

On Retail Turnover in June 2023

In June 2023, the decline in retail trade continued

Despite the persistence of a high price level, retail turnover exhibited a more modest decline in June 2023 compared to the preceding three months. The total turnover of retail enterprises, when assessed in actual prices, remained nearly steady year-on-year, registering a marginal decrease of 0.3%. However, when accounting for the price increase, this translated to a 1.4% decrease in constant prices, as per unadjusted data. The decline in retail sales volume was also evident on a monthly basis, with a 1% decrease in June compared to May, as adjusted for seasonal variations.

On an annual basis, due to high prices, the retail turnover of food and non-food goods decreased, while the retail turnover of fuel increased rapidly.

In June, **non-food** retail sales turnover experienced a year-on-year decrease of 1.6%. This decline extended across most non-food product categories, with several exceptions. Notably, turnover increased by 10% in specialized stores selling household electrical appliances, 2.8% in pharmaceuticals and medical supplies, 2% in metal products, tools, building materials, and plumbing, and 0.7% in information and communication technology equipment trade. Conversely, the most substantial decline in turnover was witnessed in the retail trade of sporting goods and games, which saw a sharp 12% decrease. Significant drops were also observed in the retail trade of watches, jewelry, and new miscellaneous items (10.9%), as well as in the trade of flowers, plants, seeds, fertilizers, pet animals, and their feed (10%). More moderate declines were evident in the trade of textiles, carpets, floor coverings, wallpaper, furniture, lighting devices, and other household goods (3.3%), books, newspapers, stationery, audio and video recordings (1.6%), clothing, shoes, and leather goods (1%), as well as cosmetics and toiletries (1%).

In the distribution by trading places, a rapid drop in turnover was observed both in retail trade in stalls and markets (by 13.3 %), and in other retail trade outside shops, stalls and markets (by 7.3 %). On the other hand, there was a slight increase in turnover in retail by mail or on the Internet - by 0.9%.

Year-on-year retail turnover of **food** products fell for the ninth consecutive month and continued to decline in June - by 5.1% due to the high price level of food products.

The retail turnover of **fuel** at gas stations in June increased by 6.8% compared to June 2022. This was largely determined by a sharp drop in the volume of retail sales of fuel in April-July of the previous year.

Overall, in the first half of the year, retail turnover was 2.1% lower than in January-June 2022, which was largely determined by a 5.5% drop in food retail turnover due to higher food prices. Non-food retail sales fell by 1.8%, driven by a high base at the start of 2022, when all trade restrictions were gradually lifted, and retail turnover increased significantly. Fuel sales turnover this year increased by 4.1% in January-June, affected by lower retail sales volumes in the corresponding period of the previous year due to rising fuel prices.

Retail volumes will continue to be affected by high prices - residents will still be cautious in making larger purchases. However, in recent months, the prices of energy resources in Latvia have been decreasing, which is affected by the drop in prices in the world. The rapid increase in food prices also ceased in April-June 2023. Therefore, as the prices of food and energy resources stabilize, their negative impact on retail trade turnover will decrease in the future.

