

## Czech spenders go wild as retail sales surge

Czech real retail sales have gained pace, growing similar to periods of prime economic expansion. The results slightly surpass market expectations, and robust spending suggests that price pressures remain a viable concern rather than a distant memory

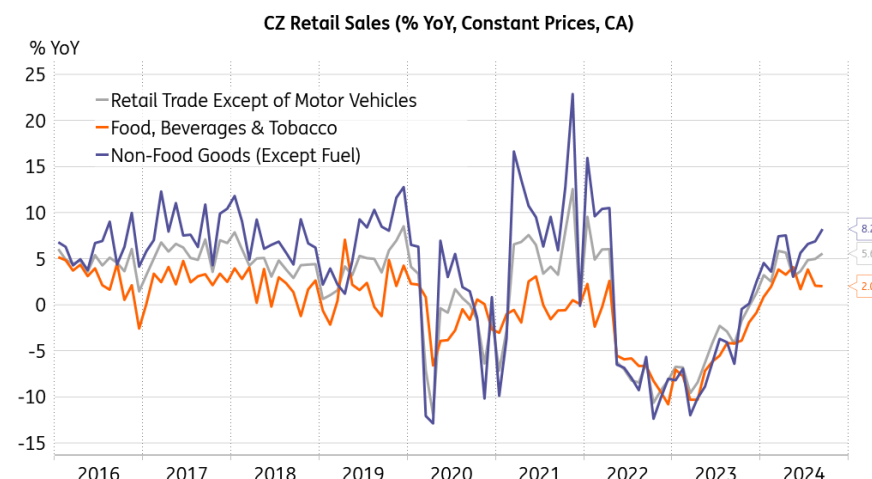


### Real retail sales fly high

Real retail sales in September increased by 5.6% YoY and by 0.2% MoM, excluding motor vehicles. In the motor vehicles segment, sales added 0.9% YoY and 0.6% MoM. Sales of non-food goods picked up by 0.4%, while sales of food lost 0.1%. Internet sales continued to dominate as the main contributor to real retail sales annual dynamics, increasing at a double-digit pace since the beginning of the year.

Sales in specialised stores of pharmaceutical and medical goods added 9.8% YoY, in cosmetics 9.7% YoY, and clothing and footwear 6.7%. Culture, sport and recreation saw 3.7% more sales than in the previous year, while sales in household goods stores fell by 2.0%.

## Retail sales dynamic corresponds to a solid expansion period



Source: CZSO, Macrobond

The Czech consumer has continued to support the economic rebound, which will likely be reflected in the 3Q GDP breakdown when available. The increase in real retail sales of 5.6% annually is stronger than the 4.7% average recorded between 2016-19 when the economy expanded by 3.5% on average. Indeed, the real wage growth is still solid enough to relax household budget constraints, so the spending spree will likely carry on in the coming months. With such an appetite for spending on the one hand and the propensity to raise price tags, it might prove harder than anticipated to break the persistence of price growth in the services segment.

Retail sales in the coming months could also see a boost from the demand for replacing items destroyed by the September floods. While we don't expect a significant impact from precautionary food supplies in September, the replacement of insured household equipment and vehicles could lead to an increase in retail sales towards the end of the year.

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