

29 October 2018

EMEA

Leading HUBE update

Nothing new under the sun

Our latest Leading HUBE indicators are suggesting that Hungarian economic activity is slowly but surely decelerating towards solid then moderate growth

After a surprisingly weak July, August brought some sunshine into 3Q18, although we hardly see it as a structural change in the dynamics of the Hungarian economy. The better-than-expected readings are rather due to seasonal factors. Growth in retail sales turnover rebounded in August, but remained below the year-to-date average. The real surprise came from the construction sector, apparently immune to the high base and capacity constraints and posting a 24.4% YoY increase. Industry however has continued to suffer on one-off issues - car manufacturers can't cope with new emissions tests and face temporary shutdowns in the second half of 2018. Soft indicators highlighted increasing uncertainties across the globe, reflected in diminished confidence.

Against this backdrop, it hardly comes as a surprise that our Leading HUBE indicators are falling, suggesting a deceleration in economic activity going forward. The MoM Leading HUBE index has posted a second straight negative reading, dropping to a three-year low. Trend-wise, and when it comes to the year-on-year figures, it is also apparent that a softening is on the way. Overall, we can see a shift in GDP growth from strong to solid in 2H18, moderating further in 2019.

The Leading Robust sub-indices (whether year-on-year or monthly) are also supporting the findings regarding a deceleration in the short-term. The monthly indicator has been declining since June, reaching an 8-month low, while the yearly index has just dropped to a 17-month nadir as part of a 12-month decreasing trend.

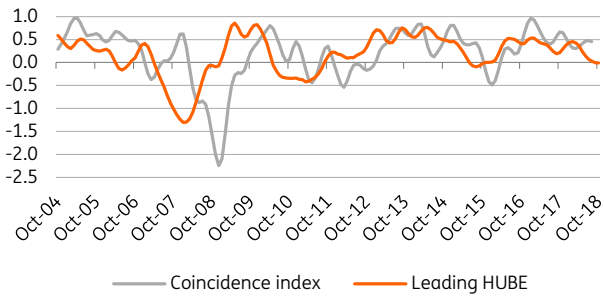
For methodology notes and performance of our Leading HUBE index, please see our report, *Leading HUBE: An Effective Leading Indicator for the Performance of the Hungarian Business Sector*, [Hungarian Statistical Review](#).

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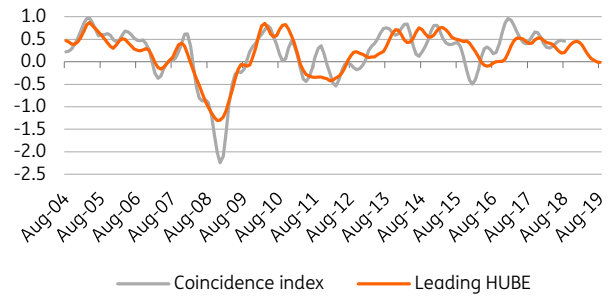
CI and Leading HUBE charts

Fig 1 CI and Leading HUBE (% MoM)



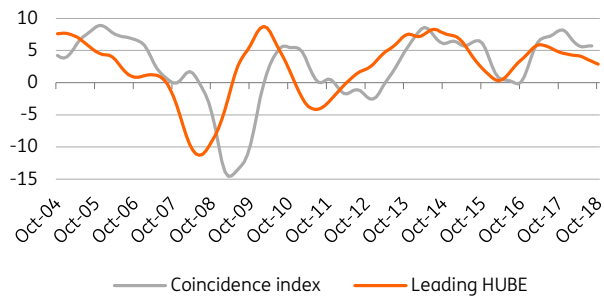
Source: ING

Fig 2 CI and Leading HUBE (% MoM; 10-month lead)



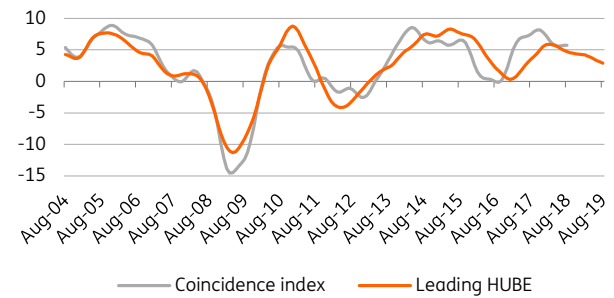
Source: ING

Fig 3 CI and Leading HUBE (% YoY)



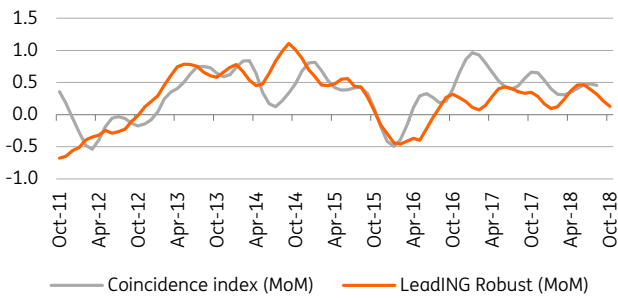
Source: ING

Fig 4 CI and Leading HUBE (% YoY, 10-month lead)



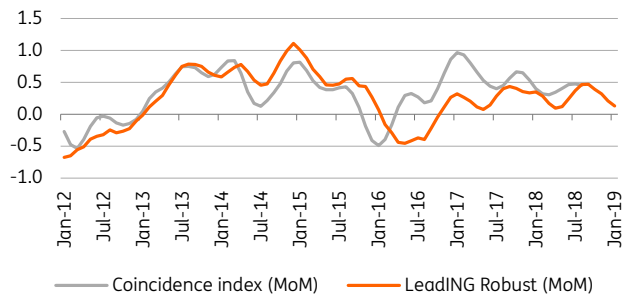
Source: ING

Fig 5 CI and Leading Robust (% MoM)



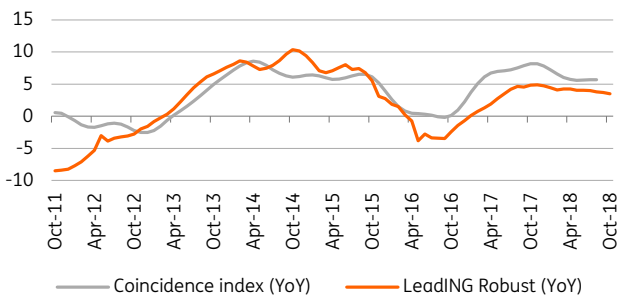
Source: ING

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



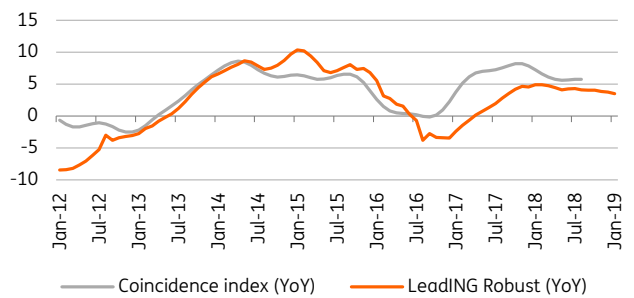
Source: ING

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	0.73	0.55	7.18	7.28	0.78	8.06
Feb-14	0.83	0.59	7.81	7.16	0.67	8.61
Mar-14	0.84	0.69	8.33	7.24	0.53	8.44
Apr-14	0.64	0.76	8.58	7.53	0.45	7.84
May-14	0.35	0.76	8.42	7.90	0.47	7.30
Jun-14	0.17	0.71	7.91	8.19	0.64	7.46
Jul-14	0.12	0.64	7.25	8.31	0.83	7.92
Aug-14	0.22	0.55	6.68	8.19	0.99	8.66
Sep-14	0.34	0.51	6.26	7.93	1.11	9.66
Oct-14	0.48	0.49	6.09	7.69	1.01	10.34
Nov-14	0.67	0.47	6.18	7.52	0.88	10.17
Dec-14	0.80	0.45	6.37	7.40	0.70	9.40
Jan-15	0.81	0.46	6.45	7.31	0.59	8.37
Feb-15	0.69	0.41	6.30	7.12	0.46	7.10
Mar-15	0.52	0.32	5.96	6.73	0.45	6.80
Apr-15	0.42	0.23	5.73	6.17	0.47	7.07
May-15	0.38	0.11	5.77	5.48	0.55	7.57
Jun-15	0.39	-0.01	6.00	4.72	0.56	8.03
Jul-15	0.42	-0.07	6.31	3.98	0.44	7.29
Aug-15	0.43	-0.10	6.53	3.32	0.43	7.42
Sep-15	0.33	-0.07	6.52	2.72	0.27	6.78
Oct-15	0.10	-0.03	6.12	2.19	0.07	5.53
Nov-15	-0.19	0.00	5.21	1.71	-0.16	3.12
Dec-15	-0.41	0.01	3.94	1.26	-0.29	2.75
Jan-16	-0.49	0.01	2.60	0.81	-0.44	1.85
Feb-16	-0.40	0.05	1.49	0.45	-0.46	1.53
Mar-16	-0.17	0.18	0.80	0.31	-0.42	0.23
Apr-16	0.11	0.35	0.48	0.44	-0.37	-0.74
May-16	0.29	0.47	0.39	0.80	-0.40	-3.82
Jun-16	0.32	0.53	0.33	1.34	-0.22	-2.78
Jul-16	0.27	0.52	0.19	1.95	-0.04	-3.34
Aug-16	0.18	0.50	-0.06	2.56	0.11	-3.43
Sep-16	0.21	0.45	-0.18	3.10	0.26	-3.45
Oct-16	0.40	0.41	0.12	3.55	0.32	-2.43
Nov-16	0.65	0.42	0.95	3.97	0.26	-1.45
Dec-16	0.86	0.49	2.24	4.47	0.20	-0.69
Jan-17	0.96	0.53	3.74	5.02	0.11	0.11
Feb-17	0.93	0.53	5.12	5.51	0.07	0.75
Mar-17	0.80	0.47	6.14	5.82	0.14	1.32
Apr-17	0.66	0.43	6.72	5.89	0.28	1.91
May-17	0.53	0.41	6.97	5.83	0.40	2.76
Jun-17	0.44	0.38	7.09	5.68	0.43	3.51
Jul-17	0.40	0.31	7.23	5.46	0.40	4.20
Aug-17	0.45	0.24	7.51	5.19	0.35	4.62
Sep-17	0.57	0.19	7.90	4.91	0.33	4.52
Oct-17	0.66	0.21	8.18	4.71	0.35	4.86
Nov-17	0.65	0.30	8.18	4.58	0.28	4.88
Dec-17	0.53	0.38	7.83	4.47	0.17	4.75
Jan-18	0.40	0.44	7.23	4.37	0.09	4.45
Feb-18	0.32	0.45	6.58	4.29	0.12	4.10
Mar-18	0.30	0.43	6.06	4.25	0.24	4.23
Apr-18	0.34	0.37	5.72	4.19	0.37	4.25
May-18	0.40	0.25	5.60	4.02	0.46	4.06
Jun-18	0.46	0.15	5.62	3.78	0.47	4.05
Jul-18	0.48	0.07	5.71	3.52	0.39	4.02
Aug-18	0.45	0.03	5.71	3.31	0.32	3.81
Sep-18		0.00		3.11	0.21	3.72
Oct-18		-0.01		2.88	0.13	3.49

Source: ING

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