

On Retail Trade Turnover in March 2022

In March 2022, retail turnover continues to increase

On March 1, 2022 most restrictions on trade were lifted. All sales outlets were freely accessible to all and 15 m² of public indoor space was set aside for one visitor in the sales outlets. This had a positive effect on retail sales. In March 2022, retail trade turnover was 13.5% higher, compared to March 2021 (unadjusted data at constant prices). As in January and February 2022, the increase in March was due not only to the easing of trade restrictions, but also to the low base in the first months of 2021, when strict trade restrictions were in place and mainly grocery stores were open.

In March 2022, the annual turnover of **non-food** retail trade grew at a similar pace as in February (+23.6%), accounting for the

largest share of total retail sales. Trade turnover increased significantly in almost all product categories. The decrease was observed only in retail trade of flowers, plants, seeds, fertilizers, pet animals, and pet food (a decrease of 10.4%). Retail trade of information and communication technology equipment (-2.5%) and retail sale of electrical household appliances in specialized stores (-1.7%) also declined slightly. The most rapid growth continued in trade in clothing and footwear (+143%), retail sale of watches, jewellery, and related articles not elsewhere classified (by 81%), trade in sports goods and games (+77%), and trade in cultural goods (+63%).

As in previous months, the most rapid growth was observed in retail trade of second-hand goods (+477%), which, similarly to January and February, can be explained by the low base at the beginning of the previous year. Retail sale at stalls and markets also increased by 9%. Other retail sales outside shops, stalls, and markets fell by almost half. Retail sales outside stores, stalls, and markets also decreased (+22%). Shopping by mail order or on the Internet also continued to decline for the second consecutive month. With the lifting of trade restrictions and the fall back of the pandemic, people are more actively using on-site shopping.

Despite the fact that with the start of the war in Ukraine, the demand for certain **food** products in Latvia grew rapidly, in March 2022, compared to March 2021, the retail trade turnover of food products increased by merely 1.8%.

In March 2022, compared to the corresponding month last year, retail **fuel** turnover at petrol stations increased significantly by 14.5%.

Overall, in January-March 2022, compared to the corresponding period last year, the retail trade turnover increased by 13%.

As of April 1, 2022, all sales restrictions have been lifted and all outlets without space restrictions or other security requirements are available to everyone. Service providers are free to decide on additional security requirements.

The future situation in retail will be affected by the rising prices, which will limit the purchasing power of the population and, consequently, consumption. By making all the necessary monthly payments, less income will remain to buy non-food items. In March 2022, the consumer confidence indicator has declined. Entrepreneurs are rather cautious in their assessments and forecast the development of economic activity as negative. The assessment is largely affected by the war in Ukraine and uncertain future development prospects. However, expected employment in the coming months is assessed positively.

