

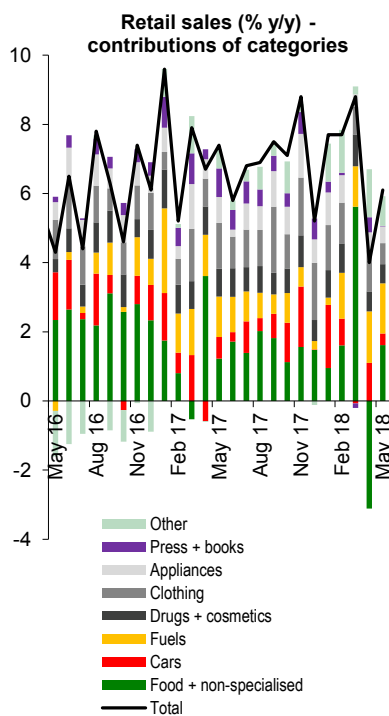
# ECONOMIC COMMENT

21 June 2018

## Retail sales on May vacation

Retail sales advanced in May by 6.1% y/y versus 4.0% y/y in April, in line with the market consensus (6.0% y/y) and below our expectations (7.6% y/y). May saw a normalisation of sales of food (2.8% y/y) and in non-specialised stores (7.8% y/y), after two months of distortions caused by the timing of Easter and introduction of Sunday trade ban. Sales of durable goods were relatively weak, especially as regards cars and clothing. In our view, these categories were undermined by negative working day effect and combination of holidays. We expect the retail sales to accelerate in the next months. Private consumption will remain the main driver of GDP growth this year rising by c5% y/y, in our view.

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Retail sales deflator amounted to 1.4% y/y and was the highest since March 2017. Two main categories generating an upside pressure were fuels (deflator up 8.5% y/y, highest since April 2017) and pharmaceuticals (+1.2% y/y, highest since 2015) but in the latter category the base effect played its role. Deflators for remaining categories did not move much.

We expect the retail sales to accelerate in the next months. Good labour market situation and high level of consumer confidence will support the private consumption, which will remain the main driver of GDP growth this year rising by c5% y/y, in our view.

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