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HUNGARY

No need to stress over Hungary's latest retail and industry figures

September's retail sales and industry data did not cause any confusion, as the overall picture remained unchanged. Retail sales volumes continued to increase, while industrial production continued to trend down on a yearly basis



The Hungarian Central Statistical Office (HCSO) has released figures on retail sales and industrial production for September. As the third-quarter GDP data had already been released, we had a good idea of what to expect from today's figures. This proved to be correct: neither retail sales nor industrial production performed particularly well in the final month of the quarter.

In recent months, this data has always surprised us, but today the only surprise was that there was no surprise. In terms of industrial production, we saw slight growth – the same amount as in Germany – but there is no clear indication that this marks the start of an upward trend. Regarding retail sales, after last month's positive step, we saw stagnation on a monthly basis.

-1.5%

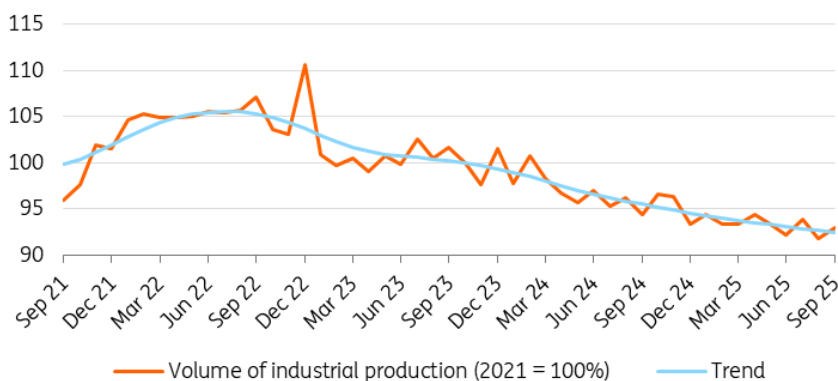
Industrial production (YoY, wda)

ING estimate: -1.8% / Previous: - 4.8%

Hungarian industry can't regain momentum without replenishing order books

Following a negative surprise in August, the growth rate increased in September compared to the previous month. The volume of industrial products showed a positive correction after the summer shutdown, growing by 1.3% on a monthly basis. This is weaker than what we used to see after production restarted in autumn. The year-on-year index, adjusted for working days, came in with a 1.5% drop. Perhaps even more telling is the development of the fixed-base index. Due to the positive correction in September, the indicator relative to the average monthly performance for 2021 was able to grow, albeit remaining at -7%.

Volume of industrial production

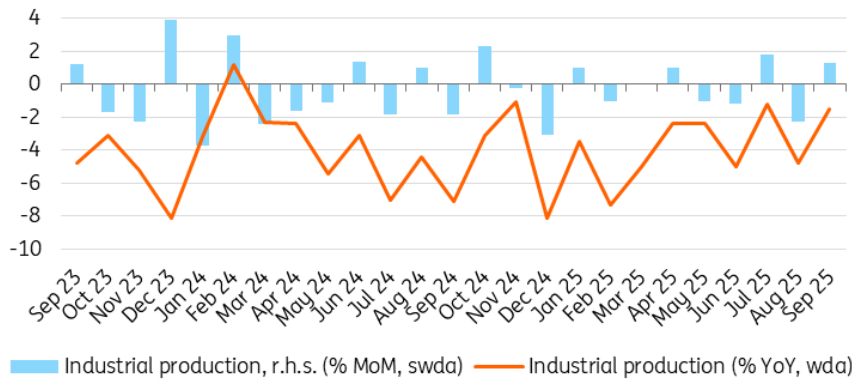


Source: HCSO, ING

A longer-term view shows that industrial performance is still declining, and our hope that industrial output would stabilise at a low level has not been realised. Clearly, Hungary's small open economy cannot realise its industrial potential without Germany and other larger European countries doing the same.

While we await the detailed data, the press release from the HCSO highlighted that production declined in most sub-sectors. The electronics industry remained a positive contributor, and food production began to grow. However, output in vehicle and EV battery manufacturing fell significantly. Without a change in these important sectors, it is difficult to envisage a positive turnaround in total industrial production.

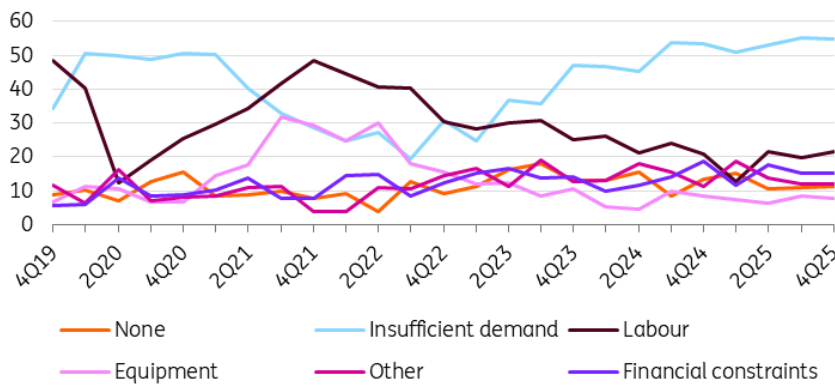
Performance of Hungarian industry



Source: HCSO, ING

However, although German industrial orders are not encouraging, some confidence indices suggest a potential turnaround. Unfortunately, based on the current trend, it is more likely that these improving indicators are due to wishful thinking than to the start of a sustainable growth pattern within the next couple of months. There are still no clear, lasting signs of improvement in the industrial outlook. Capacity utilisation remains low in Hungary (75% in 4Q25), with a significant proportion of companies citing a lack of demand as the main factor hindering growth.

Factors limiting the production in Hungarian industry (% of respondents)



Source: Eurostat, ING

Overall, the outlook for export-orientated industrial companies remains bleak, with no general upturn expected. In order for demand for industrial goods across Europe to increase, a global turnaround in the inventory cycle is required, which could also benefit Hungarian manufacturers. For now, however, there are no signs of this happening.

3.0%

Volume of retail sales (YoY, wda)

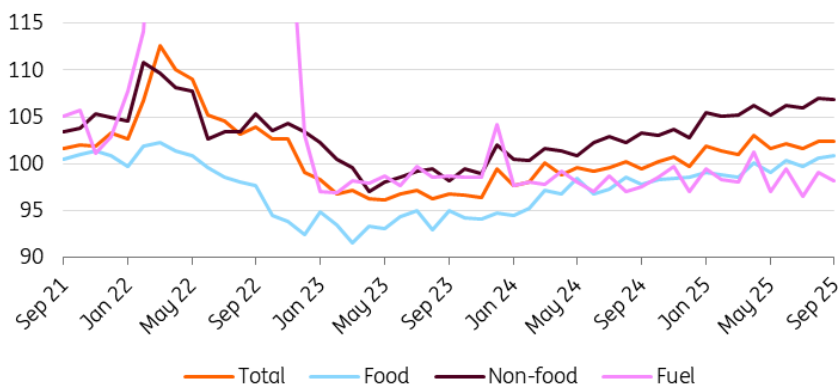
ING estimate: 3.4% / Previous: 2.4%

Hungarian retail sales stagnate in September

After performing well in August, Hungarian retail sales were unable to maintain their positive momentum. According to the latest data from the HCSO, sales volume stagnated on a monthly basis, falling slightly short of market expectations. This equates to year-on-year growth of 3.0% in retail sales volume (adjusted for calendar effects), which is not that bad, but not spectacular either.

Therefore, despite some fluctuations, it remains true that retail sales volume has been growing steadily since the end of 2023 when viewed in the context of the longer-term trend. However, the fixed-base index remains below this year's peak, recorded in April, and has fluctuated within a range since then, which is a cause for concern. In September 2025, retail sales volume was 2.4% higher than the monthly average for 2021.

Retail sales volume in detail (2021 = 100%)



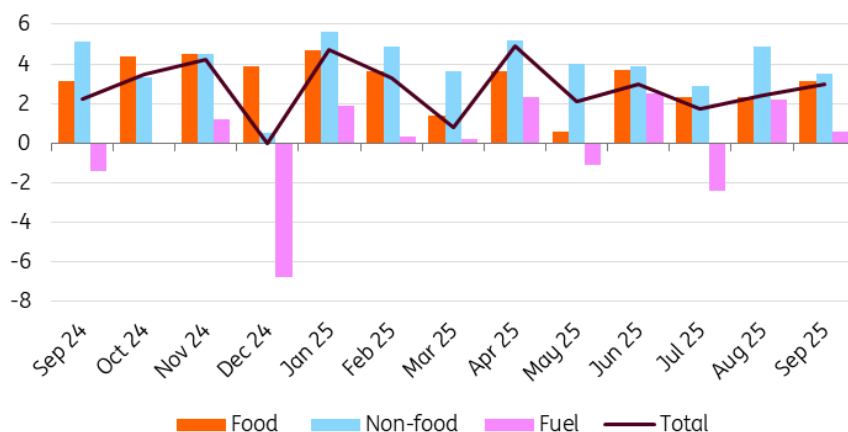
Source: HCSO, ING

Upon closer inspection, most of the sub-sectors experienced a monthly decline in turnover. Sales in food stores increased by only 0.1%, continuing a now six-month-long stop-and-go cycle. Non-food retail saw an overall month-on-month decline of 0.2%. Within this segment, textile, clothing and footwear stores saw a significant negative correction after the unusually high turnover growth in the previous month.

It is difficult to identify a common trend across the other sub-sectors, as monthly performance

varied from -3% to 2%. The weakest performance was seen in sales of books and newspapers. This marks the ninth monthly drop over the span of a year, indicating a continued significant decline. On a positive note, mail order and internet retailing grew strongly. Finally, fuel sales declined in September, with a monthly fall of 1%, as fuel prices increased during the month.

Breakdown of retail sales (% YoY, wda)



Source: HCSO, ING

Overall, the retail sector's performance in September was mediocre, as some government measures have already been impacting the financial situation of households, yet we haven't seen a buying frenzy. However, there is no doubt that government measures with a bigger impact will improve the statistics in the coming months. At the same time, although consumer confidence showed signs of improvement, it remains relatively low.

Nevertheless, a more sustained improvement in both confidence and consumption may emerge towards the end of the year. If this upturn in demand fails to materialise, it could pose a serious problem for the real economy, as consumption is currently the only factor capable of pulling the Hungarian economy out of its slump. Without this impulse, achieving our [newly revised GDP growth forecast](#) of 0.5% for this year will be challenging.

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