



## BULLETIN IN BRIEF

- Budget<sup>1</sup> with accumulated deficit 95 M, EUR/ 0.3 % of forecasted GDP (January-March)
- Central government debt outstanding (nominal value) 10 362 M, EUR/ 32.4 % of forecasted GDP (end of March)
- Municipalities' borrowings made from the Treasury 40 M, EUR/ 0.1 % of forecasted GDP (January-March)

On february Ministry of Finance forecasted GDP for 2020 at EUR 31 989 M (before Covid-19 impact)

February 21, an international credit rating agency S&P Global Ratings (S&P) upgraded credit rating of Republic of Latvia to historically highest 'A+' level from 'A' level, with a stable outlook.

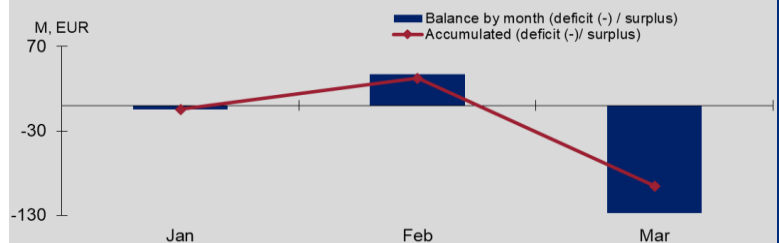
March 26, Latvia re-opened its outstanding 950 million Eurobond due 7 October 2026 with a tap issue of EUR 550 million at a yield of 0.406 % (coupon 0.375 %). Trade settlement date was April 2, therefore indicators published in this quarter bulletin do not include other related trade information.

## GENERAL DATA

### Central Government Consolidated Budget\*

Month	M, EUR		
	Jan	Feb	Mar
Balance by month (deficit (-) / surplus)	-5	37	-128
Accumulated (deficit (-)/ surplus)	-5	32	-95

\* excluding grants, donations and derived public entities

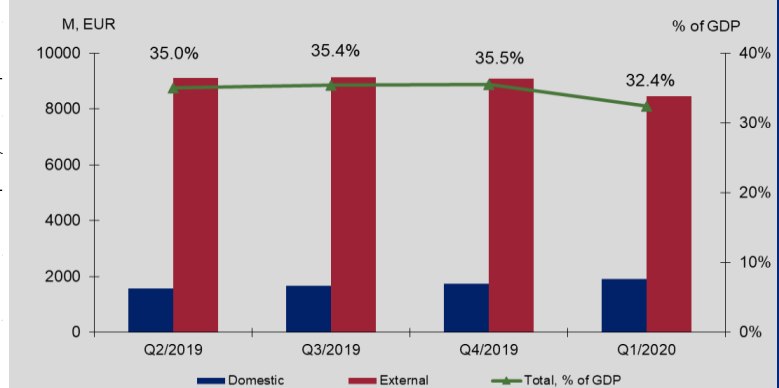


### Central Government Debt Outstanding

Debt (M, EUR)	Q2/2019		Q3/2019		Q4/2019		Q1/2020	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 562	15%	1 661	15%	1 734	16%	1 902	18%
External debt	9 106	85%	9 127	85%	9 076	84%	8 460	82%
<b>Total</b>	<b>10 667</b>	<b>100%</b>	<b>10 788</b>	<b>100%</b>	<b>10 810</b>	<b>100%</b>	<b>10 362</b>	<b>100%</b>
Central government debt (% of GDP)	35.0		35.4		35.5		32.4	
Net debt* (% of GDP)	27.3		28.3		30.2		28.8	

(nominal value)

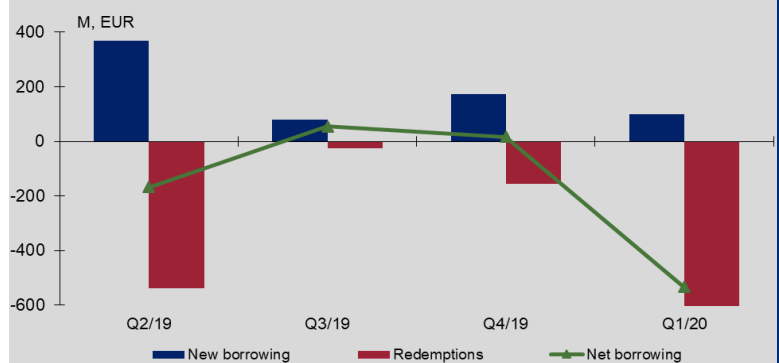
\* without the derivative financial instruments effect result



### Central Government Net Borrowing

	M, EUR	Q2/19	Q3/19	Q4/19	Q1/20
New borrowing		370	80	173	100
<i>incl. Eurobonds</i>		300			
Redemptions		-538	-26	-156	-633
<i>incl. debt redemption to</i>					
<i>World Bank</i>		-20	-20	-20	
<i>European Commission</i>		-500			
<i>domestic securities</i>		-6	-5	-135	
<b>Net borrowing</b>		<b>-168</b>	<b>54</b>	<b>16</b>	<b>-534</b>

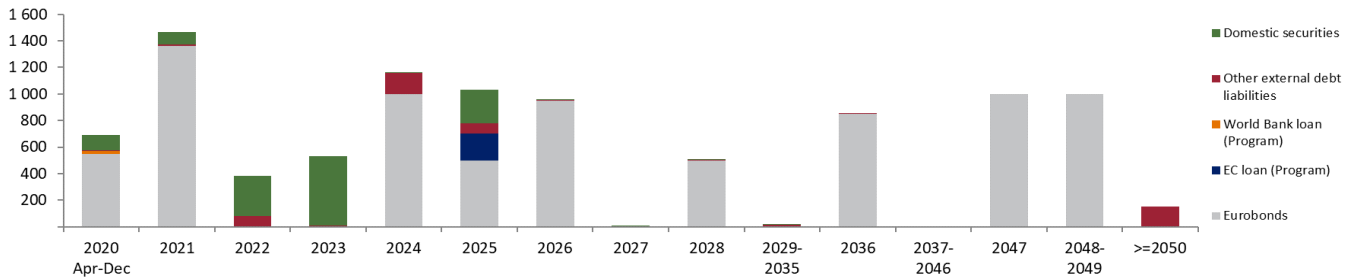
(nominal value)



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

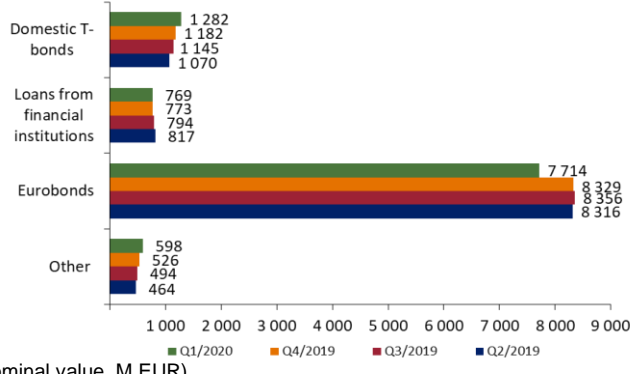


## Central Government Debt Redemption Profile (at the end of March 2020)



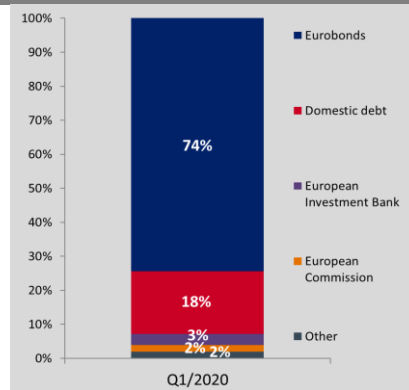
## Debt Outstanding by

instruments/

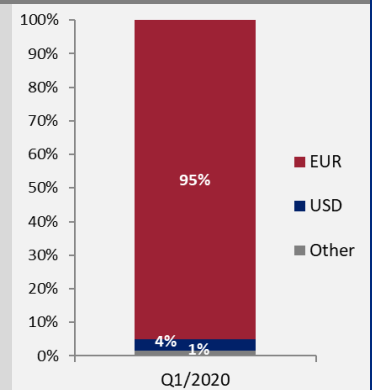


(nominal value, M EUR)

lenders/

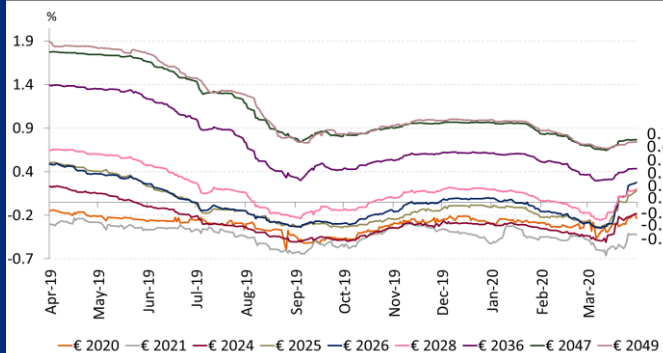


currencies



## FOREIGN SECURITIES

### EUR Eurobond yields



Source: Bloomberg, 31/03/2020

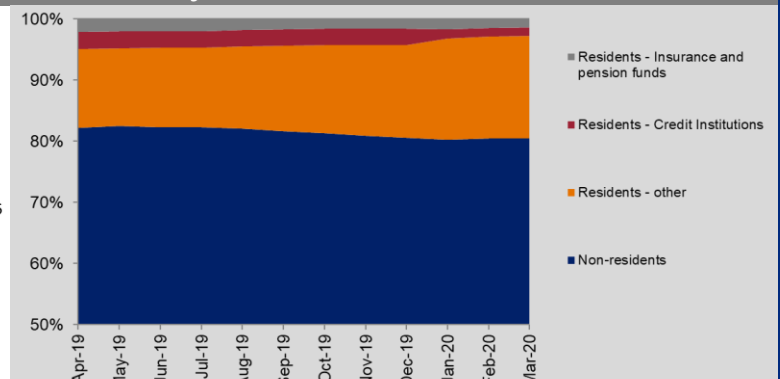
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	16/06/2021	LATVIA	5.250	A	1.856	146
EUR	15/12/2020	LATVIA	0.500	A	-0.185	33
	21/01/2021	LATVIA	2.625	A	-0.371	8
	30/04/2024	LATVIA	2.875	A	-0.134	21
	23/09/2025	LATVIA	1.375	A	0.130	43
	07/10/2026	LATVIA	0.375	A	0.229	46
	30/05/2028	LATVIA	1.125	A	0.153	32
	16/05/2036	LATVIA	1.375	A	0.384	26
	15/02/2047	LATVIA	2.250	A	0.716	57
	19/02/2049	LATVIA	1.875	A	0.690	56

### USD Eurobond yields



Source: Bloomberg, 31/03/2020

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



Source: Bank of Latvia

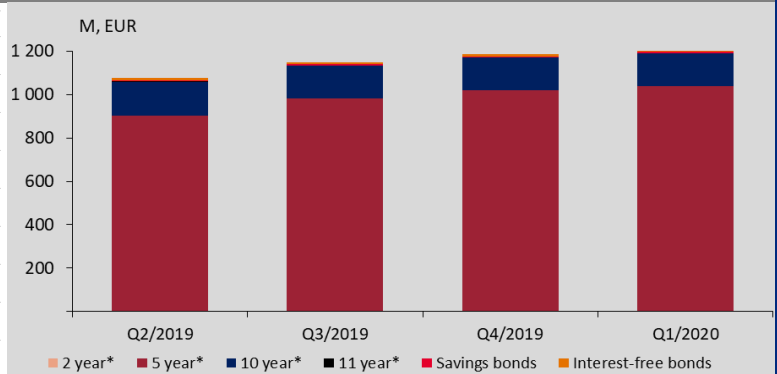


## DOMESTIC SECURITIES

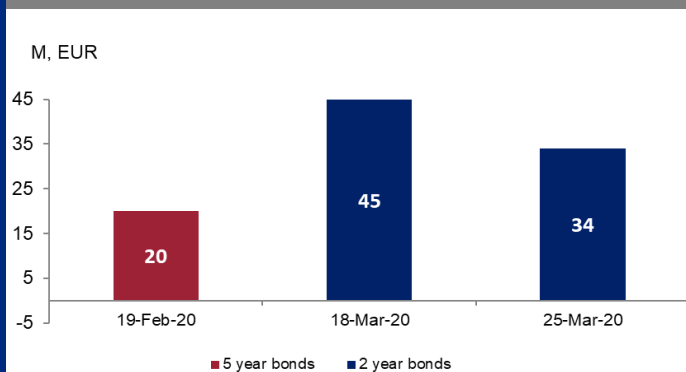
### Domestic Securities Outstanding

Outstanding	Q2/2019	Q3/2019	Q4/2019	M, EUR Q1/2020
2 year*	903.9	983.9	1 020.6	<b>79.0</b>
5 year*	903.9	983.9	1 020.6	<b>1 040.6</b>
10 year*	151.6	151.6	151.6	<b>151.6</b>
11 year*	4.8	0.0	0.0	<b>0.0</b>
Savings bonds	5.2	5.3	5.3	<b>5.2</b>
Interest-free bonds	9.5	9.8	10.3	<b>10.5</b>
<b>Total</b>	<b>1 074.9</b>	<b>1 150.6</b>	<b>1 187.8</b>	<b>1 287.0</b>

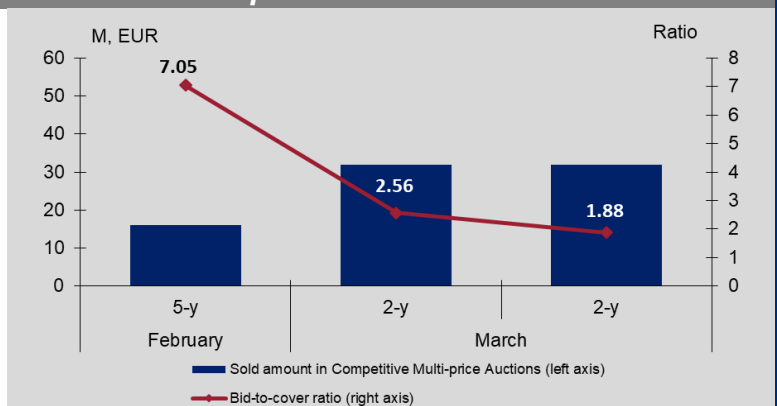
\*original maturity



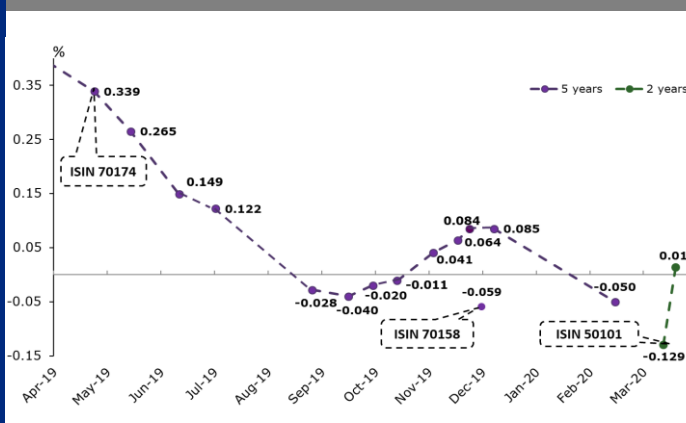
### Sold Amount at Auctions in 1st quarter



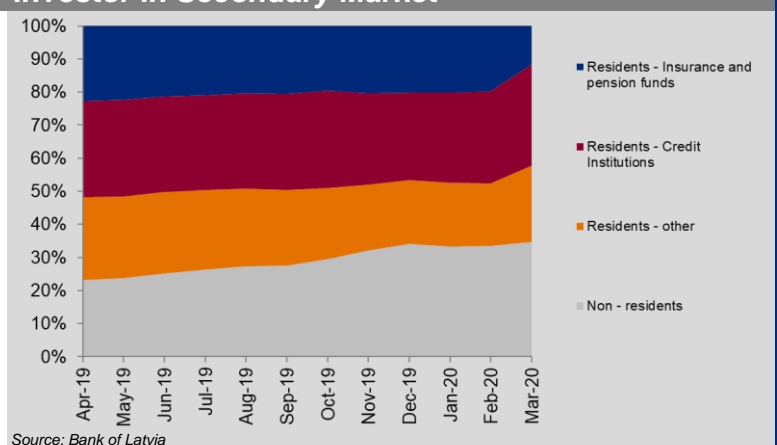
### Bid-to-cover Ratio at Competitive Multi-price Auctions in 1st quarter



### Competitive Multi-price Auction rates



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



### Management of Planned Domestic Securities

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

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



## DEBT PORTFOLIO MANAGEMENT

### Parameters of the Central Government Debt Portfolio Structure

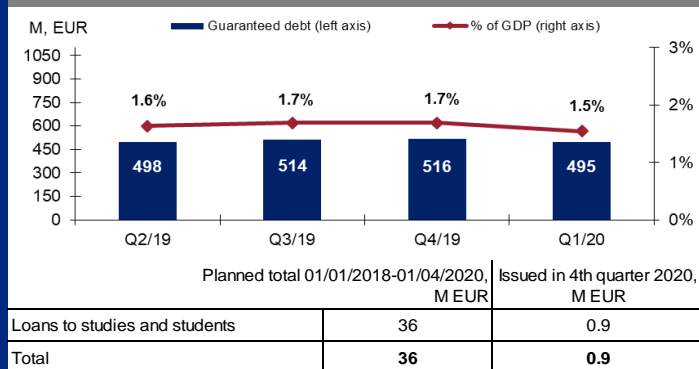
Parameters	31/12/2019		31/03/2020		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	17.1%	33.5%	<b>23.0%</b>	<b>30.4%</b>	≤ 25%	≤ 50%
Share of fixed rate <sup>^</sup>	86.2%		<b>80.5%</b>		≥ 60%	
Macaulay Duration (years)	7.61		<b>7.77</b>		5.00 - 9.00	
Net debt currency composition <sup>^^</sup>	EUR		<b>EUR</b>		EUR	
	100.08%		<b>100.03%</b>		100% (+/- 5%)	

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

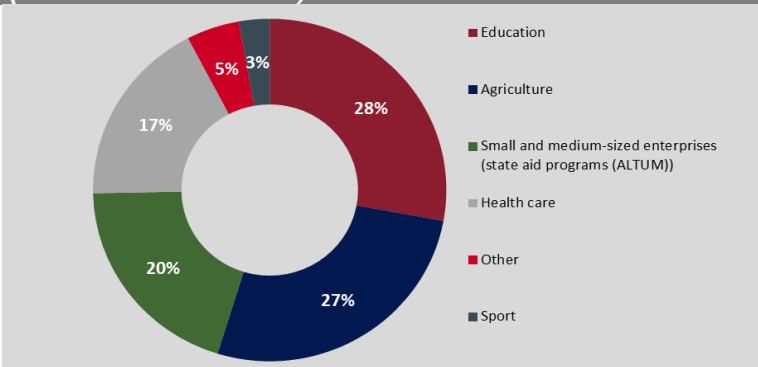
<sup>^^</sup> Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income securities, loans, receivables (including receivables of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

## ISSUANCE OF STATE GUARANTEES

### State Guaranteed Debt Outstanding

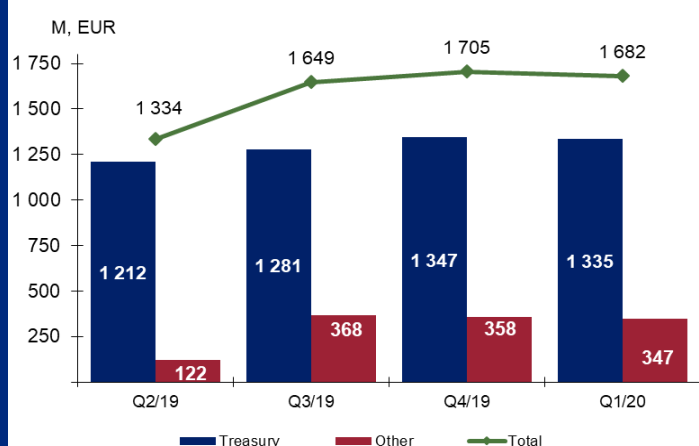


### State guaranteed loans by industry (at the end of March)

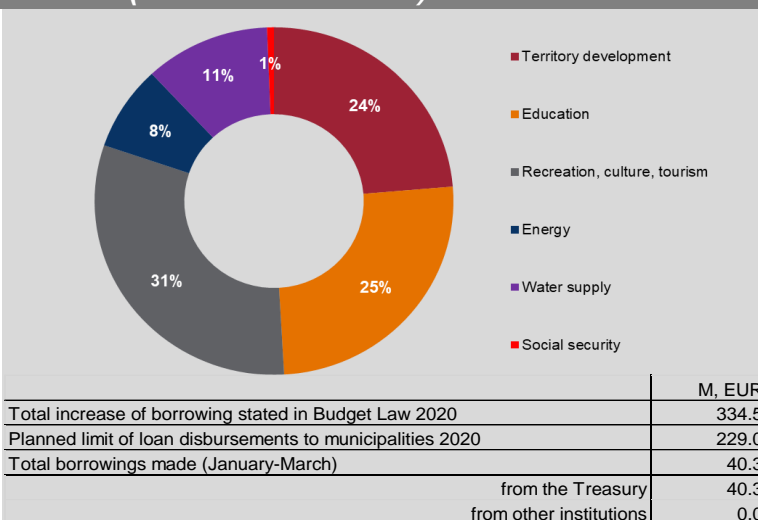


## MUNICIPALITIES' BORROWINGS

### Municipalities' Debt Outstanding



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



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**NEXT ISSUE:** Next Quarterly Bulletin will be available in the Treasury's web site on July 22, 2020.

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