Estonia Quarterly Review Q3/2020

Estonian economy has shown relative resilience to the COVID-19 crisis.

The output decline has been one of the lowest in Eurozone during the first half of 2020, with a 3.3% yoy GDP decline in 2020H1.

According to our latest forecast, the **gross domestic product** is expected to decline by 5.5% in 2020 and then reverse to growth of 4.5% in 2021. Currently, the economic performance will mostly be determined by the spread of the coronavirus and the success of the preventative measures.

The **labour market** impact has thus far been lower than expected, largely due to the Governments' crisis supportive measures for employers and the overall economy.

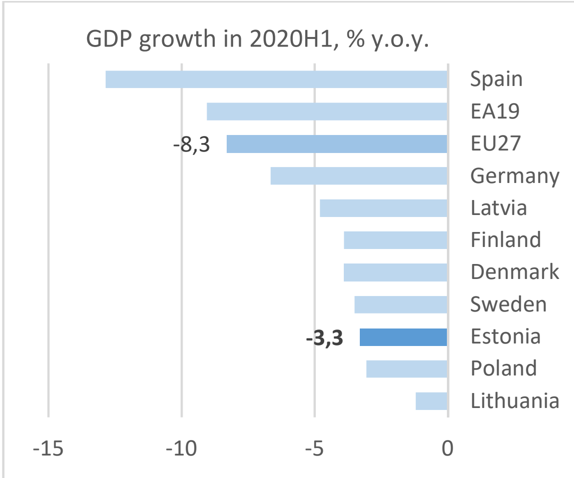
The general government budget deficit reached 3.8% of GDP in September 2020, largely driven by the coronavirus pandemic (this compares to a balanced budget a year ago).

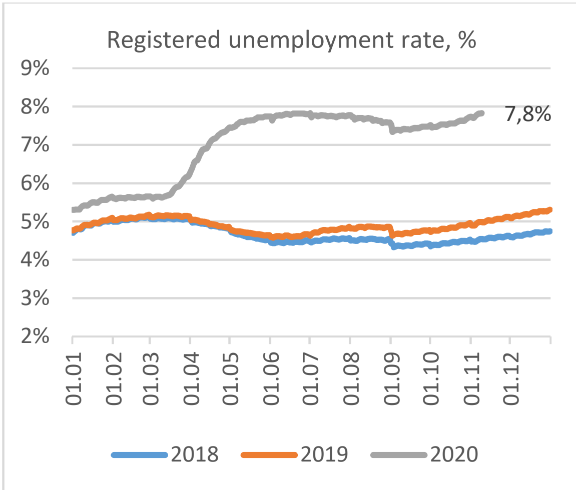
The **tax revenue** was in fact 2.8% higher in September 2020 compared to a year ago and 80.2% of the total supplementary budget revenue was collected during the first nine months of 2020.

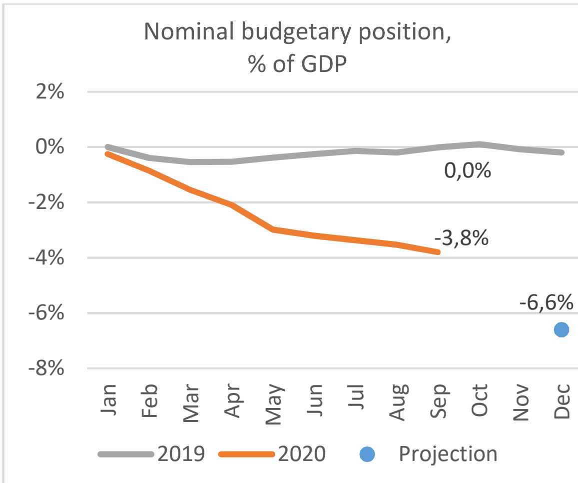
The forecast of the general governments **nominal budget deficit** for 2020 is 6.6% of GDP and 6.7% of GDP in 2021.

Estonia's credit ratings: S&P AA-, Moody's A1, Fitch AA-, all stable.
https://www.fin.ee/en/objectivesactivities/state-treasury/financial-reserves-and-liabilities/credit-ratings-estonia

Estonia's forecasted **financing need for 2021** is EUR 2.4 billion (8.4% of GDP), which will be covered through various debt instruments.







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