

**The
good
times
keep
coming**

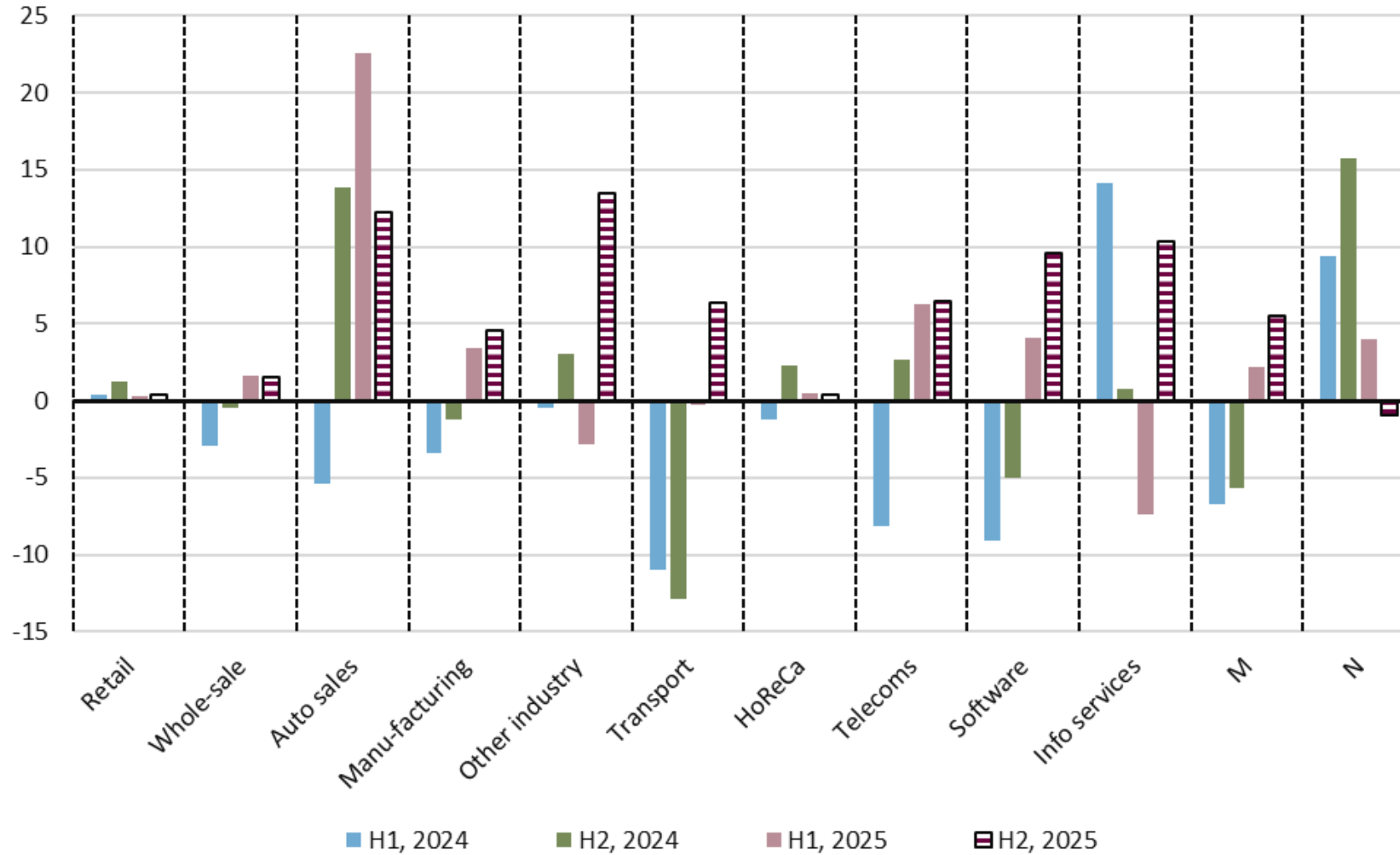
**Pēteris
Strautiņš**

29.08.2025



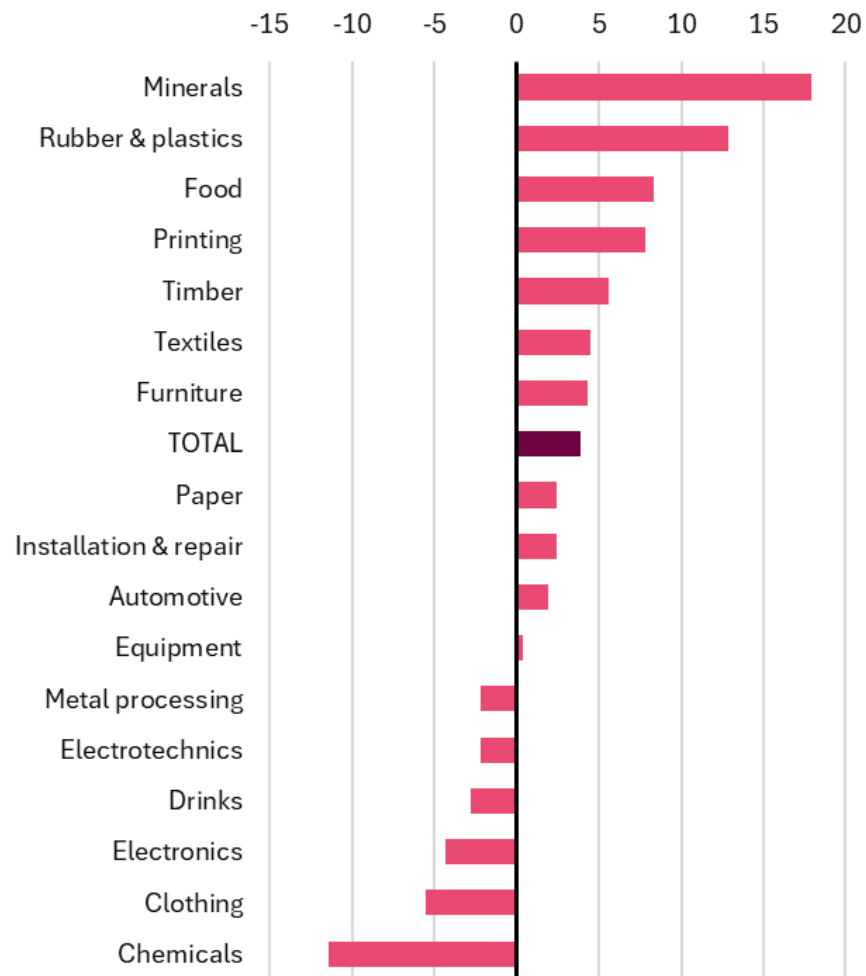
The 2nd half of 2025 looks good on present trends

Production volumes in sectors in half-years, annual change, forecast for H2, 2025

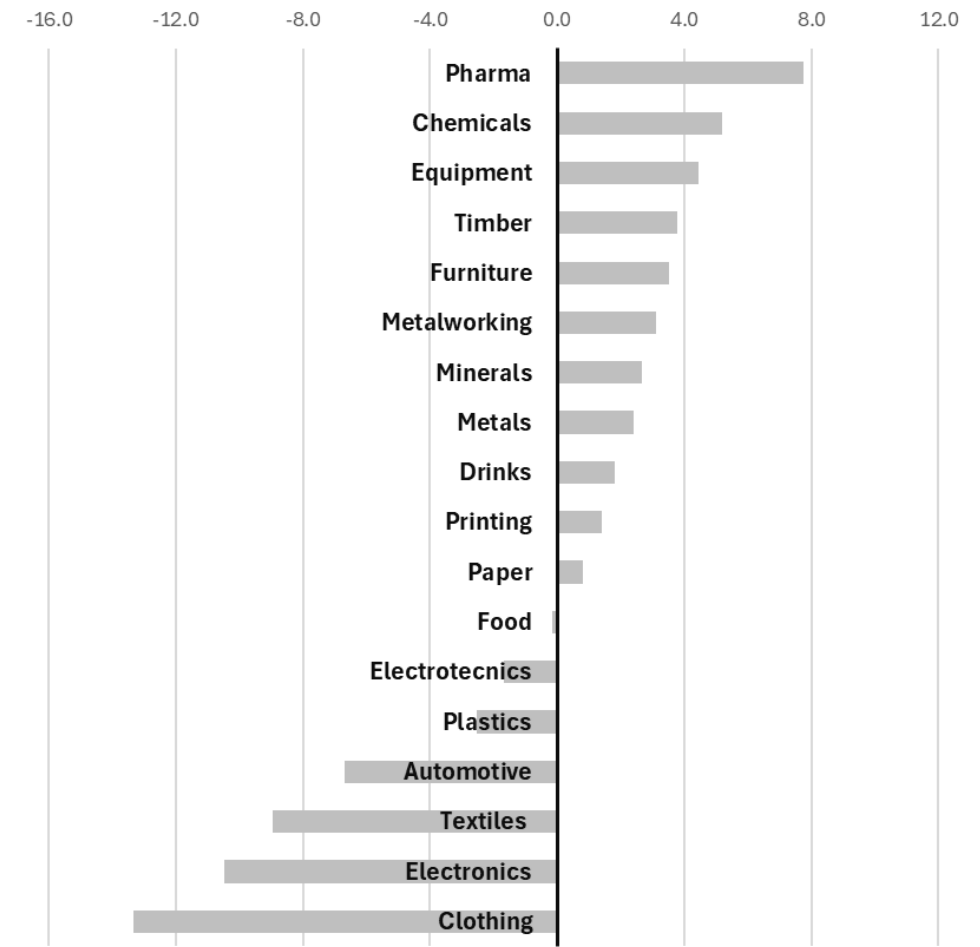


Construction related manufacturing is doing fine again

Manufacturing output change in H1, 2025

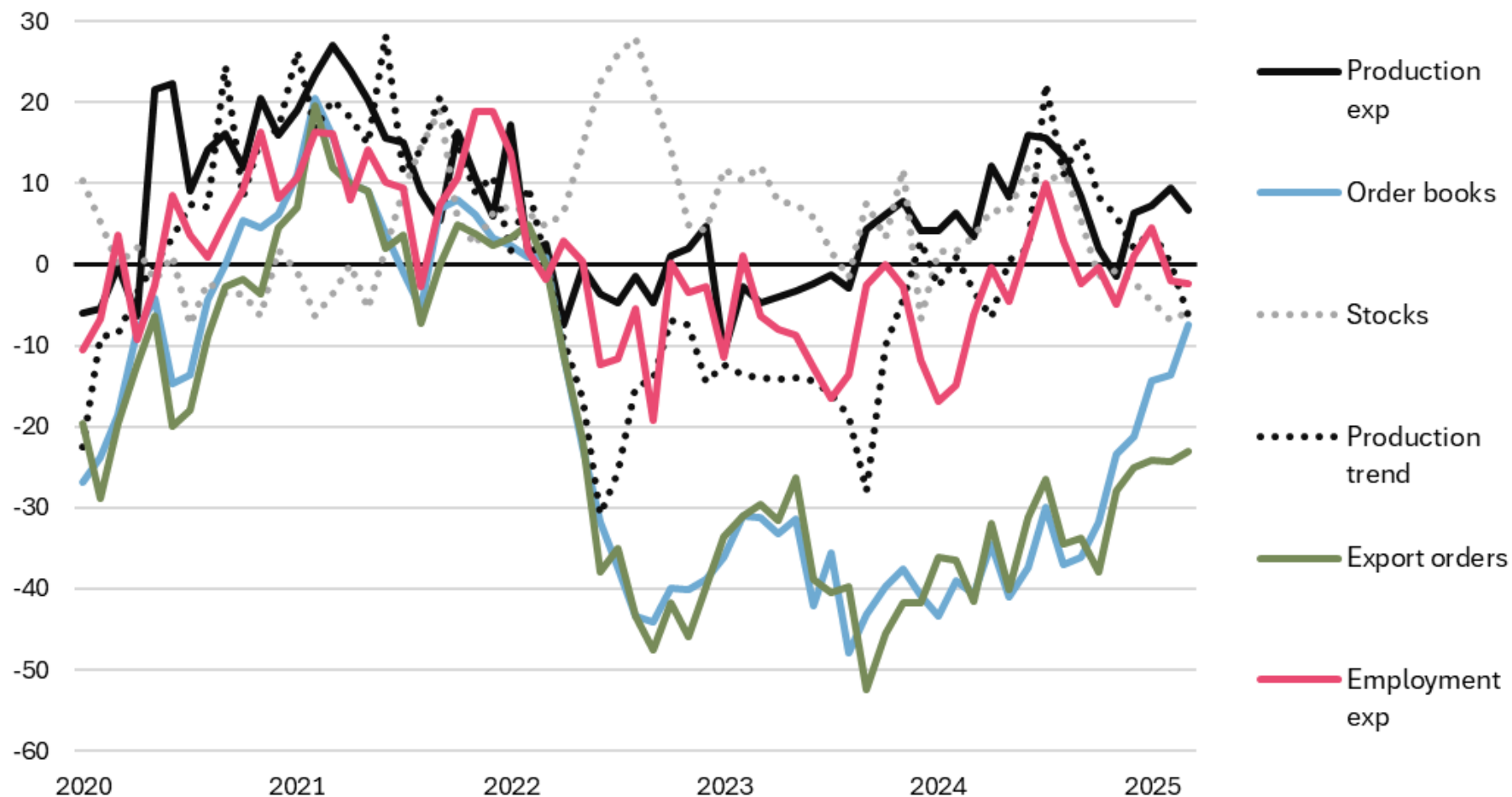


Manufacturing sector overall confidence, difference from historic average



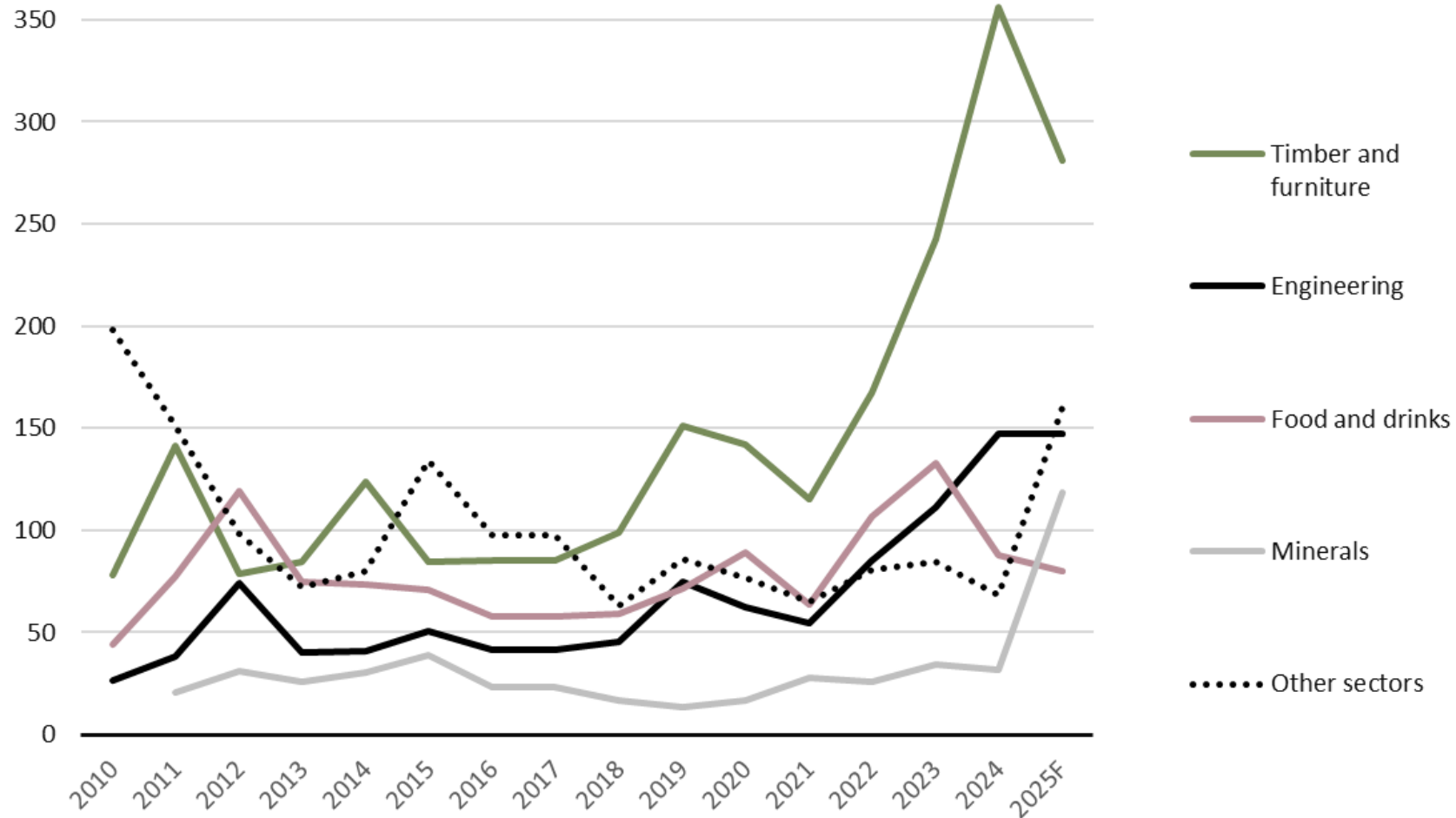
Timber processing looks into the future

ESI components for C16



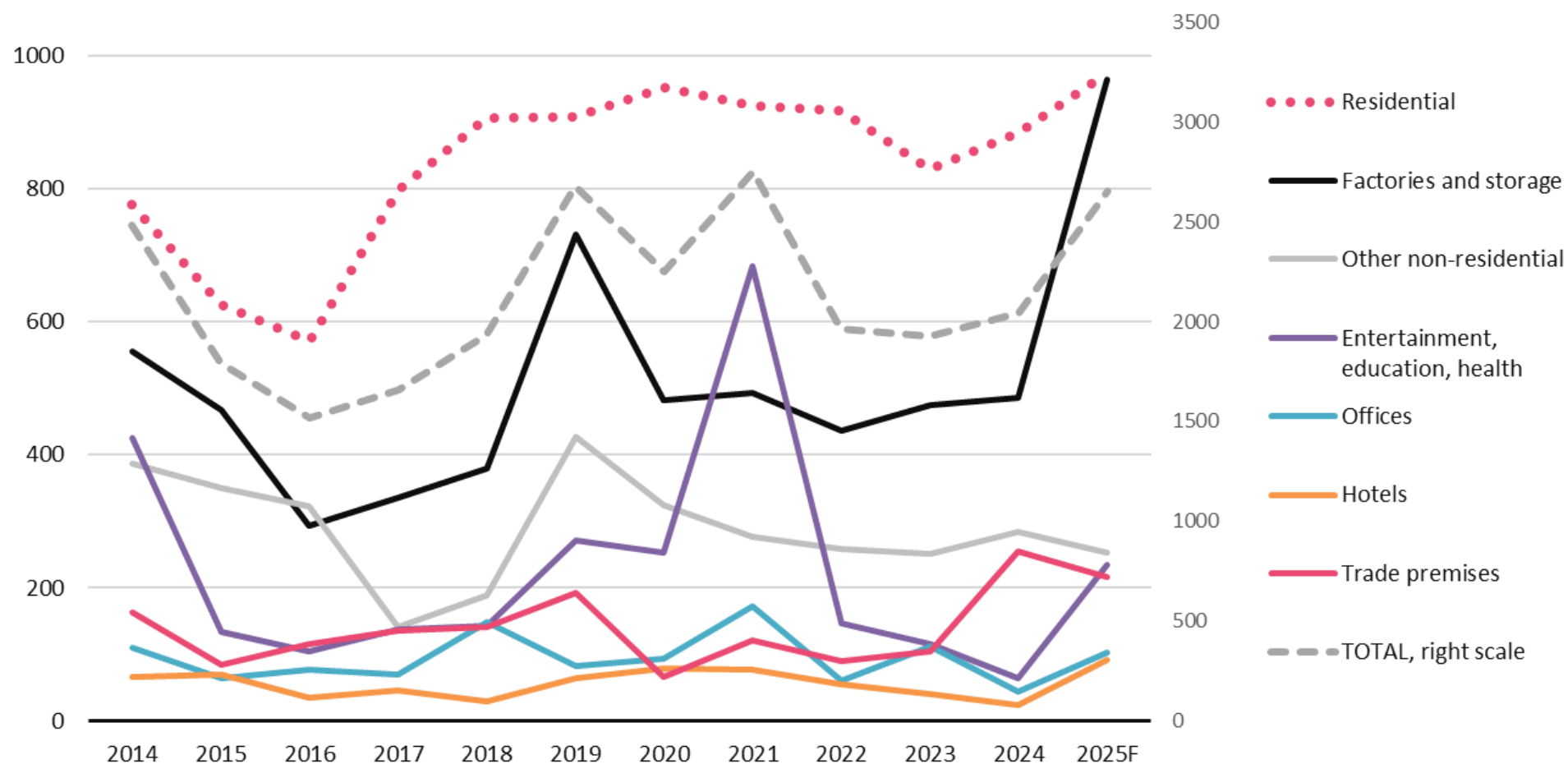
Manufacturing investment is picking up

Fixed investment in manufacturing sectors, mEUR. Y2025 calculated from Q1 annual growth rate



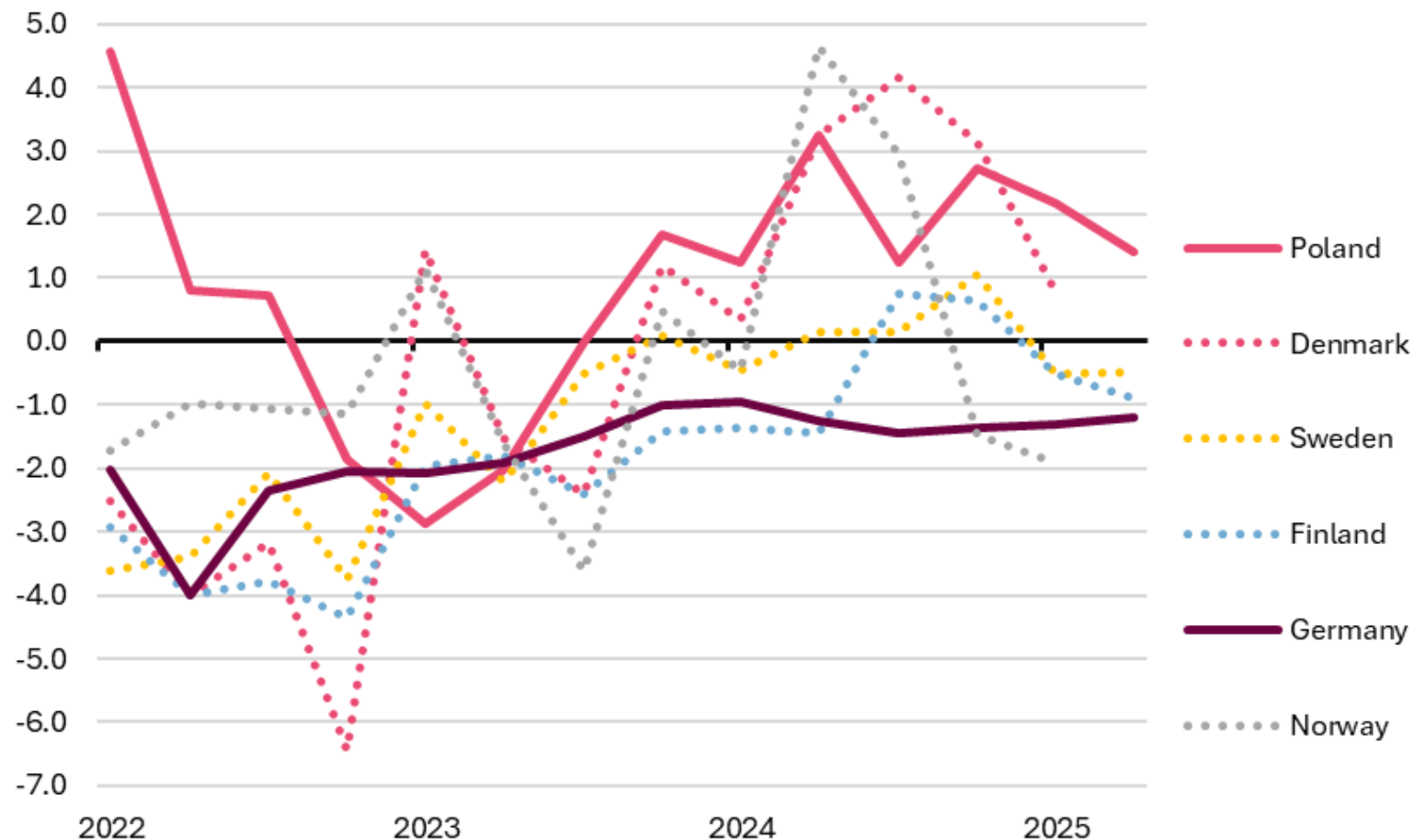
Preparing to build

Issuance of building permits, since 2014, in 000 m2. 2025 = extrapolation of H1 annual growth rate



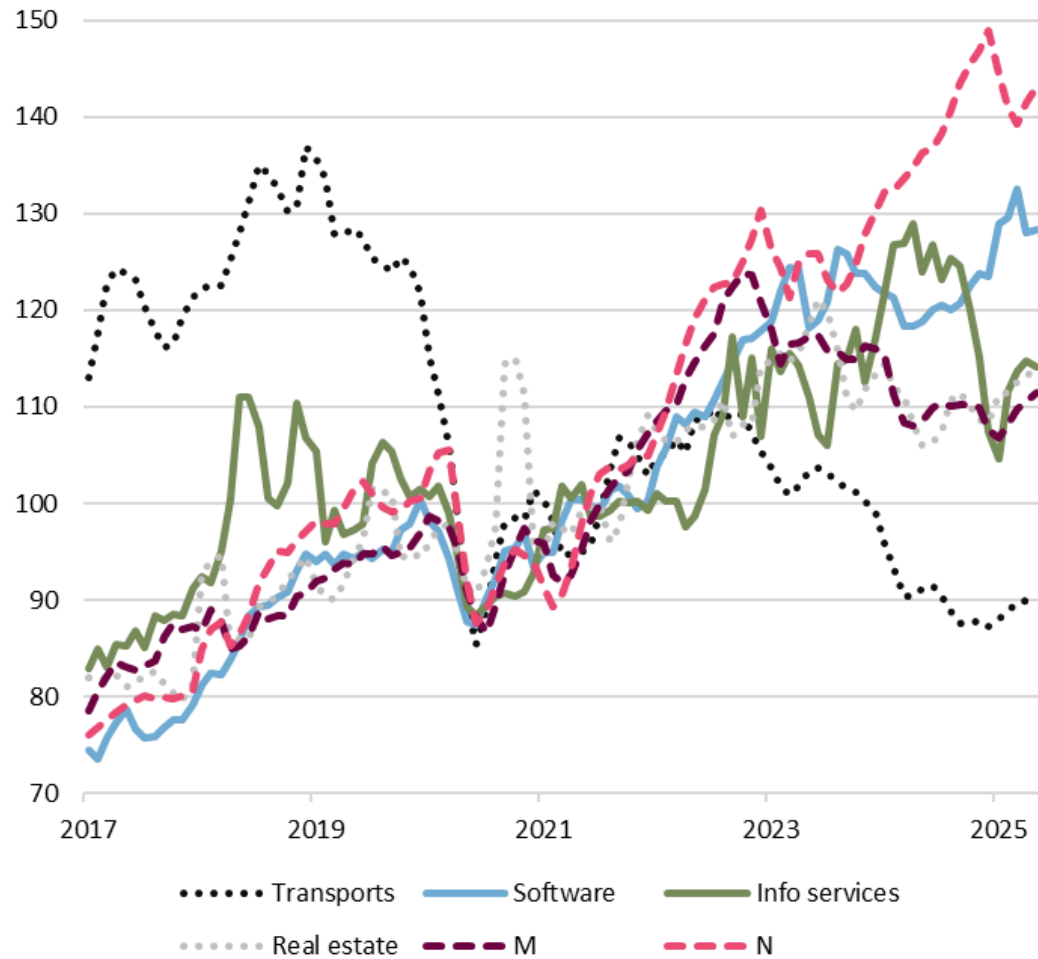
Regional export markets in general are more favourable

Annual GDP growth in Nordics, Poland and Germany vs EU-27, SA, difference in percentage points

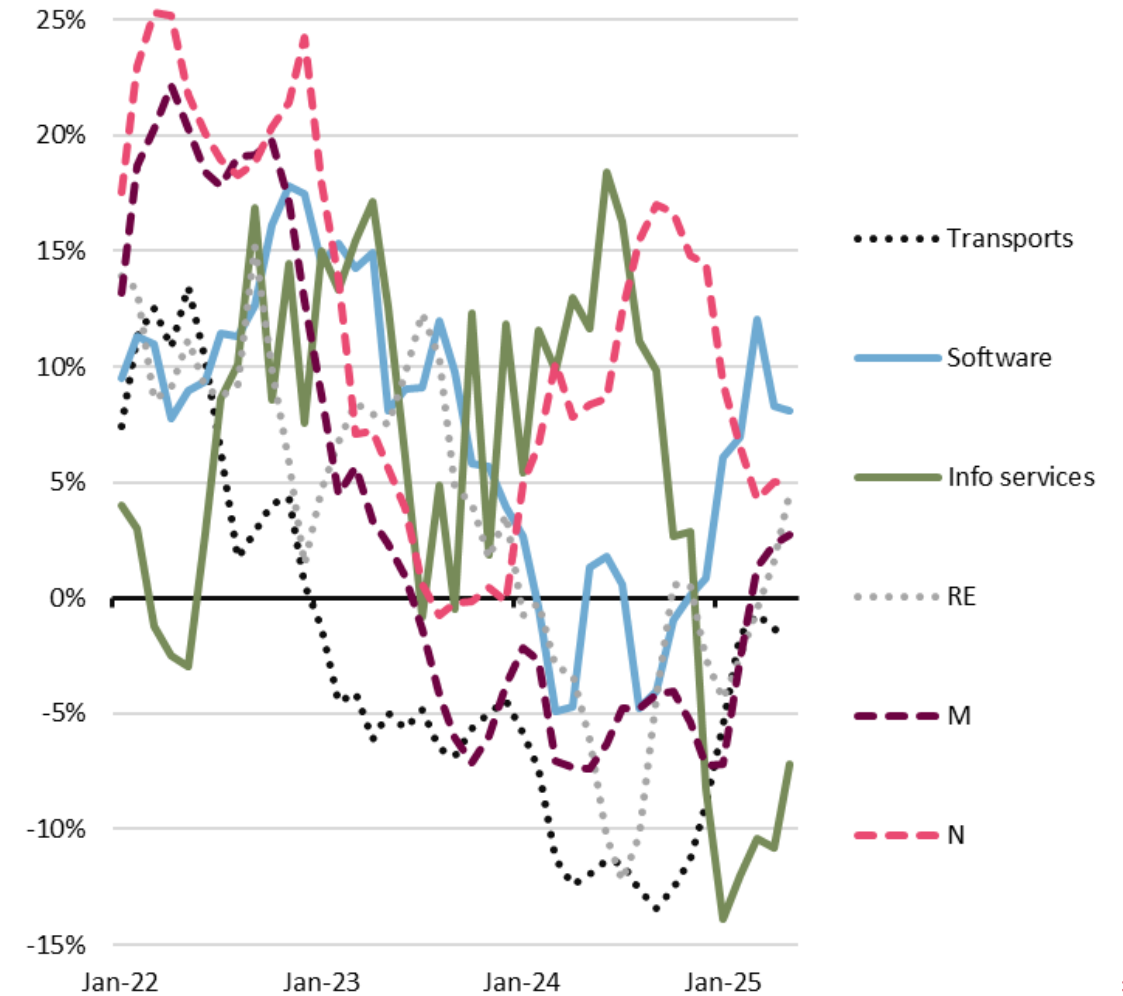


Service sector monthly data

2021=100, 3MMA, in real terms

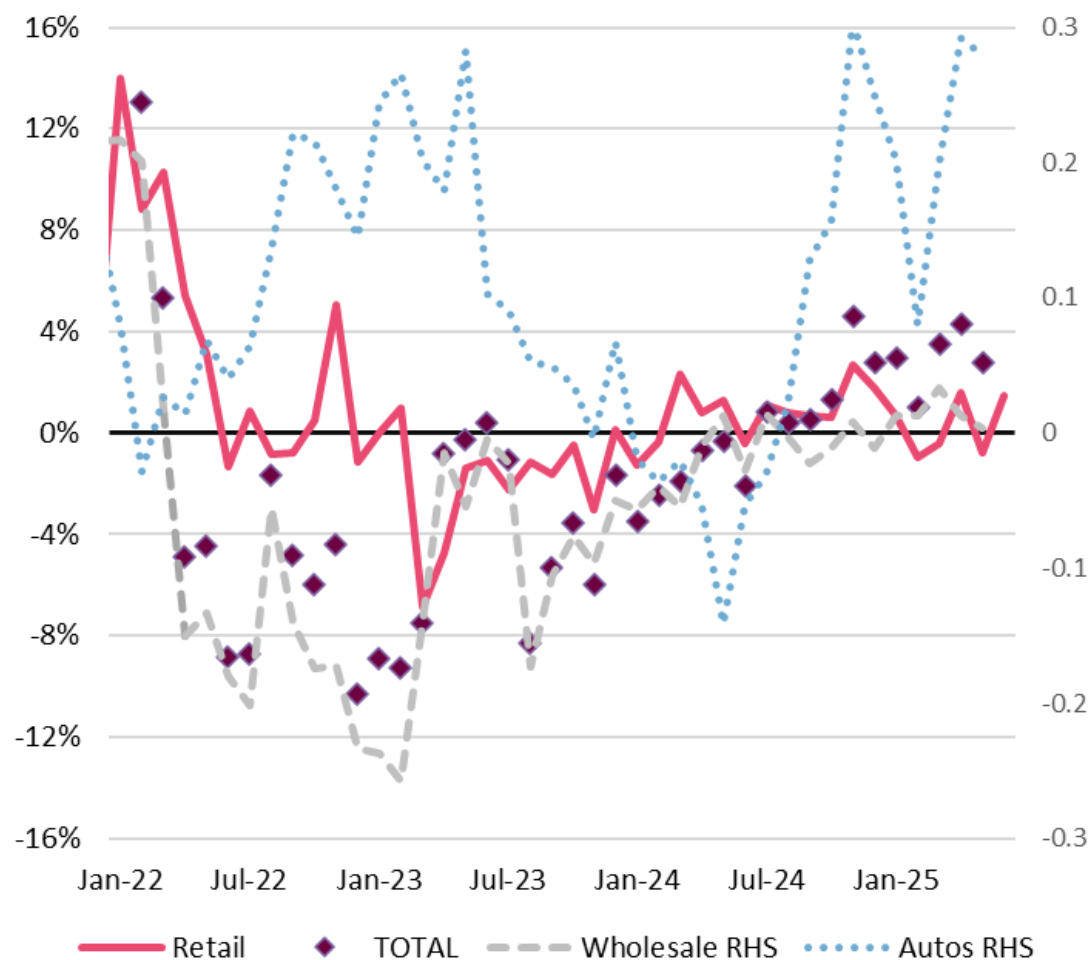


Annual change, 3MMA, in real terms, %

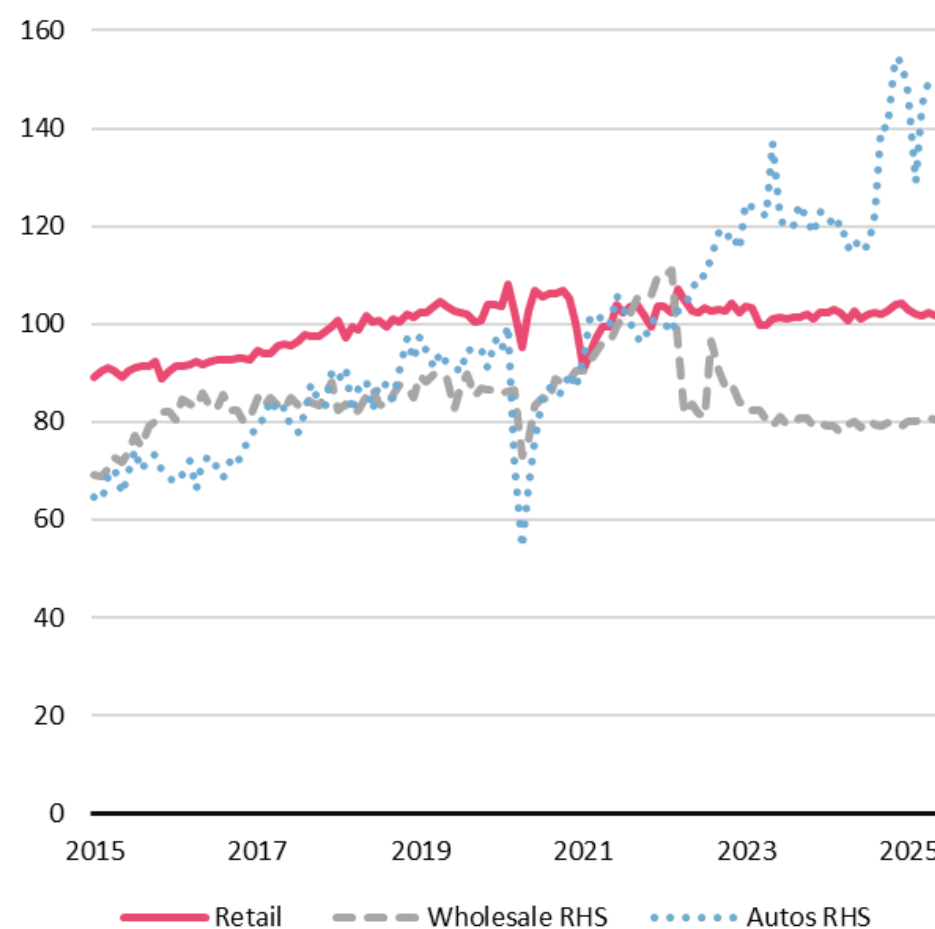


Internal trade monthly data

Annual change, in real terms, %

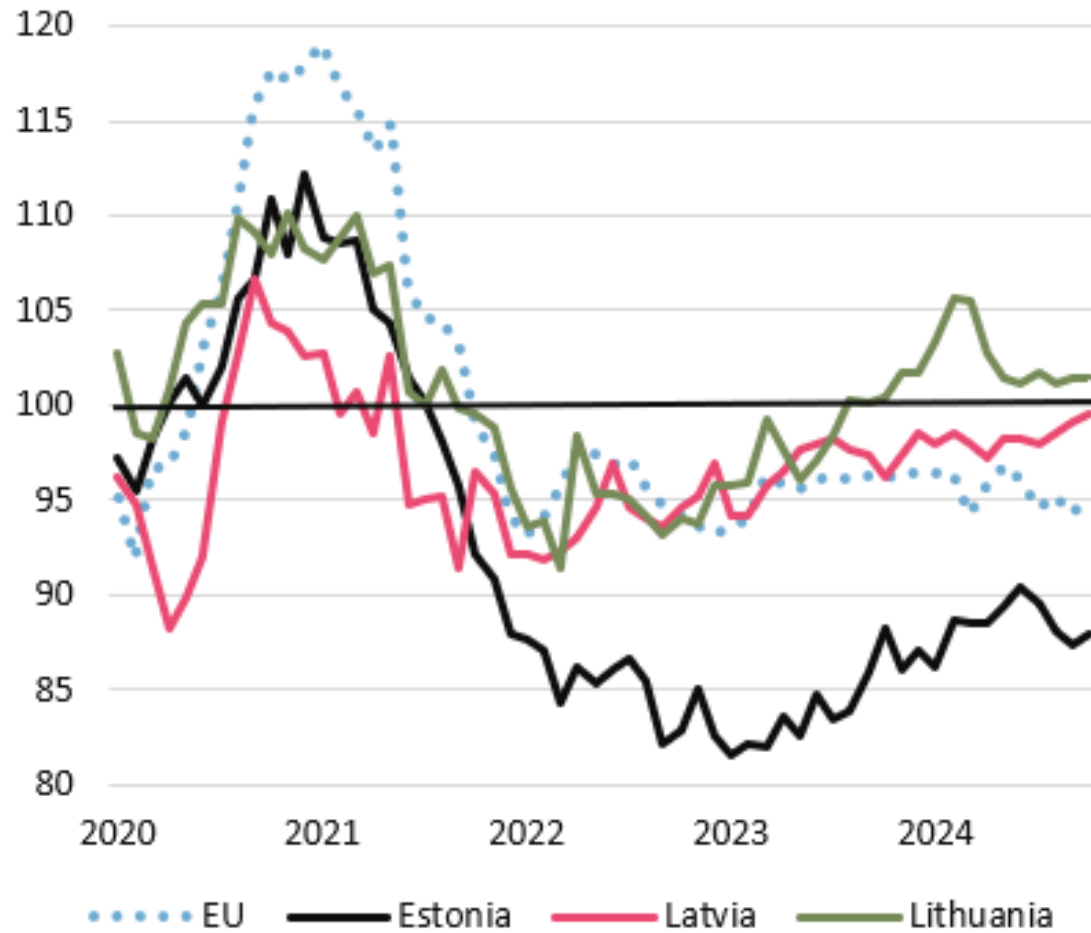


2021=100, in real terms

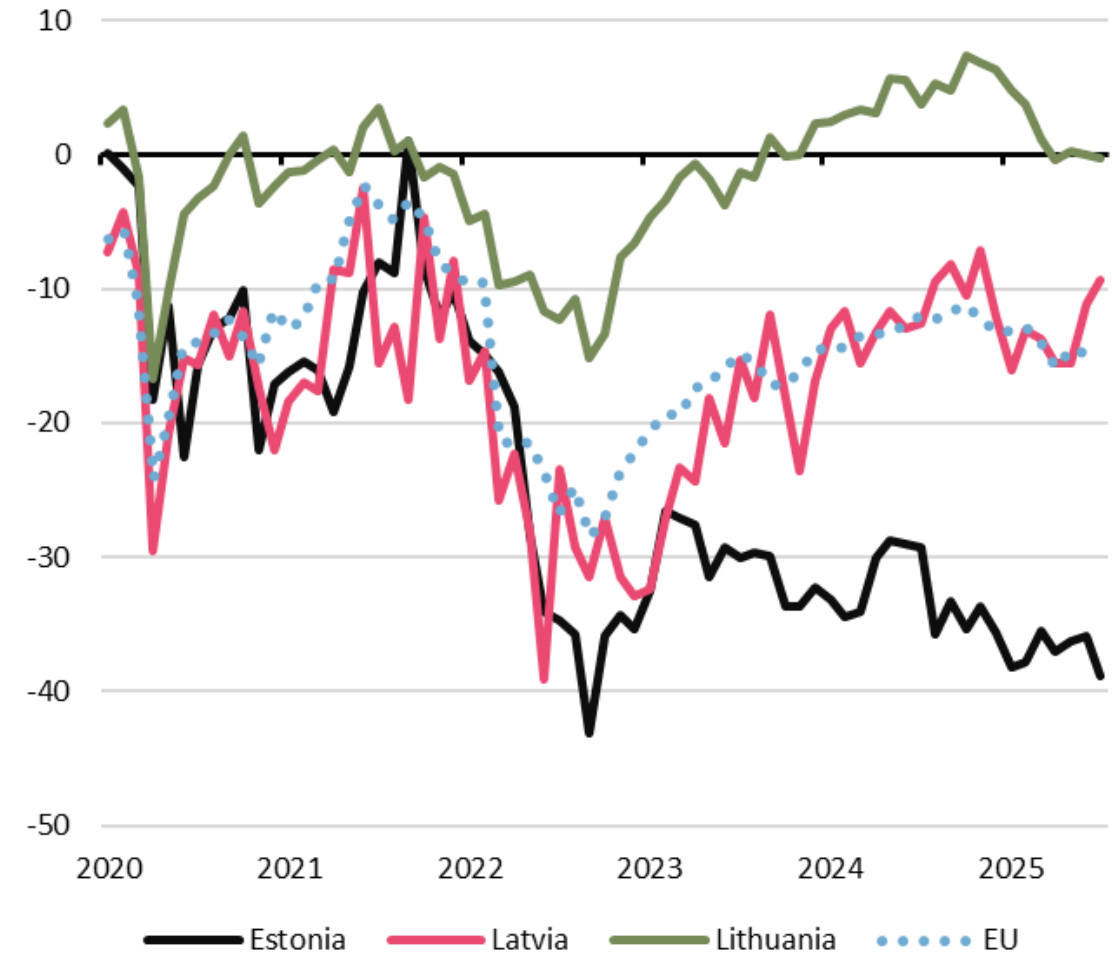


Soft Baltics

ESI indices in the Baltics



Consumer confidence in the Baltics



Latvia forecasts

Including some wild guesses

Latvia: Macroeconomy indicators (% annual real changes unless otherwise noted)						
	2022	2023	2024	2025F	2026F	2027F
Private consumption	5.1	-1.0	0.5	0.9	2.3	2.4
Government consumption	2.4	7.0	7.0	1.5	1.7	2.8
Fixed investment	-1.6	9.9	-7.2	9.2	3.3	2.5
Exports	11.4	-4.7	-1.6	4.7	3.6	4.7
Imports	9.9	-2.0	-2.4	5.2	2.3	3.6
Real GDP	1.8	2.9	-0.4	2.4	3.3	3.2
Nominal GDP (EURbn)	36.1	39.4	40.2	43.0	45.7	48.4
Unemployment rate, %	6.9	6.5	6.9	6.7	6.1	5.7
Consumer prices	17.2	9.0	1.3	3.9	2.7	2.4
Gross monthly wages	7.5	11.9	9.7	6.9	7.6	7.2
Current account balance, % of GDP	-5.5	-3.9	-2.1	-3.3	-3.5	3.0
General govt. budget balance, % of GDP	-4.4	-2.2	1.8	-3.2	-3.0	-2.7

Global view from Oslo

GDP growth forecasts from DNB

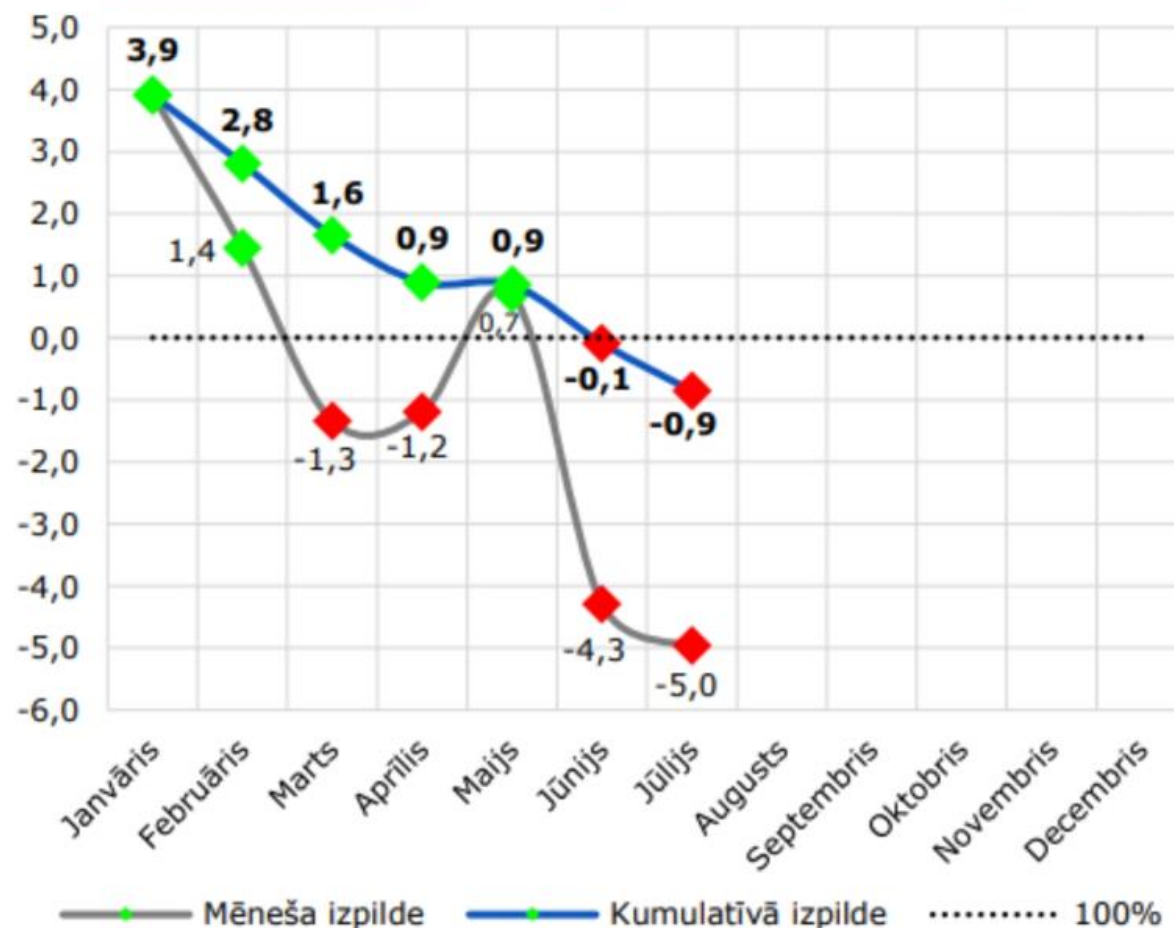
GDP: Percent change from previous year

Country/region	Weight PPP	2023	2024	2025e	2026e	2027e	2028e
World		3.6	3.4	3.1	2.9	3.4	3.5
USA	14.7	2.5	2.8	1.6	1.6	2.4	2.8
Canada	1.3	1.5	1.3	1.4	1.3	2.0	2.0
Brazil	2.4	2.9	3.2	2.2	1.5	2.0	2.5
Eurozone	0.0	0.7	0.9	1.3	1.1	1.5	1.5
UK	2.2	0.1	1.1	1.3	1.3	1.6	1.6
Sweden	0.4	0.0	1.0	1.3	2.3	2.2	2.1
Denmark	0.3	0.6	3.5	2.7	1.9	2.0	2.0
Mainland Norway	0.3	0.7	0.6	1.3	1.5	1.8	1.8
Switzerland	0.4	0.7	1.4	1.1	1.2	1.6	1.6
Russia	3.5	3.6	3.8	1.5	1.5	1.5	2.0
China	19.7	5.3	5.0	4.8	3.8	4.5	4.5
India	8.5	9.2	6.5	6.2	6.0	6.5	6.5
Japan	3.3	1.4	-0.1	0.6	0.8	0.8	0.8
South Korea	1.6	1.6	2.0	1.0	1.5	1.8	1.8
Others	26.6	3.2	3.4	3.5	3.5	3.8	4.0
Advanced economies	39.4	1.9	2.1	1.4	1.4	2.0	2.2
Emerging economies	60.6	4.7	4.3	4.1	3.8	4.3	4.4
Norway's trade partners		0.6	1.2	1.4	1.5	1.7	1.8

Source: LSEG Datastream, DNB Carnegie

A note of caution

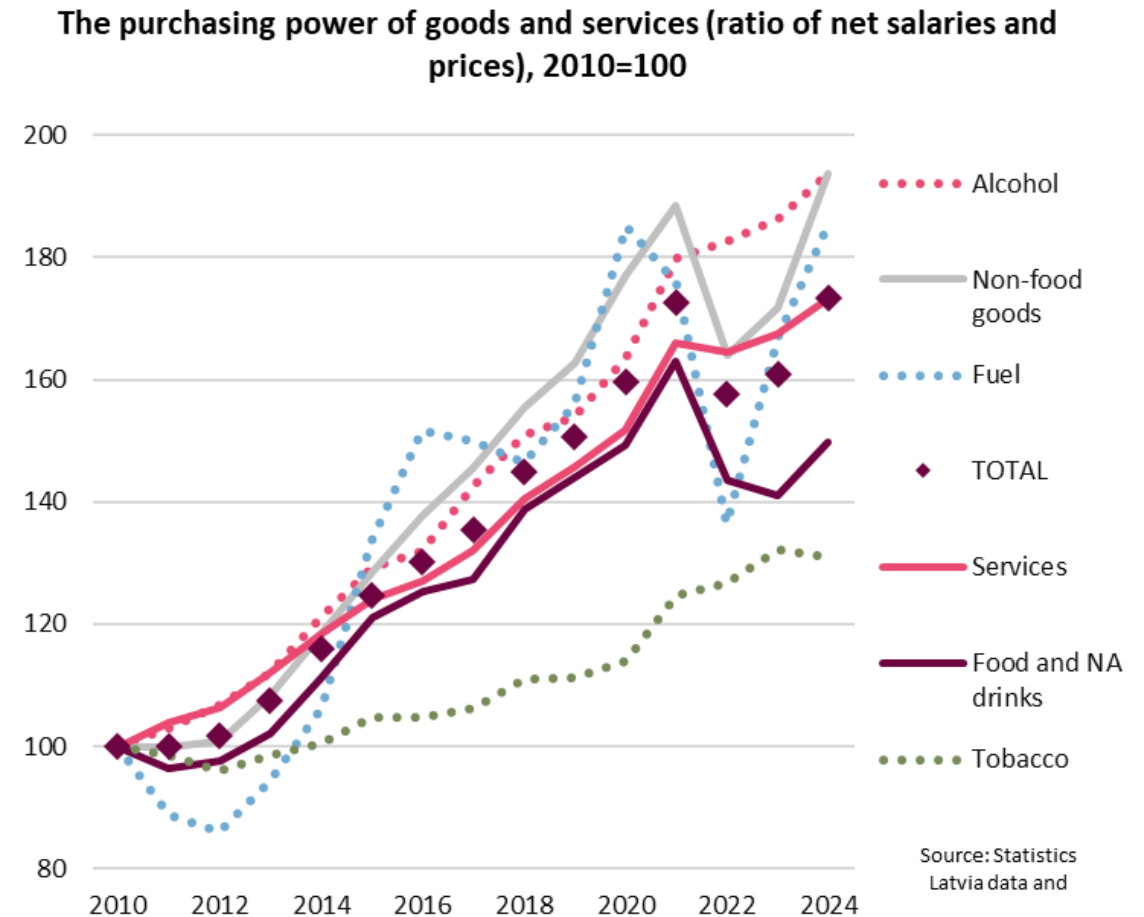
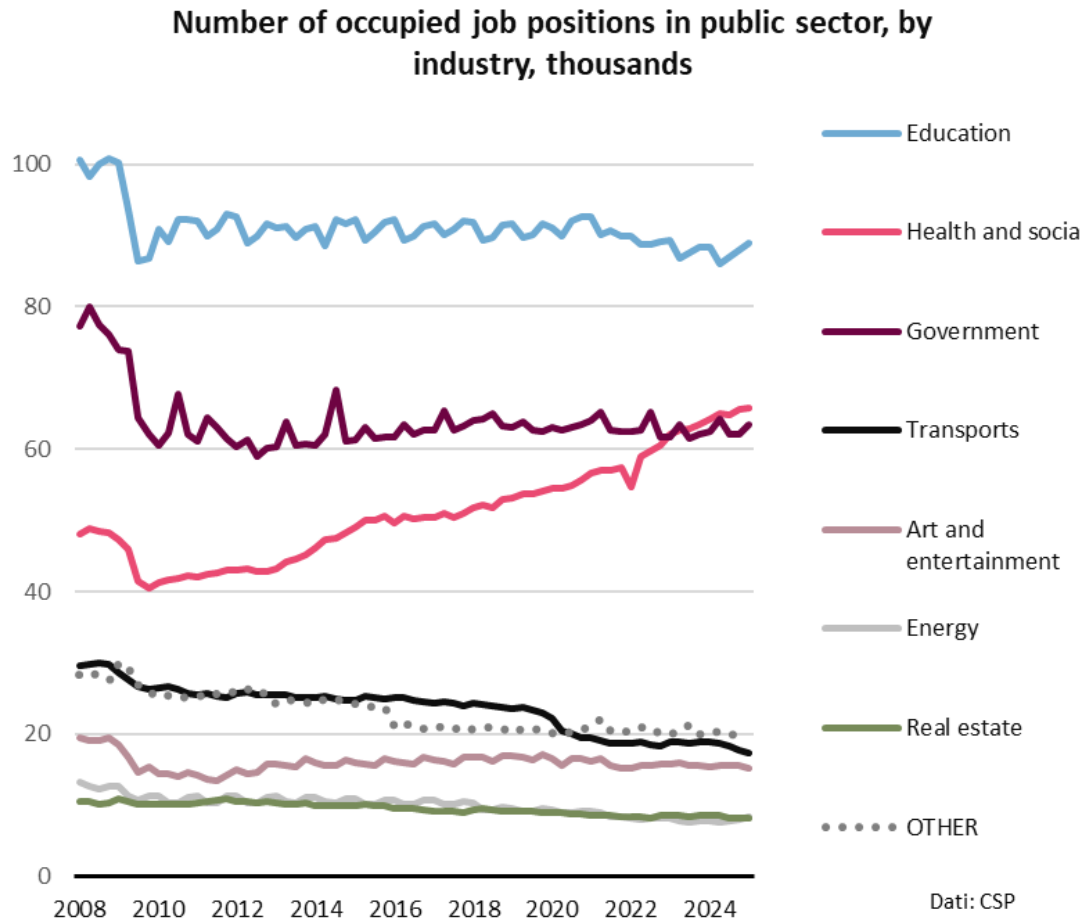
Kopbudžeta nodokļu ieņēmumu ikmēneša un kumulatīvā plāna izpildes dinamika, %



This looks bad, but in H1 real tax revenue growth was ~3% while measured GDP declined y/y in Q1. So let's wait and see.

Cutting expenditure will be difficult, but fiscal dilemmas are solvable

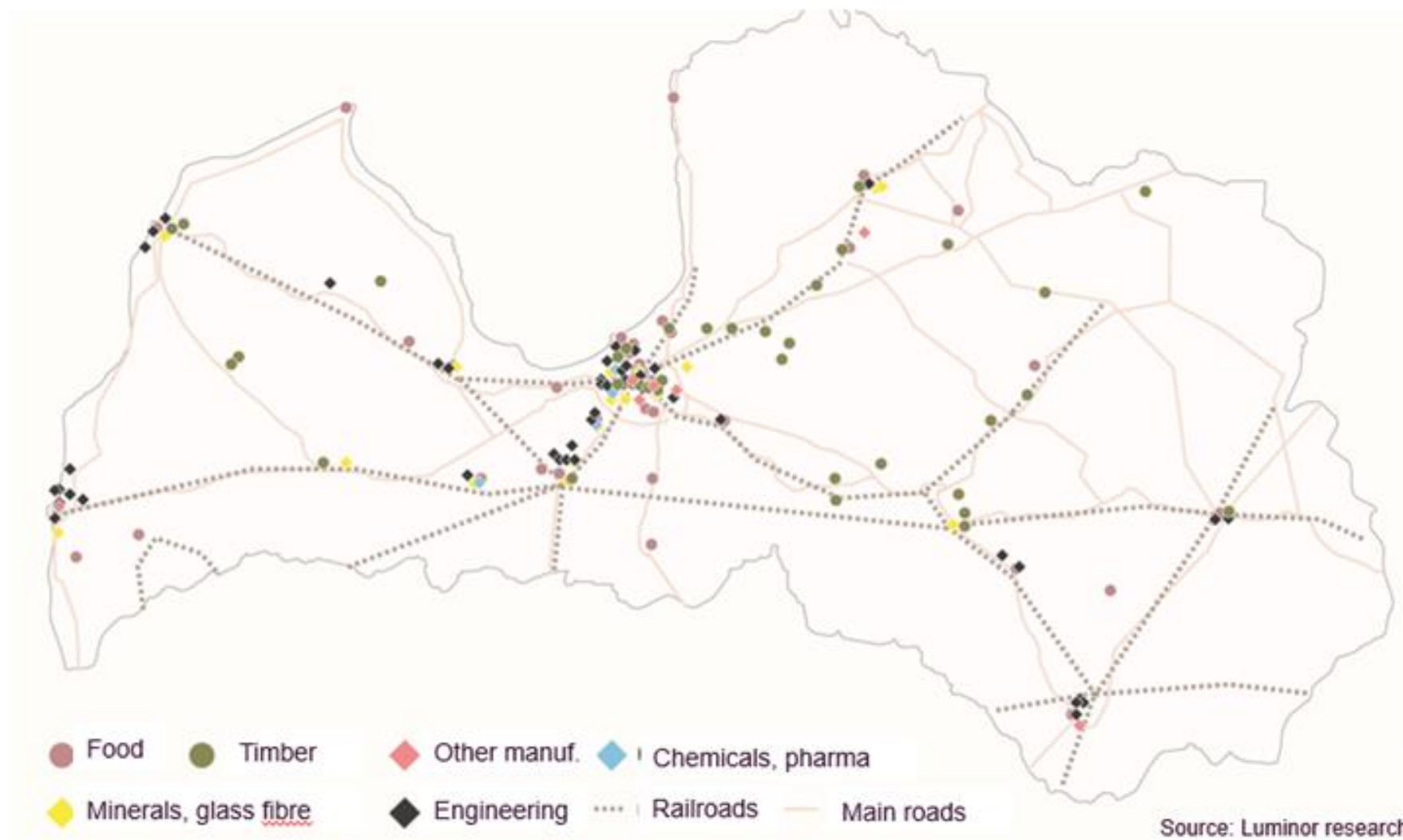
Latvian example, but the picture should be similar across Baltics



TRIVIA

Economic geography is super-conservative

Factories with average wage funds in 2022-2024 above 2.5m EUR



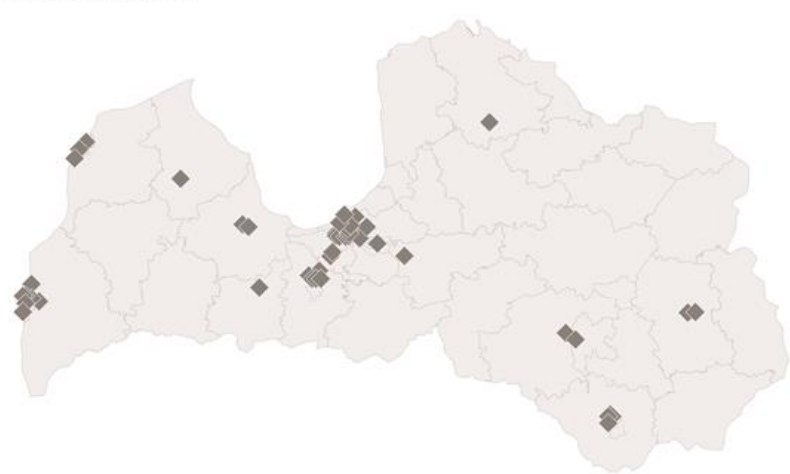
Each industry knows its place

Factories with average wage funds in 2022-2024 above 2.5m EUR

Forestry + timber



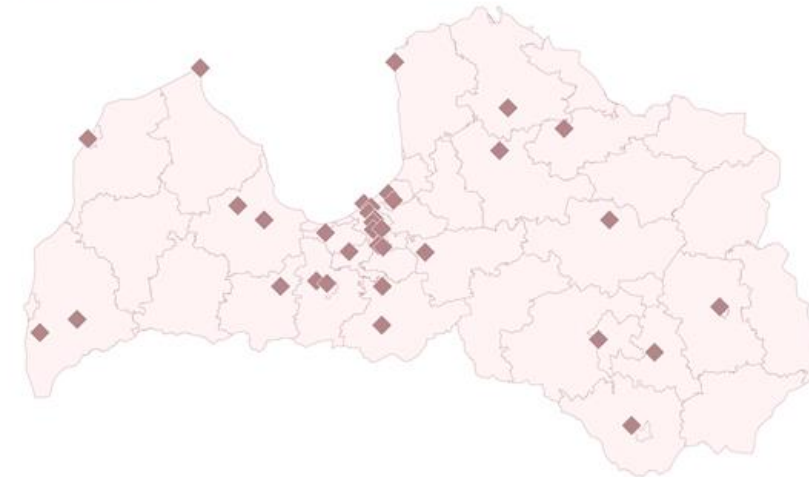
Engineering



Building materials + glass fibres



Food + drinks



Chems + pharma



Other manufacturing



POUGRĀPUŠA, PAPIRS PLASTMASA, GUMĪJA VIEGLĀ KOPNĒCĪBA CITA KOPNĒCĪBA

Thank you for your patience!