

## Poland: Retail sales no big surprise

Retail sales accelerated modestly in December, slightly below the Bloomberg consensus. The short-term outlook is positive, but inflation may weigh on consumption in 2020



Source: Shutterstock

Retail sales at constant prices accelerated in December from 5.2% to 5.7% YoY, slightly below the Bloomberg consensus (6%). The reading suggests a moderate increase in Christmas spending - sales of electronics and household appliances were quite decent (11.9%YoY), but the miscellaneous category, which aggregates frequent choices for gifts e.g. toys or jewellery, remained in negative territory (-0.4%YoY).

We expect strong readings in the first quarter. A strong minimum wage hike and solid disposable income growth of less affluent households should boost consumer spending in the coming months. Still, in the longer term (whole 2020) inflation remains a significant threat - the increase in CPI lowers the purchasing power of middle-income households, for example. Therefore both private consumer spending and GDP should decelerate throughout the year.