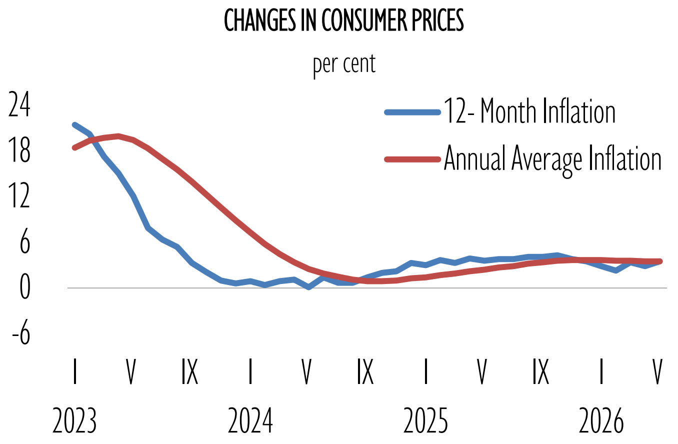
09.06.2026.

On Consumer Prices in May 2026

In May, the price level was driven upwards by higher service prices, while lower fuel and food prices mitigated this impact

In May, price dynamics in Latvia were mainly determined by an increase in service prices and higher prices of housing-related energy resources, while the overall price increase was mitigated by a decline in fuel prices and food prices falling for the second consecutive month.

According to the latest data published by the Central Statistical Bureau, in May 2026, compared with April, the consumer price level increased by 0.5%. Prices of goods remained unchanged, while prices of services increased by 1.6%.



In May, the increase in consumer prices was slightly more rapid than is typical for this month, mainly due to higher service prices, particularly in the travel and accommodation segments as the summer season began. Higher prices of housing-related energy resources also had a significant upward impact, with electricity and natural gas prices increasing. Meanwhile, the overall price increase was mitigated by a decline in fuel prices, driven by lower Brent crude oil prices on the global market. The overall price increase was also mitigated by lower food prices – the prices of food and non-alcoholic beverages recorded their steepest decline for the month of May since 2014.

The prices of goods included in the low-price basket decreased by 0.5% over the month in May, mainly due to lower prices for vegetables and dairy products. At the same time, compared with May 2025, they were 1.1% lower. 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, the overall increase in consumer prices in Latvia has been more moderate than in the neighbouring countries, while, unlike in Estonia and Lithuania, the prices of food and non-alcoholic beverages have decreased.

At the same time, it should be noted that the geopolitical situation in the Middle East continued to maintain a high level of uncertainty in global energy markets in May. Although Brent crude oil prices decreased during the month, they remained higher than at the beginning of the year, and substantial fluctuations were observed in the market. The earlier increase in energy prices had already begun to be reflected in certain groups of goods and services, including natural gas prices and possibly, to some extent, the costs of travel-related services. Given that the impact of energy prices on the economy usually emerges gradually, further cost pass-through to other groups of goods and services remains possible in the coming months.

In the goods sector, the largest upward impact in May came from the increase in the prices of housing-related energy resources, which raised the overall consumer price level by 0.2 percentage points. The greatest impact came from higher natural gas and electricity prices, while prices of solid fuels and heat energy remained almost unchanged. Natural gas prices increased by 12.7%, affected by the increase in natural gas prices for the next trading period for fixed-price services provided to households, taking into account higher natural gas prices in European markets. Electricity prices increased by 1.6%, mainly due to higher prices on the Nord Pool power exchange at the beginning of the month. This was driven by lower electricity generation from wind power plants, higher demand in the Baltic States during certain periods and limited interconnection capacity, including repair works on the Estonia–Latvia interconnection. Meanwhile, at the end of the month, the price increase was partly mitigated by higher electricity generation from wind and solar power plants.

The largest downward impact in May came from the 4.7% decline in fuel prices, which reduced the overall consumer price level by 0.2 percentage points. Diesel fuel prices decreased, while petrol prices recorded a slight increase.

On the global oil market, the average monthly price of Brent crude oil increased by approximately 1.3% in May compared with April; however, sharp price fluctuations were observed during the month, and by the end of the month it was 19% lower than at the end of April. Price dynamics were mainly determined by changing market expectations regarding a possible agreement between the United States and Iran and developments in the Strait of Hormuz. At the beginning of the month, the price of Brent exceeded USD 110 per barrel, amid persistently high geopolitical risks and concerns about supply disruptions. Later, however, despite temporary fluctuations, prices gradually declined as optimism increased regarding a possible extension of the ceasefire and the resumption of shipping through the Strait of Hormuz. By the end of the month, the price of Brent had fallen to approximately USD 92 per barrel, as the market increasingly anticipated a diplomatic solution and a gradual normalisation of supplies.

The prices of food and non-alcoholic beverages decreased by 0.2% in May for the second consecutive month, reducing the overall consumer price level by 0.05 percentage points. The price decline was mainly driven by the seasonally typical decrease in fresh vegetable prices, while the most significant upward impact came from higher prices for meat, bread, fresh fruit and potatoes.

Global food prices remained broadly stable in May – decreasing by only 0.2% – but were still 2.9% higher than a year earlier. Price dynamics differed across product groups – sugar and cereal prices increased, vegetable oil and dairy product prices decreased, while meat prices remained broadly unchanged. Sugar prices increased most rapidly in May, driven by concerns about a possible reduction in global supply and the diversion of a larger share of sugar cane to bioethanol production in Brazil. Cereal prices continued to increase for the seventh consecutive month in May. Wheat prices increased in particular, supported by weaker crop prospects in the United States and higher fuel and fertiliser costs. Maize, barley and rice prices also increased, driven by stable import demand and higher energy prices. Meat prices remained close to their historical high – beef and sheep meat prices increased due to limited supply and stable demand, while pork prices decreased due to greater supply in Europe. Meanwhile, vegetable oil prices decreased after five months of growth, mainly due to lower palm and soybean oil prices amid weaker demand and greater supply. At the same time, rapeseed and sunflower oil prices continued to increase due to limited supply in Europe and the Black Sea region. Dairy product prices decreased slightly in May, as butter and cheese prices continued to fall due to high milk supply and stronger competition on the global market.

Service prices increased by 1.6% overall in May, raising the overall consumer price level by 0.5 percentage points. The largest upward impact came from higher prices for accommodation services, passenger air transport and package holidays. Service price dynamics were mainly determined by a seasonal increase in demand in the travel and tourism segments as the summer season began. At the same time, part of the price increase may also have been influenced by the high energy and transport costs of previous months.

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 May 2026, compared with May of the previous year, consumer prices increased by 3.5%. The average annual inflation rate was 3.5%.

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 global economic performance. At the same time, inflation in Latvia will continue to be affected by supply-side factors – energy prices, revisions of regulated tariffs and tax changes – as well as the demand side, supported by wage growth. Given the persistent uncertainty in energy markets and the possible pass-through of costs to other sectors, average annual inflation in Latvia could remain within the range of 3–4% in 2026.