

Polish retail sales weakened in February following a promising January

Retail sales in Poland fell in February following strong growth in January, primarily due to a sharp slowdown in car sales. Although sales of durable goods have decelerated, they continue to grow. Monthly retail sales are volatile, but calendar effects (trading days, Easter) may weigh on first-quarter sales



Crowds are seen in a popular shopping street in Warsaw, Poland in March

The retail sales of goods fell by 0.5%YoY in February, which was weaker than our pessimistic forecast (ING: 2.0%; consensus: 3.2%), following a 4.8%YoY increase in January. The seasonally adjusted data indicates a 3.2%MoM decline in sales after 0.6%MoM growth in January.

Retail sales of goods in February fell by 0.5% year-on-year, which was below our pessimistic forecast (ING: 2.0%; consensus: 3.2%) and followed a 4.8%YoY increase in January. Seasonally adjusted data shows a 3.2% month-on-month decline in sales after 0.6%MoM growth in January.

On an annual basis, there was a notable slowdown in the sales dynamics of cars, motorcycles, and parts. Sales in this category had been growing at a rate of 20-30%YoY in recent months, but in

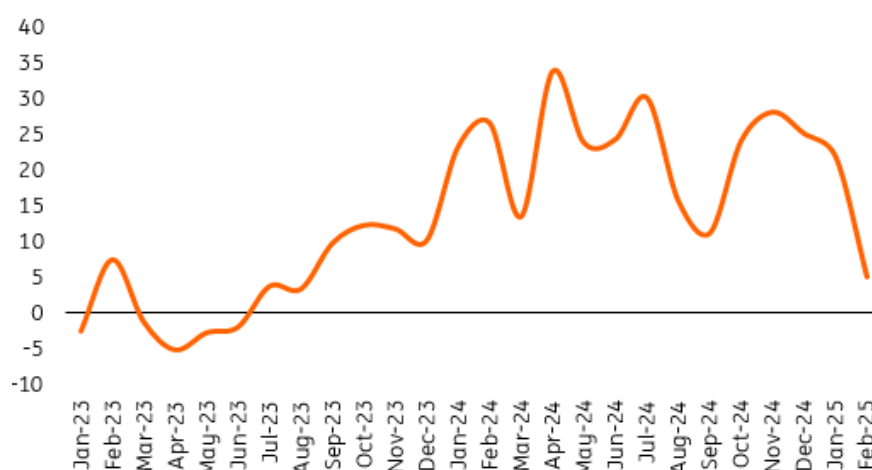
February, its growth slowed to just 5.1%YoY. Sales of food and fuel declined (down by 2.2%YoY and 3.0%YoY, respectively).

The decline in the sale of necessities was accompanied by a slowdown in durable goods sales; however, the latter category continued to grow, unlike the weak performance seen in 2024. Sales of furniture, electronics, and household appliances increased by 5.8%YoY, following a 13.6%YoY increase the previous month, and sales of textiles, clothing, and footwear increased by 6.0%YoY, compared to 8.8% year-on-year in January.

A negative factor affecting the annual dynamics was the calendar effect. Although the number of weekends was the same as last year, the month itself was slightly shorter (2024 was a leap year). Still, the smaller number of trading days does not explain the scale of the deterioration in goods sales.

Car sales slowed sharply in February

Sales of cars, motorcycles and parts, %YoY (real)



Source: GUS.

Following promisingly decent sales in January, February was a disappointment. In the January-February 2025 period, sales increased by 2.0%YoY, compared to 3.0%YoY in 4Q24. Maintaining the annual growth of household consumption in 1Q25 at a level similar to that recorded in 4Q24 will require a significant improvement in goods sales in March or dynamic service sales.

The first scenario is unlikely because last March's sales were boosted by Easter spending, whereas in 2025 Easter falls in April. Therefore, we are keeping our fingers crossed for the services sector and expect that private consumption growth in 1Q25 will be close to 3%YoY, similar to overall GDP growth, but the downside risks to this scenario have increased.

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