

Czech Republic retail sales rise in June

Retail sales rose by 4.6% YoY in June, improving considerably from May. However, adjusting for working days, growth reached 6.2%, exceeding the year-to-date average of 5.2%



Source: Shutterstock

Czech retail sales excluding food grew by 7.4% year on year in June and by 9.4% if we adjust for working days, making it the second-highest figure this year and also above the average 2019 growth rate of 8.1%. Growth was supported by strong clothing and footwear sales which were surprisingly weak in May.

Food sales grew by 1.5% in June, and by 3% if we adjust for working days after a few volatile months due to Easter shopping, but have somewhat stabilised now close to this year's average of 2.3% YoY.

4.6% YoY

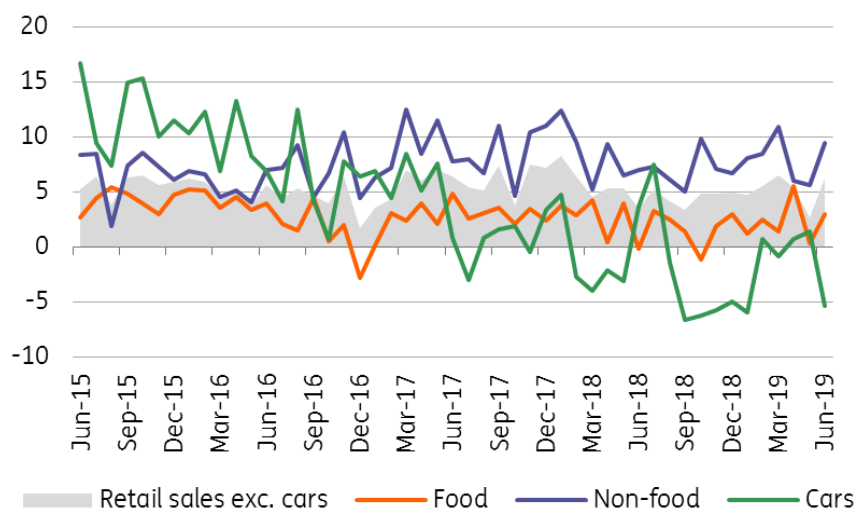
June retail sales

Positive surprise compensating weak May numbers

Higher than expected

Car sales again fell

Car sales fell again by a significant 8% in June, and if we adjust for working days, it comes down to -5%, which is one of the lowest figures this year. However, the fact that car sales declined in June was already on the cards as new car registration figures fell by more than 15%. However, there should be some relief for July, as new registrations have already stagnated in annual terms.



Source: CZSO, ING

Consumer appetite remains strong

Retail sales surprised on the upside in June, confirming the assumption that weak May figures were due to one-off effects, especially the poor weather, which postponed summer shopping.

Retail sales average for 2019 (excluding cars) is around 5%, similar to the previous two years. So, it seems that consumers haven't lost their appetite for spending just yet, despite confidence indicators falling this year because of concerns about slowing economic activity. Nevertheless, based on current retail sales dynamics in 1H19, households are not reducing their consumption, which will remain one of the main drivers of growth for the domestic economy this year.