

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%)

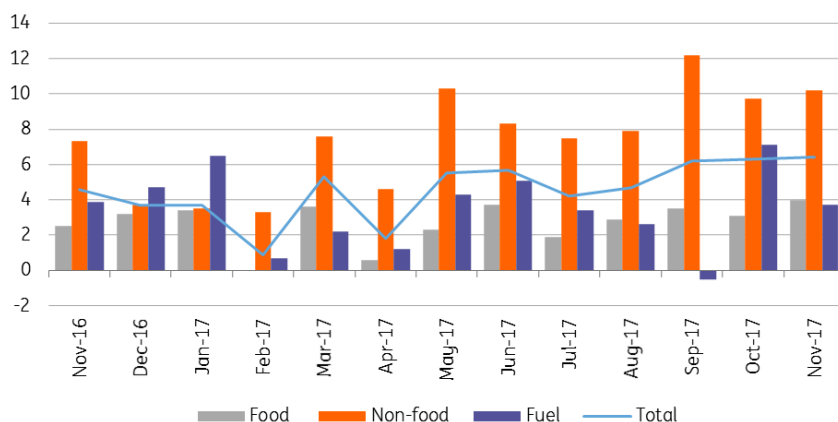
Better than expected

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.

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