

## Romania: Retail sales slow down at the start of the year

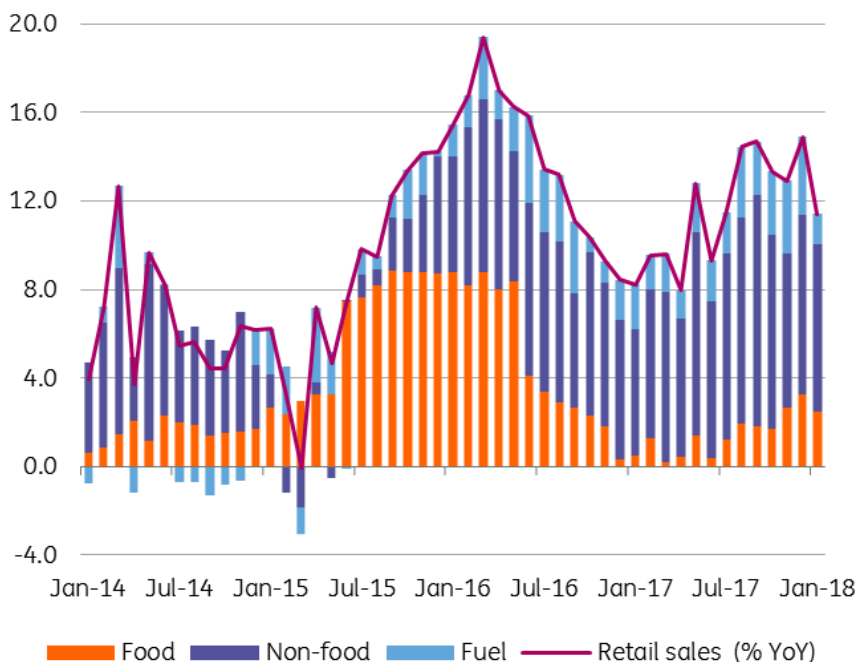
Retail sales rose 11.4% year-on-year in January, down from 14.9% in December with slower growth rates across the board-- especially in food and fuel



Source: shutterstock

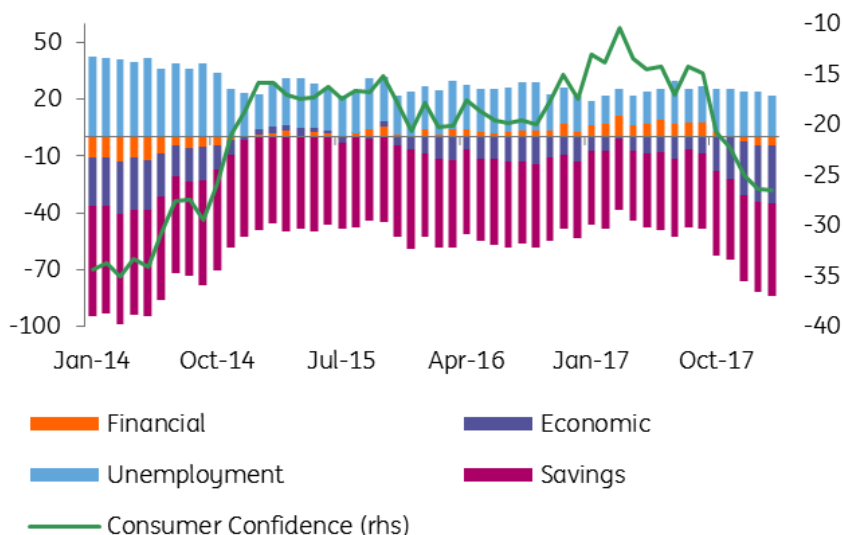
Retail sales fell by 0.9% in January compared to December in seasonal- and working-day adjusted terms but still rose 11.4% from a year ago. Digging further into details, we see that on an annual basis, non-food items grew by 17.2% (-1.8% from the previous month), down from 18.0% YoY in December, but quite impressive nonetheless. Fuel and food items followed the same pattern, expanding by 7.9%/8.5% YoY but falling in monthly terms by 1.2%/0.1%.

## Retail sales gyrating south



Source: NIS, ING

## Consumer sentiment weakening across the board



Source: EC, ING

This is in line with soft consumer confidence data, which has been on an accelerated downtrend since reaching an all-time high in March 2017. Overall, it appears that higher interest rates and inflation, a weaker currency and uncertainty about future income (due to fiscal changes) have started to take a toll. A change in government at the start of the year may have also had a negative impact on consumer morale. And with recent government pay rises targeted only at

certain professionals, it would appear the consumer is running out of steam.

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