

## On Retail Trade Turnover in May 2023

## In May 2023, the decline in retail trade continues

With the high price level still enduring, the retail turnover continued to decrease in May of this year. The total turnover of retail enterprises in actual prices increased by 2.2% during the year. However, considering the rapid increase in prices, it decreased by 2.6% at constant prices (unadjusted data). However, an increase in the retail sales volume can be observed on a monthly basis. In May, compared to April, retail trade turnover increased by 0.6% (seasonally adjusted data).

On an annual basis, due to high prices, the retail turnover of food and non-food goods decreased, while the retail turnover of fuel increased rapidly.

In May, the turnover of **non-food** retail sales decreased by 3.8% year-on-year. It declined in all main non-food product groups, except pharmaceutical, medical supplies trade (by 2.5%), clothing, footwear, and leather goods trade (by 1.6%), and metal products, tools, building materials and plumbing trade (by 1.2 %). The sharpest drop in turnover was observed in the trade of flowers, plants, seeds, fertilizers, pets, and their feed (by 30.1%). Retail turnover decreased sharply in the trade of books, newspapers, stationery, audio and video recordings (by 19.2%), in the trade of information and communication technology equipment (by 11.3%), in the retail trade of watches, jewelry and new goods not classified elsewhere (by 7.9%), in the trade of textiles, carpets, floor coverings, wallpapers, furniture, lighting devices and other types of household accessories (by 7.2%), and in the trade of cosmetics and toiletries (by 4.9%). A more moderate decrease was observed in the retail sale of sports goods and games (by 3%) and in the retail sale of household electrical appliances in specialized stores (by 2.2%).

In the breakdown by trading places, a sharp drop in turnover was observed both in retail trade in stalls and markets (by 5.7 %), and in other retail trade outside shops, stalls, and markets (by 19.7 %). In retail sales by post or on the Internet, a more moderate decline in turnover (by 3.3%) was observed.

The annual turnover of **food** retail sales decreased for the eighth consecutive month, and it continued to decrease sharply in May - by 5.1%, which continued to be determined by the high price level of food products.

The retail turnover of **fuel** at gas stations increased by 6.1% in May, compared to May 2022. This was largely determined by a sharp drop in the volume of retail sales of fuel in April-July of the previous year.

Overall, in January-May 2023, retail sales turnover was 2.2% lower than in January-May 2022, which was largely determined by a 5.7% drop in food retail sales turnover due to increased food prices. Non-food retail sales fell by 1.7%, driven by a high base at the start of 2022, when all trade restrictions were gradually lifted, and retail turnover increased significantly. Fuel sales turnover this year increased by 3.5% in January-May, affected by lower retail sales volumes in the corresponding period of the previous year due to rising fuel prices.

Retail volumes will continue to be affected by high prices - residents will still be cautious in making larger purchases, preferring to shop in low-priced stores. However, in recent months, the prices of energy resources in Latvia have been decreasing, which is influenced by the drop in their prices in the world. The rapid increase in food prices had also stopped in April-May. Therefore, as the prices of food and energy resources stabilize, their negative impact on retail turnover will decrease.

