

## Romania: Softer retail sales in May

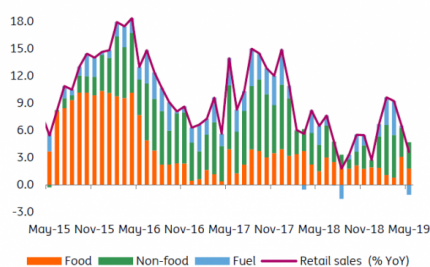
Retail turnover slowed down to 3.7% year-on-year in May from 6.5% in the previous month. This is likely due to consumers spending their money on big ticket items



Source: shutterstock

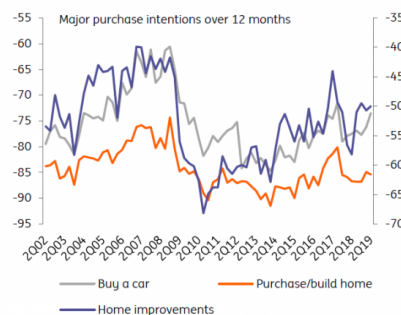
Non-food sales stood almost unchanged at 7.8% year-on-year while food sales decelerated after the Easter holidays and fuel sales contracted. It's likely that consumers are spending their money on big ticket items as the purchase intentions show. This usually involves some leveraging which could drag down future consumption.

Fig 1 Retail sales in slower gear ...



Source: NIS, ING

Fig 2 ... as consumers spend more on big ticket items



Source: EC, ING

The second quarter is shaping up to be weaker for consumption and we expect sequential GDP growth to slow down to 0.5% quarter-on quarter from 1.3% previously. Still, June consumer confidence improved, reaching its highest level since September 2017. Hence, domestic demand is likely to remain robust this year.