

## Romania: Retail sales close 2019 triumphantly

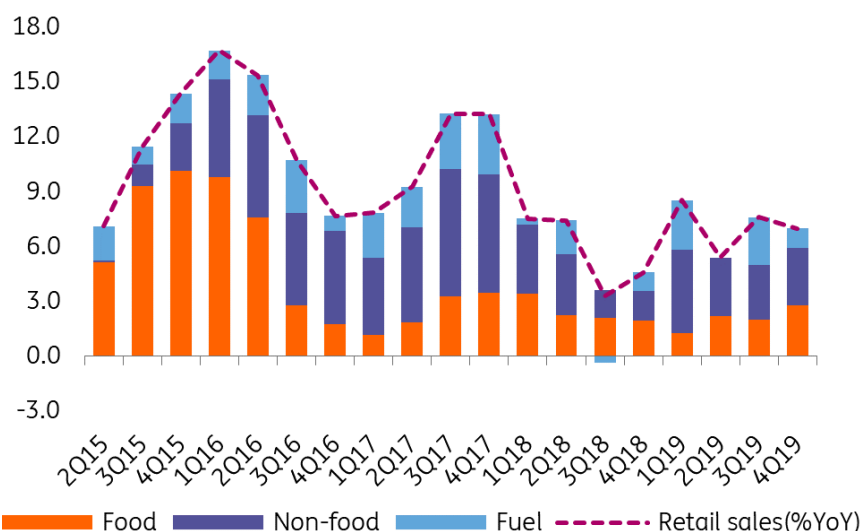
The 8.3% year-on-year acceleration in December was the strongest in nine months, marking a very good fourth quarter for Romanian retailers. For the year, sales accelerated 7.2% versus 2018



Confirming the very good confidence indicators, retail sales closed 2019 on quite a strong note. The fourth quarter marked a 2.6% acceleration versus the previous one, with both food and non-food items performing strongly. In fact, these items haven't had a single quarterly contraction since the first quarter of 2018.

In December alone, food items had the best month in 2019, accelerating by 8.1% YoY. Following the strong November Black Friday sales, one might have expected a weaker month for non-food items. However, these accelerated by 9.6% versus 7.7% in November due to very good sales of electric appliances and furniture (+19%).

## Retail sales by main categories



Source: NIS, ING

Looking forward, we expect some stabilisation in both confidence indicators and actual high frequency data. The positive influences come from another minimum wage hike enacted on 1 January, the general tight labour market still pointing to double-digit wage hikes in 2020 and a more benign inflation outlook. These might be offset by uncertainty surrounding the fiscal outlook and the general wages and pensions policies, especially following the recent political turmoil and the cloudy outlook for a new government taking over in the near future. For the fourth quarter, this latest retail sales data consolidates our view for a robust quarterly GDP advance of 0.5%.

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