

Hungary: Big jump in retail sales

Exceptionally strong January retail sales for Hungary indicate a pattern we've seen in the past few years is continuing. February could also be robust if there's any sort of panic buying related to the coronavirus



Shoppers in Budapest

7.6%

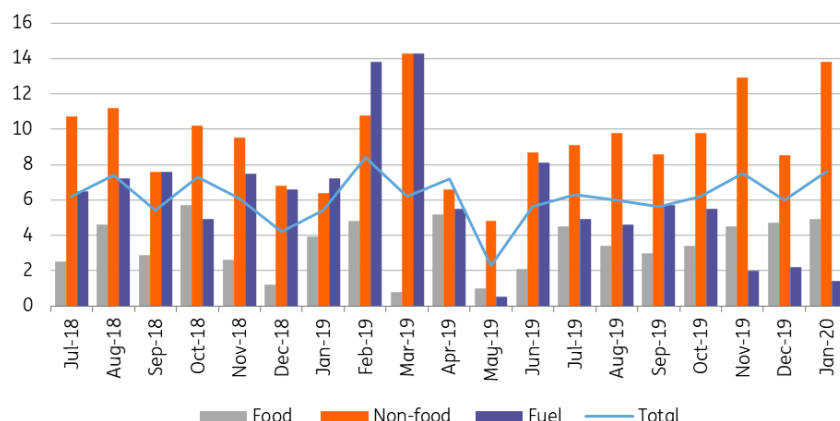
Retail sales (YoY)

Consensus 6.0% / Previous 6.1%

Better than expected

Hungarian retail sales turnover posted a 7.6% year-on-year calendar-adjusted increase in January 2020. That figure's not just above consensus, it overshoot even the most optimistic call. It's the best retail sales' performance since February 2019. Remember, however, that this data comes before the coronavirus threat had emerged. Hungary has yet to report a case and the economic outlook for the first quarter of this year still seems good.

Breakdown of retail sales (% YoY, wda)



Source: HCSO

For the details of the strong result, we have to look at the non-food sector. The ‘Black Friday’ effect was strong, but January was stronger still. Sales rose by 13.8% YoY in non-food retailing mainly on the back of manufactured goods (20%), while book, computer equipment and other specialised stores also posted strong figures (19%). Food shops registered a 4.9% YoY jump in turnover. Fuel retailers started the year on a weak footing with a 1.4% YoY increase as rising fuel prices were a drag on demand.

So, after a strong January, what’s ahead? Hungary is yet to report a case related to Covid-19, but the ‘fear factor’ is becoming more apparent. The big retailers faced a run for non-perishable items such as flour, rice, canned goods and toilet paper, for example, emptying the shelves. Against this backdrop, we might see even stronger growth in the retail sector in February and a relatively weak March. Overall, 1Q20 will still show strong consumption, so a drop in the GDP on a quarterly basis seems highly unlikely.

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