

## 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%

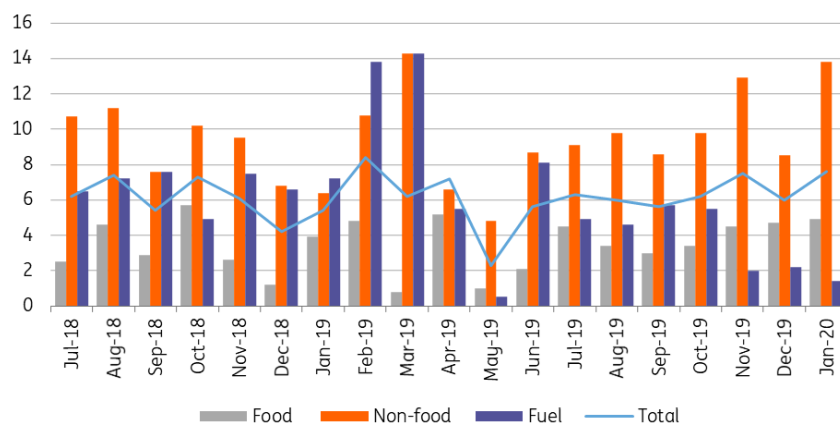
Retail sales (YoY)

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.

### 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>.