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Snap

## Poland: Solid retail sales due to strong demand for cars

Strong retail sales in August but we expect a slowdown in September and 4Q18. Private consumption should moderate given the stable dynamics of wages

Retail sales growth inched down to 9% year on year in August from 9.3%YoY a month earlier, which was close to consensus. A similar pattern emerged in sales volumes as well - excluding the effects of inflation.

Trade continued to be fuelled mainly by car sales – and this category grew by 11%YoY (in real terms), after 16.7%YoY in July. The durable goods trend remained largely unchanged, just like for specialised sales related to education. This is disappointing given the introduction of 300+ annual benefits for families with school-age children.

Retail sales are expected to slow down in the coming months, in September mainly reflecting declining fuel price dynamics from double to single digit.

Moreover, the statistical base and the moderate rise in wages (seen accelerating from 7%YoY currently to 8-8.5%YoY in 4Q18) are likely to affect household consumption growth – we see dynamics sliding from 4.9%YoY in 2Q18 to 4.3%YoY in 4Q18.

Jakub Rybacki

Economist, Poland

+48 22 820 4608

[Jakub.Rybacki@ingbank.pl](mailto:Jakub.Rybacki@ingbank.pl)

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