

## Germany

### Retail sales rise in November, ending two-month period of contraction

- Retail sales up 1.5% in November
- Sales on track to have grown 0.5% in 2013
- Economic recovery broad-based

Retail sales data suggest that Germany's economic recovery is now spreading into the retail sector, following a two-month period of declining turnover. This means that sales in the sector are now on track to have increased by up to 0.5% in 2013. The data also add to signs that the recovery in Europe's largest economy is broad-based across all sectors.

Retail sales rose 1.5% in November, having contracted 0.8% and 0.1% in the previous two months, according to the Federal Statistical Office (Destatis). The latest rise was the sharpest since the beginning of the year and provides a welcome reversal of the downward trend seen in prior months.

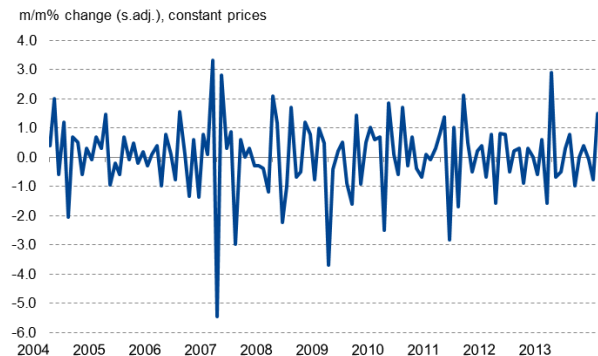
Adjusted for inflation, retail sales increased by 0.3% between January and November 2013. Depending on December data, this could translate into an annual rise between 0.3% and 0.5%, according to Destatis. The latest [Markit Germany Retail PMI<sup>®</sup>](#), which includes December data, suggests that month-on-month sales continued to increase, although at a weaker rate than seen in previous months.

### Consumers join in the recovery

Survey data suggest that the German economy continued to enjoy robust growth at the end of the year, with the [all-sector PMI](#) (weighting together the output and business activity indices from the services, manufacturing, retail and construction sectors) dipping slightly for a second successive month but nevertheless running at a level consistent with the German economy expanding by approximately 0.5% in the fourth quarter. The [service sector](#) expanded for a seventh month running in December, with the latest [rise in manufacturing production](#) the sharpest since May 2011. [Construction](#) output also strengthened at a faster pace at the end of 2013.

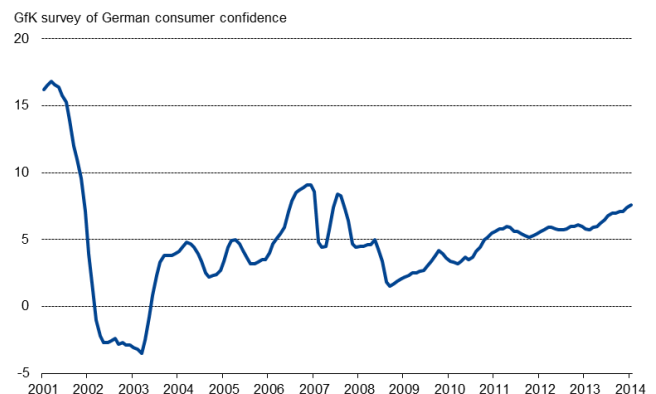
It is perhaps the revival of the consumer that has been one of the most important features of the economy in

### German retail sales rise in November



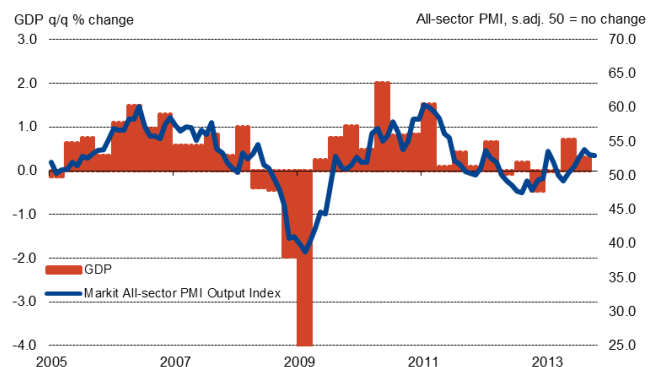
Source: Statistisches Bundesamt Destatis

### Consumer confidence highest since August 2007



Source: GfK.

### German GDP and the PMI



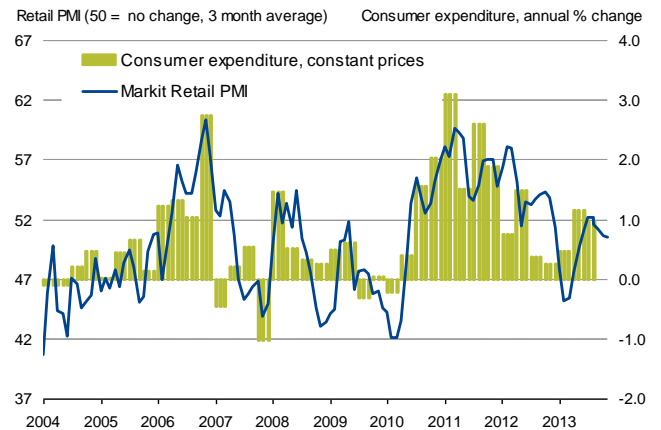
Sources: Markit, Statistisches Bundesamt Destatis.

2013. The retail PMI, which correlates well with consumer spending, hit a three-year low at the start for the year, but then rose sharply, accurately anticipating the revival of consumer spending. While the PMI suggests consumer spending growth may have eased in the fourth quarter, spending looks likely to have continued to grow, adding an important element of the wider economic recovery.

### Textiles and Clothing sector best performer

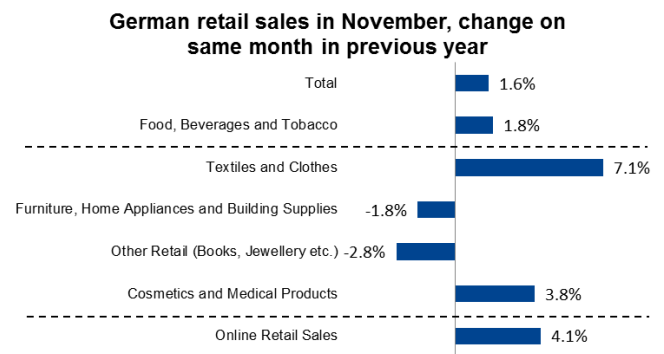
Compared with the same month in the previous year, retail sales were up some 1.6% in November. Detailed data show that sales in Textiles and Clothing rose 7.1%, with Online Retail Sales increasing 4.1%. The main downwards contribution to total retail turnover, meanwhile, came from Other Retail Sales including books and jewellery (-2.8%) and Furniture, Home Appliances and Building Supplies (-1.8%).

### Consumer expenditure and the Retail PMI



Sources: Markit, EcoWin.

### November retail sales in detail



Source: Statistisches Bundesamt Destatis

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