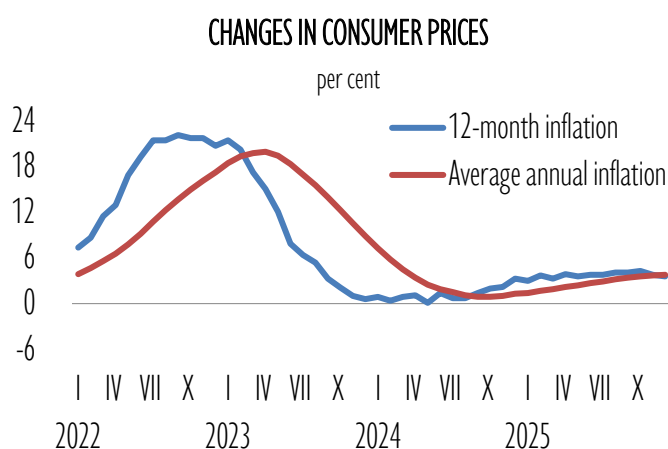


On Consumer Prices in December 2025 and in 2025 overall

Consumer prices increased by 3.5% in 2025, with a pronounced easing of price pressures in the final months of the year

In December, consumer price dynamics largely followed typical seasonal patterns—clothing and footwear usually become cheaper over the month, while food products and services become more expensive. However, this year food price pressures in December were significantly lower than usual.

According to the latest data published by the Central Statistical Bureau, in December 2025, compared with November, the consumer price level decreased by 0.1%. Prices of goods fell by 0.4%, while prices of services increased by 0.9%.



December is traditionally characterised by price declines or very low inflation, mainly due to seasonal factors. This year, the decrease in prices in December was driven most strongly by a significant reduction in alcoholic beverage prices (down by 3.3%), which also had the largest downward impact on the overall consumer price level, the seasonal price decline for clothing and footwear (down by 2.1%), and cheaper fuel (down by 1.2%). In contrast, the largest upward impact came from rising prices for services, particularly due to higher passenger air transport prices and tariff increases for water supply and sewerage services. Food and non-alcoholic beverage prices traditionally show a more pronounced increase in December; however, this year the increase was only 0.2%, one of the lowest since 2015. Even lower December inflation was recorded only in 2020 and 2023, when prices remained unchanged. Price increases were mainly driven by non-alcoholic beverages, especially coffee and fruit and vegetable juices, while food prices (excluding beverages) overall decreased by 0.3% over the month. The largest downward impact came from price declines for fresh fruit, butter, dried, salted or smoked meat, flour and other cereals. Prices of items included in the low-price basket decreased by 0.3% in December and by 1.1% since May of this year. This dynamic indicates uncharacteristically low food price changes for December and confirms that the memorandum initiative continues to reduce pressure on food inflation.

Overall, in 2025, consumer prices increased slightly faster than in the previous year. In December 2025, compared with December of the previous year, consumer prices rose by 3.5%. Price dynamics were influenced by fluctuations in global energy and food prices, as well as the still-unstable geopolitical environment, while changes in local tariffs also had a significant impact—particularly increases in tariffs for housing-related energy resources and services over the year.

In the **goods sector**, the largest upward impact in 2025 came from rising prices of food and non-alcoholic beverages. Overall, prices in this group increased by 4.2% over the year, raising the overall consumer price level by 1.1 percentage points. Prices increased in almost all major food product groups, except oils and fats and fruit. The greatest impact on the rise in the average price level came from higher prices for meat and meat products, especially poultry, as well as for non-alcoholic beverages, the most significant increase being for coffee.

Domestic changes in food prices are largely determined by price fluctuations in global markets. According to data from the Food and Agriculture Organization of the United Nations (FAO), global food prices increased between February and August 2025 but declined in January and in the final months of the year. Overall, in December 2025, compared with December of the previous year, global food prices were 2.3% lower. Price increases were recorded for meat and vegetable oils. Meanwhile, sugar and dairy product prices declined sharply, while the decline in cereal prices was more moderate.

The meat price index reached a historical high in September, then declined in October–December after eight months of growth. The vegetable oil price index was at its highest level since July 2022 in October, but also declined by the end of the year, while dairy product prices fell for the sixth consecutive month (previously, a decline had been recorded only in April 2024). The sugar price index dropped to its lowest level since December 2020, while for cereals it was at its lowest since August 2020 in October, rising slightly again by the end of the year. In 2025, rising meat prices were driven by strong global demand, particularly for beef and mutton, as well as periodic supply constraints in some regions, the impact of seasonal holidays, and export fluctuations in Brazil. Higher vegetable oil prices were driven by increases in palm, soybean, sunflower and rapeseed oil prices during the summer months due to strong import demand, growth in biofuel production and limited stocks. For dairy products, price increases in the first half of the year were driven by low inventories, declining production in Oceania and strong demand in Asian markets, followed later by a seasonal decline. In contrast, price declines for cereals were influenced by abundant harvests in Russia, Europe and the United States, as well as weaker import demand in global markets, while sugar prices were affected by record-high production in Brazil, favourable harvest forecasts in India and Thailand, and lower oil prices that reduced demand for bioethanol.

In 2025, price increases were observed for housing-related energy resources - electricity, gas and other fuels, raising the overall price level by 0.7 percentage points. The largest impact came from higher electricity prices, which rose by 13.5%, largely due to an increase in actual capacity maintenance charges for households with the “Basic” tariff plan and connection capacity up to 25 amperes from 1 January 2025, as state support was reduced in line with regulations on the maximum allowable tariff increase for households. It should be noted that the average electricity price in the Baltic region within the Nord Pool system in January–December 2025, compared with the corresponding period of the previous year, decreased by 1.3%, mainly due to significantly lower prices in the summer months as a result of increased renewable energy (wind and solar) production and cheaper imports following the restoration of the interconnection with Finland. However, a sharper price decline was limited by renewed price increases in February–April and October–November, when electricity prices again exceeded the level of the previous year - mainly due to transmission capacity constraints that limited import opportunities and thus reduced the potential for price decreases. Heat energy prices increased by 3.9% over the year, mainly due to tariff increases in Riga and several other municipalities from 1 October and 1 December, while in the remaining months prices fluctuated, decreasing overall by 1.4% in January–September and by 0.4% in November. Natural gas prices increased by 2.2%, mainly due to an increase in the excise duty rate on natural gas from 1 January and the revision of the universal tariff from 1 May, setting a higher price for households for the next trading period. In contrast, a downward tariff adjustment applied in November limited the increase by reducing prices for the next period. Conversely, prices for solid fuels decreased by 1.8%, driven by lower demand due to a warm winter, stable supply, and lower prices for wood raw materials and energy resources.

Although fuel prices traditionally have a significant impact on inflation, their impact in 2025 was minimal. Fuel prices in Latvia decreased by 1.6% over the year, reducing the overall price level by 0.1 percentage points. Fuel price increases at the beginning of the year, in April, June–July and October–November were offset by somewhat faster price declines in March, May, August–September and December. Prices fell more sharply for petrol.

It should be noted that global oil prices in December 2025, compared with December 2024, had declined by approximately 16%. Global oil prices rose sharply in 2025 only in January, when they were temporarily driven up by new US sanctions against Russia's energy sector and shrinking US oil inventories, and in June, amid rising geopolitical tensions in the Middle East and concerns about potential supply disruptions. Overall, oil price declines in the remaining months were mainly driven by lower global demand, increasing supply and OPEC+ plans to raise production, as well as signals of excess market supply. Over the year, the price of Brent crude oil fluctuated from approximately USD 82 per barrel in January to around USD 59 per barrel in December, stabilising at USD 60–65 per barrel in the final months.

Rising **service** prices had a significant impact on overall price growth in 2025. Service prices increased by 5.7% overall, raising the overall consumer price level by 1.5 percentage points. In the services sector, the largest upward impact on inflation came from price increases in housing-related services-all major groups of these services became more expensive, particularly water supply and sewerage services, housing management, rent, and maintenance and repair services. A significant impact also came from higher prices for outpatient services, driven by increases in dental and specialist medical service fees. Notable price increases were also observed for catering, recreation and cultural services-including television subscription fees, leisure and sports events - transport services, mainly passenger air transport, as well as telecommunications services. In contrast, prices declined for accommodation services and motor vehicle insurance.

Overall, **average annual inflation in Latvia in 2025 was 3.7%**. It is expected that the price level will remain stable in 2026 as well. Price changes will continue to be driven by fluctuations in energy and food prices in global markets, as well as geopolitical developments and the pace of global economic growth. Inflation in Latvia will also be influenced by supply-side factors-tax and regulated tariff revisions-as well as demand-side factors, supported by wage growth that increases household purchasing power. Overall, average annual inflation in 2026 will be lower than that observed in 2025-within a range of approximately 2.5-3%.