

Hungary: Retail sales surprise positively

Retail sales turnover beat market expectations, marking the strongest growth since January 2015. We see this trend continuing and the outlook for 2018 remains shiny



Source: Shutterstock

7.5%

Retail sales (YoY)

Consensus (6.2%) / Previous (6.7%)

Better than expected

Retail sales turnover increased by 7.5% YoY in January, exceeding the average reading of 2017 (5.3% YoY). The first retail data also surprised the market expectations positively, as it was 6.2%. The January figure suggests that the strong labour market has a strong push in spending, causing an outstandingly high retail sales turnover.

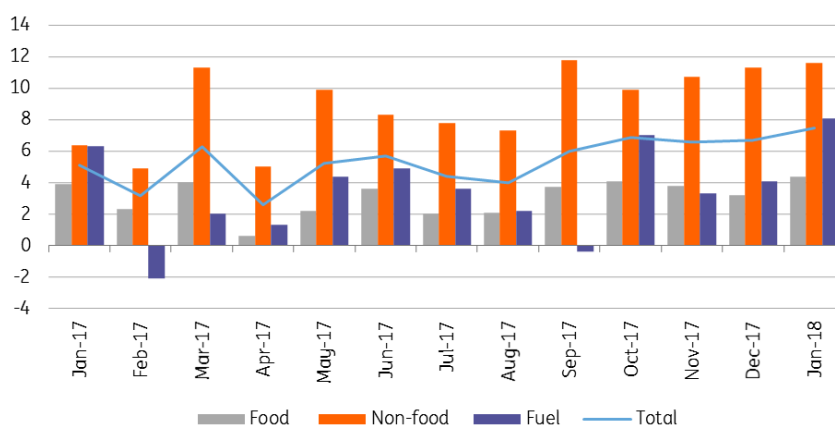
All in all, the first retail sales figure of the year exceeded our

expectations.

Digging deeper into the detail, growth rates of shop types are matching the dynamic that we saw last year. The stronger than expected growth was mainly due to the 11.6% YoY increase of non-food shops. The rise of retail fuel sales also brought a positive surprise, despite the fuel price growth. The turnover in this segment increased by 8.1% YoY, a non-seen growth since 2016 February. Food shops turnover increased by 4.4% YoY, showing a slight acceleration, as the average was 3% YoY in 2017.

Breakdown of retail sales

(% YoY, wda)



Source: HCSO

All in all, the first retail sales figure of the year exceeded our expectations.

Probably, the favourable labour market processes, such as the rise of the minimum wage in addition to the record low 3.8% unemployment rate significantly contributed to the growth of retail sales.

When it comes to 2018 as a whole, we see retail sales turnover likely to increase, meaning that the sector could support the GDP growth in this year as well.

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>.