

## Hungary: Consumers keep shopping

Another sound performance for retail sales over the summer. Consumers are happy to spend and don't seem overly worried about the future. As long as it stays that way, domestic factors should be able to offset external woes



Source: Shutterstock

# 5.8%

## Retail sales (YoY)

Consensus 5.6% / Previous 6.4%

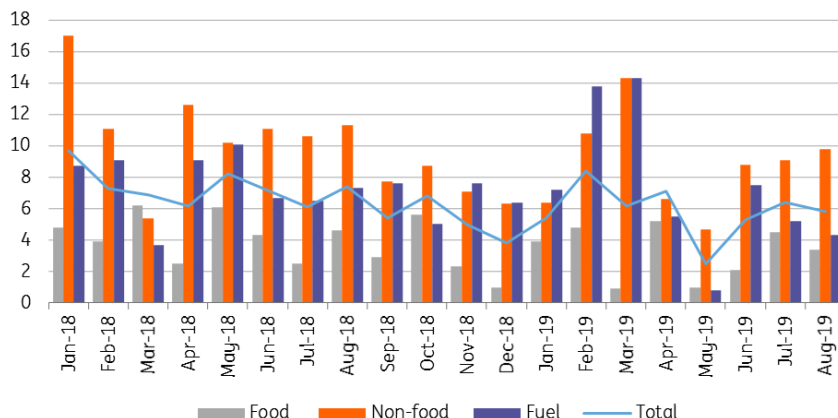
Better than expected

Retail sales grew 5.8% year-on-year, based on calendar-adjusted data. Expectations varied in a rather wide range, but overall this was still a sound performance, especially for a summer month. It was the third highest reading so far this year and also matched the average measure in the first eight months of 2019.

The strong labour market, with rising wages and full employment, is providing enough support for

consumers to keep spending. Turnover in non-food shops increased by 9.8% year-on-year in August, the third highest reading in 2019 and an increase from July. This boost is mainly due to a significant strengthening in sales of clothing and computer equipment. Sales in mail order and internet retailing rose by 46% year-on-year, close to the record highs of the past five years. Growth in non-food shops and fuel retailers decelerated somewhat.

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



Source: HCSO, ING

To sum up, the favourable labour market has translated into consumption. Despite news about a gloomy external environment, households keep spending as confidence remains high in the local economy. As long as consumers feel secure and continue to spend, domestic drivers should be able to counterbalance the negative effects stemming from external issues, even if Germany falls into recession.

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