

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Eurozone Retail PMI®

Eurozone retail PMI hits three-year high

Key points:

- Modest growth in retail sales, led by Germany
- Job shedding continues
- Wholesale price inflation dips to three-and-a-half year low

Summary of findings:

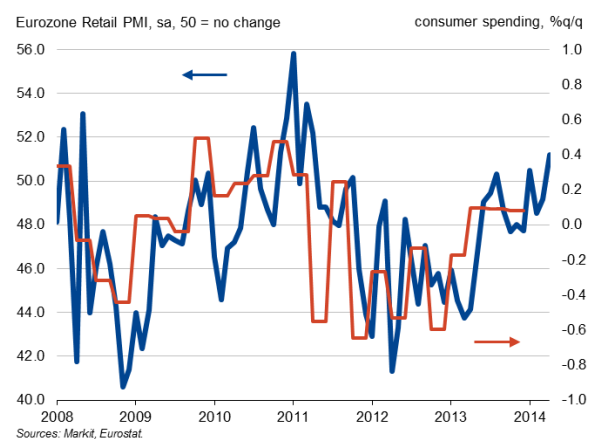
April saw a rise in the level of retail sales in the euro area, according to the latest *PMI*® data from Markit. Although only modest, growth in sales was the fastest in three years and underpinned by gains in both Germany and France. Italy meanwhile posted only a marginal reduction in trade on the month, the rate of decline in the eurozone's third-largest economy having eased markedly since March.

At 51.2, up from 49.2 in March, the Markit Eurozone Retail PMI – which tracks month-on-month changes in the value of retail sales – indicated a rise in actual like-for-like sales for the first time in three months. Moreover, the increase was the most marked since April 2011. Trade was also up compared with the situation one year ago, with the annual rate of growth similarly at a 36-month high.

Commenting on the data, Phil Smith, economist at Markit which compiles the Eurozone Retail PMI survey, said:

“Only German retailers reported growth of any notable kind in April, though the headline PMI numbers for France and Italy, at the very least, moved in the right direction. The drag on the bloc's overall performance from Italy's downturn in household spending has now lessened, owing in part to a revival in consumer confidence and stability in its unemployment rate. That said, the length and depth of the contraction in Italy was such that there is a lot of ground to be made up.”

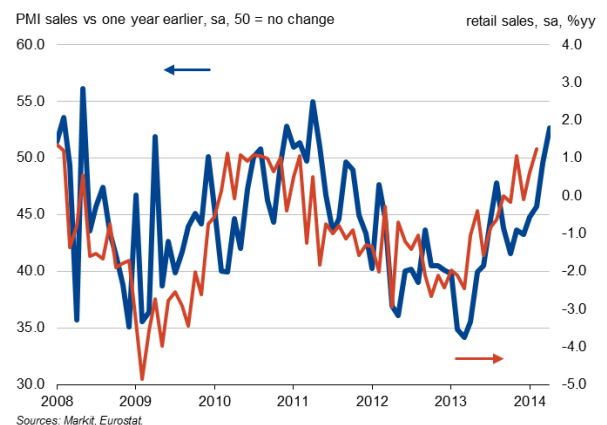
Eurozone Retail PMI



Retail PMI summary (April)

Eurozone	51.2	36-month high
Germany	53.1	3-month high
France	50.3	8-month high
Italy	49.5	38-month high

Eurozone retail sales vs. one year ago



Data summary:

Index	Mar-14	Apr-14	Description	Rate
PMI (Month-on-month sales)	49.2	51.2	Expanding	change of direction
Year-on-Year Sales	▲	▲	Expanding	change of direction
Sales vs Plans	▲	▼	Lower	faster
Expected Sales vs Targets	▲	▼	Higher	slower
Gross Margins	▲	▲	Contracting	slower
Purchase Prices	▼	▼	Rising	slower
Quantity of Purchases	▼	▲	Expanding	change of direction
Stocks of Goods	▼	▲	Expanding	faster
Employment	▼	▼	Contracting	faster

▲ Above 50, rising
▼ Above 50, falling
▲ Below 50, rising
▼ Below 50, falling
▶ Below 50, unchanged

Source: Markit.

The uptick in the headline PMI reflected improved trends across each of the big-three eurozone economies monitored by the survey. Leading the expansion was **Germany**, where retail sales rose solidly and to the greatest extent in three months. **French** retailers recorded a return to growth after stagnation in March and a run of six straight months of contraction prior to that, albeit the increase in the latest survey period was only marginal. In **Italy**, sales fell only marginally and at the slowest rate in the current 38-month sequence of decline.

The level of **spending** among eurozone retailers on goods intended for resale rose in line with the upturn in sales in April. The increase in purchasing activity was fractional, but nevertheless contributed to a fifth consecutive monthly rise in **stocks**, and one that was the sharpest since February 2012. Lower-than-expected sales during the month was another factor behind the accumulation of stock.

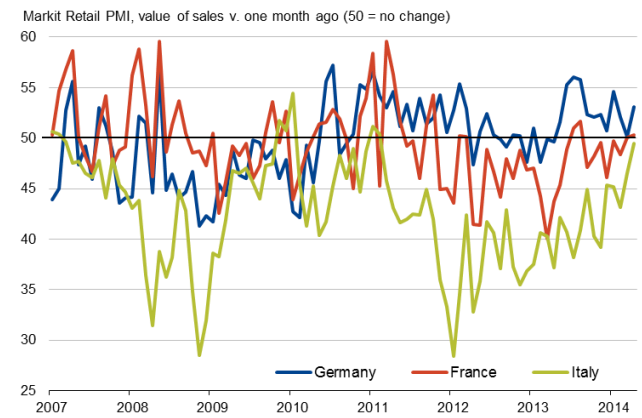
Employment levels continued to fall, however, down for the eighth straight month amid job shedding at Italian and French retailers alike. The degree to which employment decreased at the aggregate level was the most marked in 2014 so far, though still only modest.

April's survey showed that retailers generally remained upbeat about the **month-ahead outlook*** for sales, despite sentiment having weakened since the preceding survey period. In each of the big-three, confidence was above the respective survey's long-run average but lower than in March.

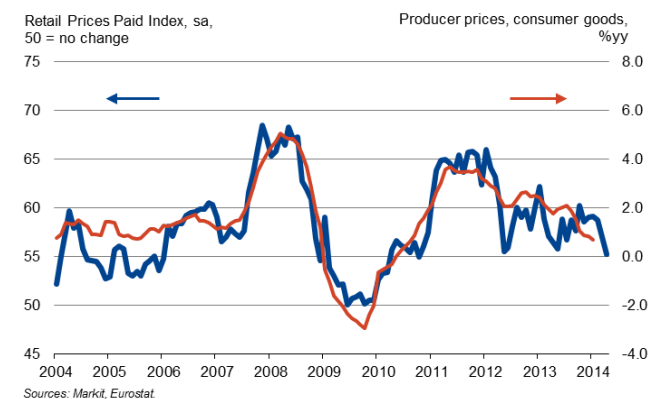
Finally, April saw a further reduction in the rate of **wholesale price inflation** faced by eurozone retailers, to the slowest in three-and-a-half years. Cost pressures were weakest overall in Italy; and strongest in Germany.

* Companies are asked whether they expect next month's sales to be higher, lower or the same as plans.

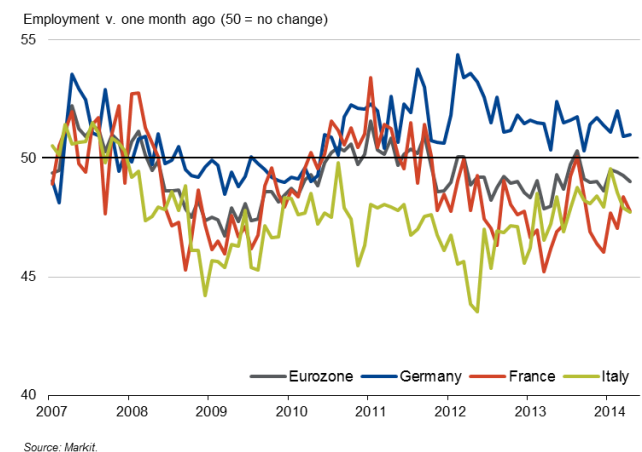
Retail sales by country



Wholesale price inflation



Employment by country



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Notes to Editors:

“PMI” is an acronym for *Purchasing Managers’ Index*, a type of survey originally developed for tracking business conditions in the manufacturing sector. Markit now uses ‘PMI’ to describe the methodology used for surveys also undertaken in the services, construction and retail sectors. For the Retail PMI, Markit has recruited a representative panel of retail companies in France, Germany and Italy. Together, these three countries account for approximately 62% of total Eurozone retail sales by value. The panel includes large chain retailers as well as smaller retailers to ensure balanced representation of the true structure of the Eurozone retail sector. Similarly, the composition of the panel by classification of retailer (i.e. type of good sold) is monitored to ensure accurate representation. Markit ensures the correct structure remains in place over time and that response rates remain sufficiently high to generate reliable economic data.

The Retail PMI surveys cover the following specific sectors. The definition of the retailers included in each sector is shown along with the Standard Industrial Classification (SIC) codes of the companies included in each sector.

- Clothing & Footwear: Retail sale of clothing, footwear and leather goods (SIC 5242 & 5243)
- Food & Drink: Retail sale of food, beverages and tobacco (SIC 5210 & 5220)
- Household Goods: Retail sale of household goods (SIC 5240, 5241, 5244-5248)
- Autos & Fuel: Sale of motor vehicles and motorcycles; Retail sale of automotive fuel (SIC 5000)
- Pharmaceuticals: Retail sale of pharmaceutical and medical goods, cosmetic and toiletries (SIC 5230)
- Other (included in total only): Other retail not in stores (SIC 5250 & 5260)

Retail PMI sector data are available only at an aggregate Eurozone level and not at an individual country level. Where the activities of a retailer on the survey panel encompass more than one of the sector definitions shown above, the retailer is classified to the sector which accounts for the majority of its sales turnover.

Data collection occurs via the completion of questionnaires by survey panel members during the second half of each month. The percentage figures of companies reporting an improvement, deterioration or no change for each survey variable are converted into a single-figure “diffusion index” for each variable. Diffusion indexes vary between 0 and 100, with a reading of 50.0 signalling no change on the previous month. Readings above 50.0 signal growth on the previous month and readings below 50.0 signal contraction. The greater the divergence from 50.0, the greater the rate of change signalled.

The methodology includes the automatic weighting of each survey response in order to ensure that the effect of each response on the final figure is proportional to the size of the responding company. The use of the diffusion index methodology means that the results for the Retail PMI will be directly comparable with PMIs for other sectors, such as manufacturing, services and construction.

Where appropriate, diffusion indexes are adjusted in order to allow for seasonal variations and thereby provide easier identification of the underlying trend in the data. Seasonal adjustment is not possible at product sector level. Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. For further information please contact economics@markit.com.

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About PMI

Purchasing Managers’ Index[®] (PMI[®]) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.

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