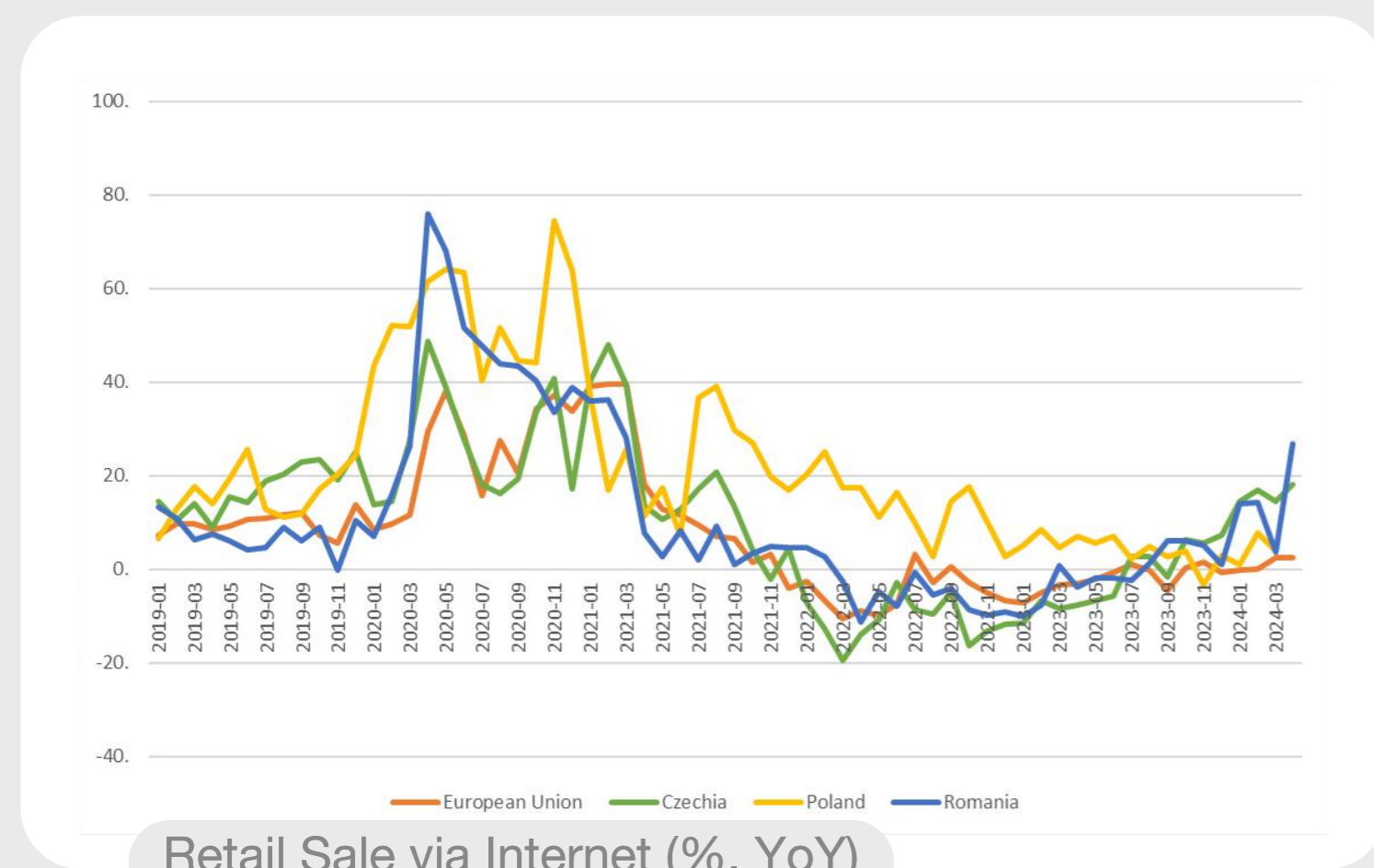
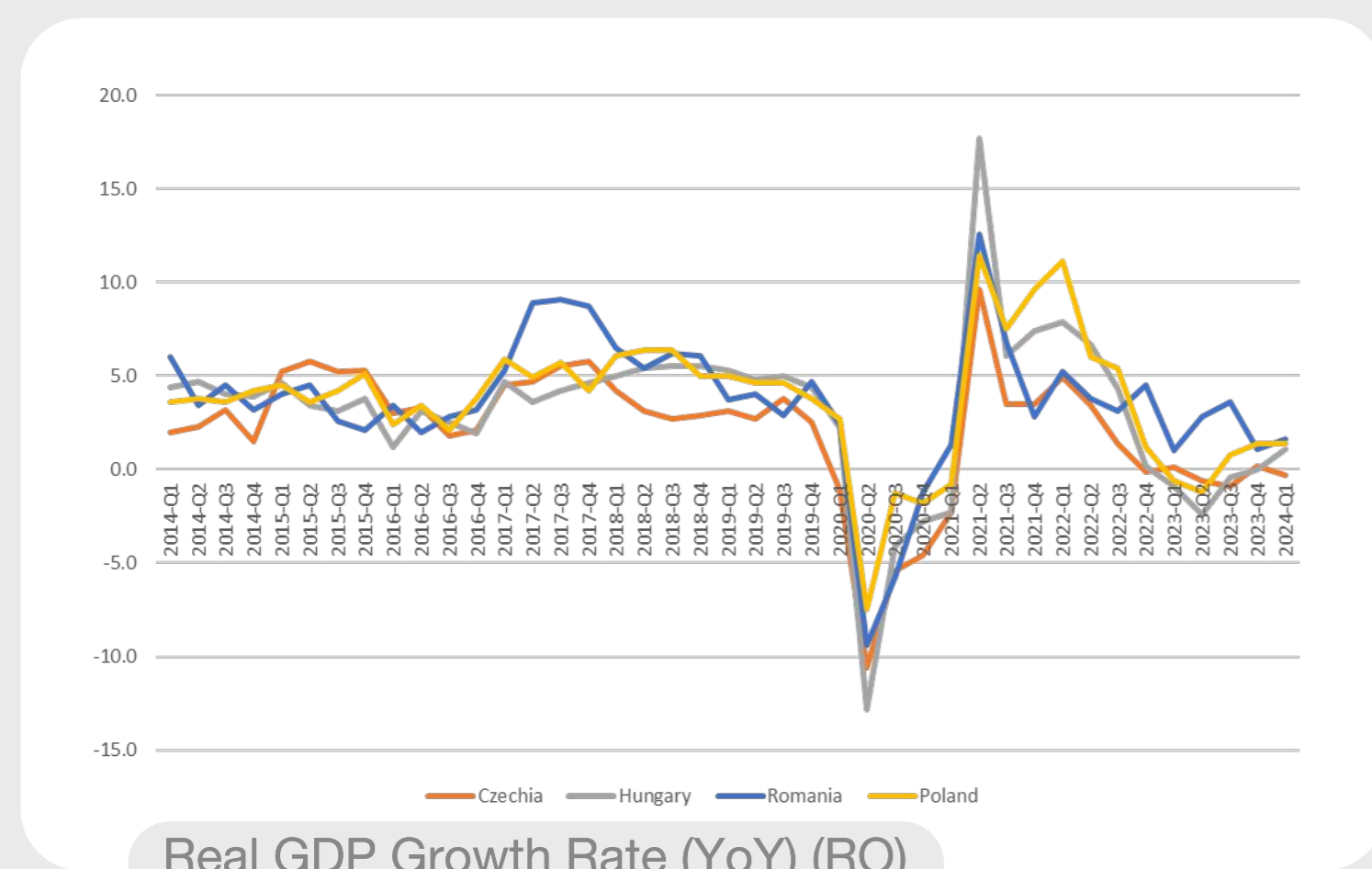


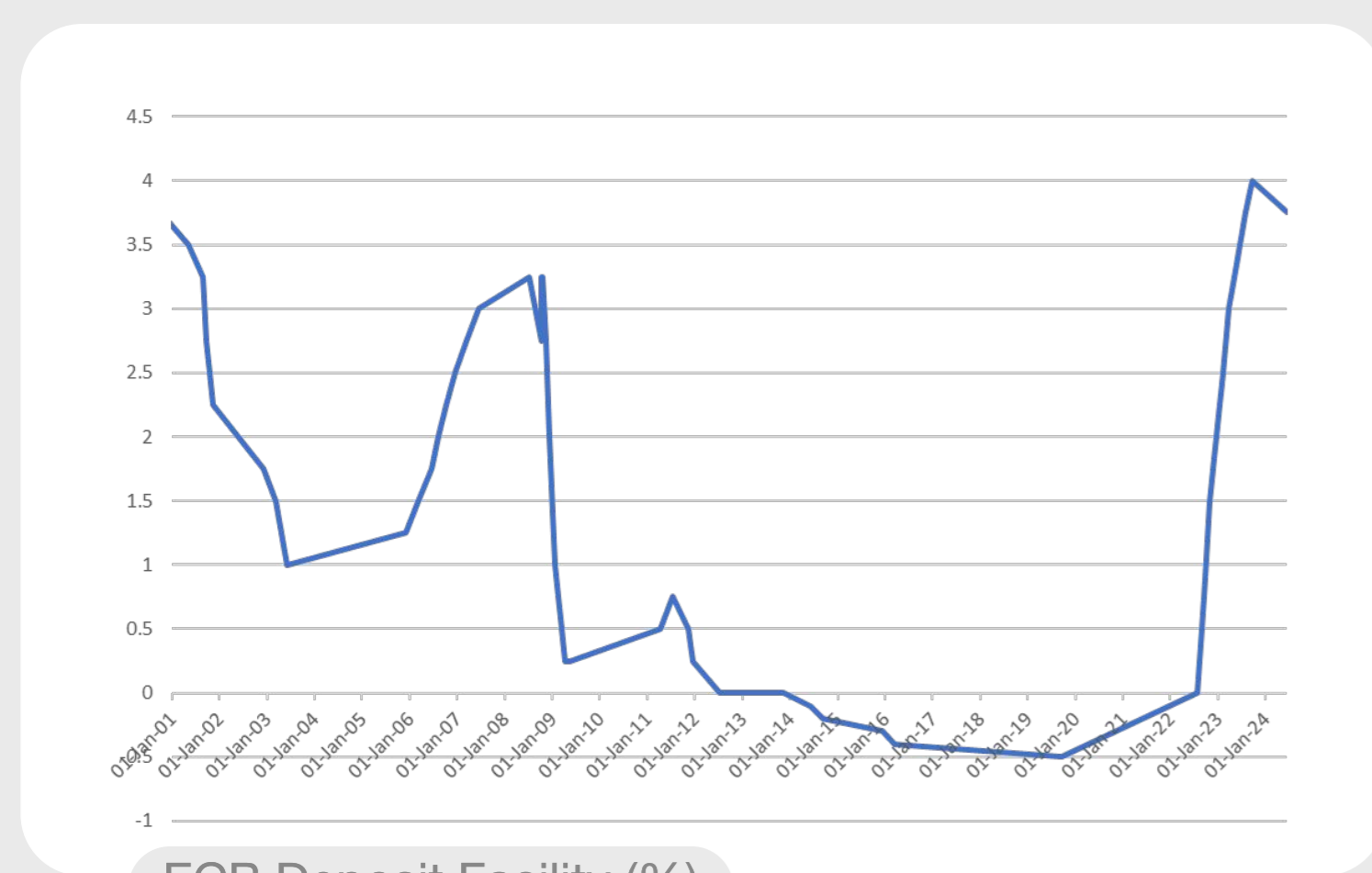
Retail Trade (% YoY)



Retail Sale via Internet (% YoY)



Real GDP Growth Rate (YoY) (RO)



ECB Deposit Facility (%)

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RETAIL TRADE VOLUME DOWN BY 0.6% IN THE EU, BUT UP BY 9.8% IN ROMANIA.

Retail trade volume decreased by 0.6% in the EU but increased by 9.8% in Romania in April on a year-to-year basis. Among Member States, the largest annual decreases in the total retail trade volume were recorded in Poland (-7.3%), Belgium (-5.8%), and Estonia (-4.9%). The highest increases were observed in Romania and Bulgaria (both +9.8%), Croatia and Slovakia (both +8.6%), and Luxembourg (+7.3%).

Annual comparison by retail sector in the EU shows that the volume of retail trade decreased for food, drinks, tobacco by 0.1%, increased for non-food products by 0.1% and remained stable for automotive fuel. In Romania, the increases came especially from the volume of retail trade of non-food products by 14.4%, for automotive fuel by 7.9% and retail trade for food, drinks, tobacco by 5.4%.

An important increase in the retail volume as a component is the retail sale via mail order houses or via internet with an increase of 26 percentage change compared to the same period in the previous year. Although still volatile, the trend for this type of retail shows a steady increase.

Regarding the GDP, the estimated value for the first quarter of 2024 was 339404.0 million lei at current prices, increasing in real terms by 0.1% compared to the first quarter of 2023. In terms of contributions to the GDP from Q1, significant positive contributions were made by household final consumption expenditure, a volume that increased by 3.3%, contributing +2.2% to GDP growth, individual final consumption expenditure of general government, a volume that increased by 3.9%, contributing +0.3% to GDP growth, and gross fixed capital formation (investment), a volume that increased by 6.6%, contributing +1.3% to GDP growth.

The main categories of resources contributing to GDP growth in Q1 2024 compared to Q1 2023 are Information and communication (+0.2%), with a share of 8.9% in GDP formation that recorded an increase in volume of activity of 2.0%; Entertainment, cultural and recreation activities, repair of household goods and other services (+0.2%), with a share of 2.6% in GDP formation that recorded an increase in volume of activity of 7.0%; and Public administration and defense, Public social security, education, health and social work (+0.1%), which accounted for 15.0% of GDP and increased by 0.9%. Net taxes on products also increased by +0.6%, with a share of 8.3% in the formation of GDP and an increase in the volume of 6.0%.

Industry made a negative contribution to GDP growth (-0.2%), with a share of 18.3% in GDP formation and a 1.1% decrease in volume.

In Europe, compared with the same quarter of the previous year, seasonally adjusted GDP increased by 0.4% in the euro area and by 0.5% in the EU in Q1 2024.

The main contribution to GDP growth came from household final consumption expenditure (+0.1%) for both the euro area and the EU and government final expenditure (+0.0 pp for both). Gross fixed capital formation was negative for both the euro area and the EU (-0.3%), changes in inventories was negative for both euro area (-0.3 pp) and the EU (-0.1 pp), and exports minus imports was positive for both the euro area (+0.9 pp) and the EU (+0.6 pp).

The ECB's Governing Council decided to lower the key interest rates by 25 basis points. The new rates are 4.25% for main refinancing operations, 4.50% for the marginal lending facility, and 3.75% for the deposit facility. This decision follows improved inflation outlooks and eased underlying inflation.

Moreover, the euro area economy has recovered stronger than expected in early 2024, driven by net trade and household spending. Real GDP growth is projected to be 0.9% in 2024. Headline inflation is expected to moderate towards target levels by 2025, influenced by easing cost pressure.



Ioan Nistor

Chief Economist

” Romania leads retail trade surge with 9.8% increase in April. Digital commerce expansion. Household consumption and investment drive Romanian's Q1 24 GDP growth. ECB's Monetary Policy Adjustment: Interest rates cut to support growth.