3 July 2018
Snap

Hungary: Surprise uptick in retail sales

The retail sector flexed its muscles, posting a stronger-than-expected increase in May, suggesting a robust second quarter for consumption

7.8%

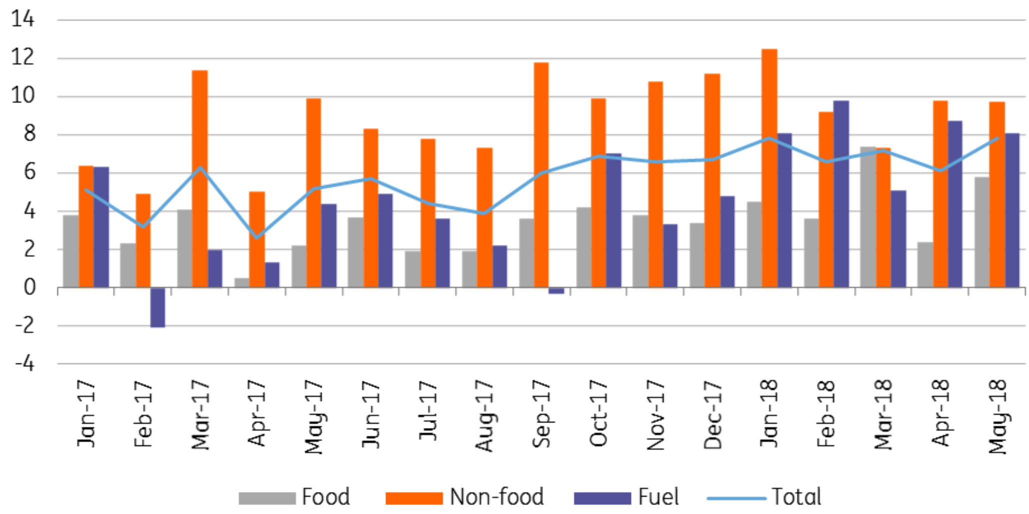
Retail sales (YoY)
Consensus (5.4%) / Previous (6.1%)

Better than expected

Working days adjusted retail sales increased by 7.8% year on year in May, outperforming the market consensus, and making up for a weaker-than-expected April. The surprise acceleration to the highest reading this year (tied with the January data) also means, that the second quarter now looks better than the first in terms of consumption.

The better-than-expected data is mainly due to food shops, where turnover increased by 5.8% YoY wda, an unusually strong reading. In the meantime, we saw a strong performance both in non-food shops (9.7% YoY wda) and in fuel retailing (8.1% YoY wda). The latter is rather surprising given the significant increase in oil and fuel prices.

Breakdown of retail sales (% YoY, wda)



Source: HCSO

In light of the recent strong reading, we remain optimistic going forward. We see no reason to believe that the dynamics in consumption will break. Continuous wage growth and a high level of households willing to consume 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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