

Snap | 3 July 2018 Romania

## Romania: Retail sales bounce higher in 2Q

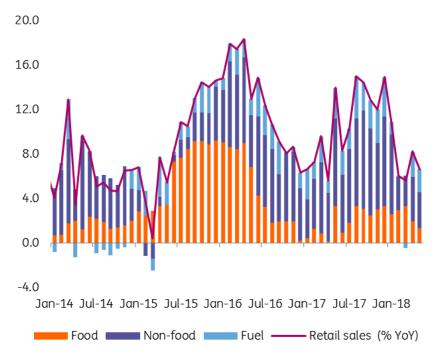
Retail sales in May advanced 2.1% month on month, similar to April, which means a 6.6% expansion year on year. As a result, the second quarter should see a sequential rebound in private demand



Source: Shutterstock

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## Retail sales growth moves into lower gear

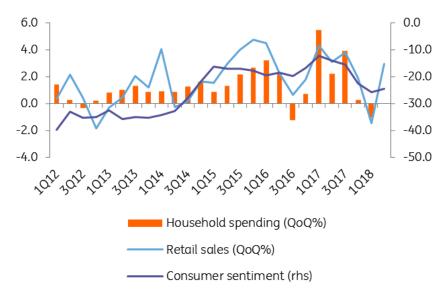


Source: NIS, ING

After a weak first quarter-and sequential contraction in household consumption- the first two months of the second quarter suggest an acceleration on the back of Easter spending and March wage hikes in the public education and healthcare sectors. Despite robust growth in non-food sales of 7.3% YoY, the new cruising speed is much slower than the 14.4% expansion posted in the same period of 2017. It looks like fiscal stimulus is quickly fading away and consumers are more cautious. Consumer sentiment indicators sharply deteriorated in June, likely influenced by political noise.

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## Consumption likely to bounce back in 2Q18



Source: EC, NIS, ING

Retail sales data is consistent with a sequential expansion in line with our call for 0.9% quarter on quarter which means 3.4% YoY GDP growth for the second quarter. However, GDP data in Romania is subject to large data revisions which increases forecast uncertainty.

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