

Czech Republic: Strong retail sales in December

Retail sales (excluding cars) increased by a strong 8.3% month-on-month in December, as retailers were allowed to open again following a lockdown at the end of October. From a year-on-year perspective, sales increased by 3.7% from a 6% fall in November, above market expectations. For the whole of 2020, sales fell just slightly by 0.6% YoY



Source: ING

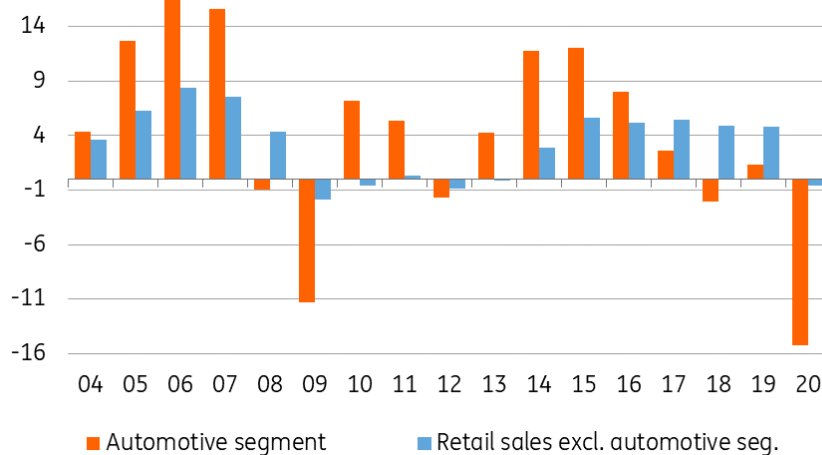
Better than expected figure in December

Retail sales (excluding cars) increased by a strong 8.3% month-on-month in December due to the partial easing of anti-coronavirus measures, which allowed retail shops to open after a lockdown at the end of October. From a year-on-year (YoY) perspective, sales increased by 3.7% from a 6% fall in November, significantly above the market estimate (-1.3%).

Compared to December 2019, December 2020 had two extra working days, which normally affects sales dynamics by several percentage points. However, in the current pandemic situation, the relevance of this is reduced, as consumers who deferred purchases in the previous period made up

for it in December, and thus the role of working days is smaller. However, from a working-day-adjusted perspective, the year-on-year growth rate was 1.4% in December.

Retail sales (% YoY)



Source: CZSO, ING

Solid 2020 though uneven

Sales particularly accelerated for non-food goods (from -9% in November to +7.5% in December) while for food, growth was just 0.5% YoY. Internet sales slowed from 39% in November to 30% YoY, thus remaining very strong. Car sales stagnated in YoY terms after double-digit declines seen in previous months. At first glance, this is a relatively favourable number, but registrations of new passenger cars, according to the Association of Car Importers, fell again by 23% YoY in January, as a result of coronavirus measures and the end of the option to register for a less stringent Euro 6 DG emission standard last December, which was behind the relatively favourable December numbers.