

**Latvia: 33 pct of businesses expect deflation in 2009 - Parex**

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Almost one third of **Latvia's** businesses or 32.8 percent believe that comparatively high inflation in **Latvia** could be replaced by general decline of prices in 2009, the latest **Parex** Index survey, conducted in the third quarter of 2008, suggests.

The organizers of the survey from **Parex** Bank told BNS that majority or 58.1 percent of the 750 businesses surveyed denied the possibility that the consumer price level in **Latvia** could decline in 2009. Meanwhile 9.1 percent of the businesses abstained from forecasts.

According to the survey, out of 26 groups of businesses, the big companies with over 250 employees are more convinced about the possibility of deflation in 2009, as 46.2 percent of the businesses confirmed that. The heads of the shared - **Latvian** and foreign capital are also quite convinced of deflation (45.8 pct).

Meanwhile companies with foreign capital are the least frequent forecasters of general decline of prices, as 67.6 percent of them assess such possibility negatively.

The authors of the survey say that comparatively high pessimism concerning deflation was registered for trading (60.7 pct) and manufacturing (60.6 pct) industry companies, proving that the managers of trading and manufacturing companies do not see the possibility to reduce prices or do not wish to reduce the prices of the products they produce or sell.

Parex Index is drawn up by surveying 750 businessmen of **Latvian** companies, representing various industries and sizes. It reflects the opinion of businessmen and forecasts for economic activity in the country as well as various indicators of the companies, for example, profitability, turnover, financial status, number of employees, amount of investment.

Parex Index is developed by **Parex** Bank in cooperation with SKDS polling station in early 2004.

Parex Bank is the second largest bank in **Latvia** by assets.

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