

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

### Retail sales decline in March

#### Key findings:

- Both monthly and annual measures of sales in negative territory
- Poor weather and lower footfall blamed
- Margins remain under pressure as discounting persists

Data collected March 12-27

Italy's retail sector endured a challenging month in March as sales fell on both monthly and annual measures. Poor weather, lower footfall and a reduced willingness to spend amongst consumers were all reported to have led to the disappointing outcome.

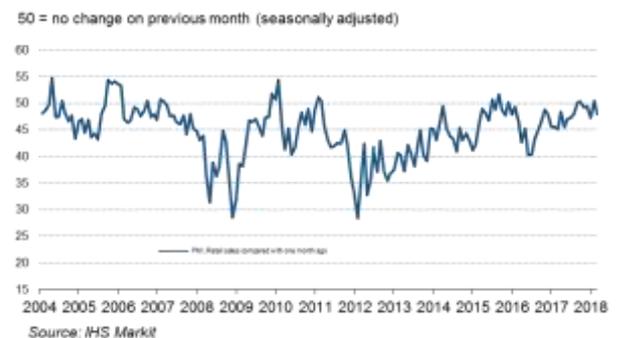
Nonetheless, sales are expected to recover somewhat in April, and companies raised their purchasing and boosted inventories accordingly.

The IHS Markit Italy Retail PMI – which measures changes in like-for-like sales on a month-on-month basis – posted 48.0 during March. That was down from 50.4 in February and signalled a monthly decline in sales for the fourth time in the past five months.

Compared to a year ago, sales were also down, and to a noticeable degree. Exactly 45% of the survey panel recorded a decline in sales on this measure, with the degree of contraction in March the sharpest recorded for 20 months.

A number of panellists mentioned that poor weather conditions was a key reason for depressed sales in March by negatively impacting on footfall. That said, there were reports that political uncertainty and reduced consumer confidence also weighed on sales.

#### IHS Markit Italy Retail PMI<sup>®</sup>



Aforementioned headwinds meant that sales missed previously set plans to a considerable degree during March. However, panellists indicated some positive expectations of a catch-up of spending in the run-up to Easter, linked in part to hopes for better weather in the coming weeks.

Latest data showed that panellists were at their most confident regarding next month's sales since last November.

Efforts to stimulate sales led to another month of discounting during the latest survey period. This weighed on retailer margins, which continued to deteriorate at a considerable rate in March.

Higher supplier list prices, which helped to drive up average prices paid by Italian retailers for their purchases, also led to narrower margins. Overall inflation remained marked, with bread, fruit and fuel all reported to be up in cost since the previous month. Higher prices were partly linked to low supply.

Given positive sales expectations for April, Italian retailers continued to bolster their purchasing activity during March. Growth also remained historically strong despite easing from February's survey record.

Higher purchasing spilled over into inventory during the month, with stocks of goods for resale rising at the second strongest rate in the survey history. Poor sales also left retailers with an excess of unsold stock.

A nineteenth successive monthly rise in employment was recorded in March. Retailers indicated staff were recruited in line with greater company needs. However, growth was again modest and broadly unchanged since February.

**Comment:**

Paul Smith, Director at IHS Markit which compiles the Italian Retail *PMI*<sup>®</sup> survey, said:

*“Sales continued to disappoint in March, although this was in part driven by poor weather according to panellists which limited footfall and purchasing amongst consumers.*

*“Whilst retailers are expecting some recovery in April, underlying conditions remain broadly underwhelming amid reports of an ongoing unwillingness among consumers to commit significant levels of spend.*

*“And that’s despite ongoing discounts being offered by retailers in a bid to shift excess stock at units resulting in rising inventories and ongoing margin deterioration.”*

**-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. IHS Markit now uses 'PMI' to describe the methodology used for surveys also undertaken in the services, construction and retail sectors.

For the Italy Retail PMI, IHS Markit 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 Italian retail sector. Similarly, the composition of the panel by classification of retailer (i.e. type of good sold) is monitored to ensure accurate representation.

IHS 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.

Where appropriate the indices are seasonally adjusted to take into consideration expected variations for the time of year.

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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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### About PMI

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