

## Romania: Retail sales bounce back strongly

This suggests an acceleration in household consumption, despite softer consumer confidence



Retailers' turnover accelerated in August to 12.5% YoY, from an upwardly revised 10.3% rate in July. Non-food sales, expanding by 17.7% YoY and matching the fastest pace since 2008, remain the main driver. This comes after hefty wage hikes in the public administration in July and with average wages in the economy increasing by 15.1% YoY as of July.

Sales of fuel also had an important contribution bringing about a quarter of the annual growth after rising by 17.8% YoY, likely as people added inventories ahead of the pre-announced September increase in excise duty for fuels. Food items posted a 6.9% YoY advance.

The retail sales data paints an improving picture for domestic demand into the third quarter, but the soft data suggest some pull-back in sequential terms in 3Q17.

Still, due to statistical base effects, the full year growth should print around 6.0%.

