

ROMANIA | INSTANT COMMENT

Non-food sales suggest better consumer confidence

Retail Sales (y/y)

Actual, Nov:	3.3%	Previous:	1.9%	Erste:	1.6%	Consensus:	n.a.
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Retail sales accelerated to +1.7% m/m and +3.3% y/y in November from +1.4% m/m and +1.9% y/y in October and exceeded our forecast of +0.5% m/m and +1.6% y/y.

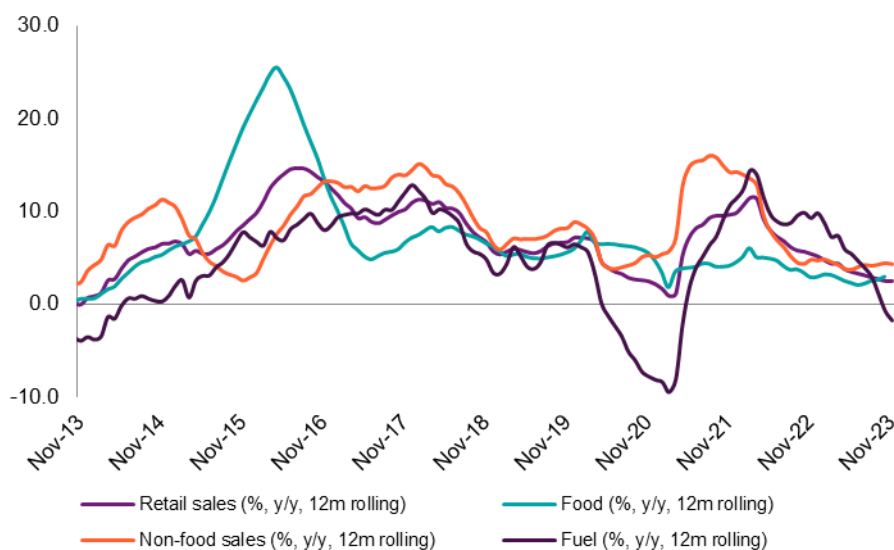
We forecast a rebound in retail sales to +3.9% in 2024 vs an estimated +2.3% in 2023. Real wage growth is expected to strengthen to a five-year high in 2024 due to further inflation deceleration coupled with robust increases in nominal salaries. The number of employees in economy is at all-time high and still growing, albeit at a slower pace, while the unemployment rate is flat.

Food sales came at 0.0% m/m and +4.3% y/y, turnover for non-food items was boosted by Black Friday sales and grew by +3.9% m/m and +6.5% y/y, while sales of car fuel were weak at -0.2% m/m and -5.7% y/y. Online sales dropped -3.4% y/y.

Expected business situation in retail trade worsened in November according to the ESI survey, while the backward-looking component improved, resulting in a drop in the overall retail trade confidence indicator. Higher inventories weighed on retail trade sentiment in November.

New retail loans, a key driver for sales of durables, recovered in the second half of 2023 helped by declining interest rates.

Retail sales growth by categories (12-month moving average, y/y, %)



Source: NIS, BCR Research

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