

On consumer prices in October 2025

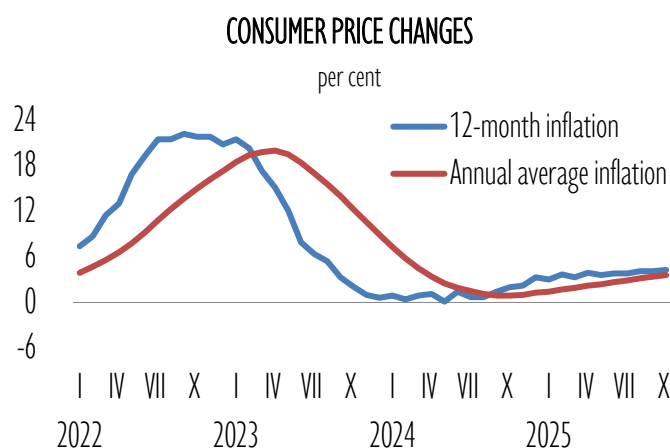
Moderate increase in inflation in October – lower food price pressure and weakened seasonal effects

In October, consumer prices increased, but overall price movements were typical for the month. This year, the increase was mainly driven by higher energy costs, while the dampening effect came from weaker seasonal factors and lower food price pressure.

According to the latest data published by the Central Statistical Bureau, in October 2025, compared to September, the consumer price level increased by 0.4%. Both goods and services prices grew by 0.4%.

October is traditionally characterized by an increase in consumer prices, mainly driven by seasonal factors. This year, the overall price increase was faster than in the previous two years, but more moderate than before the Covid-19 pandemic and the energy crisis, when October prices typically rose by 0.4–0.8%. The increase was largely determined by higher heating tariffs in Riga and several other municipalities, as well as rising prices for food, fuel, and air passenger services, whereas cheaper alcoholic beverages and personal care products limited the rise. The increase in food prices in October was the most moderate since 2020, when prices fell due to the Covid-19 crisis, and excluding that period, the lowest since 2014. Even within the basic food product groups included in the memorandum on price reduction, prices rose slightly in October, mainly in the vegetable segment due to seasonal factors. It should be noted that fresh vegetable prices increased very moderately compared to previous years, indicating that this initiative continues to help contain food inflation pressures. Meanwhile, both the weaker rise in food prices than usual this month and the atypical decline in clothing and footwear prices suggest a weakened seasonal effect.

In the **goods sector**, the largest upward contribution in October came from increased prices of housing-related energy resources, which raised the overall consumer price level by 0.3 percentage points. Prices increased for all major types of energy resources except natural gas, which remained unchanged. The biggest impact came from a 4.4% increase in heating prices, primarily driven by the new tariff of AS “Rīgas Siltums” entering into force on 1 October, as well as tariff increases in several other municipalities. With the start of the heating season, electricity prices rose by 1.5% and solid fuel by 2.6% in October. The increase in electricity prices was driven by higher exchange prices, which raised tariffs linked to electricity market rates. In addition to the impact of the heating season, price growth was also determined by lower electricity generation from renewable energy sources (reduced solar and wind output) and decreased electricity flows from the Nordic countries due to technical issues and interconnection maintenance.



Prices of food and non-alcoholic beverages increased by 0.5% in October, which raised the overall consumer price level by 0.1 percentage points. The increase was mainly driven by higher prices for fresh vegetables, bread, fish, and dairy products, while the largest downward effect came from lower prices for oils, fats, and pork.

World food commodity prices fell for the second consecutive month in October by 1.6%, and over the year, compared to October 2024, declined by 0.3%. The overall decrease was driven by lower sugar, dairy, meat, and cereal prices, which outweighed the increase in vegetable oil prices. Sugar prices fell to their lowest level since December 2020, driven by expectations of sufficient global supply: high production in Brazil and expected larger harvests in India and Thailand, as well as lower oil prices reducing bioethanol demand. Dairy prices fell for the fourth consecutive month. Prices declined across all product categories, reflecting abundant export supply from the EU and New Zealand, supported by favorable weather and weak demand from Asia and the Middle East. Meat prices fell after eight months of growth, mainly due to lower pork and poultry prices. Pork prices declined due to ample supply and reduced import demand from China following new tariffs on EU products. Poultry prices fell as China's trade restrictions related to bird flu forced Brazilian exporters to re-route supplies to lower-price markets. Meanwhile, beef prices continued to rise driven by stable global demand. Cereal prices fell for the sixth consecutive month across all major groups due to good harvest prospects and sufficient global supply. In contrast, vegetable oil prices rose, pushing the index to its highest level since July 2022, driven by price increases for palm, rapeseed, soybean, and sunflower oils. Palm oil prices rose slightly due to expectations of reduced exports from Indonesia, despite higher production in Malaysia. Sunflower oil prices continued to rise for the fourth consecutive month due to limited supply and a late harvest, while rapeseed and soybean oils rose due to low stocks in Europe and stronger demand in Brazil and the United States.

After two months of decline, fuel prices increased by 0.8% in October, raising the overall consumer price level by 0.05 percentage points. The increase was similar for both diesel and petrol.

By contrast, world crude oil prices fell overall in October. The average monthly price of Brent crude oil decreased by about 5% compared to September, although at the end of the month it was 3% lower than at the end of September. Price dynamics in October were driven by opposing supply and demand factors: concerns about global oversupply and weak demand continued to put downward pressure on prices, while geopolitical events and sanctions risks affecting Russia's oil sector caused temporary increases. During the month, Brent crude prices fluctuated in the range of USD 61–66 per barrel. At the beginning of the month, prices fell as markets reacted to the OPEC+ decision on limited production increases, which were smaller than expected and failed to ease concerns over high supply and weak demand growth. Downward pressure on prices was compounded by rising supplies from Venezuela, the resumption of oil flows from Kurdistan through Turkey, and higher stock levels in the US and China. Mid-month, prices fell to a six-month low following forecasts from the International Energy Agency of rising market surplus and stronger production growth in the US, Canada, and Brazil, while reducing demand forecasts. At the end of the month, volatility returned when US sanctions on Russia's "Rosneft" and "Lukoil" temporarily raised prices on fears of supply disruptions, although this effect was quickly offset by news of high US production and expectations of a possible OPEC+ output increase, stabilizing prices around USD 65 per barrel at the end of October.

A significant impact on overall consumer prices also came from a 1.5% increase in prices for household furnishing and maintenance goods, which raised the overall price

level by 0.05 percentage points. This was mainly driven by higher prices for cleaning and maintenance products as well as household furniture.

The largest downward effect in October came from a 2.3% decrease in alcoholic beverage prices, which lowered the overall consumer price level by 0.1 percentage points, with prices falling across all alcoholic beverages except beer. The price reduction was likely driven by lower seasonal demand following the summer period and retailers' baseline price adjustments in response to limited sales after the introduction of trading hour restrictions and increased market competition.

A notable price decline in October due to promotions was also observed in personal hygiene products and cosmetics — by 4.1%, reducing the overall price level by 0.1 percentage points.

Meanwhile, clothing and footwear prices fell by 0.8% in October, which, similar to last year, is an atypical development for this month. This was likely driven by lower demand and an earlier start of autumn–winter sales, suggesting retailers' attempts to stimulate sales amid competitive conditions. Apart from last year's decline, the only similar case in this month was in 2021, when prices fell due to Covid-19 restrictions.

Service prices increased on average by 0.4% in October, raising the overall price level by 0.1 percentage points. The largest upward effect came from higher air passenger transport prices, likely driven by reduced flight frequencies in the winter schedule, increased demand in mid-autumn (business travel and school holiday trips), as well as the end of promotional offers when airlines offered discounts in September to fill winter season capacity. Additional upward pressure came from higher prices for outpatient medical services in specialist and dental segments. Meanwhile, the largest downward impact on overall prices came from lower accommodation prices, continuing due to the end of the tourist season and lower guest activity in lodging establishments.

In other goods and services categories, monthly price fluctuations did not significantly affect the overall consumer price level.

In October 2025, compared to October of the previous year, consumer prices increased by 4.3%. Average annual inflation was 3.6%.

Going forward, price developments in Latvia will continue to be significantly affected by global price fluctuations and the world economic situation, especially the geopolitical environment and its impact on energy and food prices. In 2025, average annual inflation is expected to be around 3.8%.