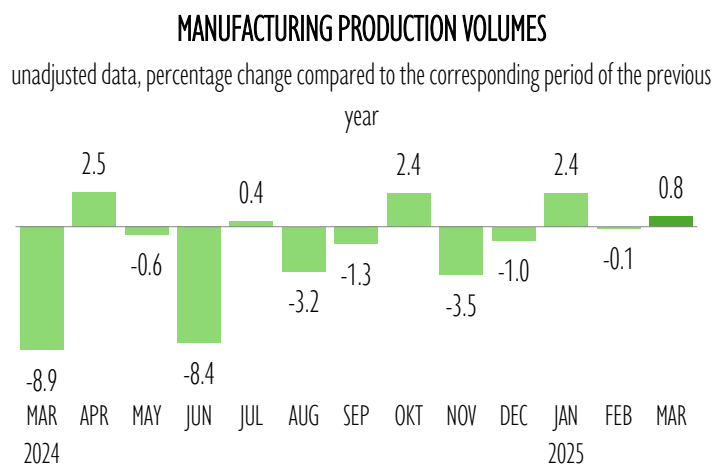


On Industrial Production Output in March 2025

Manufacturing output increased by 1% in the first three months

According to data from the Central Statistical Bureau, manufacturing production volumes in March 2025, compared with March 2024, increased by 0.8% based on unadjusted data, while according to calendar-adjusted data they decreased by 1.7%. Overall, in the first three months of the year, manufacturing production volumes were 1% higher than in the corresponding period a year earlier (based on unadjusted data).



By manufacturing sub-sectors, divergent development trends continue to persist.

In March of this year, on a year-on-year basis and according to unadjusted data, the most significant positive impact in manufacturing was recorded in wood processing (+9.2%), food manufacturing (+9.3%) and the manufacture of non-metallic mineral products (+22.7%). Production also increased in the manufacture of motor vehicles, trailers and semi-trailers (+10%), printing and reproduction of recorded media (+11.3%) and the manufacture of fabricated metal products (+3.2%). Meanwhile, production volumes decreased significantly in the chemical industry (-9%) and in the manufacture of computers, electronic and optical equipment (-6.7%).

In March, on a year-on-year basis, manufacturing turnover at current prices increased by 7.9%, driven by growth in the volume of products sold both on the domestic market and in exports - by 9.5% and 7%, respectively. The most significant increases were recorded in sales volumes of wood processing products, food products and non-metallic mineral products.

It is expected that in 2025, on a month-on-month basis, overall positive growth trends in manufacturing development will be maintained. This will continue to be supported by the recovery of demand in external markets and growth in export volumes. However, challenges will persist for companies whose activities remain closely linked to the markets of Russia and other CIS countries - these companies will need to continue restructuring cooperation directions, seeking new supply and sales markets. Meanwhile, industries oriented towards the domestic market will be largely influenced by developments in household purchasing power, which in the coming months could gradually improve due to wage growth, tax changes and price stabilisation.

At the same time, industrial development could be constrained by external risks, including possible new import tariffs in the US market, which may affect the competitiveness of Latvia's exporting companies. Overall, although forecasts are cautiously positive, it will be essential for the sector to maintain flexibility and the ability to adapt to changing global trade conditions.