

# Retail sales show that household spending is driving the Czech economy

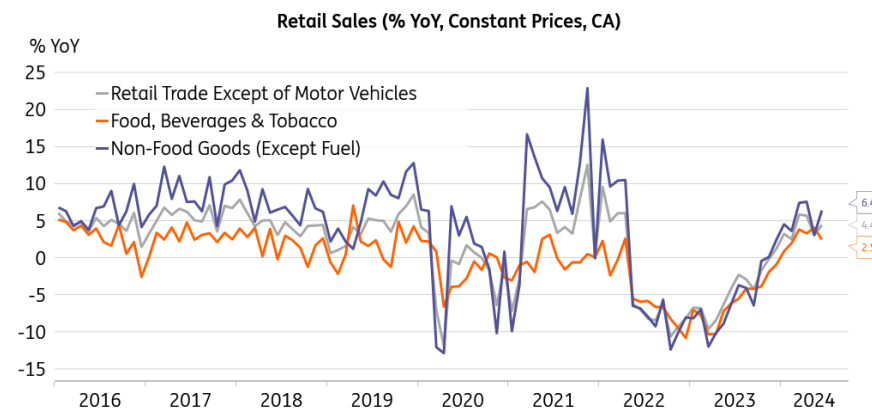
Retail sales increased 4.4% in July from a year earlier, reflecting slightly stronger spending than the markets expected. Household consumption likely remained a major driving force in the 2Q real GDP expansion



## Spenders did a great job in the second quarter

Czech retail sales excluding motor vehicles rose by 0.7% month-on-month in real terms in June, with non-food goods up by 1.6% MoM and fuel adding 1.0%. Meanwhile, food sales fell by 0.8% from the previous month. On an annual basis, real retail sales in June increased by 4.4%. Sales of non-food goods rose by 6.4% YoY, while fuel and food sales added 2.5% each from a year earlier. Annual retail sales growth continued for the seventh month in a row, with online sales being the main driver.

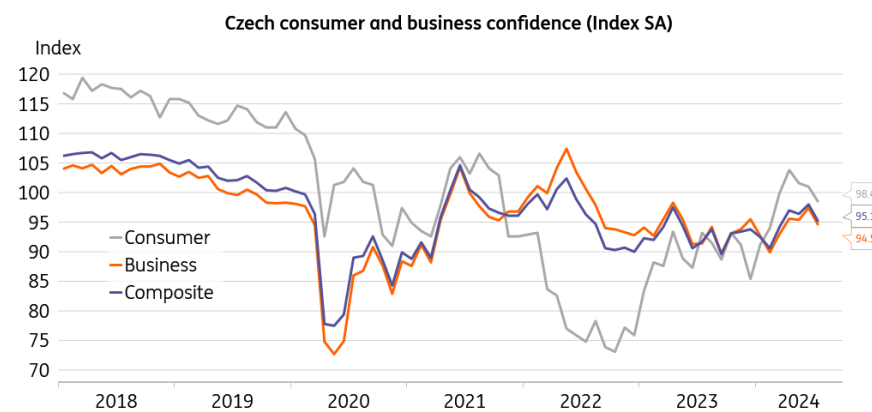
## Retail sales gains remain robust



CZSO, Macrobond

The retail sales reading in June suggests that household consumption was a major driving force in 2Q GDP growth and is expected to contribute positively to overall economic activity in the coming quarters. During a buoyant economic expansion between 2016 and 2019 with average GDP growth of 3.5%, we saw real retail sales gain 4.7% each year on average. The 2Q average increase of 4.5% in retail sales shows that consumers have done a pretty good job in recent months, benefiting from lofty real wage growth. Nevertheless, sentiment has been on a downward trend since May and took a hit in July, casting a shadow over the third-quarter consumption performance.

## Consumer confidence has weakened



CZSO, Macrobond

### Author

**David Havrlant**

Chief Economist, Czech Republic

420 770 321 486

[david.havrlant@ing.com](mailto:david.havrlant@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.