

## Robust Romanian retail sales to support economic recovery

Growing by 4.8% over the last quarter and 4.2% in December alone, retail sales in Romania bode well for positive fourth-quarter growth numbers due on 16 February



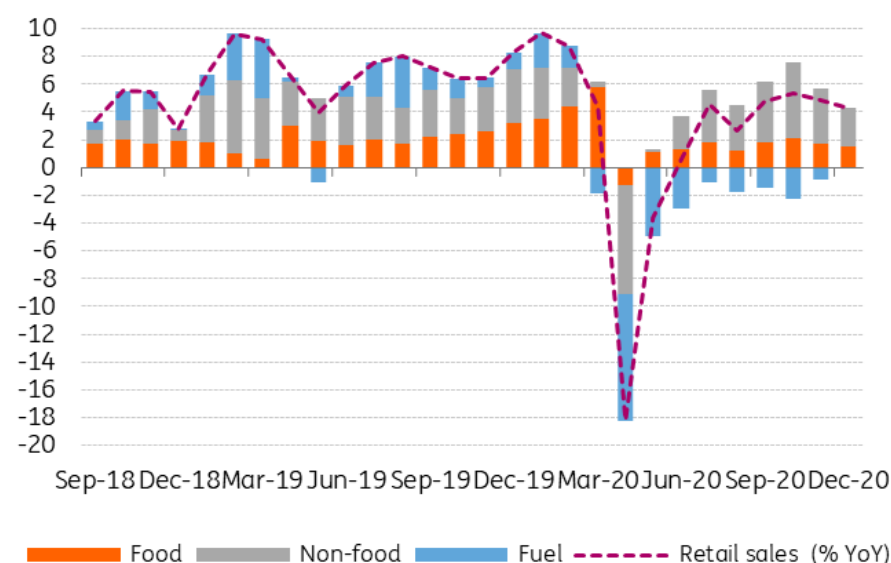
Romanian seasonal workers wait for check-in at the Avram Iancu international airport, in central Romania.

Source: Shutterstock

Despite a growth rate that is consolidating into lower single digits, Romanian retail sales performance in 2020 was rather robust in our view. For the entire year, the advance compared to 2019 was 2.4%, which places Romania in the top half of the EU countries.

A quick split reveals fuel sales have prevented an even better outcome given that they contracted by 7.5% in 2020, on the back of the mobility restrictions and the general fear factor which has understandably dampened appetite for travel.

## Retail sales by main components



Source: NIS, ING

## Fuel sales aside, robust growth elsewhere

Food sales have expanded by 5.5% in 2020 (similar to 2019) and non-food by 5.4% (from 8.8% in 2019), while online sales have soared by 35% in 2020 - again above the EU average.

The above numbers support our long-standing view of a resilient consumption sector, facilitated by solid wage dynamics, which have advanced by approximately 6.6% in 2020 - a notable performance given the pandemic.

The unemployment rate has also remained at reasonable levels, closing 2020 at 4.9%, from 4.0% in December 2019.

## Looking forward into 2021

We anticipate sales growth to consolidate around current levels. This will be supported by a decreasing but still positive wage number, a less relaxed labour market and a relatively benign inflation outlook. Offsetting these to some extent, we have uncertainties surrounding the fiscal outlook and in particular the wage and pensions policy.

This latest retail sales data consolidates our view for a robust fourth-quarter GDP number which should expand by around 1.0% in comparison to 3Q20.

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