

3. Branches Performance

Gross value added mildly increased quarter-on-quarter in Q2, mainly thanks to the trade, transportation, accommodation and food service activities.

Considerable improvement of the pandemic situation in this year's second quarter joined by the gradual loosening of restrictions having part of the economy in clutches led to the expected revival, mainly thanks to the higher household consumption as well as total investment activity. If in Q1 2021 the gross value added (GVA)¹ fell quarter-on-quarter by 0.4% in the domestic economy, it already recorded 0.7 growth in the subsequent period. Similarly to the whole EU, where however the recovery was more dynamic during Q2 (1.9%), the wider industry group of activities trade, transportation, accommodation and food service also played a key role in the CR in this turnaround. Even though the vast majority of main activities registered at least a slow growth, the total GVA still significantly fell behind (by 3.6%)² its pre-crisis maximum (from Q4 2019) for now.

The GVA was placed nearly 4% lower this year compared to H1 2019.

The GVA went up by 2.7% year-on-year in H1 2021, in that by 8.4% in Q2 itself. For the large part however it is the effect of low last year basis, primarily due to the slump of output in branch trade, activities tied to tourism and also in manufacturing. The total GVA thus lost nearly 4% compared to H1 2019 this year, nearly twice as much then in the branch professional, scientific, technical and administrative activities itself. Construction was hit by even larger slump (-10.1%) and especially the group of activities trade, transportation, accommodation and food service (-14.1%), whose output returned down to the level of year 2016. Some branches were not nevertheless immediately greatly affected during the pandemics, eventually their role was even strengthened in this time period³. The GVA thus increased by one eighth in agriculture, forestry and fishing for the two years, nearly by one tenth in financial and insurance activities. Growth was substantial also in industries with strong role of the public sector⁴ (3.9%) and also in information and communication (6.5%) – these belonged to the most occupied during the pandemics, as also evident by the number of hours worked⁵, which hiked up by 12.1% here for the two years. In contrast was for example the development in industry of other services⁶, where the time worked plunged by 22.8%. Considerable slump of output or rather sales was here apparently partially compensated also by lower intermediate consumption. Because the GVA lowered “only” by 4.5% in this branch for comparable period. The situation was different in the primary sector of the economy or in financial service, where the growth of value added occurred even when accompanied by decrease of hours worked in the last two years (by 1.4% and 5.3%, respectively).

Branches, which were practically unaffected by the pandemic situation, produced nearly one third of the output of the total economy.

Production dived more than the value added in some branches for two years.

Industrial output increased by 0.9% in Q2, when it benefited from the fast revival of demand in developed economies.

Industry also contributed to the total economic revival in the CR in Q2 this year, as also confirmed by the more detailed data from the business statistics. Industrial output⁷ went up by 0.9% quarter-on-quarter and signalled, that the cooling down during Q1 2021 (-1.4%) was likely only short term. Markedly export oriented domestic industry capitalised on the favourable economic development of key export territories in spring – Germany or more precisely the whole EU⁸. On the other hand, the fast recovery of the world economy and especially the most developed economies formed likely temporary, but strong tension in the production and supplier chains, which gradually also transmitted into the CR. Mainly the shortage of some supplies and components (besides other things in motor vehicle industry and associated fields of activity) disrupted the continuity of the production process, led to

It however simultaneously led to the overstraining of production and supplier chains with an adverse

¹ Data regarding the GVA are expressed in constant prices and adjusted for seasonal and calendar effects.

² It was also analogically valid for the EU (-2.2%), including all their most significant economies. On the contrary, the Baltic states, majority of the Nordic states, but also e.g. Poland, Hungary, Slovenia or Romania – i.e. states, where the services tied to tourism play a relatively smaller roles in their economies, overcame their pre-crisis maximum from the view of the GVA during this year so far.

³ Less growing branches created just under 30% of the national economy GVA in H1 2021.

⁴ Contain public administration, education, health and social work.

⁵ Data are derived from the national accounts and are adjusted for seasonal and calendar effects.

⁶ Include cultural, amusement and recreation activities and further especially provision of personal services (e.g. hairdressing, beauty treatment, cleaning services or repairs of products and equipment for personal need and predominantly for households).

⁷ Includes branches of mining and quarrying, manufacturing and also energetics (here as activities of production and distribution of electricity, gas, heat and air conditioning supply). All year-on-year rates of growth of output (at the level of branch sections as well as divisions) are adjusted for calendar effects, both quarter-on-quarter and month-on-month rates then also for seasonal effects.

⁸ 30.8% of the total domestic export of the industrial goods headed into Germany in Q2, exactly 80% then into the EU.



impact on the continuity of production as well as the development of prices of production.

the unplanned creation of stock of unfinished production and was putting pressures on the price growth of producers. Apart from this, the domestic industry was still also limited by the lack of mainly qualified labour force, even though with respect to the decreased employment in industry during the pandemics, this problem was not so pressing as in years 2018 and 2019 this year so far.

Industrial production increased by 14.7% year-on-year in H1, which was heavily influenced by the comparison with a very low basis during the last year's April and May (also due to the de facto halting of production in significant business establishments of motor vehicle industry⁹). The industry as a whole thus still slightly lagged behind its absolute pre-pandemic maximum¹⁰.

Motor vehicle manufacturing secured more than one third of the year-on-year growth of industrial output this year. Gradually however it hit the growth barriers.

Motor vehicle manufacturing contributed to the year-on-year growth of the industrial production from more than one third this half-year, the nearest subcontractors then added one fifth. Output of the motor vehicle manufacturing however fell quarter-on-quarter by 1.9%¹¹ in Q2 itself. On the contrary, no indications of slowdown were apparent in the manufacture of electrical appliances as well as both plastic and rubber industries since the problem with shortage of production components did not directly concern them. Significant metalworking industry contributed to the year-on-year industry growth by more than one tenth in H1. Output in metallurgy also featured slightly above average rate of growth (+16.7%). Among smaller industries, manufacturing of other (especially rail) transport equipment (+23.2%) fared the best, mainly thanks to the very good Spring results.

Only several industries with marginal weight lagged behind the outputs from last year's H1.

On the contrary, the output lagged behind the level from last year's H1 only in minimum of industries. There belonged manufacturing of clothing (-7.0%) and also the production of beverages (-1.3%). These industries are fundamentally dependent on the household consumption and thus suffered hardship as a result of repeated forced closures of their traditional domestic outlets as well as due to the slump of arrival tourism. Downturn of investment activity of businesses during the pandemic recession was evident in the lower output in industry repair and installation of machinery and equipment (-1.8%). In mining and quarrying, lower performance was associated with long-term transformation of the energetic mix of the economy also accelerated by swift growth of prices of emission permits in the last quarters. Output fell by 0.9% here following the last year's deep slump¹². However, these four above mention industries also thanks to their low weight as well as slower rates of growth exerted only a minimal influence on the year-on-year development of output in the whole industry this year (-0.1 p.p.).

Industrial output already nearly balanced out the level from Q2 2019. Some both weight and strategically significant industries however haven't attained this mark yet.

Output in the whole industry already only slightly lagged behind the same period of year 2019 (by 1.6%) in the second this year's quarter. It is the result of not only effect of the whole pandemic period, but also of the short cyclical industry downturn preceding it. One half of manufacturing activities recorded growth in this two-year period. Next to the manufacturing of rail transport equipment (where the production is characterised by partial volatility), it was mainly wood industry (+12.6%), paper (+10.9%) and other industry¹³ (+10.6%), further pharmaceutical industry (+4.9%) and out of large industries electrical engineering (+2.8%), metalworking (+2.5%) and food industry (+1.7%). In contrast, even some key activities – manufacturing of motor vehicles (-5.5%) and machinery (-6.0%) and also the energy industry (-9.6%) were losing.

⁹ The output increased by 54% in the whole industry year-on-year in this year's April itself, in that by 445% in the manufacture of motor vehicles.

¹⁰ It was situated due to the cyclical downturn, which the domestic industry experienced already in the second half of the year before the last in May 2019. The output was by 4.0% lower compared to this level in June 2021. Since the favourable industry development also continued this year in July, this distance already shrank to only 2.0%.

¹¹ At the same time, the decrease compared to the very strong finish of year 2020 already occurred in the preceding quarter.

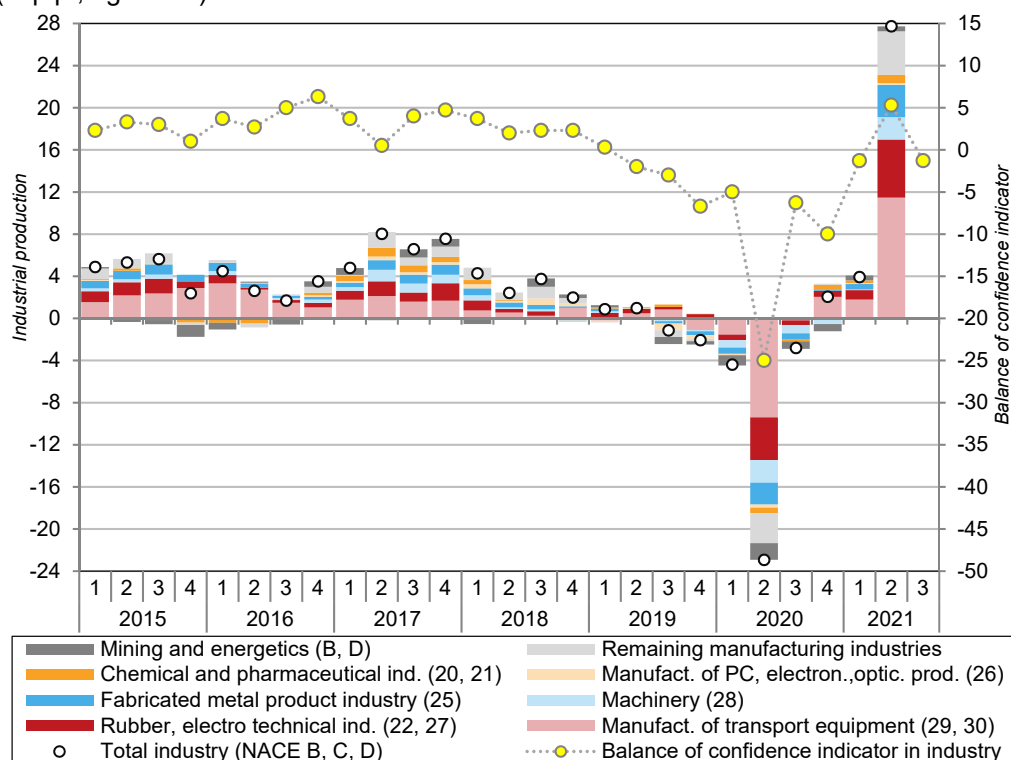
¹² The production plunged by one sixth for the whole year 2020, i.e. the most in the comparative time series since year 2000.

¹³ Includes diverse spectrum of activities – manufacture of medical and sports goods, games and toys, musical instruments as well as bijouterie.

Sales from direct export kept growing more briskly than domestic sales. In chemical, metallurgy and wood industry, the growth of sales was also driven by significantly higher prices.

Nominal sales of industrial businesses¹⁴ grew by 4.1% quarter-on-quarter in Q2 2021 and offset the mild decrease from the beginning of the year. Sales from direct export were by 38.1% higher, domestic sales by 26.9%. Foreign demand was thus growing faster compared to the domestic demand already fourth quarter in a row¹⁵. Total sales grew the most in manufacturing of motor vehicles (73.3%), still it was not adequate to fully cover the deeper slump from Q2 2020. Manufacture of rubber and plastic products reported more than 50% increase in sales, as well as chemical industry and metallurgy, where however the price growth played a notable role. It supported the sales in wood industry as well (43.2%, even 50.3% for direct export). Only manufacturers of clothing, pharmaceutical industry and manufacturers of computers, electrical and optical appliances registered a mild lowering of sales (up to 5%) – in all cases exclusively due to the adverse price impact.

Chart 4 Contributions of sub-branches to the year-on-year change of the industrial production (in p.p., adjusted for calendar effects), confidence indicator in industry* (in p.p., right axis)



*Balance of confidence indicator is seasonally adjusted and expresses the level in the second month of the given quarter. Source: CZSO

Growth of both domestic and foreign demand continued during H1 as well as in July itself. It was true for vast majority of monitored industries.

Short term outlook of industry was improving during H1. Following the strong recovery in the second half of the last year, the total demand kept further growing this year. The value of industrial orders¹⁶ increased by 1.8% quarter-on-quarter in Q1 2021, by 3.2% in the subsequent period. The favourable trend also spread into the beginning of holiday period, since the orders were higher by 3.1% in July compared to the preceding month and by 18.9%¹⁷ year-on-year (without substantial differences between domestic and foreign demand). Both chemical industry and metallurgy reported strong growth, higher demand was however signalled by overwhelming majority of monitored industries. The utilisation of

¹⁴ Year-on-year rates of growth of sales are adjusted for calendar effects, quarter-on-quarter rates then also for seasonal effects.

¹⁵ It was however partially affected by less favourable development of the foreign demand in the period of the cyclical downturn of the European economy at the turn of years 2019 and 2020 and also during the first pandemic wave. In the two year comparison (with Q2 2019), the sales from direct export increased by 2.6% in the domestic industry, domestic sales then by 1.9%.

¹⁶ Surveying of orders is ongoing only in twelve manufacturing branches, which manufacture mostly custom-made products, with longer production cycle and larger stocks of orders. Year-on-year rates of growth of orders are adjusted for calendar effects, quarter-on-quarter rates also for seasonal effects.

¹⁷ They exceeded the value of orders from June 2019 by 15%, they also stayed in positive numbers in all preceding this year's months.

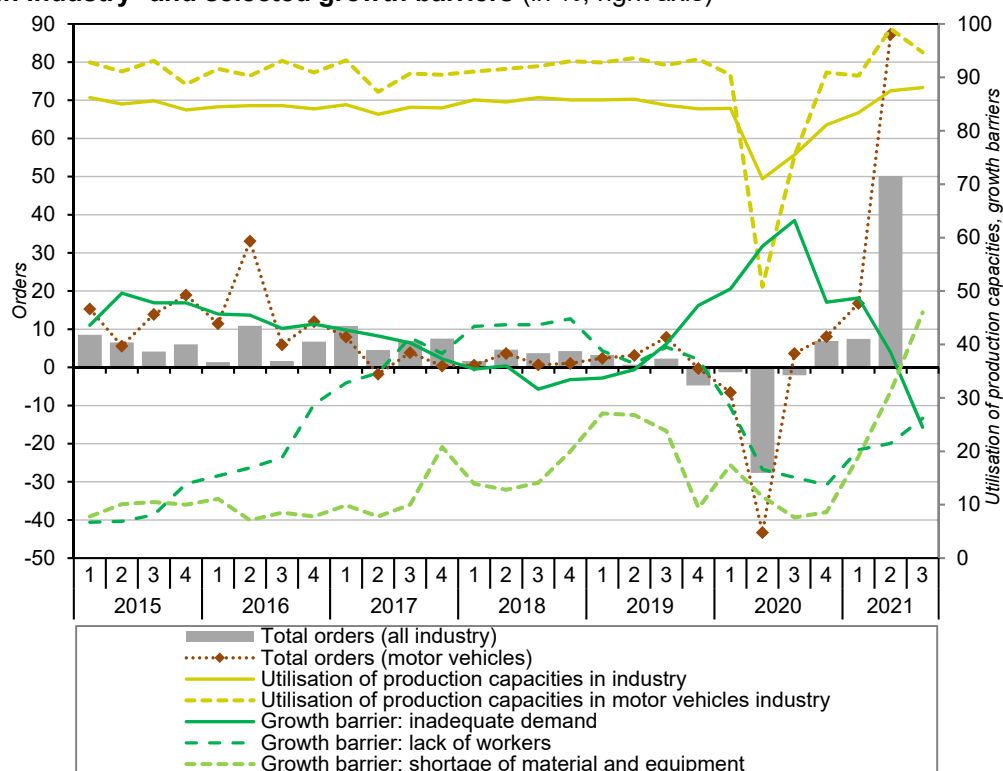


The entrepreneur confidence in industry grew and culminated in June. Consequently it went slightly down, mainly due to the shortage of production components.

production capacities in industry climbed up to 88%, i.e. mildly above the level of boom period of the past decade. Only in Austria it was higher among the EU states.

Entrepreneur confidence in industry climbed up to ten year maximum in June. It did weaken because of partial correction of high short term expectations of the production growth during the holiday period, still it exceeded the level from the period just before the pandemics commencement. Short term outlook in the area of employment also remained mildly positive. One quarter of businesses considered their current economic situation as good, more than two thirds as satisfactory. Shortage of material and equipment, which record 46% of domestic industrial businesses¹⁸ struggled with, became the main growth barrier¹⁹ in the CR (but also in the EU) at the beginning of Q3. Role of inadequate demand considerably stepped into the background²⁰ (from 49% to 25%) during this year's half-year, on the contrary the difficulty with hiring labour force was slightly enhanced (to 26%) and represented the most significant barrier in more than one third of manufacturing activities²¹.

Chart 5 New orders in manufacture of motor vehicles and in industry in total (in current prices, year-on-year change in %) and utilisation of production capacities in industry* and selected growth barriers (in %, right axis)



* Both utilisation of production capacities and growth barriers are seasonally adjusted and express the level in the first month of the given quarter. Businesses could have stated more main barriers simultaneously.
Source: CZSO, Eurostat

Dynamics of growth of the construction output was to a large extent dampened so far this year.

Construction belongs (together with industry) to branches, which were not impacted by the measures against the spread of coronavirus to any large extent anymore this year. In spite of that, the recovery was relatively slow here so far and the growth trend is not fully apparent,

¹⁸ Even though this problem was the most obvious in the motor vehicle industry (96%) and associated fields of activity, it also did not evade metalworking industry, metallurgy, machinery, electrical engineering or the chemical industry.

¹⁹ Businesses could have stated more barriers simultaneously.

²⁰ The weak demand however still comprised the most significant limiting development factor in some mostly smaller fields of activity. It consisted of manufacturing of wearing apparel (90%), manufacturing of beverages (79%), leatherworking industry (68%), textile and printing industry (similarly 57%), manufacturing of construction materials (53%), pharmaceutical industry (52%), manufacturing of computers, electronic and optical appliances (51%) and food industry (42%).

²¹ Specifically in rubber and plastic industry (64%), manufacturing of other transport equipment (61%), electrical engineering (53%), repair of machinery and equipment (47%), machinery and metalworking industry (similarly 40%), paper industry (31%) and other industry (30%).

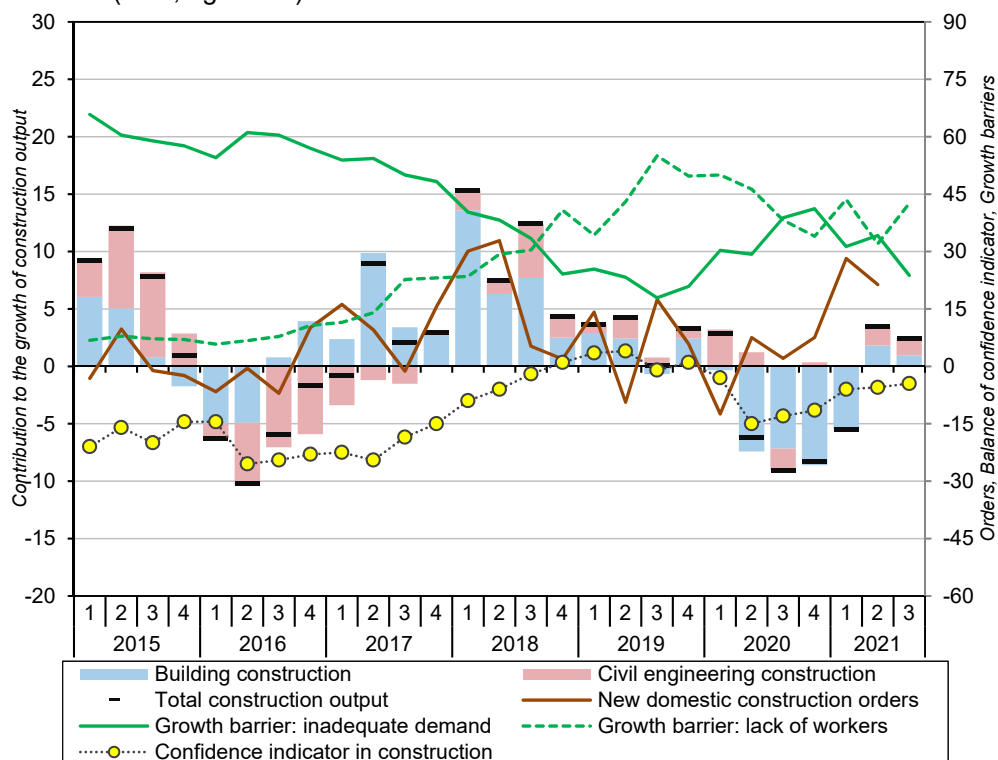
It was related to the administrative influences as well as varying development in both main construction segments.

Civil engineering construction benefited from public structural investment.

especially in the building construction this year. Total construction output²² fell behind by 5.5% in real terms year-on-year in Q1, compared to Q4 2020 it increased by 2.4%. In Q2 the output of this branch already overtook the level from the same period of the last year by 2.4%, quarter-on-quarter it however strengthened only by negligible 0.9%²³. Slow revival of construction can be also connected for a large part to the administrative influences. Last year's restrictive measures limited the current cooperation of all participants of the construction proceedings and further complicated the already demanding administrative process of construction preparation. Some competitive tenders were halted, which disrupted the continuity of construction. Despite improvement of the epidemic situation during this year's Spring, the mobility of foreign labour still remains difficult, which presumably impacts more small and medium construction firms, more often operating in the building construction segment.

Civil engineering construction, whose output increased by 3.4% year-on-year in H1 2021 (even by 12.1% for the two years), fared much better. It is assisted by the ongoing construction as well as modernization of the transport network supported especially by the funds from the EU budget in the long term. Even though the total capital expenditures of the state budget, as well as the investment transfers to the State Fund for Transport Infrastructure were by more than one tenth lower for the first eight months of this year year-on-year, total stock of work in the area of engineering structures remains high.

Chart 6 Contributions of branches to year-on-year change of construction output (in p.p.), new construction orders (year-on-year in %, right axis), balance of confidence indicator in construction* (in p.p., right axis) and selected growth barriers* (in %, right axis)



Data related to construction output are adjusted for calendar effects
 * Balance of confidence as well as barriers to growth are seasonally adjusted and express the level in the second month of the given quarter. Businesses could have state more main barriers simultaneously.
 Source: CZSO, Eurostat

²² Data regarding the construction production are in constant prices, year-on-year rates of growth are adjusted for calendar effects, quarter-on-quarter also for seasonal effects.

²³ Somewhat unsure this year's development of construction is also supported by fresh July data. Based on these data, the construction output dropped by 2.6% month-on-month (given lower performance in both its main segments). Compared to lower last year basis the construction only stagnated and its output was lower by whole one tenth compared to Q2 2019.



<p>Construction of residential buildings assisted in moderating the weaker outputs of building construction.</p>	<p>Half yearly output in the weight dominant segment of the building construction was by 2.3% lower year-on-year this year (even by 8.2% for the two years). The residential constructions partially help to subdue the difficulties here. There were nearly 20 thousand flats completed from January till July of this year, i.e. slightly more than in the same period of the until recently record year 2009. Mostly the construction of family houses, continually strengthening in the last years, contributed. Number of commenced flats reached by analogy 23.9 thousand and exceeded last year's level roughly by one eighth. It however lagged behind the same period of the boom year 2008 by nearly one tenth. Higher construction in Prague contributed the most to the year-on-year rise of the number of commenced (12%) as well as finished flats (11%) this year.</p>
<p>The approximate value of building permits briskly grew even without the effect of large structures.</p>	<p>Short term expectations of construction remain largely positive. The approximate value of issued building permits was in total for the seven this year's months roughly by one third higher – both in year-on-year and two-year comparison. The value briskly grew even after deduction of the large structures (above 1 CZK bn), which can be a good signal even for smaller construction firms. The volume of newly concluded construction orders (in businesses with more than 50 employees) grows already fifth year in a row and it was nearly by one fifth higher year-on-year for the first this year's half year (in that by nearly one third in civil engineering construction). All not yet realised orders provided work to businesses on average for the next nine months at the beginning of Q3. Total order stock was towards the end of this year's half-year by one fifth higher year-on-year. If in years 2018 to 2020 the growth of stock of work was driven primarily by the public orders, the private domestic orders took over this role this year.</p>
<p>Total stock of work increased mainly thanks to domestic private orders this year.</p>	<p>Balance of entrepreneur confidence in construction mildly fluctuated this year and still remained in the negative band slightly below the level from the period immediately before the start of the pandemics. Short term expectations of both production activity and employment stayed moderately positive. The fewest number of businesses in the last two years experienced the weak demand as a growth barrier. In contrast, the shortage of employees steadily afflicted approximately 40% of businesses since the half of last year. The firms were more and more limited by the shortage of material since the end of this year's Spring, which exacerbated the price pressures in the whole industry. More than 40% of businesses expected growth of construction works in the nearest three months, similarly to the boom period in 2008.</p>
<p>Confidence of entrepreneurs in construction remained in the slightly negative band. The branch faced a variety of growth barriers.</p>	<p>Even though the strong impact of counter pandemic measures into part of services prevailed for the whole Q1 2021, sales in selected services²⁴ moderately increased (+1.9%) in comparison to the level of Q4 2020. Gradual loosening of restrictions in Q2 was as anticipated associated with a considerable revival of wide spectrum of services. Sales in services strengthened by even 4% quarter-on-quarter, from more than one third thanks to „awakening“ of branch accommodation, food service and restaurants. Growth of sales was nevertheless apparent in all main industries. Sales in services grew year-on-year by 3.0% in H1 2021, by 14.2% then in Q2 itself mainly due to the very low comparative basis. Sales were approximately at the level of year 2016 this year and still lagged notably behind the precrisis peak. Sales increased in all main industries year-on-year in Q2, the most in those, that were in effect paralyzed during the first pandemic wave last year – they increased by nearly one third in accommodation, food service and restaurants, by nearly one quarter in transportation and storage and by nearly one fifth in administrative and support service activities.</p>
<p>Gradual loosening of the counter pandemic restrictions was reflected in the acceleration of the quarter-on-quarter growth of sales in services.</p>	<p>Year-on-year comparison was fundamentally affected by the last year's slump of sales in Q2.</p>

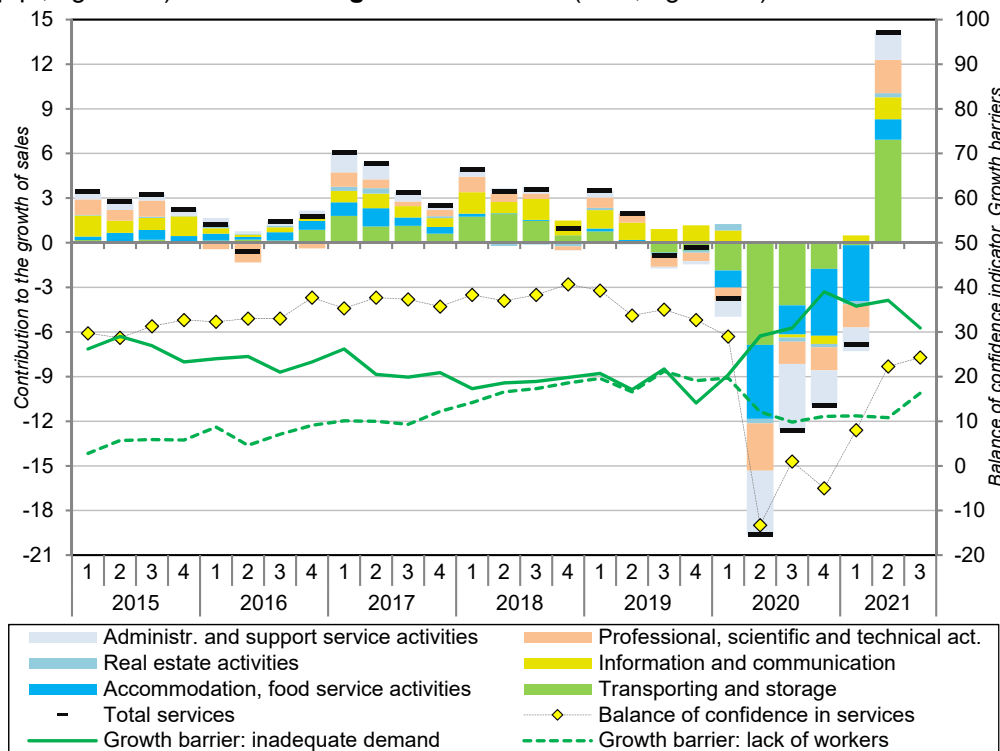
²⁴ Without branches trade, financial activities, insurance activities, science, research and public services. All data for services are in constant prices, year-on-year data are adjusted for calendar effects, quarter-on-quarter as well as month-on-month are adjusted for seasonal effects (including the effect of the number of working days).

Sales in services fell by 8.3% compared to Q2 2019.

Pandemic period strengthened the role of information and communication. Postal and courier services capitalised on development of sales via internet.

Two-year comparison has a larger explanatory power, among other things also because the total output of services was on its boom maximum in Q2 2019. Sales in services dropped by 8.3% in this period. Information and communication were the only main branch, which grew in this time period (+6.1%). It was supported the most by the brisk growth in the weight significant telecommunication segment (9.1%), nevertheless the demand for data processing, web portals and hosting was also gaining strength, similarly to the IT area (data processing, consultancy activities, computer facilities management services). Growth in the publishing activities (3.4%) is also connected to the IT area, significantly supported by software publishing activities. Postal and courier activities profited from the reduced purchasing opportunities of population during the individual pandemic waves, where the sales grew the most out of all services subbranches (30.9%) for the two years. Storage activities also fared well (+4.4%), assisted also by the fast recovery of industry in the second half of the last year. Demand for legal and accounting activities expanded within the services for business.

Chart 7 Contributions of branches to year-on-year change of sales in services* (in p.p., adjusted for calendar effects), **balance of confidence indicator in services**** (in p.p., right axis) and **selected growth barriers**** (in %, right axis)



* Without branches trade, financial activities, insurance activities, science, research and public services.
 **Also includes the financial sector. Balance of confidence as well as the barriers to growth are seasonally adjusted and express the level in the first (growth barriers) or second month of the given quarter (balance of confidence). Businesses could have stated more main barriers simultaneously
 Source: CZSO, Eurostat

Sales slumped the most in the subbranches tied to tourism for the two years.

Impact of restrictions at some leisure time activities or cyclical

It is evident, that the situation in the subbranches of services with a strong link to tourism remained very serious even despite the current revival. In travel agencies, air transport as well as accommodation²⁵ sales slumped similarly by roughly 70%, in food service and restaurants by 34.3%. Other services²⁶ (e.g. hairdressing and other beauty treatments) earned one half less for the two years. Self-employed persons prevail among workers in this area. They also have strong representation in other professional, scientific and technical activities (including e.g. photographic, specialised design or translation activities), where

²⁵ The number of overnight stays of domestic guests in mass accommodation facilities dived by 47% in the CR in the above given two year period, for non-resident tourists even by 92%.
²⁶ Data for this services section are not seasonally adjusted.



<p>decrease of demand at other specialised office support activities also manifested.</p>	<p>sales dropped by nearly one quarter. The economic recession together with the outflow of part of foreign workers left its mark on the sales of job agencies (−18.3%) and also impacted the weight significant branch of land transportation (−9.0%). Majority of specialised office support activities, e.g. activities of head offices, management consultancy activities (−7.4%), advertising and market research (−6.5%) also reacted to the business cycle fluctuations. So called motion picture and music industry (−13.3%)²⁷ was strongly hit among the leisure time activities.</p>
<p>Entrepreneur confidence in services was rising during Q2, however did not catch up the pre-pandemic level yet.</p>	<p>Total entrepreneur confidence in selected services was improving during summer, which culminated in June and July (however it did not reach the high levels from the turn of years 2019 and 2020). August brought, similarly to traders, a moderate downward correction, which was mainly connected to the downgrade of evaluation of the current economic situation as well as total demand. Outlooks to growth of business activity at the beginning of this year's Autumn worsened. More than one quarter of businesses still contemplated the reduction of the number of employees. State in subbranches of services from the view of total confidence, demand as well as employment was very varied. Difficulties persisted in activities interwoven with tourism and also in those tied to industry in the last months. Inadequate demand limited nearly one third of businesses in services.</p>
<p>Situation in services subbranches was very diverse.</p>	<p>Retail sales were affected by the closure of portion of businesses throughout the whole Q2 this year, which affected mainly the specialised shops with non-food goods. In March, when the coronavirus pandemic was culminating in the CR, further government restrictions in the area of population mobility were put in place, which strongly stifled the demand for fuels. Gradual easing of restrictions caused the retail operating practically without restrictions in the second half of May. Spring mode of loosening was from the time point of view to a considerable extent similar to year 2020²⁸.</p>
<p>Development of retail sales was determined not only by the mode of easing during the pandemic decline, but also the more general macroeconomic factors.</p>	<p>Retail sales²⁹ rose by 7.8% quarter-on-quarter in Q2 and thus offset the decrease from the previous two quarters. Especially the sales for non-food goods, where the effect of the delayed consumption also manifested, went strongly up. Retail strengthened by 7.1% year-on-year, partially also due to the weaker last year's sales³⁰. Mainly the sale of non-food goods prospered (+11%), being assisted by still developing sale via internet (+12.3%, +56.7% for the two years) as well as higher sales in specialised shops – mainly with wearing apparel, footwear and leather goods (+29.2%) and computer and communication appliances (+20.1%). Sales of food grew much more moderately, both in the usually large non-specialised shops (+1.0%), and specialised (+3.3%) – where the sale was last year in addition also strongly subdued. It was also valid regarding the sale of fuels, where this year's growth (9.6%) was far from compensating the slump from last year's Spring. In the motorist segment of trade the situation was similar as well, with sales growing by 36.7% year-on-year this year in Q2, in total for the two-year period were still however by 4.0% lower.</p>
<p>Year-on-year growth of retail sales was driven especially by higher selling of non-food goods and fuels in Q2.</p>	<p>Retail sales²⁹ rose by 7.8% quarter-on-quarter in Q2 and thus offset the decrease from the previous two quarters. Especially the sales for non-food goods, where the effect of the delayed consumption also manifested, went strongly up. Retail strengthened by 7.1% year-on-year, partially also due to the weaker last year's sales³⁰. Mainly the sale of non-food goods prospered (+11%), being assisted by still developing sale via internet (+12.3%, +56.7% for the two years) as well as higher sales in specialised shops – mainly with wearing apparel, footwear and leather goods (+29.2%) and computer and communication appliances (+20.1%). Sales of food grew much more moderately, both in the usually large non-specialised shops (+1.0%), and specialised (+3.3%) – where the sale was last year in addition also strongly subdued. It was also valid regarding the sale of fuels, where this year's growth (9.6%) was far from compensating the slump from last year's Spring. In the motorist segment of trade the situation was similar as well, with sales growing by 36.7% year-on-year this year in Q2, in total for the two-year period were still however by 4.0% lower.</p>

²⁷ In this year's H1, only 464 thousand visitors arrived into the domestic cinemas (with the exception of June, the operations of cinemas were practically paralyzed), 3.8 mil the year before (cinemas were closed between the 13th March and 10th May), and in the first half of the record visitor turnout year 2019 even 8.8 mil persons.

²⁸ Next to the effect of loosening, the robust growth of the volume of paid out wages in the economy and related higher purchasing power of households (also supported by lower taxes on earnings) also affected the buying appetite of people. Consumer confidence was the highest in June for the last one year and half. Growing concerns of people regarding the increasing prices, which were also anchored in the real development of the economy, however could have worked against the faster realisation of the delayed consumption.

²⁹ All year-on-year rates of growth of retail sales are stated in constant prices and adjusted for calendar effects (including the number of working days). Retail includes branches CZ-NACE 47.

³⁰ Compared to the „unbiased“ Q2 2019, the sales were precisely by 4% higher this year. Retail thus to a considerable extent followed in the paces from the era of the ending boom period (+5.0% for the whole year 2018, +4.8% 2019) this year in Q2.