

## Hungary: Best performance of the year in retail

Retail sales turnover increased by 6.3% year-on-year in October, the strongest reading so far in 2017 and it's looking good for the rest of the year



Shoppers on Váci Utca, the main shopping street in Budapest, Hungary

Source: Shutterstock

# 6.3%

Retail sales (YoY)

Consensus (6.2%) / Previous (6.0%)

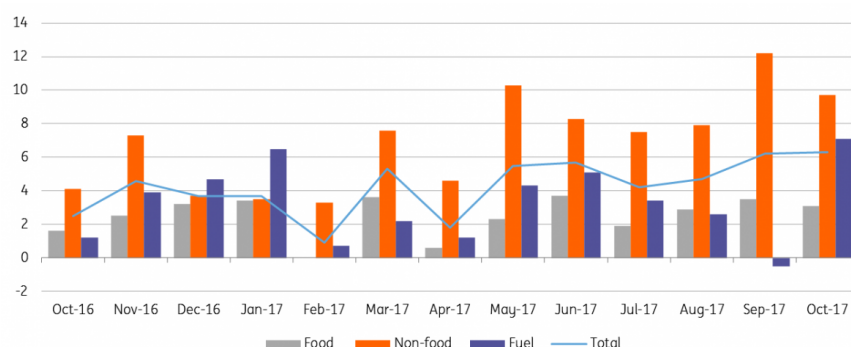
Better than expected

Retail sales turnover in Hungary came in at 6.3% YoY in October, slightly above market consensus, causing another upside surprise since September which points to a solid retail sector performance for the past six months. The October data has been the highest growth rate in 2017 so far. It seems the strong labour market now has a constant push in spending, helping the turnover growth in retail stores.

In detail, the growth rate somewhat decelerated in both food and non-food shops but came in above their respective YTD average. Non-food shops turnover rose by 9.7% YoY, the strongest reading among subsectors. The turnover in food shops grew by 3.1% YoY. Somewhat surprisingly, the sales volume in fuel retailing increased by 7.1% YoY, showing the strongest reading in 2017 despite an increase in fuel prices.

All these figures are 'working day adjusted'

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



Source: HCSO

As regards the big picture, the first 4Q17 hard data suggests optimism. Moreover, with the significant upward revision in 3Q17 GDP growth, the underlying economic momentum is better than we expected before. We have to wait for the first industrial data in this quarter (out on 6 December), but our above 4% call regarding the 4Q17 GDP growth has seemed to be realistic so far.

## 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 [www.ing.com](http://www.ing.com).