

## Poland: Why CO<sub>2</sub> and NO<sub>x</sub> emissions matter for retail sales

Retail sales surprised negatively in September as car sales plummeted, reflecting shifts in demand due to new emission testing procedures. Still, consumption of durable goods slowed as well, hinting at weaker consumption in 3Q



Real retail sales decelerated from 6.7% to 3.6% year-on-year in September, well below the market consensus (6.2%).

The slowdown was largely related to cars sales which decreased by 4.3% YoY (against +11 increase in August). High sales volumes in July and August were likely the effect of a promotional campaign prior to the introduction of a new emissions testing procedure (known as WLTP). According to ACEA car registration data, a similar trend was visible among all major countries in the European Union. Car sales should return to positive territory in the coming months.

Overall sales of durable goods (radio & television equipment and household appliances) surprised negatively as well. Sales in this category decelerated from 9.1% to 2.8% YoY. The September reading was suppressed by negative statistical effects. Still, even after corrections, sales of those goods should remain on a downward trajectory, reflecting the stagnation of wage growth and

worsening consumer sentiment.

Today's reading suggests a slightly lower contribution of private consumption to overall GDP growth in 3Q. Still, we expect a headline GDP figure of close to 5% YoY.