

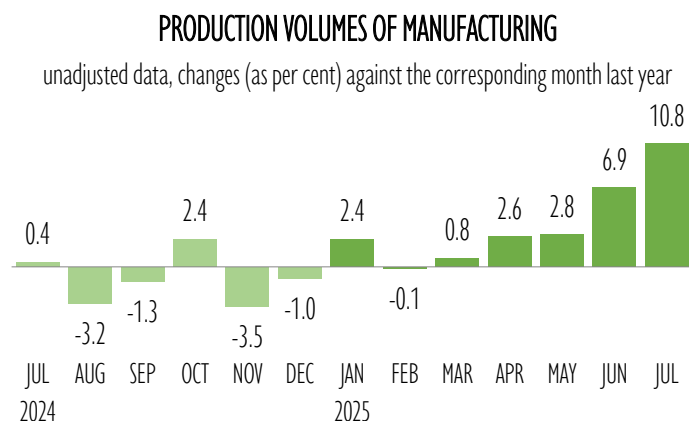
On Manufacturing Output in July 2025

Manufacturing continued to grow rapidly in July 2025

With growing external demand and exports, manufacturing output continued to rise rapidly in July 2025 for the second consecutive month.

Compared to July 2024, both unadjusted and calendar-adjusted data show a 10.8% increase in manufacturing output. Overall, in the first seven months of the year, volumes were 3.9% higher than a year earlier.

Stable growth in manufacturing is expected to continue in the coming months, and for the year as a whole, volumes are likely to exceed the 2024 level significantly. The expansion of manufacturing will continue to be supported by external market demand and rising export volumes.



At the same time, positive industrial development is constrained by geopolitical uncertainty and US import tariffs, which may affect the competitiveness of Latvian exporting companies. Overall, although the outlook is positive, the sector will need to maintain flexibility and the ability to adapt to changing global trade conditions. Challenges will remain for companies still operating in Russia and other CIS markets – these companies must continue restructuring their partnerships 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 increases, 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 again had the most significant positive impact on manufacturing growth – woodworking (+7.3%) and the food industry (+11.7%). Production volumes also increased in electrical equipment (+20.9%), automobiles and trailers (+33.4%), and computers, electronic and optical equipment (+13.5%). In contrast, clothing production volumes decreased (-22.7%).

In July, manufacturing turnover also grew significantly on an annual basis – by 11.9% at current prices. Sales volumes increased rapidly in both exports and the domestic market (by 13.6% and 9.1%, respectively). The largest gains were seen in the sales of wood processing products, food products, and electrical equipment.