

## 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.

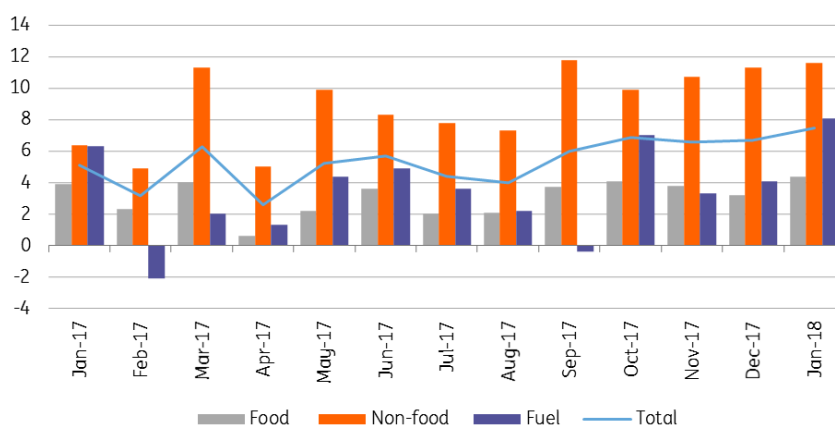
*All in all, the first retail sales figure of the year exceeded our*

*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.

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