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(34)

**2008**

# THE NATIONAL ECONOMY OF LATVIA: A MACROECONOMIC REVIEW

*Key indicators of economic development*

*Economic policy*

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*Manufacturing*

*Investments*

*Foreign trade*

*Balance of payments*

*Inflation*

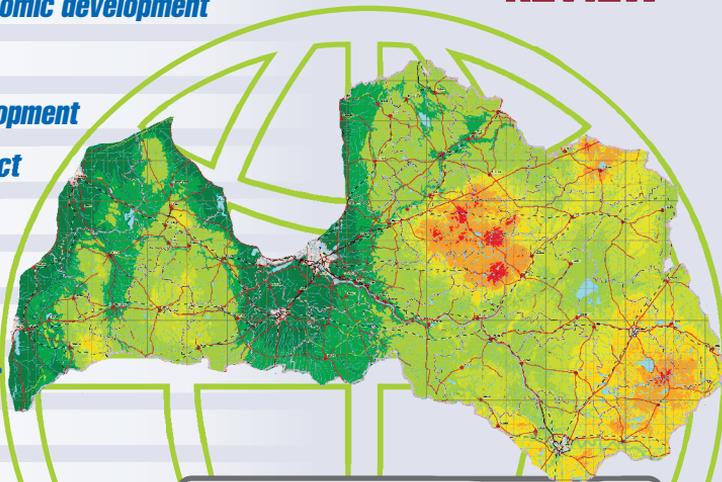
*Monetary indicators*

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## **Latvia: 2008**

Territory, thsd km <sup>2</sup>	64.6
Population (as of 01.01.2008, thsds)	2 271
of which:	
Urban area	1 543
of which Riga, the capital city	717
Rural area	728
National currency: lats (LVL)	

## Key indicators of economic development

	2004	2005	2006	2007	2008 f
(increase over the previous year, in per cent)					
Gross domestic product	8.7	10.6	11.9	10.2	5.5
Consumer prices	6.2	6.7	6.5	10.1	14.6
(% of GDP)					
Central government sector deficit or surplus	-1.0	-0.4	-0.3	-0.1	1.0
Central government debt	14.9	12.4	10.6	9.7	8.5
Current account balance	-12.9	-12.5	-22.3	-22.8	-18.1
Exchange rate, LVL per US dollar	0.540	0.565	0.560	0.514	0.490
Exchange rate, LVL per euro	0.671	0.703	0.703	0.703	0.703
Unemployment rate (rate of job seekers as % of economically active population, aged 15-74 years)	10.4	8.7	6.8	6.0	6.0

	2006				2007			
	I	II	III	IV	I	II	III	IV
(increase over the corresponding period of the previous year, in per cent)								
Gross domestic product	13.1	11.1	11.9	11.7	11.2	11.0	10.9	8.0
Consumer prices	7.0	6.3	6.6	6.3	7.6	8.6	10.3	13.7
(% of GDP)								
Central government sector deficit or surplus	1.3	2.5	4.1	-7.4	3.2	4.3	3.2	-9.0
Current account balance	-15.9	-19.2	-24.7	-27.1	-26.4	-23.5	-24.8	-17.7
Exchange rate, LVL per US dollar	0.585	0.560	0.551	0.546	0.536	0.522	0.512	0.485
Exchange rate, LVL per euro	0.703	0.703	0.703	0.703	0.703	0.703	0.703	0.703
Unemployment rate (rate of job seekers as % of economically active population, aged 15-74 years)	7.8	7.2	6.2	6.1	6.9	6.0	5.9	5.3

f - forecast of the Ministry of Economics

## Economic policy

The aim of economic policy of Latvia is to ensure sustainable and balanced economic and social development, to implement transition from labour-intensive economy to knowledge-based one and to reach average GDP level of the EU per capita level within next 20-30 years.

The reforms that were carried out in the previous decade have consolidated the private sector and good macroeconomic conditions have been created to foster growth. Private initiative and capital are the main driving forces for development. The law guarantees the protection of foreign investment, non-residents can repatriate profit and capital freely and equal terms are provided to domestic and foreign entrepreneurs. The Bank of Latvia implements *de facto* the policy of the fixed exchange rate of the national currency. This reduces uncertainty, averts the currency risks and provides a stable ground to entrepreneurs for planning.

Accession to the EU provides Latvia with new opportunities for economic growth. By joining the single EU market Latvia can benefit from the advantages provided by a broad and stable market, free movement of goods and services, labour and capital, i.e., the most favourable terms on the EU market.

The government has identified three main priorities for further economic development of the country in the period from 2007-2013: an educated and creative individual, technological excellence and flexibility of enterprises and advancement of scientific research and development.

In 2008 one of the main tasks will be as soon as possible improvement of the macroeconomic situation of the national economy of Latvia. For the stabilization of national economy the Ministry of Economics has developed line of activities for the next 2 years the aim of which is the change of direction of the private capital flows for the sake of exports related fields and knowledge based economy development.

In order to achieve balanced development of national economy, in 2008, as well as in 2009 and 2010 the central government has resolved to provide budget with the surplus. The debt level of the general government of Latvia is one of the lowest in the EU, and it is forecasted that its level in the medium term will remain considerably below the criterion determined in the Treaty of Maastricht.

In recent years the business environment in Latvia has been substantially improved by introducing the requirements of the EU body of legislative acts (*acquis communautaire*) and implementing the *Action Plan for Improvement of Business Environment*. In the study *Business in 2008*, carried out by the World Bank group among 178 countries the business environment of Latvia took 22<sup>nd</sup> place, 2 places higher compared to the previous year. Currently the corporate income tax in Latvia is among the lowest (15%) in the EU.

In order to raise the competitiveness of Latvia, the Cabinet of Ministers has affirmed *Entrepreneurship competitiveness and innovation promotion programme for 2007-2013*. Certain activities of entrepreneurship environment improvement, promotion of finance accessibility, development, knowledge transfer and commercialization, etc. of new entrepreneurship initiatives are defined in the programme. Administrative-territorial reform which is planned to be finished until the local government election in 2009 is being implemented.

Latvia is consistent in its efforts to open to competition the monopolist markets such as telecommunications, electricity and gas supply, post and railway. The government continues to improve the basic infrastructure paying close attention to the development of the energy sector, building of the electronic communications and information systems, as well as to the improvement of the quality of transport infrastructure and creation of an effective network. The utilisation of EU structural funds and the Cohesion Fund offers broader opportunities to improve infrastructure.

Successful implementation of the structural reforms in Latvia will ensure the stability of economic growth, promote the convergence process and deeper integration into the European and world economy.

## Macroeconomic development

The reforms carried out in the country and integration into the EU has made a positive impact on economic development. Since 2004 on average GDP increases by 10.4% annually, including in 2007 – by 10.2%. High increase rate is mainly ensured by the stable domestic demand. The individual consumption has increased noticeably, as well as did investments. Less important part in the growth took the expanding export opportunities. Net export investment in the growth is negative in the last three years.

Domestic demand fosters the development of services, especially in trade, business services and construction. High growth rates can also be observed in the transport and communications sectors. The contribution of manufacturing in the growth is not so high, in the period between years 2004-2006 it increased on average by 6.2% per year, but in 2007 it decreased by 0.3%.

In 2007 economic development had slight decrease tendency which was more explicit in the 4<sup>th</sup> quarter. 2007. In the 4<sup>th</sup> quarter of 2007 the increase rate was 8% in contrast to 11.2%, 11.0% and 10.9% respectively of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarter, as the increase rates of trade and construction decreased.

Rapid economic development positively impacts the situation in the labour market. In the time period of 2004-2007 the number of employed annually increased by 2.6% on average, but unemployment level has decreased from 10.4% in 2004 to 6.0% in 2007.

Alongside with the rapid increase economical disproportions developed and deepened – significant inflation increase and large balance of payment current account deficit. Since 2004 inflation exceeds 6%, in 2007 price growth rate increased – on average annual inflation reached 10.1%. The inflation level in Latvia is determined by many, sometimes mutually not related factors, like structural changes in relation to EU accession, worldwide price increase for energy resources, changes of administratively regulated prices, etc. The main factor still is rapidly increasing local demand.

In 2006 balance of payment current account deficit increased rapidly, constituting 22.3% of GDP (in 2007 – 22.8%). It should be noted, that current account deficit is covered with foreign direct investments and long-term loans. The reserve assets of the Bank of Latvia increase and net external reserves completely cover the money base.

Implementation of inflation limiting measures and, as the crediting policy of commercial banks is becoming cautious, the rapid crediting increase has slowed down which, in its turn, has decreased growth rate of private consumption. It is expected that, with the shrinking of mentioned influence of factors elevating prices and with the government realizing national economy stabilization activities, inflation and current account deficit will gradually decrease. However, in 2008 it is expected that inflation will be at a relatively high level, as significant administratively adjustable price increase and excise tax rate increase on tobacco products and fuel is forecasted.

Main increase risks are related to the high inflation, rapid increase of salary and wage and disbalance problems of external sector. External risks are related to the prices of energy resources, world finance market disbalance and the situation in Latvian export markets. Increase in 2008 is expected to be more moderate than in previous years. It will be determined by slower increase rates of private consumption. The Ministry of Economics puts GDP increase in 2008 at least 5.5%. In the medium term period annual GDP increase can be expected in the amount of 5-8%.

## Gross domestic product

### 2007

#### GDP, at current prices

mln lats	14048
mln US dollars	27330
mln euro	19982

#### GDP per capita

lats	6173
US dollars	120101
euro	8781

#### GDP by sector, %:

Agriculture <sup>1</sup>	3.4
Industry	13.8
Construction	7.8
Trade <sup>2</sup>	21.9
Transport and communications	12.3
Public services <sup>3</sup>	13.6
Other services	27.2

In 2007 economic development was in a high level but with a slight decrease tendency which was more explicit in the 4th quarter. In the 4th quarter of 2007 the increase rate was 8.0% in contrast to 11.2%, 11.0% and 10.9% respectively of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarter. In total, the increase of 2007 comprised 10.2%.

Mainly decrease of the growth rate in the 4<sup>th</sup> quarter was determined by slower increase of domestic demand compared to the rapid increase of the previous period.

Main incentive of the rapid growth of previous years was significant increase of investment and private consumption. The rapid dynamics of investments mainly was influenced by the widening of financial resources determined by the two main factors: firstly, flow of mediated foreign capital since Latvia accession EU, and secondly, improvement of financial situation because of the relatively low tax burden and high domestic demand.

In its turn, rapid increase of private consumption was determined by significant increase of salaries and wages of employees, increase of employment, good conditions of crediting, especially, opportunities of mortgage and leasing use.

In the 2<sup>nd</sup> half of 2007 with the decrease of crediting volume investment did not increase anymore and private consumption did not grow that rapidly as well.

It influenced volume of trade and construction. Another factor which decreased GDP growth rate is gradual decrease of manufacturing production volume.

According to Eurostat's estimation, GDP per capita in Latvia, calculated in the purchasing power parity units, represented 54.2% of the EU-27 average level in 2006, but in 2007 this indicator is 58.9%. In the past three years the average level of the EU countries was successfully reduced by 13.1 percentage points.

<sup>1</sup> Including forestry and fishing

<sup>2</sup> Including hotels and restaurants

<sup>3</sup> Public administration including healthcare and education

# Gross domestic product

**GDP by Sectors**  
(growth over the corresponding period of the previous year, %)

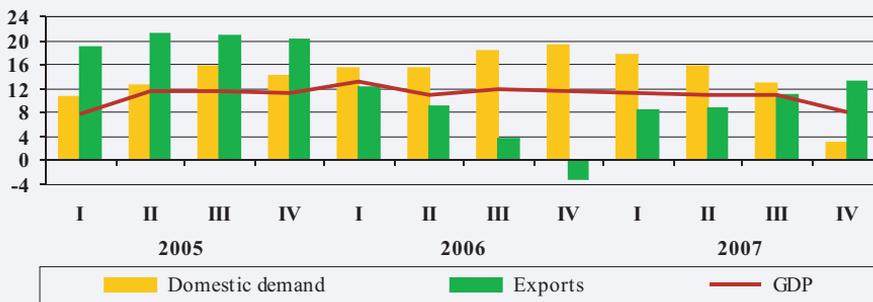
	2006				2007				2005	2006	2007
	I	II	III	IV	I	II	III	IV			
<b>GDP</b>	<b>13.1</b>	<b>11.1</b>	<b>11.9</b>	<b>11.7</b>	<b>11.2</b>	<b>11.0</b>	<b>10.9</b>	<b>8.0</b>	<b>10.6</b>	<b>11.9</b>	<b>10.2</b>
Agriculture <sup>1</sup>	0.9	-3.3	-1.3	4.0	5.3	7.2	11.6	4.9	9.3	-0.3	7.8
Industry	9.3	4.0	7.4	3.1	1.7	1.1	0.7	0.2	5.5	5.8	0.9
Construction	17.5	16.1	12.2	10.3	17.0	15.9	13.2	12.4	15.5	13.6	14.4
Trade <sup>2</sup>	17.4	18.4	17.9	15.5	15.6	13.8	13.7	6.3	16.7	17.3	12.3
Transport and communications	6.0	10.9	12.1	7.7	7.6	9.4	10.4	11.6	13.7	9.3	9.8
Public services <sup>3</sup>	2.9	4.4	2.1	7.9	3.6	3.4	5.5	5.6	4.6	4.4	4.6
Other services	18.3	14.8	16.3	17.2	13.1	12.9	14.0	13.4	10.3	16.7	13.4

<sup>1</sup> Including forestry and fishing

<sup>2</sup> Including hotels and restaurants

<sup>3</sup> Public administration including healthcare and education

**Quarterly Changes in Real GDP and Major Expenditure Items**  
(% of the corresponding quarter of the previous year)



# Manufacturing

**2007**

**Growth rate:** -0.3%

**Share in GDP** 11.0%

Compared to previous year, in 2007 the average production volume in manufacturing comprised -0.3% less. There was no growth in several branches of manufacturing, such as in manufacture of food products (-1.1%), in manufactures of textiles (-1.1%), in manufacturing of machinery and equipment n.e.c. (-6.8%). But at the largest scale total manufacturing volume decrease was determined by one of the largest industry subcategories – decrease of wood processing industry – by 5.8%. At the same time increase of other exports related industry branches must be mentioned - manufacture of metals and metal products increased by 9.1%, of electrical and optical equipment – by 6.7%, of chemicals and allied industries – by 2.7%.

Decrease of manufacture growth is related with decrease of foreign demand, as well as with restructuring of enterprises of separate sectors (mainly, of wood processing) which will ensure increase of the enterprise competitiveness in foreign markets and larger investment in the GDP development.

However, competitiveness of enterprises producing textiles and other labour-consuming products is significantly weakened by essential increase of salaries and wages. In 2007 wages and salaries in manufacturing increased by 30%, however, producer prices – by 16.1%.

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**Manufacturing Output**  
(average monthly output in 2000 = 100)



## Investments

**2007**

**Foreign direct investment stock per capita, at the end of the year: 4624 US dollars**

Investments are one of the main factors of Latvia's economic growth. Within last four years (from 2004-2007) they have increased by 81% (22% on average per year). The rapid dynamics of investments mainly was influenced by the widening of financial resources determined by the two main factors: firstly, flow of mediated foreign capital since Latvia joined EU, and secondly, improvement of financial situation, caused by the relatively low tax burden and high domestic demand.

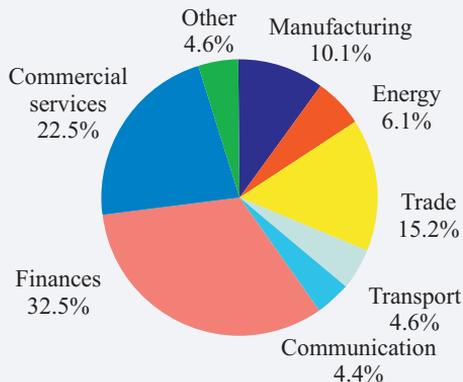
In 2007 investment growth rate has decreased (mostly in the 2<sup>nd</sup> half of the year).

Foreign direct investment stock per capita in Latvia at the end of 2007 was 5078.5 mln lats. i.e., 26.7% more compared to the end of 2006.

Investments in the services sector account for the largest share of the foreign direct investment stock (FDI). Almost a half of FDI attracted in this period are invested in the field of commercial services.

Three fourths of FDI are connected with the member states of EU, and main investors are Estonia (15% of the FDI stock at the end of 1<sup>st</sup> half of 2007), Sweden (13.1%) and Germany (10.9%) entrepreneurs. 5.7% are investments from Russia.

**Foreign Direct Investment Stocks by Industry**  
(end of 2007, per cent)



# Foreign trade

**2007**

**Structure of export, %:**

<b>Wood and products of wood -</b>	<b>22.5</b>
<b>Metalworking, machine building and transport equipment -</b>	<b>32.5</b>
<b>Light industry goods -</b>	<b>7.3</b>
<b>Chemical goods and articles of plastics -</b>	<b>10.4</b>
<b>Agricultural and food products -</b>	<b>14.4</b>
<b>Other goods -</b>	<b>12.9</b>

Income from exports of Latvian commodities in 2007 has increased by 22.6% compared to 2006, including for volume increase account by 7.7%. However, income on imports increased slower – by 21.4%, additionally import prices increased significantly lesser, therefore, imports volume increased by 14%.

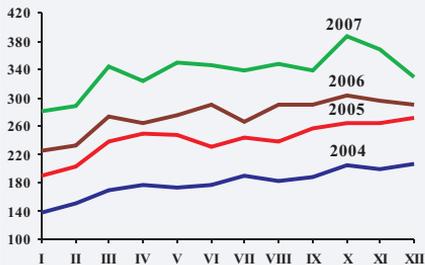
On average until the middle of 2007 dynamic trends of exports and imports remained the same as in the previous three years when imports increased slightly faster than exports. Starting with August the situation changed, as import volume decreased significantly, but exports volume - increased. Mainly it can be explained with the decrease of growth rate of the domestic demand which decreased imports demand. From the other side, exports in separate commodity groups increased, which was more related to re-exports than export of Latvian industry production.

In 2007 exports of commodities increased in almost all groups, especially, increase of exports of agriculture and food products must be mentioned, which comprised almost 20% of the total exports increase, as well as export increase of wood and products of wood (1/4 of the total exports

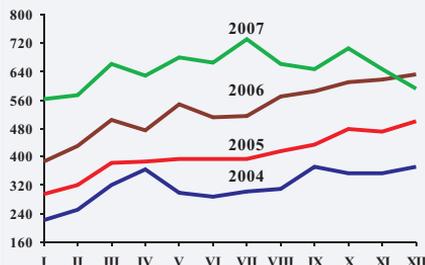
increase), however, it must be noted that significantly this increase was influenced by wood price growth in the world market. Within a year prices on Latvian wood and products of wood thereof have increased almost 1.4 times.

Export to the EU countries in 2007 was 24.4% higher than a year ago. The same as total Latvian exports, exports to the EU countries increased in almost all groups as well. Largest exports increase to the EU countries was ensured by products of wood (27.7% of the total exports to the EU countries), as well as by metal processing products (15.9%).

**Commodity Exports by Months**  
(mln lats)



**Commodity Imports by Months**  
(mln lats)



## Balance of payments

**2007**

### Current account balance

mln LVL: -3200.7

mln US dollars: -6231.2

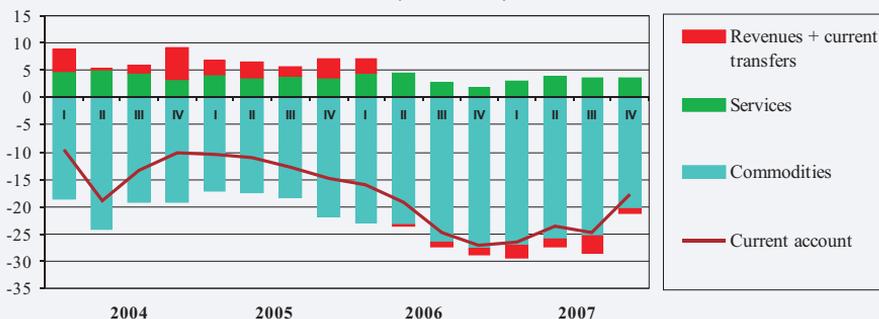
In 2006 balance of payment current account deficit increased rapidly reaching 27,1% of GDP in the 4<sup>th</sup> quarter. The main reason of the deficit was explicitly negative trade balance which in the 4<sup>th</sup> quarter of the year was 27,6% of GDP.

At the beginning of 2007 current account deficit remained high, which started to decrease significantly in the 4<sup>th</sup> quarter of the year, as exports increased and imports decreased considerably. In the result, current account deficit decreased to 17.7%.

Main reason of the deficit is rapid domestic demand increase. There are several factors in its basics. Especially must be highlighted, flow of mediated foreign capital, which, mostly through the financial sphere, stimulates increase of the crediting rate.

The private sector absorbs the major part of foreign investments. In 2006, compared to the previous year, their volume doubled. But in the three quarters of 2007 they were one and a half times larger than in the same period of the previous year, but in the 4<sup>th</sup> quarter their flow decreased.

**Current Account Balance**  
(% of GDP)



# Inflation

## February 2008

### (12-month inflation)

CPI: 16.7%

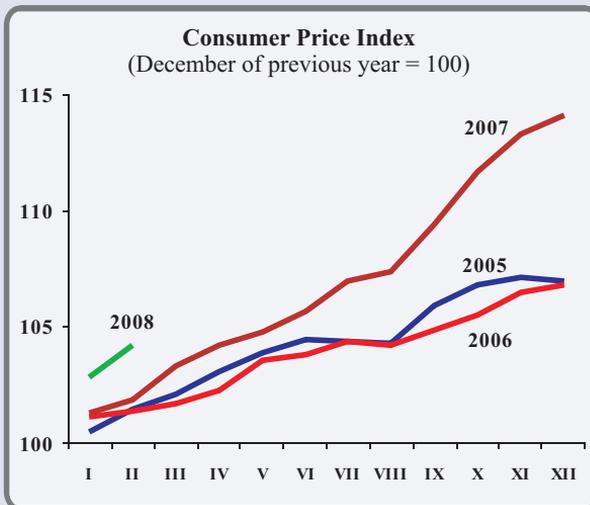
PPI: 11.4%

Total consumer price increase in December 2007 (by 14.1%, December over December) was two times more than in the previous year (by 6.8%). Prices for services rose more rapidly (by 16.4%) while the increase in the prices of goods was more moderate (13.2%). Average annual price changes in 2007 were 10.1% (in 2006 – 6.5%).

Similarly as in the previous three years, the main reason for price growth in 2007 was the increase in the prices of food products. In 2007 it increased price level by 5.1 percentage points (pp) but in 2006 by half lower – 2.6 pp. Second largest group that determined price increase in 2007 was price increase of dwelling maintenance and public utility payments (in 2007 – by 2.8 pp, but in 2006 – by 1.8 pp). Price increase in this group was mainly determined by administratively regulated price increase of heat energy, water supply, waste collection, sewerage services, rent and management payment.

Thus it is worth noting that the high rates of price growth in 2007 were accounted by such main factors as: the sufficiently high second-phase effect of inflation, the rise in the administratively regulated prices and worldwide price rise for oil products.

Also in the first two months of 2008 prices increased more rapidly than in previous years. Total price increase in January-February was 4.2% which is by 2.3 pp higher than in January-February 2007. Main reason of the rapid price increase was the administratively regulated price growth, as well as significant excise tax increase on tobacco products.



# Monetary indicators

**2007**

## Domestic enterprises and private persons

**Loans: 92.9% of GDP**

**Deposits: 37.5% of GDP**

of issued loans increased by 50-60% annually. Although the amount of crediting is rising, the quality of loans does not deteriorate. At the end of 2007 the share of loans generating no income in the total number of loans granted by non-banks was only 0.4%.

Largest loan recipients from commercial banks at the end of 2007 in the aspect of national economy were real estate, financial intermediation, manufacturing and trade, which received 28%, 16%, 13% and 12% respectively, from the volume of loans issued to national economy.

In 2007 rates, both on loans issued in lats and on attracted deposits, have increased rapidly, but the increase of interest rate on loans issued in euros was significantly moderate. Weighted mean interest rate of short-term loans issued to enterprises and private persons in lats in the 4<sup>th</sup> quarter of 2007 was 13.1%<sup>1</sup>, but for the long-term loans – 16.6%, for loans issued in euros – respectively, 6.9%<sup>1</sup> and 6.5%.

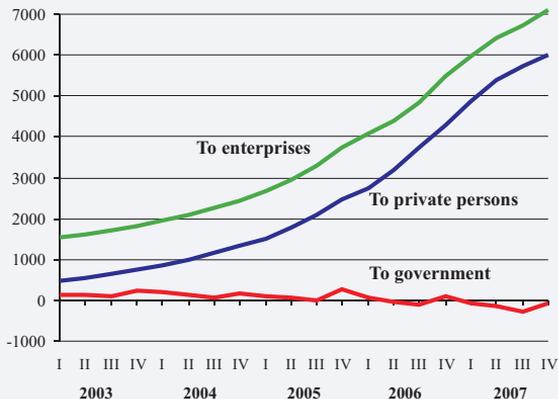
However, mean weighted annual rates in lats on short-term deposits in credit institutions in the 4<sup>th</sup> quarter of 2007 were 7.9%, on long-term deposits – 9.6%, but on deposits in euros – 4.1% and 5.6% respectively.

<sup>1</sup> Short-term and with a changing interest rate.

The stability of the banking sector, the rising welfare and economic activity of the population are the reasons stimulating steady growth of the basic monetary indicators of the banking system of Latvia. In the 2<sup>nd</sup> half of 2007 decrease of growth rate of monetary indicators was observed due to the influence of implementation of inflation restriction measures adopted by the Cabinet of Ministers on March 6, 2007, and by the crediting policy becoming more cautious.

At the end of 2007, compared to the end of 2006, volume of investment of enterprises and private persons attracted from residents increased by 17%, while in 2004-2006 volume of investment increased on average by 30-40 percent a year. However, the volume of loans issued in 2007 increased by 34%, and that is significantly slower than in 2004-2006, when the volume

**Domestic Credits**  
(at the end of the period, mln lats)



## Budget and central government debt

### 2007

#### General government budget (% of GDP):

**Revenues:** 38.3  
**of which taxes:** 29.3

**Expenditures:** 37.6  
**of which  
capital investment:** 4.8

General government budget balance has tendency to improve: In 2003 there was a deficit of 1.6% of GDP in the general government budget, but as the financial situation gradually improved, in 2006 it was only 0.2% of GDP.

The central government budget deficit in 2007 was 7.2 mln lats or 0.1% of GDP. The revenues in 2007 were by 25.7% higher than in 2006 and expenditures were 25.7% higher.

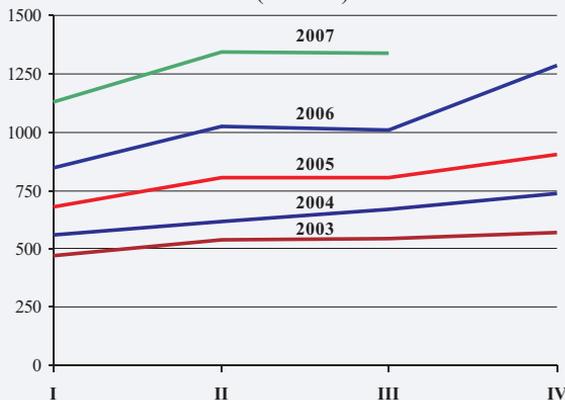
Saeima has accepted budget for 2008 with the surplus of 163 mln lats which is 1% of GDP. In the further years budget with the surplus is envisaged as well – in 2009 – 1.2% of GDP and in 2010 – 1.5% of GDP.

The budget of 2008 is formed as economy budget which limits expenses by blocking increase of wages and salaries in institutions and increase of staff units.

In 2008 it is planned to introduce new tool of the fiscal policy – long-term stabilization reserve in order to decrease risks of general economy, to ensure financing for the long-term investment and structural reforms, etc. It is forecasted that government general budget income is included in the reserve which exceeds income determined in the annual budget law and privatization income.

The level of the central government debt in Latvia is one of the lowest in the EU. At the end of 2007 it was 1356.4 mln lats or 9.7% of GDP (1190.5 mln lats or 10.6% of GDP at the end of 2006).

**Revenues of the General Government  
Consolidated Budget by Quarters**  
(mln lats)



## Personal income

### 2007

#### Average monthly net wage:

lats 286  
US dollars 556

#### Average monthly old-age pension (paid):

lats 111  
US dollars 216

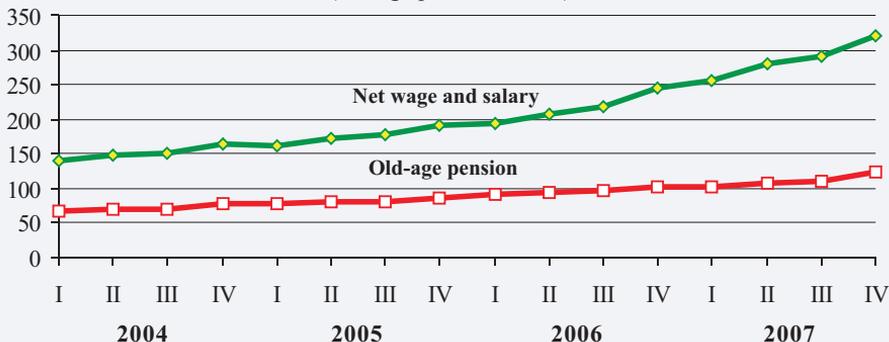
In 2007 average monthly net wages and salaries were by 69 lats or by 32.0% higher than in the previous year. There was also a substantial rise (by 19.9%) in the level of real wages despite the considerable price increase.

The overall wage increase was to a great degree influenced by the high inflation level in previous years, as well as by the demand of the labour force in relation to the rapid economic growth.

On January 1 of 2008 the minimum monthly wage was raised to 160 lats and the minimum monthly untaxable income of the population to 80 lats, as well as the monthly allowance for a dependent person increased to 56 lats.

Wages and salaries represent on average 68.8% of the household income and social benefits comprise approximately 23.6%. Pensions in December 2007 on average were 124 lats, i.e., 21 lat more if compared to December 2006.

**Wages and Salaries and Old-Age Pensions**  
(average per month, lats)



# Employment and unemployment<sup>1</sup>

**2007**

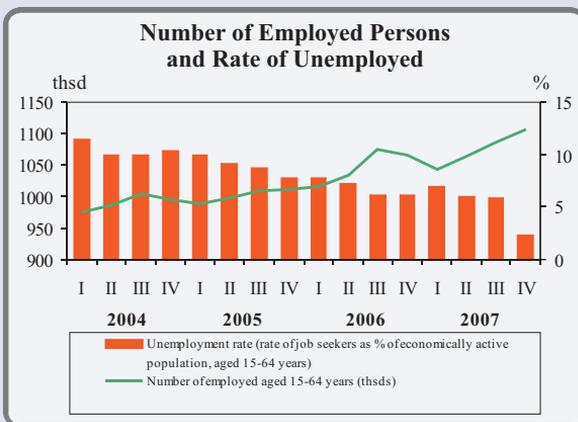
**Employment rate  
(aged 15-64) 68.4%**

**Unemployment rate  
(rate of unemployed,  
aged 15-74): 6.0%**

Rapid economic development in recent years in Latvia has positively influenced the situation on the labour market – the employment increases, unemployment decreases and economically active population grows. During the last three years the number of employed on average is increasing by 2.4% (2005-2007), but unemployment rate has decreased from 10.4% in 2004 to 6.0% in 2007.

In the last three years (2005-2007) the employment rate of Latvia has increased by 6.1 percentage points and in 2007 it was 68.4%. In comparison with the EU average, in 2004 the employment rate in Latvia was 0.6 percentage points lower, whereas in 2006 it exceeded EU level by 1.8 percentage points.

In 2007 the number of employed has grown by 2.9%. The most rapid increase in the number of employed was recorded in the field of construction (by 20.4%) and in business services (by 20.8%), but in economic activities like financial intermediation, agriculture, as well as public administration the number of employed has decreased.



<sup>1</sup> In the analysis of employment and labour market, indicators for employment are given for persons aged 15-64, but for unemployment - for persons aged 15-74, which corresponds to the EU practice.

## Main socio-economic indicators of the Baltic States

	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>
Territory, thsd km <sup>2</sup>	45.2	64.6	65.3
Population as of January 1, 2008, thsd	1341.0	2270.6	3366.2
Gross domestic product, % of corresponding period of the previous year			
2006	111.2	111.9	107.7
2007	107.1	110.2	108.8
2007: 1 <sup>st</sup> quarter	110.1	111.2	108.1
2007: 2 <sup>nd</sup> quarter	107.6	111.0	108.0
2007: 3 <sup>rd</sup> quarter	106.4	110.9	110.8
2007: 4 <sup>th</sup> quarter	104.8	108.0	108.0
Industrial output index, % against the previous year			
2006	107.3*	105.0	107.3
2007	106.1*	100.5*	104.0*
Unemployment rate (the percentage share of unemployed persons in the total number of economically active population aged from 15 to 74 years)			
2006	5.9	6.8	5.6
2007	4.7	6.0	4.3
2007: 1 <sup>st</sup> quarter	5.3	6.9	5.0
2007: 2 <sup>nd</sup> quarter	5.0	6.0	4.1
2007: 3 <sup>rd</sup> quarter	4.2	5.9	3.9
2007: 4 <sup>th</sup> quarter	4.1	5.3	4.2
Consumer price changes, % against the previous year			
2006	4.4	6.5	3.7
2007	6.6	10.1	5.7
Producer price changes in industry, % against the previous year			
2006	4.5	10.3	9.8
2007	7.0	15.8	10.7

\* - preliminary data