

Snap | 8 October 2020

CZECH REPUBLIC

## Czech retail sales growing, but less than expected

Retail sales (excluding cars) stagnated year on year in August, while rising by 3% in July. After adjusting for calendar effects, sales growth would be 1.6%, similar to July, though sales of non-food items slowed down more than expected



Sales of non-food goods grew by only 1.3% YoY in August, while we saw more positive 5% dynamics in July. However, August had one working day less compared to August 2019, and if adjusted for that, sales grew by 3% YoY in August. As such, still some slowdown was apparent compared to July, and sales also fell slightly in month-on-month terms. This could be related to the fact that favourable July figures were linked to some postponed spendings that were realized in July as previous months were affected by different restrictions related to Covid, and this effect faded away in August.

Food sales recorded a slight MoM increase and their dynamics adjusted for calendar effects reached 0.5%, which is the first year-on-year growth since March. However, unadjusted sales decreased slightly.

# 1.6% YoY

## August retail sales

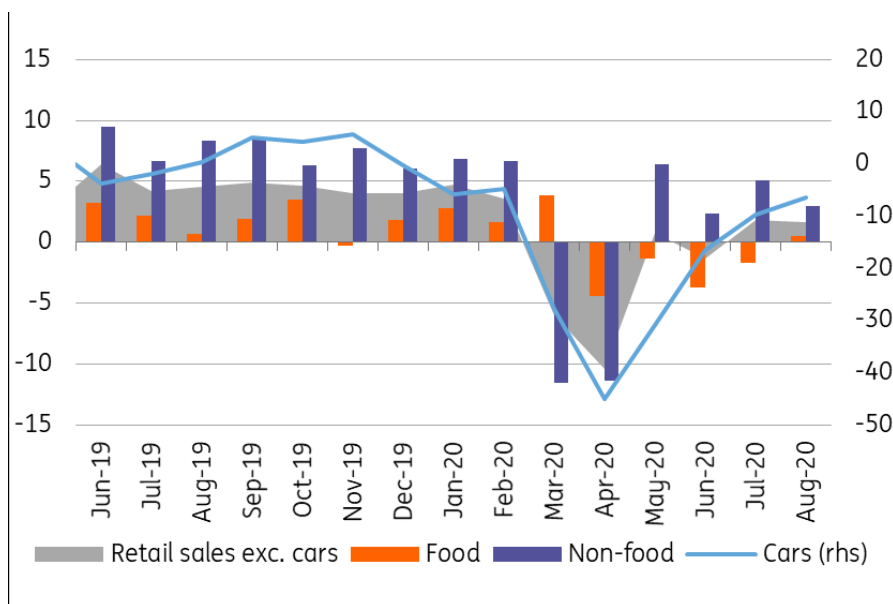
0.0% YoY if not adjusted for working day bias

Worse than expected

### Car sales falling by 20% this year

The year-on-year decline in sales continued in motor vehicle sales, where it reached 9.4%, which is a similar decline as in July. The drop was not a surprise, as it was indicated by previously published registrations of new cars, and these data signal that the situation should improve in September, when the year-on-year switched to a positive figure, for the first time since the end of 2019.

### Retail sales (calendar bias adjusted, % YoY)



Source: CZSO, ING

### Solid retail sales, but a second wave is a downside risk

Though August retail sales disappointed slightly, retail sales were relatively favourable in previous months. In year-to-date terms, retail sales (without automotive, which is falling by 20% YTD) are just slightly falling by 0.4%, while non-food sales are growing. Still, a second wave of Covid is a clear downside risk, not only for retail sales, but selected services mainly. For example, sales in restaurants were 14% YoY lower in August, sales in accommodations by 44% and sales in travel agencies by 85%, not to mention other services being lower by double-digits

compared to last year.

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