

## Czech retail sales solid in November

Retail sales accelerated by 6.1%, but after adjusting for working days grew by 5%. The positive figures suggest weaker consumer confidence in November didn't really translate into curbing spending appetite



Source: Shutterstock

### In line with annual average growth

Retail sales (excluding cars) grew by 6.1% year on year in November, only falling slightly behind the October numbers of 6.4%. However, both months were supported by a higher number of working days in an annual comparison (+1). When adjusted for that, October growth reached 5.2%, and 5% in November, which is close to the January-November average growth.

**6.1% YoY**

Retail sales excluding cars

5.0% adjusting for working days

Better than expected

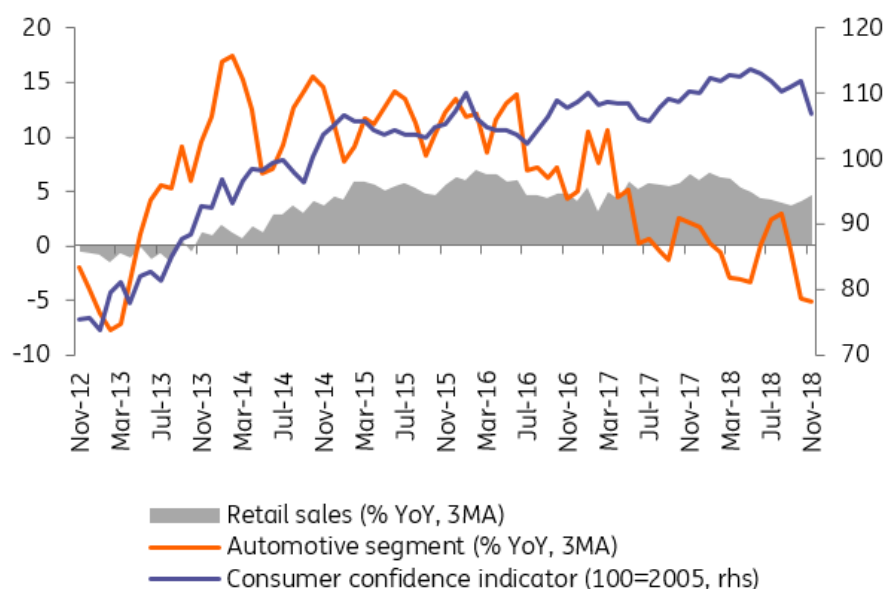
## Non-food sales still going strong

A closer look indicates that sales of food (+2.8%) and non-food goods (+8.9% YoY) were performing well in November. After adjusting for the working day bias, annual dynamics were close to the average in both cases, i.e. 2% for food and 7.5% for non-food goods. Favourable sales were recorded in all major goods while internet sales have been growing at a stronger than usual pace (+20% YoY).

## Car sales falling due to emission norms

Since September, sales of cars have been subject to problems with new emission standards that have decreased sales of cars across Europe. Though the annual fall in new car registrations decreased in November compared to October, on average it still reached almost 10% in the EU. Thus, total car sales in November in the domestic economy fell by 3%, but after taking calendar effects into account become 6% YoY.

## Retail sales and confidence indicator



Source: Czech Statistical Office, ING Bank

## Positive surprise given weak confidence in November

Retail sales without cars thus again pleasantly surprised in November after strong October figures. This is positive news, as consumer confidence in November has been the lowest in over a year because of concerns about the sustainability of current positive economic developments. November retail sales, however, suggest that weaker consumer confidence didn't really affect consumer appetite as it was short-lived and improved again in December.

### Czech retail sales growing twice as fast as EU average

Today's figures still suggest household consumption will be the main growth factor this year.

The overall average dynamics of retail sales excluding cars was only slightly weaker in 2018

compared to 2017 and is still among the highest in EU countries and more than doubles when compared to the EU average, which is related to the favourable growth of employment and wages in the domestic economy in recent years.