

## Hungary: Slowdown in retail sales

Retail sales in April missed market expectations and were below the first quarter average



Source: Shutterstock

# 6.0%

## Retail sales (YoY)

Consensus (7.5%) / Previous (7.2%)

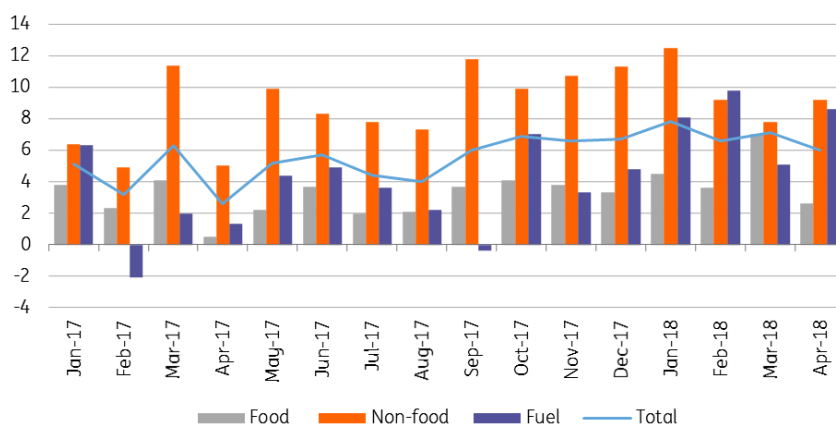
Worse than expected

Adjusted by working days, retail sales increased by 6% year on year in April, below market expectations. This is the worst result in 2018 so far, but we are still optimistic, as it may be a consequence of one-off effects.

The worse-than-expected data could be primarily traced back to the early Easter effect, translating into growth of just 2.6% YoY in food shops. It's also worth noting that one-off disbursements such as bonuses in the public sector and vouchers for pensioners probably only had an impact in March. Automotive fuel sales remained robust, with the 8.6% YoY increase significantly beating the 2017 yearly average. Retail sales in non-food shops fit the trend of what

we've seen throughout 2018, with 9.2% YoY growth.

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



Source: HCSO

While the April reading missed market expectations, there's no reason to worry. Continuous wage growth and a high level of households willing to spend will remain major driving forces for the sector. Against this backdrop, we expect more than 7% YoY retail sales growth in 2018 as a whole.

### 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>.