

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit France Retail PMI<sup>®</sup>

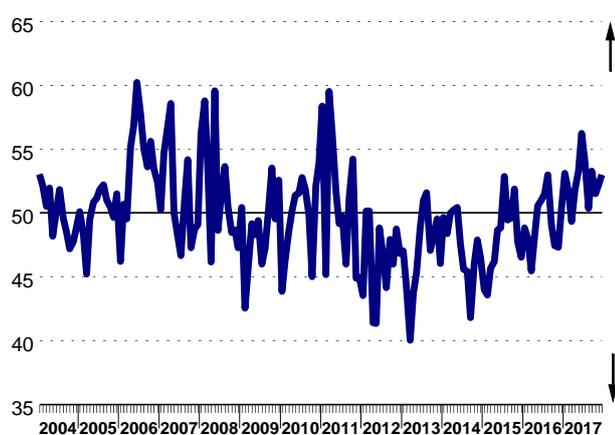
### French retail sales growth accelerates at end of 2017

#### Key findings:

- Like-for-like sales rise to greatest extent since September...
- ...but sales remain down on an annual basis
- Gross margins squeezed further amid solid inflationary pressures

Data collected December 5-19

#### IHS Markit France Retail PMI:



Source: IHS Markit

#### Summary:

French retailers recorded a solid end to the year, with monthly sales rising at the fastest pace since September. Higher consumer demand encouraged firms to expand their buying levels and take on additional workers, boding well for growth going forward. Indeed, business confidence towards sales growth in January was marked. Less positive was a further fall in sales on an annual basis, while solid inflationary pressures continued to squeeze gross margins.

The seasonally adjusted headline Retail PMI posted 53.0 in December, up from 52.2 in November, thereby highlighting a pickup in the rate

of growth to one of the sharpest seen over the past six years. The latest data also extended the current period of expansion to nine months, continuing the longest sequence seen since 2007.

Nevertheless, sales remained down on an annual basis for the third consecutive month. Moreover, the rate of decline was the most marked in this sequence and broadly in line with the long-run series average.

Actual sales were below previously-set plans for the fifth time in as many months in December. The extent of the shortfall was the weakest in this sequence, but marked nonetheless.

In spite of missing targets, retailers were optimistic that targets would be exceeded in January. That said, the degree of positive sentiment was the least marked since July.

Factors expected by survey respondents to boost sales over the coming months included: an economic recovery, robust household confidence, higher consumer purchasing power and favourable tax policies.

Those factors reported by panel members as likely to depress sales over the next three months included: political uncertainty, higher taxes, terrorist attacks, lower consumer purchasing power, strikes and an unfavourable social climate.

Gross margins fell during December, thereby continuing a trend that began in January 2017. Although solid, the rate of decline was the joint-weakest in this sequence.

French retailers recorded another rise in average purchase prices during December, the thirty-ninth time in as many months. The rate of increase eased for the second successive month but remained among the sharpest recorded in 2017.

A sharper rise in customer demand encouraged retailers to expand their purchasing activity during December, thereby reversing the trend seen in the previous two months.

French retailers also took on additional staff in December, thereby stretching the current sequence of job creation to eight months. Moreover, the rate of jobs growth was only just shy of the series record seen in July.

**Comment:**

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

*“The French retail sector finished off 2017 on a positive note, with like-for-like sales, employment, and purchasing activity all up from the previous month. Meanwhile, business confidence remained elevated amid expectations of improved consumer confidence and purchasing power, suggesting further sales growth is likely as we move into the new year. On the other hand, declines in annual sales and gross margins continue to highlight a less than easy operating environment.”*

-Ends-

## For further information, please contact:

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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](mailto: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](http://www.markit.com/product/pmi)

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