

Hungarian retail sector ends 2019 on a positive note

After an exceptionally strong November, December saw a slowdown in Hungarian retail sales. 4Q19 was better than the previous two quarters - a positive sign ahead of next week's GDP release



Source: Shutterstock

6.1%

Retail sales (YoY)

Consensus 6.5% / Previous 7.3%

Worse than expected

Hungarian retail sales turnover posted a 6.1% year-on-year increase in December, taking into consideration the calendar-effect too. It is a significant slowdown compared to the previous month's 7.3% performance, but still matching the sector's average growth rate in 2019. When we try to assess the fourth quarter, overall we see strong performance.

According to our calculation, the YoY performance was 6.2%, much better than Q2 or Q3 turnover

increase.

Retail sales volume and quarterly performance

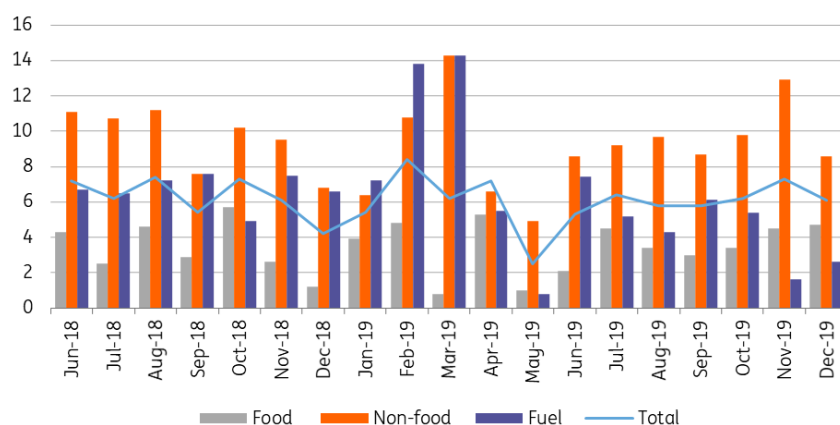


Source: HCSO, ING

When it comes to the details of the retail sector's performance, we hardly see any surprises.

After the 'Black Friday' effect in November, people were less keen to buy non-food products in December, but the 8.6% YoY growth in sales is still sound. As usual, holiday seasons affect food sales positively. Against this backdrop, food shops registered a 4.7% YoY increase in turnover, well above the yearly average. Fuel retailers closed the year relatively weak with a 2.6% YoY increase (the third-worst rate in 2019), as elevated prices dampened the demand.

Breakdown of retail sales (% YoY, wda)



Source: HCSO, ING

The fact that the retail sector showed a really good performance in 4Q19 means we can look forward to next week's GDP release with a pinch of optimism.

Household spending might have an even stronger impact on GDP growth than in the previous quarters. To tame our own expectations, it still won't be enough to fully counterbalance the expected marked slowdown in industry and construction. As for now,

we see a good chance that our 4Q19 GDP growth forecast at 4.5% YoY will match the actual data.

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 www.ing.com.