

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

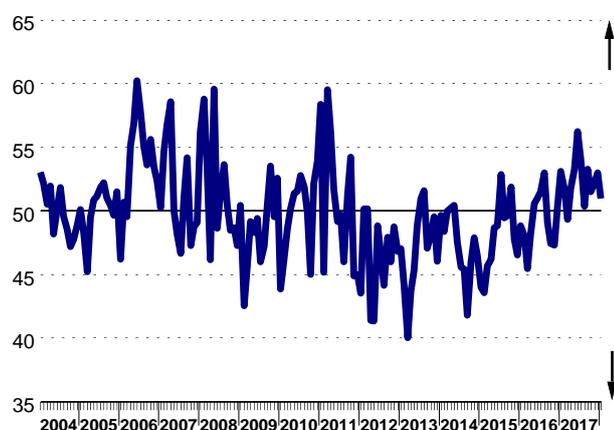
Sales continue to rise in French retail sector

Key findings:

- Like-for-like sales rise on a monthly basis, but at slower pace
- Sales remain down on annual measure
- Gross margins unchanged from December

Data collected January 12-29

IHS Markit France Retail PMI:



Source: IHS Markit

Summary:

The latest survey data highlighted a largely positive month for the French retail sector in January. Like-for-like sales increased for the tenth consecutive month, in turn boosting employment and purchasing activity. Meanwhile, gross margins were unchanged after having declined in the prior 12 months. On the other hand, the rate of growth in like-for-like sales hit a five-month low and sales remained down on an annual basis.

The seasonally adjusted headline Retail PMI posted 51.0 in January to highlight a tenth consecutive rise in like-for-like sales, the longest

sequence of expansion since 2006/2007. That said, down from 53.0 in December, the index signalled a rate of growth that was the weakest since August last year.

Bucking the upward monthly trend, sales were down on an annual basis for the fourth time in as many months. Moreover, the rate of decline was the most marked for 15 months and far sharper than the long-run series average.

Actual sales were below previously-set plans for the sixth successive month during January. Furthermore, the extent of the shortfall was the most marked since last August.

This dampened firms' outlook, with retailers (on average) taking a neutral stance towards their sales over the coming month. This followed a sequence of optimism in every month since February 2017.

Factors expected by survey respondents to boost sales over the coming months included: consumer confidence, higher customer purchasing power, lower taxes and social contributions, and favourable weather conditions.

Those factors reported by panel members as likely to depress sales over the next three months included: increased interest rates, high taxes, poor weather conditions, strikes, terrorist attacks and lower customer purchasing power.

After having been squeezed in each of the previous 12 survey periods, gross margins were unchanged during the opening month of the year.

French retailers registered a fortieth consecutive rise in average input prices during January amid reports of higher supplier costs. The rate of inflation eased for the third time in as many months, but it remained sharper than the series average nonetheless.

Rising client demand encouraged firms to expand their purchasing activity for the second successive month, albeit to a weaker extent than seen in December.

French retailers recorded a ninth successive rise in employment during January. The rate of job creation also remained solid despite a slight moderation from December.

Comment:

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

“The latest data signalled mixed messages for the French retail sector. On the one hand, like-for-like sales increased for the tenth successive month, supported by further expansions in purchasing activity and employment. Meanwhile, after having decreased in each of the prior 12 months, gross margins were unchanged, suggesting signs of a turnaround in business conditions. On the other, the rate of growth in monthly sales eased to a five-month low, while the annual measure signalled the second-sharpest decline since early 2016.”

-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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