

## Hungary: Retail sales to slow

Retail sales rose slightly in October but as household spending is likely past its peak, the sector's performance could soon moderate



Source: Shutterstock

# 5.7%

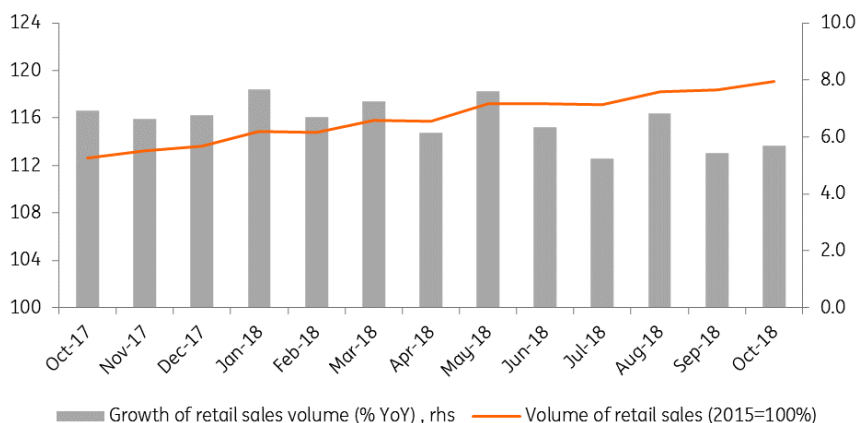
Retail sales (YoY, wda)

Consensus 5.8% / Previous 5.4%

Worse than expected

Retail sales adjusted for working days rose by 5.7% year-on-year in October. The latest data was roughly in line with the market's expectations. While the pace of growth picked up from the previous month, it's still below the average of 2018, though it roughly matched the 3Q18 performance.

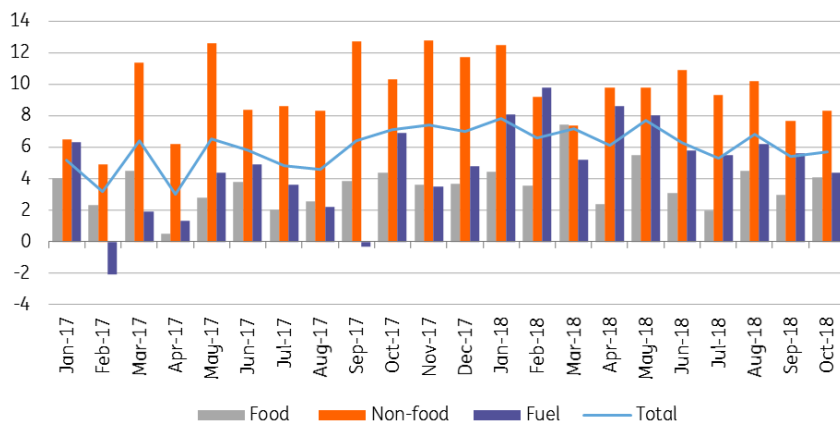
## Volume of retail sales



Source: HCSO,ING

We don't see any surprises in the structure of the expansion. The performance of both food and non-food shops fits the trend we have seen in 2018 so far. However, when it comes to fuel consumption, the 4.4% year-on-year growth rate is the worst performance this year. Still, it is pretty obvious that the significant increase in oil prices-which also fed through to local fuel prices- restrained sales of fuel.

## Breakdown of retail sales (% YoY, wda)



Source: HCSO

Looking forward, we expect the record tight labour market to further support household spending. However, as real wage growth has been slowing lately, and the base is already high, we see retail sales decelerating gradually in the coming months, with close to 6% YoY growth in 2018 as a whole.

## Author

### Peter Virovacz

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto: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>.