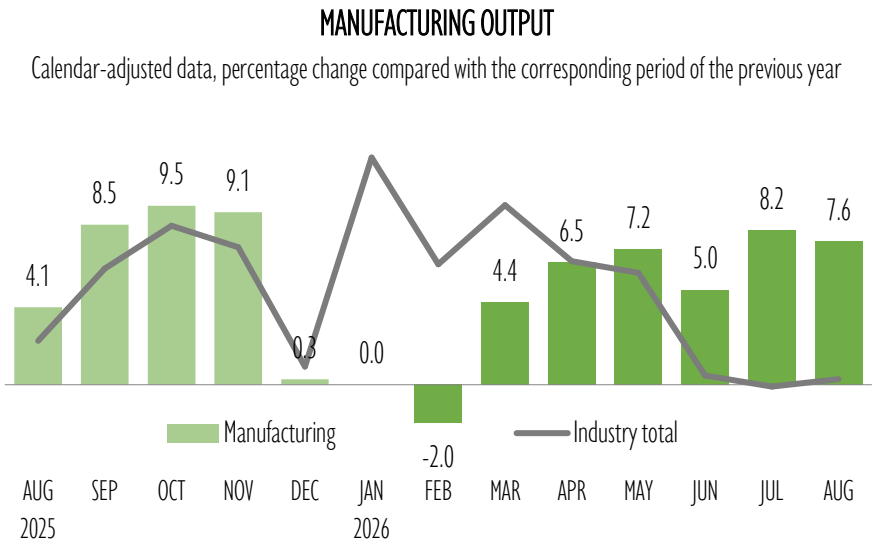
On Industrial Production in August 2026

Manufacturing continued to grow rapidly in August

In August, manufacturing output increased by 7.6% compared with August of the previous year, according to calendar-adjusted data. Electricity and gas supply output declined significantly, by 45%, while mining and quarrying output increased sharply, by 36%.

According to unadjusted data, the year-on-year increase in manufacturing output in August was similar to that recorded in calendar-adjusted data, at 7.5%. Growth was driven by most subsectors, particularly the manufacture of food products, textiles, computer, electronic and optical products, fabricated metal products, as well as machinery and equipment. Meanwhile, production volumes declined in the manufacture of beverages, as well as motor vehicles and trailers.



In August, manufacturing turnover increased year-on-year in both export and domestic markets, by 7.4% and 8.5%, respectively. Sales grew more rapidly in the manufacture of food products, fabricated metal products, computer, electronic and optical products, as well as other non-metallic mineral products.

Overall, in the first eight months of the year, manufacturing output increased by 5.1% compared with the corresponding period of the previous year, according to unadjusted data, with the strongest growth recorded in the manufacture of food products and fabricated metal products.

Business confidence in manufacturing remained at the previous month's level in September this year, while business optimism regarding production activity trends in the coming months increased slightly.

Overall, growth in the sector is expected to remain stable in 2026. Contrary to concerns expressed in the spring, Latvia's manufacturing sector continues to grow rapidly and stands out against the euro area – according to Eurostat data, industrial production in the euro area remained at a similar level in July as a year earlier. However, business surveys indicate an improvement in industrial activity in the euro area at the beginning of autumn, which may stimulate demand for Latvian products. Nevertheless, risks have not diminished: the escalation of the conflict in the Middle East and the rise in oil prices in September may once again increase the costs of energy resources, raw materials and transportation, and weaken demand. Trade policy also continues to create additional uncertainty, although its negative impact has so far proved more moderate than initially estimated. Meanwhile, growth continues to be supported by increasing investment in the production of military and dual-use goods, as well as the implementation of other major national projects.

At the same time, companies increasingly need to strengthen productivity, including through investment in automation and digitalisation, to maintain competitiveness in an environment where energy prices, labour,

logistics and financing costs continue to rise, while demand in international markets becomes more demanding and selective.

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