

Hungary: Retail sales strong again

Retail sales continued their rebound, posting their third-strongest annual growth number in July. Strong wage growth provides enough money to increase spending and saving at the same time



Source: Shutterstock

6.4%

Retail sales (YoY, calendar adjusted)

Consensus 5.6% / Previous 5.4%

Better than expected

Retail sales growth turnover has been accelerating since the low in May. The 6.4% YoY calendar adjusted rate posted in July is the third-strongest reading this year. The July performance was a positive surprise, despite consumer confidence having dropped and there having been significant take-up of the new five-year retail bond. It seems that the majority of the funding for retail bonds came from a reshuffling of portfolios, with the other part new money from still double-digit wage growth. Against this backdrop, the labour market and wage developments are strong enough to boost both savings and consumption.

Breakdown of retail sales (% YoY, wda)



Source: HCSO

The details show automotive fuel retailing was the only sector where we saw a deceleration in growth in line with the increase in oil and fuel prices. Turnover in food and non-food shops rose at a faster pace in July than in the previous month. The growth rate of non-food shops reached 9% YoY, the strongest reading since March mainly on the back of the sales of manufactured goods, furniture and electrical goods.

The retail sector started the third quarter of 2019 strongly, giving some silver lining. Despite all the gloom and doom externally, domestic factors might keep Hungary's growth on track to reach 4.7% GDP growth on average this year.

Author

Peter Virovacz

Senior Economist, Hungary

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>.