



# Opinion of the Fiscal Discipline Council on the Ministry of Finance's macroeconomic forecasts

## For the Fiscal structural plan progress report 2026-2030

### **Preamble**

*This document presents the opinion of the Fiscal Discipline Council (hereinafter – the Council) on the macroeconomic forecasts for 2026–2030 prepared by the Ministry of Finance (hereinafter – the MoF). These forecasts will serve as the basis for the preparation of the Progress Report of the Fiscal-Structural Plan (hereinafter – the FSP PR) for 2026–2030 (2026/30), which is planned to be submitted to the Cabinet of Ministers in April 2026. In order to support the work of the government, agreement was reached to provide the Council's endorsement of the macroeconomic forecasts at an early stage.*

In accordance with Article 4(4) of Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficits of the Member States in the euro area, the annual state budget and the medium-term budgetary framework shall be based on independent macroeconomic forecasts produced or endorsed by independent institutions.

Pursuant to Article 20(2) of the Fiscal Discipline Law, as well as the Cooperation Agreement signed on 8 February 2016, the Council is responsible for endorsing the macroeconomic forecasts prepared by the MoF. During the endorsement procedure, the Council was provided with detailed forecast data, including scenarios for the development of gross domestic product (GDP) and its components.

At the Council meeting of 13 February 2026, the MoF informed the Council about the assumptions and revisions incorporated in the updated macroeconomic forecasts since June 2025, as well as about the current state of the national economy. The Council raised questions regarding the forecasting assumptions and the justification of specific indicators and received clarifications from the MoF.

The Council's mandate is to provide an opinion on the macroeconomic indicators within the scope defined in Article 20(1) of the Fiscal Discipline Law (the indicators are summarized in Table 3 at the end of this document). Taking into account the materials and explanations provided by the MoF, and based on internal deliberations, the members of the Council decided to endorse the forecasts.

### **Situation report**

The MoF forecasts for real GDP growth for 2026–2029 have been updated compared to the June 2025 projections. The forecast for 2030 has been prepared anew.

The MoF forecasts incorporate revisions to national accounts data by the Central Statistical Bureau (CSB) concerning gross domestic product, as well as unpublished CSB estimates of GDP outcomes for 2025.

The real GDP growth rates projected by the MoF for the period 2026–2030 do not exceed 2.7%, with average growth of 2.6% over the forecast horizon.

The inflation forecast reflects consumer price growth above the ECB's 2% reference value. For the period 2026–2030, average inflation is projected at 2.5%, with a peak of 2.9% expected in 2026, followed by a gradual moderation in subsequent years.

Table 1 summarizes the forecasts of the Bank of Latvia<sup>1</sup> (BoL), the European Commission<sup>2</sup> (EC), and the International Monetary Fund<sup>3</sup> (IMF). The latest BoL forecast was published in December 2025, the MoF forecast in February 2026, while the EC and IMF forecasts were published in November and October 2025, respectively.

	2025	2026	2027	2028	2029	2030
<b>Real GDP growth</b>						
MoF (2026.g. Feb.)	2,0	2,6	2,7	2,6	2,5	2,5
BoL(2025.g. Dec.)	1,7	2,8	2,9	3,2	-	-
EK (2025.g. Nov.)	1,0	1,7	1,9	-	-	-
IMF (2025.g. Okt.)	1,0	2,2	2,4	2,4	2,4	-
<b>Nominal GDP growth</b>						
MoF (2026.g. Feb.)	5,7	6,1	5,8	5,6	5,3	5,4
BoL(2025.g. Dec.)	-	-	-	-	-	-
EK (2025.g. Nov.)	-	-	-	-	-	-
IMF (2025.g. Okt.)	5,4	5,6	5,8	5,2	5,1	-
<b>Inflācija (CPI)</b>						
MoF (2026.g. Feb.)	3,7	2,9	2,6	2,6	2,3	2,3
BoL(2025.g. Dec.)	3,9	3,2	2,9	3,6	-	-
EK (2025.g. Nov.)	3,6	2,2	2,4	-	-	-
IMF (2025.g. Okt.)	3,4	2,5	2,0	2,6	2,5	-
<b>Deflator</b>						
MoF (2026.g. Feb.)	3,6	3,3	3,0	2,9	2,8	2,8
BoL(2025.g. Dec.)	-	-	-	-	-	-
EK (2025.g. Nov.)	4,8	3,6	2,5	-	-	-
IMF (2025.g. Okt.)	4,3	3,4	3,3	2,7	2,6	-

**1. Table of forecasts for key macroeconomic indicators of various institutions, %.**

The starting point of the forecast is the estimated GDP outcome for 2025. According to the MoF's preliminary estimate, real GDP growth in 2025 is projected at 2.0%, compared to 1.7% forecast by the Bank of Latvia (BoL). Thus, the MoF forecast is 0.3 percentage points higher than that of the BoL. Compared to the forecasts of the European Commission (EC) and the International Monetary Fund (IMF), the MoF projection for 2025 is also more optimistic, as both the

EC and the IMF foresee growth of 1.0%, which is 1.0 percentage point lower than the MoF estimate.

For 2026, the MoF projects real GDP growth of 2.6%. The Bank of Latvia expects slightly stronger growth of 2.8%, which is 0.2 percentage points higher than the MoF projection. In contrast, the EC forecast for 2026 is considerably more cautious at 1.7%, i.e. 0.9 percentage points below the MoF estimate, while the IMF projects growth of 2.2%, which is 0.4 percentage points lower than the MoF forecast. Therefore, for 2026 the MoF projection occupies a middle position between the more optimistic BoL forecast and the more cautious projections of the EC and the IMF.

<sup>1</sup> Makroekonomiskās prognozes | 2024. gada decembris | Latvijas Banka

<sup>2</sup> Statistics | Economy and Finance | European Commission

<sup>3</sup> World Economic Outlook, October 2025: Global Economy in Flux, Prospects Remain Dim

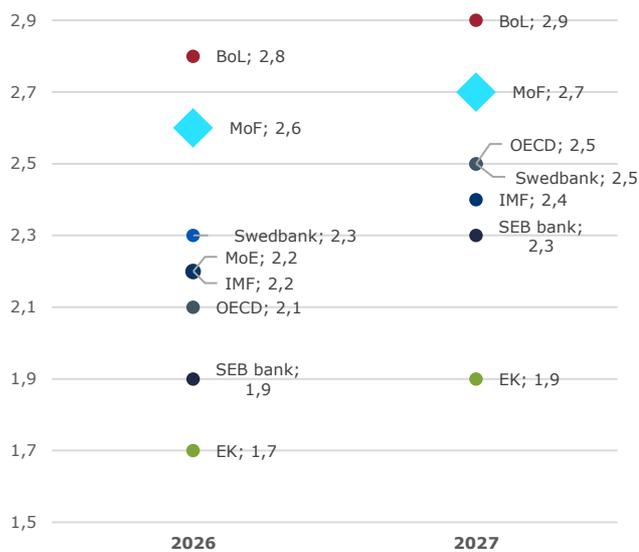
For 2027, the MoF expects an acceleration of growth to 2.7%. The Bank of Latvia’s estimate is slightly higher at 2.9%, while the EC forecasts 1.9% growth and the IMF 2.4%. The MoF forecasts inflation at 2.9% for 2026. This is lower than the BoL forecast of 3.2%, but exceeds the EC estimate of 2.2% by 0.7 percentage points. The MoF forecast is also 0.4 percentage points higher than the IMF projection of 2.5%.

In 2027, the MoF expects inflation to decline to 2.6%, while the Bank of Latvia projects 2.9%, the EC 2.4%, and the IMF 2.0%. Thus, the MoF inflation forecast for 2027 is lower than that of the BoL, but higher than the projections of the EC and the IMF.

Overall, for 2026 and 2027 the MoF forecasts can be described as balanced and cautiously optimistic. GDP and inflation projections are below those of the BoL, yet significantly above the more conservative forecasts of the EC and the IMF, particularly with regard to economic growth.

Figures 1 and 2 illustrate the position of the Ministry of Finance’s forecast in comparison with a broader group of forecasters, including commercial banks, the Ministry of Economics, the OECD, and the University of Latvia’s LV PEAK consensus forecast.

**Figure 1. Real GDP Growth Forecasts for 2026–2027**



**Figure 2. Inflation (CPI) Forecasts for 2026–2027**



Sources: BoL<sup>4</sup>, MoF<sup>5</sup>, Swedbank<sup>6</sup>, MoE<sup>7</sup>, IMF<sup>8</sup>, OECD<sup>9</sup>, SEB bank<sup>10</sup>, EK<sup>11</sup>, LU LV PEAK<sup>12</sup>

Figures 1 and 2 show that, compared to a broader range of forecasters, the MoF projections for GDP are closer to the more optimistic assessments. However, it should be noted that these forecasts incorporate the most recent statistical data, which may not yet be reflected in the projections of other institutions.

<sup>4</sup> BoL, December, 2025, [Makroekonomiskās prognozes | 2024. gada decembris | Latvijas Banka](#)

<sup>5</sup> IKP pieauguma prognoze 2026. gadam paaugstināta līdz 2,6%, straujāk augs arī algas un cenas | Finanšu ministrija

<sup>6</sup> [seo\\_november\\_2025\\_eng\\_final.pdf](#)

<sup>7</sup> [Latvijas makroekonomiskais apskats | oktobris 2025](#)

<sup>8</sup> IMF, October, 2025 - [World Economic Outlook, October 2025: Global Economy in Flux, Prospects Remain Dim](#)

<sup>9</sup> [Latvia: OECD Economic Outlook, Volume 2025 Issue 2 | OECD](#)

<sup>10</sup> [SEB Research](#)

<sup>11</sup> EC, Autumn forecasts, 2025 - [Statistics | Economy and Finance | European Commission](#)

<sup>12</sup> [LV PEAK BAROMETRS Nr 8.pdf](#)

With regard to inflation, the MoF's position can be described as moderate in comparison with other forecasters, although it is situated closer to the upper end of the forecast range. Overall, both for GDP and inflation, the dispersion of forecasts indicates that uncertainty remains elevated; nevertheless, the Ministry of Finance's projections lie within the overall range of estimates.

### **Economic Development in 2025 and Early 2026**

The Central Statistical Bureau (CSB) currently does not publish a flash estimate of GDP; the full GDP estimate for 2025 will be available on 27 February this year.

**GDP.** According to the CSB, in the third quarter of 2025 Latvia's gross domestic product (GDP), at 2020 constant prices, increased by 1.8% compared to the third quarter of the previous year (seasonally and calendar-adjusted data). Compared to the second quarter of 2025, economic output rose by 0.6%.

In the first three quarters of 2025, GDP increased by 1.6% overall. The strongest growth was observed in investment, which rose by 8.6%, indicating a high level of capital formation activity in the economy. Government consumption increased by 2.0%. Exports grew by 0.7%, reflecting rather moderate external demand. Household consumption increased by only 0.3%, pointing to cautious consumer sentiment.

**Investment.** According to the CSB, gross fixed capital formation (investment) increased in each quarter of 2025. On average, investment grew by 8.6% in the first three quarters, while in the third quarter growth reached 10.3%. The main components of investment were machinery, equipment and weapons systems. The second most significant category was construction investment, with civil engineering projects exceeding building construction.

**Lending.** Lending to businesses and households in Latvia has been increasing since the end of 2024. By the end of 2025, the credit portfolio had grown by 20.8% for businesses and 11.6% for households. This expansion was supported by declining interest rates and increased lending activity across sectors.

Household lending has grown steadily, primarily driven by mortgage loans, while corporate lending has not been concentrated in a single sector, indicating a broad-based rise in investment activity, particularly in technology. Corporate borrowing has also benefited from more favourable refinancing conditions and lower interest rates. It can be concluded that the government-introduced solidarity contribution mechanism provided an additional stimulus to lending activity, as the possibility to reduce the contribution amount encouraged banks to expand credit supply. Although the initial objective of the solidarity contribution was to provide additional financing for defence purposes, it also contributed to the expansion of lending in the economy.

**Industrial output** increased by 5.6% in the fourth quarter of 2025 compared to the same quarter of the previous year. Among subsectors, the strongest growth was recorded in electricity and gas supply (+6.8%) and manufacturing (+6.4%), while output in mining and quarrying declined by 20%.

Overall, industrial performance in 2025 was positive. Compared to 2024, total industrial output increased by 4.0%, while manufacturing output rose by 5.5%. Among the major sectors of the economy, strong growth was observed in wood processing (+6.3%), manufacture of building materials (+13.6%), rubber and plastic products (+8.0%), and food production (+9.6%).

**Construction.** In 2025, the construction sector in Latvia demonstrated stable and gradual growth. Construction output in the fourth quarter of 2025 was 9.9% higher than in the fourth

quarter of 2024. Over the year as a whole, construction output increased by 8.9% compared to the previous year. The dominant contribution to total construction output came from civil engineering projects, which expanded by an average of 29.1% in 2025 compared to 2024. Civil engineering thus represented the leading segment both in annual terms and in the fourth quarter, significantly influencing overall capacity utilisation in the construction sector.

In the building construction segment, output increased by 4% in the fourth quarter of 2025 compared to the corresponding period of the previous year. However, on an annual basis, growth was minimal, with total building construction output rising by only 0.9%.

In contrast, the specialised construction activities segment was most dynamic in the final quarter of the year, when output grew by 6.3%, marking the highest quarterly increase in 2025. Nevertheless, over the year as a whole, output in specialised construction activities increased by only 2.5%.

**Retail Trade.** According to non-seasonally adjusted data from the Central Statistical Bureau (CSB), retail turnover increased by 3.1% in the fourth quarter of 2025. Overall, retail turnover showed growth in the second half of 2025, while in the first half of the year it had declined compared to the corresponding period of 2024. On average, retail turnover increased by 1.4% in 2025, indicating very moderate household consumption.

**Goods Exports.** In 2025, the quarterly dynamics of goods exports were uneven. In the first three quarters of the year, export growth remained positive, ranging between 4.1% and 6% compared to the corresponding periods of the previous year. However, in the fourth quarter goods exports declined by 0.3%, reflecting a weakening of external demand towards the end of the year.

Overall, goods exports increased moderately by 3.7% in 2025 compared to 2024. The structure of exports showed differing trends across main markets. Exports to European Union countries rose by 5.6%, serving as the main driver of overall growth. Exports to other countries increased only marginally by 0.4%, while exports to CIS countries declined by 6.6%.

**Wages.** Currently available data cover the first three quarters of 2025. In the third quarter, average gross wages increased by 7.8%. In the public sector, wages rose on average by 7.1%, while in the private sector they increased by 8.1%.

Overall, in the first three quarters of 2025, average gross wages grew by 8.1%, including 7.0% in the public sector and 8.6% in the private sector.

However, real wage growth gradually slowed due to inflation: it stood at 7% in the first quarter, 6.6% in the second quarter, and 6.3% in the third quarter, thereby becoming a factor constraining the growth of household consumption.

**The unemployment** rate averaged 7% in 2025. It was slightly lower between March and June, but from July onwards it stabilised at no less than 7%. The registered unemployment rate was 2 percentage points lower, at 5%. Overall, both indicators point to stability in the labour market and relatively strong labour demand.

**The employment** rate averaged 64.4% in the first three quarters of 2025 and increased quarter by quarter, reaching 65.2% in the third quarter. This development reflects stronger economic activity, while in the longer term it is also associated with a gradual decline in the working-age population.

**Inflation.** In 2025, inflation in Latvia reached 3.7%. The main drivers were increases in food and non-alcoholic beverage prices, which rose by 6.2% over the year, significantly affecting the cost of living. The second most important source of price growth was the services sector, where prices increased by 5.8%. In services, price increases were largely driven by wage growth, which raised service providers' costs.

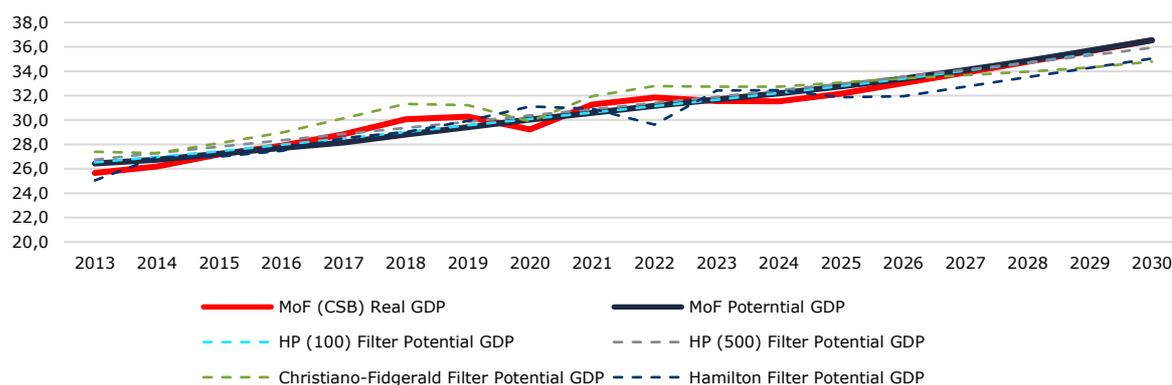
Particularly strong price increases were observed in education services, where prices rose by 10% in 2025. Prices also increased for recreation and cultural services, by 4.4%. An analysis of the most recent statistics for January indicates a certain moderation in inflation. In January, annual inflation declined to 2.9%. The increase in services prices slowed to 5.1%, while the rise in food and non-alcoholic beverage prices decelerated to 3.9%, which is significantly lower than the average increase recorded in 2025. However, inflation remained elevated in certain categories. In education services, prices increased by 9.8%. At the same time, January saw higher prices for utility services, including housing maintenance, water supply, and electricity, which rose by 6%, although for 2025 as a whole these prices had increased more moderately, by 3.4%. A disinflationary factor in January was the decline in transport-related costs by 2.2%, driven by lower retail fuel prices.

### **Assessment of the Latvian economic cycle**

The Council’s experts assess Latvia’s position in the economic cycle using several statistical filtering methods. The analysis applies the Hodrick–Prescott filter with smoothing parameters of 100 and 500, as well as the Christiano–Fitzgerald and Hamilton filters. These statistical techniques are used to distinguish between short-term and long-term fluctuations in GDP and to estimate the level of potential output, thereby allowing for a comparable assessment of the output gap relative to the MoF forecast.

Figure 3 illustrates that, over the period from 2013 to 2030, the potential GDP series derived using the HP (100) filter is closest to the MoF’s estimate. The series calculated using the Hamilton filter shows the greatest divergence from the MoF assessment. The Hamilton filter suggests both a sharper decline in potential GDP in 2022 — the year of the energy price shock — and a lower level of potential GDP in the medium term after 2025.

**Figure 3. Real GDP (actual and forecast), MoF estimate of potential GDP and Council estimates of potential GDP (HP 100, HP 500, Christiano–Fitzgerald and Hamilton filter methods)**



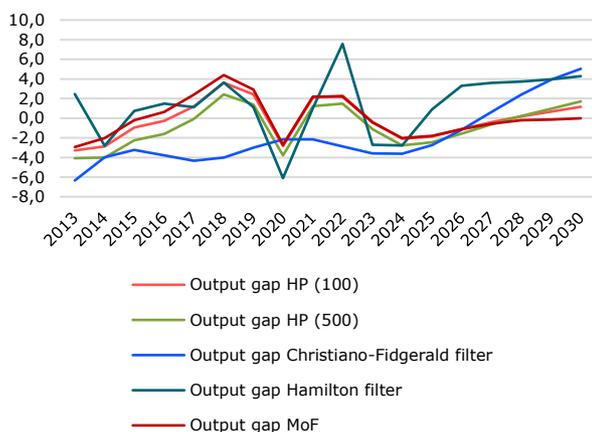
**Source: MoF and Council calculations**

Using the above-mentioned statistical filtering approach, alternative estimates of the output gap were derived. It can be concluded that, over the period from 2013 to 2030, the output gaps calculated using different statistical filters follow a trajectory broadly similar to that of the MoF data.

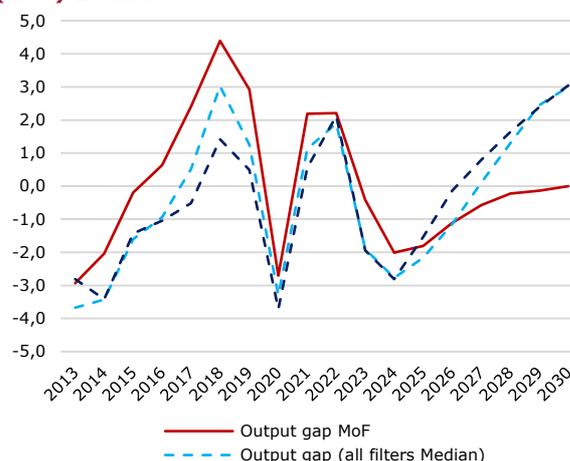
The output gap estimated using the Hamilton filter shows higher and positive values, whereas the output gap calculated using the HP filters (100) and (500) differs only marginally from

the MoF estimates. However, the HP-based estimates indicate a positive output gap (0.2% of GDP) starting from 2028 (see Figure 4).

**Figure 4. Output Gap Estimates: Comparison of Three Statistical Filters with the MoF Estimate**



**Figure 5. Comparison of Output Gap Calculation Results – Average and Median of Statistical Filters Compared with the Ministry of Finance (MoF) Estimate**



Source: MoF and Council calculations

Source: MoF and Council calculations

Figure 5 presents the median and average values of the output gap calculated using all statistical filters, compared with the MoF estimate. The median indicates a negative output gap in 2026; however, in subsequent years the output gap returns to positive territory. Both the average and the median of the filter-based estimates point to a negative output gap in 2026 (see Table 2).

**Given the current set of economic risks and persistent global uncertainty, the scope for long-term assessment of the output gap remains limited. The Council agrees with the MoF’s assessment of the output gap as reflecting the current economic situation. Nevertheless, in the coming years, taking into account the upward revision of growth forecasts, the Council expects that the output gap will not remain negative throughout the entire forecast period.**

**In addition, following consultations with experts from the Bank of Latvia, whose calculations indicate a positive output gap starting from 2027, the Council notes that alternative assessments also suggest a closing of the negative gap earlier in the forecast horizon.**

Table 2

**Output Gap: MoF Estimates and the Median and Average of the Council’s Statistical Filter Calculations**

	Output Gap MoF	Output Gap (all filters median)	Output Gap (all filters mean)
<b>2026</b>	-1,1	-1,2	-0,1
<b>2027</b>	-0,6	0,1	0,8
<b>2028</b>	-0,2	1,3	1,6
<b>2029</b>	-0,1	2,4	2,4
<b>2030</b>	0,0	3,0	3,0

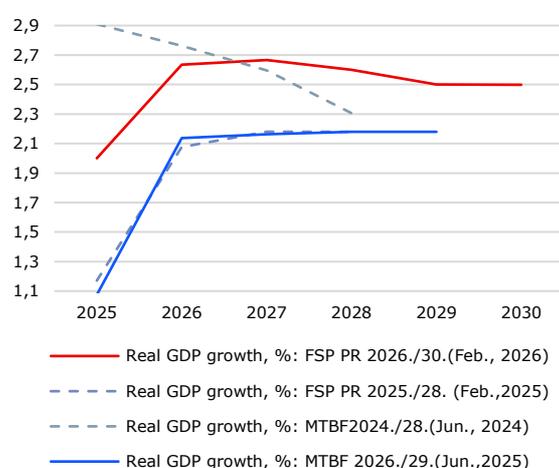
Source: MoF and Council calculations

**Comparison of current and previous MoF forecasts**

The following section provides a comparison between the forecasts prepared in June 2025 (MTBF 2026/29) and the current forecasts included in the FSP PR 2026/30. Based on recent economic developments and the assumptions underlying the MoF forecasts, the Council has decided to endorse the forecasts described below.

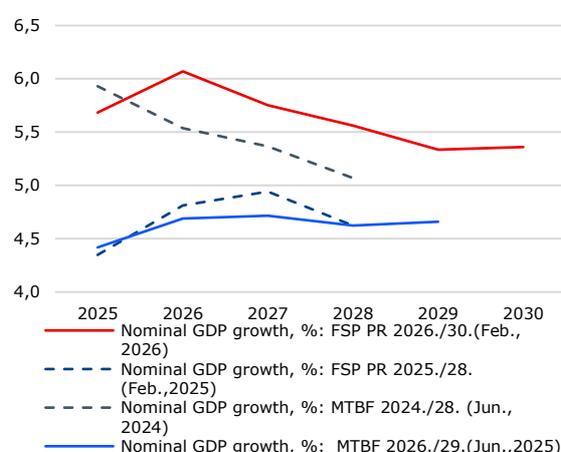
**The Council endorses the real GDP growth forecast for the five-year period from 2026 to 2030.** Compared with the June forecast (MTBF 2026/29), GDP growth rates have been revised upwards for all years of the forecast horizon — by 0.5 percentage points in 2026 and 2027, by 0.4 percentage points in 2028, and by 0.3 percentage points in 2029. For 2030, real GDP growth is projected at 2.5% (see Figure 6).

**Figure 6. Real GDP growth forecasts**



Source: MoF

**Figure 7. Nominal GDP growth forecasts**



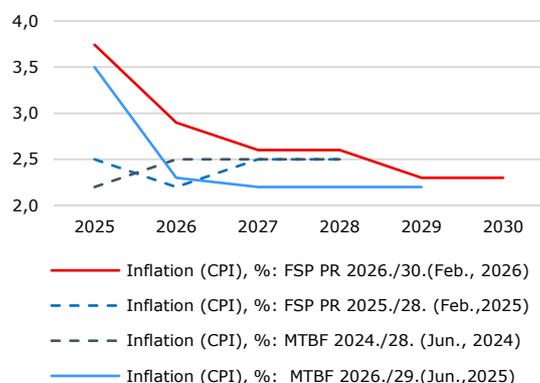
Source: MoF

**The Council endorses the nominal GDP growth forecast for the five-year period from 2026 to 2030.** Compared with the previous forecast, nominal GDP growth rates for 2026–2029 have been revised upwards — by 1.4 percentage points for 2026, 1.0 percentage point for 2027, 0.9 percentage points for 2028, and 0.7 percentage points for 2029. For 2030, nominal GDP growth is projected at 5.4% (see Figure 7).

**The Council endorses the updated inflation (CPI) forecast for the period 2026–2030.** Compared with the previous assessment, inflation dynamics for 2026–2029 have been revised upwards — by 0.6 percentage points for 2026, by 0.4 percentage points for both 2027 and 2028, and by 0.1 percentage point for 2029. This revision reflects a slightly higher assessment of price pressures in the medium term.

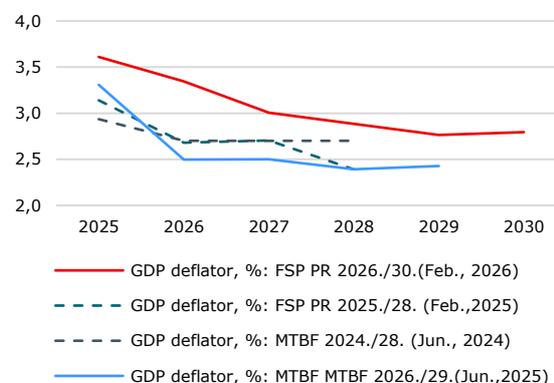
For 2030, the inflation forecast has been prepared anew and projects consumer price growth of 2.3% (see Figure 8).

**Figure 8. Inflation forecasts**



Source: MoF

**Figure 9. GDP deflator forecasts**



Source: MoF

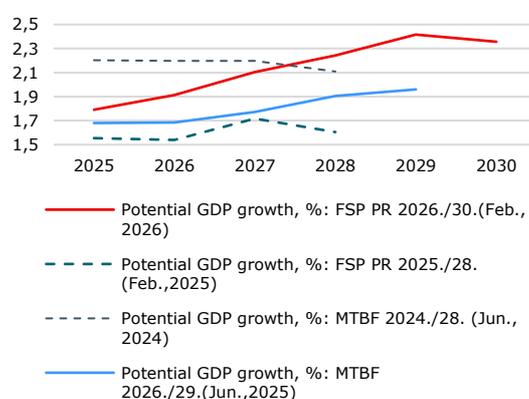
**The Council endorses the updated GDP deflator forecast for the period 2026–2030.**

Compared with the previous forecast, the deflator projections for 2026–2029 have been revised upwards — by 0.8 percentage points for 2026, by 0.5 percentage points for both 2027 and 2028, and by 0.3 percentage points for 2029. These revisions reflect a higher assessment of domestic price dynamics in the medium term. For 2030, the GDP deflator forecast has been prepared anew and projects an increase of 2.8% (see Figure 9).

**The Council endorses the potential GDP growth forecast for the period 2026–2030.**

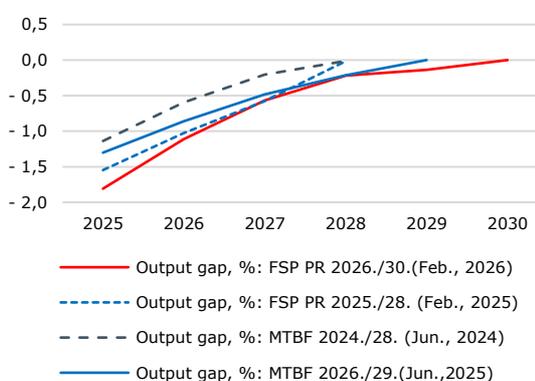
Compared with the previous assessment, the trajectory of potential growth for 2026–2029 has been revised upwards — by 0.2 percentage points for 2026, by 0.3 percentage points for both 2027 and 2028, and by 0.5 percentage points for 2029. The forecast indicates a slightly more favourable assessment of the economy’s structural growth potential in the medium term, with an increasing contribution from physical capital, while the contribution of labour to growth is expected to decline. For 2030, the potential GDP growth forecast has been prepared anew and projects growth of 2.4% (see Figure 10).

**Figure 10. Forecasts for potential GDP growth, %**



Source: MoF

**Figure 11. Output gap, % of potential GDP forecasts**



Source: MoF

**The Council endorses the updated output gap forecast for the period 2026–2030.**

Compared with the previous assessment, the output gap for 2026 has been revised downward by 0.3 percentage points, for 2027 by 0.1 percentage point, remains unchanged for 2028, and has been revised downward by 0.1 percentage point for 2029. **This reflects a conservative assessment of the economy's cyclical position in the coming years, despite the upward revision of GDP growth projections.** The closure of the output gap is forecast only in 2030 (see Figure 11).

**Conclusions**

- 1) Geopolitical tensions in the region have not diminished. At the same time, securing additional funding for defence expenditure during a period of modest economic growth poses challenges for the financing of other budgetary priorities, including healthcare, education, and infrastructure maintenance. Currently, fiscal rules are being complied with on the basis of the EU escape clause for defence expenditure. However, from 2029 onwards this clause will no longer apply. This necessitates timely planning to ensure the sustainability of financing sources for budgetary priorities.
- 2) In the context of external risks, concerns persist regarding global fiscal sustainability, particularly in the United States, where persistently high budget deficits and discussions about the international role of the US dollar contribute to uncertainty in financial markets, as also reflected in gold price developments. Additional vulnerabilities stem from the high debt levels of several major European economies, including France and the United Kingdom. These factors may affect global financial stability and borrowing costs. International media have also raised concerns about the risk of a new global financial disruption. Therefore, it remains essential to maintain fiscal prudence, adequate fiscal space, and a sustainable debt trajectory.
- 3) Risks related to the availability and adequacy of financing for several large-scale projects remain significant and may impose a substantial burden on the state budget, including airBaltic and Rail Baltica. There is considerable uncertainty regarding the potential need for further state support for these projects, which could create additional pressure on public finances. The impact of the state-owned airline airBaltic (under the supervision of the Ministry of Transport) on the general government budget amounted to EUR 340 million during the period 2020.–2022. After recording a profit of EUR 33.9 million in 2023, the company incurred losses of EUR 118.8 million in 2024, and losses of EUR 1.773 million in the first half of 2025. Stabilising the company's financial position requires raising additional capital through an IPO process or attracting a strategic investor.  
Risks related to the construction of Rail Baltica also persist. Project costs continue to increase annually, while implementation remains behind schedule. Under the TEN-T Regulation, the Rail Baltica project must be completed by the Baltic States by 2030.
- 4) A significant share of the current increase in investment in the economy is temporary and externally financed. Economic growth is largely supported by EU funds, including the Recovery and Resilience Facility (RRF), whose financing will gradually decline in the medium term, with the RRF financing period ending already in 2026. Excessive reliance on time-limited EU funding flows creates long-term fiscal vulnerabilities and may contribute to overheating in certain sectors of the economy. It is therefore necessary to strengthen domestic sources of growth in a timely manner and to ensure

that fiscal policy is structured in a way that supports sustainable economic development even in the absence of substantial external support.

- 5) Certain estimates suggest that the output gap could turn positive during the forecast period. The MoF forecasts also incorporate a more optimistic growth scenario than in the previous forecasting round, which may indicate a faster return to a situation in which the economy is no longer operating below potential. If the output gap becomes positive, this would imply that the economy is operating above potential, which in turn may require a more prudent fiscal stance in order to avoid additional procyclical stimulus. Moreover, pursuant to the correction mechanism set out in Article 11 of the Fiscal Discipline Law, in the event that corrective action becomes necessary, a positive output gap would constitute an additional argument in favour of implementing such correction.

Table3

## Indicators of macroeconomic forecasts approved by the Council,%

Macroeconomic indicators	2026	2027	2028	2029	2030
Real GDP growth	2,6	2,7	2,6	2,5	2,5
Nominal GDP growth	6,1	5,8	5,6	5,3	5,4
Inflation (consumer prices)	2,9	2,6	2,6	2,3	2,3
GDP deflator	3,3	3,0	2,9	2,8	2,8
Potential GDP growth	1,9	2,1	2,2	2,4	2,4
Output gap	-1,1	-0,6	-0,2	-0,1	0,0

Source: MoF