

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Germany Retail PMI®

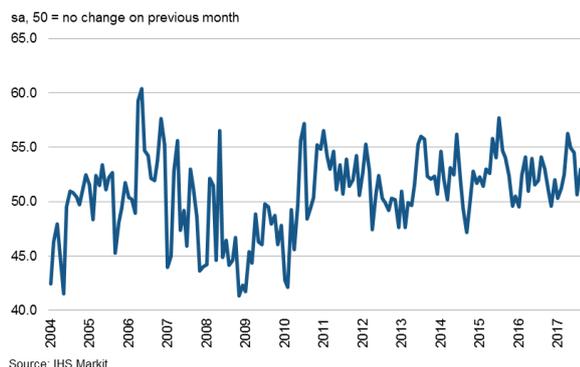
Retail employment falls in September

Key findings:

- First drop in retail staffing since May 2010
- Further solid month-on-month increase in sales
- Sharpest rise in purchase prices since April 2012

Data collected from September 12-27

IHS Markit Germany Retail PMI



German retail sales rose further in September but a seven-year run of job creation in the sector ended, according to the latest PMI® survey data. The month-on-month rate of increase in sales, adjusted for seasonal factors, was little-changed since August and broadly in with the trend shown over 2017 so far. Sales also increased on an annual basis, albeit marginally. Stocks of unsold goods continued to grow at a strong pace, and jobs fell for the first time since May 2010. Meanwhile, retailer purchase prices increased at the fastest rate since April 2012.

At 52.8, down only fractionally from 53.0 in August, the seasonally adjusted headline Germany Retail PMI signalled a tenth successive month-on-month expansion in sales. The rate of growth was solid overall and stronger than the

long-run survey average, with the PMI above its historic trend level of 50.7 (since January 2004).

German retail sales increased on an annual basis for the second successive month in September, having previously declined in July at the strongest rate since September 2014. The year-on-year rate of growth was only weak, however.

Although sales rose on a month-on-month basis in September, retailers missed their previously-set targets. Moreover, the extent to which planned sales were not met was more substantial than in August. That said, retailers were optimistic regarding their October targets.

German retail employment fell in September, ending an 87-month sequence of job creation. That said, the rate of workforce reduction was only marginal.

The value of goods purchased by German retailers increased for the sixth successive month in September. The rate of expansion was modest, but remained faster than the long-run survey average. Meanwhile, stocks of unsold goods held by retailers expanded for the sixth successive month, but at the slowest rate in this sequence.

Purchase prices paid by retailers in Germany continued to rise in September, continuing the trend shown since the start of 2010. The rate of inflation strengthened further from June's nine-month low, and was the fastest since April 2012. Retailers reported general supplier price increases and also dairy products as a source of inflation. Higher costs contributed to pressure on gross margins, which declined for the fifteenth successive month and at the strongest rate since February.

continued...

Comment:

Trevor Balchin, Director, Economics at IHS Markit, which compiles the Germany Retail PMI survey, said:

“German retail sales growth remained solid in September, with the PMI little-changed from August at 52.8. That said, the trend over Q3 has been of slower sales growth compared with Q2. This is in line with the slightly softer aggregated manufacturing and services data: the Composite Output Index trended at 56.1 in Q3, down from 56.8 in Q2, although this mainly reflected the July data and momentum has returned since. Similarly, the Construction PMI trended at 54.7 in Q3, down from 55.0 in Q2 but still historically strong. The PMI data therefore suggest that German economic growth will remain strong in the third quarter. IHS Markit now expects full-year growth at 2.3% in 2017, and 2.2% in 2018.”

-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 Germany 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 German 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.

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 www.markit.com/product/pmi.

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