

18 July 2018

EMEA

Leading HUBE update

This year looks good, the next less so

After spending 32 months in positive territory, our MoM Leading HUBE has dropped into negative territory, an early warning signal for 2019.

Based on our latest Leading HUBE indicators, we can expect a mild deceleration in 2Q18, mainly because of the weak April. However, May helped a lot regarding the big picture. Industrial production brought a positive surprise, following the German lead. While the car industry still suffers from capacity constraints, food and electronics boosted growth. Retail sales also flexed its muscles, posting a stronger-than-expected increase in May, suggesting a robust second quarter for consumption. The third most important factor – construction – also showed significant output increase. In the meantime, soft indicators finally dropped due to the increased tensions regarding global trade and increasing oil and fuel prices. The latter effect was stronger as Leading HUBE indicators decreased overall.

Despite the recent drop, our Leading HUBE indicators are still pointing toward a robust growth story. In this year, as the MoM Leading HUBE index suggests, we can expect strong economic activity, but because the indicator has just dropped into negative territory for the first time in 33 months, we can expect a significant deceleration in 2019. The YoY indicator also dropped to a 22-month nadir.

The MoM Leading Robust sub-index remained roughly flat at an elevated level, also the case when it comes to the year-on-year indicator. These developments are suggesting an upbeat short-term outlook, so 2H18 looks fine, but we can expect some serious headwinds going into 2019.

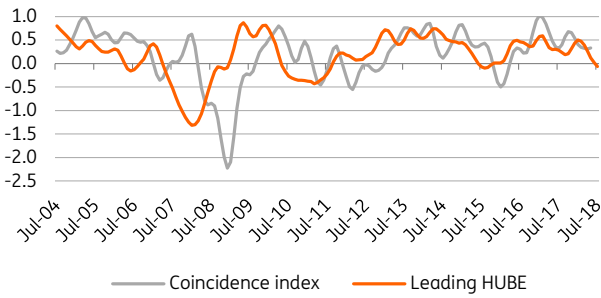
For methodology notes and performance of our Leading HUBE index, please see our report, *Leading HUBE: An Effective Leading Indicator for the Performance of the Hungarian Business Sector*, [Hungarian Statistical Review](#).

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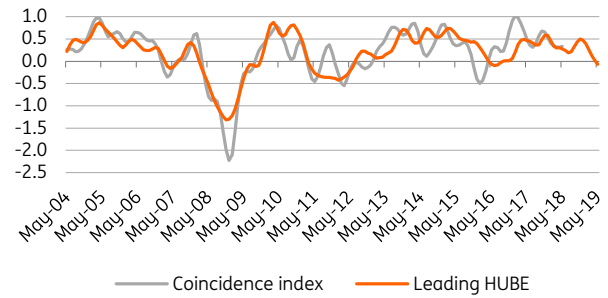
CI and Leading HUBE charts

Fig 1 CI and Leading HUBE (%MoM)



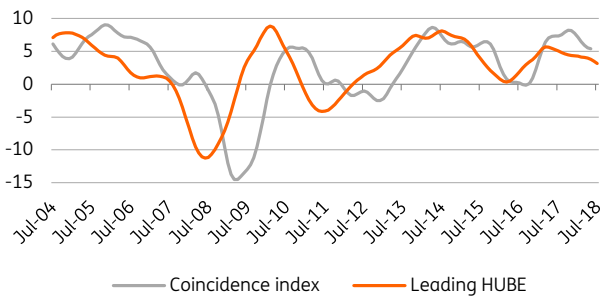
Source: ING

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



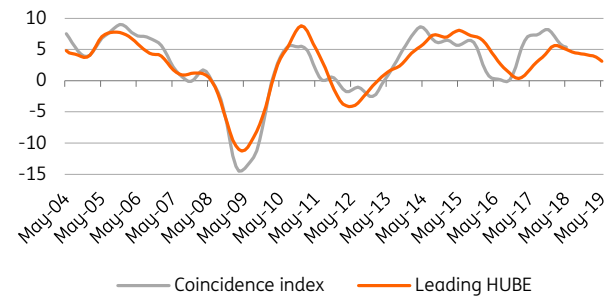
Source: ING

Fig 3 CI and Leading HUBE (%YoY)



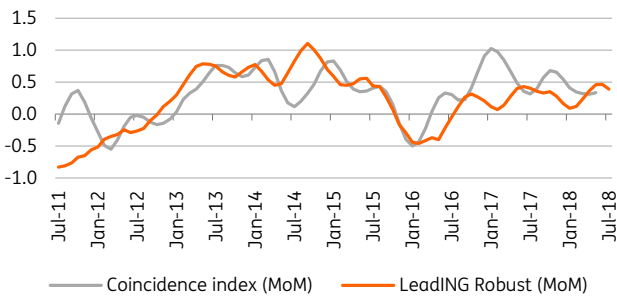
Source: ING

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



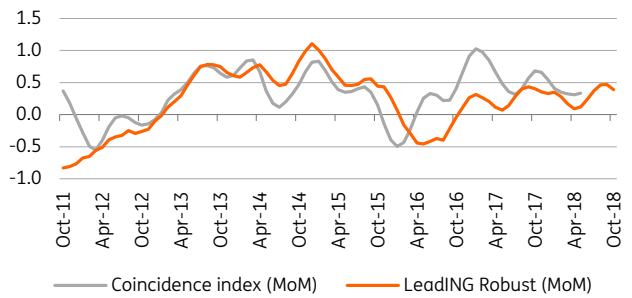
Source: ING

Fig 5 CI and Leading Robust (%MoM)



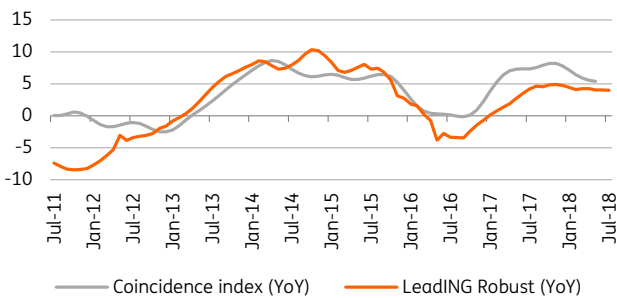
Source: ING

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



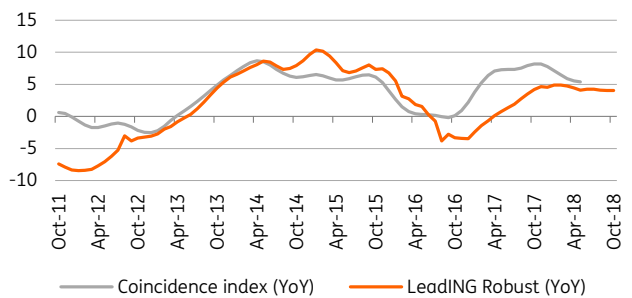
Source: ING

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	0.53	7.13	7.10	0.78	8.06
Feb-14	0.84	0.58	7.78	6.97	0.67	8.61
Mar-14	0.85	0.67	8.35	7.04	0.53	8.44
Apr-14	0.67	0.74	8.65	7.32	0.45	7.84
May-14	0.37	0.74	8.50	7.67	0.47	7.30
Jun-14	0.17	0.68	7.99	7.96	0.64	7.46
Jul-14	0.11	0.61	7.30	8.08	0.83	7.92
Aug-14	0.20	0.51	6.70	7.94	0.99	8.66
Sep-14	0.32	0.49	6.27	7.67	1.11	9.66
Oct-14	0.47	0.47	6.08	7.42	1.01	10.34
Nov-14	0.67	0.46	6.18	7.24	0.88	10.17
Dec-14	0.81	0.43	6.39	7.12	0.70	9.40
Jan-15	0.83	0.45	6.50	7.03	0.59	8.37
Feb-15	0.69	0.40	6.35	6.83	0.46	7.10
Mar-15	0.51	0.31	5.98	6.46	0.45	6.80
Apr-15	0.39	0.22	5.69	5.91	0.47	7.07
May-15	0.35	0.11	5.68	5.24	0.55	7.57
Jun-15	0.36	-0.01	5.87	4.53	0.56	8.03
Jul-15	0.41	-0.07	6.18	3.82	0.44	7.29
Aug-15	0.44	-0.10	6.43	3.19	0.43	7.42
Sep-15	0.35	-0.08	6.46	2.61	0.27	6.78
Oct-15	0.15	-0.03	6.12	2.10	0.07	5.53
Nov-15	-0.14	0.01	5.26	1.64	-0.16	3.12
Dec-15	-0.39	0.01	4.00	1.22	-0.29	2.75
Jan-16	-0.50	0.01	2.63	0.78	-0.44	1.85
Feb-16	-0.43	0.06	1.49	0.44	-0.46	1.53
Mar-16	-0.23	0.20	0.74	0.33	-0.42	0.23
Apr-16	0.04	0.38	0.39	0.49	-0.37	-0.74
May-16	0.25	0.47	0.29	0.86	-0.40	-3.82
Jun-16	0.33	0.49	0.26	1.36	-0.22	-2.78
Jul-16	0.30	0.46	0.16	1.90	-0.04	-3.34
Aug-16	0.22	0.45	-0.05	2.46	0.11	-3.43
Sep-16	0.23	0.40	-0.17	2.96	0.26	-3.45
Oct-16	0.41	0.36	0.08	3.36	0.32	-2.43
Nov-16	0.67	0.37	0.90	3.74	0.26	-1.45
Dec-16	0.91	0.49	2.22	4.23	0.20	-0.69
Jan-17	1.02	0.58	3.78	4.82	0.11	0.11
Feb-17	0.98	0.59	5.25	5.37	0.07	0.75
Mar-17	0.84	0.47	6.38	5.64	0.14	1.32
Apr-17	0.66	0.34	7.04	5.61	0.28	1.91
May-17	0.48	0.30	7.29	5.42	0.40	2.76
Jun-17	0.36	0.30	7.32	5.22	0.43	3.51
Jul-17	0.32	0.28	7.33	5.03	0.40	4.20
Aug-17	0.40	0.24	7.52	4.81	0.35	4.62
Sep-17	0.57	0.19	7.89	4.59	0.33	4.52
Oct-17	0.68	0.21	8.19	4.43	0.35	4.86
Nov-17	0.65	0.32	8.17	4.38	0.28	4.88
Dec-17	0.54	0.43	7.78	4.32	0.17	4.75
Jan-18	0.41	0.50	7.12	4.24	0.09	4.45
Feb-18	0.35	0.47	6.45	4.13	0.12	4.10
Mar-18	0.32	0.39	5.90	4.05	0.24	4.23
Apr-18	0.31	0.27	5.53	3.97	0.37	4.25
May-18	0.33	0.12	5.37	3.79	0.46	4.06
Jun-18		0.02		3.49	0.47	4.05
Jul-18		-0.07		3.14	0.39	4.02

Source: ING

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