

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:10 (UK Time), 30 July 2013

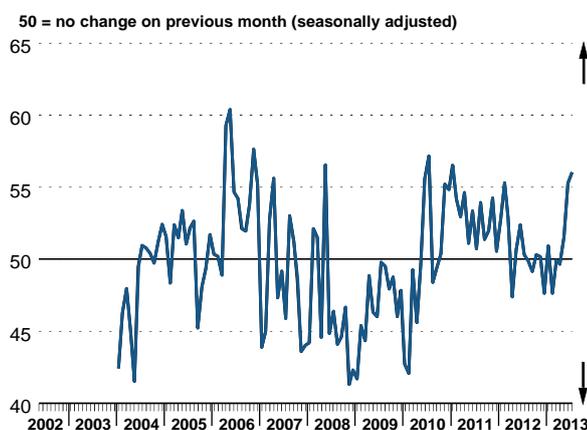
Markit Germany Retail PMI[®]

German Retail PMI indicates strongest sales growth for two-and-a-half years

Key points:

- Retail PMI hits highest level since January 2011
- New job creation maintained in July
- Wholesale price inflation eases since June

Historical overview:



This press release contains the July findings from the monthly Retail PMI[®] survey for Germany, produced by Markit and based on a panel of 400 retailers. The headline figure from the report is the Retail PMI, which measures month-on-month changes in sales.

Fastest month-on-month rate of retail sales growth since January 2011

The seasonally adjusted Germany Retail PMI – which measures month-on-month sales on a like-for-like basis – registered above the 50.0 no-change mark for the third consecutive month in July. At 56.0, up from 55.3 in June, the latest reading signalled the strongest month-on-month increase in sales since the start of 2011. Anecdotal

evidence suggested that better than usual weather conditions in July, alongside some signs of improved consumer morale, were key factors leading to the strongest rate of sales growth for two-and-a-half years.

Like-for-like sales remain above those seen 12 months' previously

July data indicated that like-for-like sales remained higher than one year previously. The latest index reading pointed to a solid rate of year-on-year sales growth that was the most marked since December 2012.

Actual sales close to targets in July

Better than expected weather conditions meant that German retailers almost matched their initial sales targets for July. This contrasted with June, when sales expectations were missed by the greatest degree for three months. However, retailers are downbeat (on balance) about their sales prospects for one-month's time.

Margins decrease again in July

German retailers pointed to a reduction in their gross operating margins for the thirty-second consecutive month, with the rate of decline little-changed since June. Survey respondents widely suggested that higher cost burdens had offset the boost to margins from increased sales during July. Latest data signalled a steep rate of input price inflation, although it was the second-slowest since September 2012. Some retailers commented on higher food costs, especially for fresh fruit and vegetables.

Stocks of goods for resale increase again

Inventories of goods for resale increased moderately in July, which some firms linked to

deliberate stock accumulation in response to higher sales volumes. Latest data also signalled a rise in the value of goods ordered for resale for the third successive month.

Moderate rise in staffing levels

Increased like-for-like sales encouraged retailers to take on additional staff at their stores during the latest survey period. July data pointed to a modest pace of job creation that was broadly unchanged since June.

Comment:

Commenting on the Markit Germany Retail PMI[®] survey data, **Tim Moore, senior economist at Markit** and author of the report said:

“July data shows a continuing improvement in German retail sector performance, as month-on-month sales growth hit a two-and-a-half year high. More favourable weather conditions and signs of rising consumer confidence helped underpin the acceleration in retail sales. Margins nonetheless remain under pressure as retailers indicated that they were forced to absorb sharp increases in their cost burdens during the latest survey period.”

-Ends-

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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.

The success of the PMI surveys lies in their ability to provide a rapid and reliable guide to what is really happening in the economy from month-to-month.

For the Germany Retail PMI, Markit Economics has recruited a representative panel of retail companies. The panel includes large chain retailers as well as smaller retailers to ensure balanced representation of the true structure of the German retail sector. Similarly, the composition of the panel in geographical terms and 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.

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.

Where appropriate the indices are seasonally adjusted to take into consideration expected variations for the time of year. 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. Please contact economics@markit.com.

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.

About Markit

Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information please see www.markit.com.

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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