

## Hungary: Accelerating retail sales growth

Add elevated consumer confidence to an improved financial situation and the result is strong retail sales. We see a further improvement in spending for the rest of the year



Shoppers in Budapest

6.2%

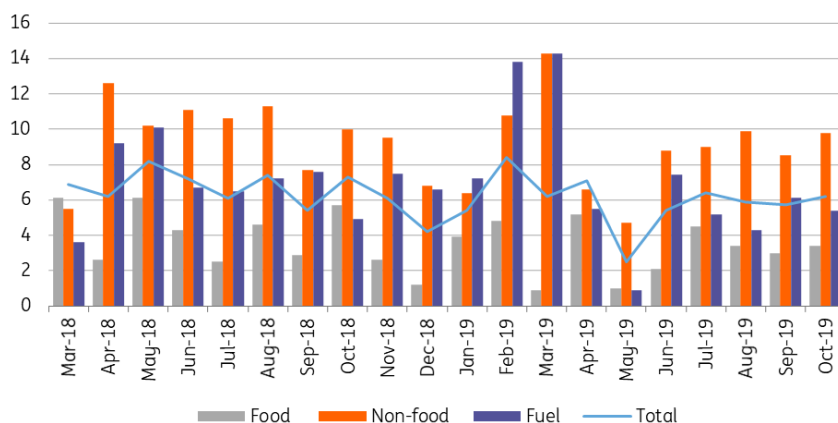
Retail sales (YoY)

Consensus 5.4% / Previous 5.7%

Higher than expected

Retail sales increased by 6.2% year-on-year in October, according to the calendar-adjusted figure, an acceleration from September. This performance is also better than the year-to-date average, which stands just below 6%.

## Breakdown of retail sales (% YoY, wda)



Source: HCSO

All types of shops contributed to growth. Food shops, which have the greatest share in retail, posted an above-average performance in October. However, the undisputed growth driver remains non-food shops. The volume of sales rose by 9.8% on a yearly basis, mainly due to strong figures in electronics, manufactured goods and cosmetics. This is mainly the result of the improving financial situation of households, who are confident enough to increase spending. The most surprising fact is that this strengthening happened even before the “Black Friday” sales in November, so households were impatient to buy. The only so-so performance is tied to fuel retailers, as the rise in fuel prices dragged down sales in October.

### The big picture

The Hungarian economy has started the fourth quarter with a relatively strong measure, adding some more positive risks to our GDP forecast. The strong labour market and decent wage growth should drive consumption, as well as retail sales in the remainder of the year. We see retail sales growth above 6% on average in 2019.

### Author

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@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>.