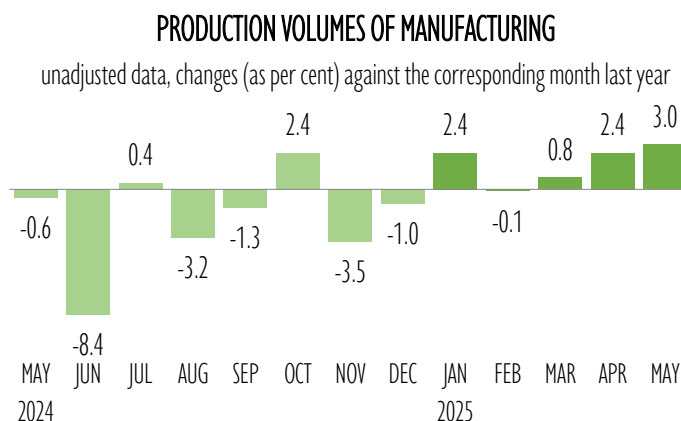


## On Manufacturing Output in May 2025

**Manufacturing output increased by 3% in May 2025**

**With the stabilization of demand in foreign markets and the growth of exports, stable expansion was also observed in the manufacturing industry in May.** In May 2025, compared to May 2024, according to unadjusted data, output increased by 3%, while according to calendar-adjusted data, it rose by 5.6%. In the first five months of the year, volumes were 1.8% higher than a year earlier.



It is expected that manufacturing as a whole will also show positive growth throughout the year. This will be supported by the recovery of demand in foreign markets and the increase in export volumes. At the same time, the industry's positive development will continue to be constrained by geopolitical uncertainty and potential U.S. import tariffs, which may affect the competitiveness of Latvian exporting companies. Overall, although the outlook remains positive, it will be important for the industry to maintain flexibility and the ability to adapt to changing global trade conditions. Challenges will persist for companies whose operations are still linked to the markets of Russia and other CIS countries – these companies need to continue restructuring their cooperation directions, seeking new supply and sales markets. Industries oriented towards the domestic market will also continue to make a positive contribution to growth. Their performance is determined by household purchasing power, including wage growth, tax changes, price stabilization, and other factors.

Different development trends persist across industrial sub-sectors. In May of this year, according to unadjusted data, the most significant positive impact on manufacturing came from the food industry (+2.7%) and the production of non-metallic mineral products (+11.9%). Production volumes also increased in the computer, electronic and optical equipment (+7.2%), machinery and equipment (+10.5%), and printing (+9.8%) sectors. In contrast, production volumes declined in woodworking (-1.9%), the chemical industry (-11.3%), and clothing (-25.8%).

In May, manufacturing turnover at current prices increased by 0.4% year-on-year, driven by a 1% rise in the volume of products sold for export. Meanwhile, the volume of products sold on the domestic market was 0.5% lower than a year earlier. The sales volumes of food products, machinery and equipment, electrical equipment, and non-metallic mineral products grew more notably.