

Eurozone

Retail sales worse than expected in January

Key findings

- Eurozone sales up only 0.1% in January...
- ...and declined 2.2% yr/yr.
- Retail PMI showed further weakness in February.

Figures released today from Eurostat showed a worse-than-expected performance of the Eurozone retail economy at the start of 2009. Sales in January rose just 0.1% compared to December 2008, and were down 2.2% from one year earlier. Moreover, the figures for December were revised downwards. Month-on-month sales over the festive period are now estimated to have fallen 0.3% (flat previously), and were 2.4% lower than in December 2008 (from -1.6%).

Retail PMI data covering the Eurozone, compiled by Markit for Bloomberg, have been available since January 2004. Based on data collected for Germany, France and Italy, which together account for approximately 80% of euro retail sales by value, the series provides an early signal over one month in advance of official volume sales data.

The two charts track the performance of retail PMI data against official figures since the inception of the survey. Plotted against 3m/3m movements in Eurostat's seasonally adjusted index of retail sales turnover, the Retail PMI, tracking month-on-month movements in sales volumes, scores a **correlation of 0.57** since January 2004. February data suggested that consumer demand remained weak.

The second chart tracks the PMI year-on-year sales index against the annual rate of change in Eurozone retail sales volumes adjusted for working days. Over the survey history the PMI data have a **correlation of 0.56** with the official series.

Chart 1: Eurozone Retail PMI vs Eurostat

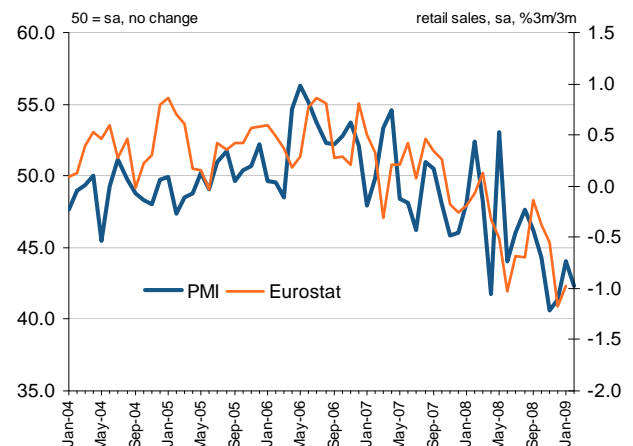
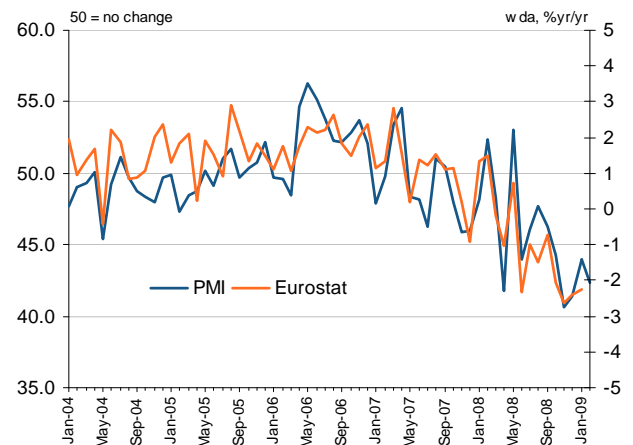
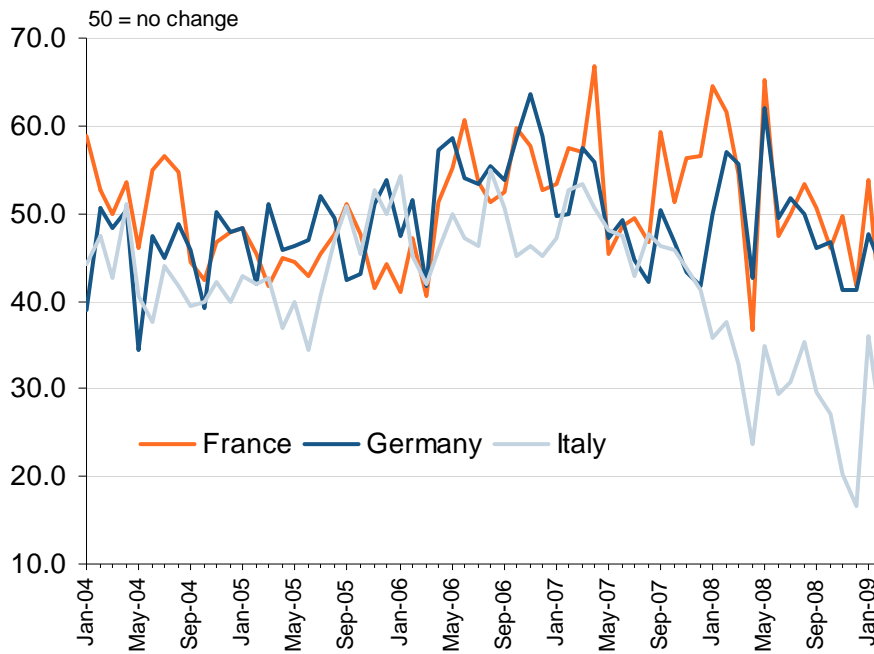


Chart 2: Year-on-year sales



The PMI survey also provides data on retailers' sales against plans, staffing, purchasing activity and stock levels, as well as trends on wholesale prices and margins. The next survey results for March are released on 24 March. Data are also available at the national level (see chart, overleaf) and at a detailed sector breakdown including food, clothing, household goods, pharmaceuticals and autos & fuel. For further information please contact electronics@markit.com.

Chart 3: Retail PMI by country



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