

## SPRING 2008 ECONOMIC OUTLOOK FOR LATVIA: ANSWERS FROM LDDK

MAIN FORECAST					
	2007	2008	2009		
Real GDP growth	10.2	6.0	6.5		
Consumer price inflation	8.9	9.5	4.9		
Unemployment rate	5.8	4.9	4.8		
Employment growth	1.8	1.0	0.8		
Components of aggregate demand					
Annual % change	2007	2008	2009		
Private consumption	12.1	6.9	6.0		
Public consumption	3.0	2.0	2.5		
Investment (Gross fixed capital formation)	na	na	na		
Exports	11.6	9.1	9.0		
Imports	11.0	6.0	5.0		
ECONOMIC SENTIMENT					
<b>Trend in business climate over the next 6 months</b>	<b>Positive</b>	<b>Negative</b> Industry	<b>Unchanged</b> Services		
<b>Trend in profitability over the next 6 months</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b> Industry Services		
<b>Investment intentions over the next 6 months</b>	<b>Increase (faster pace)</b>	<b>Increase (slower pace)</b>	<b>Unchanged</b> Industry	<b>Decrease (slower pace)</b>	<b>Decrease (faster pace)</b>
<b>Driving force behind investment decisions in the next 6 months</b>	<b>Replacement</b> Same	<b>Extension</b> Down	<b>Rationalisation</b> Same	<b>Innovation</b> Same	
<b>Trend in consumer confidence over the next 6 months</b>	<b>Positive</b>	<b>Negative</b> yes	<b>Unchanged</b>		
<b>Overall trend in employment</b>	<b>Industry: past 6 months</b> Same	<b>Industry: next 6 months</b> Same	<b>Services: past 6 months</b> Same	<b>Services: next 6 months</b> Same	
<b>Over the next 6 months, cost/access to finance will be...</b>	<b>Higher / more difficult</b>	<b>Same</b> Cost Access	<b>Lower / less difficult</b>		
<b>Financial market turmoil has affected companies' investment decisions negatively ...</b>	<b>to a large extent</b>	<b>to some extent</b> yes	<b>to a limited extent</b>	<b>not at all</b>	

### EXCHANGE RATE DEVELOPMENTS

	Dollar per euro
Where will the EUR/USD stand in October 2008 ?	1.20

### POLICY MIX

	Not necessary, situation is satisfactory	Excellent	Satisfactory	Neither satisfactory nor unsatisfactory	Unsatisfactory	Deteriorating
Progress towards medium-term budgetary objective is...				yes		
Monetary policy is...	<b>Tight</b>	<b>Appropriate</b>	<b>Loose</b>			
		yes				
	<b>Adequate</b>	<b>Inadequate</b>				
Consistency between fiscal and monetary policies	yes					