

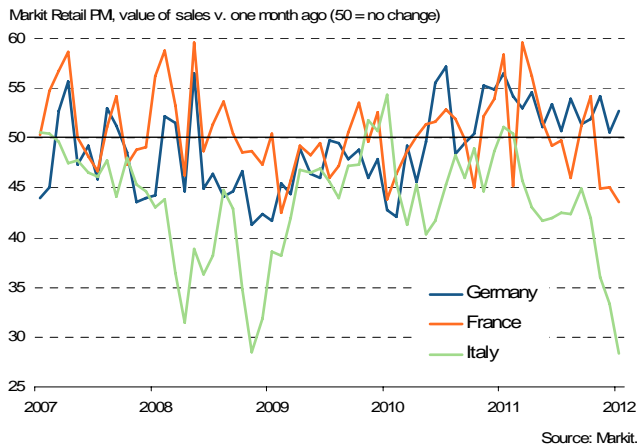
Eurozone

Rising retail sales in Germany contrast with steepening downturns in France and Italy

- **Rising retail sales in Germany contrast with downturns in France and Italy**
- **Italy sees record drop in sales**
- **Sales trends correspond with national variations in consumer confidence**

Biting austerity measures and economic uncertainty appear to be driving wide differences in retail sales across the Eurozone. Retail *PMI™* data showed large variations in sales between the three largest Eurozone countries in January. Rising sales in Germany contrasted with increased rates of decline in France and Italy, with the latter registering the steepest monthly fall since data were first collected in 2004.

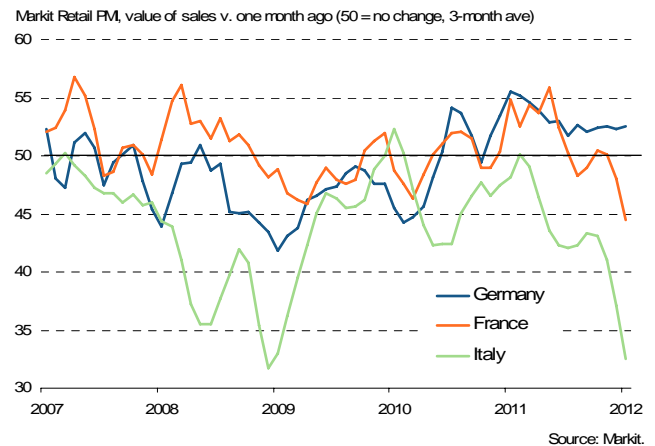
Retail sales



The main Retail PMI indices track the month-on-month change in the value of sales, with an index reading of 50 signalling no change on the prior month. A reading of 52.8 in Germany for January, up from 50.5 in December, contrasted with a 35-month low of 43.6 in France and an all-time low of 28.4 in Italy.

The downturns, and fear of further weakness in coming months, led retailers to cut staffing levels in France and Italy, but an increase in employment was reported for the twentieth successive month in Germany.

Retail sales – 3-month average



Monthly data can be volatile, but even looking at that the average index reading for the past three months it seems that Italy's retail sector is undergoing a contraction similar to that seen at the height of the financial crisis in late-2008-early-2009, most likely reflecting tightening austerity measures as the country seeks to reduce its deficit and ongoing concerns about the country's debt.

In France, retail avoided a steep downturn in 2008-09 but has recently seen a steep downturn, as consumers retrench in the face of growing uncertainty caused by the ongoing sovereign debt crisis and upcoming presidential elections.

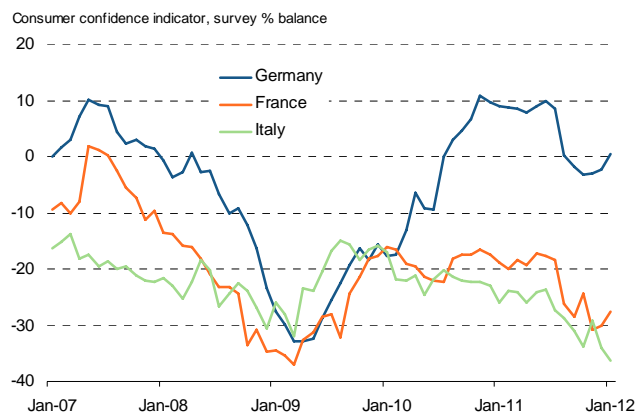
Germany has meanwhile seen sales increase in each of the past 16 months, representing the longest period of continual sales growth since data were first available in 2004.

Sales diverge in line with consumer confidence

The divergences in retail sales chime with other data released today by the European Commission, showing marked differences in consumer confidence within the Eurozone. The surveys showed consumer confidence in Italy slumping to its lowest since April 1993, while

confidence in France picked up slightly but is running at an historically low level, similar to that seen in the first half of 2009. In Germany, however, confidence has come down from highs seen in late-2010 and early-2011, but remains high – and far above that of France and Italy.

Consumer confidence



Source: European Commission.

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