



BULLETIN IN BRIEF

- Budget¹ with accumulated surplus 550 M, EUR/ 1.8 % of forecasted GDP (January-June)
- Central government debt outstanding (nominal value) 10 667 M, EUR/ 34.0 % of forecasted GDP (end of June)
- Municipalities' borrowings made from the Treasury 98 M, EUR/ 0.3 % of forecasted GDP (January-June)

GDP forecast for 2019 on June 2019: EUR 31 402 M (Ministry of Finance)

April 12, the credit rating agency *Fitch* reaffirmed its 'A-' foreign currency issuer rating on the Republic of Latvia. The outlook remains stable.

May 20, Latvia re-opened its outstanding 30-year Eurobond (maturing 19 February 2049) by issuing EUR 300 million, setting the yield at 1.764 % (coupon 1.875 %).

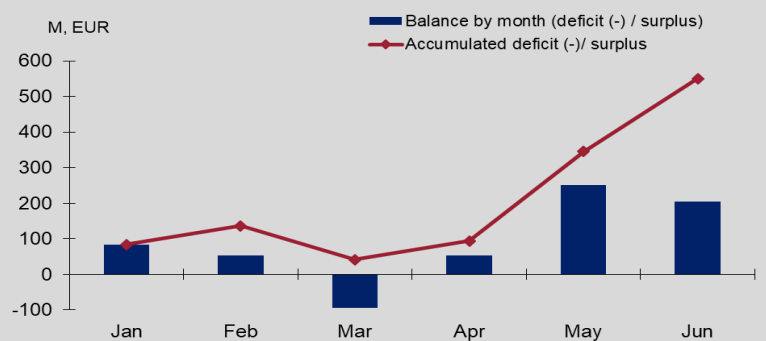
May 31, the credit rating agency *Moody's Investors Service* reaffirmed its 'A3' long term foreign currency sovereign credit ratings on the Republic of Latvia. The outlook remains stable.

GENERAL DATA

Central Government Consolidated Budget*

Month	M, EUR					
	Jan	Feb	Mar	Apr	May	Jun
Balance by month (deficit (-) / surplus)	84	53	-95	53	251	205
Accumulated deficit (-) / surplus	84	136	41	94	345	550

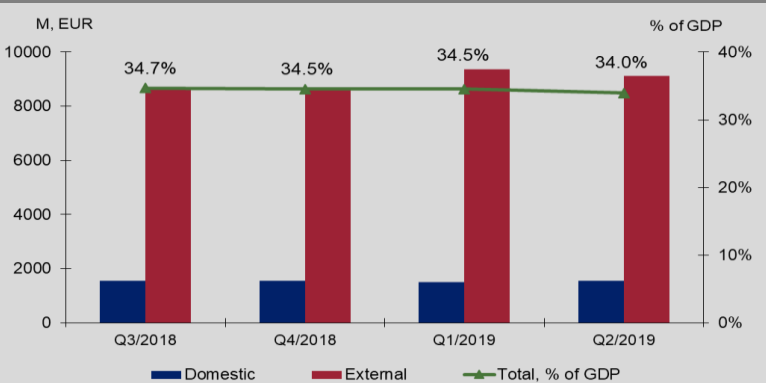
* excluding grants, donations and derived public entities



Central Government Debt Outstanding

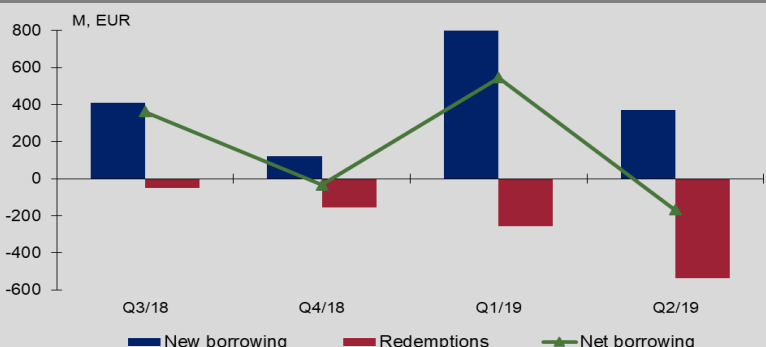
Debt (M, EUR)	Q3/2018		Q4/2018		Q1/2019		Q2/2019	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 562	15%	1 543	15%	1 490	14%	1 562	15%
External debt	8 672	85%	8 654	85%	9 352	86%	9 106	85%
Total	10 234	100%	10 197	100%	10 842	100%	10 667	100%
Central government debt (% of GDP)	34.7		34.5		34.5		34.0	
Net debt* (% of GDP) (nominal value)	27.1		29.9		28.1		26.5	

* without the derivative financial instruments effect result



Central Government Net Borrowing

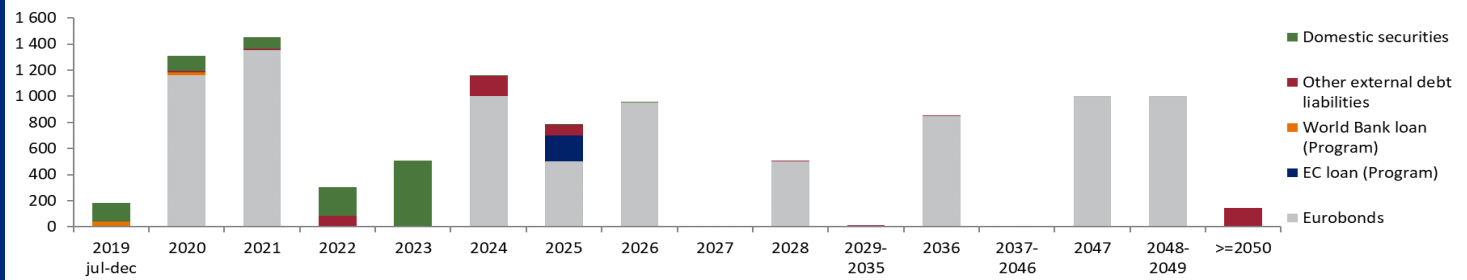
	M, EUR	Q3/18	Q4/18	Q1/19	Q2/19
New borrowing		410	120	800	370
<i>incl. Eurobonds</i>		350		700	300
Redemptions		-49	-154	-255	-538
<i>incl. debt redemption to</i>					
<i>World Bank</i>		-20	-20	-20	-20
<i>European Commission</i>					-500
<i>domestic securities</i>		-27	-124	-230	-6
Net borrowing		361	-34	545	-168



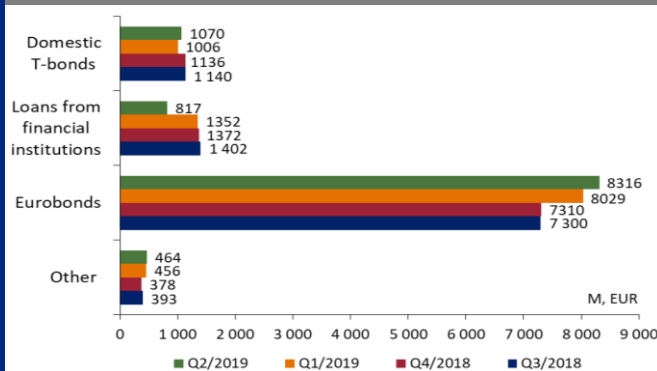
¹Central government consolidated budget (excluding grants, donations and derived public entities)



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

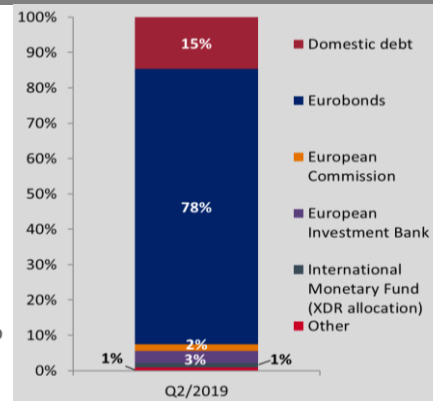


Debt Outstanding by instruments/

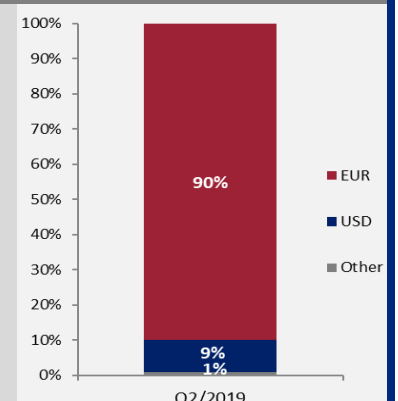


(nominal value, EUR)

lenders/

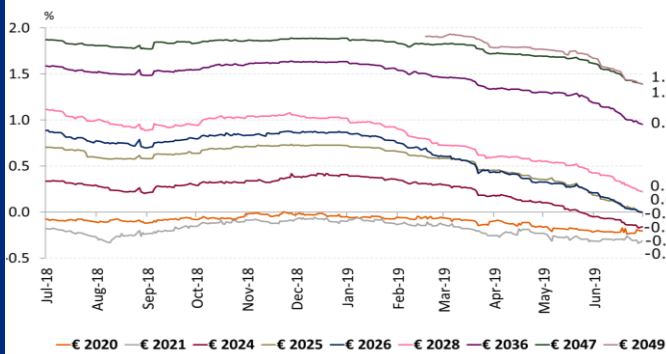


currencies



FOREIGN SECURITIES

EUR Eurobond yields



Source: Bloomberg, 28.06.2019

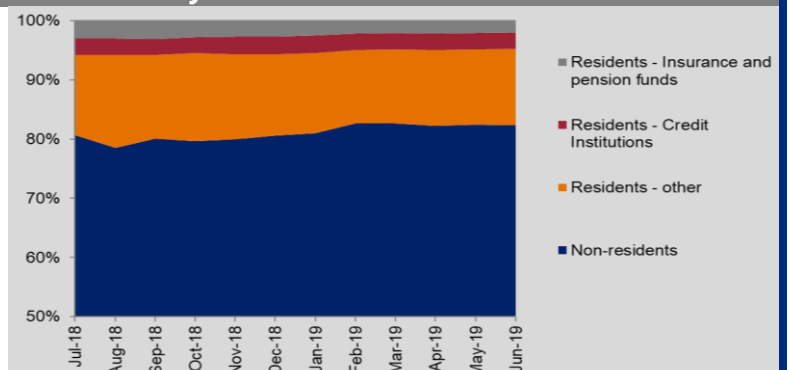
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2.750	A	2.448	73
	16.06.2021	LATVIA	5.250	A	2.295	62
EUR	15.12.2020	LATVIA	0.500	A	-0.198	30
	21.01.2021	LATVIA	2.625	A	-0.339	16
	30.04.2024	LATVIA	2.875	A	-0.173	12
	23.09.2025	LATVIA	1.375	A	-0.001	19
	07.10.2026	LATVIA	0.375	A	0.008	10
	30.05.2028	LATVIA	1.125	A	0.234	20
	16.05.2036	LATVIA	1.375	A	0.969	46
15.02.2047	LATVIA	2.250	A	1.403	75	
19.02.2049	LATVIA	1.875	A	1.402	74	

USD Eurobond yields



Source: Bloomberg, 28.06.2019

External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

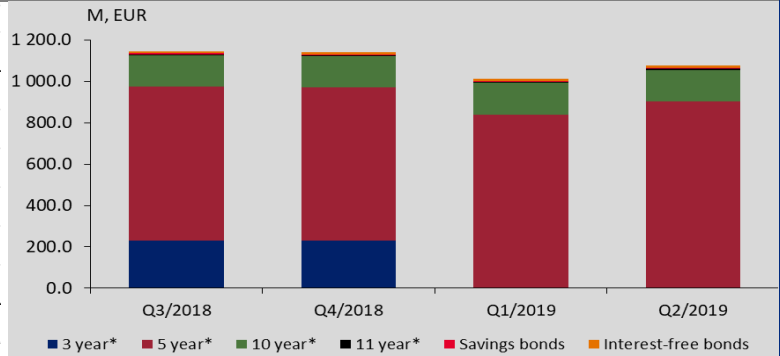


DOMESTIC SECURITIES

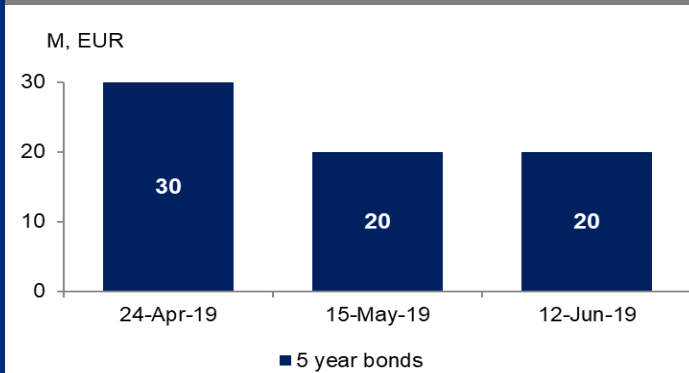
Domestic Securities Outstanding

Outstanding	Q3/2018	Q4/2018	Q1/2019	Q2/2019
3 year*	229.8	229.8	0.0	0.0
5 year*	744.3	739.9	839.9	903.9
10 year*	151.6	151.6	151.6	151.6
11 year*	4.8	4.8	4.8	4.8
Savings bonds	5.2	5.1	5.1	5.2
Interest-free bonds	9.3	9.5	9.5	9.5
Total	1 145.0	1 140.7	1 010.9	1 074.9

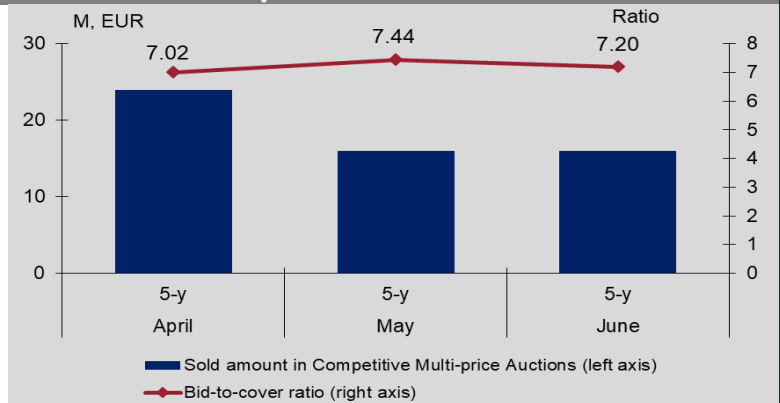
*original maturity



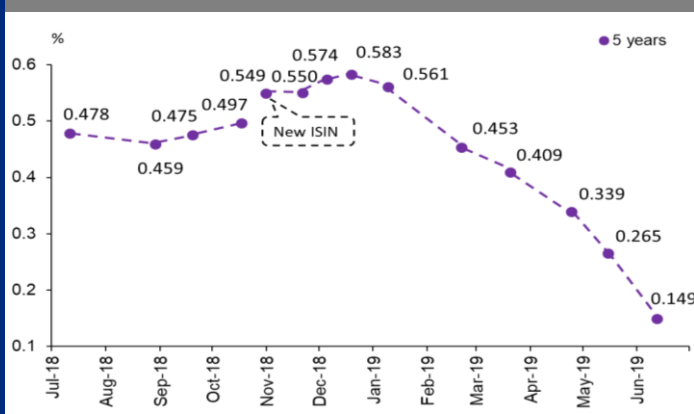
Sold Amount at Auctions in 2nd quarter



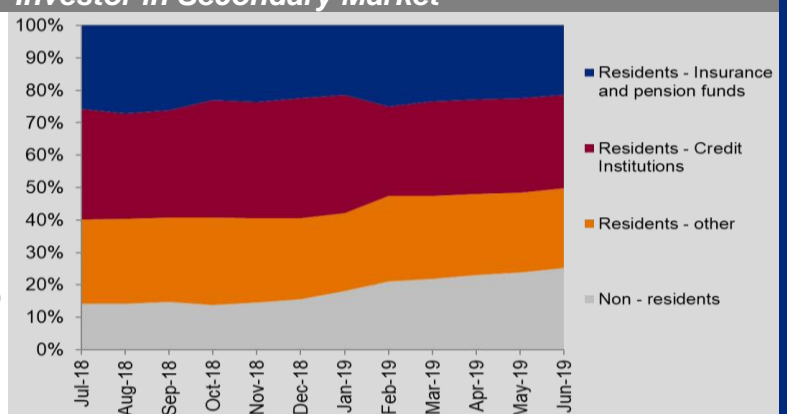
Bid-to-cover Ratio at Competitive Multi-price Auctions in 2nd quarter



Competitive Multi-price Auction rates



Domestic Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

Management of Planned Domestic Securities

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

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



DEBT PORTFOLIO MANAGEMENT

Parameters of the Central Government Debt Portfolio Structure

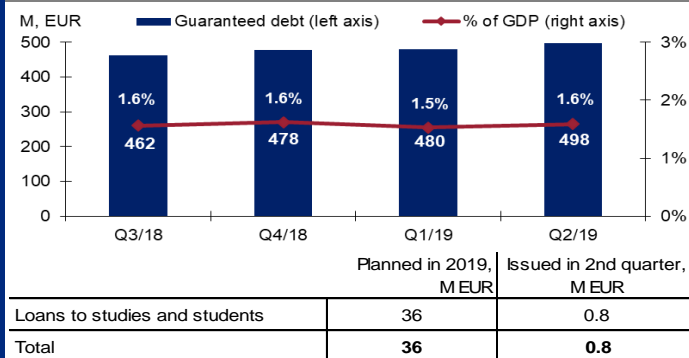
Parameters	31.03.2019		30.06.2019		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	16.7%	38.1%	13.1%	33.6%	≤ 25%	≤ 50%
Share of fixed rate [^]	86.6%		90.2%		≥ 60%	
Macaulay Duration (years)	7.44		8.05		5.00 - 9.00	
Net debt currency composition ^{^^}	EUR		EUR		EUR	
	100.04%		100.03%		100% (+/- 5%)	

[^]Fixed rate central government debt with a maturity over one year.

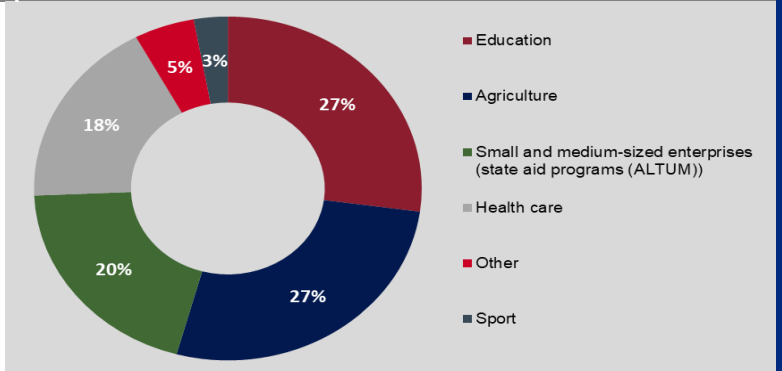
^{^^} Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income securities, loans, receivables (including receivables of derivative financial instruments which are not classified as risky from credit risk perspective)), and increased by provisions of guarantees as well as liabilities of derivative financial instruments which are not classified as risky from credit risk perspective.

ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding

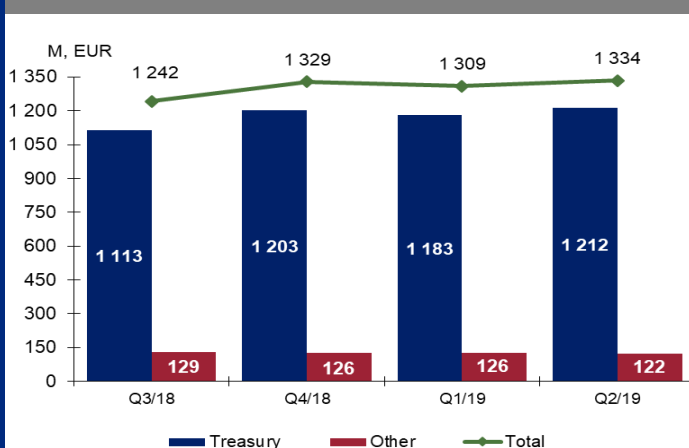


State guaranteed loans by industry (at the end of June)

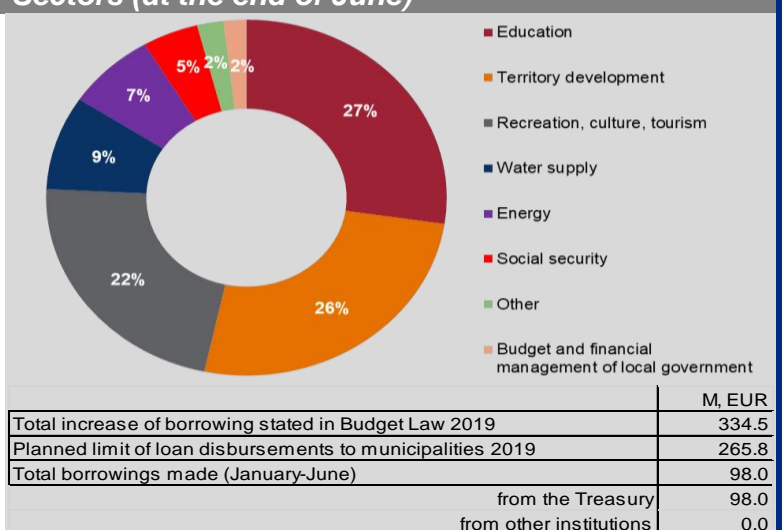


MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding



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



CONTACTS: The Treasury of the Republic of Latvia, Smilšu iela 1, Riga, LV 1919, Latvia

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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on October 21, 2019.

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