11 May 2020

Coronavirus deepened sales decrease in services

Services – the first quarter of 2020

**In the Q1 2020, sales adjusted for calendar effects decreased in real terms (at constant prices) by 4.3%, year‑on-year (y-o-y); non-adjusted sales dropped by 3.5%. Seasonally adjusted sales in services decreased in real terms (at constant prices) by 3.3%, quarter-on-quarter (q-o-q).**

**Development in the first quarter of 2020**

In the Q1 2020, **seasonally adjusted** sales **in services1)** decreased **in real terms** (at constant prices) **by 3.3%**, **q-o-q**. A q-o-q increase was recorded only by the section of real estate activities and by the section of information and communication.

**Year-on-year,** sales **adjusted for calendar effects** decreasedby 4.3% (there was one working day more in the Q1 2020 compared to the Q1 2019). A sales growth was reported only by the section of information and communication.

**Year-on-year, non-adjusted** sales decreased by 3.5%. Results for the Q1 2020 were influenced by measures taken to prevent the spread of coronavirus due to which this year many of the business premises/establishments were closed for part of March or their operation was limited. Development in individual industries of services (CZ-NACE sections) was as follows:

* sales **in** **transportation and storage** decreased by 5.8%. A double-digit decrease occurred in air transport (−28.6%) and water transport (−25.2%). The overall decrease was influenced the most by land transport and transport via pipelines, which is the most important as for its volume and the sales of which decreased by 6.2%. Depending on lower outputs of these transport economic activities, a y-o-y sales decrease was reflected also in warehousing and support activities for transportation (−5.8%). Sales increased only in postal and courier activities (+10.6%);
* sales **in** **accommodation and food service activities** decreased by 14.8%. In the accommodation sales decreased by 24.7% and in the food and beverage service activities they dropped by 11.1%;
* sales **in** **information and communication** increased by 4.2%. The highest growth of sales was in telecommunications (+10.3%). Sales growth was reported also by programming and broadcasting activities (+3.7%), information service activities (+3.2%), and computer programming, consultancy and related activities (+3.0%), which include, for example, computer programming activities, computer facilities management activities, and computer consultancy activities. Sales increased also in publishing activities (+2.3%). On the other hand, lower sales were in the so-called music and motion picture activities (−22.2%);

* sales **in** **real estate activities** decreased by 0.8%, y-o-y. The deepest sales decrease was reported by real estate activities on a fee or contract basis (−3.4%). Lower sales were reported by buying and selling of own real estate and renting and operating of own or leased real estate (−0.2%);
* sales **in** **professional, scientific and technical activities2)**decreased by 1.4%. The deepest decrease of sales was in architectural and engineering activities (−6.5%). Sales were decreasing also in other professional, scientific and technical activities (−2.6%), which include, for example, business brokerage activities, translation services and photographic services, or activities of quantity surveyors. Lower sales were reported also by advertising and market research (−1.3%) and activities of head offices; management consultancy activities (−1.2%). Increasing sales were achieved by legal and accounting activities (+6.3%);
* sales **in** **administrative and support service activities**decreased by 10.0%, y-o-y. The most significant decrease of sales was reported by travel agency, tour operator reservation service and related activities (−27.2%) and employment activities (−12.0%). Sales were decreasing also in the following economic activities: services to buildings and landscape activities (−7.0%), rental and leasing activities (−5.0%), and office administrative and support activities (−4.2%). The only economic activity, which was growing in this section, was security and investigation activities, which were growing already for the third successive quarter (+1.4%).

We note that with regards to extraordinary measures in relation to the Covid-19 disease, previously published data might undergo a significant revision. The potential revision is owing to a lower number of enterprises that had filled in questionnaires (reports) and also because part of the data, which are typically modelled based on VAT tax returns for previous periods had to be estimated.

We express our gratitude to all enterprises, which provided data to the CZSO under current difficult circumstances and thus enabled the CZSO to process the results.

Notes:

1) For the purpose of the News Release, services include the following CZ-NACE sections: Transportation and storage (H), Accommodation and food service activities (I), Information and communication (J), Real estate activities (L), Professional, scientific and technical activities – excluding Scientific research and development and Veterinary activities (M excluding 72 and 75).

2) For the purpose of the News Release, section M – Professional, scientific and technical activities does not include CZ-NACE 72 – Scientific research and development and CZ-NACE 75 – Veterinary activities.

All data in the text of the News Release are at constant prices.

Data for the Q1 2020 are preliminary; final data for individual quarters of 2020 will be published in March 2021.

Responsible head at the CZSO: Marie Boušková, Director of the Trade, Transport, Services, Tourism, and Environmental Statistics Department, phone number: (+420) 274 052 935, e-mail: marie.bouskova@czso.cz

Contact person: Jana Gotvaldová, Head of the Trade, Transport, and Information Service Activities Statistics Unit,

 phone number: (+420) 274 052 691,

 e-mail: jana.gotvaldova@czso.cz

#### *Method of data acquisition: direct survey of the CZSO (*SP 1-12*)*

#### *End of data collection: 27 April 2020*

#### *End of data processing: 30 April 2020*

*Related outputs: Base indices since 2000 and y-o-y indices since 2001 are available in time series (excluding section J, which is available since 2005 or rather 2006).*

 *(*[*https://www.czso.cz/csu/czso/slu\_ts*](https://www.czso.cz/csu/czso/slu_ts)*)*

Next News Release will be published on: 7 August 2020

Annexes:

Table 1 Sales in services (year-on-year indices)

Table 2 Sales in services (year-on-year changes, decomposition of increase – year-on-year)

Table 3 Sales in services (year-on-year indices, adjusted for calendar effects)

Chart Sales in services – base indices, constant prices

Chart Sales in services – international comparison, seasonally adjusted, current prices