

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

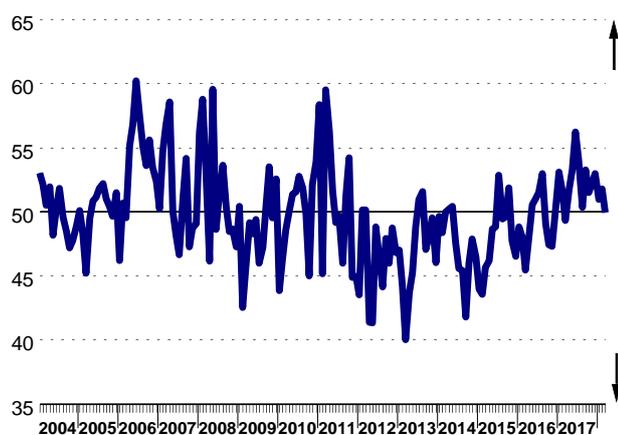
French retail sales stagnate in March

Key findings:

- Sales unchanged on both a monthly and annual basis
- Gross margins fall at sharpest pace since October 2016
- Employment continues to rise

Data collected March 12-27

IHS Markit France Retail PMI:



Source: IHS Markit

Summary:

March saw a stagnation in the French retail sector, with sales unchanged on a month-on-month basis. Sales were also unchanged when compared to one year previous. The stagnation fed through to a sharper fall in purchasing activity and a further decline in inventory stocks. More positively, employment continued to rise, albeit at a moderated pace, while business confidence hit a near 11-year peak.

The seasonally adjusted headline Retail PMI posted 50.0 in March to signal a stagnation in French retail sales. Down from 51.8 February, the

stabilisation ended a period of growth that had hitherto been observed since April last year.

In line with the monthly trend, sales were unchanged compared to the same period last year. The stagnation followed a solid increase in February.

Actual sales were below previously-set plans for the eighth successive month in March. Moreover, the extent of the shortfall increased from the prior survey period.

In spite of this, French retailers maintained an optimistic outlook in March. Furthermore, the degree of positive sentiment with regard to future sales was the strongest in just shy of 11 years.

Factors expected by survey respondents to boost sales over the coming months included: continued economic recovery, new product launches, favourable weather conditions and higher customer purchasing power.

Those factors reported by panel members as likely to depress sales over the next three months included: terrorist attacks, lower tourist footfall, deterioration in economic conditions, higher taxes and lower customer purchasing power.

Purchasing prices faced by French retail firms increased during March, thereby continuing a trend that has been observed in every month since October 2014. The rate of inflation was unchanged from February and weaker than the average for this sequence.

French retailers registered a second successive monthly squeeze on gross margins during March. Moreover, the rate of decline was the most substantial since October 2016 and marked overall.

A stagnation in month-on-month sales contributed to a second successive drop in purchasing activity in March. Furthermore, the rate of decline

accelerated from February and was the most marked since January 2015.

French retailers took on additional workers for the eleventh time in as many months during March, in spite of the stagnation in retail sales. The rate of jobs growth, however, eased from that seen in February and was only slight overall.

Comment:

Alex Gill, Economist at IHS Markit, which compiles the France Retail PMI® survey, said:

“March saw stagnation in the French retail sector, with sales unchanged on a month-on-month basis. The numbers were particularly disappointing given expansions in each of the prior 11 months.”

“The shortfall between actual and expected performance widened in March, reflecting, in part, unusually poor weather conditions. Indeed, optimism with regard to future sales was the strongest in almost 11 years, suggesting that we may see a return to growth in the coming months.”

-Ends-

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Note to Editors:

"PMI" is an acronym for *Purchasing Managers' Index*, a type of survey developed originally 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.

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*, IHS Markit 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.

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.

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. 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.

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.

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About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for over 40 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 <https://ihsmarkit.com/products/pmi.html>

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