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Ministry of Economics
of the Republic of Latvia

Central Statistical Bureau of Latvia

**THE NATIONAL
ECONOMY OF LATVIA:
A MACROECONOMIC
REVIEW**

Key indicators of economic development

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*Main socio-economic indicators
of the Baltic States*



Latvia: 2007

Territory, thsd km ²	64.6
Population (as of 01.04.2007, thsds)	2277
of which:	
Urban area	1548
of which Riga, the capital city	721
Rural area	729
National currency: lats (LVL)	

Key indicators of economic development

	2003	2004	2005	2006	2007 f
(increase over the previous year, in per cent)					
Gross domestic product	7.2	8.7	10.6	11.9	9.0
Consumer prices	2.9	6.2	6.7	6.5	8.0
(% of GDP)					
General government budget fiscal balance	-1.6	-1.0	-0.2	0.4	0
Central government debt	14.4	14.5	12.0	10.0	9.0
Current account balance	-8.2	-12.9	-12.6	-21.1	-20.0
Exchange rate, LVL per US dollar	0.571	0.540	0.565	0.560	0.540
Exchange rate, LVL per euro	0.645	0.671	0.703	0.703	0.703
Unemployment rate (rate of job seekers as % of economically active population, aged 15-74 years)	10.6	10.4	8.7	6.8	6.0

	2005				2006				2007
	I	II	III	IV	I	II	III	IV	I
(increase over the corresponding period of the previous year, in per cent)									
Gross domestic product	7.7	11.5	11.6	11.4	13.1	11.1	11.9	11.7	11.2
Consumer prices	6.7	6.5	6.5	7.3	7.0	6.3	6.6	6.3	7.6
(% of GDP)									
General government budget fiscal balance	3.3	3.1	2.9	-11.5	5.9	3.3	3.5	-11.0	...
Current account balance	-10.4	-10.9	-12.8	-15.2	-14.6	-17.6	-23.5	-26.3	...
Exchange rate, LVL per US dollar	0.535	0.557	0.576	0.591	0.585	0.560	0.551	0.546	0.536
Exchange rate, LVL per euro	0.703	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)	9.9	9.2	8.7	7.8	7.8	7.2	6.2	6.1	6.9

f - forecast of the Ministry of Economics; ... - data not available

Economic policy

The aim of the government's economic policy is to ensure sustainable and balanced economic and social development, to implement transition from a labour-intensive economy to a knowledge-based one attaining in this way the EU average GDP per capita level within the 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.

Accession to the EU provides Latvia 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.

One of the main challenges for the economic policy of Latvia is to set up an effective and competitive industry structure by implementing structural reforms to boost productivity and to support research and development and innovation, improving the efficiency of the educational and training system, its quality and accessibility.

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*. The *Commercial Law* testifying to a fundamental reform of the business environment came into force in 2002. Currently the corporate income tax in Latvia is among the lowest (15%) in the EU. Legislation provides special corporate income tax relief to enterprises operating within the special economic zones.

In order to create an optimal local government administrative and organisational structure and to raise its capacity, the administrative territorial reform is under way in Latvia and it is intended to complete it before the local government election in 2009.

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.

To ensure balanced development, the government is resolved to implement in 2007 and 2008 a non-deficit budget, with further plans to introduce in 2009 and 2010 the budget with a surplus. The general government debt in Latvia is among the lowest in the EU and it is expected that in the medium-term its level will remain considerably below the criterion set by the Maastricht Treaty.

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. The aim of Latvia is to become full-fledged member of the European Economic and Monetary Union (EMU) already in the nearest future.

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 global economy.

Macroeconomic development

Growth rates in the Latvian economy have been very rapid in recent years. The reforms carried out in the country and integration into the EU have made a positive impact on economic development. In the period between 2001-2006 GDP grew on average by 8.8% annually and by 11.9% in 2006. These growth rates are the highest in the European Union.

GDP growth in Latvia is ensured mostly by the sharp increase of productivity spurred by investments made in previous years. Economic activity is accelerating in all main economic sectors. 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 dynamics of domestic demand has been stable due to the rising incomes, stability of the financial system, expansion of crediting, joining NATO and the EU and predomination of positive future expectations. Output in manufacturing in the period between 2001-2006 increased on average by 7.3% per year (by 6.2% in 2006).

The general government budget deficit in Latvia is low and does not exceed the reference level set by the Maastricht criteria. The government is resolved to implement in 2007 and 2008 a non-deficit budget, with further plans to introduce in 2009 and 2010 a budget with a surplus. The current account deficit is comparatively large and it is covered by foreign direct investments (FDI) and long-term loans. The reserve assets of the Bank of Latvia are increasing and net foreign reserve fully covers the reserve money. After accession to the EU the inflow of foreign direct investments into Latvia has increased.

A relatively high inflation level has been observed in recent years. Its sharp rise in 2004 was primarily accounted for by a combination of several one-off effects (an increase in the administratively regulated prices, harmonisation of the indirect tax rates, inflation expectations due to EU accession and the high oil prices on the global markets). Inflation in 2005 and 2006 remained on a high level owing mainly to the rises in the global oil prices and the second phase of inflation (spiral). It is expected that inflation in 2007 will likewise be on a relatively high level due to the anticipated rises in the administratively regulated prices and in the excise tax rates on tobacco goods and fuel.

By contrast, due to the diminishing influence in the medium term of the abovementioned price-raising factors and the government's efforts to combat inflation, it will gradually decrease. The most substantial inflation-cutting measures supported by the Cabinet of Ministers on the 6th of March this year are associated with the budget and tax policy, crediting and other undertakings that can improve the situation in the real estate market, labour market, productivity and the competition policy.

The employment and unemployment indicators are gradually improving. In recent years the number of employed has been rising every year by 1-2% (in 2006 by 5%) while the unemployment rate decreased from 14.4% in 2000 to 6.8% in 2006.

The economic growth potential is best characterised by investment growth. In comparison with 2000, gross fixed capital formation in 2006 increased 2.6 times and in 2006 it increased by 18.3%. The investment growth rate and its share in GDP are among the highest in the EU. If there are no external shocks GDP in the medium-term can be expected to grow by 6-8% annually. The Ministry of Economics forecasts GDP increase by 9% in 2007.

Gross domestic product

2006

GDP, at current prices

mln lats	11265
mln US dollars	20116
mln euro	16024

GDP per capita

lats	4923
US dollars	8791
euro	7002

GDP by sector, %:

Agriculture ¹	3.7
Industry	14.7
Construction	6.8
Trade ²	22.4
Transport and communications	13.0
Public services ³	14.4
Other services	25.0

In recent years Latvia has witnessed high GDP growth rates. The main reason for growth was the rising domestic demand in parallel with expanding export opportunities.

The reasons behind the rapid increase of domestic demand are both the rising private consumption and investment increase. The private consumption rose not only due to the annual wage rise, but also due to the availability of consumer loans and loans for dwelling purchase and repair at acceptable interest rates. Private consumption in 2006 exceeded the level of the previous year by 20%. The favourable financial situation (low interest rates on loans and expanding mortgage lending) also encouraged investing. Gross fixed capital formation in 2006 was considerably higher (by 18.3%) than in the previous year.

Nearly 80% of GDP growth was contributed by the growth of the services sector fostered mainly by trade and business service sectors. Construction is growing fast while industrial growth has been more moderate.

Also in 2007 the rapid economic growth continues. According to provisional estimation the GDP growth in the 1st quarter of 2007, compared to level of 1st quarter of 2006, was by 11.2%.

According to Eurostat's estimation, GDP per capita in Latvia, in purchasing power standards, represented 53.4% of the EU-25 average level in 2006. In comparison with the year 2000, the backwardness vis-à-vis the average level of the EU member states was successfully reduced by 18 percentage points.

The main factor that contributed the GDP growth in Latvia was the increasing productivity and to lesser degree the rising employment. Productivity in the past three years has increased on average by 7.7 per cent.

¹ Including forestry and fishing

² Including hotels and restaurants

³ Public administration including healthcare and education

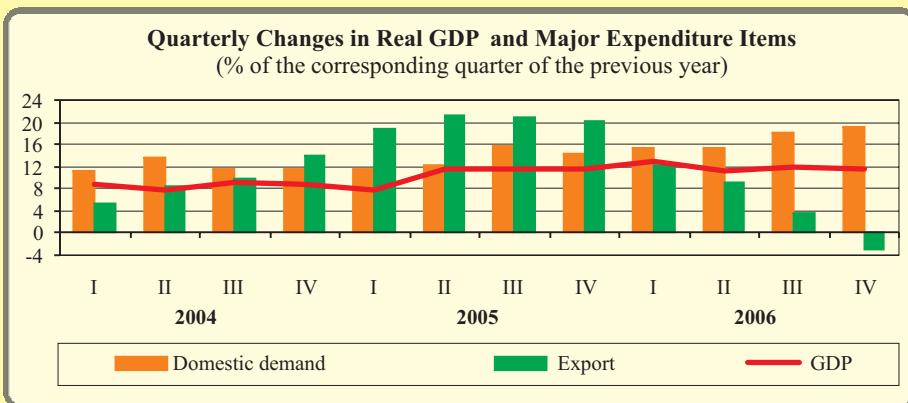
Gross domestic product

	GDP by Sectors										
	2005				2006				2004	2005	2006
	I	II	III	IV	I	II	III	IV			
GDP	7.7	11.5	11.6	11.4	13.1	11.1	11.9	11.7	8.7	10.6	11.9
Agriculture ¹	4.8	14.5	10.1	5.8	0.9	-3.3	-1.3	4.0	3.4	9.3	-0.3
Industry	-0.2	7.6	7.7	7.3	9.3	4.0	7.4	3.1	6.4	5.5	5.8
Construction	16.2	15.8	15.6	14.4	17.5	16.1	12.2	10.3	13.3	15.5	13.6
Trade ²	14.7	18.1	17.0	17.0	17.4	18.4	17.9	15.5	12.7	16.7	17.3
Transport and communications	8.7	16.3	15.9	13.4	6.0	10.9	12.1	7.7	10.1	13.7	9.3
Public services ³	4.5	5.8	3.2	4.6	2.9	4.4	2.1	7.9	3.4	4.6	4.4
Other services	7.7	10.6	12.3	11.0	18.3	14.8	16.3	17.2	9.4	10.3	16.7

¹ Including forestry and fishing

² Including hotels and restaurants

³ Public administration including healthcare and education



Manufacturing

2006

Growth rate: **6.2%**

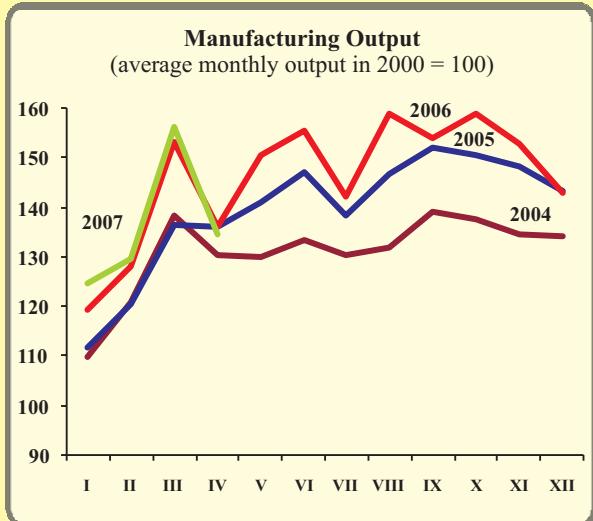
Share in GDP **11.8%**

Recent years have witnessed steady growth in manufacturing. Manufacturing output has been rising on average by 6.7% annually (2002-2006), at a slightly slower pace than the overall economic growth.

Straight after EU accession growth rates in manufacturing decreased, as some time had to pass until the enterprises adjusted to the new trade conditions. A noteworthy indication of growth could again be witnessed in mid-2005.

In 2006, growth in manufacturing was slightly more rapid than a year ago and output exceeded the level of the previous year by 6.2%. High growth rates persisted in those industries where sales markets were relatively less linked with exports. The wood-processing, one of Latvia's main export industries, has demonstrated weaker growth indicators for already a second year and in 2006 it even had a slight fall in production output.

The growth of manufacturing in 1st quarter of 2007 was 2.4% (compared to volume of 1st quarter of previous year). The slow growth was mainly influenced by the decrease of the one of the main industrial sub-sectors - wood-processing (by 8.2%). At the same time there should be mentioned rapid growth of several industries, such as growth of sectors oriented towards exports - manufacture of basic metals and metal products (growth by 16%), of electronic and optical equipment (by 15.3%), of chemical and allied industries (by 16.6%). Industries based on local market are also growing fast, such as manufacture of paper products and printing (by 24.3%) and manufacture of construction materials (by 22.2%).



Investments

2006

Foreign direct investment stock per capita, at the end of the year: 3299 US dollars

Investment growth rates in Latvia have been steadily high for several years already. This is due to the influence of several factors, especially such as financial stability, continuous improvement of the business environment, high domestic demand and rather low real interest rates, inflow of foreign capital, etc. At the same time the relatively low tax burden and the output growth due to the rising demand have positively impacted the financial position of enterprises expanding the opportunities of investment.

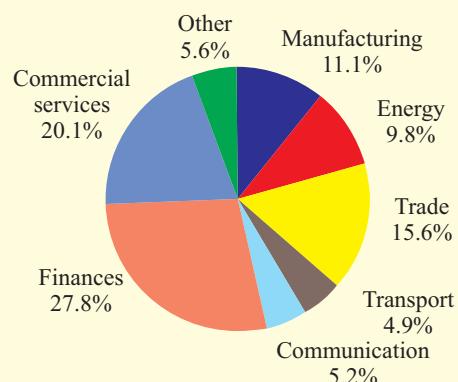
In 2006 fixed investments in Latvia more than doubled (by 2.5 times) in comparison with 2001. Investments that were made each year within this period have increased by 15.7% and in 2006 represented 29.8% of GDP.

Foreign direct investment stock per capita in Latvia at the end of 2006 was 1768 lats or 3299 US dollars.

Investments in the services sector account for the largest share of the foreign direct investment stock (FDI). In 2005 and in 2006 the highest investments were made in the banking sector.

Three fourths of FDI came from the EU member states, and the main investors are entrepreneurs from Sweden (17% of the FDI stock at the end of the 2006), Estonia (13.1%) and Germany (11.7%). 7.7% of the investments were from Russia.

Foreign Direct Investment Stocks by Industry
(end of 2006, per cent)



Foreign trade

2006

Structure of export, %:

Wood and products of wood - Metalworking, machine building and transport equipment -	22.5
Light industry goods - Chemical goods and articles of plastics -	30.6
Agricultural and food products -	8.9
Other goods -	9.8
Other	13.3
Other	14.9

The value of commodity exports from Latvia in 2006 rose more moderately (by 14.0%, at current prices) than in 2005 whereas the value of imports increased at a more rapid pace (by 30.8%).

Exports in 2006 rose in almost all commodity groups, especially in the group of fabricated metal products accounting for nearly 30% of the total export growth. The export of mineral products that had witnessed very rapid growth last year, decreased in turn considerably (mainly to the EU countries). The export of wood and wool products also did no increase.

After accession to the EU, Latvia's foreign trade with Lithuania and Estonia as well as with the other new EU member states has increased very rapidly. A comparison with the EU pre-accession period shows that within two years Latvia's foreign trade with the other Baltic countries has more than doubled.

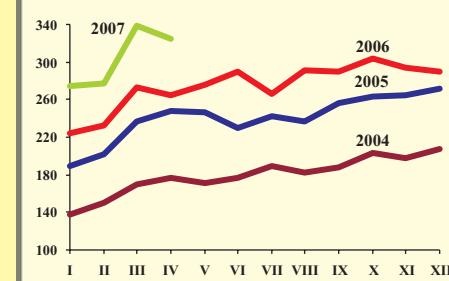
Exports to CIS countries in 2006 witnessed the most rapid growth and its value was higher by nearly one third in comparison with the previous year, with substantial increases in the exports of food products, chemical goods and various machinery and equipment.

Exports to the EU countries grew by 12%, with increases in the exports of food products, machinery and equipment accounting for the largest share in export growth.

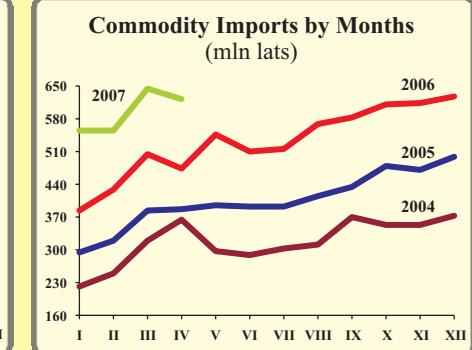
Also at the beginning of 2007 exports continue rapid growth by 22.1% (value of January - March 2007 against value of corresponding period of 2006). But imports grew more rapidly - by 33.1%.

Substantially increased exports to nearest neighbouring countries - Estonia and Lithuania, as well as to CIS countries.

Commodity Exports by Months
(mln lats)



Commodity Imports by Months
(mln lats)



Balance of payments

2006

Current account balance

mln LVL: -2376.0

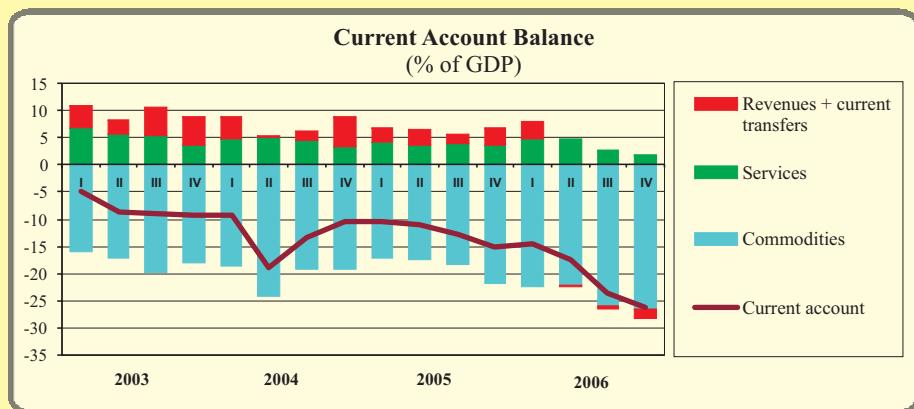
mln US dollars: -4280.4

The current account deficit of the balance of payments accelerated sharply in 2006. The main source of the deficit is the markedly negative trade balance.

For several years already Latvia has been characterised by a relatively high current account deficit. So far this has not created any problems for economic stability as the deficit is to a great extent covered by the flows not raising the level of debt and the reserve assets of the Bank of Latvia are increasing annually. The ratio of the debt raising flows in 2006 increased.

Domestic demand in Latvia is higher than domestic supply and this is the reason for the growth of current account deficit. It means that in order to finance domestic investments, foreign savings should also be used. In recent years the level of saving in relation to GDP has been actually constant, approximately 20%. By contrast, the rate of investments in the economy is rising rapidly, especially after EU accession (36% in 2005 and almost 40% in 2006).

The banking sector absorbs the major part of foreign capital.



Inflation

May 2007

(12-month inflation)

CPI: 8.2%

PPI: 17.9%

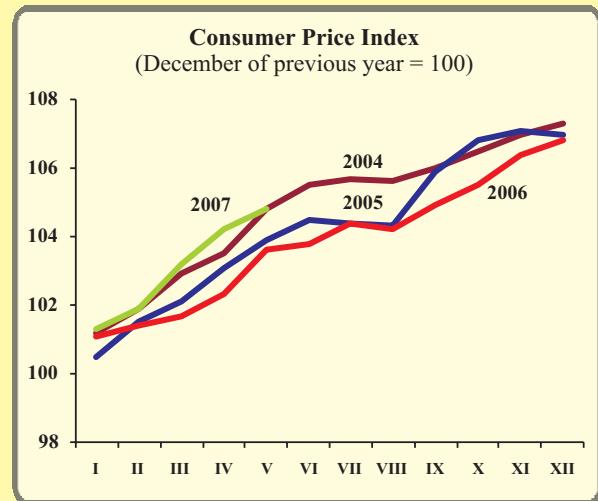
The overall price increase in 2006 (6.8%, December over December) was slightly less conspicuous than in the previous year (7%). Prices for services rose more rapidly (by 7.9%) while the increase in the prices of goods was more moderate (6.4%). As a result, the average annual price increase in 2006 was 6.5% (6.7% in 2005).

Similarly as in the previous two years, the main reason for price growth in 2006 was the increase in the prices of food products. The second largest group accounting for price growth in 2006 was the increase in the dwelling prices. The increase in the administratively regulated prices for heating, natural gas, electricity, dwelling rent, water supply, waste disposal and sewerage services accounted mostly for price increases within this group. The costs of dwelling maintenance and repair also went up sharply.

Thus it is worth noting that the high rates of price growth in 2006 were accounted mostly by two main factors: the sufficiently high second-phase effect of inflation and the rise in the administratively regulated prices. The secondary effect was intensified both by the high mortgage lending rates and the substantial wage increase of employees.

In the four month of 2007 prices rose by 4.2%, and this is almost two times faster compared to corresponding period of previous year (by 2.3%). The rate of prices for commodities increases in almost all consumption groups, but the prices for services are growing faster than prices for goods and exceed the rate of price increase of the previous years. Such rapid price increase at the beginning of the year shows that, ka second-phase effect of inflation (growth of salaries and wages, growth of producer prices etc.) and inflation expectations are very important factors, which now influence the increase of consumer prices.

Consumer Price Index
(December of previous year = 100)



Monetary indicators

2006

Domestic enterprises and private persons

Loans: **86.3% of GDP**

Deposits: **40.0% of GDP**

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. Compared to April 2006, the amount of broad money M2X in April 2007 rose by 32.6%, currency in circulation increased by 18.5% and deposits rose by 35.9%. In the same period loans to enterprises and private persons also continued to increase (by 60.4%). Although the amount of crediting is rising, the quality of loans does not deteriorate. At the end of 2006 the share of loans generating no income in the total number of loans granted by non-banks was only 0.7%.

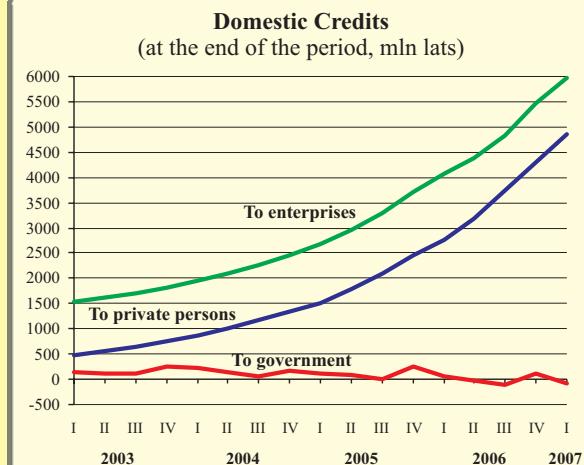
Reacting to the increasing domestic demand and in order to slacken the growth of crediting, the Bank of Latvia has raised several times since March 2004 its re-financing rate and reserve requirement. However, the effectiveness of these measures in Latvia is limited by the fixed exchange rate regime and several other specific factors.

On the March 6, 2007 the government gave support to a plan for curbing inflation, which, among others, envisages a variety of measures to tighten control over the expansion of crediting. Thus a compulsory first payment of up to 10-15% of the credit will be fixed, as will be the maximum credit against the value of the collateral. It was likewise decided to set up a general register of borrowers covering both the financial institutions (both the mortgage loans and consumer credits) so that the financial institutions would be aware of the real size of debts of their clients.

In April 2006 the average weighted interest rate on short-term credits in lats was 6.8%¹ but on long-term credits 8.9%; for credits in the currencies of foreign countries these rates were 4.9%¹ and 5.9%, respectively. In April 2007 the average weighted interest rate on short-term credits in lats was 11.1%¹, but on long-term credits - 14.0%, for credits in the currencies of foreign countries these rates were - 6.3%¹ and 6.0% respectively.

In 1st quarter of 2007 the average weighted interest rate on short-term credits in lats was 7.7%, but on long-term credits - 12.2, for credits in the currencies of foreign countries - interest rate on short-term credits in lats was 5.9%, but on long-term credits - 5.8%.

¹ Short-term and with a changing interest rate.



Budget and central government debt

2006

General government budget (% of GDP):

Revenues: **37.4**

of which taxes: **29.3**

Expenditures: **37.0**

of which capital investment: **5.0**

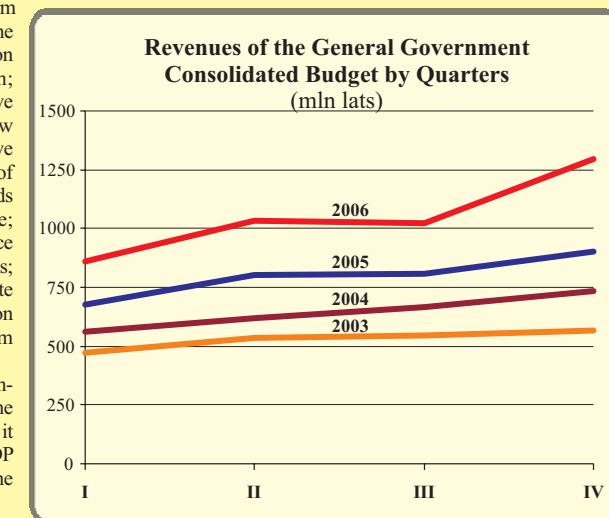
The budget surplus in 2006 was 47.4 mln lats or 0.4% of GDP. The revenues in 2006 were by 31.9% higher than in 2005 and expenditures were 29.6% higher.

The Parliament has confirmed the general government budget for 2007 with a deficit of 177.8 mln lats or 1.3% of GDP. Revenues are projected at 4.9 thsd mln lats and expenditures 5.1 thsd mln lats. Compared to 2006, the increase in the general government budget in 2007 is more than 1 thsd billion lats (increase of 22%). In 1st quarter of 2007 the consolidated budget financial surplus was 151.1 mln lats.

On the 6th of March this year, providing support to the planned measures for curbing inflation, the government decided to secure a non-deficit budget for 2007 and not adopt such amendments to the budget law that would raise budget expenditure, but allocate the revenue surplus to the reduction of the budget deficit.

The main expenditure priorities of the budget for 2007 are: development of a functioning health care system; crisis management within the system of interior affairs; improvement of the educational system; modernisation of the social security system; strengthening of the administrative and institutional capacity of law enforcement institutions; effective planning, absorption and utilisation of financial resources of the EU funds and European Economic Zone; transition of the country's defence system to professional armed forces; creation of a qualitative and up-to-date cultural infrastructure; modernisation of the public administration system and strengthening of its capacity.

The level of the central government debt in Latvia is one of the lowest in the EU. At the end of 2006 it was 1128.3 mln lats or 10% of GDP (1084.6 mln lats or 12% of GDP at the end of 2005).



Personal income

2006

Average monthly net wage:

lats	216
US dollars	387

Average monthly old-age pension (paid):

lats	96
US dollars	171

The average net monthly wage in 2006 was by 41 lats or 23.1% higher than in the preceding year. There was also a substantial rise (by 15.6%) 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 and in 2006, as well as by the wage increase for the employees of several budget-financed institutions, for example, teachers and doctors.

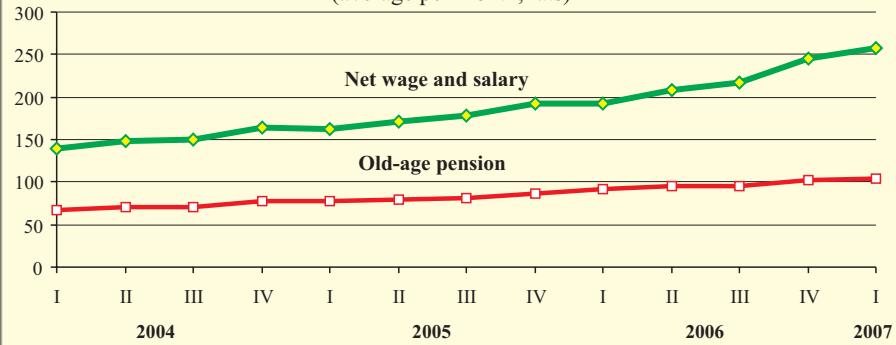
On January 1 of 2007 both the minimum monthly wage was raised to 120 lats and the minimum monthly untaxable income of the population to 50 lats; the monthly allowance for a dependent person increased to 35 lats.

At the beginning of 2007 wages and salaries noticeably increased. In the 1st quarter of 2007 average monthly gross wages and salaries in national economy were 13.64 lats higher than in 4th quarter of 2006 and 88.37 lats higher than in corresponding period of previous year. Within a year the real wages and salaries increased by 24%.

Wages and salaries represent on average 65% of the household income and social benefits comprise 18%.

The increase of old-age pensions in 2006 was also noteworthy. Pensions in 2006 were 19% or 15 lats higher than in 2005. The increase of pensions in 2006 over 2005 was 18.3%. In March 2007 average old-age pension was 13% or 12.02 lats higher than in March 2006. Real income of the population whose main source of income in 2006 was either wages and salaries or pensions was 15% higher than in the previous year.

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



Employment and unemployment¹

2006

Employment rate
(aged 15-64)

65.9%

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

6.8%

Economic development in recent years in Latvia has positively influenced the situation on the labour market. Although the number of population of working age is decreasing, the number of economically active population is rising and the employment rate is also increasing.

In the last six years (2001-2006) the employment rate has increased by 8.8 percentage points (according to Eurostat data of 11.06.2007). In comparison with the EU average, the employment rate in Latvia was lower by 4.9 percentage points whereas in 2005 it lagged behind only by 0.5 percentage points, but in 2006 it may be already at the level of EU average.

The level of female employment in Latvia is higher than the EU average and this difference tends to increase: the female employment level in 2002 was by 2.1 percentage points higher than in the EU and in 2005 - by 3 percentage points higher.

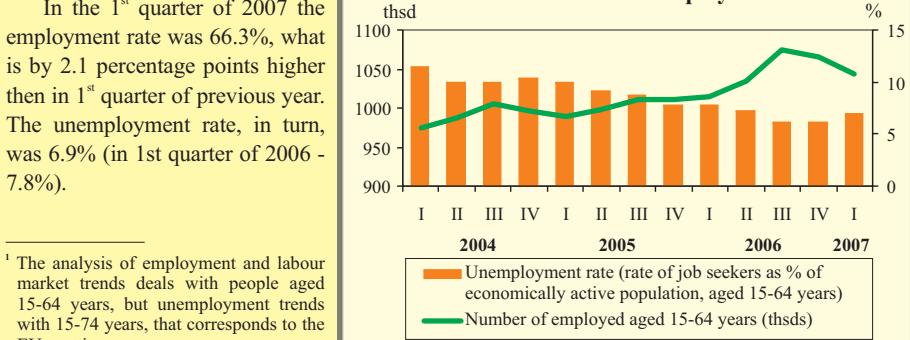
The male employment level, in turn, although tending to rise year by year, still lags behind the EU average level (by 6.7 percentage points in 2002 and 3.7 percentage points in 2005).

The rapid economic growth in 2006 stimulated a substantial increase in the number of employed thus reducing the unemployment level to 6.8%.

In the 1st quarter of 2007 the employment rate was 66.3%, what is by 2.1 percentage points higher than in 1st quarter of previous year. The unemployment rate, in turn, was 6.9% (in 1st quarter of 2006 - 7.8%).

¹ The analysis of employment and labour market trends deals with people aged 15-64 years, but unemployment trends with 15-74 years, that corresponds to the EU practice.

Number of Employed Persons and Rate of Unemployed



Baltic States

Main socio-economic indicators of the Baltic States

	Estonia	Latvia	Lithuania
Territory, thsd km ²	45.2	64.6	65.3
Population as of January 1, 2007, thsd	1342.4	2281.3	3384.8
Gross domestic product, % of corresponding period of the previous year			
2006	111.4	111.9	107.5
2007: 1 st quarter	109.8	111.2	108.3
Industrial output index, % of corresponding period of the previous year			
2006	107.1*	104.8	107.3
2007: 1 st quarter	107.2*	102.4	99.0
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: 1 st quarter	5.3	6.9	5.0
Consumer price changes, % of corresponding period of the previous year			
2006	4.4	6.5	3.7
2007: 1 st quarter	5.2	7.6	4.3
Producer price changes in industry, % of corresponding period of the previous year			
2006	4.5	10.3	9.8
2007: 1 st quarter	7.0	15.8	10.7

* - preliminary data