

# Romanian retail sales accelerate at the start of 4Q

Don't open the champagne just yet after the retail sales improvement as most of the growth was down to volatile fuel sales

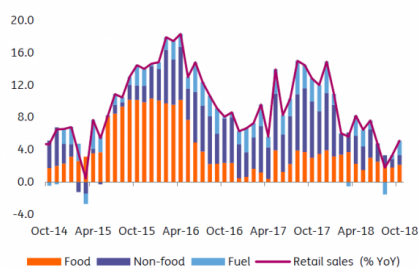


Source: Shutterstock

Retail sales growth improved to 5.1% year on year in October from 3.3% in the previous month and after the -0.2% quarter on quarter contraction in 3Q18.

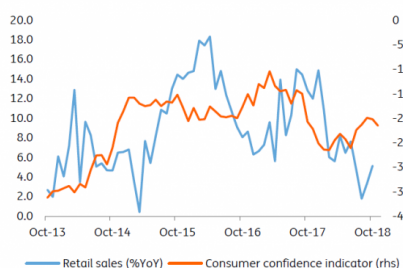
The boost for overall retail turnover is likely to have come from the sharp fall in oil prices in the second half of October. The less volatile non-food sales posted a mild acceleration from 2.6% to 3.2% YoY in October. The effect of Black Friday sales and central bank tightening might further support acceleration in November. For the first ten months of the year, retail sales posted a 5.9% YoY gain - a significant slowdown from a 10.9% YoY full-year expansion in 2017.

Fig 1 Retail bounced back driven by fuel sales



Source: NIS, ING

Fig 2 Softer consumer confidence in the last two months



Source: EC, NIS, ING

Retail sales data tends to be volatile and subject to revisions. At the same time, consumer confidence doesn't point to a sustainable recovery in the fourth quarter while GDP growth outlook remains in a lower gear too as investments fail to pick up the slack from consumption.

Moreover, the outlook for external demand isn't rosy, while room for supply-side fiscal stimulus appears exhausted.