

## Poland: Weaker retail sales despite fiscal impulse

August retail sales came in below expectations. Third quarter consumer spending should be higher than retail sales would imply, helped by tourism and services



Shoppers at the Poznan City mall in Poland

Retail sales decelerated in August from 5.7% to 4.4% year-on-year at constant prices, below the market's forecast (5.1% YoY). The weaker performance was due to durable and semi-durable goods sales. In the case of car sales, lower results can be explained by higher registrations last year before the introduction of new WLTP emissions regulations. The underlying figures should return to higher levels next month. On the other hand, the small impact of the child benefit expansion on sales of other items (e.g. electronics, household appliances) suggests household spending is focused more on services.

We think retail sales are not a good predictor of final consumption outlays in the current quarter. The central statistical office (GUS) collects information from entities employing 10 or more people. It is not registering purchases in tourism towns where smaller enterprises play a major role. Also, information coverage for the service sector is lower compared to manufacturing, for example.

Today's data does not change our expectations for private consumption spending. We expect an acceleration in the third quarter from 4.4% to approximately 5% YoY.

