

Hungary: Retail sector past the peak

Retail sales growth has decelerated for three consecutive months, suggesting we may have already seen the peak in 2018



Source: Shutterstock

5.3%

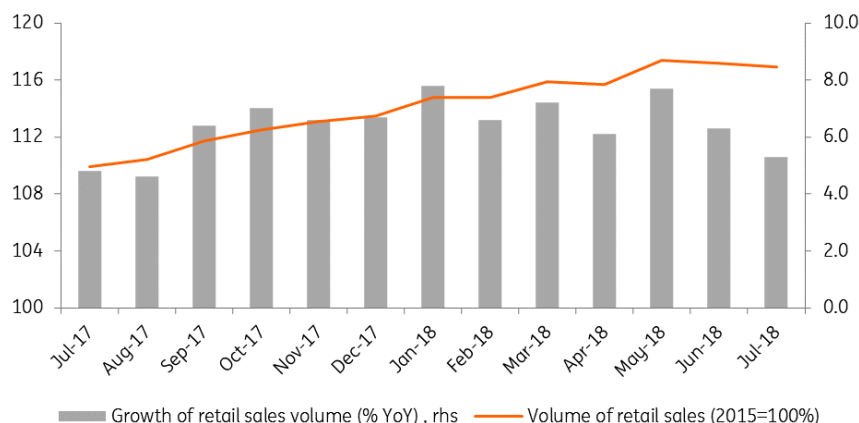
Retail sales (YoY, wda)

Consensus (6.9%) / Previous (6.1%)

Lower than expected

Working days-adjusted retail sales increased by 5.3% year-on-year in July, lower than the consensus. The one percentage point drop compared to the previous month also means that the latest reading is the worst since July 2017. Moreover, if we take a look at the changes in volume of sales in retail shops compared to the monthly average of 2015, it is quite clear that the improving momentum has broken as the retail sector's performance has plateaued.

Volume of retail sales



Source: HCSO, ING

The deceleration in July is mainly due to food shops, where the Hungarian Central Statistical Office registered a 2.2% YoY growth, the worst in 2018 so far. When it comes to non-food, an almost double digit growth rate of 9.2% YoY matches the trend we've seen this year. An increase in oil prices restrained fuel consumption, resulting in a below-average turnover of automotive fuels.

In light of the detailed 2Q18 GDP data and taking into consideration the slowdown of the last three months, we assume the economy has already peaked.

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>.