

## Hungary: GDP growth rebounds

GDP came in at slightly lower than market expectations but this shouldn't be a game changer when it comes to the big picture which is still rosy



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# 3.6%

GDP growth YoY

Consensus (3.7%) / Previous (3.2%)

Worse than expected

Hungarian GDP grew by 0.8% quarter-on-quarter resulting in 3.6% YoY in 3Q17, according to preliminary data from the Hungarian Central Statistical Office (HCSO).

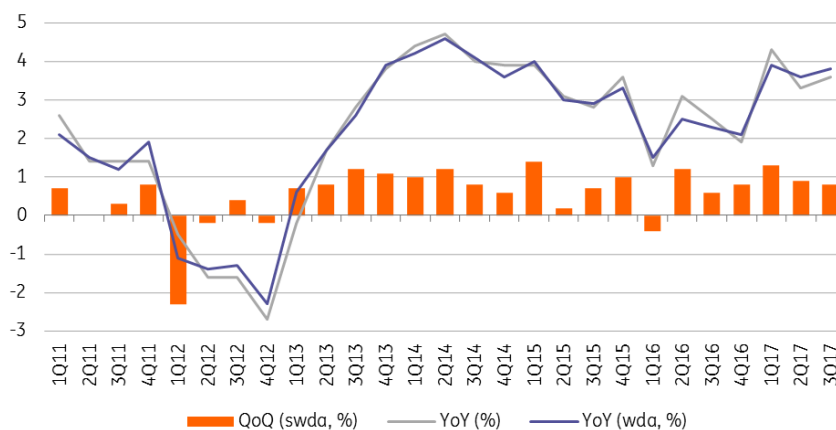
Compared to the second quarter, this shows a significant and also expected rebound. As market consensus was 3.7% YoY, it was a mild downside surprise, but shouldn't be a game changer when it comes to the big picture which is still rosy.

*We hold our 3.8% GDP growth forecast for the entire year, expecting further strengthening of economic activity in 4Q17*

The data is preliminary, and the HCSO will publish the precise details in early-December. However, according to its commentary, market services and construction were the main drivers behind the growth, while agriculture was a drag on expansion. These match the picture of the high-frequency data releases and ING's expectations.

On the expenditure side, we see consumption to be one of the main drivers, in line with the highlighted strong contribution by services sector and strong retail performance. As construction soars, investments should be a strong contributor too. As the statistical office has remained silent on the industry, we don't expect any significant contribution from this sector. Thus net exports could also be neutral on growth.

### Hungarian GDP growth is back on track



Source: HCSO

Looking forward, despite the fact the data was a touch lower, the HCSO revised the previous quarters of this year up by 0.1ppt each, so we hold our 3.8% GDP growth forecast for the entire year, expecting further strengthening of economic activity in 4Q17 on consumption and investments.

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