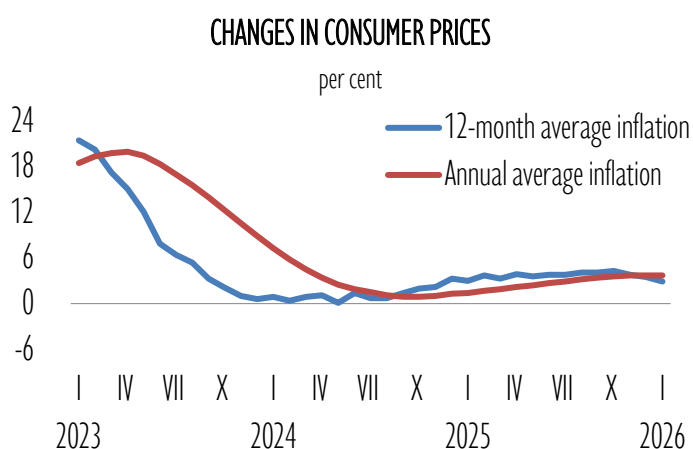


On Consumer Prices in January 2026

Consumer price dynamics continued to stabilise in January – lower food price pressure and a decline in service prices

In January, price dynamics uncharacteristic for the month were observed – a sharp decline in service prices and lower food price pressure limited the increase in prices traditionally typical for January.

According to the latest data published by the Central Statistical Bureau, in January 2026, compared to December 2025, the consumer price level remained unchanged. For goods, it increased by 0.3%, while for services it decreased by 0.8%.



January is traditionally characterised by an increase in prices, mainly determined by changes in tax rates and regulated tariffs, which usually come into force at the beginning of the year. This January, however, the consumer price level remained unchanged – a similar situation had previously been observed in 2022 and before that in 2018, when prices in January also remained unchanged. Price dynamics this year were influenced most by the increase in prices of housing-related goods and services typical for January, driven by higher electricity prices and tariffs, an increase in natural gas tariffs and excise duty, as well as a higher natural resources tax rate for waste collection services. At the same time, the overall increase in goods prices was largely offset by lower service prices typical of the winter season – passenger air transport, recreation and accommodation services. Prices for food and non-alcoholic beverages are also usually characterised by a seasonal increase in January; this year, however, it was the most moderate increase in this month since 2018. As usual, the most significant upward effect also this year came from the seasonal increase in fresh vegetable prices. Similarly, prices of goods included in the low-price basket also increased slightly overall in January, mainly in the vegetable segment due to seasonal factors, but compared to May 2025 they were still 0.6% lower. Overall, the more moderate increase in food prices than usual confirms that the initiative is still helping to ease pressure on food inflation.

In the **goods sector**, the largest upward effect in January came from the increase in prices of housing-related energy resources, which together increased the overall consumer price level by 0.3 percentage points. The greatest effect came from an increase in electricity prices by 7.3% and natural gas prices by 6.2%. The increase in electricity prices was driven both by the actual increase in capacity maintenance charges for households on the “Basic” tariff plan with a connection capacity of up to 25 amperes, following the expiry of the state support introduced in 2023 to limit tariff increases, and by the increase in electricity prices on the exchange. Exchange prices increased due to higher consumption, reaching the highest level in recent years, mainly influenced by colder and less windy weather conditions. Meanwhile, the increase in natural gas prices was driven by the new distribution tariffs introduced from 1 January and the increased excise duty rate on natural gas. Prices also increased moderately for thermal energy – by 0.4%, and for solid fuels – by 0.7%.

After a sharp decline in the final months of the previous year, prices of alcoholic beverages increased in January – by 1.9%, raising the overall consumer price level by 0.1 percentage points. Price increases were observed in all groups of alcoholic beverages, but the greatest upward effect came from higher prices of spirits. The increase in prices was mainly determined by the end of seasonal promotions after the holiday period.

Prices for food and non-alcoholic beverages increased by 0.3% in January, raising the overall consumer price level by 0.1 percentage points. The increase in prices was mainly driven by higher prices

of fresh and chilled vegetables, as well as meat, while the most significant downward effect came from the decline in coffee prices.

World food prices continued to decline in January for the fifth consecutive month – by 0.4%, and were 0.6% lower than a year earlier. The overall decline in prices was determined by lower prices of dairy products, meat and sugar, which outweighed the increase in prices of cereals and vegetable oils. Dairy product prices declined most sharply in January, falling for the seventh consecutive month. The decline was mainly driven by lower prices of cheese and butter, supported by stronger competition on the world market, high supply in Europe and the United States, accumulated stocks and seasonally greater availability of milk fat. Meanwhile, milk powder prices increased slightly due to renewed import demand in the Middle East, North Africa and parts of Asia, although this was not enough to offset the overall decline in dairy prices. Meat prices overall declined in January, mainly due to lower pork prices, which were driven by weak global demand and ample supply in Europe, including the release of stocks after the year-end holidays. Beef and lamb prices remained relatively stable, while poultry prices increased, supported by strong global demand and higher prices in Brazil. Sugar prices, after increasing in December, declined again in January, driven by expectations of a substantial increase in global supply – the anticipated recovery in production in India, favourable harvest prospects in Thailand and an overall favourable supply situation in Brazil in the 2025/2026 season. Cereal prices remained relatively stable in January. Wheat prices declined only slightly, as strong exports from Australia and Canada, as well as concerns about weather conditions in the United States and Russia, were offset by favourable harvest prospects in Argentina and large global stocks. Maize prices continued to decline moderately despite demand for bioethanol in the United States and weather-related risks in South America. Rice prices, by contrast, increased in January, driven by stronger demand, especially for aromatic varieties. Contrary to previous months, prices of vegetable oils increased more sharply in January, driven by higher prices of palm, soybean and sunflower oils – reflecting seasonally lower production prospects in Southeast Asia, more limited supply in South America and stable demand for biofuel production in the United States. Rapeseed oil prices, however, declined slightly due to good availability in the EU.

The largest downward effect in January in connection with seasonal sales came from the decline in prices of clothing and footwear (a decrease of 4.4%), which reduced the overall consumer price level by 0.25 percentage points.

Fuel prices also continued to decline in January – by 3.0%, reducing the overall consumer price level by 0.1 percentage points. The decline in prices was similar for both diesel fuel and petrol, and was mainly driven by the decline in oil prices at the end of the previous year, the impact of which on retail fuel prices usually appears with a certain time lag.

Meanwhile, on the global oil market, prices overall rose sharply in January, indicating possible increased pressure on fuel prices in the coming months. Compared to December, the average monthly Brent oil price increased by around 5%, and by the end of the month it was 16% higher than at the end of December. Price dynamics in January were mainly driven by increasing geopolitical risks and temporary supply disruptions, which for a time overshadowed concerns about a global oil supply surplus. At the beginning of the month, oil prices still remained low due to ample supply, seasonally weaker demand and the forecast market surplus. However, already in the first half of the month prices rose sharply, as tensions in the Middle East escalated and concerns increased about possible supply disruptions, especially the security of shipping through the Strait of Hormuz. Additional support for prices also came from political instability in Venezuela, tighter sanctions against Russian oil exports and production disruptions in Kazakhstan. At the end of the month, oil prices continued to rise, amid stronger concerns about possible oil supply disruptions due to worsening US-Iran relations, an increased military presence in the region and uncertainty over the further development of the conflict. These factors kept the risk assessment on the market elevated, and the Brent oil price at the end of the month reached the highest level in several months, despite still-persisting concerns about excess supply in annual terms.

Service prices overall declined in January by an average of 0.8%, reducing the overall price level by 0.2 percentage points. The largest downward effect in January came from the decline in passenger air transport prices after the holiday period, due to lower demand and widespread promotions. Additional decreases were driven by lower prices of accommodation and package holiday services, as travel activity

weakened after the year-end period. Meanwhile, the greatest upward effect on the overall price level came from higher prices of housing-related services – increases in housing management charges and waste collection service prices. The increase in waste collection service prices was mainly driven by the higher natural resources tax rate on waste disposal in landfills. A significant effect also came from the increase in prices of outpatient care services, driven by higher prices of dental services and outpatient medical treatment and rehabilitation services.

Price fluctuations in other groups of goods and services did not significantly affect the overall price level in the past month.

In January 2026, compared to January of the previous year, consumer prices increased by 2.9%. Average annual inflation was 3.7%.

Going forward, price changes in Latvia will continue to be determined by fluctuations in energy and food prices on global markets, as well as by geopolitical developments and the pace of growth in the world economy. Inflation in Latvia will additionally be influenced by supply-side factors – revisions to taxes and regulated tariffs – as well as by the demand side, supported by wage growth, which will increase household purchasing power. Overall in 2026, average annual inflation is expected to be in the range of 2.5–3%.