

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED FOR RELEASE 09:10 (UK Time) 29th August 2013

Markit Eurozone Retail PMI®

Eurozone sales rise marginally in August

Key points:

- Eurozone Retail PMI reaches 28-month high of 50.3
- German retail sales growth remains strong and France sees sustained increase
- Italy posts weaker decline in sales

Summary of findings:

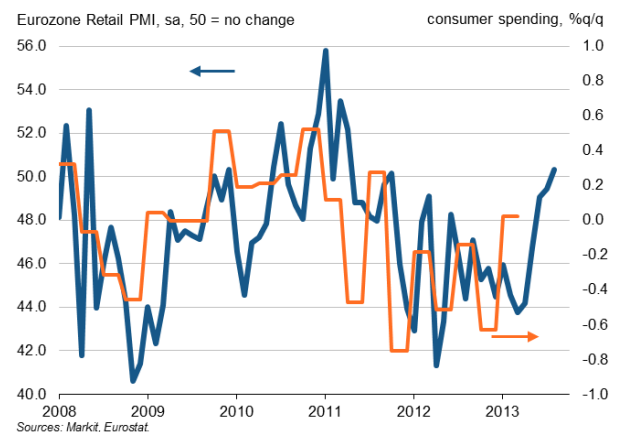
Retail sales in the eurozone rose for the first time in nearly two years in August, Markit's retail *PMI*® data showed. The value of retail sales increased since July, albeit only marginally. Employment at retailers also rose slightly following a 16-month sequence of decline. National differences in sales trends remained, however, as Germany registered further strong growth, France achieved a back-to-back modest rise and Italy posted an ongoing sharp decline.

The Eurozone Retail PMI is a seasonally adjusted indicator of changes in the value of sales at retailers. Any figure greater than 50.0 signals growth compared with one month earlier.

Commenting on the data, Trevor Balchin, senior economist at Markit and author of the Eurozone Retail PMI, said:

“The Eurozone Retail PMI followed hot on the heels of the positive manufacturing and services Flash PMI in August. Sales rose for the first time in nearly two years, as German consumers powered ahead and French retailers sustained the gains made in July. The retail PMI has now risen for five months on the trot, the longest sequence of improvement since the first half of 2010. But the latest survey continued to highlight the gulf in performance between the German and Italian retail sectors.”

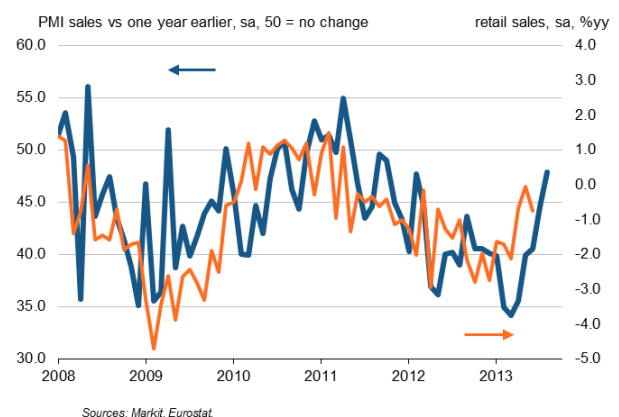
Eurozone Retail PMI



Retail PMI summary (August)

Eurozone	50.3	28-month high
Germany	55.8	2-month low
France	51.6	22-month high
Italy	40.9	3-month high

Eurozone retail sales vs. one year ago



Data summary:

Index	Jul-13	Aug-13	Description	Rate
PMI (Month-on-month sales)	49.5	50.3	Expanding	change of direction
Year-on-Year Sales	▲	▲	Contracting	slow er
Sales vs Plans	▲	▲	Low er	slow er
Expected Sales vs Targets	▼	▲	Higher	change of sentiment
Gross Margins	▲	▲	Contracting	slow er
Purchase Prices	▼	▲	Rising	faster
Quantity of Purchases	▼	▲	Contracting	slow er
Stocks of Goods	▲	▼	Contracting	change of direction
Employment	▲	▲	Expanding	change of direction

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

Source: Markit.

Germany's retail sector continued to drive the overall increase in eurozone retail sales. Sales rose on a monthly basis for the fourth successive survey, the longest sequence of growth in 17 months. Moreover, the rate of expansion was little-changed from July's two-and-a-half year high.

Retail sales in **France** rose for the second month running in August, and at the strongest rate since October 2011. Prior to July, sales had fallen for a survey-record 15-month period.

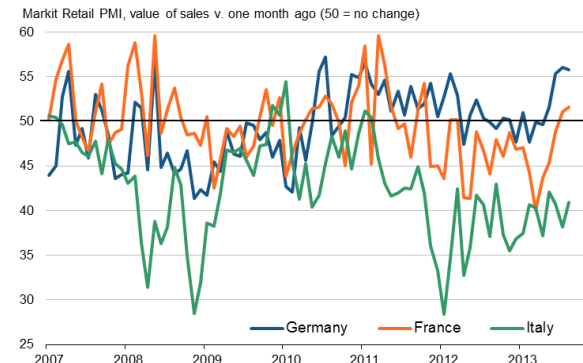
Italy remained the weak link in the eurozone retail recovery mid-way through Q3. Sales fell for the thirtieth successive month, and the rate of contraction remained sharp despite easing since July.

Retail sales in the eurozone continued to decline on an annual basis. That said, the rate of contraction eased to the slowest since October 2011.

A further sign of the nascent recovery in the eurozone retail sector was a rise in employment in August. This mainly reflected recruitment at German retailers, while retail employment in France stabilised following a prolonged period of cuts and Italian retailers shed staff at the slowest rate since August 2010.

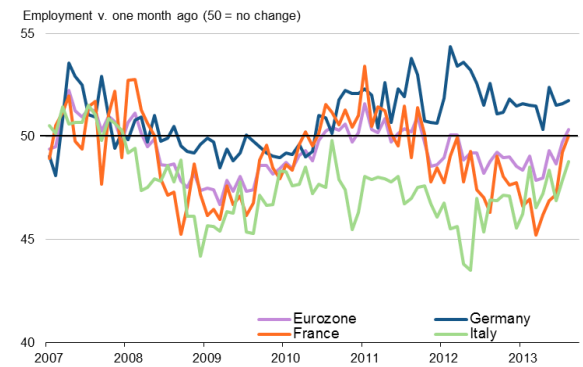
Average purchase prices paid by retailers for new goods rose at a sharper rate in August. By product sector, food & drink again posted the steepest rate of inflation, followed by clothing & footwear. Among the three national retail sectors covered, Germany posted the steepest increase in average input costs. Meanwhile, gross margins across the eurozone retail sector declined at the slowest rate since April 2011.

Retail sales by country



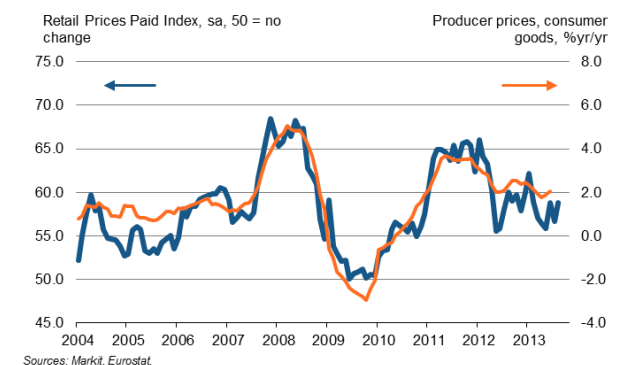
Source: Markit.

Retail employment by country



Source: Markit.

Prices Paid Index vs. consumer prices



Sources: Markit, Eurostat.

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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.

About Markit

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About PMIs

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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