

On Manufacturing Output in August 2021

Manufacturing has been growing rapidly for the sixth consecutive month

According to the data of the Central Statistical Bureau (CSB), in August 2021, manufacturing output (based on unadjusted data) was 10.8% higher than a year ago. However, according to calendar adjusted data, the increase was 7.9%. Overall, in January-August 2021, the volumes of manufacturing output were by 8.6% higher than a year ago (according to unadjusted data).

In August 2021, similar to the previous months, annual growth was observed in most manufacturing sub-sectors. Compared to the corresponding month

last year, the largest manufacturing sub-sectors grew rapidly. In particular, wood processing rose by 9.6%. The manufacture of chemicals and chemical products (+ 43.8%) and the manufacture of cars, trailers, and semi-trailers (+ 46.1%) increased rapidly. Also, a significant positive contribution to the growth of the sector was made by the manufacture of furniture (+ 30.4%). The second largest manufacturing sub-sector – i.e., food industry – increased by 3.3%.

However, in August 2021, the manufacture of basic metals continued to decline for the seventh consecutive month (by 29.6%).

In August, annual manufacturing turnover at current prices continued to grow rapidly. The volumes of products sold on the domestic market increased by 25.3%. However, the volumes of exported products rose even more rapidly - by 33.4%. Sales of wood processing, chemicals and chemical products, furniture, cars, trailers, and semi-trailers also increased rapidly.

Rapid growth in demand in the EU (i.e., the largest Latvian export market) enables manufacturing companies to continue to operate with high growth rates. Manufacturing continues to have the potential for development, especially at the expense of rising exports. However, a number of risks remain prevalent, both in terms of rising energy prices (notably for electricity and natural gas) and the growing incidence of Covid-19, especially the uncertainty regarding potential restrictions.

