

## Hungary: Shopping boom slows down

Retail sales turnover came in at 5.9% year on year in December, showing some slowdown but still a positive surprise overall in 2017



Source: Shutterstock

# 5.9%

Retail sales (YoY)

Consensus (6.4%) / Previous (6.7%)

Worse than expected

Retail sales turnover increased by 5.9% year on year in December, below market consensus (6.4% YoY). On a yearly average retail sales turnover rose by 4.8%. However, December reading did not reach the last three month figures.

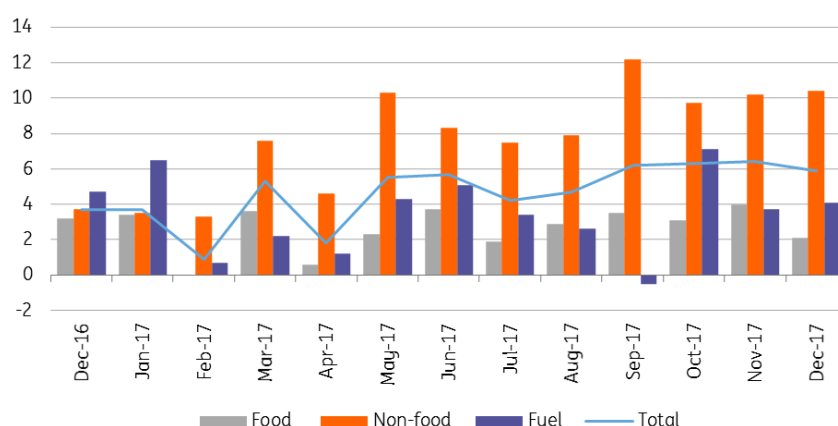
In detail, growth rates are matching the same tendency as we experienced in the whole year.

The main driver behind the slower than expected growth is the performance of food shops. Food shops turnover increased by 2.1% YoY, marking the lowest number since 2017 July. The strongest growth was posted by the non-food shops, growing by 10.4% YoY, exceeding the average of 2017

(8.3% YoY).

A possible scenario behind the strong non-food shop figures is the extra disbursements (pension premium and correction, Erzsébet-voucher) above the ordinary pensions. These payments might have increased the propensity of pensioners to consume. The sales volume in fuel retailing increased by 4.1 % YoY, despite the slight increase in fuel prices.

## Breakdown of retail sales (% YoY, wda)



Source: HCSO

When it comes to economic activity in 4Q17, retail sales turnover isn't showing a clear direction yet so drawing major conclusions will only be possible in the light of industrial production data, which will be released on Wednesday.

## Author

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

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