



## SPRING 2009 ECONOMIC OUTLOOK FOR LATVIA: ANSWERS FROM LDDK

### MAIN FORECAST

	2008	2009
Real GDP growth	-2.0	-8.1
Consumer price inflation	15.5	5.1
Unemployment rate	6.7	11.1
Employment growth	na	na

### Components of aggregate demand

Annual % change	2008	2009
Private consumption	-6.3	-9.0
Public consumption	1.0	-4.0
Investment (Gross fixed capital formation)	na	na
Exports	4.5	-4.5
Imports	-6.1	-10.1

### ECONOMIC SENTIMENT

<b>Trend in business climate over the next 6 months</b>	<b>Positive</b>	<b>Negative</b> Industry Services	<b>Unchanged</b>		
<b>Trend in profitability over the next 6 months</b>	<b>Positive</b>	<b>Negative</b> Industry Services	<b>Unchanged</b>		
<b>Investment intentions over the next 6 months</b>	<b>Increase (faster pace)</b>	<b>Increase (slower pace)</b>	<b>Unchanged</b>	<b>Decrease (slower pace)</b>	<b>Decrease (faster pace)</b> Industry Services
<b>Driving force behind investment decisions in the next 6 months</b>	<b>Replacement</b> Up	<b>Extension</b> Down	<b>Rationalisation</b> Up	<b>Innovation</b> Up	
<b>Overall trend in employment</b>	<b>Industry: past 6 months</b> Down	<b>Industry: next 6 months</b> Same	<b>Services: past 6 months</b> Down	<b>Services: next 6 months</b> Down	

### ACCESS TO FINANCE

<b>Compared to 6 months ago, cost/access to finance has been...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>	
for SMEs	Access	Cost			
for larger companies (>250 employees)	Access	Cost			
<b>Over the next 6 months, cost /access to finance will be...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>	
for SMEs			Cost Access		
for larger companies (>250 employees)			Cost Access		
<b>For companies, the current financing situation is...</b>	<b>an existential threat</b>	<b>of high concern</b>	<b>somewhat concerning</b>	<b>not worrying</b>	
working capital / treasury needs		SMEs large companies			
debt refinancing	SMEs large companies				
financing productive investments			SMEs large companies		
financing innovation and R&D			SMEs large companies		



## POLICY MIX

<i>Given natl. circumstances, are recovery plans appropriate to stimulate the economy?</i>		not enough			
<i>Monetary policy is...</i>	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Consistency between fiscal and monetary policies</i>	<i>adequate</i>	<i>inadequate</i> yes			