

Consumer Prices in November 2020

In November 2020, month-specific price changes have been observed

According to the Central Statistical Bureau (CSB), in November 2020, compared to October 2020, the consumer price level decreased by 0.3%. It declined by 0.1% and 0.6% for goods and services, respectively.

In November, price declines or very low inflation can be typically observed, primarily due to seasonal factors.

In November 2020, the largest negative effect, primarily due to discounts, yielded the fall in prices for clothing and footwear (which also represented the historically sharpest monthly fall within the sector).

During the month, the price level declined by 3.6%, which affected the overall consumer price level by 0.2 percentage points.

In November 2020, the fall in prices for services also had a significant negative effect, leading to a decrease in the consumer price level by 0.2 percentage points. The sharpest declines were observed in complex leisure services, passenger air transport, and accommodation and food service activities, due to both seasonal factors and the impact of Covid-19. Prices for vehicle insurance also continued to fall.

In November 2020, fuel prices in Latvia decreased by 0.9% over the month, which did not significantly affect the overall price level. World oil prices rose by an average of 6.4% month-on-month, compared to October 2020, approaching \$ 50 a barrel in anticipation of a successful recovery in demand for Covid-19 vaccines and energy resources.

In November 2020, the largest upward effect on price increases can be attributed to seasonal factors, which rose by 0.4%, leading to a 0.1 percentage point increase in the overall consumer price level. In November 2020, the rise in prices for fresh vegetables has usually had a large impact, which yielded the largest upward effect this year as well. However, the largest negative effect brought about the fall in prices for fresh fruit. It should be noted that world food prices continue to rise for the sixth consecutive month. In November 2020, compared to October 2020, world food prices increased by 3.9%, which was the largest price increase in a month since July 2012. Also, prices rose in all major food categories. Vegetable oils rose most sharply, driven by declining global stocks and strong import demand. Sugar prices also rose remarkably, driven by weaker harvest prospects in the EU, Thailand, and Russia due to adverse weather conditions, and in Nicaragua, Honduras and Guatemala following hurricane-damaged sugar cane crops and infrastructure. Cereal prices also continued to rise, having already risen by almost 20% over the year, driven by strong global demand, especially from China, concerns about production potential in Argentina and reduced yield forecasts in the US and Ukraine.

In November 2020, compared to the corresponding period last year, consumer prices declined by 0.7%. The average annual inflation reached 0.4%.

Overall, in 2020, the average annual inflation could reach 0.2%. Consumer prices will continue to fall in the coming months, as the demand will remain low due to virus control measures.

