

## Czech retail sales grew again in February

February retail sales grew by 5.1% YoY in February, the same level of growth as last year. Car sales surprised on the upside, but new car registrations suggest a deterioration again in March.



Source: Shutterstock

### Slightly positive surprise in February figures

February retail statistics brought some positive surprises - YoY growth slightly accelerated to 5.1% from 4.9% in January. The market expected a weaker print of 4.5%. The main driver for the acceleration was food sales growing at 2.5% YoY, up from 1.9% in January. Non-food sales growth remains close to 8% (at 7.7% vs. 7.9% in January).

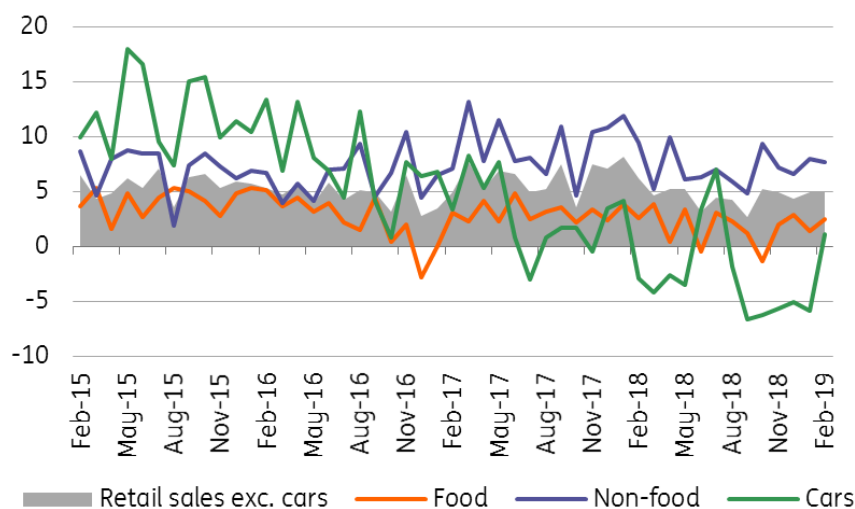
**5.1% YoY** retail sales growth excluding cars

Better than expected

## Car sales picked up

More positive figures came from car sales – after having fallen in YoY terms over the last 6 months. Following a 6% fall in January, these picked up by 1% YoY in February. Market consensus had expected a further fall - by 3% YoY - driven by the fact that February new car registrations were 6% lower than a year ago. Although this should be positive news signalling some stabilization in the car segment, new car registration fell by a further 12% in March. This suggests that March car sales will deteriorate further, though total car sales are affected also by older cars and not only new ones.

## Retail sales (working days adjusted, % YoY)



Source: Czech Statistical Office, ING

## Household consumption should remain strong this year, though slightly weaker

Retail sales grew by 5% last year, after growing 5.5% in 2017. This year a further moderate slowdown in retail sales growth can be expected due to weaker economic growth and slightly lower wage growth. Retail sales may also be affected by the fact that households are trying to save more, reflecting growing concerns about future economic developments. The aforementioned combination of factors should lead to slightly weaker retail dynamics this year. However, total household consumption should remain the main growth factor this year and Jan-Feb figures confirm that.