

Hungary: Retail spending slows in food shops

The retail sector's performance remains on a slowing path, although the general deceleration in consumption is in line with the continued drop in the consumer confidence indicators

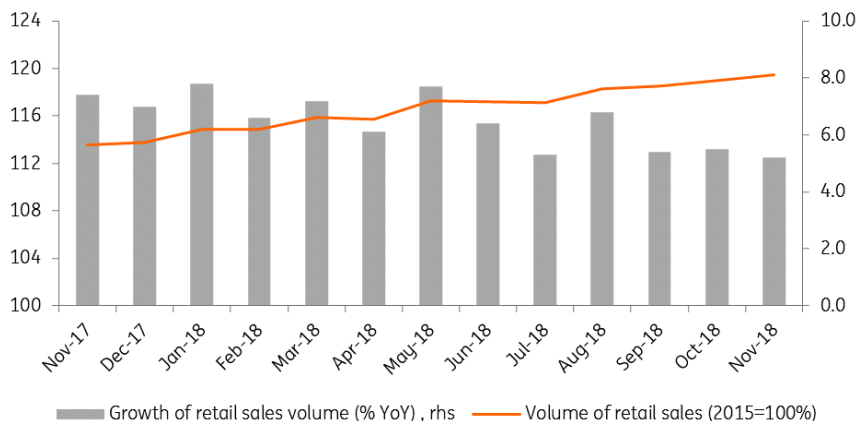


Source: Shutterstock

5.2% Retail sales (YoY, wda)
Previous 5.5%

Retail sales turnover adjusted for working days increased by 5.2% year on year in November. The latest data came in lower than the previous month, at least in terms of growth rates. Excluding the one-off peaks from the big picture, it is quite clear that the sector's performance has been gradually worsening since the end of 2017, but the retail sector as a whole is still in good shape.

Retail sales volume

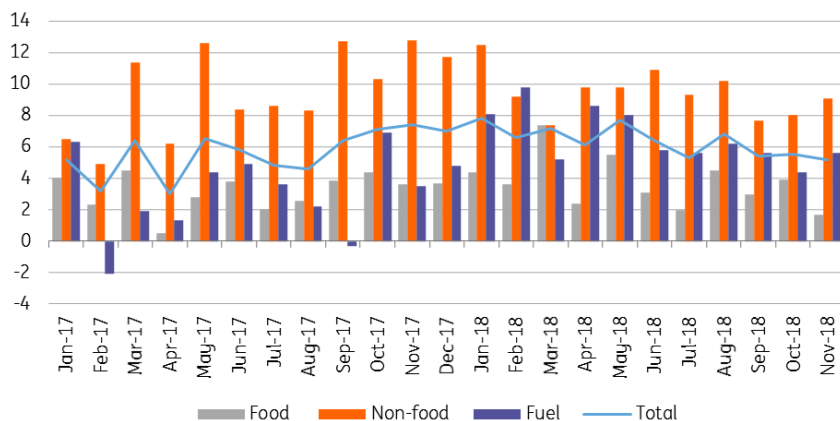


Source: HCSO,ING

The details show the usual end-of-the-year pattern in the growth structure of different types of shops. Turnover in non-food shops was on the rise once again, marking a 9.1% YoY growth, the strongest since September. In the meantime, food shops' performance gave us a negative surprise, posting a figure which is below the 2018 average and even the lowest since early 2017. However, we expect a correction in food shop turnover in December due to the holiday season.

As far as automotive fuel sales are concerned, growth roughly fitted the 2H18 tendency affected by oil prices.

Breakdown of retail sales (% YoY, wda)



Source: HCSO

For 2018, the retail sector still paints an optimistic picture, although the general slow down in consumption is in line with the continued drop in consumer confidence indicators and the high base is also clearly visible in the monthly disclosures.

Looking forward, instead of the previous 6-7% annual increases we've seen in 2018, we see a 4-5% growth in the retail sector in 2019.

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>.