

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

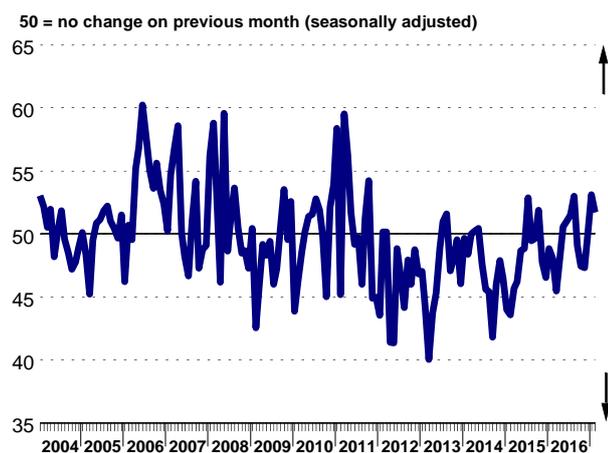
French retail sales rise for third consecutive month

Key findings:

- Moderate month-on-month increase in sales...
- ...but year-on-year measure shows decline
- Staffing numbers continue to grow

Data collected February 10-24

Markit France Retail PMI:



Source: IHS Markit

Summary:

This release contains the February findings from the monthly Retail *PMI*® 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 change in sales.

French retailers signalled a third consecutive monthly rise in retail sales during February. However, sales were down on an annual basis. Previously-set targets were missed again, but retailers expect retail sales to exceed targets in March. Gross margins fell to a greater extent, despite a slower rise in retailers' purchasing costs. The value of goods ordered for resale rose further, and contributed to another rise in stock levels. Meanwhile, retail sector employment continued to rise.

The seasonally adjusted headline Retail PMI posted 51.7 in February, down from 53.1 in January, signalling a slightly weaker rise in like-for-like sales. Anecdotal evidence suggested a greater number of promotional offers contributed to the expansion.

However, sales were down on an annual basis in February, following an increase in January. That said, the rate of decline was only moderate and softer than the long-run series average.

Actual sales continued to fall short of retailers' previously-set plans during February. Moreover, the extent of the latest shortfall was the sharpest in four months.

Retailers' expectations turned optimistic during February. Furthermore, the degree of positive sentiment was the most marked in three months.

Factors expected by survey respondents to boost sales over the coming months include a positive economic environment, commercial campaigns, favourable weather conditions and potential tax cuts.

Those factors reported by panel members as likely to depress sales over the next three months include political uncertainty, poor weather conditions, a fall in client purchasing power, potential tax increases and higher competitive pressures.

Gross margins decreased for the second time in as many months during February. The rate of contraction quickened from January and was solid overall. A number of respondents linked the decrease to a combination of greater competitive pressures and more promotional offers.

French retailers reported another rise in average purchase costs during February, thereby extending the latest sequence of inflation to 29 months.

In line with a positive sales trend, firms raised their purchasing activity during February. That said, the rate of expansion eased from the previous survey period and was only slight overall.

The level of employment in the French retail sector increased for the fourth consecutive month during February. That said, the rate of job creation eased from January and was modest overall.

Comment:

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

“Growth momentum in the French retail sector continued in February, albeit easing slightly from the previous month. Business sentiment toward future sales growth turned optimistic, which contributed to another round of job creation. However, strong competitive pressures restricted some retailers from raising their selling prices which, in spite of a softer rise in average cost burdens, led to a sharper squeeze on gross margins.”

-Ends-

News Release

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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. 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 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 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 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

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