

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 10:10 (CEST) / 08:10 (UTC), August 4th 2017

IHS Markit France Retail PMI[®]

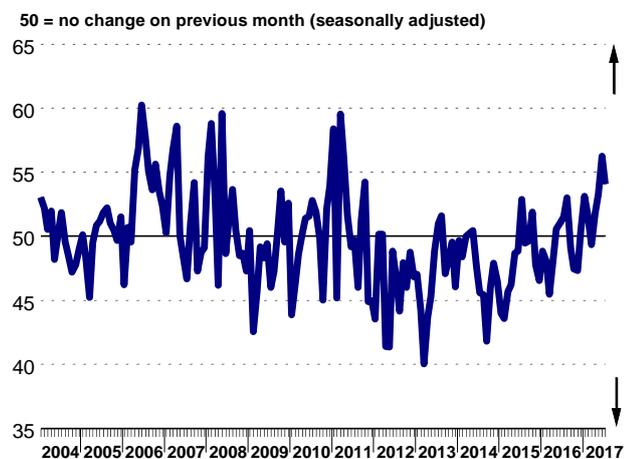
Survey record jobs growth indicative of strong sales volumes

Key findings:

- Further marked rise in like-for-like sales...
- ...which contributes to sharpest round of job creation to date
- Sales exceed expectations for second successive month

Data collected July 12-27

IHS Markit France Retail PMI:



Source: IHS Markit

Summary:

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

The French retail sector enjoyed another strong month in July, buoyed by a further marked, albeit slightly moderated, expansion in like-for-like sales. Sales were also up on an annual basis for the second successive month. Encouraged by higher

client demand, firms took on additional staff to the greatest extent in the survey's history. Gross margins continued to be squeezed, however, amid a further rise in average purchase costs.

The seasonally adjusted headline Retail PMI posted 54.1 in July, down from 56.3 in June, signalling a slight moderation in the rate of sales growth from last month's 74-month peak. Anecdotal evidence suggested that favourable weather conditions and higher consumer confidence had played a part in rising sales volumes over the month.

Following a similar trend, the year-on-year measure also indicated retail sales growth in July, albeit to a slightly weaker extent than seen in June.

Having bucked the long-run trend in June, actual sales continued to rise above retailers' previously-set plans in July. Indeed, the degree of over performance was the most marked in over ten years.

Meanwhile, retailers remained optimistic that targets would be exceeded further in August. The degree of positive sentiment, however, fell to its lowest point in the current six-month period of optimism.

Factors expected by survey respondents to boost sales over the coming months include: government reforms, tax reductions, falling unemployment, robust household confidence, and higher customer purchasing power.

Those factors reported by panel members as likely to depress sales over the next three months include: global economic and political instability, failure of government reforms, terrorist attacks, social unrest, and lower customer purchasing power.

Gross margins fell for the seventh successive month in July amid a combination of higher

purchase costs and discounted prices. That said, the rate of decline was little changed from June and only moderate overall.

French retailers recorded a further rise in average purchase costs during July. That said, the rate of inflation eased from that observed in June and remained below the long-run series average.

Buoyed by sharp sales growth, retailers raised their purchasing activity for the fourth time in as many months in July. The rate of expansion, however, was the least marked since April and moderate overall.

French retail companies continued to add to their workforce numbers in July. Moreover, the rate of job creation was the sharpest since data collection began in 2004.

Comment:

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

“The rebound in French retail sales continued at the start of the third quarter, as evidenced by the headline like-for-like sales data pointing to another monthly expansion. Although easing from June’s multi-year high, indicators suggest sales growth is likely to continue in the months ahead.”

“One of the most positive aspects of the latest data was another marked round of job creation. The expansion followed similarly sharp rates of jobs growth in the survey’s sister manufacturing and services reports, which in turn, will help boost domestic demand and keep retail sales elevated in the coming months.”

For further information, please contact:

IHS Markit

Alex Gill, Economist
Telephone +44-1491-461-015
Email alex.gill@ihsmarkit.com

Joanna Vickers
Telephone +44-207-260-2234
E-mail joanna.vickers@ihsmarkit.com

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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for over 30 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/product/pmi

The intellectual property rights to the France Retail PMI[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).