

Polish retail sales boosted by low base

Yearly retail sales in Poland have recovered after a soft third quarter. It's no surprise given that this time last year, the country was hit by Covid lockdowns

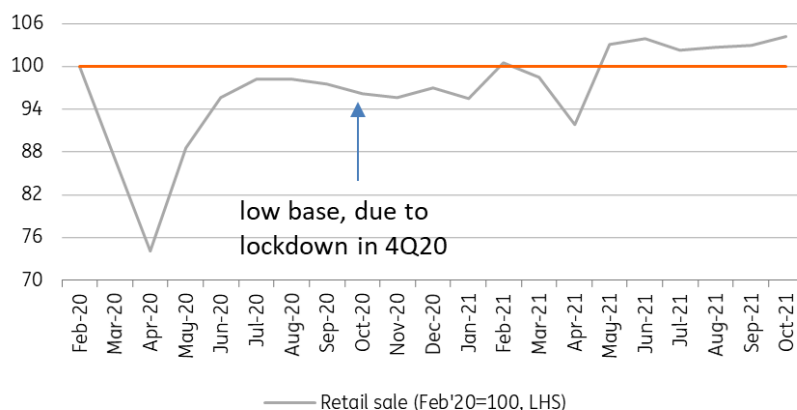


Shoppers in Warsaw

Polish real retail sales in October increased by 6.9% YoY, marginally above expectations (ING: 6.6%, consensus: 6.3% YoY) and the 3Q21 average (5.8%). Retail trade is supported by low base effects (last year restrictions for restaurants were already in place and people voluntarily reduced visits to shops as they waited for the vaccine rollout). That is why we see improvements across all categories, including those with particularly high rising prices. The retail sales deflator confirms mounting price pressures, rising to 7.5%YoY from 6%.

The low base in 4Q20 should support yearly growth of retail sales now

(Retail sales, the index Feb 20=100)



Most categories show better growth than last month. We saw a broad recovery in fuel sales (6.9% YoY), textiles and footwear (29.3% YoY), and others as restrictions and working from home were introduced in 2020. On the other hand sales of household appliances slowed to near zero, as last year people were preparing to work and learn at home. The data confirms that new car availability remains poor; sales declined by 5.2% YoY.

In the coming months, the negative impact of CPI on retail sales should be overshadowed by low base effects from 4Q20, as you can see in the chart above. As of October 2020, health restrictions were introduced in restaurants, and in shops in November. Unlike those months, this year we're seeing neither official restrictions nor a meaningful decline in mobility. So, the average retail sales growth in the fourth quarter of this year should stand close to 6.5-7.0%YoY vs 4.8%YoY in 3Q21.

Author

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.