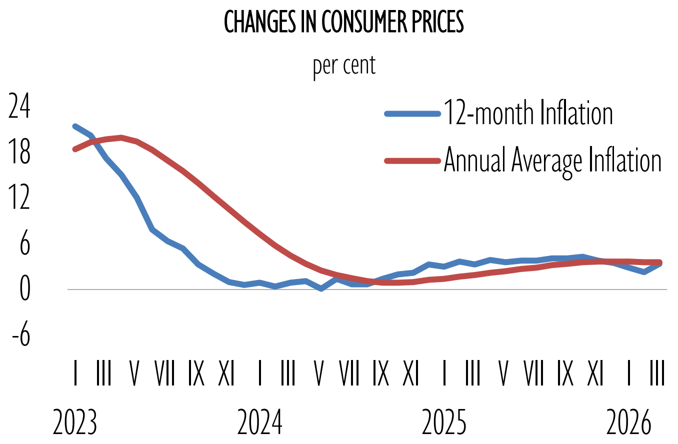
On Consumer Prices in March 2026

Inflationary pressure increases in March – rising fuel prices determine the overall price dynamics, while food prices remain moderate

In March, price dynamics were determined by a sharp increase in fuel and service prices, while lower electricity prices and the still moderate dynamics of food prices partly limited the overall rise in inflation.

According to the latest data published by the Central Statistical Bureau, in March 2026, compared with February, the consumer price level increased by 1.9%. Prices of goods increased by 2.0%, while prices of services increased by 1.8%.



In March, the consumer price level traditionally rises more rapidly than in other months of the year – by an average of 0.7–1.2%. This year, the price fluctuations characteristic of the month were also observed. However, the overall price increase in March was the fastest since 2022, while before that a faster increase was recorded only in 1995. The greatest impact came from the rise in fuel prices, which was driven by the sharp increase in oil prices on the global market due to geopolitical tensions. Excluding the increase in fuel prices, the overall consumer price level would have risen by approximately 1%, which would correspond to the price dynamics characteristic of the month. A more rapid price increase was also observed in the services sector, particularly in package holidays and passenger air transport, and it was the fastest monthly rise in service prices since the beginning of 2009. At the same time, pressure on prices was reduced by the very moderate dynamics of food prices – the increase in the prices of food and non-alcoholic beverages this March was the most moderate in the last five years. Overall, the prices of goods included in the low-price basket decreased by 0.1% over the month, as a steeper decline was limited by price increases for vegetables, butter and fresh berries. At the same time, compared with May 2025, they have decreased by 0.7%. Overall, food price dynamics indicate that the memorandum initiative continues to help reduce pressure on food inflation. This is also confirmed by a comparison of the Baltic States – since the introduction of the memorandum in Latvia, the overall increase in consumer prices has been more moderate than in the neighbouring countries, while the prices of food and non-alcoholic beverages have even decreased during this period. At the same time, food prices have increased substantially in Estonia and Lithuania, indicating relatively lower price pressure in Latvia.

At the same time, it should be noted that in March the escalation of the military conflict in the Middle East already had a significant impact on global energy markets, causing a sharp rise in oil prices and increasing fuel prices in Latvia as well. This was directly reflected in consumer price dynamics, particularly in the transport component, and partly affected the prices of travel-related services. Given that the pass-through of energy prices to other groups of goods and services usually occurs with a time lag, additional cost pressure is expected in the transport, logistics and energy-intensive sectors in the coming months. If energy prices remain high, this may subsequently contribute to price increases across a broader range of goods and services, raising the overall inflation rate and limiting growth in household purchasing power in the short term.

In the goods sector, the largest upward impact in March came from the 21% increase in fuel prices, which raised the overall consumer price level by 0.9 percentage points. The greatest impact came from the increase in diesel fuel prices.

On the global oil market, prices rose sharply in March and remained highly volatile. The price of Brent crude oil increased by approximately 42% over the month, reaching its highest level since 2022. Price dynamics were mainly determined by the escalation of the military conflict in the Middle East, which significantly disrupted supplies and restricted oil flows through the Strait of Hormuz – one of the most important global oil transport routes. At the beginning of the month, prices rose sharply in response to attacks on energy infrastructure and reduced oil production in several countries in the region. Concerns about substantial supply disruptions intensified in the market, as tanker traffic was restricted and the volume of exported oil decreased. In the middle of the month, prices exceeded USD 110 per barrel, reflecting high geopolitical risks and market expectations of more prolonged supply disruptions. At the same time, the rise in prices was partly limited by international measures to stabilise the market, including the use of strategic oil reserves and signals regarding a possible easing of sanctions in order to maintain supplies. At the end of the month, as hopes of a de-escalation of the conflict emerged, prices retreated slightly from their daily peaks but remained at a very high level.

This March, as in other years following the end of winter sales, prices of clothing and footwear increased substantially – by 5.7%, raising the overall consumer price level by 0.3 percentage points. At the same time, it should be noted that the increase in clothing and footwear prices in March this year was the lowest since 2012.

Due to the increased excise duty on alcoholic beverages from 1 March 2025, prices of alcoholic beverages and tobacco products increased by 3.4%, raising the overall consumer price level by 0.2 percentage points. The greatest impact came from price increases for spirits and wine, while cigarette prices also increased substantially.

Following the end of promotional offers, prices of personal care products and articles also increased by 3.1% in March, raising the overall consumer price level by 0.1 percentage points.

Prices of food and non-alcoholic beverages remained practically unchanged in March – increasing by 0.1%, which had a minimal impact on the overall consumer price level. The greatest upward impact came from price increases for meat products, vegetables and butter. Meanwhile, the most significant downward impact came from price decreases for cheese, pork, bread and flour confectionery products, as well as coffee.

Global food prices continued to increase for the second consecutive month in March – by 2.4% – and were 1.0% higher than a year earlier. The overall rise in prices was determined by increases in all major product groups, which, in addition to fundamental market factors, were also supported by higher energy prices related to the escalation of the conflict in the Middle East. Sugar and vegetable oil prices increased most rapidly in March, mainly due to higher oil prices, which increased demand for bioethanol and biofuel production. Additional pressure was also caused by concerns about possible trade disruptions and supply constraints in certain regions, including the Black Sea region, while the rise in sugar prices was partly limited by favourable global supply prospects. Cereal prices increased in March, mainly due to higher wheat prices caused by drought risks in the United States and an expected reduction in sowing areas in Australia. The rise in meat prices was mainly driven by higher pork prices due to seasonally stronger demand in Europe, as well as an increase in beef prices due to limited supply, while prices of sheep meat and poultry remained stable or decreased. Dairy product prices increased in March for the first time since the summer of 2025, mainly due to higher prices of milk powders and butter, supported by stable demand and seasonally lower supply, while cheese prices continued to decline due to greater supply and weaker demand in Europe.

The largest downward impact in March came from the decline in the prices of housing-related energy resources, which reduced the overall consumer price level by 0.2 percentage points. The greatest impact came from the 5.4% decrease in electricity prices. This was caused by a decline in exchange prices, reducing tariffs linked to electricity prices. The price decline was supported by increased output from wind, solar and hydroelectric power plants, as well as a seasonal reduction in electricity consumption due to higher air temperatures and a greater number of daylight hours. Prices of solid fuels decreased very moderately – by 0.6%; natural gas prices remained unchanged, while heat energy prices increased by 0.2%.

Service prices increased by 1.8% overall in March, raising the overall price level by 0.6 percentage points. The largest upward impact came from the increase in package holiday prices, which was mainly driven by growing demand during the spring holiday and travel season. The rise in passenger air transport prices also had a significant impact, supported by stronger demand and seasonal price fluctuations. Part of the price increase may also have been influenced by higher fuel prices; however, their full impact on service prices usually becomes apparent with a time lag. Overall, the increase in service prices in March was determined by more active travel and leisure activities.

Price fluctuations in other groups of goods and services did not have a significant impact on the overall price level during the previous month.

In March 2026, compared with March of the previous year, consumer prices increased by 3.4%. The average annual inflation rate was 3.6%.

In the future, price changes in Latvia will continue to be largely determined by fluctuations in energy and food prices on global markets, as well as geopolitical developments and the pace of global economic growth. The inflation rate in Latvia will also be affected by supply-side factors – revisions of taxes and regulated tariffs – as well as the demand side, which is supported by wage growth. Taking into account the latest trends in energy markets and the uncertainty related to the conflict in the Middle East, average annual inflation in Latvia in 2026 could be higher than previously forecast and exceed 3.5%.