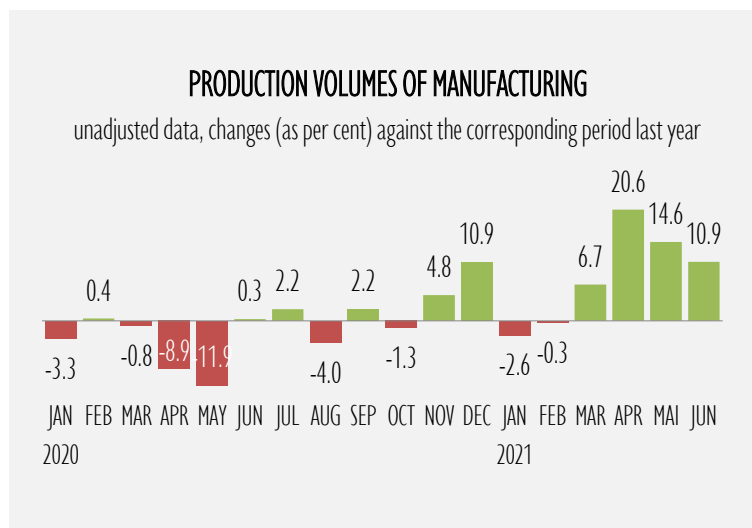


## On Manufacturing Output in June 2021

**In June 2021, rapid annual growth in manufacturing endured**

According to the Central Statistical Bureau (CSB), manufacturing output in June 2021 was 10.9% higher than a year ago (based on unadjusted data). Also, according to calendar adjusted data, output increased similarly. It should be noted that, contrary the growth in April and May 2021, manufacturing growth in June cannot be attributed to the base effect. Overall, in the first half of 2021, manufacturing output were by 8.9% higher than a year ago (according to unadjusted data).



In June 2021, similarly to May, annual growth was observed in almost all manufacturing sub-sectors. The largest sub-sector of manufacturing – i.e., wood processing - grew by 17.4%. The production of fabricated metal products (+ 13.7%), cars, trailers, and semi-trailers (+ 37.1%), machinery and equipment (+ 30%), and furniture (+ 31.8%) also made a significant positive contribution to the growth of the sector. Production volumes of other manufacturing sub-sectors also increased.

On the other hand, negative annual trends in manufacturing in June, similarly to the first five months of the year, were observed in metal production (-29.8%). Production volumes of the second largest sub-sector – i.e., food industry - also slightly decreased (-0.9%).

In June 2021, annual manufacturing turnover at current prices also grew rapidly. The volumes of products sold on the domestic market increased by 29.1%. However, the volumes of exported products increased even more rapidly - by 32.4%. Sales of wood processing products, as well as furniture production, grew markedly.

In the largest Latvian export market – the EU -, the economic situation continues to improve, and confidence indicators have reached the highest level in recent years. Stable demand allows Latvian manufacturing companies to maintain positive growth rates. Manufacturing continues to have the potential for growth, especially at the expense of rising exports.

As the epidemiological situation, supported by vaccination, improves, economic activity in manufacturing is picking up. Manufacturing continues to have the potential for growth, especially at the expense of rising exports.