

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

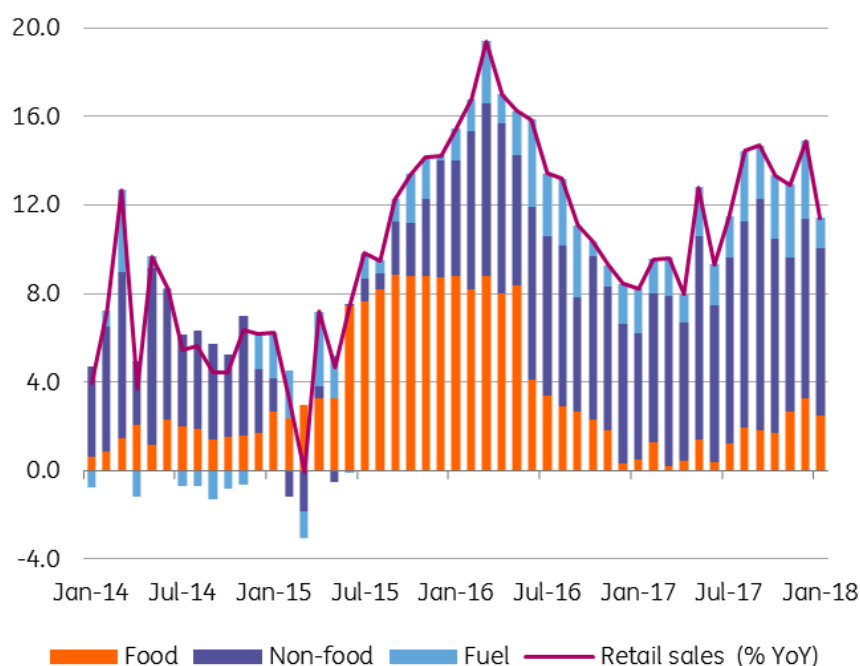
Retail sales rose 11.4% year-on-year in January, down from 14.9% in December with slower growth rates across the board-- especially in food and fuel



Source: shutterstock

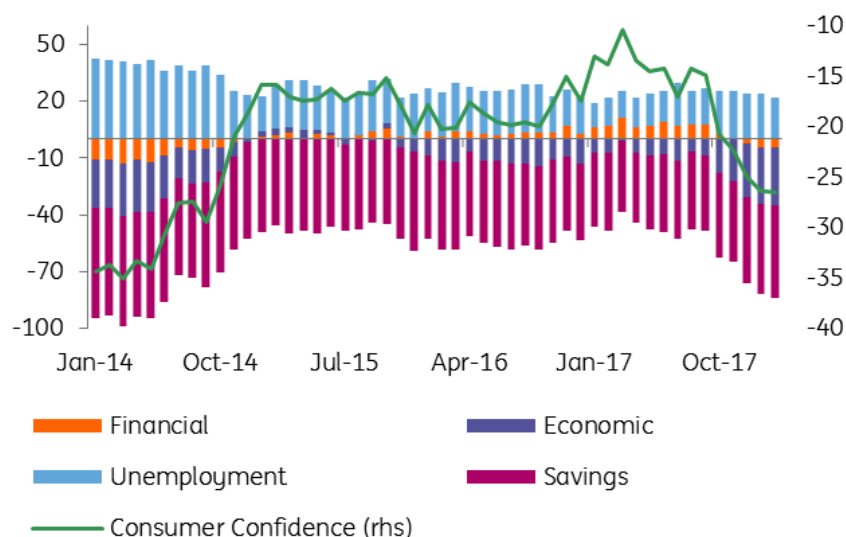
Retail sales fell by 0.9% in January compared to December in seasonal- and working-day adjusted terms but still rose 11.4% from a year ago. Digging further into details, we see that on an annual basis, non-food items grew by 17.2% (-1.8% from the previous month), down from 18.0% YoY in December, but 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.

Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.