

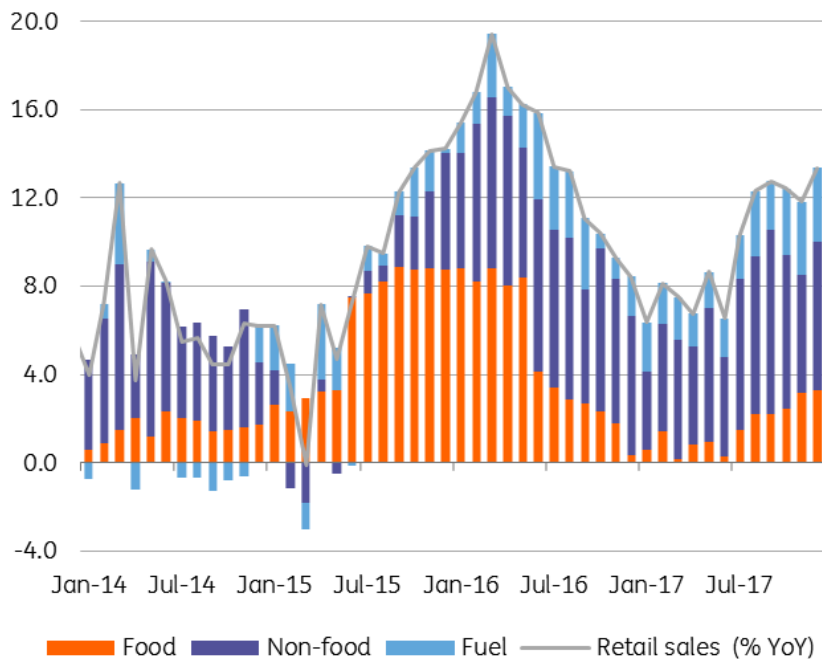
## Romania: Consumers shrug off pessimism

Retail sales accelerated in December to 13.3% year-on-year from 11.8% previously amid a Christmas spending spree

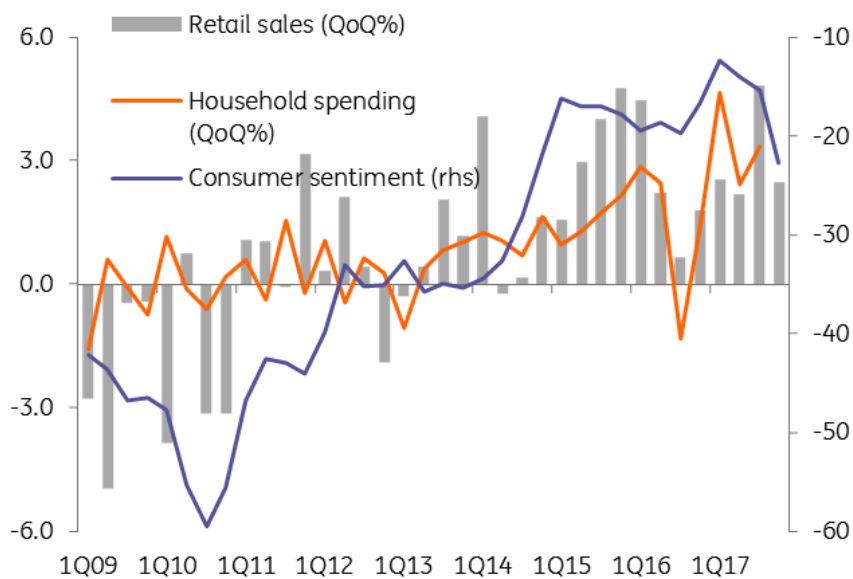


Source: shutterstock

Retail sales accelerated across the board in December, with non-food jumping by 4.2% MoM in seasonal and working days adjusted terms, leading to a 15.8% YoY rate versus 11.7% in the previous month. This came after an unexpectedly weak November for this category, especially as Black Friday has gained popularity recently. Still, it seems that higher interest rates, a softer Romania leu and uncertainty about the future net wages in the private sector (which likely led to the steep drop in consumer sentiment) were not enough to spoil the Christmas spending spree. Food sales accelerated from 9.6% to 11.7% YoY, while fuel sales inched up from 16.0% to 18.6%, despite higher oil prices.



Source: NIS, ING



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Nevertheless, for the whole quarter, retail sales growth decelerated in sequential terms from 4.8% to 2.5% QoQ suggesting some slowdown in private demand. This chimes with our forecast for some slowdown in GDP growth in 4Q17 to 7.7% YoY from 8.8% previously, though we still expect stunning growth of 7.2% in 2017 overall versus 2016.