

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)

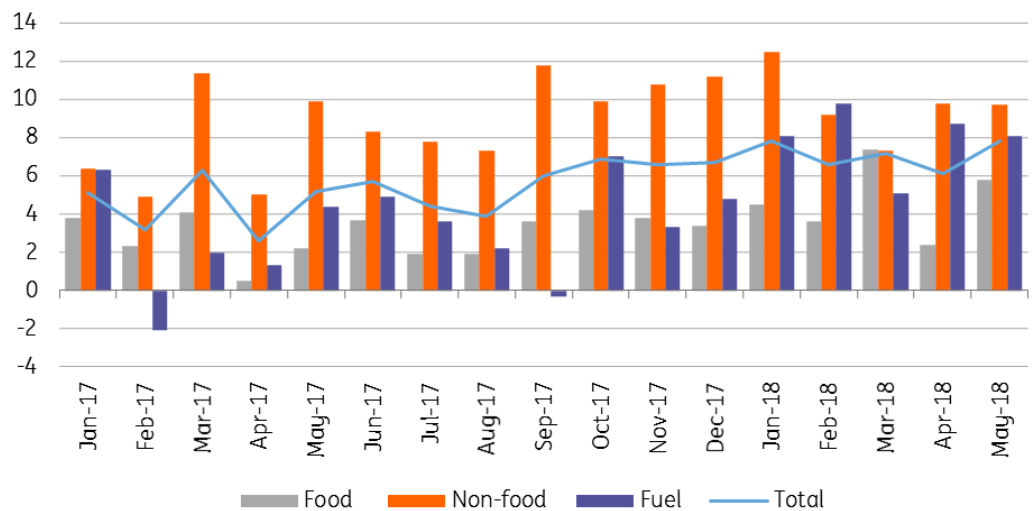
Consensus (5.4%) / Previous (6.1%)

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.

Peter Virovacz

Senior Economist, Hungary

+36 1 235 8757

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 NV 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. The producing legal entity 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 subject to limited regulation by the Financial Conduct Authority (FCA). 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.