

Hungary: No surprise in retail sales

The fourth solid reading in a row after a rather hectic start to the year with sales in non-food shops still the main contributor



Growth in retail sales turnover came to 4.6% YoY wda, roughly in line with the figures from the summer. The reading is solid, the fourth in a row, and bringing some predictability. The August data are modestly above the 2017 average for the sector, so again we can see it as a favourable reading. The main reasons behind the elevated and stable performance of the sector are still elevated consumer confidence and households' favourable financial situation fuelled by double-digit real wage growth.

The detailed data show that the growth rates were positive in all three of the main sub-sectors but with mixed results. The turnover in food shops accelerated to 2.9% YoY wda, above the yearly average. Non-food shops closed August strongly, posting a 7.7% YoY wda turnover increase, roughly the same dynamic as in the previous month. Sales volumes in fuel retailing expanded by 2.6% YoY wda, showing deceleration and a below-average growth rate due to rising fuel prices.

After a rather hectic start to this year, retail sales are finally reflecting the favourable economic conditions by showing solid growth MoM.

Looking forward, we see further good performance on the back of the increase of real disposable income and consumer confidence. As regards the economy's overall

performance in 3Q17, data from the retail sector has backed up the expected acceleration of GDP growth so far. However, the main question is still industry, which recorded a very disappointing July. On Friday we will have the August reading, which could bring more clarity.

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

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