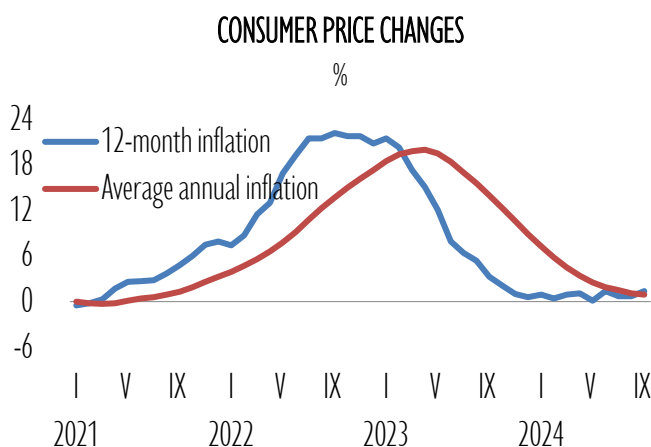


## On Consumer Prices in September 2024

**Monthly-characteristic price changes observed in September 2024**

According to the Central Statistical Bureau, in September 2024, compared to August, the consumer price level increased by 0.3%. For goods, it increased by 0.4%, but for services, it decreased by 0.1%.

September is characterized by a rise in prices, which is usually determined by an increase in clothing and footwear prices in connection with the sale of new seasonal goods. This year, in September, price changes characteristic of the month was observed, and the largest increasing effect was the increase in clothing and footwear prices. However, it was the slowest price increase for clothing and footwear in September since 2000. During the month, prices for clothing and footwear increased by 3.4%, which affected the increase in the overall consumer price level by 0.2 percentage points.



Food prices increased faster than typical for this month in September this year – by 0.7%, which increased the overall price level by 0.2 percentage points. The biggest impact was the increase in prices for fresh vegetables and fresh fruits, which have rarely seen rapid price increases in this month before.

It should be noted that global food prices rose sharply in September – by 3%, which is the largest monthly increase since March 2022, and also during the year – compared to September 2023, they increased by 2.1%. In September, the price indices of all major food groups increased. The fastest price increase in September was for the sugar price index, which was determined by the deterioration of the harvest prospects for the 2024/2025 season in Brazil and the decision of the Indian government to lift restrictions on the use of sugarcane for ethanol production. Similar price index increases were observed in September for vegetable oils, dairy products, and cereals. The vegetable oil price index rose for the fourth consecutive month, reaching its highest level since early 2023, driven mainly by lower-than-expected production volumes and concerns about expected output cuts in major producing countries. The dairy price index continued to rise across all dairy products in September, with whole milk powder prices rising the most, driven by strong import demand in Asia despite seasonally higher milk production in Oceania. Skimmed milk powder, butter, and cheese prices rose on rising demand and tight supplies in Western Europe, where milk production is seasonally lower. After falling for three consecutive months, wheat prices rose in September, driven mainly by concerns about adverse weather conditions in some major exporting countries, but more rapid price increases were limited by competitively priced supplies from the Black Sea region. In contrast, the slowest price increase in September was for meat, driven by higher poultry prices, driven by increased demand for poultry imports from Brazil following the easing of trade restrictions related to Newcastle disease. Beef and pork prices were virtually unchanged, with global supplies covering the growing demand, while mutton prices fell slightly due to weak import demand from China.

At the end of the campaign, there was also a notable price increase for personal care and beauty products, up 6.2%, which increased the overall price level by 0.1 percentage points.

The largest downward impact in September was the fall in fuel prices, down 4.8%, which reduced the overall consumer price level by 0.3 percentage points. Prices fell more rapidly for petrol, but the impact was similar for both diesel and petrol prices.

The average monthly price of Brent crude oil also fell in September compared to August – by 8%, while at the end of September, compared to the end of August, the price of Brent crude oil had fallen

by 9%. In the first half of the month, it fell to around 69 USD per barrel, reaching its lowest level since early December 2021. This was mainly due to signs of a possible increase in oil supply on the market, with Saudi Arabia announcing an increase in production from December, as well as the expected resumption of oil production in Libya, as the government settles internal disputes. Demand concerns also remain in China, despite recent monetary measures aimed at increasing activity and energy demand in the world's largest oil importer. However, tensions in the Middle East continue to escalate, which may affect oil price dynamics in the coming months.

It should be noted that prices for services decreased in September after continuous price increases in the previous nine months. The decrease was small – by 0.1%, which did not significantly affect the overall consumer price level. In the services sector, the largest downward impact in September was the fall in prices for passenger transport, both by air, road, and sea, but the largest impact was the fall in prices for passenger air transport. The fall in prices for accommodation services also had a significant impact. In turn, prices increased significantly for recreational and cultural services, higher education, outpatient services, and waste collection.

In September 2024, compared to September of the previous year, consumer prices increased by 1.4%. The average annual inflation was 0.9%.

The main impact on price changes will continue to be related to fluctuations in energy and food prices in the world, as well as global developments. At the same time, inflation in Latvia is affected by various supply-side factors related to the revision of taxes and tariffs, as well as the demand side, which is driven by wage growth. Overall, in 2024, the average annual inflation is expected to be within 1-1.5%.