

## Czech Republic: Solid retail sales in August

Retail sales grew by 4.6% year-on-year in August, the same rate as in July, which is only slightly below the average growth rate this year. While Czech households are less confident, their appetite to spend has not faltered



Source: Shutterstock

### Calendar bias during the summer

As is the case for other summer statistics, retail sales in August were affected by one less working day, while July had two more working days year-on-year. As such, retail sales growth (excluding cars) slowed from 7% YoY in July to 3.7% in August. However, if we adjust the numbers for the different working days, sales grew in August at 4.6% YoY, the same rate as in July. This is just a slightly weaker growth rate than in the first half of the year (5.2% YoY).

Sales of non-food goods reached 6.6% YoY in August (8.4% after working days adjustment, WDA), which is close to this year's average growth. Compared to July, this was a slight acceleration. Higher sales were recorded in specialised stores with products for culture, sport and recreation (9.7% YoY WDA), computer and communication equipment (10% YoY WDA) and traditional online sales (17% YoY WDA). By contrast, food sales slowed to 1% in August, lagging behind the average

growth rate of around 2%. This was mainly due to the drop in food sales in specialised stores.

3.7%

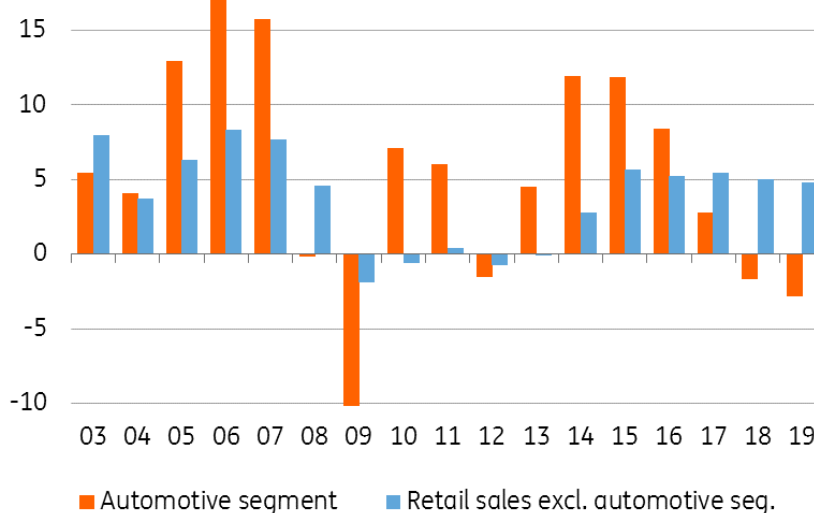
## Retail sales in August (YoY)

4.6% YoY after adjusting for calendar effects

### Car sales volatile due to new emission standards

Car sales and repairs fell again by 4% in August (-0.9% YoY WDA), but this was to some extent expected due to the 10% YoY fall in new registered passenger cars. New car registration data has been highly volatile in recent months as last year's figures were distorted by stockpiling before stricter emissions standards were introduced. A similar trend was seen across the EU. In September, new registrations grew by 8.5% YoY, due to a low base effect. This was the strongest year-on-year result in the last 12 months despite the fact that the number of new cars registered was the lowest this year (15,700).

### Retail sales (annual growth, %)



Source: CZSO, ING

### Retail sales growth remains solid this year

While retail sales appeared to be lower in August, this was due to calendar effects. After adjusting for this, sales continued to grow at a solid clip, although the pace was slightly weaker compared to the first half of the year. This year's retail sales (excluding cars) of around 5% are thus similar to previous years and twice as high as the euro area average. Households have not lost their appetite to spend for the time being despite the fact that confidence has fallen to the lowest level in four years due to concerns about slowing economic.