

On Manufacturing Output in June 2025

Manufacturing industry sees fastest growth in three years in June 2025

With growing external demand and exports, manufacturing output in June experienced rapid growth. In June 2025, compared to June 2024, manufacturing output increased by 6.9%, according to both unadjusted and calendar-adjusted data. In the first half of the year, volumes were 2.7% higher than a year earlier.

The manufacturing industry is expected to maintain stable growth throughout the year. This growth will continue to be supported by demand in foreign markets and rising export volumes.

At the same time, positive industrial development remains constrained by geopolitical uncertainty and US import tariffs, which may affect the competitiveness of Latvian exporting companies. Overall, although forecasts are positive, it will be essential for the industry to maintain flexibility and adapt to changing global trade conditions. Challenges will persist for companies still operating in the markets of Russia and other CIS countries – these companies will need to continue restructuring their cooperation strategies and seek new supply and sales markets.

Industries oriented towards the domestic market also continue to contribute positively to growth. Their performance is influenced by household purchasing power, including wage growth, tax changes, price stabilization, and other factors.

Different trends are observed across industrial sub-sectors. In June 2025, according to unadjusted data, the two largest sub-sectors had the most significant positive impact on manufacturing growth – wood processing (+7%) and the food industry (+8.9%). Production also increased in non-metallic mineral products (+18.6%), rubber and plastics (+31.2%), and computer, electronic, and optical equipment (+11.4%). In contrast, production volumes decreased in the chemical industry (-9.5%), beverages (-11.5%), and fabricated metal products (-2.2%).

In June, manufacturing turnover at current prices increased by 6.4% year-on-year, driven by higher sales volumes both in the domestic market and in exports (by 7.4% and 5.7%, respectively). The most significant gains were observed in food products, wood processing products, and machinery and equipment.

Entrepreneurs' sentiment in July 2025 continued to improve in the manufacturing sector and was the most optimistic it has been in the past three years, according to the Central Statistical Bureau's business cycle survey data.

