

On Consumer Prices in November 2024

Month-characteristic price changes observed in November

According to the Central Statistical Bureau, in November 2024, the consumer price level increased by 0.2% compared to October. The increase was driven by goods, which saw a price rise of 0.4%, while services experienced a slight decrease of 0.3%. This month is characterized by a decrease in prices or very low inflation, largely due to seasonal factors.

The monthly price changes were significantly impacted by the increase in prices for personal hygiene products and beauty products, which, after the end of promotional offers, rose by 12.6%. This increase contributed 0.2 percentage points to the overall consumer price level, having the largest upward effect on prices in November. Additionally, price increases for cleaning and care products, as well as pharmaceutical products, collectively raised the overall consumer price level by 0.1 percentage points.

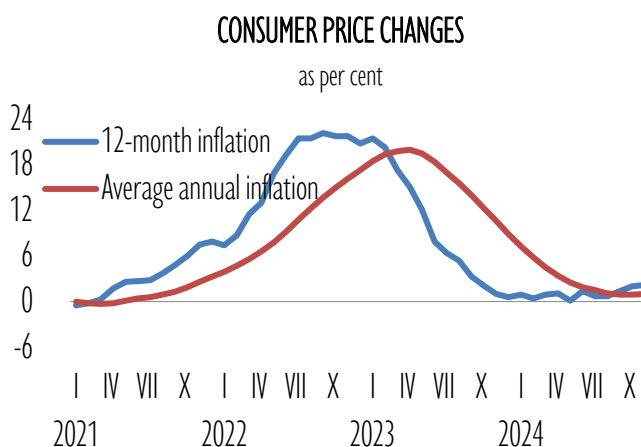
On the other hand, the largest downward effect in November came from the services sector, where prices fell by an average of 0.3%, reducing the overall price level by 0.1 percentage point. The decline in prices for passenger air transportation, complex leisure services, and accommodation services had the most significant decreasing impact. In contrast, the largest upward price changes within services came from the increased costs for accommodation in nursing homes for the elderly, housing maintenance and repair services, and mobile phone services.

Regarding energy resources and food products, there was little to no change in prices. In November, food prices decreased slightly by 0.1%, which is atypical for this month. Normally, food prices, especially for fresh vegetables, tend to rise. This year, the largest increase in food prices was seen in fresh vegetables, while fresh fruit prices fell significantly, contributing to the overall price decrease for food.

In summary, November 2024 saw low inflation with some seasonal fluctuations in prices. The most noticeable price increases were in personal hygiene and beauty products, while the services sector experienced price reductions, particularly in transportation and accommodation. Prices for food and energy resources remained largely stable, which helped to moderate the overall consumer price increase.

At the same time, global food prices continued to rise slightly in November, increasing by 0.5% month-on-month and 5.7% year-on-year compared to November 2023. The rise was driven by higher vegetable oil and dairy prices, which slightly outweighed the decline in meat, cereals, and sugar prices. The overall increase in the price index in November was primarily driven by a sharp rise in the vegetable oil price index. It increased for the sixth consecutive month, reaching its highest level since July 2022, mainly due to concerns about lower-than-expected global production, given excessive rainfall in Southeast Asia. The slight increase in the dairy price index in November was due to both a rise in milk powder prices, driven by a recovery in global demand and a seasonal decline in milk production in Western Europe, which was offset by rising seasonal milk production in Oceania, as well as an increase in cheese and butter prices, driven by strong demand and tight stocks in Western Europe.

In turn, after increases in the previous two months, the price indices for cereals and sugar declined in November. Global wheat prices fell as supplies from the ongoing harvest in the Southern Hemisphere increased, and harvest conditions improved for the 2025 harvest in some of the largest Northern Hemisphere exporting countries. The decline in the sugar price index was driven by the start of the season in India and Thailand, as well as easing concerns about next year's harvest



prospects in Brazil. Additionally, the fall in global sugar prices was also influenced by the weakening of the Brazilian real against the US dollar and lower crude oil prices. Meanwhile, the meat price index fell slightly for the third consecutive month, driven by a sharper decline in pork prices, which decreased for the fifth consecutive month as supplies from the EU increased amid weak domestic and external demand. Poultry prices also fell slightly, driven by strong export supplies from the main producing regions. Mutton prices decreased slightly, affected by currency fluctuations, despite strong international demand, while beef prices remained stable.

Housing-related energy prices fell by 0.2% overall. The largest impact came from a decline in electricity prices—by 1%—and heating prices—by 0.6%, with a slight decrease in solid fuel prices. However, natural gas prices rose by 5.6%, influenced by an increase in natural gas prices for the next trading period for services provided to households at a fixed price.

Fuel prices fell by 0.2% in November. Diesel prices decreased, while petrol prices rose. The fall in diesel prices had a greater impact than the rise in petrol prices.

The average monthly price of Brent crude oil in November also decreased by 3% compared to October, but at the end of November, compared to the end of October, the price of Brent crude oil remained practically unchanged. Oil prices fluctuated slightly in November, ranging between \$71 and \$75 per barrel. Oil prices were affected by the election of Donald Trump as president and concerns that a Trump presidency could lead to policies that might affect China's economy, potentially reducing its demand for oil, as China is the world's largest oil importer. Rising geopolitical tensions, with Ukraine carrying out its first missile strikes on Russia using US and UK weapons, and Russia retaliating by firing a hypersonic ballistic missile and threatening to use nuclear weapons, heightened concerns about the escalation of the conflict and its impact on global oil prices. Market participants also focused on the upcoming OPEC+ meeting in December, where the group is expected to consider postponing planned production increases to address concerns about a glut next year, driven by falling oil demand in China and rising production in the US, Brazil, and Canada. Meanwhile, tensions in the Middle East eased after Israel and Hezbollah reached a 60-day ceasefire agreement brokered by the US, alleviating concerns about potential disruptions to oil supplies from the Middle East.

In November 2024, consumer prices increased by 2.2% compared to November of the previous year. The annual average inflation rate was 1%. The main factors influencing price changes will continue to be fluctuations in global energy and food prices, as well as global developments. At the same time, inflation in Latvia is affected by various supply-side factors related to tax and tariff revisions, as well as demand-side factors driven by wage increases. Overall, the average annual inflation rate in 2024 is expected to be around 1.2%.