

## Romania: Consumers turn cautious at start of 2Q

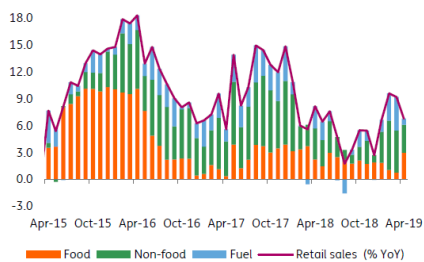
Consumers took a step back in April after an acceleration in non-food sales in 1Q. And if not for an Easter food feast, retail sales could have been even lower



People on Calea Victoriei, Bucharest

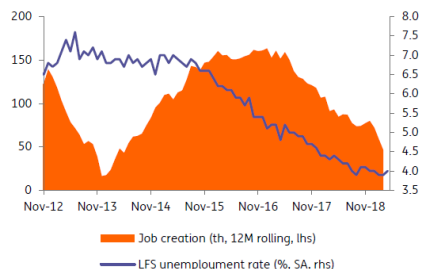
Retail sales slowed down to 6.8% year-on-year in April from 9.2% in the previous month as non-food sales decelerated to 7.7% YoY from 12.6% in March. Almost half of the expansion in retail turnover was due to food sales, which accelerated to 7.7% YoY from 3.0% previously. This is somewhat contrary to the improvement seen in consumer sentiment for the month, though this may be reflected better by sales of big ticket items such as houses, cars and investments in home improvements.

Fig 1 Easter food sale propping up consumption



Source: NIS, ING

Fig 2 Some signs of weakness in the job market



Source: NIS, ING

Despite strong wage growth, the job market is signalling that the peak in economic growth is now a couple of years behind us. In fact, employment growth peaked three years ago and the manufacturing sector is currently cutting jobs. The economic cycle seems to be running out of resources, with a lack of reforms starting to weigh in. Tomorrow's GDP breakdown is likely to show that household consumption was behind the robust 1Q19 growth, though a big chunk of that was likely offset by a negative contribution from net exports.