

## Romania: Robust retail sales in September bode well for strong third-quarter growth

Romanian retail sales recovered in September advancing by 1.7% versus the previous month. While this growth was not particularly spectacular, it is enough to cement our expectations for strong third-quarter GDP

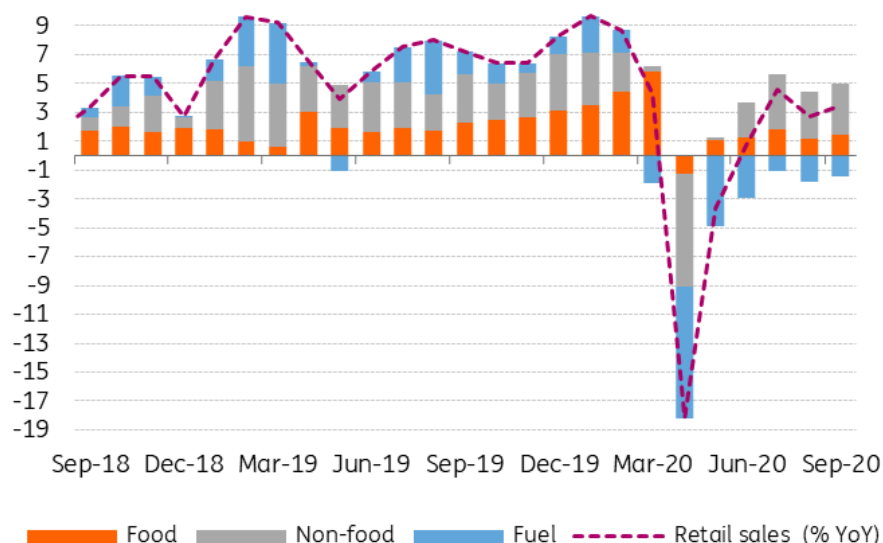


People shopping in a supermarket in Bucharest

The phase of this rapid recovery driven by pent-up demand is now behind us by a couple of months. With September data out, we can now look at what was a pretty strong third quarter for retail sales which have advanced by 13.5% compared to the second quarter.

Breaking it down, it was fuel sales which recovered the most but only because they also declined the most in the second quarter. We remain impressed by the solid performance of non-food items which are up by 14.9% in the third quarter.

## Retail sales and main components



Source: NIS, ING

On the year (January-September), sales are up by 1.4% versus the same period of 2019.

Today's numbers paint a slightly more optimistic picture of what we can expect from next week's 3Q20 flash GDP due to be announced on 13 November. After a steep fall in the second quarter when it contracted by almost 12%, we believe that a quarterly growth figure in the 7-8% area is possible. And given that so far Covid-19 related restrictions have not gone even close to what we saw in the spring, it is still reasonable to anticipate that Romania will avoid a contraction in the last quarter of 2020 and the much dreaded W-shaped recovery.

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