

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

Eurozone retail sales stagnate in March

Key points:

- Headline Retail PMI dips to 50.1 from 52.3 in February
- Sales down on annual basis
- Squeeze on gross margins intensifies

Data collected March 12-27

According to eurozone retailers, like-for-like sales were broadly unchanged from the prior survey period during March. The stagnation reflected a weaker rate of growth in Germany, stagnation in France and a return to contraction in Italy.

The headline IHS Markit Eurozone Retail PMI® – which tracks the month-on-month changes in retail sales in the bloc's biggest three economies combined – dipped to 50.1 in March, from 52.3 in February, highlighting the lowest figure recorded since March last year.

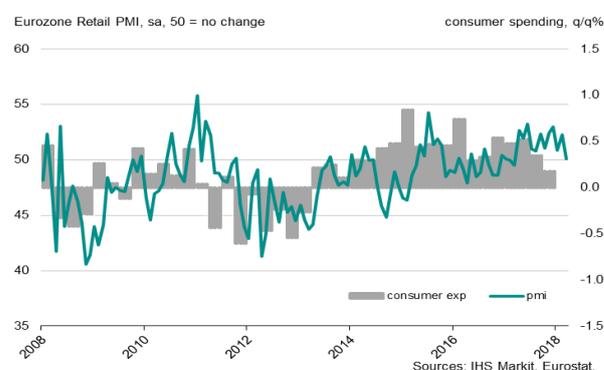
Sales were down on an annual basis after having stabilised in February. The rate of decline was the most marked for ten months, albeit marginally weaker than the long-run average.

Alex Gill, economist at IHS Markit which compiles the Eurozone Retail PMI, said:

“The March data highlight a disappointing month for the eurozone retail sector, with like-for-like sales stagnating since February, and sales firmly down on an annual basis. The weaker trend was seen across the ‘big-three’ eurozone economies, with indices ticking down on these two metrics in each instance.

“Retailers underperformed relative to set plans in each of the monitored economies, with frequent mention of adverse weather conditions. That said, business confidence hit a 12-year high, suggesting that, absent any further weather-related shocks, sales growth could return in the coming months.”

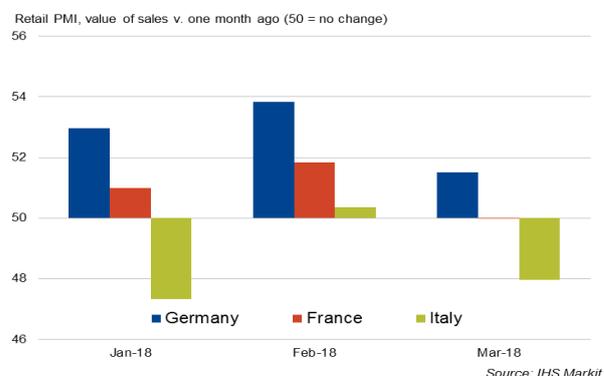
IHS Markit Eurozone Retail PMI



Retail PMI summary (March)

Eurozone	50.1	12-month low
Germany	51.5	5-month low
France	50.0	12-month low
Italy	48.0	2-month low

Retail sales by country



Actual sales continued to underperform relative to **previously-set plans** in March. Moreover, the degree of the shortfall widened from the previous month and was the most marked since January 2016. The gap between actual and expected performance worsened in each of the big three euro area economies.

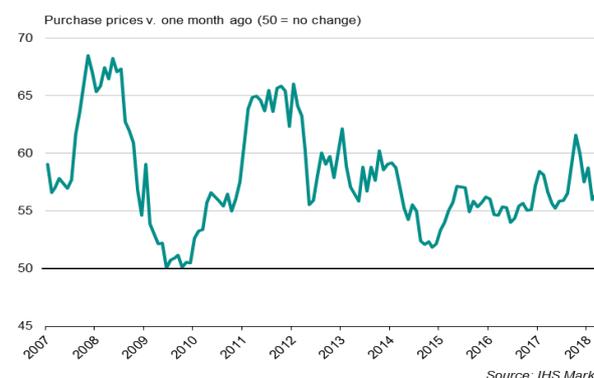
Eurozone retailers raised their **input buying** for the seventh time in as many months during March, albeit at a fractional pace that was the weakest in this sequence. The moderation was driven by a sharp fall in France, while expansions were observed in Germany and Italy. Meanwhile, **stocks of goods** continued to rise in March.

Notwithstanding the stagnation in monthly sales, eurozone retailers took on additional **staff** in March, extending the current period of jobs growth to 29 months. Moreover, the rate of increase quickened from February and was solid given the context of historical data. Job creation was broad-based across each of the three monitored economies.

Average **purchase costs** faced by euro area retail companies rose again in March, thereby continuing a trend that has been observed since July 2009. Moreover, the rate of inflation quickened from February and remained marked. Input costs rose to the greatest extent in Germany, followed by Italy and then France.

Strong input price inflation combined with strong competitive pressures contributed to a further squeeze on **gross margins**. Indeed, the rate of decline worsened from February and was the steepest since September last year.

Purchase price inflation ticks up



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Notes to Editors:

"PMI[®]" is an acronym for *Purchasing Managers' Index*[®], a type of survey originally developed 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. For the Retail PMI, IHS Markit has recruited a representative panel of retail companies in France, Germany and Italy. Together, these three countries account for approximately 62% of total eurozone retail sales by value. The panel includes large chain retailers as well as smaller retailers to ensure balanced representation of the true structure of the eurozone 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.

The Retail PMI surveys cover the following specific sectors. The definition of the retailers included in each sector is shown along with the Standard Industrial Classification (SIC) codes of the companies included in each sector.

- Clothing & Footwear: Retail sale of clothing, footwear and leather goods (SIC 5242 & 5243)
- Food & Drink: Retail sale of food, beverages and tobacco (SIC 5210 & 5220)
- Household Goods: Retail sale of household goods (SIC 5240, 5241, 5244-5248)
- Autos & Fuel: Sale of motor vehicles and motorcycles; Retail sale of automotive fuel (SIC 5000)
- Pharmaceuticals: Retail sale of pharmaceutical and medical goods, cosmetic and toiletries (SIC 5230)
- Other (included in total only): Other retail not in stores (SIC 5250 & 5260)

Retail PMI sector data are available only at aggregate eurozone level and not at an individual country level. Where the activities of a retailer on the survey panel encompass more than one of the sector definitions shown above, the retailer is classified to the sector which accounts for the majority of its sales turnover.

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. The use of the diffusion index methodology means that the results for the Retail PMI will be directly comparable with PMI data for other sectors, such as manufacturing, services and construction.

Where appropriate, diffusion indexes are adjusted in order to allow for seasonal variations and thereby provide easier identification of the underlying trend in the data. Seasonal adjustment is not possible at product sector level. 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. For further information please contact economics@ihsmarkit.com.

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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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