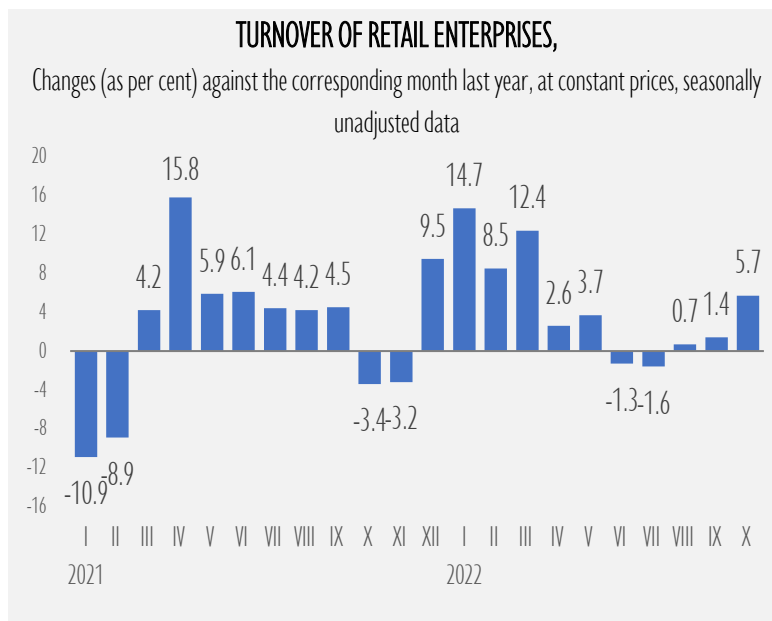


## On Retail Turnover in October 2022

## High prices affect residents' purchasing habits

In October 2022, compared to October 2021, the total turnover of retail enterprises in actual prices rose by 24.3%. However, considering the rapid rise in prices, it increased by 5.7% at constant prices (unadjusted data). The sharper increase was determined by the low base in October 2021, when strict trade restrictions were in force for a third of the month and mainly grocery stores were open. However, higher prices are holding back the faster growth of retail sales. On an annual basis, the retail turnover grew very rapidly in non-food product groups, and the growth was slower for the retail turnover of fuel products. Nevertheless, it decreased for retail turnover of food.



In October 2022, the turnover of **non-food** retail sales grew by 15.3% year-on-year, providing the largest contribution to the total retail sales growth. The most rapid increase was observed in the trade of clothes, shoes, and leather goods (by 49%), the trade of metal products, tools, building materials and plumbing (by 40.4%), the trade of sports goods and games (by 38.9%), and books, newspapers; the trade of stationery, audio and video recordings (by 28.5%). These sectors were most affected in October and November 2021 by tighter trade restrictions imposed to mitigate the Covid-19 infection. A rapid increase in the sale of information and communication technology equipment (by 20.7%), as well as in stores specialized in the retail sale of household electrical appliances (by 19.2%) was observed. After the decline in previous months, turnover increased in the retail trade of textiles, carpets, floor coverings, wallpaper, furniture, lighting devices, and other types of household goods (by 12.6%). Also, the turnover increased in the trade of cosmetics and toiletries (by 8.4%) and watches, jewellery, and other retail trade of unclassified new goods (by 0.7%).

The sharpest drop in retail turnover was observed in the trade of flowers, plants, seeds, fertilizers, pets and their feed (by 13%), which shrank for the fourth month in a row. On the other hand, for the second consecutive month, turnover decreased in the trade of pharmaceutical and medical accessories (by 4.4%).

The decline in retail sales was observed in all non-store outlets. Other retail sales outside shops, stalls, and markets decreased most rapidly (by 25.5%). Shopping by mail or on the Internet, after a slight increase in September 2022, declined in October 2022 (by 6.4%). Sales at stalls and markets also decreased.

The retail turnover of **food products** decreased for the first month since September 2021, and, in October 2022, it was 4.6% lower, compared to October 2021.

In recent months, the retail turnover of **fuel** at gas stations has been increasing. In October 2022, compared to October 2021, it rose by 3.6%. This was largely due to a decrease in fuel prices after a sharp rise in prices in the first half of the year.

Overall, in January-October 2022, retail turnover was 4.2% higher, compared to the corresponding period last year. Retail sales of non-food products rose by 8.4%, driven by a low base in 2021, when trade restrictions were in place and retail turnover fell significantly. Food sales increased by 1.4%, while fuel retail sales decreased by 0.4%.

Also, in November 2022, retail turnover will grow faster, considering the low base effect due to trade restrictions in effect last year. However, retail trade will continue to be affected by high price levels. Residents will spend more on essential goods (food and housing payments), thus postponing the purchase of non-food items, including larger purchases. The negative impact on retail turnover will be reduced by state support for residents to cover heat energy

costs in the heating season from October 1, 2022 to April 30, 2023, pension indexation in September, wage increases, as well as other planned benefits to increase residents' purchasing power.