

## Romania: Retail sales at mid-year are not that bad

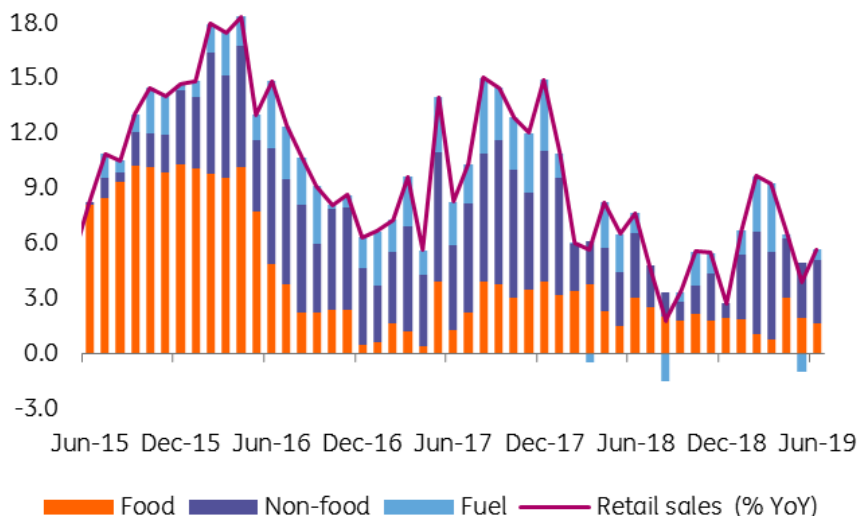
Consumers have obviously taken a step back in the second quarter but not so much to be worrying. A 5.4% acceleration from 2Q18 looks reasonable still



Source: shutterstock

With June data out, we can now take a broader snapshot of the spending mood in Romania during the first half of 2019. Compared to January-June 2018, sales accelerated by 6.9% in 2019. About half of this came from non-food items, with food and fuel sales roughly equally sharing the other half.

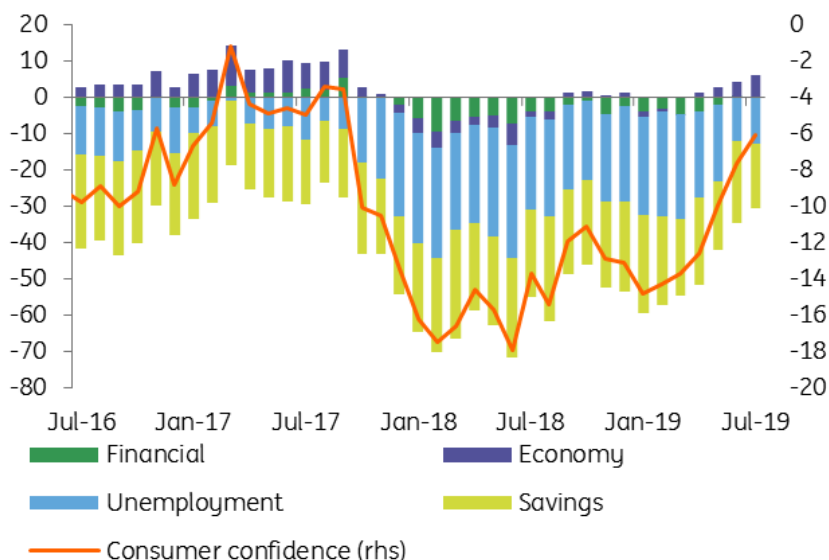
## Retail sales dynamics and sub-components



Source: NIS, ING

In June alone, retail sales rebounded, with growth of 5.7% year-on-year from 3.9% in the previous month, well supported by all subcomponents. The latest consumer confidence indicators have shown an increased propensity for big ticket spending, which is broadly in line with the solid non-food sales items we've been seeing.

## Consumer confidence rebounding



Source: NIS, ING

As long as double-digit wage hikes continue to hold, not much can go wrong for retail sales. And given that the election cycle will last until late 2020, wage gains should remain strong. The economic deceleration we've been expecting is happening but not at a worrying pace.

In fact, judging by the retail sales numbers and trade balance developments in the second quarter we might see sequential GDP growth dwarfing our 0.5% quarter-on-quarter forecast (second quarter flash data is due 14 August).

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