

5 June 2018  
Snap

## Hungary: Slowdown in retail sales

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

# 6.0%

Retail sales (YoY)

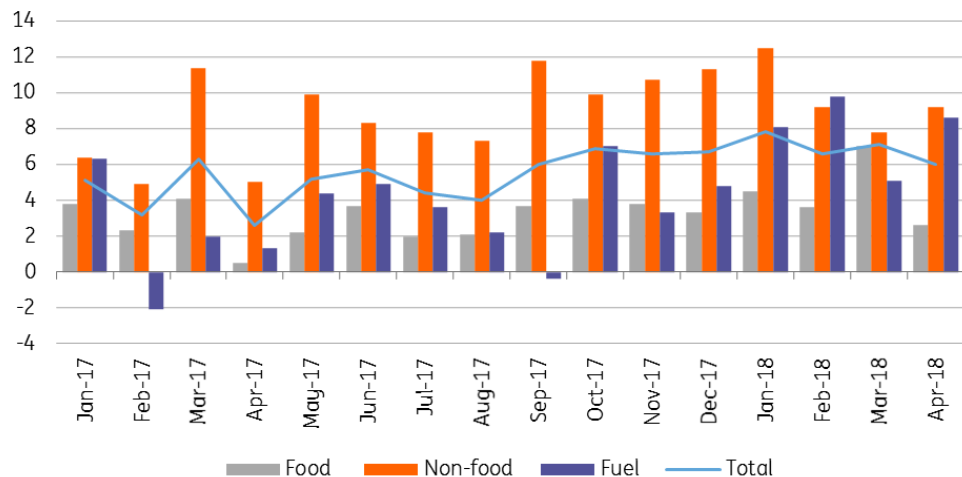
Consensus (7.5%) / Previous (7.2%)

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.

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