

## Polish retail sales disappoint in July

Retail sales join a list of disappointments in recent data readings on the Polish economy after less than stellar industrial production and labour market numbers yesterday



A shopping centre in Poznan

Polish real retail sales fell by 4.0% YoY, and that's worse than the consensus expectation of a 3.8% decline, although milder than in June (-4.7%). Additionally, in seasonally adjusted terms, retail sales were 1.3% M/M higher in July compared to June this year.

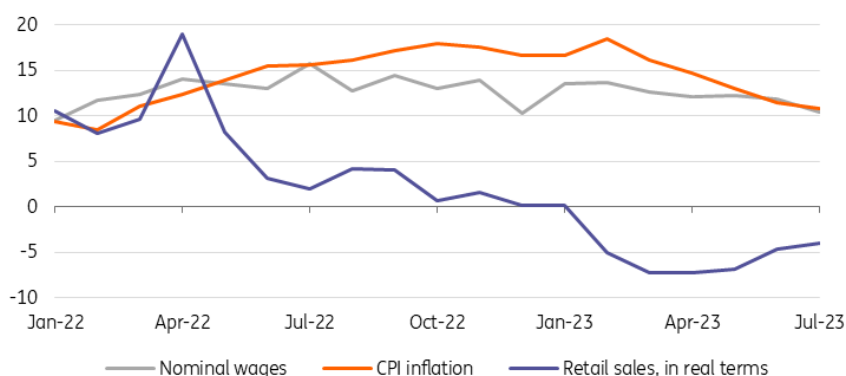
We saw retail sales decline across most major groups, except in motor vehicles & motorbikes parts, which was up 3.8% YoY, and that's consistent with the relatively strong growth in industrial production in this sector. The largest YoY declines were recorded in the groups "press, books, other sales in specialised shops" (down 13.6% YoY) or in the durable goods group "furniture, RTV, household appliances" (down 11.6%) and the category "other" (down 11.4%). Sales of food, beverages and tobacco also fell (by 4.2%), which can be linked to last year's high reference base following the influx of refugees from Ukraine.

People's 'household' situation is slowly stabilising after real wage growth returned in June after almost a year of prolonged purchasing power erosion thanks to high inflation. Yesterday's labour market data, however, again saw wage growth (10.4% YoY) below CPI inflation (10.8% YoY in July).

We expect a gradual improvement in household consumption in the coming months, particularly

in the fourth quarter, when households' purchasing power will improve further with disinflation continuing while wage growth remains in double digits.

## Nominal wages, CPI inflation, and real retail sales, YoY, in %



Source: ING based on CSO data.

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