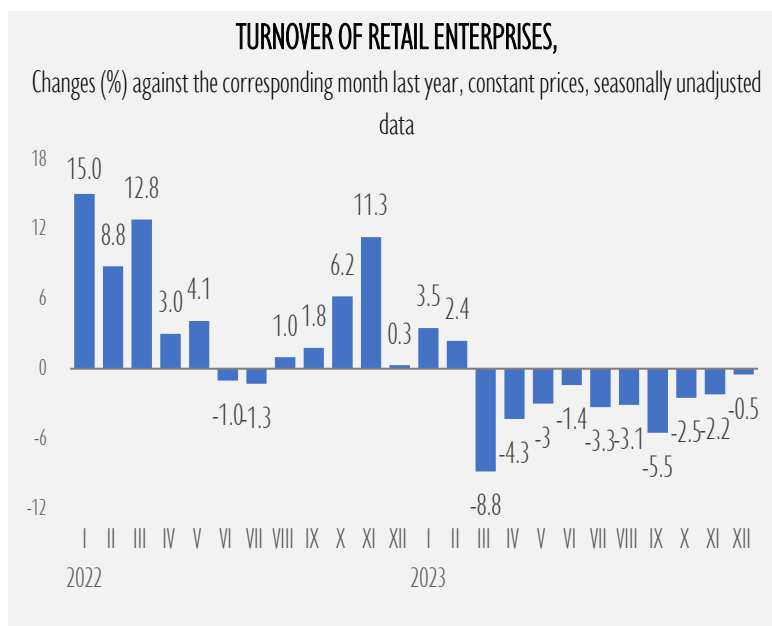


On Retail Trade Turnover in December 2023

In 2023, retail trade was affected by the rise in prices and the fall in the real income of the population

In 2023, the retail sector was significantly impacted by a decline in the real income of the population. In the first half of the year, the increase in consumer prices exceeded the growth in income, which negatively affected household consumption. Retail sales saw a moderate increase at the beginning of the year but fell sharply in March. This decline was partly due to a high base effect from the corresponding period in 2022 when all trade restrictions related to Covid-19 were gradually lifted, and retail sales increased significantly. The reduction in purchasing power and the caution exercised by consumers in making larger purchases led to further declines in retail turnover in the following months, although these were more moderate compared to March. Overall, retail turnover in 2023 was 2.5% lower than in 2022. Food retail turnover decreased by 3.8%, which was also affected by high food prices. Non-food trade decreased by 2.8% in 2023. On the other hand, fuel retail turnover increased by 0.7%.



In December, the total turnover of retail enterprises at constant prices decreased by 0.5% year-over-year (according to unadjusted data), which was the most moderate decline among the months of the previous year when a decrease in turnover was observed. However, retail sales remained practically unchanged on a monthly basis. In December, compared to November, retail turnover increased by 0.1% (seasonally adjusted data).

Throughout the year, retail turnover increased very moderately in the food and **non-food product** groups, while fuel retail turnover decreased sharply. In December, compared to December of the previous year, the retail turnover of non-food goods increased by 0.7%. The fastest growth in turnover was seen in the sale of information and communication technology equipment (up by 19.4%), clothes, shoes, and leather goods (up by 17.6%), retail stores specializing in household electrical appliances (up by 10.3%), and in the trade of flowers, plants, seeds, fertilizers, domestic animals, and their feed (up by 9.5%). Retail sales of watches, jewelry, and new goods not elsewhere classified rose by 1.2%, and sporting goods and games increased by 1.1%, while sales of cosmetics and toiletries remained unchanged.

On the other hand, in December, the turnover of retail trade decreased sharply year-over-year in the sale of metal products, tools, building materials, and plumbing (down by 5.6%), books, newspapers, stationery, audio, and video recordings (down by 5.4%), and pharmaceutical medical supplies (down by 4.3%). A more moderate decline was observed in the trade of textiles, carpets, floor coverings, wallpapers, furniture, lighting devices, and other types of household accessories (down by 2.1%).

When looking at turnover by trading places, a moderate increase was observed in retail sales at stalls and markets (up by 1.1%). It grew rapidly in other retail trade outside shops, stalls, and markets (up by 8.4%), but retail sales by mail or on the Internet fell sharply, down by 7.8%.

The annual turnover of **food** retail sales increased moderately in December by 0.6%, marking the first annual increase since September 2022. This was influenced by the low base in December 2022. Although the rapid rise in food prices has stopped, the high level of food prices continues to affect the turnover of food products.

The turnover of retail **fuel** sales at gas stations decreased sharply in December, down by 6.2% compared to December 2022. This was due to a rise in fuel prices from July to October 2023 and a high base in December 2022, when fuel retail volumes rose sharply due to declining fuel prices.

The Ministry of Economy predicts that in 2024, consumer activity will gradually increase. The rapid rise in wages, which currently exceeds inflation, is expected to ease the financial situation of households and contribute to an increase in purchasing power.