

Hungary: Shopping all around

Retail sales turnover increased by 6.4% year-on-year in November, the highest reading in 2017. The upside surprise came from food



Shoppers on Vaci Utca, the main shopping street in Budapest, Hungary

Source: Shutterstock

6.4%

Retail sales (YoY)

Consensus (5.6%) / Previous (6.3%)

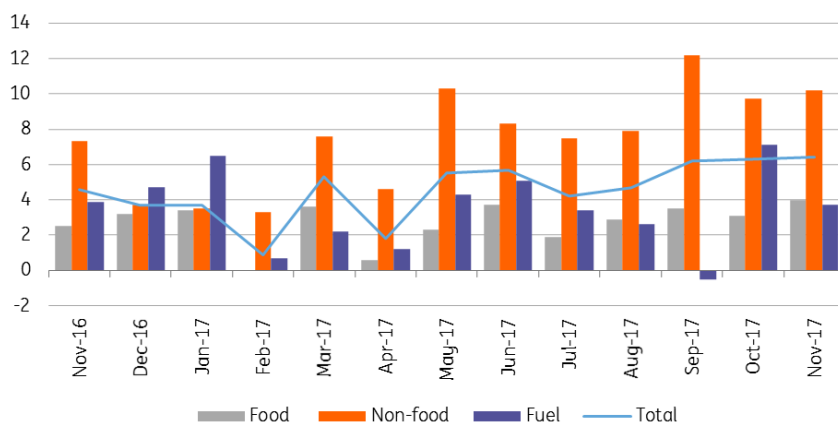
Better than expected

Retail sales turnover came in at 6.4% year-on-year in November, above market consensus. The sector's performance has been strengthening since July, with the November data showing the highest growth rate of 2017 so far.

The fact that growth rates are significantly different between store types is not surprising in itself. However, the upside surprise in November came from food shops, where the growth rate came in at 4% YoY, the most dynamic expansion in 2017. The strongest growth was posted by non-food shops (10.2% YoY) amid the ever-increasing frenzy over Black Friday, an event which now spreads over two weeks in Hungary. This shopping fever actually matched the trend of 2017, with households buying more durable goods as their financial situation improved (record low

unemployment rate, double-digit net wage growth, soaring confidence indicators). The sales volume in fuel retailing increased by 3.7% YoY, despite the increase in fuel prices.

Breakdown of retail sales (% YoY, wda)



Source: HCSO

As regards the economic activity in 4Q17, the retail sales turnover (both in October and November) gives confidence in a strong finish, although on the other side the recent weakness in industry has just reduced the probability of reaching the 4% YoY high-water mark GDP growth in 2017 as a whole.

Author

Peter Virovacz

Chief 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 www.ing.com.