

On Manufacturing Output in December 2021 and in the year as a whole

Manufacturing volumes continued to increase in December, reaching a total growth of 7.5% in 2021

According to the Central Statistical Bureau (CSB), in December 2021, manufacturing output was 8.8% higher than a year ago, based on unadjusted data. However, according to calendar adjusted data, the increase was more moderate – i.e., 5.9%.

In December 2021, annual growth was observed in most manufacturing sub-sectors. By sub-sectoral contributions to growth, the production volumes, compared to December 2020, of the chemical industry (+ 46%) and the manufacture of fabricated metal products (+ 21.2%) grew rapidly. The printing industry (+ 44.7%), the manufacture of machinery and equipment (+ 37.7%), and motor vehicles, trailers, and semi-trailers (+ 37.8%) also made a positive contribution to the sector's growth. The second largest manufacturing sub-sector - food production - also increased more moderately.

In December 2021, for the third consecutive month, the largest sub-sector of manufacturing (i.e., wood processing) declined. Also, the manufacture of basic metals continued to decline in December.

Overall, in 2021, the volumes of manufacturing output, according to unadjusted data, were 7.5% higher than a year ago. It was significantly affected by the growth of the wood processing and chemical industries. Overall, the production of fabricated metal products, motor vehicles, trailers, and semi-trailers, as well as machinery and equipment also increased significantly during the year.

In December 2021, annual turnover in manufacturing at current prices continued to increase sharply. The volumes of products sold on the domestic market increased by 16.7%, while the volumes of exported products increased even more rapidly - by 25.2%. Sales of chemical and automotive products, and trailers grew rapidly. It should be noted that despite the decrease in production volumes in wood processing, due to the rise in prices, the sales volumes at current prices increased by 21.8 percent. Overall, in 2021, the turnover of manufacturing increased by 21.4%. Sales in the domestic market grew slightly more moderately, while exports grew more rapidly.

Strong demand in the largest Latvian markets preserves opportunities for manufacturing companies to continue to maintain good growth rates. At the same time, it should be noted that the sector will face a challenge in 2022 to maintain last year's growth rates, given the high energy prices, as well as the morbidity of Covid-19 and the uncertainty regarding its containment rates.

