup observed at the beginning of 2017 (reflected by the preliminary data) allows to project more positive development of the sector than that seen at the end of 2016. However, it should be taken into account that the upward path is largely related to coal cargoes whose volume depends on external factors which are hard to foresee, i.e. the global demand for coal, their prices and Russia's policy. Moreover, the value added originating from coal cargoes is small. Meanwhile, the CSB data suggest that turnover of freight transportation by road has been volatile in recent quarters, and problems related to the protectionist policy pursued by EU countries may continue.

3.7 Gross domestic product

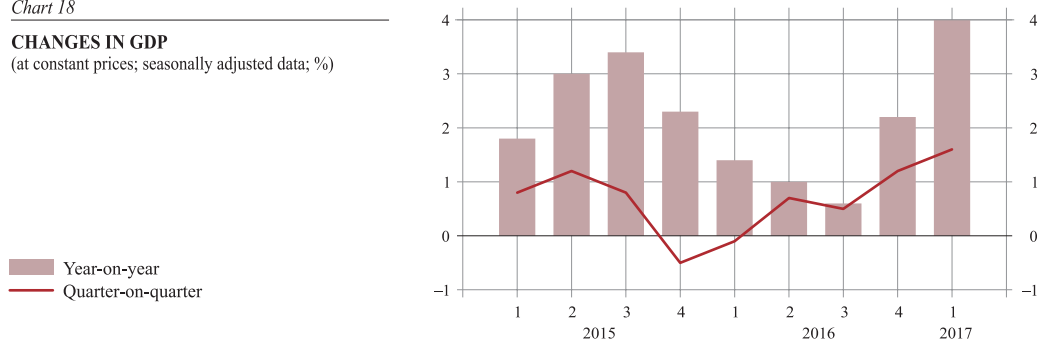
GDP growth has been relatively strong. In the fourth quarter of 2016, GDP increased by 1.2% quarter-on-quarter (seasonally adjusted data) but in the first quarter of 2017 – by 1.6%. Thus, the annual GDP growth reached 4.0% in the first quarter of 2017, demonstrating good performance. However, growth factors differed in the above two quarters.

Manufacturing growth, which was mainly driven by an improving situation in the external environment, was the largest contributor to GDP growth in the fourth quarter of 2016. Electricity generation reached a very high level, which contributed positively to GDP growth. The contribution provided by a rise in the collected product tax was also positive. Meanwhile, manufacturing, construction and the transport sector were the largest contributors to growth in the first quarter of 2017. A significant positive contribution to GDP growth came also from trade, energy and the public services sector in the first quarter of 2017.

Chart 18

CHANGES IN GDP

(at constant prices; seasonally adjusted data; %)



Also, in 2017 overall, the most fundamental question concerns the strength of construction recovery. The first quarter has shown good results, and constructors stress that the year 2017 will be better than 2016. Taking account of the low base of 2016, the range of recovery intensity of the sector is very wide. It is successes or failures of construction that will largely determine the volatility of GDP growth rate in the quarters to come. It is expected that manufacturing will increase at the pace observed in 2016 or somewhat slower. Although the first quarter of 2017 has delivered good preliminary results, the transport sector will not see a significant rise in value added. Development of the trade sector will also follow the trends observed in previous years.

The GDP forecast published in December 2016 was revised upwards by Latvijas Banka on 23 March 2017. Thus, part of the factors pointing to the need to increase the forecast since the publication of the previous Macroeconomic Development Report has already been included in the forecast revised in March. However, positive sectoral preliminary statistical data and the GDP flash estimate for the first quarter of 2017 allow further upward revision of GDP. Seasonally and calendar non-adjusted data suggest that GDP is likely to grow by 3.3% in 2017 (3.0% according to the previous projection), but the seasonally and calendar adjusted data show that it could increase by 3.7% (3.4% according to the previous projection).

Further GDP growth has been forecast in 2018 (3.4% according to seasonally and calendar adjusted and non-adjusted data). However, the uncertainty surrounding the year 2018 is greater. The external environment might witness new developments and shocks, other trends might emerge in relation to the absorption of EU structural funds, and a crucial question here is whether the tax reform approved by the Cabinet of Ministers of the Republic of Latvia will be implemented and how it will be done.

4. GDP Analysis from the Demand Side

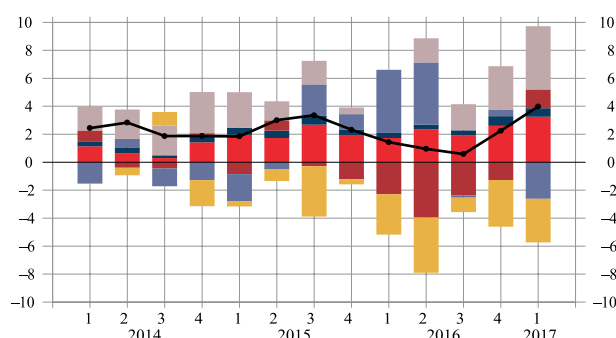
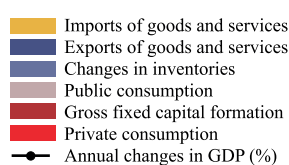
Previous assessment	Developments since the previous report	New assessment
Private consumption		
Stable growth in private consumption.	<ul style="list-style-type: none"> – Despite an increase in wages and salaries expected in the public sector in 2017, the total purchasing power will not grow more rapidly than in the previous year due to a rise in inflation; – the lending development could allow channelling a part of funds into investment (house purchase) rather than consumption. 	The annual growth rate of private consumption has remained broadly unchanged.
Investment		
<p>Weaker-than-forecast investment growth in the second half of 2016 on account of more sluggish implementation of projects co-financed from EU funds.</p> <p>Absorption of EU funds will be relatively steady in the coming years. Therefore, the recovery will be slower in 2017 and more rapid in 2018.</p>	<ul style="list-style-type: none"> – The revised data on investment are more positive in 2016; – in the first quarter of 2017, government investment has grown, with many private sector investment projects announced and launched across different sectors; the results are already reflected in the construction data. 	The contribution of investment to GDP growth will increase and approach the positive contribution of private consumption in 2017.
Exports		
Moderate rise in real exports in 2016. Growth rate has been reduced in 2017 due to weaker external demand.	<ul style="list-style-type: none"> – External demand forecasts have been revised upwards on account of an improvement in the euro area outlook; – new information and revised data on exports suggest more rapid growth in the fourth quarter of 2016 and the first quarter of 2017. 	The growth rate of exports of goods and services has been revised upwards for 2017.
Imports		
Rapid, albeit slower than previously projected, expansion of real imports in 2016 and 2017.	<ul style="list-style-type: none"> – New information on imports in the first quarter; revision of historical data; – short-term data, e.g. data on the construction sector development and government investment expenditure, suggests that investment growth may be faster than previously estimated. 	A steeper rise in investment will result in an increase in demand for imports of capital and intermediate goods.
Government consumption		
Steeper rise in expenditure in 2017 on account of the approved additional funding for remuneration, the health care sector, defence, etc.	<ul style="list-style-type: none"> – At the beginning of the year, government consumption increased at the projected rate. 	The government consumption assessment has not been changed significantly.

Over the last four years, GDP growth was supported by an expansion of private consumption. However, in 2017 a significant positive contribution from higher investment activity is expected to be an additional driver to GDP growth. An expansion in imports will be facilitated by both the government and the private sector investment in 2017. This is already reflected in the monthly data for the first quarter suggesting an increase in the

government capital expenditure, also supported by the information on the foreign trade flows of goods. Growth in foreign trade turnover was, however, partly affected by the global commodity prices. For instance, the oil and food prices in the global market reached quite a substantial year-on-year increase at the end of 2016 and in the first months of 2017. However, foreign demand also followed an upward trend facilitating exports of both goods and services. The share of technology-related services' exports increased significantly. In addition, a growing contribution was also ensured by the construction services during the period when the construction companies were looking for new business opportunities due to the slow absorption of EU funds.

Chart 19

CONTRIBUTION TO ANNUAL CHANGES IN GDP
(demand side; percentage points)

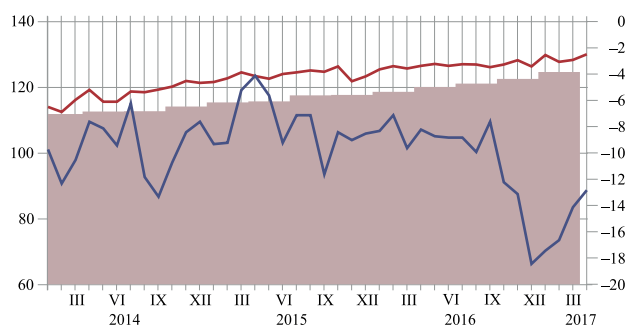
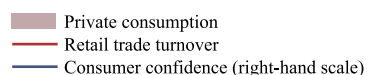


4.1 Private consumption

The contribution of private consumption to GDP growth is unlikely to increase in 2017. According to the CSB data updates, in 2016 net remuneration increased at a slightly faster rate than estimated initially; however, since inflation was close to zero, the increase in purchasing power was close to that in net wages and salaries. Since the positive contribution of food prices to inflation has recovered, the average annual inflation rate might reach 2.9%. Consequently, even considering that the rise in the public sector remuneration is steeper than that in 2016, growth in the total purchasing power is not expected to accelerate. Meanwhile, the consumer sentiment has continued to improve since the end of 2016, along with positive trends in economic activity and better labour market indicators.

Chart 20

INDICATORS CHARACTERISING CONSUMPTION
(consumer confidence, net responses; 2010 = 100; %)



Improvements in the retail trade sentiment in some retail trade segments can be explained by the monthly data on the lending development and a more positive consumer sentiment. For instance, with loans for house purchase increasing, the funds otherwise directed to other consumption needs might now be used to purchase house furnishing goods. Thus, the increase in private consumption may still be somewhat slower than that in disposable income, while the trend of building up savings is also likely to continue.

4.2 Investment

According to the CSB data updates, published simultaneously with the GDP data for the fourth quarter of 2016, investment declined by 11.8% in 2016, representing a less

pronounced decrease than estimated initially; however, the effects of higher private consumption were fully offset by a negative contribution of gross fixed capital formation to growth. The shrinking investment was also reflected by a reduction in real imports of capital goods not observed in the previous years. Investment conditions improved somewhat in the fourth quarter: according to the adjusted data, the quarterly growth rate accelerated. This may have been influenced by the fleet renewal launched by JSC Air Baltic Corporation, the national airline of Latvia.

A number of indicators suggest a significant contribution of investment not only in the first quarter but also throughout the year. Government capital expenditure increased by more than 40% year-on-year on account of both the more rapid absorption of EU funds and more intensive implementation of projects, in particular that of local governments, financed from the basic budget. In addition, quite large private sector investment projects are launched in both the manufacturing sector and various services sectors. These include the construction of trading and logistics centres (RIMI LATVIA Ltd., IKEA), as well as infrastructure projects, e.g. the construction of Ķekava bypass, etc. Such projects will initially support the construction sector finding reflection in investment. Meanwhile, the sectors commissioning the projects are expected to develop in the medium and long term. Moreover, not all investment will be capacity-strengthening, i.e. will lead to accumulation of capital, since it will partly replace capital depreciation, e.g. in several infrastructure projects and, in part, the planned renewal of the fleet of JSC Air Baltic Corporation. At the same time, it should be noted that the need for investment is signalled by a high level of capacity utilisation, e.g. in manufacturing.

Chart 21

ANNUAL CHANGE IN INVESTMENT AND CONTRIBUTION OF COMPONENTS
(at constant prices; seasonally adjusted data; %)

- Housing
- Other buildings
- Transportation equipment
- Other manufacturing equipment
- Biological resources
- Intellectual property
- GFCF

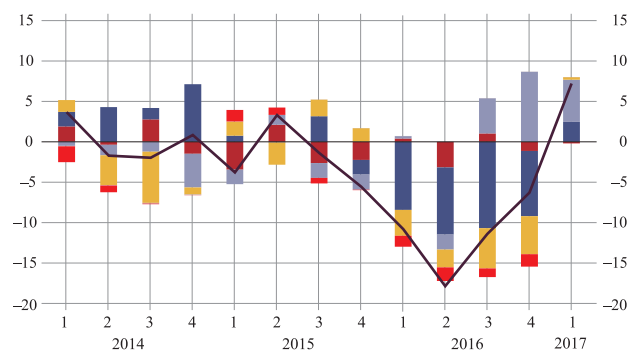
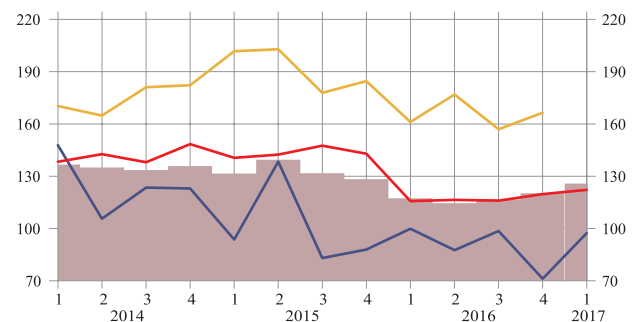


Chart 22

INDICATORS CHARACTERISING INVESTMENT
(at constant prices; 2010 = 100; %)

- GFCF
- Construction of buildings
- Construction of engineering structures
- Import of capital goods



In 2016, inflows of foreign direct investment in Latvia accounted for 0.5% of GDP, the largest ones being channelled into the sectors of trade, transportation and storage as well as information and communication services mainly from Luxembourg, Russia and Austria. In 2016, a decrease in direct investment inflows was observed in Latvia as compared to the data for the previous year – 2.5% of GDP. This can be explained by the capital structure optimisation of Swedbank AS group in 2016, resulting in a fall in direct investment in Latvia. Apart from this one-off factor, the level of direct investment inflows in Latvia was similar to that in 2015. Direct investment inflows in Latvia accounted for 2.4% of GDP

in the first quarter of 2017. The largest inflows of investment were recorded in real estate activities, the sectors of electricity, gas supply and heating as well as the sectors related to information and communication services. Looking by country, most investment came from Russia, Luxembourg, Norway and the Netherlands.

4.3 Exports

In early 2017, income from exports of goods was significantly boosted by the stabilisation of economic growth in the largest export markets, the revival of external demand and a more positive foreign consumer sentiment, as well as by improved competitiveness of Latvian businesses and higher export prices. Nominal exports of goods went up by 10.1% year-on-year in the first quarter. The available monthly data on the dynamics of export unit value point to a positive contribution to economic growth in real terms. An expansion in exports was recorded for nearly all commodity groups. The largest positive contribution to growth in exports of goods came from food products, wood and products of wood, animal products, transport vehicles, products of the chemical industry and products of basic metals.

In the fourth quarter of 2016 and in 2016 overall as well as in the first quarter of 2017, income from exports of services continued on an upward trend, mostly supported by construction services, in particular, those provided in Sweden and Norway as well as in Germany and the UK, as companies were seeking alternative business opportunities due to the sluggish absorption of EU funds in the domestic market. The contribution of telecommunication and computer services continued to increase; however, in the first quarter of 2017 their growth rate was slower due to a base effect. At the same time, in the fourth quarter of 2016 and in early 2017 the spending of foreign visitors in Latvia continued on a downward trend in comparison with the corresponding period of the previous year. Conversely, the number of visitors arriving in Latvia and their length of stay continued growing. In 2016 overall, the number of visitors from Russia also posted a slight increase of 2.5%. Although in 2016 exports of transportation services saw a decline, it was more than offset by an upturn in telecommunication and computer services as well as in construction services. Thus, income from exports of services continued to expand by 5.1%, a rate similar to that of the previous year. A year-on-year rise was also recorded in the first quarter of 2017.

According to the preliminary 2016 data collected by the WTO, the share of Latvia's exports of goods and services increased year-on-year both in the EU and globally. This suggests a positive development, taking account of a decline of Latvia's share in the global market of services in 2014 and 2015 and that in the global market of goods in 2015. Eurostat data on Latvia's trade with EU countries also suggests that the export share of Latvia's goods in the EU market continues to grow and the competitiveness is improving. Cost competitiveness deteriorated somewhat in 2016; however, the profitability of Latvia's businesses remained stable and even improved in several exporting sectors.

4.4 Imports

Imports of goods also grew significantly in the first quarter of 2017. An increase in both consumer goods and intermediate and capital goods suggests the strengthening of domestic consumption and higher investment activity. Businesses increased their demand for commodities for manufacturing products to be exported or sold in the domestic market. The increase in the value of imports was also partly driven by the effects of prices, those of mineral and food products in particular. Nominal imports of goods expanded by 13.3% in comparison with the first quarter of the previous year. Like in January, a large contribution to the annual increase in imports of goods also came from purchasing a Bombardier CS300 aircraft in March, according to the information provided by JSC Air Baltic Corporation to the media. By the end of 2017, the national airline fleet will have eight aircrafts of this kind.

Meanwhile, in 2018 and 2019, twelve more aircrafts are planned to be received (six each year), providing a further substantial contribution to the increase in imports of goods.

In the fourth quarter, nominal imports of services also continued expanding by 4.6%, largely on account of imports of telecommunication and computer services, as well as the household spending abroad. In 2016 overall, imports of services grew by 4.1%, less than in the previous year, facilitating an improvement in the balance of services. Imports of services also continued on an upward trend in the first quarter of 2017 spurred by construction services and other business services, particularly those related to accounting and marketing.

4.5 Government consumption

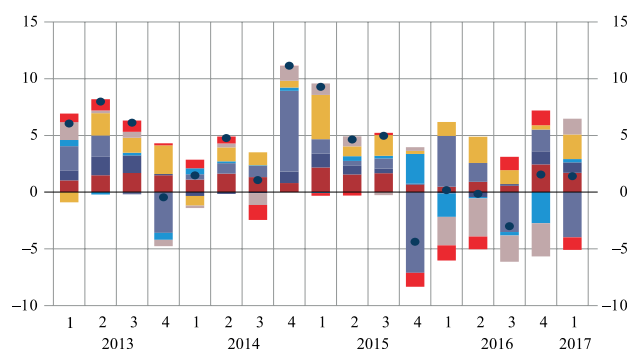
In the first quarter of 2017, government expenditure on both goods and services increased at the expected rates, i.e. by 7.4% year-on-year. This was partly offset by a decline in the subsidy and grant expenditure. Consequently, the government consumption forecast for 2017 has remained unchanged. In 2017, government consumption is expected to grow at a somewhat higher rate than in 2016. Already in the first quarter, the increase in government consumption was driven by a rise in the wages and salaries of teachers, police staff and judicial staff as well as by higher minimum wages envisaged in the Law on State Budget 2017, along with a robust increase in the government expenditure on goods and services.

It should be noted that government investment is resuming. This is suggested by the capital expenditure data: following a record low in the previous year, in the first quarter of 2017 capital expenditure grew by more than 40%. This also points to a gradual renewal of access to the EU funds. With mutually offsetting dynamics of expenditure items, total government expenditure rose only slightly in the first quarter (by 1.4%). Due to the moderate increase in expenditure, together with a persistently high rise in tax revenue (mainly revenue from VAT, personal income tax and excise tax), the general government consolidated budget balance improved by 51.3 million euro in comparison with the corresponding period of the previous year.

Chart 23

RATE OF CHANGE IN GENERAL GOVERNMENT CONSOLIDATED BUDGET EXPENDITURE AND CONTRIBUTION OF SELECTED ITEMS
(year-on-year, %)

- Remuneration
- Goods and services
- Subsidies and grants
- Social benefits
- Capital expenditure
- Other expenditure
- Percentage expenditure
- Total



According to ESA 2010 methodology, Latvijas Banka's assessment of 2017 government budget balance has been revised upwards by 0.2 percentage point (up to a deficit of 1.0% of GDP). More accelerated economic growth, along with an increase in inflation and a decline in the grey economy, brought about higher-than-projected tax revenue collections. Consequently, the budget revenue forecasts have been revised upwards. At the same time, the risk associated with the rate of absorption of EU funds persists. More active absorption of EU funds would result in a steeper rise in government investment, thereby positively affecting the overall economic growth; however, this would also result in a larger government deficit.

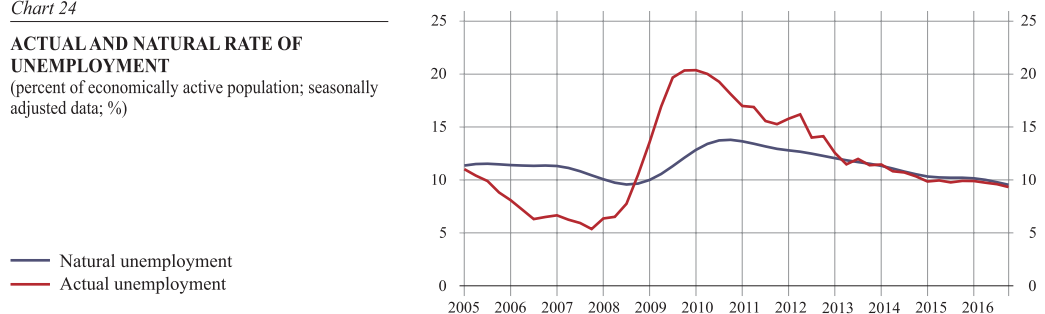
5. Labour Market

Previous assessment	Developments since the previous report	New assessment
Unemployment		
A gradual decline in unemployment (close to its natural level).	<ul style="list-style-type: none"> – The unemployment rate is declining in line with forecasts; – the number of businesses referring to labour shortages is increasing. 	The previous assessment has remained broadly unchanged.
Remunerations		
In 2017, the average remuneration is expected to rise by 5.0%. A similar growth rate will persist also in the medium term.	<ul style="list-style-type: none"> – The average remuneration data for 2016 have been revised upwards by the CSB; – the increase in remuneration in the private sector slightly exceeds the projected level. 	In 2017, the average remuneration will rise by 6.0%. The medium-term forecast has not been changed significantly.

The labour market situation is becoming more favourable for employees. With the pace of economic growth increasing, the decline in unemployment has accelerated somewhat. The current unemployment rate (9.4% of the economically active population in the first quarter of 2017) is below the historical average of Latvia and slightly below the euro area average. Latvijas Banka's assessment of the natural rate of unemployment has not been changed significantly – the cyclical unemployment component has remained close to zero since 2013. The actual and natural unemployment rates are expected to decline gradually also in the future. However, the latest labour market developments increase the likelihood that the actual unemployment rate may decrease somewhat faster than the natural unemployment rate, with the cyclical unemployment component becoming negative. This could make businesses boost wages at a slightly faster rate.

Chart 24

ACTUAL AND NATURAL RATE OF UNEMPLOYMENT
(percent of economically active population; seasonally adjusted data; %)



For the first time, employment expectations of businesses have been steadily positive over the past few years. The demand for labour in the services sectors was increasing progressively also previously; in the middle of 2016, it grew also in manufacturing and in the beginning of 2017 – in construction (this coincides well with the value added and employment data for these sectors). However, no significant excess of free work force has been observed this time (Latgale is a notable exception). High participation in the labour market drives the unemployment rate above the EU average. The possibilities to increase the participation rate further are limited as its rise recorded in the previous years was partly determined by a shift in the age structure – a temporary effect that will start to reverse already after some years. Therefore, the economic development is expected to be driven by improved productivity, but the number of employed will remain broadly unchanged.

The share of businesses claiming labour shortage as a significant factor limiting business activities has increased in the first half of 2017. This, along with the regional disproportion, can still be viewed as a mismatch between supply and demand of labour skills and/or knowledge in individual sectors rather than general labour shortage. Moreover, a

similar assessment of labour shortage in the construction and services sectors was already observed during the post-crisis period. At the same time, the improvement of the ratio in manufacturing may partly reflect a very good performance of the sector in 2016. It should be noted that the segment of high-skilled employees is the one mostly displaying the signs of labour shortage.

Chart 25

THE SHARE OF BUSINESSES CLAIMING LABOUR SHORTAGE AS A SIGNIFICANT FACTOR LIMITING BUSINESS ACTIVITIES (%)

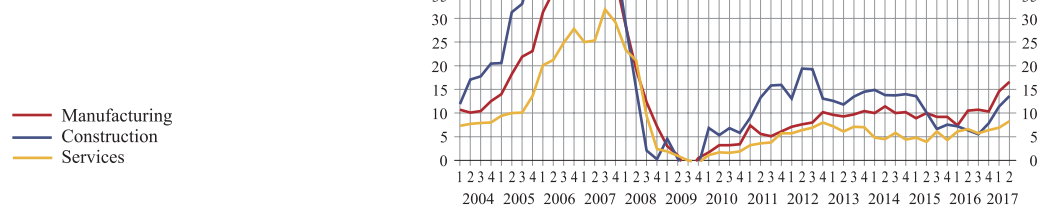


Chart 26

ANNUAL CHANGES IN AVERAGE MONTHLY GROSS NOMINAL WAGES AND SALARIES (%)

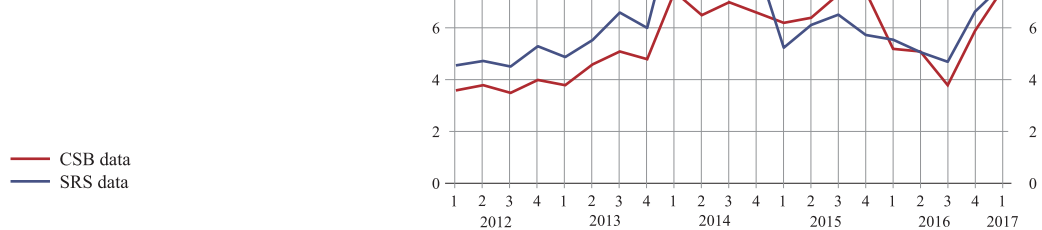
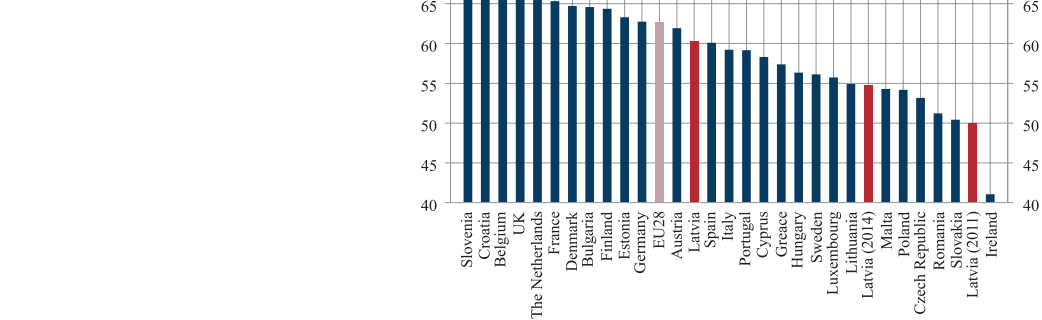


Chart 27

THE LABOUR INCOME SHARE IN VALUE ADDED IN EU COUNTRIES IN 2016 (%)



The average remuneration data for 2016 (annual growth rate – 5%) have been revised upwards by the CSB (Latvijas Banka's assessment of the remuneration growth was higher already before the revision). The rise in wages accelerated somewhat at the beginning of 2017. Remuneration has slightly outpaced labour productivity over the last five years. Thus, the labour income share in the total value added increased from 50% to 60% and approached the EU average. This could have a negative effect on the competitiveness of businesses if remuneration continues to outpace labour productivity.

6. Costs and Prices

Previous assessment	Developments since the previous report	New assessment
Oil prices		
It is expected that the average price will be 49.3 US dollars per barrel in 2017 and 52.6 US dollars per barrel in 2018.	<ul style="list-style-type: none"> – The price of Brent crude oil fluctuated between 50 US dollars and 55 US dollars per barrel in the first months of 2017; – the OPEC countries overall comply with the agreement on oil output curbs of November 2016, and Russia has also cut oil production; the OPEC countries decided to extend the term of the agreement on 25 May; – the US has expanded the oil extraction level and expressed readiness to increase it even further. 	It is projected that the average price will be 51.1 US dollars per barrel in 2017, 50.2 US dollars per barrel in 2018 and 49.8 US dollars per barrel in 2019.
Global food prices		
A moderate rise in global food prices is expected in 2017.	<ul style="list-style-type: none"> – The global food prices continued to rise in early 2017. Moreover, the region's prices of fresh vegetables and fish increased due to short-term factors; – the global prices of dairy products, cereals, sugar and vegetable oils decreased in the spring of 2017, while those of meat rose moderately. 	The forecast for retail food prices has been revised upwards. This has been affected by both the forecast for the global food prices and a revised assessment of the transmission of the global food prices.
Domestic labour costs and inflation expectations		
In 2017, wages will increase by 5.0%. Inflation expectations are moderate, reflecting low inflation within the last four years.	<ul style="list-style-type: none"> – Labour costs rise slightly faster than projected; – inflation expectations grew at the beginning of 2017 and stabilised in spring. 	In 2017, the average remuneration will rise by 6.0%. Inflation expectations will remain at the same level as in the spring of 2017.
Indirect taxes and administered prices		
An increase in the excise tax in line with the approved levels.	– According to the PUC, the natural gas tariff could increase by 4% or less due to more expensive gas distribution system services. Latvijas Banka forecasts that the contribution to inflation could be +0.1 percentage point.	The forecast has taken account of the possible increase in natural gas tariffs after the liberalisation of the gas market.

Over the half-year, inflation rose from zero to more than 3% in the first months of 2017. Inflation has grown on account of an increase in energy costs and higher prices of food products, mainly reflecting trends in global markets. On 23 March, the inflation forecast for 2017 was revised upwards from 1.6% to 2.7% by the Council of Latvijas Banka. Since then the forecasts for global oil and food prices remained broadly unchanged. However, more robust domestic economic activity has a stronger impact on core inflation; therefore, the inflation forecast for 2017 has been revised upwards to 2.9%.

At the beginning of May, the price of Brent crude oil fell slightly below 50 US dollars per barrel. This is the lowest level recorded since November 2016 when the OPEC members agreed to reduce oil production volumes with a view of raising the oil price. The OPEC countries overall comply with the agreement; moreover, Russia also reduced oil production volumes. However, the "bears" (the strategy of the market players to make profit by using

the stock price downside) have been the dominant players in the oil market since mid-March; nevertheless, the price of oil, though recording significant fluctuations, is on a downward path. The news background is appropriate – the stocks of oil products regularly outperform the investors' forecasts, while the US expands oil production and expresses readiness to do it even more. The OPEC members took a decision to extend curbs on oil output for another nine months at their meeting on 25 May. However, this did not affect the oil price significantly as the market participants were obviously waiting for more active action. Judging by the prices of oil futures contracts, investors do not expect a current rise in oil prices in the medium term, and a slightly lower price of oil is projected in the market in the second half of 2017 in comparison with November 2016. However, the actual oil price significantly exceeded the market forecast of November 2016 in the first half of the year. Thus, the assessment of the average oil price for 2017 has been revised upwards somewhat as compared to the previous assessment.

Chart 28

CHANGES IN HICP BY COMPONENT
(percentage points)

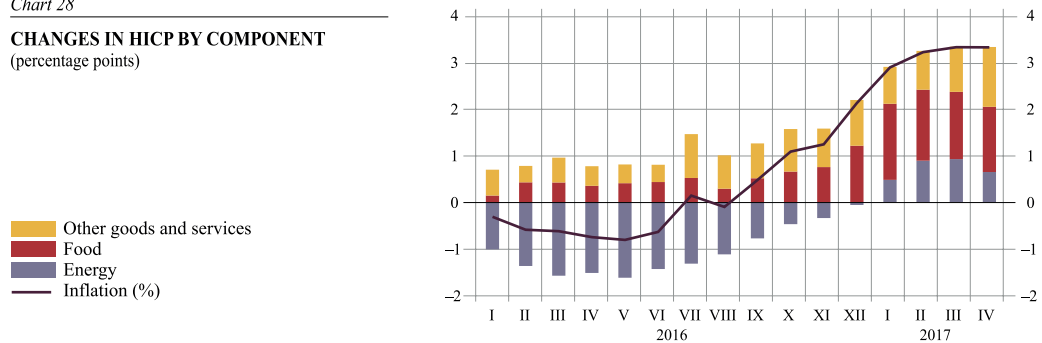
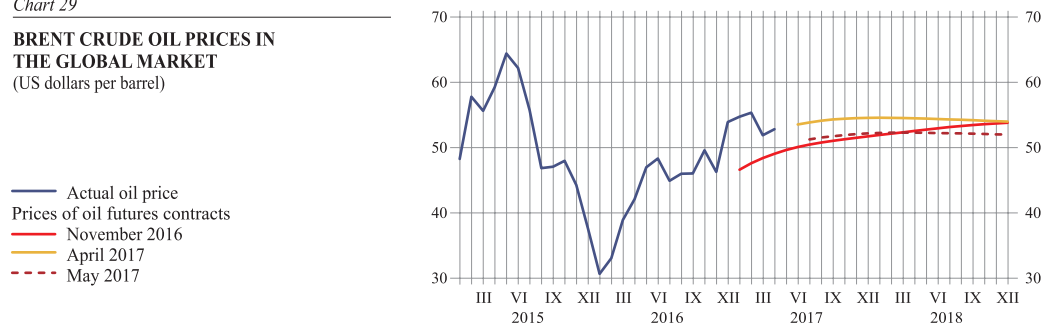


Chart 29

BRENT CRUDE OIL PRICES IN THE GLOBAL MARKET
(US dollars per barrel)



The fuel price has been relatively stable since the beginning of 2017 (the price of 95 octane petrol was 1.16–1.18 euro per litre), reflecting the oil price dynamics on the global stock exchanges with a delay of a couple of weeks. Meanwhile, the fuel price shrank somewhat in May (to 1.14 euro per litre). In January, natural gas tariffs for households increased slightly, reflecting a rise in the prices of oil products in 2016. The heating season ended with somewhat higher heating tariffs than in the previous year. The correlation between the natural gas price and the average price of oil products of the preceding nine months means that the heating tariff will be slightly higher than the average in the next heating season, but the rise in tariffs – lower than could be expected some months ago. Following a two-year period of falling prices, the people can get the wrong impression that the rise in gas (and heating) prices is mainly related to the liberalisation of the gas market. However, according to the PUC, the natural gas tariff could increase by 4% or less due to more expensive gas distribution system services, and this would push up inflation by only 0.1 percentage point.

The food prices in Latvian retail shops grew rapidly at the beginning of the year, but later stabilised. This dynamics resulted from changes in the prices of food products on the global stock exchanges. The harvest of cereal products of 2016 was at an all-time high, and an equally good harvest is projected for 2017. Thus, the produced volume of cereal products

could exceed the consumption rates already for the fifth consecutive year, with the stocks of cereal products standing close to their historical high. With supply increasing, the global prices of dairy products declined to a record low of the half-year (it should be noted that it was the rise in the prices of dairy products that had the strongest impact on inflation growth in Latvia if compared with all other food commodity groups).

Chart 30

AVERAGE RETAIL FUEL PRICE
(euro)

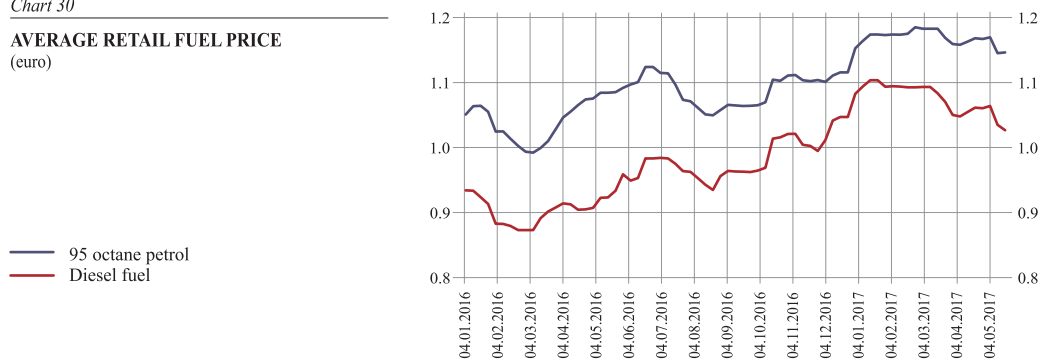
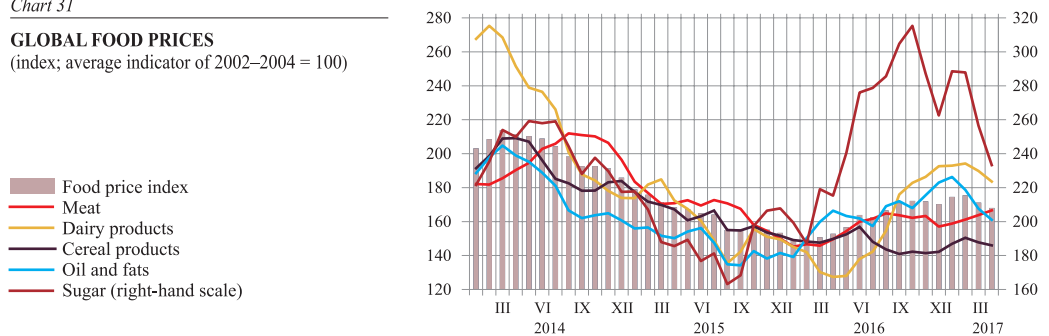


Chart 31

GLOBAL FOOD PRICES
(index; average indicator of 2002–2004 = 100)



More buoyant than projected economic activity in the country means that labour costs may rise slightly faster than expected in 2017. Therefore, the domestic demand could have a slightly stronger effect on inflation (inflation pressure is not currently observed) and average inflation could increase to 2.9% in 2017.

7. Conclusions and Forecasts

At the end of 2016 and the beginning of 2017, Latvia's economic growth accelerated, reaching 4.0%, a high of the last few years, already in the first quarter of 2017. The acceleration was driven by improvement in manufacturing and energy, and, starting with 2017, also in construction, transportation and trade.

A number of factors point to sustained growth also in the future. The external economic environment is gradually improving. Better economic data of foreign trade partners and the sentiment indicators of the economic agents testify to that. Manufacturing and foreign trade data in Latvia also suggest that external demand is on the upturn. Along with the above, increasingly stronger recovery of lending levels persists, and the labour market sees signs of further improvement, with moderating unemployment and a sustained rise in remuneration.

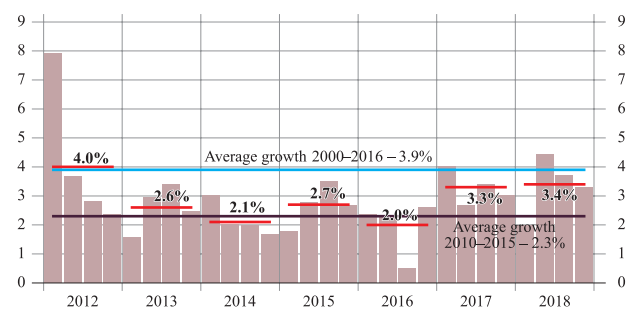
Currently there are no strong indications that at the beginning of 2017 access to the EU structural funds, particularly essential for the construction sector, had improved considerably. It is expected to happen later during 2017. Further increase in the availability of EU structural funds will have a positive effect on the construction sector and its related sectors, as well as overall investment activity.

In view of the above factors, Latvijas Banka revises upwards its GDP growth forecast for 2017. Seasonally and calendar non-adjusted data suggest that GDP is likely to grow by 3.3% in 2017 (3.0% according to the forecast published on 23 March 2017), but the seasonally and calendar adjusted data show that it could increase by 3.7% (3.4% according to the previous projection). A further 3.4% rise in GDP has been forecast for 2018, according to seasonally and calendar adjusted and non-adjusted data.

Risks related to the growth are considered to be on the upside. Although relatively high uncertainty and concern regarding the intensification of protectionist policies is still observed in the external environment, stronger improvement in the external environment, as well as an accelerated increase in government expenditure and implementation of the planned tax reform could serve as drivers of economic growth.

Chart 32

ANNUAL CHANGE IN GDP
(at constant prices; seasonally non-adjusted data; %)



At this stage, no rise has been recorded either in the global oil or food prices. However, the upward revision of the forecast of the economic activity and hence also that of remuneration implies a potentially stronger effect of the domestic demand on inflation (i.e., core inflation). Latvijas Banka's forecast for 2017 is 2.9% (the forecast published on 23 March 2017 was 2.7%).

Chart 33

HICP ANNUAL CHANGE
(2017 and 2018 Latvijas Banka forecast; %)

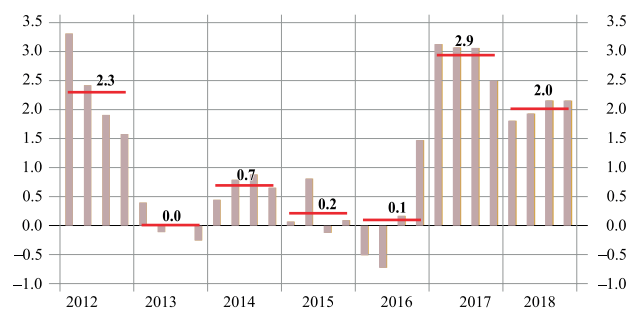


Table 1

GDP AND INFLATION FORECASTS AND THEIR CHANGES
(percentage points)

	2017
GDP forecast (non-adjusted data; %)	3.3
Changes in GDP forecasts	+0.3
incl. on account of external factors	+0.1
Main factors	+ external demand
incl. on account of domestic factors	+0.2
Main factors	+ more positive outlook for investment environment
Inflation forecast (%)	2.9
Changes in inflation forecasts	+0.2
incl. on account of external factors	-0.1
Main factors	+ minor fall in global food prices
incl. on account of domestic factors	+0.3
Main factors	+ accelerated domestic economic activity; steady rise in wages

8. Analysis of Scenarios

Assessment of tax reform proposal

In May 2017, the Cabinet of Ministers of the Republic of Latvia accepted "The National Tax Policy Guidelines for 2018–2021", which the Ministry of Finance of the Republic of Latvia (hereinafter, the Ministry of Finance) had developed in cooperation with social partners. During the tax reform discussion, various proposals were voiced, and the World Bank and Latvijas Banka presented their assessment and suggestions for changes in the tax policy framework as well. Considering the diversity of the submitted proposals, their analysis is based on economic models of Latvijas Banka, which provide for a deep insight into the potential effects on various economic indicators.

Tax reform framework

"The Tax Strategy 20/20" developed by Latvijas Banka mostly focuses on the economic growth, promoting competitiveness of businesses and raising the level of overall well-being as well as curbing the shadow economy. "The Tax Strategy 20/20" provides for reforming the tax system relative to the personal and corporate income and expanding the use of the reverse charge of VAT. "The National Tax Policy Guidelines for 2018–2021" drafted by the Ministry of Finance, in turn, additionally addresses inequality by including mitigating or social support measures, which exert an extra pressure on the budget deficit and necessitate its partial compensation by raising taxes on consumption. The World Bank's report "Latvia Tax Review" primarily focuses on increasing the state budget revenues by raising tax rates and improving tax collecting administration as well as reducing income inequality.

Table 2

TAX REFORM PROPOSALS OF MINISTRY OF FINANCE, WORLD BANK AND LATVIJAS BANKA
(for 2018)

	Ministry of Finance	World Bank	Latvijas Banka
Personal income tax (PIT)			
<i>Tax rate on income from wages and salaries</i>	– 20% – 23% on income starting with 3 750 euro per month	– 19% on income up to 360 euro per month – 23% on income up to 1 300 euro per month – 33% on income starting with 1 300 euro per month	20%
<i>Untaxed monthly minimum and reliefs for dependants</i>	– Non-taxable minimum: differentiated 250–0 euro per month on employee income up to 1 000 euro per month; 250 euro per month for pensioners; – allowance for dependants: 250 euro per month		
<i>Tax rate on other (capital) income</i>	20%	15%	20%

(Table 2 cont.)

	Ministry of Finance	World Bank	Latvijas Banka
Corporate income tax (CIT)	<ul style="list-style-type: none"> – 0% rate on reinvested profit and 20% rate on distributed profit; – transition period of three years within the framework of PIT; – tax rebates for large-scale investment projects, special economic zones and free ports; – untaxable donor donations from their distributed profit in the amount of up to 10% of total earnings or up to 3% of social insurance contributions. 	<ul style="list-style-type: none"> – Remove investment tax relief (tax credit); – restrict transfer of losses. 	<ul style="list-style-type: none"> – Introduce 0% rate on reinvested profit and 20% rate on distributed profit; – remove reliefs.
Excise tax	<p>Increase tax rates, including</p> <ul style="list-style-type: none"> – on petrol by 8%;diesel fuel by 11%; – on liquified oil gas by 12%; – on cigarettes by 5%; – on wine by 18%; – on beer by 24%; – on other alcoholic products (preparations) and beverages by 15%. <p>By implementing such measures, to achieve additional 0.2% of GDP in budgetary tax revenues.</p>	<ul style="list-style-type: none"> – Increase excise tax rates on various goods; – introduce amendments to the fuel taxation system (depending on the volume of CO₂ emissions); – ensure a more efficient collection of the tax <p>By implementing such measures, to achieve additional 1% of GDP in budgetary tax revenues.</p>	
Value added tax (VAT)	<ul style="list-style-type: none"> – Expand the use of reverse VAT (sale of household appliances, building materials and metal industry); – lower the VAT registration threshold (to 40 thousand euro); – lower the transaction reporting threshold from 1 430 euro to 150 euro. 	Remove the reduced VAT rate on heating (wood and heat energy) and tourist accommodation services.	Expand the use of the reverse VAT (applicable to all economy or initially to household equipment sale, building materials and metal industry).
Micro-enterprise tax (MET)	Reduce the MET turnover threshold, revisions to the MUN wage threshold (discussions still underway).	Gradual termination of the MET tax regime; introduction of start-up and lifestyle business support regulation.	
Other measures	Raise the minimum wage; increase the income cap (the upper income limit) for state social insurance mandatory contributions and differentiate tax rates, integrating solidarity tax into the social insurance system; increase the lottery and gambling tax; restrictions on PIT eligible expenditure; rendering tax administration more effective, combating the shadow economy, etc. Additional funding for road maintenance, social budget expenditure, PIT loss compensation to local governments, etc.	Combat the shadow economy (unrecorded wages); closing the VAT gap (reduction of lost tax revenues); readjustment of property (real estate) tax basis.	

Fiscal impact

Proposals of "The Tax Strategy 20/20" developed by Latvijas Banka make up the core of the tax reform, with a relatively small negative fiscal impact in 2018. In contrast, by easing the transitional provisions of the corporate income tax reform and supplementing the core proposals with the social support measures, the negative fiscal impact of the proposals of the Ministry of Finance becomes more pronounced. Moreover, according to Latvijas Banka, too slow an expansion of the reverse VAT charge procedure in the proposal of the Ministry of Finance is likely to hamper revenue growth. The feedback loop of the accelerating economic activity might also be slightly overestimated, given the negative impact of raising the excise tax on the economy. Consequently, fiscal risks to "The National Tax Policy Guidelines for 2018–2021" could be slightly on the downside.

As regards the World Bank's proposals, they are fiscally positive already in the first year of the reform, corresponding to the set task. According to them, the major contribution results from changes in the excise tax and a decline in the shadow economy. At the same time it should be noted that the obtained outcome is based on over-optimistic assumptions regarding the spread of the cross-border illegal trade and effective tax collection (i.e., the World Bank assumes that Latvia will be able to ensure a rapid fall in smuggling levels despite an increase in excise tax rates), as well as agreement of fuel taxes in the Baltic States. Consequently, by implementing the World Bank's proposals, the rise in tax revenue is highly likely to be lower than estimated.

Table 3

IMPACT OF THE PROPOSALS OF THE MINISTRY OF FINANCE, WORLD BANK AND LATVIJAS BANKA ON THE STATE BUDGET IN 2018

(% of GDP; estimates of the respective institutions)

	Proposals of the Ministry of Finance	Proposals of the World Bank	Proposals of Latvijas Banka
TOTAL	-0.7	3.1	-0.3
PIT	-0.6	0.4	-0.3
Remuneration rate	-0.3	0.3	-0.3
Untaxed minimum and reliefs for dependants	-0.4		
Rate equalization	0.1	0.1	(the proposal effect is expected in 2019)
CIT	-0.7	0.7	-0.3
Excise tax	0.2	1.0	
VAT	0.3	0.1	0.2
Expansion of the reverse VAT application	0.2		0.2
Other VAT measures	0.1		
MET		0.2	
Other measures (net)	0.1	0.7	

Macroeconomic impact

Estimating the effect of the tax reform proposals on the economy in the medium term, the scenarios show the impact of Latvijas Banka's proposals as per "The Tax Strategy 20/20" estimates, and an additional assessment for "The National Tax Policy Guidelines for 2018–2021" has been modelled, using the macroeconomic models at the disposal of Latvijas

Banka. For the first time the effect of the World Bank's proposals on the economic growth has been assessed as the report "Latvia Tax Review", developed by the World Bank, does not cover that.

The proposals of Latvijas Banka and the Ministry of Finance on the labour tax reforms would result in an increase in real disposable income of households and their spending. Higher private consumption simultaneously promotes demand for investment and imports. In order to satisfy the demand for goods and services, a larger number of employees is required; that implies not only employment growth, but also an upward pressure on wages and prices. At the same time, by implementing a corporate income tax reform, i.e., not imposing tax on profit invested in development, corporate financial indicators improve. Thus, there are more opportunities to attract capital, while its costs decrease: upon leaving the shadow economy, with better financial indicators and disclosure of the true financial status the companies can attract capital on better terms and conditions. Consequently, both tax reform proposals – changes in CIT and PIT – have a positive effect on the economic growth and employment, at the same time affecting the rise in wages and price levels. However, the offsetting measures offered under "The National Tax Policy Guidelines for 2018–2021", e.g. a rise in excise tax, increase production costs and hence reduce employment and economic growth (–0.4% in cumulative terms in 2020), as well as raise the price level. Therefore, the analysis of scenarios of "The National Tax Policy Guidelines for 2018–2021" points to a still positive, but potentially overestimated macroeconomic impact in 2020.

As to the changes in CIT proposed by the World Bank, lifting the major tax reliefs raises the effective tax rate, thus increasing the capital costs by 0.25%. Along with a higher tax rate on labour remuneration, by setting a relatively low threshold for the progressive PIT (33%, starting from 1 300 euro per month), and a rise in excise tax, the economic growth would be held back considerably.

Table 4
CHANGES IN KEY MACROECONOMIC INDICATORS IN 2020 AS A RESULT OF PROPOSALS OF THE MINISTRY OF FINANCE, WORLD BANK AND LATVIJAS BANKA; ASSESSMENT OF LATVIJAS BANKA
(in cumulative terms in 2020; % against the baseline scenario)

	Proposals of the Ministry of Finance	Proposals of the World Bank	Proposals of Latvijas Banka
Impact on the real GDP	2.2	–1.2	2.4
Impact on inflation	0.8	0.3	0.2
Impact on employment	0.8	–1.0	1.2
Impact on consumption	1.4	–2.4	0.8

Conclusions

Analysis of scenarios shows that the positive fiscal effect of the World Bank's proposal has been overestimated. It results both from the too optimistic view on the possibilities to rapidly reduce the evasion of taxes and the dramatically negative effect of the proposals on the economic indicators that is not taken into account when estimating the fiscal benefits.

On the other hand, given the negative feedback loop of the offsetting measures on the economic indicators, the macroeconomic impact of "The National Tax Policy Guidelines for 2018–2021" is also likely to be overestimated; nevertheless, it is still positive and the overall effect of the proposals incorporated therein is more favourable for the economic development than the proposal of the World Bank. However, more gradual implementation of the social block proposals should be considered: that would reduce both the fiscal tension

and the need for such offsetting measures as raising the excise tax which has a substantial negative impact on the economic growth.

As to "The Tax Strategy 20/20", its proposals provide for a less pronounced decrease in budgetary revenue than those of "The National Tax Policy Guidelines for 2018–2021", resulting in potentially better macroeconomic indicators.

Models used in scenario simulations

The scenario impact has been modelled mostly by using the computable general equilibrium (CGE) model, capturing 32 industries, 55 products and seven categories of final users. On the fiscal side, it comprises five government expenditure types and five revenue sources, including such four major taxes as the PIT, state social insurance mandatory contributions (SSIMC), VAT, and excise tax. Shadow economy, the size of which depends on the level of tax rates and economic activity, is also analysed. These features of the model allow us to obtain rich and detailed conclusions about the effect of several fiscal measures on Latvia's economy, both in aggregate and by sector. For further information, see Beņkovskis, Konstantīns, Goluzins, Eduards, Tkačevs, Oļegs. *CGE model with fiscal sector for Latvia*. Riga: Latvijas Banka, 2016. Working Paper 1/2016.

As regards the impact of changes in the CIT, it has been modelled by using Latvia's estimated dynamic stochastic general equilibrium (DSGE) model with financial frictions and incorporating the unemployment parameter in the model. For further information, see Bušs, Ginters. *Search-and-Matching Frictions and Labour Market Dynamics in Latvia*. Riga: Latvijas Banka, 2015. Working Paper 4/2015.

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1. MONETARY INDICATORS AND INTEREST RATES

	2016												2017					
	Q1			Q2			Q3			Q4			Q1					
Overnight deposits ¹ (Latvian contribution to the euro area M1)	7.4			12.7			16.5			11.1			7.4			8.2		
Latvian contribution to the euro area M2 ¹	7.0			9.9			12.0			9.3			7.0			6.0		
Latvian contribution to the euro area M3 ¹	6.9			9.5			11.6			9.0			6.9			6.1		
Loans to resident financial institutions, non-financial corporations and households ¹	3.0			-0.6			1.4			2.0			3.0			2.8		
Deposits of resident financial institutions, non-financial corporations and households ¹	7.7			10.9			12.4			9.7			7.7			4.7		
Long-term interest rate for convergence assessment purposes ²	0.53			0.88			0.53			0.17			0.55			0.94		
EURIBOR (3-month loans) ³	-0.264			-0.187			-0.258			-0.298			-0.312			-0.328		
Weighted average yield on government bonds	0.3 ⁴			0.3 ⁴			0.4 ⁴			0.1 ⁴			-0.04 ⁵			0.2 ⁴		
OMXR ³	656.4			612.9			629.5			655.5			726.3			753.0		
	2016												2017					
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III			
Overnight deposits ¹ (Latvian contribution to the euro area M1)	13.3	14.7	12.7	14.6	14.4	16.5	13.1	13.4	11.1	11.9	9.5	7.4	6.4	6.3	8.2			
Latvian contribution to the euro area M2 ¹	9.7	10.7	9.9	11.0	10.9	12.0	10.1	10.7	9.3	9.5	8.5	7.0	5.9	5.0	6.0			
Latvian contribution to the euro area M3 ¹	9.7	10.4	9.5	10.5	10.5	11.6	9.7	10.3	9.0	9.3	8.3	6.9	6.1	4.9	6.1			
Loans to resident financial institutions, non-financial corporations and households ¹	-2.3	-1.9	-0.6	0.1	0.9	1.4	1.8	1.7	2.0	1.8	2.3	3.0	3.8	3.8	2.8			
Deposits of resident financial institutions, non-financial corporations and households ¹	10.3	11.9	10.9	11.7	12.5	12.4	9.7	10.3	9.7	9.5	8.1	7.7	6.0	4.7	4.7			
Long-term interest rate for convergence assessment purposes ²	1.05	0.88	0.71	0.61	0.51	0.48	0.30	0.12	0.10	0.19	0.56	0.90	0.89	0.99	0.94			
EURIBOR (3-month loans) ³	-0.146	-0.185	-0.230	-0.249	-0.257	-0.268	-0.294	-0.298	-0.302	-0.309	-0.313	-0.316	-0.325	-0.329	-0.329			
Weighted average yield on government bonds	-	0.1 ⁵	0.3 ⁴	0.1 ⁵	0.4 ⁴	0.04 ⁵	-	0.005 ⁵	0.1 ⁴	-0.1 ⁵	-	-0.02 ⁵	-0.03 ⁵	-	0.2 ⁴			
OMXR ³	598.0	615.7	624.3	621.5	633.4	634.1	633.6	638.3	694.4	717.2	725.3	736.2	742.6	745.8	769.3			

¹ Year-on-year changes (%).

² Average secondary market yield of 10-year government bonds.

³ Average of the period.

⁴ Weighted average primary market yield of 5-year government bonds.

⁵ Weighted average primary market yield of 3-year government bonds.

2.a REAL SECTOR INDICATORS AND PRICES

	2016				2017	
	Q1	Q2	Q3	Q4	Q1	
Industrial output^{1,2}						
Increase/decrease ³ (at constant prices; working day adjusted data; %)	5.0	2.0	4.6	3.7	9.3	6.7
Cargoes loaded and unloaded at ports						
Turnover (thousands of tons)	63 116	17 013	14 743	14 168	17 192	18 491
Increase/decrease ³ (%)	-9.3	-14.1	-16.3	-7.3	2.0	8.7
Retail trade turnover^{1,2,3}						
Turnover (at current prices; millions of euro)	6 706.4	1 487.2	1 685.8	1 757.6	1 775.8	1 596.1
Increase/decrease ³ (at constant prices; %)	2.5	2.5	2.6	1.5	2.6	2.0
Unemployment rate (%)	8.4	9.1	8.3	7.9	8.4	8.3
Producer prices ¹ (increase/decrease compared with the previous period; %)	-2.4	-1.0	-0.8	0.4	0.2	1.4
Consumer price inflation (HICP)						
Year-on-year basis (%)	0.1	-0.5	-0.7	0.2	1.5	3.1
Quarter-on-quarter basis (%)	x	-0.6	1.5	-0.3	0.9	1.0
Financial surplus/deficit in the consolidated general government budget						
Surplus/deficit (millions of euro)	-101.7	48.4	137.8	117.4	-405.3	99.8
Ratio to GDP (%)	0.4	0.9	2.2	1.8	6.0	1.7

¹ Data are calculated according to the Statistical classification of economic activities in the European Community (NACE Rev. 2).

² Data have been revised.

³ Year-on-year basis.

⁴ Sale of motor vehicles and motorcycles not included.

2.b REAL SECTOR INDICATORS AND PRICES

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Industrial output ^{1,2}															
Increase/decrease ³ (at constant prices; working day adjusted data; %)	-2.4	4.3	3.8	0.3	5.4	8.2	3.3	2.4	5.6	7.3	9.1	11.6	7.8	4.9	7.4
Cargoes loaded and unloaded at ports															
Turnover (thousands of tons)	5 688	5 625	5 700	5 194	5 202	4 347	4 880	4 468	4 820	5 769	5 257	6 166	6 449	5 503	6 538
Increase/decrease ³ (%)	-14.5	-9.1	-18.2	-19.5	-7.3	-21.5	-3.2	-11.0	-7.8	1.1	-4.7	9.3	13.4	-2.2	14.7
Retail trade turnover ^{1,2,3}															
Turnover (at current prices; millions of euro)	489.8	473.7	523.7	544.0	569.1	572.8	594.6	599.1	563.9	574.5	552.0	649.2	530.8	498.6	566.7
Increase/decrease ³ (at constant prices; %)	3.4	3.1	1.2	2.1	3.9	1.9	2.0	1.4	1.1	0.5	5.1	2.4	3.7	0.9	1.5
Unemployment rate (%)	9.1	9.2	9.1	8.8	8.4	8.3	8.3	8.1	7.9	7.9	8.0	8.4	8.5	8.4	8.3
Producer prices ¹ (increase/decrease compared with the previous period; %)	-0.2	-0.9	-0.5	-0.1	-0.2	0.2	-0.1	0.6	0.3	-0.4	0.3	0.4	0.7	0.4	0.1
Consumer price inflation (HICP)															
Year-on-year basis (%)	-0.3	-0.6	-0.6	-0.7	-0.8	-0.6	0.1	-0.1	0.5	1.1	1.2	2.1	2.9	3.2	3.3
Month-on-month basis (%)	-0.7	0.1	0.8	0.4	0.7	0.1	-0.3	-0.7	0.4	0.6	0.1	0.6	0.1	0.4	0.9
Annual core inflation (total HICP excluding fuel, regulated and unprocessed food prices; %)	0.7	0.8	1.1	1.0	1.2	1.0	1.7	1.2	1.4	1.7	1.8	2.2	2.4	2.3	2.6
Financial surplus/deficit in the consolidated general government budget (millions of euro)	107.1	41.8	-100.5	-9.1	149.3	-2.4	21.4	42.0	54.0	-67.5	-95.8	-242.0	121.8	11.0	-33.0

¹ Data are calculated according to the Statistical classification of economic activities in the European Community (NACE Rev. 2).

² Data have been revised.

³ Year-on-year basis.

⁴ Sale of motor vehicles and motorcycles not included.

3. ANALYTICAL ACCOUNTS OF THE CENTRAL BANK

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Latvia's contribution to the euro area monetary base	8 079.6	8 249.6	7 678.8	7 924.0	7 868.5	7 251.1	7 887.5	7 810.6	8 122.5	8 446.8	8 507.6	8 453.7	8 109.5	8 201.1	8 020.7
Currency in circulation	4 103.3	4 104.6	4 132.8	4 142.2	4 156.3	4 191.1	4 231.2	4 217.5	4 229.7	4 250.2	4 256.3	4 262.6	4 199.3	4 206.7	4 217.5
Current accounts (covering the minimum reserve system)	3 976.3	4 145.0	3 546.0	3 781.8	3 712.2	3 060.0	3 656.3	3 593.1	3 892.8	4 196.6	4 251.3	4 191.1	3 910.2	3 994.4	3 803.2
Deposit facility and other liabilities related to monetary policy operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit	4 155.2	4 776.3	5 062.1	5 337.6	5 615.2	5 882.5	6 144.2	6 308.0	6 388.7	6 647.3	6 839.0	6 944.3	7 059.7	6 741.2	7 011.0
To MFIs in the euro area	739.3	741.3	629.4	663.8	687.8	679.0	694.7	690.8	528.2	572.6	607.0	548.0	520.8	530.2	523.2
To the general government sector in the euro area	1 312.1	1 724.7	1 973.3	1 981.2	2 015.0	2 063.7	2 092.8	2 124.2	2 270.1	2 289.9	2 254.1	2 270.5	2 242.4	1 698.1	1 746.0
To other euro area residents	2 103.8	2 310.3	2 459.4	2 692.6	2 912.4	3 139.8	3 356.7	3 493.0	3 590.4	3 784.8	3 977.9	4 125.8	4 296.5	4 512.9	4 741.8
Foreign assets outside the euro area	3 451.3	3 494.5	3 246.5	3 294.3	3 350.0	3 344.4	3 123.9	3 119.8	3 475.1	3 496.3	3 540.3	3 470.9	3 416.7	3 540.9	3 459.5
Foreign liabilities outside the euro area	1.8	3.8	9.8	4.6	1.1	9.7	1.4	3.3	3.9	3.8	1.1	17.9	6.6	1.1	9.1

4.

MONETARY AGGREGATES AND COUNTERPARTS IN THE EURO AREA: LATVIAN CONTRIBUTION

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Monetary aggregates: Latvian contribution															
M3	11 427.3	11 723.7	11 636.9	11 814.5	11 796.5	11 932.1	11 863.7	11 973.3	11 989.1	12 030.9	12 234.1	12 375.6	12 128.2	12 303.5	12 345.9
Repurchase agreements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued with maturity of up to 2 years	53.6	44.4	28.8	14.7	18.8	12.5	22.9	31.5	42.0	35.4	36.6	67.8	80.2	40.9	46.5
Deposits with agreed maturity of up to 2 years	1 228.0	1 238.3	1 320.9	1 304.1	1 229.2	1 219.6	1 233.7	1 231.7	1 237.9	1 245.8	1 303.4	1 285.2	1 225.7	1 153.5	1 143.0
Deposits redeemable at notice of up to 3 months	801.9	826.4	790.1	801.5	802.8	809.2	813.7	820.3	830.1	842.0	855.7	864.1	884.7	893.1	881.2
Overnight deposits	9 343.8	9 614.6	9 497.2	9 694.1	9 745.7	9 890.7	9 793.4	9 889.8	9 879.1	9 907.6	10 038.5	10 158.5	9 937.6	10 216.0	10 275.3
Counterparts of monetary aggregates and longer-term financial liabilities: Latvian contribution															
Deposits of central government	459.4	537.9	508.1	469.7	919.5	897.4	662.5	735.5	826.1	1 263.3	1 206.0	1 042.7	1 105.3	1 096.9	925.2
Longer-term financial liabilities	4 381.2	4 405.0	4 164.8	4 126.3	3 766.4	3 865.7	3 923.7	3 961.9	3 994.7	3 973.8	3 888.9	3 924.7	3 897.7	3 921.4	3 846.4
Deposits with agreed maturity of over 2 years	428.2	422.2	408.2	411.2	411.0	410.3	411.9	405.9	405.3	406.9	368.6	365.6	321.0	320.2	317.2
Deposits redeemable at notice of over 3 months	4.8	4.8	4.9	4.9	5.0	4.8	4.7	4.6	4.5	4.3	4.5	4.5	4.4	8.4	8.3
Debt securities issued with maturity of over 2 years	46.8	32.8	30.8	34.8	35.6	37.7	37.9	38.5	38.9	39.5	40.2	95.3	110.2	111.0	111.5
Capital and reserves	3 901.3	3 945.2	3 720.9	3 675.3	3 314.8	3 413.0	3 469.2	3 512.9	3 546.0	3 523.0	3 475.6	3 459.3	3 462.1	3 481.8	3 409.4
Credit to euro area residents	16 410.4	16 770.0	17 177.9	17 306.8	17 441.3	17 751.9	17 642.7	17 660.9	17 893.8	17 950.4	18 010.2	18 049.1	17 994.9	17 193.1	17 313.0
Credit to general government	2 779.0	3 091.3	3 397.5	3 408.7	3 386.5	3 606.1	3 472.5	3 460.0	3 691.8	3 765.4	3 762.1	3 786.2	3 719.7	2 919.1	3 009.5
Credit to other euro area residents	13 631.5	13 678.7	13 780.5	13 898.2	14 054.8	14 145.8	14 170.1	14 200.8	14 202.0	14 185.1	14 248.1	14 262.8	14 275.2	14 274.0	14 303.5
Loans	12 846.6	12 869.9	12 992.6	13 112.7	13 271.2	13 357.0	13 388.1	13 425.4	13 443.3	13 423.4	13 483.9	13 481.9	13 489.9	13 482.8	13 527.1
Net external assets outside euro area	-1 549.9	-1 253.2	-1 228.7	-1 358.2	-1 289.4	-1 172.1	-1 704.7	-1 454.4	-1 134.0	-1 125.5	-1 195.2	-895.3	-929.3	-383.9	-595.6

5. KEY ECB INTEREST RATES

(percentages per annum)

With effect from (dd.mm.yyyy)	Deposit facility	Main refinancing operations			Marginal lending facility
		Fixed rate tenders		Variable rate tenders	
		Fixed rate		Minimum bid rate	
01.01.1999	2.00	3.00	–	4.50	
04.01.1999	2.75	3.00	–	3.25	
22.01.1999	2.00	3.00	–	4.50	
09.04.1999	1.50	2.50	–	3.50	
05.11.1999	2.00	3.00	–	4.00	
04.02.2000	2.25	3.25	–	4.25	
17.03.2000	2.50	3.50	–	4.50	
28.04.2000	2.75	3.75	–	4.75	
09.06.2000	3.25	4.25	–	5.25	
28.06.2000	3.25	–	4.25	5.25	
01.09.2000	3.50	–	4.50	5.50	
06.10.2000	3.75	–	4.75	5.75	
11.05.2001	3.50	–	4.50	5.50	
31.08.2001	3.25	–	4.25	5.25	
18.09.2001	2.75	–	3.75	4.75	
09.11.2001	2.25	–	3.25	4.25	
06.12.2002	1.75	–	2.75	3.75	
07.03.2003	1.50	–	2.50	3.50	
06.06.2003	1.00	–	2.00	3.00	
06.12.2005	1.25	–	2.25	3.25	
08.03.2006	1.50	–	2.50	3.50	
15.06.2006	1.75	–	2.75	3.75	
09.08.2006	2.00	–	3.00	4.00	
11.10.2006	2.25	–	3.25	4.25	
13.12.2006	2.50	–	3.50	4.50	
14.03.2007	2.75	–	3.75	4.75	
13.06.2007	3.00	–	4.00	5.00	
09.07.2008	3.25	–	4.25	5.25	
08.10.2008	2.75	–	–	4.75	
09.10.2008	3.25	–	–	4.25	
15.10.2008	3.25	3.75	–	4.25	
12.11.2008	2.75	3.25	–	3.75	
10.12.2008	2.00	2.50	–	3.00	
21.01.2009	1.00	2.00	–	3.00	
11.03.2009	0.50	1.50	–	2.50	
08.04.2009	0.25	1.25	–	2.25	
13.05.2009	0.25	1.00	–	1.75	
13.04.2011	0.50	1.25	–	2.00	
13.07.2011	0.75	1.50	–	2.25	
09.11.2011	0.50	1.25	–	2.00	
14.12.2011	0.25	1.00	–	1.75	
11.07.2012	0.00	0.75	–	1.50	
08.05.2013	0.00	0.50	–	1.00	
13.11.2013	0.00	0.25	–	0.75	
11.06.2014	-0.10	0.15	–	0.40	
10.09.2014	-0.20	0.05	–	0.30	
09.12.2015	-0.30	0.05	–	0.30	
16.03.2016	-0.40	0.00	–	0.25	

6. ASSETS AND LIABILITIES OF LATVIJAS BANKA

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
ASSETS															
Gold and gold receivables	218.1	240.5	231.3	238.6	232.0	253.4	256.2	251.8	253.1	248.0	237.8	234.3	239.0	252.5	247.9
Claims on non-euro area residents denominated in foreign currency	3 068.1	3 076.1	2 853.7	2 890.3	2 936.9	2 903.4	2 690.4	2 705.0	2 471.6	3 101.2	3 150.2	3 092.1	3 058.9	3 158.4	3 101.3
Claims on euro area residents denominated in foreign currency	567.0	634.8	499.2	523.8	544.4	551.2	577.6	577.5	364.7	400.7	407.9	358.8	299.7	310.3	326.0
Claims on non-euro area residents denominated in euro	165.0	177.9	161.4	165.4	181.1	187.7	177.3	163.0	750.5	147.1	152.4	144.6	118.7	130.0	110.3
Lending to euro area credit institutions related to monetary policy operations denominated in euro	253.7	245.0	245.0	245.0	245.0	234.3	234.3	234.3	244.7	244.7	244.7	257.2	257.2	244.7	244.7
Main refinancing operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Longer-term refinancing operations	253.7	245.0	245.0	245.0	245.0	234.3	234.3	234.3	244.7	244.7	244.7	257.2	257.2	244.7	244.7
Fine-tuning reverse operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Structural reverse operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marginal lending facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credits related to margin calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other claims on euro area credit institutions denominated in euro	1.2	8.9	0.1	6.6	14.1	11.8	9.4	1.6	0.5	11.6	22.2	9.1	0.0	9.7	0.1
Securities of euro area residents denominated in euro	3 333.4	3 887.7	4 317.8	4 562.2	4 811.8	5 085.3	5 323.0	5 494.6	5 778.8	5 990.4	6 164.2	6 319.8	6 502.8	6 176.6	6 440.3
Securities held for monetary policy purposes	2 000.4	2 194.0	2 375.7	2 641.2	2 891.7	3 130.5	3 341.9	3 523.6	3 732.9	3 989.9	4 202.9	4 357.3	4 586.6	4 823.8	5 075.2
Other securities	1 333.0	1 693.7	1 942.1	1 921.0	1 920.0	1 954.8	1 981.2	1 971.0	2 045.9	2 000.5	1 961.2	1 962.4	1 916.2	1 352.8	1 365.1
Intra-Eurosystem claims	3 765.9	3 793.5	3 844.6	3 892.3	3 916.1	3 955.1	3 996.9	4 039.4	4 061.0	4 107.3	4 119.8	4 195.9	4 177.4	4 196.0	4 221.1
Other assets	144.2	138.1	211.1	138.1	129.8	151.5	144.5	144.8	145.2	137.8	145.5	160.1	203.4	144.6	162.3
Total assets	11 516.7	12 202.4	12 364.3	12 662.3	13 011.1	13 333.7	13 409.5	13 611.9	14 070.1	14 388.7	14 644.6	14 771.8	14 857.1	14 622.7	14 853.9

6. ASSETS AND LIABILITIES OF LATVIJAS BANKA (CONT.)

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
LIABILITIES															
Banknotes in circulation	3 915.7	3 917.9	3 946.5	3 956.2	3 969.9	4 004.0	4 042.3	4 028.3	4 039.7	4 060.0	4 064.7	4 150.1	4 087.0	4 094.2	4 106.8
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	3 976.3	4 145.0	3 546.0	3 781.8	3 712.2	3 060.0	3 656.3	3 593.1	3 892.8	4 196.6	4 251.3	4 191.1	3 910.2	3 994.4	3 803.2
Current accounts (covering the minimum reserve system)	3 976.3	4 145.0	3 546.0	3 781.8	3 712.2	3 060.0	3 656.3	3 593.1	3 892.8	4 196.6	4 251.3	4 191.1	3 910.2	3 994.4	3 803.2
Deposit facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed-term deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fine-tuning reverse operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits related to margin calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other liabilities to euro area credit institutions denominated in euro	1.5	1.2	7.0	0.0	0.0	12.3	0.0	0.4	1.1	0.0	0.0	0.7	6.0	0.0	5.9
Liabilities to other euro area residents denominated in euro	137.6	129.1	107.5	115.3	162.0	182.4	179.1	175.0	171.9	176.8	178.7	212.2	181.7	225.7	192.9
General government	23.5	11.1	10.1	12.8	60.3	68.4	9.7	6.3	10.3	9.8	12.5	46.7	10.9	55.7	23.7
Other liabilities	114.1	118.0	97.4	102.5	101.7	114.0	169.4	168.7	161.6	167.1	166.3	165.5	170.7	170.0	169.2
Liabilities to non-euro area residents denominated in euro	1.8	3.8	8.9	4.6	1.1	7.2	1.4	2.0	3.7	3.8	1.1	17.9	6.4	1.1	8.7
Liabilities to euro area residents denominated in foreign currency	155.3	158.1	152.5	151.0	155.1	152.3	152.3	151.4	154.1	158.2	165.1	159.8	155.9	163.9	160.3
Liabilities to non-euro area residents denominated in foreign currency	0.0	0.0	0.9	0.0	0.0	2.5	0.0	1.3	0.2	0.0	0.0	0.0	0.1	0.0	0.4
Intra-Eurosystem liabilities	2 600.0	3 032.1	3 827.1	3 880.8	4 197.0	5 067.2	4 540.5	4 803.6	4 947.8	4 945.7	5 154.2	5 292.4	5 830.1	5 399.8	5 860.5
Other liabilities	255.6	310.5	250.8	279.4	309.5	288.8	252.5	267.1	259.2	311.8	364.5	294.1	272.5	298.0	273.9
Capital and reserves	473.0	504.8	517.1	493.3	504.3	557.0	585.1	589.7	599.6	535.7	464.9	453.4	407.2	445.6	441.4
Total liabilities	11 516.7	12 202.4	12 364.3	12 662.3	13 011.1	13 333.7	13 409.5	13 611.9	14 070.1	14 388.7	14 644.6	14 771.8	14 857.1	14 622.7	14 853.9

7. AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
ASSETS															
Loans to euro area residents	19 032.2	19 150.9	18 502.6	18 819.1	18 747.5	18 661.1	19 037.4	18 728.0	18 826.6	19 333.4	19 433.1	19 002.1	18 992.2	19 008.5	18 897.1
General government	127.1	126.0	124.8	123.7	120.0	116.9	115.3	115.3	114.9	109.3	112.6	108.8	111.1	111.5	110.5
Other residents	12 846.6	12 869.9	12 992.6	13 112.7	13 271.2	13 357.0	13 388.1	13 425.4	13 443.3	13 423.4	13 483.9	13 481.9	13 489.9	13 482.8	13 527.1
MFIs	6 058.5	6 154.9	5 385.2	5 582.7	5 356.4	5 187.2	5 534.0	5 187.3	5 268.4	5 800.6	5 836.5	5 411.3	5 391.2	5 414.2	5 259.4
Holdings of securities other than shares issued by euro area residents	2 153.3	2 092.2	2 128.8	2 159.7	2 116.1	2 261.7	2 085.6	2 040.6	2 164.3	2 162.5	2 173.3	2 212.9	2 156.3	1 885.0	1 905.1
General government	1 339.7	1 240.5	1 299.4	1 303.7	1 251.5	1 425.4	1 264.4	1 220.5	1 306.8	1 366.2	1 395.3	1 406.9	1 366.3	1 109.4	1 152.9
Other residents	138.5	156.5	159.4	157.1	152.6	156.4	155.6	141.5	138.2	139.7	141.2	143.8	142.1	147.5	144.6
MFIs	675.1	695.2	670.1	698.9	711.9	679.9	665.6	678.6	719.3	656.7	636.8	662.2	647.9	628.1	607.7
Holdings of money market fund shares or units issued by euro area residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of shares/ other equity issued by euro area residents	715.4	721.4	697.6	697.5	700.1	701.5	695.5	703.0	689.6	691.0	692.0	705.9	712.0	712.6	700.7
External ¹ assets	8 817.3	8 727.3	8 399.9	7 797.3	7 742.1	7 767.4	7 178.7	7 343.0	6 835.5	6 846.6	6 651.6	6 454.1	6 484.9	6 752.6	6 562.5
Fixed assets	166.9	169.6	167.6	167.3	168.1	168.7	168.8	169.1	176.6	176.6	176.1	176.4	175.8	176.8	177.2
Remaining assets	973.3	1 019.2	982.0	915.5	974.2	899.1	885.1	825.8	843.3	913.0	903.0	876.7	906.2	797.1	782.3
Total assets	31 858.3	31 880.6	30 878.5	30 556.4	30 448.1	30 459.6	30 051.1	29 809.6	29 535.9	30 123.2	30 029.1	29 428.1	29 427.5	29 332.5	29 024.9
LIABILITIES															
Currency in circulation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Deposits of euro area residents	12 913.8	13 283.3	13 130.7	13 304.1	13 539.2	13 730.4	13 543.5	13 438.6	13 648.1	14 088.5	14 077.1	14 021.1	13 961.8	14 061.5	13 925.3
Central government	280.6	368.8	345.5	305.9	704.1	676.7	500.5	577.8	661.7	1 095.4	1 028.4	836.1	938.5	877.2	741.2
Other residents	11 692.8	11 988.3	11 923.9	12 113.4	12 092.0	12 220.7	12 088.1	12 183.6	12 195.2	12 239.6	12 404.3	12 512.3	12 202.8	12 421.2	12 455.7
MFIs	940.4	926.2	861.4	884.7	743.1	833.0	954.9	677.2	791.2	753.5	644.4	672.7	820.5	763.1	728.4
Money market fund shares or units held by euro area residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued with a maturity of over 2 years held by euro area residents	45.8	32.9	30.5	34.6	35.4	37.4	38.0	38.4	38.7	39.5	40.2	96.3	112.5	113.6	114.0
Capital and reserves	3 428.3	3 440.4	3 203.9	3 182.0	2 810.5	2 856.0	2 884.1	2 923.2	2 946.5	2 987.3	3 010.7	3 006.0	3 054.9	3 036.2	2 968.0
External ¹ liabilities	13 817.8	13 470.9	12 865.4	12 445.0	12 380.3	12 274.3	12 005.5	11 913.6	11 440.5	11 464.2	11 385.9	10 801.2	10 821.9	10 673.3	10 605.7
Remaining liabilities	1 652.7	1 653.0	1 648.1	1 590.7	1 682.7	1 561.5	1 580.0	1 495.8	1 462.1	1 543.7	1 515.1	1 503.4	1 476.5	1 448.0	1 411.8
Total liabilities	31 858.3	31 880.6	30 878.5	30 556.4	30 448.1	30 459.6	30 051.1	29 809.6	29 535.9	30 123.2	30 029.1	29 428.1	29 427.5	29 332.5	29 024.9

¹ Non-euro area countries.

8. CONSOLIDATED BALANCE SHEET OF MFIs

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
ASSETS															
Loans to residents	12 400.2	12 390.8	12 524.6	12 583.8	12 731.2	12 746.9	12 768.0	12 798.8	12 819.3	12 800.0	12 853.2	12 818.7	12 846.5	12 847.7	12 862.5
General government	127.1	126.0	124.8	123.7	120.0	116.9	115.3	115.3	114.9	109.3	112.6	108.8	111.1	111.5	110.5
Other residents	12 273.1	12 264.8	12 399.8	12 460.1	12 611.2	12 629.9	12 652.7	12 683.5	12 704.5	12 690.7	12 740.6	12 709.9	12 735.4	12 736.2	12 752.0
Holdings of securities other than shares issued by other residents	1 416.7	1 446.2	1 505.3	1 556.2	1 597.4	1 633.1	1 468.6	1 518.6	1 546.6	1 660.5	1 709.1	1 753.7	1 766.2	1 550.1	1 620.3
General government	1 396.1	1 425.7	1 484.8	1 533.7	1 575.1	1 611.0	1 446.2	1 497.5	1 525.6	1 639.5	1 688.5	1 732.6	1 745.1	1 529.1	1 598.8
Other residents	20.6	20.4	20.4	22.5	22.3	22.1	22.4	21.1	21.1	20.9	20.7	21.1	21.1	21.0	21.5
Holdings of shares and other equity issued by other residents	594.2	600.1	603.7	603.6	606.0	607.3	601.1	608.6	594.9	596.2	597.5	612.0	618.2	618.6	611.9
Foreign assets	23 777.4	24 231.7	23 890.6	23 545.3	23 600.4	24 611.7	23 855.0	23 804.0	23 612.1	24 103.3	24 127.9	23 679.9	23 944.7	23 810.4	23 850.9
Fixed assets	205.3	207.9	205.7	205.3	206.0	206.5	206.4	206.7	214.2	214.3	213.7	214.0	213.2	214.1	214.6
Remaining assets	411.8	447.8	390.8	383.1	442.4	368.0	370.9	355.4	369.6	408.6	387.0	374.0	411.0	370.0	363.3
Total assets	38 805.7	39 324.5	39 120.6	38 877.2	39 183.3	40 173.4	39 270.0	39 292.2	39 156.8	39 782.9	39 888.4	39 452.3	39 799.7	39 411.0	39 523.5
LIABILITIES															
Currency outside MFIs	3 796.5	3 791.4	3 809.3	3 833.9	3 839.1	3 879.5	3 918.7	3 904.5	3 913.3	3 937.3	3 942.8	4 018.4	3 960.8	3 968.1	3 976.3
Deposits of central government	458.4	536.8	506.8	468.7	918.6	896.5	661.8	734.8	825.2	1 262.7	1 205.2	1 042.2	1 104.8	1 096.2	924.5
Deposits of other general government and other residents	10 579.5	10 885.8	10 852.3	10 998.6	11 041.8	11 111.6	11 046.5	11 168.4	11 161.4	11 200.6	11 279.9	11 555.6	11 290.5	11 463.3	11 449.6
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	64.5	59.0	57.8	61.9	62.8	64.8	65.0	65.4	65.5	56.5	57.2	80.3	86.1	82.5	84.9
Capital and reserves	3 901.3	3 945.2	3 720.9	3 675.3	3 314.8	3 413.0	3 469.2	3 512.9	3 546.0	3 523.0	3 475.6	3 459.4	3 462.1	3 481.8	3 409.4
External liabilities	18 367.7	18 478.8	18 577.7	18 227.7	18 341.3	19 249.4	18 566.0	18 403.3	18 185.1	18 296.7	18 414.1	17 830.9	18 439.4	17 919.0	18 265.2
Remaining liabilities	1 637.5	1 626.4	1 595.4	1 610.3	1 662.7	1 558.7	1 542.6	1 503.1	1 460.1	1 508.6	1 513.1	1 470.4	1 456.0	1 399.3	1 413.3
Excess of inter-MFI liabilities	0.4	1.1	0.4	0.8	2.2	0.0	0.2	-0.2	0.2	-2.5	0.4	-4.9	0.0	0.9	0.3
Total liabilities	38 805.7	39 324.5	39 120.6	38 877.2	39 183.3	40 173.4	39 270.0	39 292.2	39 156.8	39 782.9	39 888.4	39 452.3	39 799.7	39 411.0	39 523.5

9.a AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
MFI reserves	4 148.0	4 323.3	3 735.5	3 956.6	3 896.0	3 239.0	3 836.7	3 774.3	4 077.7	4 378.2	4 434.0	4 383.5	4 097.2	4 181.8	3 993.4
Vault cash in euro	171.7	178.6	189.6	174.8	184.2	179.0	180.3	181.2	184.9	181.7	182.7	192.4	187.1	187.4	190.1
Deposits with Latvijas Banka	3 976.3	4 144.8	3 546.0	3 781.9	3 711.8	3 060.0	3 656.4	3 593.1	3 892.8	4 196.5	4 251.3	4 191.1	3 910.1	3 994.4	3 803.3
Foreign assets	13 095.7	12 869.2	12 374.8	11 766.7	11 499.7	12 195.2	11 365.3	11 144.2	10 516.5	10 744.5	10 524.0	9 973.9	10 158.8	10 273.3	10 113.9
Claims on the central government	955.9	972.7	1 019.7	1 028.6	1 046.0	1 061.6	893.2	914.4	926.6	983.7	1 023.8	1 056.2	1 062.1	822.0	857.2
Loans	91.9	91.3	90.6	89.7	90.0	87.2	85.6	85.2	81.3	79.6	79.5	79.6	82.0	82.7	82.2
Holdings of securities other than shares	864.0	881.4	929.1	938.8	955.9	974.5	807.6	829.2	845.3	904.1	944.3	976.6	980.1	739.4	775.0
Claims on the local government	35.6	35.1	34.5	34.3	30.3	30.1	30.1	30.4	34.0	30.0	33.5	29.6	29.4	29.2	28.7
Loans	35.2	34.7	34.2	33.9	29.9	29.8	29.7	30.1	33.6	29.7	33.2	29.2	29.1	28.9	28.3
Holdings of securities other than shares	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Claims on the financial institutions	1 154.3	1 170.5	1 435.3	1 440.6	1 457.5	1 468.1	1 467.0	1 480.7	1 495.6	1 489.8	1 503.5	1 493.8	1 518.2	1 519.6	1 511.2
Loans	670.2	680.6	948.5	954.0	970.6	984.5	989.5	1 002.5	1 024.3	1 017.5	1 030.2	1 029.6	1 047.9	1 049.0	1 047.3
Holdings of securities other than shares	1.5	1.4	1.4	1.4	1.8	1.8	2.0	1.9	1.9	1.8	1.7	1.7	1.7	1.7	1.7
Holdings of shares and other equity	482.6	488.4	485.4	485.2	485.1	481.7	475.5	476.4	469.4	470.5	471.6	462.5	468.5	468.9	462.2
Claims on public non-financial corporations	681.6	679.8	676.6	676.8	668.1	682.5	677.1	673.0	676.2	680.7	677.8	686.3	684.8	682.8	686.0
Loans	678.0	676.2	673.1	671.3	663.0	677.7	672.3	669.3	672.6	677.1	674.4	682.7	681.2	679.3	682.0
Holdings of securities other than shares	3.7	3.6	3.5	5.5	5.0	4.8	4.8	3.7	3.7	3.6	3.5	3.6	3.6	3.5	4.0
Holdings of shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims on private non-financial corporations	5 676.5	5 672.5	5 572.1	5 632.6	5 775.6	5 774.8	5 807.2	5 838.8	5 836.0	5 809.5	5 851.4	5 858.2	5 872.3	5 882.6	5 905.4
Loans	5 549.4	5 545.4	5 438.3	5 498.7	5 639.2	5 633.7	5 666.1	5 691.0	5 695.0	5 668.3	5 710.0	5 692.9	5 706.8	5 717.1	5 740.0
Holdings of securities other than shares	15.4	15.4	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.8	15.8	15.8	15.8
Holdings of shares and other equity	111.6	111.7	118.4	118.4	120.9	125.6	125.6	132.3	125.5	125.7	125.9	149.5	149.7	149.7	149.7
Claims on households	5 375.5	5 362.6	5 339.9	5 336.1	5 338.4	5 334.0	5 324.7	5 320.7	5 312.6	5 327.8	5 325.9	5 304.7	5 299.5	5 290.8	5 282.8
Loans	5 375.5	5 362.6	5 339.9	5 336.1	5 338.4	5 334.0	5 324.7	5 320.7	5 312.6	5 327.8	5 325.9	5 304.7	5 299.5	5 290.8	5 282.8
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	166.9	169.6	167.6	167.3	168.1	168.7	168.8	169.1	176.6	176.6	176.1	176.4	175.8	176.8	177.2
Other assets	400.7	435.2	380.7	376.9	433.6	359.0	361.3	343.2	357.3	396.2	372.4	358.7	398.9	355.7	351.9
Claims on resident MFIs	167.7	190.2	141.7	139.8	135.0	146.5	119.7	120.8	126.8	106.0	106.6	92.3	121.9	109.3	109.8
Holdings of MFI securities other than shares	0	0	0	0	0	0	0	0	0	0	0	14.5	8.7	8.6	7.5
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of MFI shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	31 858.3	31 880.6	30 878.5	30 556.4	30 448.1	30 459.6	30 051.1	29 809.6	29 535.9	30 123.2	30 029.1	29 428.1	29 427.5	29 332.5	29 024.9

9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Overnight deposits in euro	6 993.9	7 175.4	7 253.5	7 376.1	7 332.2	7 493.2	7 346.7	7 452.2	7 489.2	7 534.4	7 566.5	7 926.4	7 704.5	7 871.6	7 889.1
Financial institutions	552.8	617.0	627.0	631.6	639.8	609.0	590.7	724.9	719.9	623.3	560.7	557.0	494.1	519.1	472.7
Public non-financial corporations	327.7	384.0	410.1	527.0	457.6	485.1	433.9	438.2	410.2	415.1	393.1	404.0	426.4	486.0	533.1
Private non-financial corporations	2 648.2	2 683.4	2 716.8	2 653.5	2 665.0	2 732.8	2 656.6	2 642.1	2 698.6	2 791.6	2 840.8	3 025.3	2 868.6	2 935.7	2 935.4
Households	3 465.2	3 491.1	3 499.6	3 563.9	3 569.8	3 666.3	3 665.4	3 647.0	3 660.5	3 704.4	3 771.9	3 940.2	3 915.4	3 930.9	3 948.0
Time deposits in euro	1 237.3	1 234.1	1 245.6	1 206.7	1 197.2	1 136.7	1 150.9	1 133.2	1 121.1	1 118.5	1 134.7	1 029.6	973.1	947.2	916.5
Financial institutions	302.5	312.8	322.2	296.6	298.6	305.7	331.5	325.5	326.7	314.1	305.2	272.9	206.3	186.3	162.6
Public non-financial corporations	41.9	39.9	40.2	28.0	28.6	28.5	33.1	34.8	32.8	42.4	42.8	21.1	21.1	19.8	20.3
Private non-financial corporations	146.7	145.8	163.7	170.8	156.6	102.2	91.3	81.0	83.3	80.1	109.7	74.0	109.9	102.3	104.6
Households	746.1	735.6	719.6	711.2	713.4	700.3	695.1	691.9	678.3	682.0	677.1	661.6	635.7	638.8	629.0
Deposits redeemable at notice in euro	745.6	769.5	735.2	747.1	748.3	753.4	757.8	764.1	774.2	788.2	801.0	808.9	831.8	841.6	830.1
Financial institutions	2.1	2.0	1.7	1.6	1.5	1.2	1.0	1.0	1.1	1.7	2.2	3.5	4.1	4.0	1.6
Public non-financial corporations	12.7	12.8	6.2	7.0	6.2	6.5	6.5	6.8	6.8	6.8	8.7	9.0	9.0	9.0	9.0
Private non-financial corporations	70.3	80.6	47.0	47.6	45.1	40.9	38.9	40.0	44.3	49.5	50.1	44.8	57.7	57.3	47.5
Households	660.4	674.1	680.3	690.9	695.5	704.8	711.3	716.3	722.0	730.2	740.1	751.6	761.0	771.3	772.1
Repos in euro	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency deposits of residents	1 253.4	1 330.4	1 234.9	1 272.2	1 356.9	1 333.5	1 349.1	1 352.2	1 329.0	1 295.5	1 298.3	1 361.2	1 330.1	1 340.5	1 323.1
Financial institutions	161.8	171.5	161.1	165.8	220.9	175.2	179.6	158.8	158.7	141.8	136.6	83.3	86.3	125.7	123.3
Public non-financial corporations	8.0	5.0	4.8	4.7	5.8	5.6	4.9	3.9	3.5	4.0	3.6	3.2	2.4	3.5	3.1
Private non-financial corporations	443.5	502.2	430.4	461.3	481.2	501.6	503.3	526.5	510.3	505.4	502.3	605.0	569.8	530.0	516.0
Households	640.0	651.7	638.6	640.4	649.0	651.1	661.3	663.0	656.4	644.3	655.8	669.7	671.6	681.3	680.7
Deposits of central government	279.6	367.7	344.2	304.9	703.3	675.8	499.7	577.1	660.7	1 094.8	1 027.6	835.6	937.9	876.5	740.5
Overnight deposits in euro	172.4	226.2	196.9	205.0	536.6	508.8	289.3	345.4	379.3	574.4	517.9	373.6	397.9	486.7	383.7
Time deposits in euro	93.7	127.6	127.7	78.6	143.2	143.2	191.7	201.7	222.2	464.0	462.0	418.8	480.1	333.0	302.0
Deposits redeemable at notice and repos in euro	9.3	9.7	16.5	16.7	18.0	18.0	12.5	11.2	11.4	11.7	11.9	12.2	12.1	15.1	14.8
Foreign currency deposits	4.2	4.2	3.2	4.5	5.5	5.8	6.3	18.8	47.9	44.6	35.8	31.1	47.9	41.7	40.0
Deposits of local government	235.2	258.3	285.7	294.1	305.7	280.8	272.7	297.9	286.4	296.9	313.1	264.1	280.3	292.3	321.5
Overnight deposits in euro	232.3	255.3	282.5	291.2	296.3	271.6	263.4	290.8	279.3	286.8	305.0	255.9	272.2	284.3	313.5
Time deposits in euro	0.6	0.6	0.7	0.4	6.9	6.6	6.6	4.3	4.3	7.3	5.3	5.3	5.3	5.3	5.3
Deposits redeemable at notice and repos in euro	2.2	2.4	2.5	2.5	2.5	2.6	2.6	2.7	2.7	2.7	2.8	2.8	2.7	2.7	2.7
Foreign currency deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

9.b

AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA) (CONT.)

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Foreign liabilities	15 752.9	15 374.7	14 726.2	14 322.0	14 077.1	14 114.9	14 016.8	13 574.2	13 218.5	13 281.8	13 142.2	12 481.1	12 580.1	12 476.4	12 369.6
Liabilities to Latvijas Banka	253.7	245.0	245.0	245.0	245.0	234.3	234.3	234.3	244.7	244.7	244.7	257.2	257.2	244.7	244.7
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	64.5	59.0	57.8	61.9	62.8	64.8	65.0	65.4	65.5	56.5	57.2	94.8	94.7	91.1	92.4
Capital and reserves	3 428.3	3 440.4	3 203.9	3 182.0	2 810.5	2 856.0	2 884.1	2 923.2	2 946.5	2 987.3	3 010.7	3 006.0	3 054.9	3 036.2	2 968.0
Residents	1 339.5	1 350.9	1 115.1	1 093.3	1 097.6	1 143.9	1 177.0	1 216.3	1 239.5	1 280.3	1 303.7	1 295.5	1 344.3	1 326.7	1 258.6
Retained earnings of the reporting year	31.0	63.6	106.0	141.7	173.2	268.9	300.9	340.0	372.1	406.7	437.9	451.5	32.9	60.8	104.2
Non-residents	2 088.8	2 089.6	2 088.7	2 088.7	1 712.9	1 712.1	1 707.1	1 706.9	1 707.0	1 707.0	1 707.0	1 710.6	1 710.6	1 709.4	1 709.4
Provisions	886.5	890.3	863.0	844.8	826.7	812.2	800.8	791.6	786.3	785.4	779.3	768.6	760.8	766.7	783.4
Other liabilities (incl. subordinated liabilities)	559.3	544.8	541.4	558.9	645.9	557.3	553.3	523.6	486.9	535.8	546.8	507.3	500.0	437.6	435.8
Liabilities to resident MFIs	168.1	191.1	142.1	140.6	136.8	146.5	119.9	120.6	126.9	103.5	107.1	87.4	122.1	110.2	110.2
TOTAL LIABILITIES	31 858.3	31 880.6	30 878.5	30 556.4	30 448.1	30 459.6	30 051.1	29 809.6	29 535.9	30 123.2	30 029.1	29 428.1	29 427.5	29 332.5	29 024.9
Memo items															
Trust assets	1 680.1	1 708.5	1 596.5	1 539.0	1 485.8	1 459.1	1 483.3	1 421.3	1 463.4	1 369.3	1 250.6	827.0	812.8	806.7	799.5
Foreign	1 544.8	1 571.4	1 455.8	1 398.2	1 347.9	1 320.6	1 344.9	1 282.2	1 339.4	1 246.1	1 125.0	697.5	691.3	691.0	680.5
Domestic	135.3	137.1	140.7	140.8	138.0	138.5	138.4	139.1	124.0	123.1	125.5	129.6	121.6	115.7	119.0
Trust liabilities	1 680.1	1 708.5	1 596.5	1 539.0	1 485.8	1 459.1	1 483.3	1 421.3	1 463.4	1 369.3	1 250.6	827.0	812.8	806.7	799.5
Foreign	1 597.6	1 625.8	1 507.8	1 450.2	1 398.0	1 371.5	1 393.6	1 331.2	1 376.1	1 277.8	1 157.0	726.6	714.9	710.2	699.6
Domestic	82.5	82.8	88.6	88.8	87.8	87.6	89.7	90.1	87.3	91.5	93.6	100.5	97.9	96.6	99.9

10. MONETARY SURVEY OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	Overnight deposits (resident)				Deposits with agreed maturity and redeemable at notice (resident)				Total
	Households	Financial institutions and private non-financial corporations	Public non-financial corporations		Households	Financial institutions and private non-financial corporations	Public non-financial corporations		
2016									
I	7 897.9	3 883.3	3 682.6	332.0	2 332.2	1 628.5	645.5	58.3	10 230.2
II	8 148.5	3 915.9	3 847.4	385.3	2 360.9	1 636.6	667.9	56.3	10 509.4
III	8 131.3	3 918.3	3 800.8	412.2	2 337.9	1 619.8	669.0	49.1	10 469.2
IV	8 285.4	3 986.4	3 770.8	528.2	2 316.7	1 620.1	658.0	38.6	10 602.1
V	8 305.1	3 991.8	3 853.5	459.8	2 329.3	1 635.9	655.0	38.4	10 634.5
VI	8 453.3	4 094.1	3 872.1	487.0	2 263.6	1 628.5	596.5	38.6	10 716.8
VII	8 320.6	4 100.0	3 784.5	436.1	2 283.8	1 633.0	608.5	42.3	10 604.4
VIII	8 412.2	4 086.4	3 885.6	440.2	2 289.6	1 631.9	614.3	43.4	10 701.8
IX	8 409.5	4 089.1	3 908.5	412.0	2 303.9	1 628.1	634.4	41.4	10 713.4
X	8 418.1	4 118.8	3 882.0	417.3	2 318.6	1 642.1	625.5	51.0	10 736.7
XI	8 429.8	4 178.4	3 855.7	395.7	2 370.7	1 666.4	651.9	52.4	10 800.5
XII	8 768.3	4 360.3	4 000.8	407.2	2 357.8	1 662.8	664.9	30.1	11 126.0
2017									
I	8 550.9	4 342.2	3 779.9	428.8	2 288.5	1 641.5	617.0	30.0	10 839.5
II	8 778.4	4 364.0	3 925.9	488.5	2 222.6	1 658.3	534.6	29.7	11 001.0
III	8 774.1	4 383.9	3 854.9	535.2	2 184.8	1 645.9	508.7	30.2	10 958.9
	Net foreign assets	Net domestic assets							Total
		Credit to residents					Other items (net)		
		General government (net)	Households	Financial institutions and private non-financial corporations	Public non-financial corporations				
2016									
I	-2 657.2	13 364.6	476.7	5 375.5	6 830.8	681.6	-477.2	12 887.4	10 230.2
II	-2 505.5	13 267.2	381.8	5 362.6	6 843.0	679.8	-252.3	13 014.9	10 509.4
III	-2 351.4	13 448.2	424.3	5 339.9	7 007.4	676.6	-627.6	12 820.6	10 469.2
IV	-2 555.3	13 550.0	463.9	5 336.1	7 073.2	676.8	-392.6	13 157.4	10 602.1
V	-2 577.4	13 306.9	67.3	5 338.4	7 233.1	668.1	-95.0	13 211.9	10 634.5
VI	-1 920.7	13 394.5	135.1	5 334.0	7 242.9	682.5	-757.0	12 637.5	10 716.8
VII	-2 652.6	13 426.8	150.8	5 324.7	7 274.2	677.1	-169.8	13 257.0	10 604.4
VIII	-2 430.0	13 383.1	69.9	5 320.7	7 319.5	673.0	-251.3	13 131.8	10 701.8
IX	-2 702.0	13 333.9	13.5	5 312.6	7 331.6	676.2	81.5	13 415.4	10 713.4
X	-2 537.3	12 929.9	-377.9	5 327.8	7 299.3	680.7	344.1	13 274.0	10 736.7
XI	-2 618.2	13 075.2	-283.5	5 325.9	7 355.0	677.8	343.5	13 418.7	10 800.5
XII	-2 507.2	13 329.1	-13.9	5 304.7	7 352.0	686.3	304.1	13 633.2	11 126.0
2017									
I	-2 421.3	13 248.1	-126.7	5 299.5	7 390.5	684.8	12.7	13 260.8	10 839.5
II	-2 203.1	13 058.2	-317.6	5 290.8	7 402.2	682.8	145.9	13 204.1	11 001.0
III	-2 255.8	13 209.3	-176.1	5 282.8	7 416.6	686.0	5.4	13 214.7	10 958.9

11.a FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Claims on MFIs	6 514.6	6 347.2	6 156.3	5 667.2	5 711.9	6 397.2	5 702.3	5 665.8	5 083.6	5 465.7	5 195.9	4 694.1	5 058.9	5 192.7	5 048.7
Loans															
Overnight	4 039.4	3 741.7	3 717.9	3 146.0	3 218.1	3 933.7	3 317.3	3 173.4	2 650.7	3 029.6	2 975.9	2 521.6	2 912.4	3 113.0	3 022.7
Short-term	979.9	1 082.6	950.7	1 002.5	956.4	958.2	907.7	1 003.8	955.1	1 013.2	819.6	740.8	743.2	706.2	706.6
Long-term	8.6	8.4	8.1	6.0	6.1	3.7	3.7	3.7	3.5	4.2	1.6	1.0	1.5	0.2	0.2
Redeemable at notice	11.0	11.0	11.0	11.0	11.0	12.8	12.8	12.8	12.8	12.8	12.9	12.9	1.9	1.9	0.0
Holdings of securities other than shares	1 343.8	1 371.1	1 339.6	1 370.5	1 389.4	1 357.0	1 329.8	1 340.1	1 326.2	1 268.6	1 248.6	1 280.3	1 263.6	1 233.8	1 180.5
Holdings of shares and other equity	1.1	1.6	1.6	1.8	1.7	1.5	1.7	1.9	1.6	1.7	2.1	0.5	0.4	0.5	0.4
Other claims	130.8	130.8	127.3	129.4	129.1	130.3	129.3	130.1	133.7	135.7	135.2	137.0	135.9	137.2	138.3
Claims on non-MFIs	6 145.4	6 075.1	5 775.8	5 700.7	5 391.4	5 399.3	5 284.3	5 135.8	5 095.5	4 908.1	4 941.7	4 915.1	4 747.2	4 787.3	4 791.8
Loans															
Short-term	905.7	921.2	900.3	872.7	858.7	941.1	952.2	953.0	906.4	915.1	936.1	928.1	929.6	971.7	967.8
Long-term	1 234.6	1 242.2	1 182.5	1 238.4	1 276.8	1 272.8	1 285.5	1 287.6	1 307.5	1 280.9	1 303.6	1 302.1	1 258.3	1 223.7	1 235.1
Holdings of securities other than shares															
General government sector	2 507.0	2 276.9	2 080.9	1 976.2	1 612.6	1 626.3	1 559.0	1 398.3	1 403.9	1 302.3	1 284.5	1 274.5	1 200.6	1 210.5	1 215.9
Private sector	1 333.6	1 468.9	1 459.6	1 455.9	1 485.9	1 486.4	1 412.5	1 420.9	1 400.5	1 331.4	1 339.8	1 336.6	1 285.9	1 307.2	1 303.0
Holdings of shares and other equity	104.4	104.6	118.7	123.7	124.1	39.4	43.0	43.5	44.3	45.7	45.0	39.5	39.1	40.4	35.4
Other claims	60.1	61.3	33.7	33.7	33.2	33.2	32.1	32.5	32.9	32.8	32.6	34.3	33.8	33.8	34.5
Vault cash in foreign currencies	34.8	41.4	31.0	35.1	40.0	37.6	35.2	41.2	36.3	35.5	38.5	39.1	32.4	39.3	33.0
Other assets															
Other assets	400.9	405.5	411.7	363.8	356.5	361.2	343.5	301.4	301.1	335.2	347.8	325.6	320.3	254.1	240.4
Total foreign assets	13 095.7	12 869.2	12 374.8	11 766.7	11 499.7	12 195.2	11 365.3	11 144.2	10 516.5	10 744.5	10 524.0	9 973.9	10 158.8	10 273.3	10 113.9
Memo items															
Trust assets	1 544.8	1 571.4	1 455.8	1 398.2	1 347.9	1 320.6	1 344.9	1 282.2	1 339.4	1 246.1	1 125.0	697.5	691.3	691.0	680.5

11.b FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Liabilities to MFIs															
Overnight	678.8	564.7	550.3	712.0	462.9	488.6	659.8	479.4	401.2	393.8	336.6	409.6	407.4	373.9	345.0
Short-term	1 479.0	1 365.2	1 508.6	1 373.0	1 623.4	1 586.2	1 635.9	1 768.1	1 791.3	1 769.6	1 721.8	1 569.5	1 722.3	1 693.8	1 638.6
Long-term	940.3	941.0	869.9	880.1	890.6	917.4	918.3	818.2	816.2	808.4	811.1	857.2	911.2	846.0	939.4
Redeemable at notice	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which liabilities to associated and affiliated MFIs	3 045.9	2 820.9	2 889.1	2 920.8	2 939.9	2 952.6	3 180.7	3 028.4	2 976.7	2 944.3	2 848.4	2 817.9	3 005.8	2 887.8	2 903.1
Non-MFI deposits															
Overnight	10 958.4	10 755.7	9 946.1	9 558.5	9 351.6	9 341.3	9 030.6	8 790.5	8 475.2	8 551.3	8 468.5	7 933.5	7 912.4	7 889.3	7 805.7
Short-term	226.0	252.5	386.3	401.4	327.9	309.2	292.6	284.9	278.3	283.8	330.9	258.5	227.0	228.0	226.8
Long-term	624.6	613.9	556.2	546.8	549.6	613.1	602.4	599.9	609.2	607.9	607.4	596.4	577.2	576.7	581.9
Redeemable at notice	98.1	97.2	96.0	96.0	93.6	90.4	89.3	96.9	104.3	99.5	102.8	101.8	98.8	93.5	95.6
Other liabilities															
Other liabilities ¹	747.7	784.4	812.8	754.1	777.4	768.7	787.9	736.2	742.8	767.6	762.9	754.4	723.9	775.3	736.6
Total foreign liabilities	15 752.9	15 374.7	14 726.2	14 322.0	14 077.1	14 114.9	14 016.8	13 574.2	13 218.5	13 281.8	13 142.1	12 481.1	12 580.1	12 476.4	12 369.6
Memo items															
Trust liabilities	1 597.6	1 625.8	1 507.8	1 450.2	1 398.0	1 371.5	1 393.6	1 331.2	1 376.1	1 277.8	1 157.0	726.6	714.9	710.2	699.6

¹ Including subordinated liabilities.

12. SELECTED ITEMS IN THE MONTHLY FINANCIAL POSITION REPORT OF MFIs (EXCLUDING LATVIJAS BANKA) BY GROUP OF COUNTRIES

(excluding Latvia; at end of period; millions of euro)

	Claims on MFIs			Loans to non-MFIs			Liabilities to MFIs			Deposits by non-MFIs		
	EU	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions
2016												
I	3 453.5	1 914.5	1 585.4	818.5	573.5	1 321.9	2 422.2	518.6	675.9	3 825.3	1 228.4	8 081.9
II	3 274.5	1 820.0	1 569.2	849.1	605.1	1 314.3	2 267.0	490.2	603.9	3 762.7	1 221.7	7 956.7
III	3 006.2	1 697.5	1 681.5	866.2	592.8	1 216.6	2 391.0	474.3	537.7	3 499.0	1 170.2	7 485.6
IV	2 833.3	1 661.0	1 332.3	940.7	652.6	1 170.4	2 427.8	499.1	537.4	3 482.6	1 218.3	7 120.2
V	2 660.5	1 509.6	1 531.1	950.2	660.0	1 185.3	2 444.0	361.3	533.0	3 450.5	1 152.7	6 872.3
VI	3 163.7	1 980.6	1 744.7	1 013.0	727.0	1 201.0	2 421.5	452.2	570.7	3 560.5	1 223.9	6 793.5
VII	2 765.2	1 757.9	1 476.3	1 014.5	735.4	1 223.3	2 645.6	600.6	568.5	3 521.0	1 211.7	6 493.8
VIII	2 548.5	1 473.4	1 645.2	1 014.1	741.9	1 226.4	2 486.4	322.4	579.3	3 358.2	1 184.6	6 414.0
IX	2 192.4	1 248.8	1 429.7	1 007.7	738.9	1 206.2	2 444.0	419.6	564.7	3 346.9	1 196.4	6 120.1
X	2 590.6	1 498.1	1 469.2	974.2	732.7	1 221.8	2 421.2	405.3	550.5	3 357.4	1 206.7	6 185.0
XI	2 459.5	1 478.6	1 350.5	999.2	743.4	1 240.5	2 330.6	292.7	539.0	3 415.3	1 291.4	6 094.4
XII	1 981.3	1 127.9	1 295.0	1 018.5	772.1	1 211.6	2 250.3	328.1	586.2	3 175.9	1 122.7	5 714.4
2017												
I	2 369.7	1 359.2	1 289.3	991.9	754.5	1 195.9	2 439.5	441.3	601.4	3 161.1	1 083.5	5 654.3
II	2 484.1	1 310.5	1 337.1	1 010.2	746.6	1 185.1	2 338.6	408.3	575.0	3 219.8	1 128.6	5 567.6
III	2 452.1	1 346.3	1 277.4	1 035.3	775.1	1 167.6	2 381.3	373.6	541.7	3 172.2	1 176.1	5 537.9

13. MATURITY PROFILE OF DEPOSITS OF RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Overnight deposits															
Amount	7 897.9	8 148.5	8 131.3	8 285.4	8 305.1	8 453.3	8 320.6	8 412.2	8 409.5	8 418.1	8 429.8	8 768.3	8 550.9	8 778.4	8 774.1
% ¹	77.2	77.5	77.7	78.1	78.1	78.9	78.5	78.6	78.5	78.4	78.0	78.8	78.9	79.8	80.1
Time deposits															
Maturity of 1–6 months															
Amount	213.0	223.6	259.5	269.8	279.1	253.0	241.0	264.3	291.5	298.3	314.1	393.0	362.1	307.9	308.6
% ¹	2.1	2.1	2.5	2.5	2.6	2.4	2.3	2.5	2.7	2.8	2.9	3.5	3.3	2.8	2.8
Maturity of 6–12 months															
Amount	611.5	604.9	607.8	573.7	575.2	556.7	583.9	563.9	561.2	560.9	586.1	529.5	526.8	504.1	500.6
% ¹	6.0	5.8	5.8	5.4	5.4	5.2	5.5	5.3	5.2	5.2	5.4	4.8	4.9	4.6	4.6
Long-term															
Amount	708.0	707.9	682.1	673.1	673.7	646.9	647.5	643.4	623.3	619.7	617.1	574.2	517.2	515.7	492.5
% ¹	6.9	6.8	6.5	6.3	6.3	6.0	6.1	6.0	5.8	5.8	5.8	5.2	4.8	4.7	4.5
Maturity of 1–2 years															
Amount	378.5	380.7	362.5	348.6	348.4	318.9	317.6	315.6	295.7	292.3	286.9	246.4	233.7	233.4	212.7
% ¹	3.7	3.7	3.5	3.3	3.3	3.0	3.0	2.9	2.8	2.7	2.7	2.2	2.2	2.1	1.9
Maturity of over 2 years															
Amount	329.4	327.1	319.6	324.5	325.3	328.0	329.9	327.7	327.6	327.4	330.2	327.8	283.5	282.3	279.8
% ¹	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.0	3.1	2.9	2.6	2.6	2.6
Deposits redeemable at notice															
Up to 3 months															
Amount	794.9	819.9	783.7	795.2	796.4	802.3	806.8	813.6	823.5	835.3	848.9	856.6	878.0	886.5	874.9
% ¹	7.8	7.8	7.5	7.5	7.5	7.5	7.6	7.6	7.7	7.8	7.9	7.7	8.1	8.0	7.9
Over 3 months															
Amount	4.8	4.7	4.8	4.8	4.9	4.7	4.7	4.6	4.5	4.3	4.5	4.5	4.4	8.3	8.2
% ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0.1	0.1
Repos															
Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total deposits	10 230.2	10 509.4	10 469.2	10 602.1	10 634.5	10 716.8	10 604.4	10 701.8	10 713.4	10 736.7	10 800.5	11 126.0	10 839.5	11 001.0	10 958.9

¹ As percent of total deposits of resident financial institutions, non-financial corporations and households.

14.a DEPOSITS BY FINANCIAL INSTITUTIONS

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
Insurance corporations									
2016									
I	56.8	6.4	10.2	11.0	1.0	0	0	85.5	83.1
II	56.2	18.2	9.6	10.9	1.0	0	0	95.8	90.0
III	50.3	17.0	8.6	7.1	0.9	0	0	83.9	76.1
IV	51.6	16.2	8.5	7.1	0.8	0	0	84.1	76.1
V	45.8	15.5	10.1	7.1	0.8	0	0	79.3	71.7
VI	49.1	16.3	9.6	7.1	0.8	0	0	82.9	74.7
VII	60.9	14.2	9.6	7.1	0.8	0	0	92.6	84.2
VIII	199.6	16.0	9.1	7.1	0.8	0	0	232.6	223.6
IX	196.3	16.6	9.1	7.0	0.9	0	0	229.9	221.0
X	136.1	13.7	9.1	7.0	0.8	0	0	166.8	158.4
XI	132.0	12.7	9.1	5.9	0.8	0	0	160.5	153.3
XII	105.6	10.2	6.7	5.9	0.8	0	0	129.1	123.5
2017									
I	97.6	11.2	5.3	5.9	0.8	0	0	120.7	115.0
II	88.9	2.2	5.3	5.5	0.8	0	0	102.7	96.9
III	76.7	2.3	5.2	3.0	0.8	0	0	88.0	81.5
Pension funds									
2016									
I	352.2	78.2	63.7	28.5	0	0	0	522.6	465.6
II	417.4	86.3	64.3	24.7	0	0	0	592.7	525.3
III	381.2	86.3	59.3	24.7	0	0	0	551.4	494.2
IV	406.6	64.9	59.3	24.7	0	0	0	555.5	500.8
V	419.4	64.8	58.6	25.6	0	0	0	568.5	506.4
VI	369.3	44.8	51.6	25.6	0	0	0	491.4	460.5
VII	389.8	44.8	51.8	26.6	0	0	0	513.0	469.2
VIII	378.4	45.8	52.1	26.6	0	0	0	503.0	463.9
IX	369.9	45.6	52.1	26.3	0	0	0	493.9	458.9
X	326.5	36.8	52.1	24.8	0	0	0	440.2	414.5
XI	245.5	37.6	52.2	22.5	0	0	0	357.8	330.4
XII	269.1	38.7	22.6	22.2	0	0	0	352.6	335.6
2017									
I	210.0	24.8	22.6	22.8	0	0	0	280.1	264.2
II	276.0	16.7	22.0	22.3	0	0	0	336.9	293.1
III	246.1	18.0	6.0	19.3	0	0	0	289.3	249.4

14.a DEPOSITS BY FINANCIAL INSTITUTIONS (CONT.)

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
OFIs and financial auxiliaries									
2016									
I	270.5	39.1	4.7	62.6	1.2	0	0	378.1	285.4
II	264.9	38.7	5.6	60.1	1.2	0	0	370.5	290.7
III	294.6	37.9	6.7	59.1	1.0	0	0	399.2	326.5
IV	280.2	32.4	5.9	59.8	0.9	0	0	379.3	305.2
V	340.2	30.5	8.2	59.8	0.8	0	0	439.6	314.8
VI	314.8	54.7	7.4	60.2	0.4	0	0	437.6	326.2
VII	272.9	80.5	7.9	58.8	0.3	0	0	420.4	315.9
VIII	261.3	76.5	8.1	56.7	0.3	0	0	403.0	311.2
IX	267.4	76.5	8.5	56.9	0.3	0	0	409.7	314.8
X	259.2	76.4	7.6	57.3	0.9	0	0	401.5	310.2
XI	280.3	71.6	7.9	56.8	1.4	0	0	418.2	329.7
XII	227.9	73.3	7.5	57.4	2.7	0	0	368.8	319.6
2017									
I	232.2	73.9	8.3	3.0	3.4	0	0	320.8	269.0
II	243.3	72.2	7.2	3.0	3.3	0	0	329.0	265.9
III	227.1	72.5	6.0	3.4	0.8	0	0	309.8	249.4
Investment funds, excluding money market funds, and alternative investment funds									
2016									
I	27.9	4.5	0.7	0	0	0	0	33.1	23.3
II	39.0	4.4	0.7	0	0	0	0	44.1	25.6
III	48.1	28.1	1.2	0	0	0	0	77.4	54.1
IV	47.4	28.1	1.2	0	0	0	0	76.7	47.7
V	43.8	28.3	1.2	0	0	0	0	73.3	46.9
VI	38.5	39.4	1.2	0	0	0	0	79.1	54.5
VII	36.3	39.4	1.2	0	0	0	0	76.9	54.0
VIII	30.6	39.9	1.2	0	0	0	0	71.7	52.6
IX	30.5	41.3	1.2	0	0	0	0	73.0	53.1
X	29.7	42.2	0.5	0	0	0	0	72.5	56.0
XI	25.5	42.2	0.5	0	0	0	0	68.2	54.7
XII	23.4	42.3	0.5	0	0	0	0	66.1	54.6
2017									
I	26.6	42.2	0.5	0	0	0	0	69.3	56.4
II	23.8	42.7	0.0	0	0	0	0	66.6	53.5
III	32.0	41.0	0.0	0	0	0	0	73.0	56.7

14.b DEPOSITS BY NON-FINANCIAL CORPORATIONS

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			In euro
Public non-financial corporations									
2016									
I	332.0	41.1	2.6	1.9	12.7	0	0	390.3	382.3
II	385.3	39.6	2.1	1.9	12.8	0	0	441.6	436.6
III	412.2	38.9	2.1	1.8	6.2	0	0	461.3	456.5
IV	528.2	29.8	0	1.8	7.0	0	0	566.8	562.1
V	459.8	30.4	0	1.8	6.2	0	0	498.2	492.4
VI	487.0	30.3	0	1.7	6.5	0	0	525.6	520.1
VII	436.1	34.0	0	1.7	6.5	0	0	478.4	473.5
VIII	440.3	34.9	0	1.7	6.8	0	0	483.7	479.8
IX	412.0	32.9	0	1.6	6.8	0	0	453.3	449.8
X	417.3	42.6	0	1.6	6.8	0	0	468.2	464.3
XI	395.7	42.2	0	1.6	8.7	0	0	448.2	444.6
XII	407.2	19.5	0	1.5	9.0	0	0	437.2	434.1
2017									
I	428.8	19.5	0	1.5	9.0	0	0	458.9	456.5
II	488.5	20.5	0	0.2	9.0	0	0	518.2	514.7
III	535.2	21.0	0	0.2	9.0	0	0	565.4	562.3
Private non-financial corporations									
2016									
I	2 975.2	203.0	38.4	19.1	73.1	0.0	0	3 308.8	2 865.2
II	3 069.8	201.5	38.7	18.7	83.3	0.0	0	3 412.1	2 909.8
III	3 026.6	224.5	36.9	20.3	49.6	0.0	0	3 357.9	2 927.5
IV	2 985.0	241.8	36.6	19.6	50.2	0.0	0	3 333.2	2 871.9
V	3 004.3	248.9	30.4	16.5	47.8	0.0	0	3 347.9	2 866.7
VI	3 100.4	201.6	15.4	16.5	43.5	0.1	0	3 377.6	2 875.9
VII	3 024.7	193.3	14.6	15.9	41.5	0.1	0	3 290.1	2 786.8
VIII	3 015.7	201.3	15.1	14.8	42.7	0.0	0	3 289.7	2 763.2
IX	3 044.5	218.5	10.8	15.6	47.0	0.0	0	3 336.4	2 826.2
X	3 130.6	217.7	10.3	15.8	52.3	0.0	0	3 426.6	2 921.1
XI	3 172.3	250.2	11.5	15.8	53.0	0.0	0	3 502.8	3 000.5
XII	3 374.8	302.5	10.6	13.6	47.5	0.0	0	3 749.1	3 144.1
2017									
I	3 213.6	296.7	11.2	23.3	61.1	0.0	0	3 606.0	3 036.2
II	3 293.9	236.6	10.8	23.3	60.7	0.0	0	3 625.3	3 095.3
III	3 273.1	243.6	10.3	25.8	50.8	0.0	0	3 603.5	3 087.4

14.c DEPOSITS BY HOUSEHOLDS

(at end of period; millions of euro)

	Overnight	With agreed maturity			Redeemable at notice		Repos	Total deposits	
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months		In euro	
Households									
2016									
I	3 883.2	452.3	258.2	206.3	706.9	4.8	0	5 511.8	4 871.8
II	3 915.9	439.7	259.7	210.9	721.6	4.7	0	5 552.5	4 900.8
III	3 918.3	434.6	247.7	206.6	726.1	4.7	0	5 538.1	4 899.5
IV	3 986.4	430.3	237.2	211.6	736.3	4.8	0	5 606.5	4 966.1
V	3 991.8	435.9	239.8	214.5	740.9	4.8	0	5 627.7	4 978.7
VI	4 094.1	422.5	233.6	216.8	751.0	4.6	0	5 722.6	5 071.5
VII	4 100.1	418.6	232.3	219.8	757.7	4.5	0	5 733.0	5 071.8
VIII	4 086.4	413.7	229.9	220.8	762.9	4.5	0	5 718.2	5 055.2
IX	4 089.1	421.2	213.9	220.2	768.4	4.4	0	5 717.2	5 060.8
X	4 118.8	429.8	212.6	220.8	774.5	4.3	0	5 760.9	5 116.6
XI	4 178.4	443.7	205.7	227.6	785.0	4.4	0	5 844.8	5 189.0
XII	4 360.3	436.0	198.5	227.3	796.5	4.4	0	6 023.1	5 353.4
2017									
I	4 342.2	420.6	185.7	227.1	803.7	4.4	0	5 983.7	5 312.1
II	4 364.0	421.2	188.1	228.2	812.6	8.3	0	6 022.3	5 341.0
III	4 383.9	410.8	185.2	228.2	813.5	8.2	0	6 029.8	5 349.1

14.d DEPOSITS BY GOVERNMENT AND NON-RESIDENTS

(at end of period; millions of euro)

	General government				Non-residents					In euro
	Central government	Local government	In euro		MFIs	Non-MFIs			In euro	
							General government	Other		
2016										
I	279.6	235.2	514.8	510.6	3 098.0	11 907.1	8.1	11 899.0	15 005.2	5 924.1
II	367.7	258.3	626.0	621.8	2 870.9	11 719.4	6.6	11 712.8	14 590.3	5 764.8
III	344.2	285.7	629.9	626.7	2 928.8	10 984.6	6.7	10 977.9	13 913.4	5 855.2
IV	304.9	294.1	599.0	594.4	2 965.2	10 602.7	7.6	10 595.1	13 567.9	5 760.7
V	703.3	305.7	1 008.9	1 003.4	2 977.0	10 322.7	6.7	10 316.0	13 299.7	5 797.2
VI	675.8	280.8	956.7	950.8	2 992.2	10 354.0	5.2	10 348.8	13 346.2	5 744.9
VII	499.7	272.7	772.5	766.2	3 214.1	10 014.8	5.0	10 009.8	13 228.9	5 953.6
VIII	577.1	297.9	875.0	856.1	3 065.7	9 772.2	4.5	9 767.7	12 837.9	5 746.3
IX	660.7	286.4	947.1	899.3	3 008.7	9 467.0	4.8	9 462.2	12 475.7	5 648.9
X	1 094.8	296.9	1 391.6	1 347.0	2 971.8	9 542.4	4.6	9 537.8	12 514.2	5 763.9
XI	1 027.6	313.1	1 340.8	1 305.0	2 869.6	9 509.6	4.4	9 505.2	12 379.2	5 676.1
XII	835.6	264.1	1 099.7	1 068.6	2 836.4	8 890.3	11.8	8 878.4	11 726.7	5 517.1
2017										
I	937.9	280.3	1 218.2	1 170.3	3 040.9	8 815.4	11.9	8 803.5	11 856.3	5 645.7
II	876.5	292.3	1 168.8	1 127.2	2 913.6	8 787.5	6.1	8 781.4	11 701.1	5 502.2
III	740.5	321.5	1 062.0	1 021.9	2 923.0	8 710.1	5.5	8 704.6	11 633.1	5 504.5

15. MATURITY PROFILE OF LOANS TO RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Short-term															
Amount	1 681.7	1 733.2	1 635.8	1 656.0	1 763.9	1 740.0	1 704.9	1 746.0	1 825.3	1 823.2	1 851.8	1 747.6	1 808.6	1 821.4	1 846.8
% ¹	13.7	14.1	13.2	13.3	14.0	13.7	13.5	13.8	14.4	14.4	14.5	13.8	14.2	14.3	14.5
Maturity of 1–5 years															
Amount	2 433.7	2 429.0	2 368.4	2 432.8	2 467.4	2 484.3	2 480.3	2 497.9	2 388.3	2 343.6	2 372.3	2 430.3	2 435.4	2 424.2	2 412.3
% ¹	19.8	19.8	19.1	19.5	19.6	19.7	19.6	19.7	18.8	18.5	18.6	19.1	19.1	19.0	18.9
Maturity of over 5 years															
Amount	8 157.7	8 102.6	8 395.6	8 371.3	8 379.9	8 405.6	8 467.4	8 439.6	8 490.8	8 523.8	8 516.5	8 532.0	8 491.4	8 490.6	8 492.9
% ¹	66.5	66.1	67.7	67.2	66.4	66.6	66.9	66.5	66.8	67.1	66.9	67.1	66.7	66.7	66.6
Total loans	12 273.1	12 264.8	12 399.8	12 460.1	12 611.2	12 629.9	12 652.7	12 683.5	12 704.5	12 690.7	12 740.6	12 709.9	12 735.4	12 736.2	12 752.0

¹ As percent of total loans to resident financial institutions, non-financial corporations and households.

16.a LOANS TO FINANCIAL INSTITUTIONS AND NON-FINANCIAL CORPORATIONS

(at end of period; millions of euro)

	Insurance corporations and pension funds			OFIs and financial auxiliaries			Public non-financial corporations					Private non-financial corporations						
	Up to 1 year		In euro	Up to 1 year		In euro	Up to 1 year	1–5 years	Over 5 years		In euro	Up to 1 year	1–5 years	Over 5 years		In euro		
2016																		
I	0.0	0.0	0.0	x	x	x	6.7	83.0	588.3	678.0	562.0	1 161.4	1 703.0	2 685.0	5 549.4	5 315.7		
II	0.0	0.0	0.0	x	x	x	10.3	81.9	584.1	676.2	561.5	1 202.7	1 693.1	2 649.6	5 545.4	5 309.5		
III	0.0	0.0	0.0	x	x	x	12.4	80.6	580.1	673.1	557.8	1 120.3	1 635.0	2 683.0	5 438.3	5 246.2		
IV	0.0	0.0	0.0	x	x	x	10.7	79.7	580.9	671.3	555.2	1 143.8	1 698.7	2 656.2	5 498.7	5 309.1		
V	0.0	0.0	0.0	x	x	x	12.6	78.8	571.7	663.0	599.0	1 244.3	1 722.5	2 672.3	5 639.2	5 415.1		
VI	0.0	0.0	0.0	x	x	x	11.5	77.9	588.3	677.7	614.5	1 209.5	1 736.5	2 687.7	5 633.7	5 426.3		
VII	0.0	0.0	0.0	x	x	x	5.8	76.5	590.0	672.3	610.1	1 183.4	1 736.0	2 746.7	5 666.1	5 476.8		
VIII	0.0	0.0	0.0	x	x	x	6.9	75.4	587.0	669.3	606.8	1 224.4	1 743.5	2 723.2	5 691.0	5 475.7		
IX	0.0	0.0	0.0	x	x	x	9.6	74.5	588.5	672.6	610.7	1 171.6	1 744.2	2 779.2	5 695.0	5 466.9		
X	0.0	0.0	0.0	x	x	x	8.5	78.1	590.4	677.1	634.6	1 173.5	1 702.7	2 792.1	5 668.3	5 430.9		
XI	0.0	0.0	0.0	x	x	x	10.1	74.4	589.9	674.4	631.4	1 202.3	1 730.2	2 777.5	5 710.0	5 470.7		
XII	0.0	0.0	0.0	x	x	x	13.3	75.5	593.9	682.7	638.8	1 108.3	1 788.0	2 796.5	5 692.9	5 467.8		
2017																		
I	0.0	0.0	0.0	x	x	x	15.0	75.9	590.3	681.2	640.3	1 166.1	1 791.2	2 749.6	5 706.8	5 479.6		
II	0.0	0.0	0.0	x	x	x	8.2	77.9	593.3	679.3	638.9	1 170.5	1 788.2	2 758.4	5 717.1	5 483.9		
III	0.0	0.0	0.0	x	x	x	11.2	77.3	593.4	682.0	641.4	1 188.9	1 781.1	2 769.9	5 740.0	5 521.6		
	Investment funds, excluding money market funds, and alternative investment funds						Other financial institutions											
	Up to 1 year			In euro			Up to 1 year			1–5 years			Over 5 years			In euro		
2016																		
I		0.1		0.1		0.0		206.2		355.0		108.9		670.1		628.5		
II		0.0		0.0		0.0		216.1		356.9		107.5		680.6		637.5		
III		0.0		0.0		0.0		210.6		355.7		382.2		948.5		911.3		
IV		0.0		0.0		0.0		213.8		353.7		386.5		954.0		915.2		
V		0.0		0.0		0.0		220.4		360.6		389.6		970.6		947.0		
VI		0.0		0.0		0.0		230.8		358.9		394.9		984.5		961.9		
VII		0.0		0.0		0.0		231.5		353.7		404.3		989.5		967.8		
VIII		0.0		0.0		0.0		230.6		361.5		410.4		1 002.5		981.3		
IX		0.0		0.0		0.0		364.7		249.4		410.2		1 024.3		997.9		
X		0.0		0.0		0.0		364.3		238.9		414.3		1 017.5		990.8		
XI		0.0		0.0		0.0		369.9		241.2		419.2		1 030.2		1 001.8		
XII		0.0		0.0		0.0		373.3		241.4		414.9		1 029.6		999.7		
2017																		
I		0.0		0.0		0.0		374.4		241.3		432.2		1 047.9		1 018.5		
II		0.0		0.0		0.0		374.8		239.9		434.4		1 049.0		1 017.2		
III		0.0		0.0		0.0		381.4		232.5		433.5		1 047.3		1 019.1		

16.b LOANS TO HOUSEHOLDS

(at end of period; millions of euro)

	Households												In euro	
	Consumer credit			Lending for house purchase			Other lending			In euro				
	Up to 1 year	1–5 years	Over 5 years	Up to 1 year	1–5 years	Over 5 years	Up to 1 year	1–5 years	Over 5 years					
2016														
I	455.9	133.1	156.6	166.2	4 484.8	104.0	81.3	4 299.4	434.8	70.2	54.8	309.8	5 375.5	5 214.6
II	457.7	132.0	158.6	167.1	4 471.9	103.1	81.6	4 287.2	432.9	69.0	56.8	307.1	5 362.6	5 201.2
III	463.2	131.5	162.0	169.7	4 453.6	96.8	80.2	4 276.6	423.1	64.2	55.1	303.9	5 339.9	5 183.9
IV	463.0	130.0	165.1	167.9	4 454.6	94.9	82.9	4 276.7	418.6	62.8	52.7	303.0	5 336.1	5 182.2
V	471.6	131.7	171.1	168.8	4 450.6	93.1	82.0	4 275.5	416.2	61.8	52.5	301.9	5 338.4	5 184.4
VI	473.8	129.3	175.3	169.2	4 440.4	96.5	82.4	4 261.5	419.8	62.5	53.3	304.0	5 334.0	5 180.8
VII	478.4	128.8	180.7	168.9	4 431.2	93.0	82.9	4 255.2	415.2	62.4	50.5	302.3	5 324.7	5 174.4
VIII	483.8	129.9	183.8	170.0	4 421.8	90.1	83.3	4 248.4	415.1	64.1	50.4	300.6	5 320.7	5 172.9
IX	485.3	128.2	186.5	170.6	4 415.0	87.8	83.2	4 244.0	412.2	63.4	50.5	298.3	5 312.6	5 166.2
X	489.6	128.5	188.9	172.2	4 420.8	86.3	84.7	4 249.7	417.4	62.1	50.3	305.0	5 327.8	5 182.5
XI	493.1	129.1	190.4	173.7	4 418.8	80.5	84.9	4 253.4	413.9	59.9	51.2	302.9	5 325.9	5 179.9
XII	487.3	124.3	192.3	170.6	4 411.8	72.6	83.5	4 255.7	405.6	55.8	49.5	300.3	5 304.7	5 159.4
2017														
I	494.4	126.8	195.3	172.2	4 402.9	73.0	82.6	4 247.3	402.2	53.3	49.1	299.8	5 299.5	5 157.1
II	474.2	128.7	203.6	141.9	4 407.0	102.4	73.0	4 231.6	409.6	36.9	41.6	331.1	5 290.8	5 149.0
III	481.7	131.1	207.4	143.2	4 394.6	98.8	71.4	4 224.4	406.6	35.4	42.7	328.5	5 282.8	5 143.4

16.c LOANS TO GOVERNMENT AND NON-RESIDENTS

(at end of period; millions of euro)

	General government			Non-residents					In euro	
	Central government	Local government	In euro	MFIs	Non-MFIs		In euro			
					General government	Other				
2016										
I	91.9	35.2	127.1	91.3	5 038.9	2 140.3	0.0	2 140.3	7 179.3	2 530.1
II	91.3	34.7	126.0	90.4	4 843.7	2 163.4	0.0	2 163.4	7 007.1	2 477.4
III	90.6	34.2	124.8	89.2	4 687.7	2 082.8	0.0	2 082.8	6 770.5	2 515.9
IV	89.7	33.9	123.7	88.1	4 165.5	2 111.1	0.0	2 111.1	6 276.7	2 281.6
V	90.0	29.9	120.0	85.2	4 191.6	2 135.5	0.0	2 135.5	6 327.2	2 527.6
VI	87.2	29.8	116.9	82.9	4 908.4	2 213.9	0.0	2 213.9	7 122.3	2 672.8
VII	85.6	29.7	115.3	82.1	4 241.5	2 237.7	0.0	2 237.7	6 479.2	2 454.6
VIII	85.2	30.1	115.3	82.2	4 193.7	2 240.5	0.0	2 240.5	6 434.2	2 428.4
IX	81.3	33.6	114.9	82.5	3 622.1	2 214.0	0.0	2 214.0	5 836.1	2 283.1
X	79.6	29.7	109.3	78.0	4 059.8	2 195.9	0.0	2 195.9	6 255.7	2 638.2
XI	79.5	33.2	112.6	81.3	3 810.0	2 239.8	0.0	2 239.8	6 049.8	2 494.9
XII	79.6	29.2	108.8	77.1	3 276.3	2 230.2	0.0	2 230.2	5 506.4	2 209.6
2017										
I	82.0	29.1	111.1	79.3	3 659.0	2 187.8	0.0	2 187.8	5 846.8	2 391.8
II	82.7	28.9	111.5	80.5	3 821.2	2 195.4	0.0	2 195.4	6 016.6	2 455.1
III	82.2	28.3	110.5	79.6	3 729.5	2 202.9	0.0	2 202.9	5 932.4	2 402.2

17.a LOANS TO FINANCIAL INSTITUTIONS AND NON-FINANCIAL CORPORATIONS IN THE NATIONAL ECONOMY

(at end of Q4 2016, millions of euro; structure, %)

	With residual maturity of up to 1 year				With residual maturity of over 1 and up to 5 years				With residual maturity of over 5 years				Total loans			
	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%
Total	2 195.6	100.0	2 000.6	100.0	4 137.6	100.0	4 063.0	100.0	1 102.8	100.0	1 042.0	100.0	7 436.0	100.0	7 105.6	100.0
A Agriculture, forestry and fishing	157.8	7.2	136.8	6.8	275.2	6.7	273.7	6.7	62.3	5.6	62.3	6.0	495.4	6.7	472.8	6.7
B Mining and quarrying	7.5	0.4	7.5	0.4	8.4	0.2	8.4	0.2	1.4	0.1	1.4	0.1	17.4	0.2	17.3	0.2
C Manufacturing	260.1	11.9	251.5	12.6	455.6	11.0	446.9	11.0	91.8	8.3	91.8	8.8	807.6	10.9	790.2	11.1
D Electricity, gas, steam and air conditioning supply	50.8	2.3	50.8	2.5	360.4	8.7	360.4	8.9	91.0	8.3	91.0	8.7	502.2	6.8	502.2	7.1
E Water supply; sewerage, waste management and remediation activities	4.0	0.2	4.0	0.2	29.8	0.7	29.8	0.7	49.6	4.5	49.6	4.8	83.4	1.1	83.4	1.2
F Construction	44.2	2.0	44.2	2.2	134.5	3.2	118.8	2.9	93.4	8.5	65.1	6.2	272.0	3.7	228.1	3.2
G Wholesale and retail trade; repair of motor vehicles and motorcycles	391.1	17.8	338.3	16.9	235.0	5.7	231.0	5.7	24.9	2.3	24.9	2.4	651.0	8.8	594.2	8.4
H Transportation and storage	77.7	3.5	67.0	3.4	268.5	6.5	245.9	6.1	255.5	23.2	255.5	24.5	601.6	8.1	568.4	8.0
I Accommodation and food service activities	24.4	1.1	24.4	1.2	113.2	2.7	113.2	2.8	12.5	1.1	12.5	1.2	150.1	2.0	150.1	2.1
J Information and communication	6.4	0.3	6.4	0.3	64.7	1.6	63.8	1.6	2.1	0.2	2.1	0.2	73.1	1.0	72.3	1.0
K Financial and insurance activities	243.2	11.1	203.4	10.2	553.7	13.4	541.3	13.3	32.3	2.9	31.7	3.0	829.2	11.1	776.4	10.9
L Real estate activities	518.3	23.6	482.9	24.1	1 434.2	34.7	1 425.5	35.1	297.0	26.9	265.1	25.4	2 249.6	30.2	2 173.5	30.6
M Professional, scientific and technical activities	4.7	0.2	4.7	0.2	8.7	0.2	8.7	0.2	4.4	0.4	4.4	0.4	17.8	0.2	17.8	0.2
N Administrative and support service activities	358.4	16.3	331.9	16.6	38.7	0.9	38.7	1.0	3.1	0.3	3.1	0.3	400.1	5.4	373.7	5.3
O Public administration and defence; compulsory social security	0.3	0.0	0.3	0.0	9.5	0.2	9.5	0.2	18.7	1.7	18.7	1.8	28.5	0.4	28.5	0.4
P Education	0.6	0.0	0.6	0.0	31.4	0.8	31.4	0.8	0.6	0.1	0.6	0.1	32.6	0.4	32.6	0.5
Q Human health and social work activities	5.0	0.2	5.0	0.3	12.2	0.3	12.2	0.3	4.7	0.4	4.7	0.5	21.9	0.3	21.9	0.3
R Arts, entertainment and recreation	3.6	0.2	3.3	0.2	9.6	0.2	9.6	0.2	3.7	0.3	3.7	0.4	16.9	0.2	16.6	0.2
S Other service activities	37.6	1.7	37.6	1.9	94.2	2.3	94.2	2.3	53.8	4.9	53.8	5.2	185.6	2.5	185.6	2.6

17.b LOANS TO FINANCIAL INSTITUTIONS AND NON-FINANCIAL CORPORATIONS IN THE NATIONAL ECONOMY

(at end of Q1 2017, millions of euro; structure, %)

	With residual maturity of up to 1 year				With residual maturity of over 1 and up to 5 years				With residual maturity of over 5 years				Total loans			
	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%
Total	2 165.3	100.0	1 980.1	100.0	4 087.6	100.0	4 013.2	100.0	1 003.6	100.0	945.9	100.0	7 256.5	100.0	6 939.2	100.0
A Agriculture, forestry and fishing	169.8	7.9	148.2	7.5	270.6	6.6	269.5	6.7	63.3	6.3	63.3	6.7	503.7	6.9	481.0	6.9
B Mining and quarrying	7.1	0.3	7.1	0.4	8.1	0.2	8.1	0.2	1.4	0.1	1.4	0.1	16.7	0.2	16.6	0.2
C Manufacturing	283.4	13.1	278.3	14.1	433.0	10.6	420.4	10.5	86.1	8.6	86.1	9.1	802.5	11.1	784.8	11.3
D Electricity, gas, steam and air conditioning supply	46.0	2.1	46.0	2.3	371.7	9.1	371.8	9.3	103.2	10.3	103.2	10.9	521.0	7.2	521.0	7.5
E Water supply; sewerage, waste management and remediation activities	6.3	0.3	6.3	0.3	43.5	1.1	43.5	1.1	13.8	1.4	13.8	1.5	63.6	0.9	63.6	0.9
F Construction	51.2	2.4	51.2	2.6	128.2	3.1	113.8	2.8	65.5	6.5	39.4	4.2	244.9	3.4	204.4	3.0
G Wholesale and retail trade; repair of motor vehicles and motorcycles	383.7	17.7	326.3	16.5	287.7	7.0	283.6	7.1	23.6	2.4	23.6	2.5	695.0	9.6	633.5	9.1
H Transportation and storage	75.3	3.5	65.9	3.3	276.5	6.8	257.1	6.4	259.7	25.9	259.7	27.4	611.5	8.4	582.7	8.4
I Accommodation and food service activities	28.4	1.3	19.4	1.0	107.4	2.6	107.4	2.7	2.3	0.2	2.3	0.2	138.1	1.9	129.1	1.9
J Information and communication	19.4	0.9	8.5	0.4	64.3	1.6	63.5	1.6	12.6	1.2	12.6	1.3	96.3	1.3	84.6	1.2
K Financial and insurance activities	560.0	25.9	521.1	26.3	362.0	8.9	350.0	8.7	32.3	3.2	31.7	3.3	954.3	13.2	902.8	13.0
L Real estate activities	489.6	22.6	457.3	23.1	1 534.7	37.5	1 524.5	38.0	238.1	23.7	207.0	21.9	2 262.4	31.2	2 188.8	31.6
M Professional, scientific and technical activities	5.0	0.2	5.0	0.2	15.9	0.4	15.9	0.4	4.4	0.4	4.4	0.5	25.3	0.3	25.3	0.4
N Administrative and support service activities	6.1	0.3	6.1	0.3	28.5	0.7	28.5	0.7	2.9	0.3	2.9	0.3	37.5	0.5	37.5	0.5
O Public administration and defence; compulsory social security	0.0	0.0	0.0	0.0	2.9	0.1	3.0	0.1	7.2	0.7	7.2	0.8	10.2	0.1	10.2	0.2
P Education	0.8	0.0	0.8	0.0	33.4	0.8	33.4	0.8	0.7	0.1	0.7	0.1	34.9	0.5	34.9	0.5
Q Human health and social work activities	5.1	0.2	5.1	0.3	14.3	0.4	14.3	0.3	1.7	0.2	1.7	0.2	21.0	0.3	21.1	0.3
R Arts, entertainment and recreation	2.6	0.1	2.3	0.1	9.1	0.2	9.1	0.2	3.7	0.4	3.7	0.4	15.3	0.2	15.1	0.2
S Other service activities	25.4	1.2	25.2	1.3	95.8	2.3	95.8	2.4	81.2	8.1	81.2	8.6	202.4	2.8	202.2	2.9

18. LENDING TO RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	2016				2017
	III	VI	IX ¹	XII	III
Commercial credit	2 469.1	2 540.8	2 659.1	2 623.3	2 669.0
Industrial credit	2 081.2	2 214.2	1 346.8	1 311.5	1 292.5
Reverse repo	1.7	1.5	1.7	0.3	0.5
Financial leasing	56.8	59.1	61.1	64.0	67.9
Consumer credit	356.5	370.9	313.1	320.1	334.8
Mortgage loans	6 310.2	6 240.0	6 693.6	6 666.3	6 658.3
Factoring	1.3	1.2	1.1	1.3	1.2
Other credit	1 117.3	1 201.1	1 646.9	1 726.2	1 722.9
Total loans	12 394.0	12 628.8	12 723.5	12 713.0	12 747.1

¹ Data have been revised.

19.a HOLDINGS OF SECURITIES OTHER THAN SHARES

(at end of period; millions of euro)

	Securities other than shares									
	MFIs		General government		Other residents		Non-residents		In euro	
		incl. long-term		incl. long-term		incl. long-term		incl. long-term		
2016										
I	0.0	0.0	864.4	754.6	20.6	20.6	5 184.4	4 637.8	6 069.3	1 404.8
II	0.0	0.0	881.7	801.7	20.4	20.4	5 116.9	4 708.1	6 019.1	1 278.8
III	0.0	0.0	929.4	799.4	20.4	20.4	4 880.1	4 534.8	5 830.0	1 350.7
IV	0.0	0.0	939.2	809.2	22.5	22.5	4 802.6	4 533.8	5 764.2	1 341.4
V	0.0	0.0	956.3	826.3	22.3	22.3	4 487.9	4 313.4	5 466.5	1 245.5
VI	0.0	0.0	974.8	844.8	22.1	22.1	4 469.7	4 159.4	5 466.6	1 394.3
VII	0.0	0.0	808.0	808.0	22.4	22.4	4 301.3	4 015.7	5 131.6	1 218.5
VIII	0.0	0.0	829.6	829.6	21.1	21.1	4 159.3	3 930.8	5 009.9	1 170.9
IX	0.0	0.0	845.7	845.7	21.1	21.1	4 130.6	3 922.4	4 997.3	1 262.1
X	0.0	0.0	904.4	904.4	20.9	20.9	3 902.3	3 701.6	4 827.6	1 317.4
XI	0.0	0.0	944.7	944.7	20.7	20.7	3 872.9	3 695.8	4 838.3	1 304.1
XII	14.5	14.5	977.0	977.0	21.1	21.1	3 891.5	3 738.9	4 904.0	1 316.3
2017										
I	8.7	8.7	980.4	980.4	21.1	21.1	3 750.1	3 623.6	4 760.3	1 269.1
II	8.6	8.6	739.7	739.7	21.0	21.0	3 751.5	3 629.0	4 520.8	1 248.9
III	7.5	7.5	775.3	775.3	21.5	21.5	3 699.4	3 574.7	4 503.7	1 241.9

19.b HOLDINGS OF SHARES AND OTHER EQUITY

(at end of period; millions of euro)

	Shares and other equity							
	MFIs		Other residents		Non-residents		In euro	
2016								
I		0.0		594.2		296.4		838.5
II		0.0		600.1		298.3		847.0
III		0.0		603.7		281.4		835.5
IV		0.0		603.6		288.6		842.6
V		0.0		606.0		288.2		843.6
VI		0.0		607.3		204.4		755.0
VII		0.0		601.1		206.1		742.1
VIII		0.0		608.6		208.0		750.8
IX		0.0		594.9		212.5		740.8
X		0.0		596.2		215.8		743.5
XI		0.0		597.5		214.9		741.8
XII		0.0		612.0		211.3		756.5
2017								
I		0.0		618.2		209.2		761.6
II		0.0		618.6		211.9		762.2
III		0.0		611.9		208.6		757.7

20.a CURRENCY BREAKDOWN OF RESIDENT DEPOSITS

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2016														
I	421.8	72.0	28.0	23.3	0.0	0.3	2.8	10 745.0	88.3	11.7	9.5	0.1	0.1	0.9
II	436.0	67.4	32.6	28.0	0.0	0.2	3.1	11 135.4	88.0	12.0	9.9	0.2	0.1	0.8
III	387.1	77.6	22.4	17.8	0.0	0.2	3.0	11 099.1	88.8	11.2	9.1	0.1	0.1	0.9
IV	385.6	78.3	21.7	16.8	0.0	0.1	3.6	11 201.1	88.6	11.4	9.4	0.0	0.1	0.8
V	381.7	72.9	27.1	22.3	0.0	0.1	3.4	11 643.4	88.3	11.7	9.7	0.0	0.1	0.8
VI	380.8	71.2	28.8	25.8	0.0	0.1	1.6	11 673.5	88.5	11.5	9.7	0.0	0.1	0.7
VII	354.2	76.4	23.6	20.4	0.1	0.2	1.9	11 376.9	88.1	11.9	10.0	0.0	0.2	0.8
VIII	354.9	75.2	24.8	21.4	0.1	0.2	2.2	11 576.8	88.2	11.8	10.0	0.0	0.1	0.7
IX	371.6	75.8	24.2	21.4	0.0	0.2	2.4	11 660.5	88.2	11.8	9.9	0.0	0.1	0.8
X	348.1	77.9	22.1	19.7	0.1	0.1	1.9	12 128.3	89.0	11.0	9.3	0.0	0.1	0.6
XI	351.7	76.2	23.8	21.5	0.1	0.2	1.4	12 141.3	89.0	11.0	9.2	0.0	0.1	0.6
XII	344.6	78.6	21.4	17.7	0.0	0.2	1.5	12 225.7	88.6	11.4	9.7	0.0	0.2	0.6
2017														
I	379.2	73.1	26.9	25.3	0.0	0.2	0.9	12 057.7	88.6	11.4	9.7	0.0	0.1	0.6
II	354.8	73.4	26.6	25.7	0.0	0.1	0.2	12 169.8	88.6	11.4	9.6	0.0	0.1	0.6
III	354.8	74.0	26.0	24.9	0.0	0.2	0.3	12 020.8	88.7	11.3	9.6	0.0	0.1	0.7

20.b CURRENCY BREAKDOWN OF NON-RESIDENT DEPOSITS

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2016														
I	3 098.0	84.1	15.9	8.3	0.1	1.8	1.7	11 907.1	27.9	72.1	68.2	0.1	0.4	1.7
II	2 870.9	85.4	14.6	6.4	0.0	2.0	1.7	11 719.4	28.3	71.7	67.5	0.1	0.4	1.8
III	2 928.8	86.5	13.5	5.7	0.1	2.0	1.6	10 984.6	30.2	69.8	65.4	0.1	0.4	1.9
IV	2 965.2	86.6	13.4	5.5	0.0	1.9	1.5	10 602.7	30.1	69.9	65.4	0.1	0.4	2.0
V	2 977.0	88.4	11.6	5.1	0.0	2.1	0.2	10 322.7	30.7	69.3	64.8	0.1	0.4	2.0
VI	2 992.2	87.3	12.7	6.2	0.0	2.1	0.2	10 354.0	30.2	69.8	64.2	0.1	0.4	1.9
VII	3 214.1	88.3	11.7	5.6	0.0	2.1	0.2	10 014.8	31.1	68.9	63.9	0.1	0.4	1.9
VIII	3 065.7	87.4	12.6	6.5	0.0	1.8	0.2	9 772.2	31.4	68.6	63.2	0.1	0.3	2.0
IX	3 008.7	87.5	12.5	6.4	0.0	1.8	0.2	9 467.0	31.9	68.1	62.9	0.1	0.3	2.2
X	2 971.8	89.2	10.8	5.5	0.0	1.9	0.2	9 542.4	32.6	67.4	62.5	0.1	0.3	1.9
XI	2 869.6	88.5	11.5	6.0	0.0	1.9	0.2	9 509.6	33.0	67.0	61.4	0.1	0.3	1.9
XII	2 836.4	86.8	13.2	7.1	0.0	2.3	0.1	8 890.3	34.4	65.6	60.7	0.1	0.3	1.9
2017														
I	3 040.9	87.0	13.0	7.7	0.0	1.8	0.2	8 815.4	34.0	66.0	60.7	0.1	0.3	1.9
II	2 913.6	86.4	13.6	7.7	0.0	2.0	0.4	8 787.5	34.0	66.0	60.7	0.1	0.3	2.0
III	2 923.0	87.4	12.6	6.4	0.0	2.0	0.5	8 710.1	33.9	66.1	60.8	0.0	0.3	2.0

20.c CURRENCY BREAKDOWN OF LOANS TO RESIDENTS

(at end of period)

Non-MFIs								
	Outstanding amount (all currencies; millions of euro)	Structure (%)						
		In euro		In foreign currencies				
				incl. USD	incl. JPY	incl. CHF	incl. GBP	
2016								
I	12 400.2	95.3	4.7	2.7	0.0	0.6	0.5	
II	12 390.8	95.2	4.8	2.7	0.0	0.6	0.5	
III	12 524.6	95.7	4.3	2.3	0.0	0.6	0.4	
IV	12 583.8	95.8	4.2	2.2	0.0	0.6	0.5	
V	12 731.2	96.1	3.9	2.4	0.0	0.6	0.0	
VI	12 746.9	96.2	3.8	2.2	0.0	0.6	0.0	
VII	12 768.0	96.4	3.6	2.1	0.0	0.6	0.0	
VIII	12 798.8	96.3	3.7	2.3	0.0	0.6	0.0	
IX	12 819.3	96.1	3.9	2.4	0.0	0.6	0.0	
X	12 800.0	96.2	3.8	2.5	0.0	0.6	0.0	
XI	12 853.2	96.2	3.8	2.5	0.0	0.5	0.0	
XII	12 818.7	96.3	3.7	2.4	0.0	0.5	0.0	
2017								
I	12 846.5	96.3	3.7	2.4	0.0	0.5	0.0	
II	12 847.7	96.3	3.7	2.5	0.0	0.5	0.0	
III	12 862.5	96.4	3.6	2.3	0.0	0.5	0.0	

20.d CURRENCY BREAKDOWN OF LOANS TO NON-RESIDENTS

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP			incl. USD	incl. JPY	incl. CHF	incl. GBP		
2016														
I	5 038.9	35.7	64.3	53.7	0.5	1.8	4.2	2 140.3	34.2	65.8	64.1	0.0	0.1	1.1
II	4 843.7	36.0	64.0	53.0	0.6	1.8	4.4	2 163.4	33.9	66.1	64.4	0.0	0.1	1.1
III	4 687.7	38.9	61.1	44.9	1.8	5.3	4.6	2 082.8	33.3	66.7	64.8	0.0	0.2	1.2
IV	4 165.5	36.3	63.7	51.2	0.3	3.3	3.9	2 111.1	36.5	63.5	61.9	0.0	0.1	1.0
V	4 191.6	41.8	58.2	45.9	0.3	3.1	4.1	2 135.5	36.3	63.7	62.0	0.0	0.1	1.1
VI	4 908.4	38.2	61.8	44.0	0.4	8.5	4.3	2 213.9	36.0	64.0	59.3	0.0	0.1	1.0
VII	4 241.5	38.6	61.4	47.6	0.2	5.3	4.1	2 237.7	36.6	63.4	58.9	0.0	0.1	1.0
VIII	4 193.7	38.4	61.6	43.5	0.2	9.1	4.2	2 240.5	36.4	63.6	58.9	0.0	0.1	1.1
IX	3 622.1	40.7	59.3	42.3	1.0	4.9	5.6	2 214.0	36.6	63.4	58.9	0.0	0.1	0.8
X	4 059.8	45.4	54.6	42.3	0.9	2.6	4.1	2 195.9	36.2	63.8	59.1	0.0	0.1	1.0
XI	3 810.0	44.5	55.5	42.1	0.5	2.2	4.6	2 239.8	35.8	64.2	59.4	0.0	0.1	1.1
XII	3 276.3	42.5	57.5	44.1	0.7	2.6	4.9	2 230.2	36.6	63.4	58.3	0.0	0.1	1.2
2017														
I	3 659.0	43.8	56.2	43.1	0.3	1.7	5.2	2 187.8	36.1	63.9	58.8	0.0	0.1	1.1
II	3 821.2	43.9	56.1	41.9	0.8	2.0	4.6	2 195.4	35.3	64.7	59.3	0.0	0.1	1.2
III	3 729.5	42.6	57.4	41.3	1.3	1.6	5.7	2 202.9	37.0	63.0	57.1	0.0	0.1	1.5

20.e CURRENCY BREAKDOWN OF HOLDINGS OF RESIDENT SECURITIES OTHER THAN SHARES

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies				incl. USD		incl. JPY	incl. CHF	incl. GBP	In euro	In foreign currencies	
2016														
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	884.9	67.7	32.3	32.3	0.0	0.0	0.0
II	0.0	0.0	0.0	0.0	0.0	0.0	0.0	902.2	67.0	33.0	32.9	0.0	0.0	0.0
III	0.0	0.0	0.0	0.0	0.0	0.0	0.0	949.8	68.9	31.1	31.1	0.0	0.0	0.0
IV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	961.6	69.1	30.9	30.9	0.0	0.0	0.0
V	0.0	0.0	0.0	0.0	0.0	0.0	0.0	978.6	67.6	32.4	32.4	0.0	0.0	0.0
VI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	996.9	67.5	32.5	32.5	0.0	0.0	0.0
VII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	830.3	61.1	38.9	38.9	0.0	0.0	0.0
VIII	0.0	0.0	0.0	0.0	0.0	0.0	0.0	850.6	61.8	38.2	38.2	0.0	0.0	0.0
IX	0.0	0.0	0.0	0.0	0.0	0.0	0.0	866.7	61.6	38.4	38.4	0.0	0.0	0.0
X	0.0	0.0	0.0	0.0	0.0	0.0	0.0	925.4	63.4	36.6	36.6	0.0	0.0	0.0
XI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	965.3	63.9	36.1	36.1	0.0	0.0	0.0
XII	14.5	100.0	0.0	0.0	0.0	0.0	0.0	998.0	64.8	35.2	35.2	0.0	0.0	0.0
2017														
I	8.7	100.0	0.0	0.0	0.0	0.0	0.0	1 001.5	65.9	34.1	34.1	0.0	0.0	0.0
II	8.6	100.0	0.0	0.0	0.0	0.0	0.0	760.7	90.5	9.5	9.5	0.0	0.0	0.0
III	7.5	100.0	0.0	0.0	0.0	0.0	0.0	796.8	88.3	11.7	11.7	0.0	0.0	0.0

20.f CURRENCY BREAKDOWN OF HOLDINGS OF NON-RESIDENT SECURITIES OTHER THAN SHARES

(at end of period)

	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies				incl. USD		incl. JPY	incl. CHF	incl. GBP	In euro	In foreign currencies	
2016														
I	1 343.8	17.9	82.1	81.3	0.0	0.0	0.0	3 840.6	14.7	85.3	84.0	0.1	0.1	0.7
II	1 371.1	17.1	82.9	82.2	0.0	0.0	0.0	3 745.8	11.8	88.2	86.8	0.3	0.1	0.7
III	1 339.6	17.4	82.6	82.0	0.0	0.0	0.0	3 540.5	13.1	86.9	83.7	1.0	0.1	0.9
IV	1 370.5	17.1	82.9	81.2	0.0	0.0	0.9	3 432.1	12.9	87.1	84.0	1.1	0.1	0.8
V	1 389.4	16.7	83.3	81.9	0.0	0.0	0.9	3 098.5	11.4	88.6	86.1	1.2	0.1	0.9
VI	1 357.0	16.8	83.2	81.8	0.0	0.0	0.9	3 112.7	15.9	84.1	80.7	1.3	0.1	0.8
VII	1 329.8	17.0	83.0	81.6	0.0	0.0	0.9	2 971.5	16.3	83.7	80.0	1.4	0.1	1.0
VIII	1 340.1	17.0	83.0	81.6	0.0	0.0	0.9	2 819.2	14.8	85.2	82.3	0.2	0.1	1.2
IX	1 326.2	18.8	81.2	79.6	0.0	0.0	1.0	2 804.3	17.1	82.9	80.6	0.0	0.1	0.8
X	1 268.6	19.6	80.4	78.6	0.0	0.0	1.1	2 633.7	18.3	81.7	79.5	0.0	0.1	0.7
XI	1 248.6	16.8	83.2	81.0	0.0	0.0	1.3	2 624.3	18.2	81.8	79.4	0.0	0.1	0.7
XII	1 280.3	16.3	83.7	81.6	0.0	0.0	1.3	2 611.1	17.1	82.9	80.6	0.0	0.1	0.6
2017														
I	1 263.6	17.7	82.3	80.3	0.0	0.0	1.3	2 486.5	15.2	84.8	82.5	0.0	0.2	0.6
II	1 233.8	14.5	85.5	83.4	0.0	0.0	1.4	2 517.7	14.8	85.2	82.9	0.0	0.2	0.6
III	1 180.5	13.7	86.3	84.1	0.0	0.0	1.4	2 518.9	14.6	85.4	84.2	0.0	0.2	0.6

20.g CURRENCY BREAKDOWN OF DEBT SECURITIES ISSUED BY MFIs

(at end of period)

	Outstanding amount (all currencies; millions of euro)	Structure (%)	
		In euro	In foreign currencies
2016			
I	685.5	32.3	67.7
II	699.7	31.3	68.7
III	682.9	32.0	68.0
IV	685.2	32.5	67.5
V	691.3	32.2	67.8
VI	703.0	31.8	68.2
VII	689.8	31.0	69.0
VIII	687.5	31.1	68.9
IX	685.6	31.3	68.7
X	656.9	31.1	68.9
XI	687.9	31.2	68.8
XII	710.1	33.3	66.7
2017			
I	698.6	33.9	66.1
II	682.4	33.0	67.0
III	701.4	32.7	67.3

21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO

(%)

1. Interest rates on deposits (new business)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Deposits from households															
Overnight ¹	0.05	0.06	0.06	0.05	0.05	0.06	0.05	0.05	0.04	0.01	0.01	0.01	0.01	0.01	0.01
With agreed maturity															
Up to 1 year	0.38	0.23	0.34	0.33	0.36	0.38	0.34	0.25	0.34	0.36	0.33	0.50	0.48	0.29	0.27
Over 1 and up to 2 years	1.13	1.05	1.15	0.99	0.89	1.24	1.19	0.97	1.09	1.00	0.76	1.07	0.92	0.73	1.12
Over 2 years	1.68	1.94	1.71	1.26	1.40	2.96	1.77	1.65	1.52	1.58	1.68	1.41	1.52	1.52	1.32
Redeemable at notice ²															
Up to 3 months	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.07	0.06	0.07	0.06	0.05	0.05
Over 3 months	x	x	7.18	7.16	7.13	6.87	6.88	x	x	x	x	x	x	2.55	2.55
Deposits from non-financial corporations															
Overnight ¹	0.04	0.04	0.04	0.04	0.06	0.04	0.04	0.03	0.04	0.01	0.01	0.01	0.01	0.01	0.00
With agreed maturity															
Up to 1 year	0.01	0.01	0.04	0.01	0.03	0.02	0.01	0.08	0.02	0.07	0.02	0.07	0.04	0.01	0.03
Over 1 and up to 2 years	0.48	1.49	0.52	1.05	0.89	–	x	1.33	1.40	1.07	0.35	1.42	x	x	x
Over 2 years	0.45	x	x	0.57	0.95	0.41	x	x	0.64	0.70	x	1.56	x	x	x
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

¹ End-of-period.

² For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)

(%)

2. Interest rates on deposits (outstanding amounts)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Households															
Overnight ¹	0.05	0.06	0.06	0.05	0.05	0.06	0.05	0.05	0.04	0.01	0.01	0.01	0.01	0.01	0.01
With agreed maturity															
Up to 2 years	0.79	0.79	0.78	0.78	0.78	0.79	0.80	0.81	0.80	0.80	0.79	0.79	0.79	0.78	0.75
Over 2 years	2.50	2.49	2.39	2.38	2.38	2.40	2.41	2.42	2.39	2.36	2.31	2.30	2.26	2.27	2.27
Redeemable at notice ²															
Up to 3 months	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.07	0.06	0.07	0.06	0.05	0.05
Over 3 months	x	x	7.18	7.16	7.13	6.87	6.88	x	x	x	x	x	x	2.55	2.57
Non-financial corporations															
Overnight ¹	0.04	0.04	0.04	0.04	0.06	0.04	0.04	0.03	0.04	0.01	0.01	0.01	0.01	0.01	0.00
With agreed maturity															
Up to 2 years	0.24	0.23	0.21	0.21	0.21	0.19	0.20	0.21	0.21	0.20	0.17	0.17	0.13	0.13	0.13
Over 2 years	1.36	1.28	1.18	1.10	1.25	1.24	1.23	1.18	1.17	1.18	1.18	1.20	0.76	0.77	0.85
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

² For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)

(%)

3. Interest rates on loans to households (new business)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft ¹	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft ¹	17.11	17.19	18.03	17.95	18.06	17.69	17.83	17.74	17.45	17.52	17.07	17.49	18.47	18.02	17.98
Extended credit card credit ¹	23.19	23.21	23.15	23.13	23.15	23.17	23.14	23.15	23.16	23.15	23.12	23.10	23.08	22.73	22.74
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	2.81	2.73	2.68	2.70	2.62	2.60	2.63	2.54	2.55	2.48	2.49	2.49	2.42	2.43	2.44
of wich with collateral or guarantees	2.87	2.76	2.72	2.67	2.67	2.64	2.74	2.56	2.61	2.49	2.52	2.59	2.47	2.52	2.55
Over 1 and up to 5 years	12.97	10.87	7.08	7.83	7.27	8.45	7.14	6.94	6.88	5.57	5.25	5.37	6.11	6.68	5.68
of wich with collateral or guarantees	4.18	3.67	3.28	3.64	3.98	3.77	3.43	3.64	3.59	3.69	3.56	3.04	4.75	3.34	3.39
Over 5 and up to 10 years	17.24	12.80	18.62	14.06	12.98	12.66	13.39	10.88	13.30	13.30	11.92	12.11	12.06	12.57	11.96
of wich with collateral or guarantees	9.00	7.81	x	9.41	9.81	7.40	8.69	5.55	x	x	x	6.69	7.65	8.75	8.30
Over 10 years	4.41	x	5.15	4.77	5.92	5.02	4.64	4.65	5.98	6.36	4.94	5.12	5.11	5.15	5.12
of wich with collateral or guarantees	4.13	x	5.13	4.54	5.92	5.60	4.74	4.64	5.98	6.71	4.94	4.97	5.29	5.14	5.27
Annual percentage rate of charge ²	3.58	3.65	3.34	3.30	3.30	3.24	3.32	3.17	3.17	3.02	2.89	2.86	2.95	2.90	2.85
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	21.86	20.26	19.98	21.04	19.69	16.88	20.95	20.82	19.80	20.42	20.69	19.63	20.50	17.68	17.58
of wich with collateral or guarantees	12.50	8.42	7.89	10.15	7.64	2.71	16.02	11.93	8.02	9.23	10.07	8.24	10.49	6.03	9.05
Over 1 year	20.49	19.32	18.51	18.31	17.79	18.13	18.65	17.19	17.47	16.69	16.71	15.84	16.71	17.42	16.11
of wich with collateral or guarantees	14.32	15.51	13.79	15.48	15.70	16.55	16.79	15.37	17.28	16.97	18.20	18.54	19.17	19.76	18.42
Annual percentage rate of charge ²	29.59	26.62	25.76	24.66	23.77	23.35	25.80	23.89	23.87	23.38	23.22	22.64	23.07	22.58	21.55
Other lending by initial rate fixation															
Floating rate and up to 1 year	4.67	4.59	4.95	3.96	5.54	3.71	4.44	3.95	4.31	3.45	3.78	3.90	3.88	3.74	3.45
Over 1 year	6.50	4.54	10.00	7.09	6.17	7.39	10.78	9.36	8.29	4.75	4.13	1.58	7.29	9.74	8.33

¹ End-of-period.

² The annual percentage rate of charge (APRC) covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft ¹	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft ¹	2.93	2.88	2.78	2.81	2.79	2.76	2.73	2.67	2.76	2.74	2.80	2.71	2.74	2.82	2.80
Extended credit card credit ¹	19.51	19.51	19.34	19.44	19.61	19.87	19.39	19.31	19.45	19.52	19.60	19.55	19.55	17.83	17.90
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	4.25	4.40	4.08	4.40	4.24	4.20	4.39	4.29	4.33	4.51	4.61	4.25	4.20	3.84	3.57
of wich with collateral or guarantees	4.22	4.46	4.00	4.41	4.11	4.09	4.67	4.24	4.44	4.38	4.51	4.53	3.92	3.97	3.74
Over 1 year	8.69	6.37	6.45	5.08	6.18	6.40	5.54	7.04	6.01	4.26	5.45	3.33	7.01	6.31	7.74
of wich with collateral or guarantees	8.09	7.49	6.19	6.67	7.62	7.97	7.32	7.59	6.16	6.49	6.92	5.52	6.22	7.31	7.95
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	3.57	3.77	3.93	3.83	3.63	3.54	3.46	4.10	4.21	3.88	3.68	3.97	3.74	3.33	3.43
of wich with collateral or guarantees	3.94	3.91	4.32	4.05	3.74	3.76	3.65	4.28	4.45	3.97	3.61	4.30	3.70	3.41	3.67
Over 1 year	x	5.08	x	x	5.11	x	x	2.58	3.22	3.44	x	1.40	4.04	3.02	3.91
of wich with collateral or guarantees	x	x	x	x	5.11	x	x	2.45	x	x	x	2.38	x	4.32	3.86
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	2.84	2.74	2.43	2.21	2.19	2.63	2.57	2.16	2.47	2.37	2.34	2.95	2.43	2.50	2.19
of wich with collateral or guarantees	3.31	3.04	2.57	2.32	2.36	2.61	2.57	2.24	2.51	2.54	2.31	3.31	2.88	2.57	1.97
Over 1 year	–	3.60	x	2.09	x	2.95	5.70	2.53	2.31	x	x	1.84	x	x	x
of wich with collateral or guarantees	–	x	x	2.09	x	x	x	x	2.61	x	x	2.83	x	x	x

¹ End-of-period.

21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)

(%)

5. Interest rates on loans (outstanding amounts)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Loans to households															
Lending for house purchase, with maturity															
Up to 1 year	3.27	3.65	3.72	3.79	3.67	3.53	3.53	3.48	3.51	3.59	3.84	3.96	3.88	3.68	3.33
Over 1 and up to 5 years	4.74	4.82	4.89	5.13	5.28	5.37	5.49	5.58	5.67	5.66	5.65	5.64	5.66	6.04	6.07
Over 5 years	2.29	2.28	2.26	2.25	2.23	2.23	2.23	2.22	2.22	2.21	2.21	2.20	2.20	2.20	2.20
Consumer credit and other loans, with maturity¹															
Up to 1 year ²	20.33	20.38	20.70	20.71	20.88	20.60	20.58	20.58	20.52	20.48	21.09	20.75	21.03	19.55	19.62
Over 1 and up to 5 years	16.16	15.96	15.99	16.08	16.00	15.94	16.05	16.02	15.96	15.87	15.77	15.70	15.63	15.79	15.62
Over 5 years	6.17	6.20	6.27	6.30	6.31	6.26	6.28	6.30	6.31	6.30	6.31	6.22	6.25	6.91	6.93
Loans to non-financial corporations															
With maturity¹															
Up to 1 year ²	2.99	2.95	3.00	2.96	2.82	2.81	2.81	2.75	2.76	2.72	2.73	2.72	2.72	2.75	2.77
Over 1 and up to 5 years	3.01	3.00	2.99	2.95	2.88	2.88	2.80	2.81	2.77	2.80	2.79	2.73	2.73	2.70	2.72
Over 5 years	2.44	2.42	2.38	2.36	2.31	2.30	2.29	2.26	2.25	2.25	2.25	2.26	2.25	2.22	2.22

¹ Including revolving loans, overdrafts, and extended and convenience credit card credit.

² Including bank overdraft.

21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS

(%)

1. Interest rates on deposits (new business)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Deposits from households															
Overnight¹															
With agreed maturity															
Up to 1 year	0.48	0.47	0.44	0.41	0.42	0.87	0.47	0.47	0.54	0.53	0.58	0.76	0.72	0.70	0.91
Over 1 and up to 2 years	1.22	0.93	1.34	0.99	1.70	1.16	1.35	1.04	1.13	1.97	1.38	1.46	1.25	1.56	1.52
Over 2 years	2.22	1.95	2.66	1.61	1.77	3.59	3.32	2.55	2.29	2.53	3.09	2.10	1.87	3.05	1.82
Redeemable at notice²															
Up to 3 months	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.15	0.15	0.14	0.14	0.14	0.15	0.16
Over 3 months	-	-	-	-	-	-	-	-	-	-	-	-	-	x	x
Deposits from non-financial corporations															
Overnight¹															
With agreed maturity															
Up to 1 year	0.33	0.30	0.28	0.33	0.30	0.33	0.40	0.39	0.39	0.49	0.42	0.62	0.70	0.65	0.69
Over 1 and up to 2 years	-	x	x	-	x	-	-	-	-	-	-	-	-	-	-
Over 2 years	-	-	x	-	-	x	-	-	x	x	-	x	-	x	-
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

² For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)

(%)

2. Interest rates on deposits (outstanding amounts)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Deposits from households															
Overnight ¹	0.26	0.25	0.25	0.26	0.25	0.25	0.26	0.27	0.27	0.25	0.26	0.26	0.29	0.27	0.29
With agreed maturity															
Up to 2 years	0.74	0.75	0.76	0.76	0.82	0.84	0.85	0.86	0.88	0.84	0.96	0.98	1.02	1.04	1.06
Over 2 years	3.21	3.17	3.19	3.14	3.11	3.12	3.12	3.11	3.15	3.15	3.05	3.08	3.12	3.13	3.14
Redeemable at notice ²															
Up to 3 months	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.15	0.15	0.14	0.14	0.14	0.15	0.16
Over 3 months	–	–	–	–	–	–	–	–	–	–	–	–	–	x	x
Deposits from non-financial corporations															
Overnight ¹	0.16	0.17	0.13	0.14	0.15	0.19	0.17	0.18	0.18	0.11	0.10	0.21	0.18	0.19	0.25
With agreed maturity															
Up to 2 years	0.77	0.80	0.80	0.80	0.79	0.79	0.79	0.71	0.71	0.82	0.79	0.86	0.82	0.84	0.90
Over 2 years	0.07	0.07	0.30	0.29	0.29	0.29	0.32	0.50	3.27	3.15	3.15	3.84	3.84	3.84	3.85
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

¹ End-of-period.

² For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)

(%)

3. Interest rates on loans to households (new business)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving loans and overdraft ¹	13.08	11.20	15.91	16.39	17.88	22.80	21.86	21.01	21.87	16.12	20.11	18.82	15.90	17.27	10.83
Extended credit card credit ¹	26.76	28.13	29.09	25.56	26.11	25.49	26.13	26.96	24.95	26.14	26.20	27.20	26.14	25.65	26.25
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	3.54	4.65	3.67	4.12	2.39	2.73	2.80	3.12	4.30	3.73	3.87	2.67	3.18	4.17	x
of wich with collateral or guarantees	5.61	4.38	3.66	4.49	2.06	2.73	4.27	4.19	4.34	3.95	x	x	x	4.29	-
Over 1 and up to 5 years	-	-	-	-	-	-	-	-	x	-	-	x	x	x	x
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	x	-	-	-	-	-	x
Over 5 and up to 10 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Over 10 years	-	-	-	-	-	-	x	-	-	-	-	x	x	x	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual percentage rate of charge ²	3.55	4.87	3.71	4.15	2.41	2.74	3.29	3.29	4.30	3.78	3.96	3.08	3.55	4.33	3.71
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	x	12.01	x	9.89	16.21	x	17.29	x	x	x	x	x	x	x	x
of wich with collateral or guarantees	x	x	x	x	-	-	x	-	x	-	x	-	-	x	-
Over 1 year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual percentage rate of charge ²	x	12.01	x	9.89	16.28	x	17.35	x	x	x	x	x	x	x	x
Other lending by initial rate fixation															
Floating rate and up to 1 year	3.26	3.90	x	x	x	x	x	x	x	x	x	x	x	x	x
Over 1 year	-	-	-	-	-	x	-	-	-	-	-	x	-	-	-

¹ End-of-period.

² The annual percentage rate of charge (APRC) covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving loans and overdraft ¹	4.35	4.46	4.35	4.23	4.25	4.28	4.44	4.14	4.20	4.07	4.03	4.11	4.12	4.07	4.20
Extended credit card credit ¹	24.54	25.23	22.28	22.41	22.56	24.94	6.59	24.86	6.67	24.97	24.94	25.03	24.74	20.02	20.40
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	6.09	x	x	x	x	x	-	x	-	-	9.90	x	4.12
of wich with collateral or guarantees	x	x	x	x	-	x	x	x	-	-	-	-	9.90	x	4.12
Over 1 year	-	x	-	x	-	-	-	-	x	-	-	x	-	x	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	-	-	-	x	-	-	2.87	x	-	x	-	-	x	x	x
of wich with collateral or guarantees	-	-	-	x	-	-	x	x	-	x	-	-	x	x	x
Over 1 year	-	-	x	-	-	-	-	-	-	-	-	-	-	x	-
of wich with collateral or guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	x	-
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	4.78	x	x	x	-	x	x	x	5.69	-	6.53	x	-	4.63
of wich with collateral or guarantees	x	6.27	x	x	x	-	x	x	x	5.69	-	x	x	-	x
Over 1 year	-	-	x	-	x	-	-	-	-	-	-	-	-	-	-
of wich with collateral or guarantees	-	-	x	-	x	-	-	-	-	-	-	-	-	-	-

¹ End-of-period.

21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)

(%)

5. Interest rates on loans (outstanding amounts)															
	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Loans to households															
Lending for house purchase, with maturity															
Up to 1 year	2.49	2.55	2.55	2.50	2.50	2.70	2.72	2.65	2.85	2.90	3.28	3.28	3.24	3.28	2.89
Over 1 and up to 5 years	5.05	5.08	5.04	5.12	5.19	5.10	5.08	4.94	4.84	4.76	4.78	4.76	4.89	4.78	4.77
Over 5 years	2.98	3.03	3.07	3.08	3.09	3.09	3.07	3.12	3.16	3.21	3.22	3.26	3.33	3.35	3.38
Consumer credit and other loans, with maturity¹															
Up to 1 year ²	10.26	9.83	11.06	8.91	8.80	8.64	9.04	10.08	10.28	11.86	11.64	12.75	12.76	13.45	13.22
Over 1 and up to 5 years	6.62	6.64	6.60	6.55	6.44	6.39	6.39	6.36	6.30	6.24	5.81	5.87	5.88	5.77	5.78
Over 5 years	4.22	4.25	4.25	4.26	4.29	4.31	4.12	4.04	4.09	4.39	4.41	4.42	4.51	4.24	4.25
Loans to non-financial corporations															
With maturity¹															
Up to 1 year ²	4.75	4.86	4.37	4.17	4.32	4.30	4.49	4.48	4.30	4.17	4.12	4.29	4.36	4.36	4.40
Over 1 and up to 5 years	5.17	4.94	4.91	5.00	5.48	5.48	5.57	5.52	5.65	5.62	5.62	5.75	5.85	5.87	6.42
Over 5 years	6.38	6.37	6.39	6.41	6.57	6.57	3.14	3.19	3.19	3.18	3.16	6.88	6.96	6.88	6.74

¹ Including revolving loans, overdrafts, and extended and convenience credit card credit.

² Including bank overdraft.

21.c WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS (NEW BUSINESS)

(with floating interest rate, up to 1 year initial rate fixation and original maturity of over 1 year; %)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
In euro															
Loans up to an amount of 0.25 million euro	4.37	4.49	4.32	4.37	4.42	4.47	4.60	4.64	4.63	4.73	5.04	4.36	4.38	3.81	3.66
of wich with collateral or guarantees	4.36	4.62	4.60	4.57	4.50	4.47	5.11	4.75	4.87	4.73	5.11	4.77	4.07	4.04	3.92
Loans over an amount of 0.25 million euro and up to 1 million euro	3.34	3.84	3.85	3.15	3.42	3.50	3.44	4.18	4.30	3.65	3.70	3.91	3.66	3.27	3.42
of wich with collateral or guarantees	3.50	4.00	4.23	3.18	3.50	3.74	3.68	4.41	4.60	3.71	3.62	4.26	3.61	3.34	3.66
Loans over 1 million euro	3.14	2.84	2.23	2.18	2.14	2.57	2.45	2.02	2.49	2.58	2.26	3.33	2.76	2.47	2.18
of wich with collateral or guarantees	3.51	3.02	2.36	2.29	2.30	2.56	2.45	2.06	2.50	2.46	2.23	3.47	2.77	2.53	1.93
In US dollars															
Loans up to an amount of 0.25 million euro	x	x	x	x	x	x	x	x	-	x	-	-	x	x	x
of wich with collateral or guarantees	-	-	x	x	-	x	x	x	-	-	-	-	x	x	x
Loans over an amount of 0.25 million euro and up to 1 million euro	-	-	-	-	-	-	x	-	-	x	-	-	-	-	-
of wich with collateral or guarantees	-	-	-	-	-	-	x	-	-	x	-	-	-	-	-
Loans over 1 million euro	-	x	x	x	x	-	x	x	x	5.47	-	x	-	-	4.63
of wich with collateral or guarantees	-	x	x	x	x	-	x	x	x	5.47	-	x	-	-	x

22. LENDING IN THE INTERBANK MARKETS

(transactions; millions of euro)

	Loans to resident MFIs											
	In euro					In foreign currencies						
	Overnight	Up to 1 month	1–3 months	Over 3 months		Overnight	Up to 1 month	1–3 months	Over 3 months			
2016												
I	0.0	16.7	0.6	–	17.3	373.6	63.9	–	–	437.5	454.8	
II	–	16.5	–	–	16.5	421.9	56.2	1.1	–	479.2	495.7	
III	–	16.5	–	–	16.5	433.9	53.2	0.5	–	487.6	504.1	
VI	2.3	16.5	0.5	–	19.3	302.2	35.3	–	–	337.5	356.8	
V	0.3	16.5	–	–	16.8	326.7	37.4	–	–	364.1	380.9	
VI	0.1	16.5	–	–	16.6	360.8	23.3	0.5	–	384.6	401.2	
VII	0.0	16.5	0.5	–	17.0	356.7	45.9	–	–	402.6	419.6	
VIII	0.4	16.6	–	–	17.0	385.9	99.8	–	–	485.7	502.7	
IX	–	16.5	–	–	16.5	283.7	93.5	0.5	–	377.7	394.2	
X	0.1	–	0.5	–	0.6	226.6	67.8	3.5	–	297.9	298.5	
XI	0.8	–	0.5	–	1.3	100.7	85.0	1.3	–	187.0	188.3	
XII	0.8	2.5	–	–	3.3	49.5	94.5	0.9	–	144.9	148.2	
2017												
I	0.1	2.4	0.7	0.6	3.8	426.9	78.1	0.6	–	505.6	509.4	
II	0.5	1.3	–	–	1.8	505.3	71.0	0.5	–	576.8	578.6	
III	0.1	0.8	–	–	0.9	200.5	52.9	0.9	–	254.3	255.2	
	Loans to non-resident MFIs										Total loans	
	Overnight	Up to 1 month	1–3 months	Over 3 months								
2016												
I	26 677.6	1 457.4	57.9	3.1	28 196.0	28 650.8						
II	25 675.8	1 804.2	25.6	1.3	27 506.9	28 002.6						
III	21 898.5	2 141.2	73.4	6.8	24 119.9	24 624.0						
VI	20 331.4	1 300.4	96.4	8.3	21 736.5	22 093.3						
V	16 514.7	1 855.1	18.4	5.8	18 394.0	18 774.9						
VI	19 383.7	1 685.3	115.2	2.4	21 186.6	21 587.8						
VII	19 031.6	1 318.5	29.1	5.0	20 384.2	20 803.8						
VIII	21 275.9	1 580.2	115.2	35.6	23 006.9	23 509.6						
IX	15 870.3	1 303.3	127.9	7.0	17 308.5	17 702.7						
X	13 443.8	1 261.4	37.4	100.4	14 843.0	15 141.5						
XI	14 486.6	1 493.5	101.1	4.1	16 085.3	16 273.6						
XII	18 467.3	1 214.9	96.4	48.8	19 827.4	19 975.6						
2017												
I	14 598.3	602.8	104.7	17.1	15 322.9	15 832.3						
II	13 879.0	497.9	94.6	–	14 471.5	15 050.1						
III	16 590.4	893.1	81.3	3.0	17 567.8	17 823.0						

23. INTEREST RATES IN THE DOMESTIC INTERBANK MARKET

(% per annum)

	2016												2017			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	
Weighted average interest rates on loans in euro																
Overnight	0.0	-	-	-0.3	-0.4	-0.4	-0.4	-0.4	-	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Up to 1 month	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-	-	-0.4	-0.4	-0.4	-0.4	-0.4
1-3 months	0.0	-	-	0.0	-	-	0.0	-	-	0.0	-0.4	-	-0.4	-	-	-
Over 3 months	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-
Weighted average interest rates on loans in foreign currencies																
Overnight	0.2	0.2	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	1.2	0.5	0.5	0.4	0.4
Up to 1 month	1.1	1.8	1.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.8	0.8
1-3 months	-	0.3	0.3	-	-	0.3	-	-	0.0	0.3	0.04	0.3	0.5	0.5	0.6	0.6
Over 3 months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

24. PRINCIPAL FOREIGN EXCHANGE TRANSACTIONS (BY TYPE, COUNTERPARTY AND CURRENCY)¹

(millions of euro)

	2016												2017			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	
Type of transaction																
Spot exchange transactions	10 047.9	12 699.8	10 140.7	9 689.0	6 796.8	7 893.8	6 866.6	7 485.5	9 636.4	8 576.0	6 873.3	7 876.0	6 846.7	8 880.1	7 918.8	7 918.8
Forward exchange contracts	308.6	420.2	374.0	393.4	372.4	407.7	262.1	261.5	395.0	415.0	364.2	252.5	413.1	273.9	271.8	271.8
Currency swap arrangements	26 360.3	32 281.7	23 820.6	23 742.5	22 057.4	25 083.9	25 024.1	31 641.6	28 399.4	27 536.0	28 100.3	28 505.2	24 551.9	25 803.3	33 600.6	33 600.6
Counterparties																
Resident MFIs	2 105.6	1 564.3	1 707.2	1 393.1	1 235.3	1 185.6	2 224.9	2 173.2	2 023.5	1 807.8	850.8	1 354.9	2 105.7	1 500.2	1 808.7	1 808.7
Resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	61.6	60.8	131.2	75.7	93.7	215.3	96.0	74.0	198.0	106.5	150.2	349.6	304.9	270.6	305.9	305.9
Resident government, non-financial corporations and non-profit institutions serving households	269.7	261.4	389.9	375.4	252.1	314.3	222.8	265.2	301.7	261.6	306.3	307.4	243.4	265.6	328.0	328.0
Non-resident MFIs	24 574.8	31 978.4	22 892.9	22 975.8	21 890.5	25 150.0	23 779.5	30 315.5	28 266.1	24 866.0	25 798.3	25 291.7	19 705.7	20 724.0	26 767.3	26 767.3
Non-resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	2 518.4	3 448.5	2 703.6	2 707.1	1 971.1	2 641.8	2 054.8	2 327.1	2 924.2	4 842.9	3 771.3	3 697.4	3 445.0	3 742.9	4 845.1	4 845.1
Non-resident government, non-financial corporations and non-profit institutions serving households	6 379.5	7 377.3	5 776.8	5 568.3	3 451.6	3 524.2	3 389.7	3 683.7	3 658.0	3 453.3	3 415.2	4 925.5	4 952.4	8 104.9	7 326.9	7 326.9
Households	807.1	711.0	733.7	729.7	332.3	354.2	385.1	549.9	1 059.4	1 188.8	1 045.8	707.2	1 054.7	349.1	409.3	409.3
Currencies																
Total in all currencies	36 716.8	45 401.7	34 335.3	33 825.0	29 226.6	33 385.4	32 152.9	39 388.6	38 430.8	36 527.0	35 337.8	36 633.7	31 811.7	34 957.4	41 791.2	41 791.2
incl. USD for EUR	21 844.9	26 616.2	15 579.8	16 595.4	16 837.6	17 393.3	16 488.1	22 057.7	20 450.9	19 480.1	19 779.1	20 954.8	15 931.0	18 469.0	21 154.2	21 154.2
incl. GBP for EUR	1 656.0	1 798.4	1 824.7	2 130.0	1 918.8	1 390.8	2 093.5	2 250.0	2 048.4	1 805.3	1 106.2	983.9	897.4	1 147.1	1 301.7	1 301.7
incl. other currencies for EUR	1 361.9	1 402.3	1 509.0	1 812.5	1 674.7	3 256.4	4 145.7	2 371.0	2 851.6	2 159.9	3 523.4	2 976.0	2 338.2	1 455.7	2 845.4	2 845.4

¹ Including the cash and non-cash transactions performed by credit institutions. The volume of cash and non-cash transactions has been translated into euro applying the exchange rate of the respective foreign currency as set by Latvijas Banka on the last day of the reporting month.

25. NON-CASH FOREIGN EXCHANGE TRANSACTIONS¹

(millions of euro)

	2016												2017			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	
USD for EUR²																
Amount	21 835.7	26 607.0	15 572.2	16 587.9	16 829.3	17 384.6	16 476.2	22 046.4	20 442.0	19 469.0	19 766.8	20 942.5	15 922.1	18 461.3	21 146.3	
% ⁴	59.5	58.5	45.4	49.0	57.6	52.1	51.3	56.0	53.2	53.3	55.9	57.1	50.0	52.8	50.6	
GBP for EUR²																
Amount	1 646.2	1 795.4	1 820.7	2 126.0	1 913.7	1 385.1	2 088.1	2 243.0	2 042.5	1 799.4	1 096.7	977.9	893.2	1 139.1	1 294.1	
% ⁴	4.5	4.0	5.3	6.3	6.5	4.2	6.5	5.7	5.3	4.9	3.1	2.7	2.8	3.3	3.1	
Other currencies (except USD and GBP) for EUR²																
Amount	1 358.4	1 401.9	1 502.9	1 809.1	1 670.5	3 254.0	4 142.5	2 366.5	2 845.6	2 156.1	3 519.3	2 969.6	2 335.3	1 451.9	2 841.9	
% ⁴	3.7	3.1	4.4	5.3	5.7	9.7	12.9	6.0	7.4	5.9	10.0	8.1	7.3	4.2	6.8	
RUB for USD³																
Amount	5 075.4	6 570.1	7 668.3	6 148.0	3 556.6	4 905.9	3 638.2	4 232.3	3 703.4	4 014.3	3 337.7	5 422.4	5 490.6	5 673.3	6 202.4	
% ⁴	13.8	14.5	22.3	18.2	12.2	14.7	11.3	10.8	9.6	11.0	9.4	14.8	17.2	16.2	14.8	
GBP for USD³																
Amount	2 096.7	2 705.1	2 374.7	2 284.4	2 194.3	2 686.2	1 711.0	2 916.3	3 212.1	2 825.7	1 596.6	1 099.7	2 246.3	2 925.5	1 703.9	
% ⁴	5.7	6.0	6.9	6.8	7.5	8.0	5.3	7.4	8.4	7.7	4.5	3.0	7.1	8.4	4.1	
SEK for USD³																
Amount	58.7	59.9	233.7	263.1	135.6	136.8	82.3	193.6	112.3	151.2	102.1	28.3	35.1	106.1	89.2	
% ⁴	0.2	0.1	0.7	0.8	0.5	0.4	0.2	0.5	0.3	0.4	0.3	0.1	0.1	0.3	0.2	
Other currencies (except EUR, RUB, GBP and SEK) for USD³																
Amount	3 359.7	4 605.3	4 214.8	3 358.9	2 387.4	3 231.1	3 656.0	4 584.4	4 861.3	5 174.4	5 445.2	4 745.3	4 363.8	4 757.0	8 191.1	
% ⁴	9.1	10.1	12.3	9.9	8.2	9.7	11.4	11.6	12.6	14.2	15.4	12.9	13.7	13.6	19.6	
Other currencies (except EUR and USD) for other currencies³																
Amount	1 288.9	1 685.5	938.2	1 243.4	530.6	398.9	345.5	796.6	1 216.1	937.0	493.8	463.0	555.0	426.1	323.6	
% ⁴	3.5	3.7	2.7	3.7	1.8	1.2	1.1	2.0	3.2	2.6	1.4	1.3	1.8	1.2	0.8	

¹ Including non-cash transactions performed by credit institutions, reported by major currency.

² The transaction volume has been translated into euro using the weighted average exchange rate of the respective foreign currency for the reporting month.

³ The volume of non-cash transactions has been translated into euro applying the accounting exchange rate of the respective foreign currency on the last day of the reporting month (where the currency is not quoted by the ECB, exchange rates are determined using Thomson Reuters end-of-month closing price).

⁴ As per cent of the total.

26. EURO FOREIGN EXCHANGE REFERENCE RATES PUBLISHED BY THE ECB

(end-of-period; foreign currency vs 1 EUR)

	2016												2017		
	31.01.	29.02.	31.03.	30.04.	31.05.	30.06.	31.07.	31.08.	30.09.	31.10.	30.11.	31.12.	31.01.	28.02.	31.03.
USD	1.0920	1.0888	1.1385	1.1403	1.1154	1.1102	1.1113	1.1132	1.1161	1.0946	1.0635	1.0541	1.0755	1.0597	1.0691
GBP	0.7641	0.7858	0.7916	0.7803	0.7619	0.8265	0.8440	0.8481	0.8610	0.9005	0.8525	0.8562	0.8611	0.8531	0.8555
JPY	132.2500	123.1400	127.9000	122.3400	123.8300	114.0500	114.8300	115.0100	113.0900	114.9700	120.4800	123.4000	121.9400	118.8300	119.5500
CHF	1.1144	1.0914	1.0931	1.0984	1.1044	1.0867	1.0823	1.0957	1.0876	1.0820	1.0803	1.0739	1.0668	1.0648	1.0696

27. WEIGHTED AVERAGE EXCHANGE RATES (CASH TRANSACTIONS)¹

(foreign currency vs EUR)

	2016												2017			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	
USD																
Buy	1.0971	1.1184	1.1219	1.1462	1.1412	1.1339	1.1190	1.1320	1.1337	1.1125	1.0856	1.0634	1.0721	1.0745	1.0791	
Sell	1.0788	1.1060	1.1055	1.1291	1.1286	1.1189	1.1048	1.1156	1.1165	1.0988	1.0768	1.0500	1.0581	1.0601	1.0625	
GBP																
Buy	0.7628	0.7847	0.7916	0.8032	0.7849	0.7981	0.8522	0.8658	0.8614	0.9030	0.8748	0.8524	0.8689	0.8578	0.8720	
Sell	0.7474	0.7688	0.7737	0.7861	0.7716	0.7862	0.8325	0.8475	0.8432	0.8824	0.8604	0.8364	0.8519	0.8442	0.8565	
JPY																
Buy	131.2660	129.7883	130.5036	127.8933	124.8119	121.8024	120.6191	117.2687	121.6475	118.5544	121.3693	125.7813	124.5833	124.0133	122.6867	
Sell	127.4484	124.0418	123.6487	122.6107	120.4512	116.6677	113.5047	110.7532	112.1614	111.0345	113.2427	117.6622	118.8126	117.0006	117.4587	
SEK																
Buy	9.5399	9.5429	9.4044	9.3077	9.4205	9.4291	9.5733	9.6022	9.6486	9.8401	10.0011	9.8163	9.5905	9.6076	9.6843	
Sell	9.1902	9.3096	9.1981	9.1043	9.1562	9.2093	9.3290	9.3573	9.4361	9.5542	9.7286	9.6179	9.3959	9.3825	9.4254	
RUB																
Buy	83.5001	84.8913	78.3678	76.0321	75.1493	73.8345	71.7452	73.4237	72.5679	70.1605	70.2186	66.1728	64.2010	62.7322	62.1997	
Sell	81.2215	83.0537	76.1175	73.7142	72.7639	71.5338	69.6913	71.1134	70.8448	68.2576	68.5606	64.4040	62.4312	61.1011	60.7200	
CHF																
Buy	1.1368	1.1169	1.1078	1.1100	1.1239	1.1049	1.1081	1.1055	1.1022	1.1042	1.0952	1.0900	1.0877	1.0831	1.0883	
Sell	1.0843	1.0947	1.0788	1.0795	1.0926	1.0791	1.0763	1.0924	1.0938	1.0897	1.0742	1.0780	1.0628	1.0537	1.0760	

¹ Including the weighted average exchange rates of cash transactions performed by credit institutions and currency exchange bureaus.

28. STRUCTURE OF GOVERNMENT SECURITIES

(at end of period; millions of euro)

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Stock of government securities outstanding	988.6	1 019.1	1 119.1	1 149.1	1 169.1	1 199.1	928.2	958.2	1 000.7	1 030.8	1 030.8	1 060.8	1 048.1	1 048.1	1 078.1
Residents	928.7	963.5	1 057.3	1 082.0	1 094.9	1 122.7	852.4	876.1	905.2	946.8	946.7	972.0	952.7	952.4	980.5
Non-financial corporations	28.4	28.4	28.4	28.4	28.4	28.4	20.6	20.6	20.6	20.6	20.6	20.6	17.1	16.8	16.8
Central bank	76.1	87.5	99.0	115.6	130.5	138.8	138.8	139.3	141.3	144.3	145.6	149.1	149.1	150.4	160.7
Credit institutions	377.0	409.9	460.8	475.7	474.1	485.5	320.1	343.3	352.6	393.3	392.3	424.0	433.0	436.3	453.9
Money market funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	0.3	0.3	9.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Financial auxiliaries	27.5	28.0	48.0	48.0	48.0	48.0	11.0	11.0	17.3	17.3	17.3	17.3	17.3	18.5	17.8
Insurance corporations and pension funds	354.2	344.1	346.6	348.9	347.5	355.7	320.5	320.5	331.9	329.8	329.8	320.0	297.4	292.5	293.4
Insurance corporations	40.3	40.3	42.0	44.8	44.9	48.0	40.5	40.5	40.6	40.6	40.6	40.6	37.5	37.2	37.2
Pension funds	313.9	303.8	304.6	304.1	302.6	307.7	280.0	280.0	291.3	289.2	289.2	279.4	259.9	255.3	256.2
Central government	55.0	55.0	55.4	55.4	56.4	56.4	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1
Households	3.5	3.5	2.9	2.9	2.9	2.9	2.4	2.4	2.4	2.4	2.0	2.0	1.7	1.7	1.7
Non-profit institutions serving households	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	4.8	3.9	3.9
Non-residents	59.9	55.6	61.8	67.1	74.2	76.3	75.8	82.1	95.5	84.0	84.1	88.8	95.3	95.6	97.5
Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	41.8	35.3	35.3	42.5	43.4	47.6	48.7	49.0	51.0	51.2	51.6	51.4	63.5	63.5	63.4
Money market funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MFIs excluding central banks, credit institutions and money market funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial auxiliaries	18.0	20.2	26.4	24.4	30.7	28.6	27.1	33.1	44.5	32.8	32.5	37.3	31.8	32.1	34.1
Insurance corporations and pension funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Households	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-profit institutions serving households	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

29. AUCTIONS OF GOVERNMENT SECURITIES IN THE PRIMARY MARKET

(Q4 2016 and Q1 2017)

Date (dd.mm.)	Initial maturity (months)	Supply (thousands of euro)	Demand (thousands of euro)	Purchase (thousands of euro)	Weighted average discount rate (%)
Competitive multi-price auctions					
12.10.	36	24 000	98 500	24 000	-0.055
07.12.	36	24 000	144 950	24 000	-0.018
25.01.	36	24 000	99 300	24 000	-0.025
08.03.	60	24 000	96 098	14 178	0.240
Primary placement of government securities via outright sales of securities					
12.10.	36	-	53 201	6 000	-0.055
07.12.	36	-	24 535	6 000	-0.018
25.01.	36	-	30 002	6 000	-0.025
08.03.	60	-	16 800	15 822	0.240

30. DYNAMICS OF GDP

	2016 ¹				2017	
	Q1	Q2	Q3	Q4	Q1	
At current prices (millions of euro)	25 021.3	5 507.0	6 309.1	6 467.6	6 737.6	5 871.1
At constant prices ² (millions of euro)	21 780.8	4 826.7	5 454.5	5 620.0	5 879.6	5 018.2
Annual growth rate (%)	2.0	2.4	2.3	0.5	2.6	4.0
Gross value added (%)	1.4	2.0	1.5	0.0	2.0	4.3

¹ Data have been revised.

² Chain-linked; average prices in 2010. Data seasonally non-adjusted.

31. CHANGES IN THE AVERAGE MONTHLY WAGES AND SALARIES AND UNEMPLOYMENT

	2016												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Average gross wages and salaries¹															
EUR per month	814	811	855	842	854	862	866	866	850	852	876	954	878	861	920
Year-on-year changes (%)	104.6	105.9	105.2	103.4	106.5	105.5	100.3	106.4	104.8	104.3	107.4	106.1	107.8	106.2	107.5
Real net wage index ¹ (year-on-year basis; %)	104.9	106.3	105.6	103.8	107.0	105.5	99.8	106.0	103.8	102.9	105.6	103.5	104.0	102.0	103.4
Number of registered unemployed persons															
At end of month	85 452	86 581	85 414	82 268	79 092	78 164	77 425	75 664	74 357	74 053	75 348	78 357	80 016	79 152	76 431
Year-on-year changes (%)	99.1	98.5	98.6	99.3	98.2	96.9	96.0	94.8	94.7	94.9	95.2	95.8	93.6	91.4	89.5

¹ Data have been revised.

32. LATVIAN FOREIGN TRADE BALANCE

(millions of euro; exports – in FOB prices, imports – in CIF prices)

	2016 ¹												2017					
	Q1			Q2			Q3			Q4			Q1					
Exports	10 354.2			2 362.6			2 516.5			2 648.1			2 826.9			2 601.8		
Imports	12 327.2			2 788.3			3 048.8			3 117.2			3 372.9			3 158.4		
Balance	-1 973.1			-425.7			-532.3			-469.1			-546.0			-556.7		

	2016 ¹												2017		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Exports	723.2	791.5	847.9	850.2	852.3	814.0	801.5	882.8	963.8	977.0	958.8	891.1	808.7	832.8	960.2
Imports	829.3	926.0	1 033.0	1 026.0	1 029.5	993.4	985.7	1 072.4	1 059.1	1 120.1	1 118.4	1 134.4	984.1	984.6	1 189.7
Balance	-106.1	-134.5	-185.1	-175.8	-177.2	-179.3	-184.1	-189.6	-95.3	-143.1	-159.6	-243.3	-175.3	-151.8	-229.5

¹ Data have been revised.

33. MAIN EXPORT GOODS OF LATVIA

(in FOB prices)

	2016 ¹												2017	
			Q1		Q2		Q3		Q4		Q1			
	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	10 354.2	100.0	2 362.6	100.0	2 516.5	100.0	2 648.1	100.0	2 826.9	100.0	2 601.8	100.0		
Agricultural and food products	2 007.5	19.4	428.1	18.1	404.9	16.1	544.1	20.6	630.3	22.3	487.5	18.7		
Mineral products	512.6	5.0	109.6	4.6	141.3	5.6	127.5	4.8	134.2	4.8	128.9	5.0		
Products of the chemical and allied industries	804.8	7.8	191.5	8.1	206.0	8.2	194.1	7.3	213.2	7.5	214.3	8.2		
Plastics and articles thereof; rubber and articles thereof	346.2	3.3	72.9	3.1	83.5	3.3	92.4	3.5	97.3	3.4	80.7	3.1		
Wood and articles of wood	1 776.1	17.2	442.4	18.7	464.0	18.4	419.9	15.9	449.8	15.9	485.4	18.7		
Pulp of wood; paper and paperboard	232.6	2.2	55.6	2.4	53.7	2.1	59.0	2.2	64.3	2.3	63.3	2.4		
Textiles and textile articles	315.2	3.0	76.8	3.2	74.0	2.9	84.9	3.2	79.4	2.8	89.6	3.5		
Articles of stone, plaster, cement, glassware and ceramic products	302.7	2.9	67.5	2.9	77.2	3.1	82.5	3.1	75.6	2.7	76.5	2.9		
Base metals and articles of base metals	838.1	8.1	192.5	8.1	230.4	9.2	208.9	7.9	206.4	7.3	216.8	8.3		
Machinery and mechanical appliances; electrical equipment	1 842.7	17.8	431.6	18.3	456.6	18.1	456.6	17.2	498.0	17.6	441.5	17.0		
Transport vehicles	657.3	6.4	136.1	5.8	163.0	6.5	188.0	7.1	170.3	6.0	160.9	6.2		
Miscellaneous manufactured articles	362.8	3.5	81.7	3.5	90.1	3.6	95.0	3.6	96.0	3.4	88.3	3.4		
Other goods	355.5	3.4	76.4	3.2	71.9	2.9	95.1	3.6	112.0	4.0	68.1	2.6		

¹ Data have been revised.

34. MAIN IMPORT GOODS OF LATVIA

(in CIF prices)

	2016 ¹										2017	
			Q1		Q2		Q3		Q4		Q1	
	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	12 327.2	100.0	2 788.3	100.0	3 048.8	100.0	3 117.2	100.0	3 372.9	100.0	3 158.4	100.0
Agricultural and food products	2 049.5	16.6	463.0	16.6	481.2	15.8	531.7	17.1	573.7	17.0	535.4	17.0
Mineral products	1 108.5	9.0	263.5	9.4	255.3	8.4	268.1	8.6	321.6	9.5	317.0	10.0
Products of the chemical and allied industries	1 305.3	10.6	333.9	12.0	335.9	11.0	309.5	9.9	326.0	9.7	388.4	12.3
Plastics and articles thereof; rubber and articles thereof	696.7	5.7	155.3	5.6	177.0	5.8	190.5	6.1	173.9	5.1	181.3	5.7
Wood and articles of wood	409.2	3.3	96.1	3.4	106.0	3.5	102.7	3.3	104.5	3.1	106.5	3.4
Pulp of wood; paper and paperboard	283.8	2.3	66.5	2.4	69.9	2.3	73.5	2.4	73.9	2.2	72.9	2.3
Textiles and textile articles	482.8	3.9	113.0	4.1	112.1	3.7	138.8	4.5	118.9	3.5	123.7	3.9
Articles of stone, plaster, cement, glassware and ceramic products	240.4	1.9	47.7	1.7	65.9	2.2	70.2	2.3	56.5	1.7	56.3	1.8
Base metals and articles of base metals	941.5	7.6	201.8	7.2	237.6	7.8	244.8	7.8	257.4	7.6	238.8	7.6
Machinery and mechanical appliances; electrical equipment	2 644.4	21.5	590.3	21.2	660.1	21.6	646.2	20.7	747.9	22.2	584.1	18.5
Transport vehicles	1 232.2	10.0	260.1	9.3	345.5	11.3	306.2	9.8	320.4	9.5	260.3	8.2
Miscellaneous manufactured articles	305.7	2.5	65.8	2.4	70.7	2.3	76.1	2.4	93.2	2.8	68.1	2.2
Other goods	627.1	5.1	131.4	4.7	131.5	4.3	159.0	5.1	205.1	6.1	225.7	7.1

¹ Data have been revised.

35. LATVIAN FOREIGN TRADE PARTNERS

(exports – in FOB prices, imports – in CIF prices)

	2016					2017				
	Millions of euro			% of the total		Millions of euro			% of the total	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
Total	10 354.2	12 327.2	-1 973.1	100.0	100.0	2 601.8	3 158.4	-556.7	100.0	100.0
Euro area countries	5 157.0	7 137.0	-1 980.0	49.8	57.9	1 293.1	1 774.4	-481.2	49.7	56.2
EU28 countries	7 651.9	9 841.9	-2 190.1	73.9	79.8	1 943.4	2 402.3	-459.0	74.7	76.1
incl. Germany	741.8	1 471.3	-729.5	7.2	11.9	204.8	339.6	-134.8	7.9	10.8
Sweden	625.9	440.3	185.5	6.0	3.6	170.7	91.5	79.2	6.6	2.9
UK	578.7	239.4	339.3	5.6	1.9	135.8	54.1	81.7	5.2	1.7
Finland	204.4	557.2	-352.8	2.0	4.5	56.3	134.9	-78.6	2.2	4.3
Denmark	481.8	269.5	212.3	4.7	2.2	148.7	81.4	67.3	5.7	2.6
Netherlands	295.8	507.2	-211.3	2.9	4.1	74.3	123.2	-49.0	2.9	3.9
Lithuania	1 891.7	2 167.7	-276.0	18.3	17.6	445.8	560.8	-115.0	17.1	17.8
Estonia	1 257.6	976.0	281.6	12.1	7.9	310.5	247.4	63.1	11.9	7.8
Poland	540.3	1 326.7	-786.5	5.2	10.8	129.7	301.2	-171.5	5.0	9.5
CIS	1 173.9	1 277.4	-103.5	11.3	10.4	293.7	346.0	-52.3	11.3	10.9
incl. Russia	788.4	948.9	-160.5	7.6	7.7	204.4	260.4	-56.0	7.9	8.2
Other countries	1 528.3	1 207.9	320.4	14.8	9.8	364.7	410.1	-45.4	14.0	13.0
incl. USA	152.8	101.4	51.3	1.5	0.8	55.7	22.1	33.6	2.1	0.7
Norway	238.0	43.6	194.4	2.3	0.4	64.9	12.1	52.8	2.5	0.4
China	118.8	401.4	-282.7	1.1	3.3	33.7	112.5	-78.8	1.3	3.6

36. CONVENIENCE AND EXTENDED CREDIT, REVOLVING LOANS AND OVERDRAFT TO RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	Non-financial corporations			Households		
	Revolving loans and overdraft	Convenience credit	Extended credit	Revolving loans and overdraft	Convenience credit	Extended credit
2016						
I	708.5	1.6	1.2	47.0	6.8	115.7
II	713.3	1.6	1.2	45.4	6.8	114.6
III	710.4	1.7	1.3	43.4	6.6	116.5
IV	723.8	1.8	1.5	42.7	6.6	115.9
V	723.2	1.8	1.9	42.7	6.7	117.7
VI	718.1	1.6	2.1	42.1	6.6	117.1
VII	691.1	1.6	2.5	41.4	6.3	117.1
VIII	722.0	1.6	2.8	42.3	6.2	119.1
IX	683.0	1.7	3.2	42.7	7.1	118.6
X	669.7	1.7	3.6	42.3	7.4	118.7
XI	692.1	1.7	3.9	42.7	7.3	119.2
XII	655.2	1.7	4.1	38.1	6.3	117.6
2017						
I	702.4	1.6	4.6	37.0	6.2	118.9
II	682.9	1.5	5.0	35.8	6.5	116.7
III	714.9	1.6	5.8	35.8	6.6	118.1

37.a LOANS TO RESIDENT NON-FINANCIAL CORPORATIONS IN THE BREAKDOWN BY RESIDUAL MATURITY AND BY INTEREST RATE RESET PERIOD

(at end of period; millions of euro)

	In euro					
	With original maturity of over 1 year			With original maturity of over 2 years		
		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years
2016						
III	4 759.1	883.5	3 681.1	4 575.5	1 415.8	2 996.4
VI	4 920.8	731.0	4 037.4	4 757.2	1 391.6	3 240.1
IX	5 023.8	686.0	4 075.3	4 873.6	1 274.0	3 367.5
XII	5 111.2	608.6	4 201.3	4 971.1	1 269.1	3 453.0
2017						
III	5 083.7	569.2	4 255.3	4 939.9	1 305.9	3 422.8

37.b LOANS TO RESIDENT HOUSEHOLDS IN THE BREAKDOWN BY RESIDUAL MATURITY AND BY INTEREST RATE RESET PERIOD

(at end of period; millions of euro)

	In euro					
	With original maturity of over 1 year			With original maturity of over 2 years		
		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years
2016						
III	4 902.3	234.7	4 119.0	4 862.7	355.6	4 198.7
VI	4 903.9	226.5	4 190.2	4 859.0	341.5	4 240.2
IX	4 897.5	220.6	4 194.6	4 849.3	334.3	4 233.7
XII	4 915.1	212.2	4 202.5	4 867.3	321.3	4 224.2
2017						
III	4 886.5	168.5	4 156.3	4 843.7	280.8	4 153.0

38. VOLUMES OF NEW BUSINESS AND RENEGOTIATED LOANS¹ IN EURO IN MFI TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(millions of euro)

	Loans to households other than revolving loans and overdrafts, convenience and extended credit card debt						Loans to non-financial corporations other than revolving loans and overdrafts, convenience and extended credit card debt	
	For house purchase		For consumption		For other purpose			of which renegotiated loans
		of which renegotiated loans		of which renegotiated loans		of which renegotiated loans		
2016								
I	50.1	18.7	15.4	0.8	9.8	6.1	287.7	190.5
II	51.9	22.1	17.6	1.0	13.5	8.4	264.1	150.6
III	66.3	22.0	19.5	0.8	8.7	3.7	472.7	355.9
IV	70.0	30.8	20.8	0.7	11.3	4.8	436.4	280.0
V	68.2	28.2	22.3	1.0	15.2	12.2	626.2	430.4
VI	72.6	29.3	20.9	0.7	11.1	7.2	311.1	203.1
VII	69.1	27.9	19.3	0.6	7.2	2.2	386.9	245.1
VIII	74.7	29.4	20.0	0.8	9.7	4.5	456.3	334.7
IX	75.3	30.6	19.0	1.4	7.4	3.7	379.7	230.0
X	85.5	31.1	20.0	1.0	16.7	3.8	444.8	260.9
XI	76.5	33.1	19.5	0.9	12.7	6.8	394.8	293.0
XII	81.6	39.2	20.3	0.9	27.3	5.4	441.1	306.8
2017								
I	69.1	33.3	20.9	0.8	5.1	2.5	233.9	161.3
II	72.0	35.1	20.1	1.3	5.6	4.0	471.5	326.2
III	83.1	36.3	23.7	1.0	22.2	18.3	521.5	398.0

¹ Loans whose contracts have been renegotiated following the active involvement of the household or non-financial corporation in adjusting the terms and conditions of an existing contract, including the interest rate.

39. LATVIA'S BALANCE OF PAYMENTS

	2016				2017	
	Q1	Q2	Q3	Q4	Q1	
Analytical data (% of GDP) ¹						
Current account	1.5	2.8	-0.6	1.4	2.4	2.7
External debt						
Gross	147.3	148.2	153.1	148.9	147.3	146.7
Net	28.6	29.7	29.8	29.2	28.6	27.4
Foreign direct investment in Latvia						
Transactions	0.5	-2.0	-2.7	3.6	2.4	2.4
Closing position	54.0	55.1	53.6	54.0	54.0	54.4
Transactions (millions of EUR)						
Current account	369.5	152.5	-37.2	93.4	160.9	158.5
Goods	-1 741.6	-443.1	-474.1	-390.1	-434.4	-542.5
Credit (export)	10 266.2	2 326.2	2 482.5	2 648.1	2 809.4	2 603.6
Debit (import)	12 007.8	2 769.3	2 956.6	3 038.2	3 243.7	3 146.1
Services	1 878.4	439.8	436.2	485.9	516.6	513.5
Credit (export)	4 243.7	969.2	1 024.2	1 105.7	1 144.6	1 063.6
Debit (import)	2 365.2	529.3	588.0	619.9	628.1	550.1
Primary income	58.0	124.5	-68.6	-24.8	26.9	139.1
Credit	1 483.8	433.9	382.0	304.6	363.3	511.9
Debit	1 425.8	309.4	450.6	329.4	336.4	372.9
Secondary income	174.7	31.2	69.3	22.5	51.8	48.4
Credit	899.4	215.2	228.1	187.2	268.8	210.2
Debit	724.6	184.1	158.9	164.7	217.0	161.8
Capital account	249.7	107.4	62.8	-2.5	81.9	-1.9
Credit	262.2	108.7	63.5	6.6	83.5	0.0
Debit	12.5	1.3	0.7	9.1	1.5	2.0
Financial account	534.7	183.7	104.7	50.6	195.8	245.8
Direct investment	47.3	107.9	236.7	-163.1	-134.2	-32.8
Foreign	161.4	-2.5	68.1	70.2	25.7	110.0
Latvia	114.1	-110.5	-168.6	233.3	159.9	142.7
Portfolio investment	939.5	1 168.8	-352.0	241.0	-118.4	342.2
Assets	1 898.1	1 117.4	210.7	228.6	341.4	136.2
Liabilities	958.6	-51.4	562.7	-12.5	459.8	-206.0
Financial derivatives	196.2	0.3	0.9	12.9	182.1	-198.5
Assets	-275.8	-94.0	-105.1	-50.6	-26.1	-276.2
Liabilities	-471.9	-94.3	-105.9	-63.5	-208.2	-77.7
Other investment	-772.6	-1 099.5	222.1	363.7	-258.9	88.7
Assets	85.6	901.2	744.2	-589.7	-970.1	552.0
Liabilities	858.2	2 000.7	522.1	-953.4	-711.3	463.3
Reserve assets	124.4	6.2	-3.0	-403.9	525.1	46.2

¹ Data have been revised.

Additional Information

General notes

The cut-off date for the information used in the publication *Macroeconomic Developments Report* (June 2017, No. 25) is 2 June 2017.

The *Macroeconomic Developments Report* (June 2017, No. 25) published by Latvijas Banka is based on data provided by the CSB, ECB, Treasury, Nasdaq Riga, Euribor-EBF and Latvijas Banka.

Data sources for charts are the Bloomberg (Charts 1, 1.1, 3, 4 and 29), Latvijas Banka (Charts 1.1, 2.1, 2.2, 6–14, 24, 26–29, 32 and 33), ECB (Charts 1.1 and 10), Reuters (Charts 2 and 29), the Treasury (Charts 5 and 23), the CSB (Charts 15–22, 24, 26, 28, 32 and 33), the EC (Charts 20, 25, 27, 28 and 30), SEA (Chart 26) and FAO (Chart 31).

Data sources for Statistics tables are Latvijas Banka (Tables 1, 3, 4, 6–25, 27, 28, 36–39), Nasdaq Riga (Table 1), the Treasury (Tables 1, 2.ab and 29), Euribor-EBF (Table 1), the CSB (Tables 2.ab and 30–35) and ECB (Tables 5 and 26).

Details may not add because of rounding-off.

FOB value is the price of a commodity on the border of the exporting country, including the transportation and insurance costs only up to the border.

CIF value is the price of a commodity on the border of the importing country, including the transportation and insurance costs only up to the border.

"–" – no transactions in the period; "x" – no data available, no computation of indicators possible or insufficient number of respondents to publish information.

Money and banking sector

Calculation of monetary aggregates includes the balance sheet data of Latvijas Banka and information from the financial position reports of other MFIs, prepared using methodology of Latvijas Banka (see Latvijas Banka Regulation No. 132 "Regulation for Compiling the 'Monthly Financial Position Report' of Monetary Financial Institutions" of 16 May 2014).

In the publication, the following terms have been used:

MFIs – financial institutions forming the money-issuing sector. In Latvia, MFIs include Latvijas Banka, credit institutions and other MFIs in compliance with the List of Monetary Financial Institutions of the Republic of Latvia compiled by Latvijas Banka. In the EU, MFIs include the ECB, the national central banks of the euro area, credit institutions and other MFIs (money market funds) in compliance with the original List of MFIs published by the ECB.

Non-MFIs – entities other than MFIs.

Financial institutions – other financial intermediaries, excluding insurance corporations and pension funds, (hereinafter, OFIs), financial auxiliaries, insurance corporations and pension funds.

OFIs – financial corporations that are primarily engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and close substitutes for deposits from their customers other than MFIs, or insurance technical reserves. OFIs are corporations engaged in lending (e.g. financial leasing companies, factoring companies, export/import financing companies), investment funds, investment brokerage companies, financial vehicle corporations, financial holding corporations, and venture capital corporations. OFIs data include also financial auxiliaries' data.

Financial auxiliaries – financial corporations that are primarily engaged in auxiliary financial activities, i.e. activities that are closely related to financial intermediation but are not financial intermediation themselves, e.g. investment brokers who do not engage in financial intermediation services on their own behalf, corporations that provide infrastructure for financial markets, central supervisory institutions of financial institutions and the financial market provided that they are separate institutional units. In Latvia, the FCMC and the Nasdaq Riga shall also be regarded as financial auxiliaries. Financial auxiliaries' data are included in OFIs data.

Non-financial corporations – economic entities producing goods or providing non-financial services with the aim of gaining profit or other yield.

Households – natural persons or groups of natural persons whose principal activity is consumption and who produce goods and services exclusively for their own consumption, as well as non-profit institutions serving households. The following are also regarded as households in the Republic of Latvia: persons engaged in individual entrepreneurship provided that they have not registered their activity with the Commercial Register of the Enterprise Register of the Republic of Latvia.

Holdings of securities other than shares – financial assets, which are instruments of the holder, usually negotiable and traded or compensated on secondary markets and which do not grant the holder any ownership rights over the issuing institutional unit.

The following information is published in accordance with the ECB methodology:

1) Assets and liabilities of Latvijas Banka (Table 6), expanding the range of reported financial instruments;

2) Aggregated balance sheet of MFIs (excluding Latvijas Banka), i.e. the sum of the harmonised balance sheets of Latvia's MFIs, excluding Latvijas Banka (Table 7);

3) monetary aggregates and their components (Table 4) reflect Latvia's contributions to the euro area monetary aggregates and their counterparts. These are obtained from the consolidated balance sheet of MFIs. Latvia's contributions to the following monetary aggregates are calculated and published:

- overnight deposits in all currencies held with MFIs;
- deposits redeemable at a period of notice of up to and including 3 months (i.e. short-term savings deposits) made in all currencies and deposits with an agreed maturity of up to and including 2 years (i.e. short-term time deposits) in all currencies held with MFIs.
- repurchase agreements, debt securities with a maturity of up to and including 2 years issued by MFIs, and money market fund shares and units.

The monetary aggregates of Latvijas Banka (Table 3) are also published comprising the national contribution to the euro area monetary base and the counterparts, as well as a monetary survey of Latvia's MFIs (excluding Latvijas Banka; Table 10).

In view of the fact that Latvijas Banka collects more comprehensive information, the following is also published:

1) consolidated balance sheet of MFIs obtained by netting out inter-MFI positions in the aggregated balance sheet of Latvia's MFIs (Table 8). Due to slight accounting methodology differences, the sum of the inter-MFI positions is not always zero; therefore, the balance is reported under the item Excess of inter-MFI liabilities.

2) Aggregated balance sheet of Latvia's MFIs (excluding Latvijas Banka) which is the sum of the harmonised balance sheets (Tables 9ab);

3) Information characterising foreign assets and foreign liabilities of MFIs (excluding Latvijas Banka; Tables 11ab), including selected items in the monthly financial position report of MFIs (excluding Latvijas Banka) by group of countries (Table 12);

4) Information characterising the maturity profile and types of deposits (including repo agreements) of Latvia's financial institutions, non-financial corporations and households with MFIs (excluding Latvijas Banka; Tables 13 and 14abc) as well as government and non-resident deposits (Table 14d). Deposits redeemable at notice have been grouped by period of notice. Long-term deposits include deposits with the original maturity of over 1 year. The breakdown of MFI (excluding Latvijas Banka) deposits by currency is provided in Tables 20ab;

5) Information characterising the maturity profile and types of MFI (excluding Latvijas Banka) loans to Latvia's financial institutions, non-financial corporations and households (Tables 15, 16ab, 17, 18, 36 and 37) as well as government and non-resident loans (Table 16c). The breakdown of MFI (excluding Latvijas Banka) loans by currency is provided in Tables 20cd;

6) Information characterising MFI (excluding Latvijas Banka) securities holdings (Tables 19ab and 20ef);

7) Information characterising debt securities issued by MFIs (excluding Latvijas Banka; Table 20g).

Interest rates

The interest rates calculation includes information from MFI reports prepared in compliance with Latvijas Banka Regulation No. 133 "Regulation for Compiling Interest Rate Reports of Monetary Financial Institutions" of 16 May 2014. Based on the methodology laid out in the above Regulation, credit institutions, branches of foreign credit institutions and particular credit unions registered in the Republic of Latvia have to provide information on interest rates on deposits and loans applied in transactions with resident non-financial corporations and households.

Information on interest rates on deposits and loans applied in transactions with non-financial corporations and households provided by credit institutions, branches of foreign credit institutions and credit unions registered in the Republic of Latvia is collected (Table 21). Interest rate statistics is collected on new business and outstanding amounts. All rates included in the interest rate statistics are weighted average rates. When preparing the interest rate statistics, credit institutions use annualised agreed rates (AAR) or narrowly defined effective rates (NDER) and annual percentage rate of charge (APRC). Credit institutions have to select the calculation of the AAR or the NDER based on the terms and conditions of the agreement. The NDER can be calculated on any deposit or loan. In addition to the AAR or the NDER, the APRC is reported for loans to households for house purchase and consumer credits.

The interest rates on new business with overnight deposits and deposits redeemable at notice and on their outstanding amounts coincide.

Interest rates on new loans are reported on the basis of the initial rate fixation period set in the agreement, whereas overdraft interest rates are reported on loan balances.

When reporting the interest rates on consumer credit and other credit to households with the maturity of up to 1 year and loans to non-financial corporations with the maturity of up to 1 year, interest rates on overdraft are included.

Interbank market lending interest rates (Table 23) are reported as weighted average interest rates on new business, aggregating the information submitted by credit institutions, prepared based on the methodology of Latvijas Banka (see Latvijas Banka Regulation No. 102 "Regulation for Compiling the 'Report on Monetary Market Transactions'" of 16 May 2013).

Foreign exchange and exchange rates

Information characterising the foreign currency selling and buying transactions is reported based on the methodology of Latvijas Banka (see Latvijas Banka Regulation No. 36 "Regulation for Purchasing and Selling Cash Foreign Currency" of 13 May 2009 and Latvijas Banka Regulation No. 101 "Regulation for Compiling Reports on Foreign Currency Purchases and Sales" of 16 May 2013). The principal foreign exchange transactions (Table 24) comprise the cash and non-cash transactions conducted by credit institutions and branches of foreign credit institutions, reported by transaction type and counterparty, and currency. Non-cash foreign exchange transactions (Table 25) comprise non-cash transactions performed by credit institutions and branches of foreign credit institutions, reported by major currency.

The euro reference rates published by the ECB (Table 26) are reported as monthly mathematical averages. Weighted average exchange rates (cash transactions; Table 27) are reported based on the information provided by credit institutions and branches of foreign credit institutions as well as currency exchange bureaus.