

## 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%

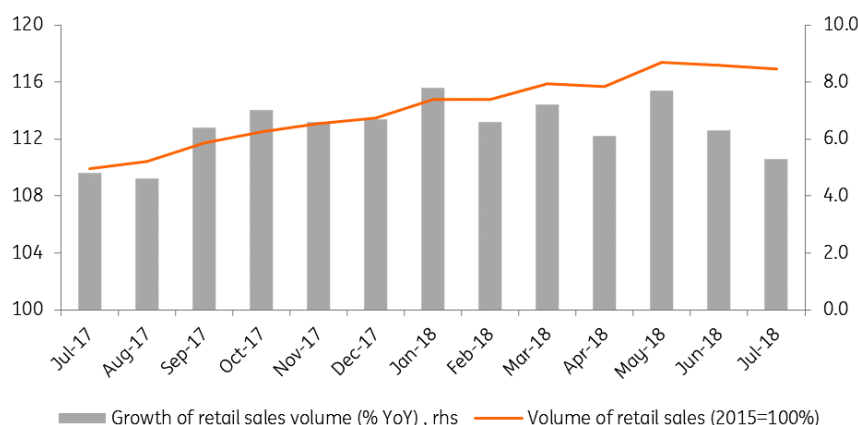
Retail sales (YoY, wda)

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.

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