

## Poland: Puzzling retail sales stagnation

Retail sales remained stable in September (4.3%YoY), far below expectations (6.1%YoY). The weak reading was related to sales of non-durable goods, therefore the softness may only be temporary



Shoppers at the Poznan City mall in Poland

Polish retail sales failed to recover from a weak August reading, rising 4.3%YoY in September. The final result came well below market and our expectations (6.1%). Unexpectedly the surprise was nearly solely related to the consumption of non-durable goods – the biggest drops were recorded in sales of food and in non-specialised stores (e.g. megastores). Sales dynamics in durable goods' categories stabilised after a few months of consecutive drops. There was no acceleration, despite an extension of child benefit.

Today's reading suggests slightly worse GDP growth in 3Q, even modestly below 4%YoY. The major question mark concerns the behaviour of consumers – in the previous quarter expenditure in tourism and services was remarkably high. However, statistics for both sectors are not published on a monthly basis. Therefore some positive surprises in consumption outlays are still plausible. That said, weak underlying trends in retail sales leave little space for private consumption acceleration in 4Q.