

Romanian retail sales accelerate in the third quarter

Retail sales posted a 1.8% sequential advance in the third quarter of 2019. This should be good news for third-quarter GDP. But today's data confirms our view that the slowdown we've been expecting is happening but not at a concerning pace just yet

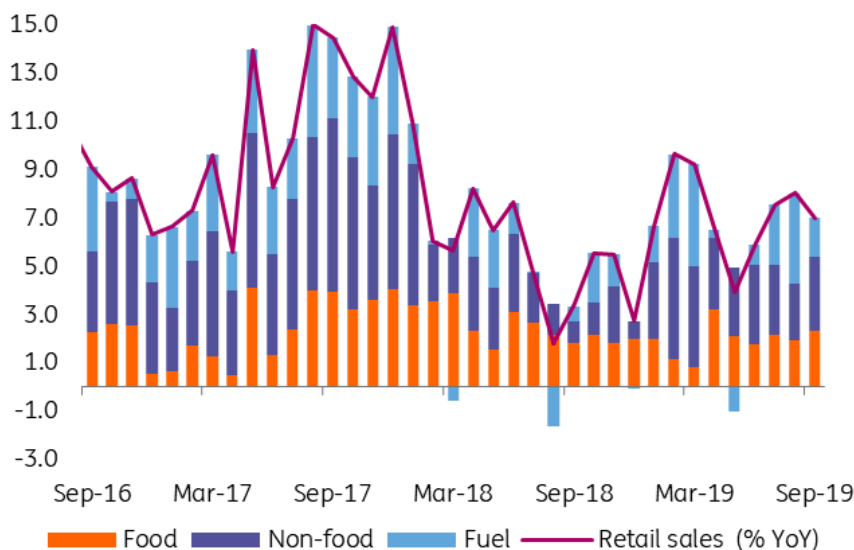


People shopping in a supermarket in Bucharest

The third quarter of 2019 marked another acceleration of retail sales, both in sequential terms (+1.8% versus 2Q19) and annual (+7.5% versus 3Q18).

September itself brought a relatively strong non-food sales advance of 1.8% versus August 2019 - the second-highest in 2019 so far. This confirms the latest confidence indicators which suggest that consumers remain optimistic as we head into the fourth quarter of 2019, planning to increase the major purchases both in the short term and over the next 12 months.

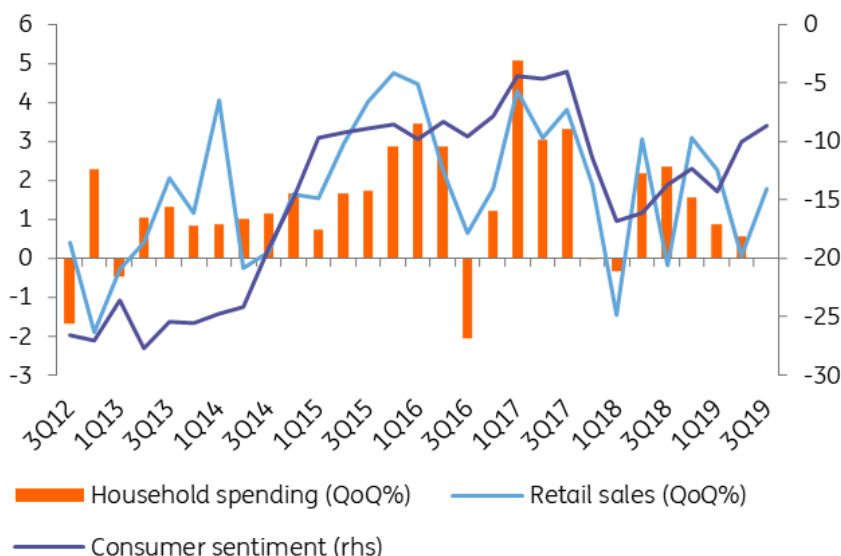
Retail sales dynamics and its components



Source: NIS, ING

Looking ahead, October might have been a slower month for retail sales, especially for the non-food items as consumers are likely to stay in expectative ahead of the November Black Friday sales and the traditional December shopping spree.

Consumer confidence running high



Source: NIS, ING

Today's data confirms our view that the economic deceleration we've been expecting is happening but not at a concerning pace yet. The contractionary industry sector (and the related job losses) seem to have had a limited impact so far on other sectors of the economy.

Overall wage growth is still supporting domestic demand and this should be visible in the GDP data due 14 November. Balance this with the negative developments in the industry and some mild positive trends in the trade balance to get what we still see as a realistic figure of 0.5% advance in 3Q19 GDP versus the previous quarter.

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