

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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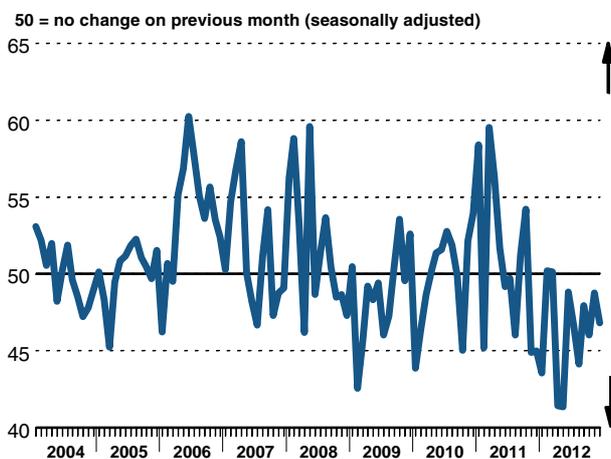
### Markit France Retail PMI<sup>®</sup>

#### French retail sales fall for ninth consecutive month in December

##### Key points:

- Sales fall at sharper pace on both monthly and annual measures
- Purchasing costs rise at strongest rate in ten months
- Stocks of goods for resale decline at faster pace

##### Historical overview:



##### Summary:

This release contains the December findings from the monthly Retail PMI<sup>®</sup> survey for France, produced by Markit and based on a panel of 300 retailers. The headline figure is the Retail PMI, which measures month-on-month changes in sales.

French retailers reported another month-on-month decline in sales during December – the ninth in succession which is a survey record. Sales were also down on an annual basis, and fell well short of retailers' plans. Gross margins remained under considerable pressure, partly reflecting a strong and accelerated rise in purchasing costs.

Purchasing activity and inventories both fell at faster rates, while staffing levels were cut further.

The headline Retail PMI<sup>®</sup> slipped to 46.8 in December, from 48.8 in November. The latest reading was indicative of a solid rate of contraction. Anecdotal evidence suggested that a difficult economic climate and low customer footfall had contributed to the drop in sales.

On a year-on-year basis, sales fell at a similar marked rate to that seen in November. The annual measure has signalled declining sales throughout the past ten months.

Actual sales at French retailers once again disappointed relative to previously set plans in December. The degree of undershoot was the greatest since August. Survey respondents are also pessimistic regarding the one-month outlook for sales.

Factors expected by retailers to boost sales over the coming three months include cold weather, new product launches and promotions. Those factors expected to depress sales include a weak economy, depressed consumer confidence and increased taxes.

Latest data indicated that French retailers' gross margins remained under strong pressure in December. Margins have declined in every month since February 2008.

Wholesale prices faced by French retailers continued to increase in December. The rate of inflation accelerated to the sharpest since February. Panellists reported that suppliers had generally raised prices in order to pass on higher raw material costs.

In response to the weak demand outlook, French retailers cut their purchasing of items for resale in December. The latest contraction in buying activity

was the fifteenth in consecutive months, and at a faster pace than in November.

Inventories of goods for resale held by French retailers decreased for the fourth month running during December. Moreover, the rate of decline quickened to the sharpest since February 2011.

Employment in the French retail sector fell again in December. The latest drop in staffing levels was the ninth in consecutive months. Anecdotal evidence indicated that a number of retailers had chosen not to replace voluntary leavers.

**Comment:**

**Jack Kennedy, Senior Economist at Markit** and author of the France Retail PMI, said:

*“A further fall in French retail sales during December rounded off a miserable year for the sector, with declines recorded in ten out of the past 12 months. The poor economic climate continues to hit spending on the high street, and there are few signs that the situation is set to improve appreciably heading into the New Year.”*

-Ends-

**For further information, please contact:**

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**Notes to Editors:**

“PMI” is an acronym for *Purchasing Managers’ Index*, a type of survey developed originally 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 France 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 French 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 Economics 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](mailto: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 2,500 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, see [www.markit.com](http://www.markit.com).

**About PMIs**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/economics).

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