

24 April 2019

EMEA

Leading HUBE update

No signs of a slowdown – could this be true?

The Hungarian economy has started 2019 very strongly, but could it be enough to maintain record high growth rates? We have some doubts.

Hungarian economic activity showed no sign of slowing in terms of year-on-year growth in 4Q18. On the other hand, the quarterly based figure posted a mild (0.4ppt) deceleration to 1.0% QoQ, in line with the direction suggested by our Hungarian Business Economy (HUBE) indicators. Results for the first quarter of 2019 have been promising so far, contradicting what our model suggests.

The latest high frequency data was better than expected. The retail sector posted its highest growth rate in 13 months in February, with a widespread strengthening in turnover across sectors. Industrial production improved on a monthly basis for two consecutive months (January and February), something not seen since early 2018. Construction posted record high 48% YoY growth in February, following 29% growth in January, mainly on the back of infrastructure projects. While current indicators are encouraging, we will have to wait for the March data to make a final call on the first quarter. In this context, the coincidence index is rather pointing to an upward surprise., Forward looking indicators such as business confidence, the stock of orders and volume of contracts suggest that we need to treat the recent strong data with caution.

The results are rather mixed for our Leading HUBE indicator. This hardly comes as a surprise. The MoM Leading HUBE has been in negative territory for six months, but has seen some improvement since the end of 2018. On the other hand, the YoY Leading HUBE has dropped to a level not seen since early-2016, approaching negative territory but with the pace of decrease slowing over the last four months.

The Leading Robust sub-indices have not been showing any sign of improvement despite the strong hard data of the past couple of months. Both the MoM and YoY indicators slipped further, mainly on the soft indicators. This suggests a deceleration in GDP growth in 1Q19. Expectations are high and the recent strong performance means anything below a 4.8% YoY growth rate will be the lowest in five quarters.

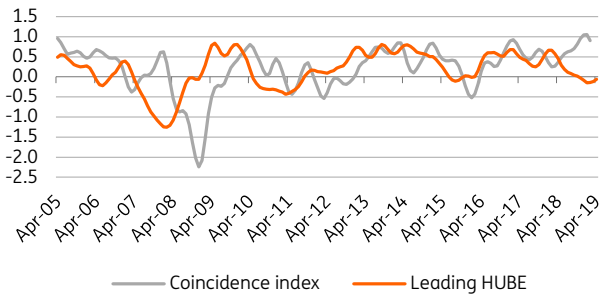
For methodology notes and performance of our Leading HUBE index, please see our report, *Leading HUBE: An Effective Leading Indicator for the Performance of the Hungarian Business Sector*, [Hungarian Statistical Review](#).

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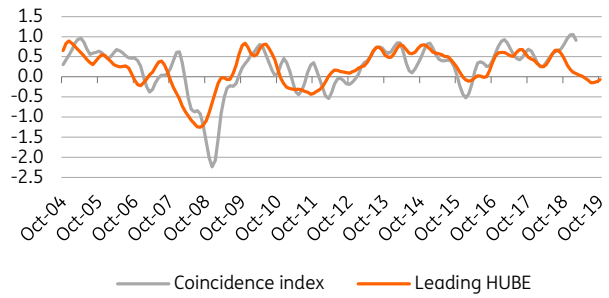
CI and Leading HUBE charts

Fig 1 CI and Leading HUBE (%MoM)



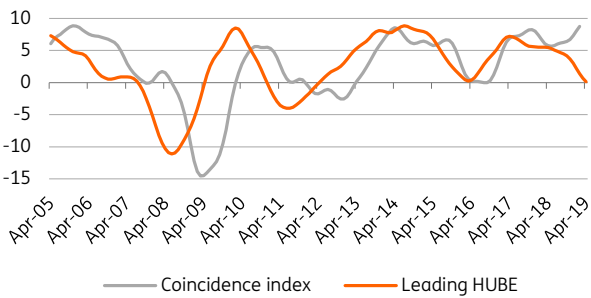
Source: ING

Fig 2 CI and Leading HUBE (%MoM; 6-month lead)



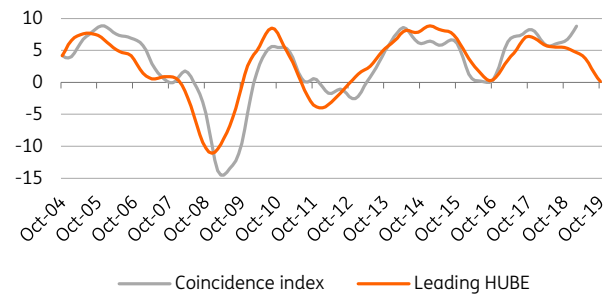
Source: ING

Fig 3 CI and Leading HUBE (%YoY)



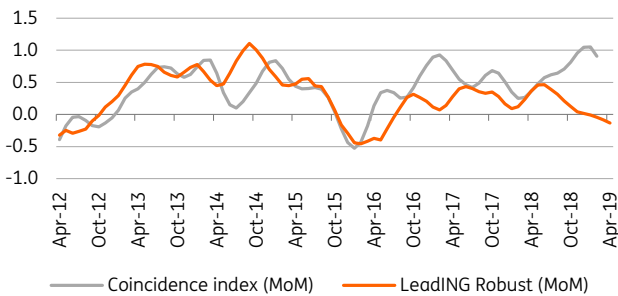
Source: ING

Fig 4 CI and Leading HUBE (%YoY, 6-month lead)



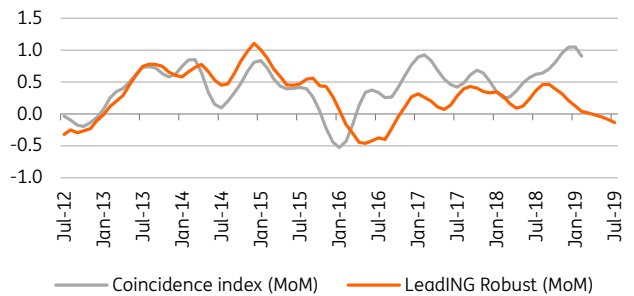
Source: ING

Fig 5 CI and Leading Robust (%MoM)



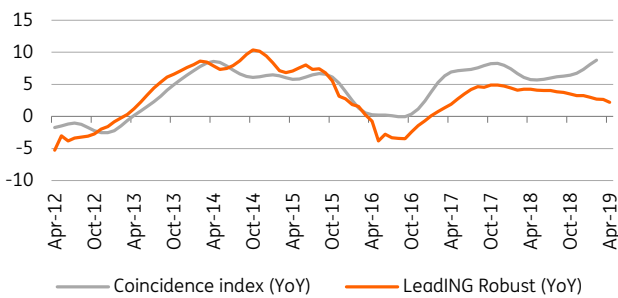
Source: ING

Fig 6 CI and Leading Robust (%MoM; 3-month lead)



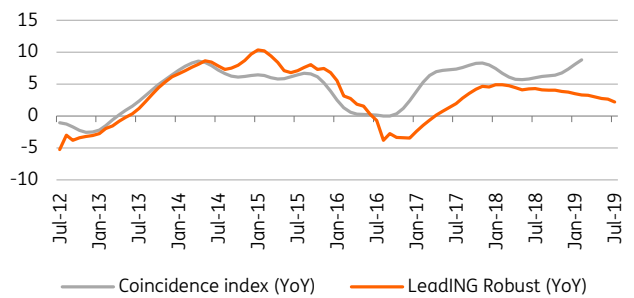
Source: ING

Fig 7 CI and Leading Robust (%YoY)



Source: ING

Fig 8 CI and Leading Robust (%YoY; 3-month lead)



Source: ING

Fig 9 Coincidence index and Leading figures (%)

Date	Coincidence Index (MoM)	Leading HUBE (MoM)	Coincidence Index (YoY)	Leading HUBE (MoM)	Leading Robust (MoM)	Leading Robust (YoY)
Jan-14	0.74	0.57	7.13	7.90	0.78	8.06
Feb-14	0.84	0.62	7.76	7.77	0.67	8.61
Mar-14	0.85	0.71	8.30	7.82	0.53	8.44
Apr-14	0.65	0.78	8.56	8.08	0.45	7.84
May-14	0.34	0.80	8.39	8.42	0.47	7.30
Jun-14	0.15	0.76	7.88	8.71	0.64	7.46
Jul-14	0.10	0.70	7.20	8.84	0.83	7.92
Aug-14	0.20	0.61	6.62	8.73	0.99	8.66
Sep-14	0.34	0.59	6.22	8.50	1.11	9.66
Oct-14	0.48	0.57	6.06	8.28	1.01	10.34
Nov-14	0.67	0.55	6.16	8.14	0.88	10.17
Dec-14	0.81	0.50	6.35	8.05	0.70	9.40
Jan-15	0.84	0.50	6.45	7.97	0.59	8.37
Feb-15	0.72	0.43	6.32	7.77	0.46	7.10
Mar-15	0.55	0.34	6.00	7.37	0.45	6.80
Apr-15	0.44	0.24	5.79	6.79	0.47	7.07
May-15	0.40	0.12	5.85	6.07	0.55	7.57
Jun-15	0.40	0.00	6.11	5.28	0.56	8.03
Jul-15	0.42	-0.07	6.45	4.47	0.44	7.29
Aug-15	0.40	-0.11	6.66	3.72	0.43	7.42
Sep-15	0.27	-0.08	6.58	3.02	0.27	6.78
Oct-15	0.05	-0.02	6.12	2.41	0.07	5.53
Nov-15	-0.22	0.03	5.18	1.88	-0.16	3.12
Dec-15	-0.44	0.02	3.88	1.39	-0.29	2.75
Jan-16	-0.52	-0.02	2.47	0.87	-0.44	1.85
Feb-16	-0.43	0.00	1.30	0.44	-0.46	1.53
Mar-16	-0.18	0.15	0.57	0.25	-0.42	0.23
Apr-16	0.14	0.37	0.27	0.38	-0.37	-0.74
May-16	0.34	0.53	0.21	0.79	-0.40	-3.82
Jun-16	0.38	0.60	0.19	1.39	-0.22	-2.78
Jul-16	0.34	0.60	0.11	2.08	-0.04	-3.34
Aug-16	0.26	0.61	-0.03	2.82	0.11	-3.43
Sep-16	0.27	0.57	-0.03	3.49	0.26	-3.45
Oct-16	0.42	0.52	0.34	4.05	0.32	-2.43
Nov-16	0.60	0.51	1.17	4.55	0.26	-1.45
Dec-16	0.76	0.61	2.39	5.17	0.20	-0.69
Jan-17	0.89	0.68	3.84	5.90	0.11	0.11
Feb-17	0.92	0.68	5.26	6.61	0.07	0.75
Mar-17	0.84	0.58	6.33	7.07	0.14	1.32
Apr-17	0.69	0.49	6.91	7.19	0.28	1.91
May-17	0.55	0.44	7.13	7.10	0.40	2.76
Jun-17	0.46	0.40	7.22	6.90	0.43	3.51
Jul-17	0.42	0.33	7.31	6.60	0.40	4.20
Aug-17	0.49	0.27	7.56	6.24	0.35	4.62
Sep-17	0.61	0.25	7.92	5.90	0.33	4.52
Oct-17	0.68	0.31	8.21	5.68	0.35	4.86
Nov-17	0.64	0.43	8.26	5.59	0.28	4.88
Dec-17	0.51	0.57	7.98	5.55	0.17	4.75
Jan-18	0.35	0.66	7.40	5.53	0.09	4.45
Feb-18	0.25	0.66	6.69	5.51	0.12	4.10
Mar-18	0.27	0.58	6.08	5.51	0.24	4.23
Apr-18	0.36	0.46	5.74	5.48	0.37	4.25
May-18	0.48	0.29	5.67	5.32	0.46	4.06
Jun-18	0.57	0.19	5.79	5.09	0.47	4.05
Jul-18	0.62	0.12	6.00	4.87	0.39	4.02
Aug-18	0.64	0.09	6.16	4.68	0.32	3.81
Sep-18	0.71	0.04	6.26	4.47	0.21	3.72
Oct-18	0.81	0.02	6.40	4.17	0.13	3.49
Nov-18	0.96	-0.03	6.73	3.70	0.04	3.26
Dec-18	1.05	-0.09	7.31	3.02	0.02	3.25
Jan-19	1.05	-0.15	8.06	2.19	-0.01	2.98
Feb-19	0.91	-0.14	8.76	1.38	-0.04	2.71
Mar-19		-0.12		0.68	-0.08	2.63
Apr-19		-0.06		0.15	-0.13	2.18

Source: ING

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