

Cost of production and inflation in Latvia

Veronika Vazha

ISMA University of Applied Sciences, Riga, Latvia



Abstract

According to statistics for 2019 year, Latvia is one of the countries of the European Union with the highest level of inflation. Cost of production – one of the viewing categories studies of modern economy. Its task is to determine the size of the cost of production of branded products, which provided the company with stable prosperity. Producing too much is just as dangerous as well as too little. When spending grows faster than revenue, it results in a rapidly growing business up to bankruptcy. Also, costs are affected by the inflation rate in the country. Nowadays there are very few countries that have low or missing indicator of inflation rate. Because of the increase in production costs goods become more expensive and for the same money can buy a smaller amount of goods. Money becomes worthless, the purchasing power of money decreases. So inflation arises.

Keywords: inflation, deflation, production costs

1 Introduction

To understand how production costs affect inflation and whether they are related in principle, we need to conceptualize these costs and consider their types, we will do this with tables and graphs. After we have looked at all this, we will also have to define the meaning of inflation and consider its type. Let us look at the formula we can use to find inflation. When these two problems are solved, we will be able to figure out what

inflation is currently happening in Latvia.

2 Conclusion

In the course of the work it became clear that production costs are indeed closely linked to inflation. It should be noted that production costs are one of the main factors influencing the inflation rate. Research methods: theoretical, data collection.

References

- [1] <https://www.csb.gov.lv/lv/statistika/statistikas-temas/ekonomika/pci/meklet-tema/2631-paterina-cenu-parmainas-2020-gada-februari>
- [2] https://www.fm.gov.lv/lv/sadalas/tautsaimniecibas_analize/tautsaimni
- [3] <https://www.dictionary.com/browse/inflation>
- [4] <http://profizgl.lu.lv/mod/book/tool/print/index.php?id=647>