

17 December 2018

EMEA

# Leading HUBE update

## Sledging down the slope

**We really don't want to ruin the holiday season, but based on our Leading HUBE indicators, we see the Hungarian economy sledging down the slope.**

Based on our Hungarian Business Economy (HUBE) indicators, we believe the Hungarian economy has reached the peak, so we need to hold on and enjoy sledging as long as we are not close to the end of the snowy road. We don't expect the slope to be a black run, but it won't be a beginner's green either.

The continued pessimism is from the recent high frequency data. Despite the fact, that industrial production has finally rebounded on electronics and cars in October, the trend is still pointing downward. The retail sector also posted a correction in October, but the growth rate was still below the average of 2018 and again, the trend is suggesting a prolonged period of deceleration ahead. The only silver lining has remained construction as corporates increased the capital expenditures and the budgetary financed infrastructural projects are going ahead. When it comes to volume of contracts, it suggests that the sector will remain the key driver in 2019. We have positive news regarding the industry's new and total stock of orders as both are showing expansion. Soft indicators were rather mixed but slightly skewed to the downside especially with regard to Hungary's main export partner, Germany.

All in all, our Leading HUBE indicators decreased further, pointing to a loss of economic momentum going into 2019. The MoM Leading HUBE has been in negative territory for three months, sitting at its lowest level since 2015. Following the drop in this indicator into negative territory in 2015, Hungarian GDP growth weakened from 3.5% YoY in 2015 to 2.3% YoY in 2016. Speaking of annual figures, the latest YoY Leading HUBE indicator also moved south, reaching a level not seen since mid-2016.

The MoM Leading Robust sub-index edged lower again, reaching a technically zero level, a reading last seen in 2016. The yearly-based indicator is also suggesting a soft patch in the near future given its decreasing trend of the past twelve months. Against this backdrop, we do not expect the Hungarian economy to maintain the pace of growth seen in 2018 and believe we will see a considerable deceleration next year.

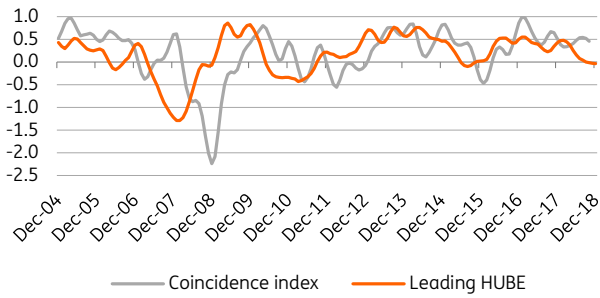
For methodology notes and performance of our Leading HUBE index, please see our report, *Leading HUBE: An Effective Leading Indicator for the Performance of the Hungarian Business Sector*, [Hungarian Statistical Review](#).

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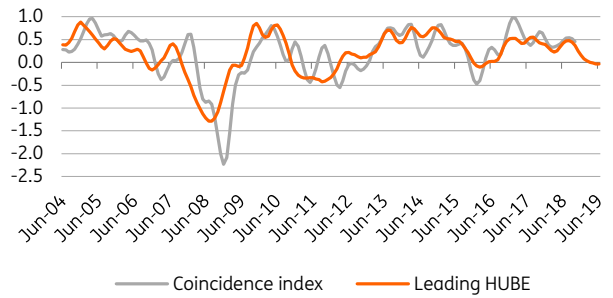
## CI and Leading HUBE charts

**Fig 1 CI and Leading HUBE (%MoM)**



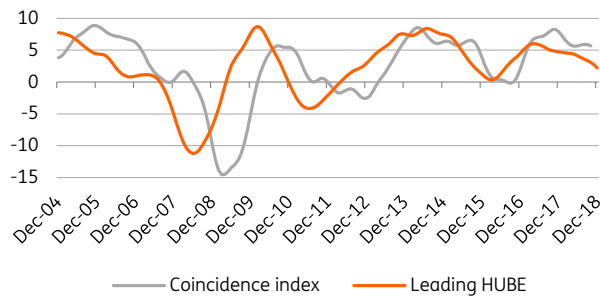
Source: ING

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



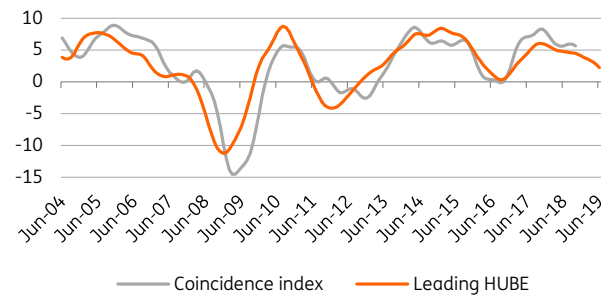
Source: ING

**Fig 3 CI and Leading HUBE (%YoY)**



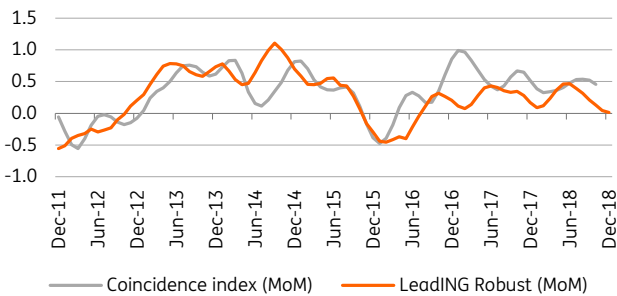
Source: ING

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



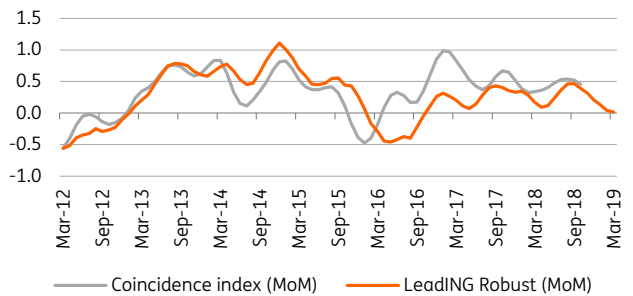
Source: ING

**Fig 5 CI and Leading Robust (%MoM)**



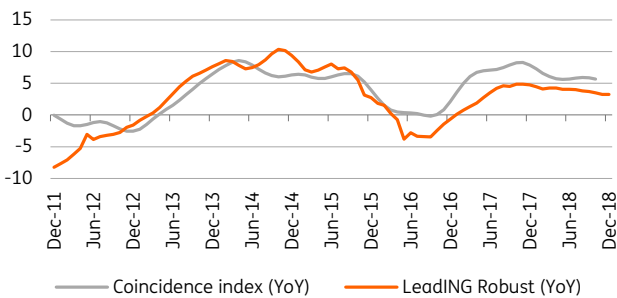
Source: ING

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



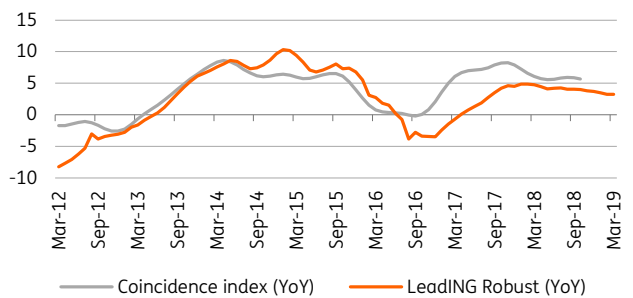
Source: ING

**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	0.73	0.56	7.18	7.38	0.78	8.06
Feb-14	0.83	0.60	7.81	7.28	0.67	8.61
Mar-14	0.84	0.69	8.33	7.36	0.53	8.44
Apr-14	0.64	0.76	8.59	7.65	0.45	7.84
May-14	0.34	0.76	8.41	8.01	0.47	7.30
Jun-14	0.15	0.71	7.89	8.30	0.64	7.46
Jul-14	0.11	0.64	7.20	8.42	0.83	7.92
Aug-14	0.21	0.55	6.62	8.28	0.99	8.66
Sep-14	0.34	0.52	6.21	8.02	1.11	9.66
Oct-14	0.49	0.51	6.04	7.77	1.01	10.34
Nov-14	0.68	0.49	6.13	7.60	0.88	10.17
Dec-14	0.81	0.46	6.34	7.47	0.70	9.40
Jan-15	0.83	0.46	6.44	7.37	0.59	8.37
Feb-15	0.70	0.40	6.31	7.16	0.46	7.10
Mar-15	0.53	0.31	5.98	6.76	0.45	6.80
Apr-15	0.41	0.22	5.75	6.19	0.47	7.07
May-15	0.37	0.10	5.79	5.49	0.55	7.57
Jun-15	0.37	-0.01	6.01	4.74	0.56	8.03
Jul-15	0.40	-0.08	6.32	4.00	0.44	7.29
Aug-15	0.42	-0.10	6.54	3.33	0.43	7.42
Sep-15	0.32	-0.08	6.52	2.71	0.27	6.78
Oct-15	0.11	-0.03	6.12	2.17	0.07	5.53
Nov-15	-0.17	0.01	5.22	1.68	-0.16	3.12
Dec-15	-0.39	0.02	3.97	1.24	-0.29	2.75
Jan-16	-0.47	0.03	2.63	0.80	-0.44	1.85
Feb-16	-0.39	0.06	1.51	0.45	-0.46	1.53
Mar-16	-0.18	0.18	0.80	0.31	-0.42	0.23
Apr-16	0.09	0.34	0.47	0.44	-0.37	-0.74
May-16	0.28	0.46	0.38	0.80	-0.40	-3.82
Jun-16	0.33	0.52	0.34	1.33	-0.22	-2.78
Jul-16	0.28	0.53	0.22	1.94	-0.04	-3.34
Aug-16	0.17	0.53	-0.03	2.58	0.11	-3.43
Sep-16	0.17	0.47	-0.18	3.15	0.26	-3.45
Oct-16	0.35	0.42	0.06	3.61	0.32	-2.43
Nov-16	0.61	0.42	0.84	4.03	0.26	-1.45
Dec-16	0.85	0.50	2.10	4.53	0.20	-0.69
Jan-17	0.99	0.55	3.60	5.08	0.11	0.11
Feb-17	0.97	0.55	5.01	5.59	0.07	0.75
Mar-17	0.83	0.49	6.08	5.92	0.14	1.32
Apr-17	0.68	0.43	6.71	6.02	0.28	1.91
May-17	0.53	0.41	6.97	5.96	0.40	2.76
Jun-17	0.43	0.39	7.07	5.83	0.43	3.51
Jul-17	0.37	0.32	7.18	5.61	0.40	4.20
Aug-17	0.43	0.26	7.46	5.33	0.35	4.62
Sep-17	0.57	0.23	7.88	5.07	0.33	4.52
Oct-17	0.67	0.25	8.23	4.90	0.35	4.86
Nov-17	0.65	0.34	8.27	4.82	0.28	4.88
Dec-17	0.52	0.42	7.91	4.74	0.17	4.75
Jan-18	0.39	0.47	7.26	4.66	0.09	4.45
Feb-18	0.33	0.48	6.58	4.58	0.12	4.10
Mar-18	0.34	0.44	6.06	4.54	0.24	4.23
Apr-18	0.36	0.37	5.73	4.48	0.37	4.25
May-18	0.41	0.25	5.60	4.31	0.46	4.06
Jun-18	0.48	0.15	5.65	4.06	0.47	4.05
Jul-18	0.53	0.08	5.82	3.81	0.39	4.02
Aug-18	0.54	0.04	5.93	3.58	0.32	3.81
Sep-18	0.52	0.00	5.88	3.35	0.21	3.72
Oct-18	0.46	-0.02	5.65	3.07	0.13	3.49
Nov-18		-0.03		2.69	0.04	3.26
Dec-18		-0.03		2.22	0.02	3.25

Source: ING

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