

News Release

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

Renewed decline in eurozone retail sales in September

Key points:

- Eurozone Retail PMI dips below 50.0 but rounds off best quarter since Q2 2011
- German growth slows and France posts fresh decline
- Italy posts weakest decline in sales for two years

Summary of findings:

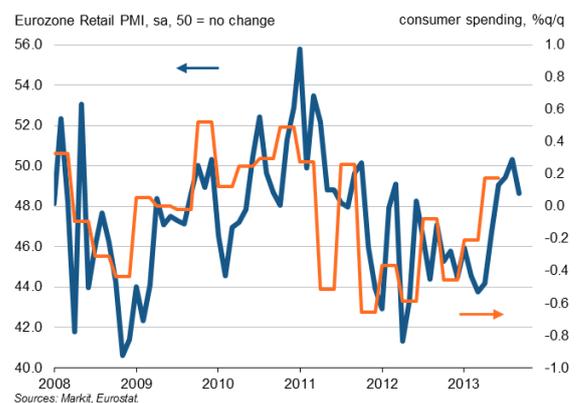
Retail PMI[®] data from Markit showed a renewed decline in eurozone retail sales in September. The Markit Eurozone Retail PMI eased below neutrality to 48.6, having signalled the first increase in sales in nearly two years in August. The average PMI reading for Q3 (49.5) was nevertheless the best since Q2 2011.

The overall drop in retail sales mainly reflected a fresh contraction in France following two months of growth, and an ongoing decline in Italy. Encouragingly, the fall in Italian retail sales was the slowest in two years. German retail sales rose at the weakest rate in four months.

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

“Eurozone retail sales failed to build on August’s growth, largely due to a reverse in France. But viewed in context the recent data are encouraging, with the underlying upward trajectory of the PMI since April corroborated by official data showing a 0.2% rise in consumer spending in Q2. German retail growth slowed further in September, but may pick up again following the election result.”

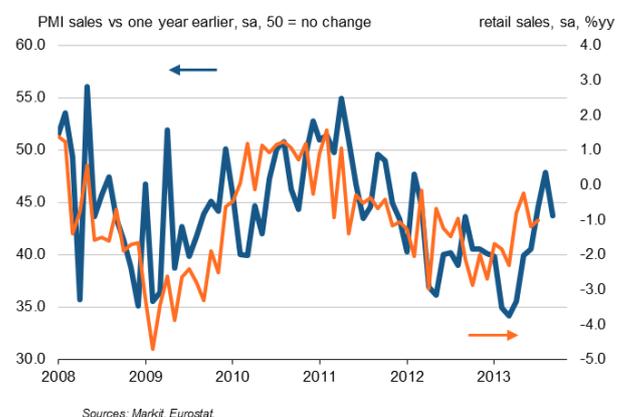
Eurozone Retail PMI



Retail PMI summary (September)

Eurozone	48.6	4-month low
Germany	52.4	4-month low
France	47.1	4-month low
Italy	44.9	24-month high

Eurozone retail sales vs. one year ago



Data summary:

Index	Aug-13	Sep-13	Description	Rate
PMI (Month-on-month sales)	50.3	48.6	Contracting	change of direction
Year-on-Year Sales	▲	▼	Contracting	faster
Sales vs Plans	▲	▼	Lower	faster
Expected Sales vs Targets	▲	▼	Higher	slower
Gross Margins	▲	▼	Contracting	faster
Purchase Prices	▲	▼	Rising	slower
Quantity of Purchases	▲	▼	Contracting	faster
Stocks of Goods	▼	▼	Contracting	faster
Employment	▲	▼	Contracting	change of direction

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

Source: Markit.

Retail sales in **Germany** rose for the fifth month in succession in September. The rate of expansion slowed further from July's two-and-a-half year high, however, to the weakest since May. Sales were nonetheless higher than one year earlier.

French retailers recorded the first drop in sales in three months in September. Monthly sales values have now fallen 16 times in the past 18 months. Sales were also sharply lower compared with one year previously in the latest period.

Italian retail sales declined sharply at the end of the third quarter, continuing the trend shown since March 2011. The month-on-month rate of contraction slowed sharply, however, to the weakest in two years.

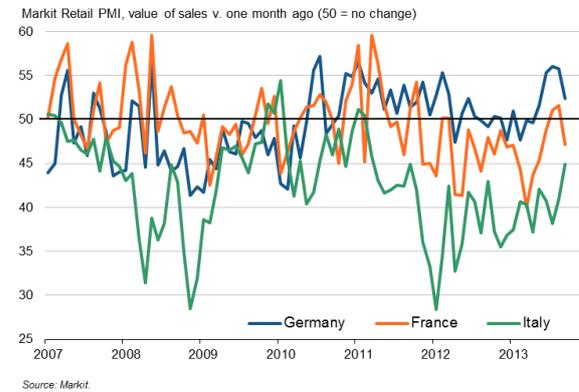
Eurozone retail sales continued to fall on an **annual basis** in September. The year-on-year contraction was the fastest in three months, and steeper than the long-run survey average.

The monthly downturn in sales led retailers to cut **workforces** on average in September, following job creation the previous month. Job cuts were evident in France and Italy, as Germany registered a slight increase.

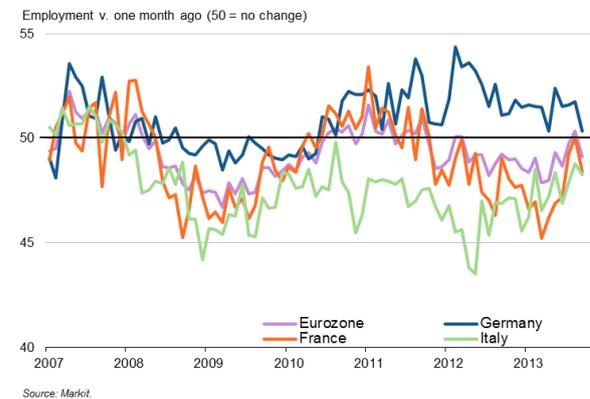
Retailers in the eurozone also cut their **purchases** of new stock in September, and to a greater extent than in August. Consequently, the value of **goods held in stock** declined at the fastest rate since February.

Price pressures remained sharp in September, although the rate of inflation eased from August. The steepest increase in **purchase prices** for retailers was again registered in the food & drink sector.

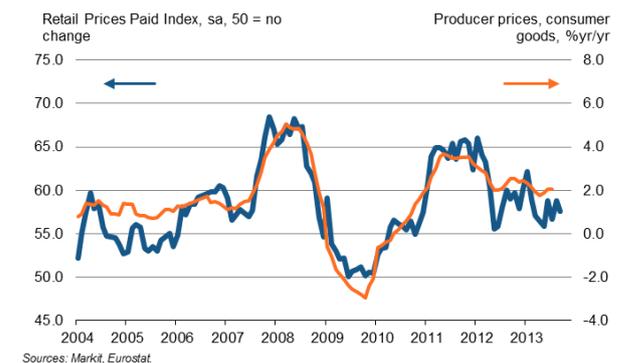
Retail sales by country



Retail employment by country



Prices Paid Index vs. consumer prices



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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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