

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

### Growth at strongest rate since July 2015

#### Key points:

- Upturn driven by expansions in Germany and France
- ...while sales continue fall in Italy
- Rate of jobs creation eases to one-year low

Data collected April 11-26

Eurozone retailers recorded a rise in like-for-like sales during April, thereby reversing the downward trend seen in the previous two months. The upturn was underpinned by a strong expansion in Germany – the sharpest since July 2015 – and supported by a modest rise in France. In contrast, retail sales in Italy continued to fall, albeit to the weakest extent in five months.

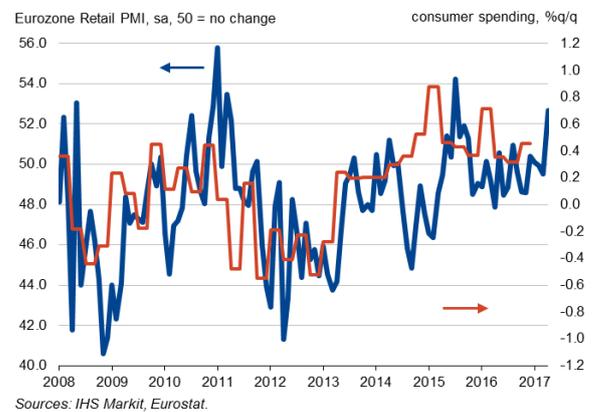
The headline Markit Eurozone Retail PMI – which tracks the month-on-month changes in like-for-like retail sales in the bloc's biggest three economies combined – rose to 52.7 in April, from 49.5 in March, and signalled the steepest increase since July 2015.

Sales were also up sharply on an annual basis, although this partly reflected the later timing of Easter. Contrary to the monthly trend, the increase was broad-based across each of the three monitored economies.

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

*“April data signalled further contrasting retail sector performances at the country level, with growth largely driven by a marked expansion in Germany, backed up by a modest rise in France. On the contrary, sales continued to fall in Italy, albeit to the weakest extent since November 2016, thereby raising hopes of a reverse in the current 16-month downward trend. Overall, the data are indicative of a strong expansion in consumer spending in the eurozone, reinforcing the trends highlighted in the manufacturing and services reports.”*

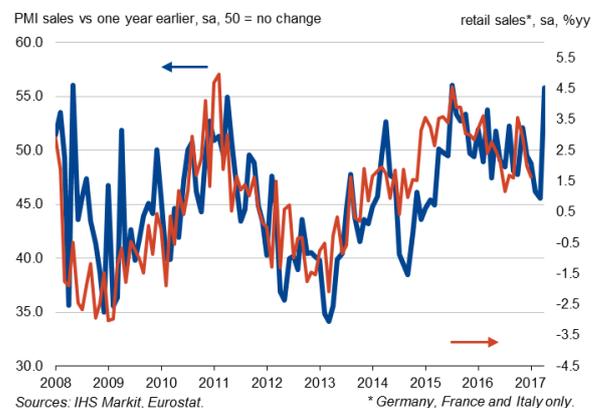
#### Eurozone Retail PMI



#### Retail PMI summary (April)

Eurozone	52.7	21-month high
Germany	56.2	21-month high
France	51.8	3-month high
Italy	48.3	5-month high

#### Eurozone retail sales vs. one year ago



## Data summary:

Index	Mar-17	Apr-17	Description	Rate
<b>PMI (Month-on-month sales)</b>	<b>49.5</b>	<b>52.7</b>	<b>Expanding</b>	change of direction
Year-on-Year Sales	▼	▲	Expanding	change of direction
Sales vs Plans	▲	▶	Low er	slow er
Expected Sales vs Targets	▲	▼	High er	slow er
Gross Margins	▲	▲	Contracting	slow er
Purchase Prices	▼	▲	Rising	slow er
Quantity of Purchases	▼	▼	Expanding	change of direction
Stocks of Goods	▶	▼	Expanding	faster
Employment	▼	▼	Expanding	slow er

- ▲ Above 50, rising
- ▼ Above 50, falling
- ▶ Above 50, unchanged
- ▲ Below 50, rising
- ▼ Below 50, falling
- ▶ Below 50, unchanged
- ▲ At 50, rising
- ▼ At 50, falling

Source: IHS Markit.

April data highlighted another month of **underperformance** by retailers, with actual sales falling short of previously set plans. However, the degree of the shortfall lessened from the previous month, and was the least marked since December 2010. The widest gap between forecast and actual sales was registered in Italy. In contrast, actual sales exceeded targets in Germany.

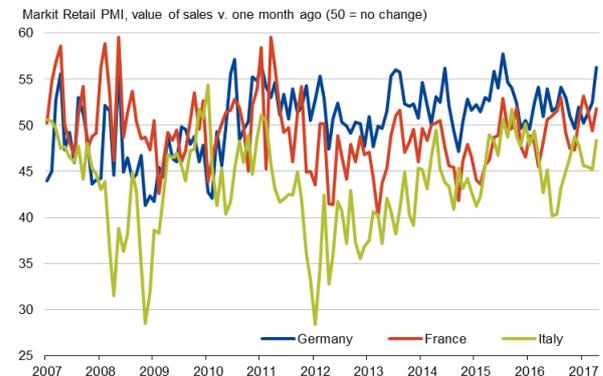
**Gross margins** were squeezed further during April. Although solid, the rate of contraction was the joint-weakest in ten years. The decline was broad-based across each of the 'big-three' euro area economies. The sharpest decline was registered in Italy, followed by France.

In line with another squeeze on gross margins, eurozone retailers were faced with a further rise in average **purchasing costs** in April. Input price inflation was noted by each of the three economies monitored by the survey. The sharpest rate of increase was recorded in Germany. That said, the overall rate of inflation across the eurozone eased to a five-month low.

Meanwhile, higher sales volumes encouraged firms to raise their **purchasing activity**, thereby reversing the trend seen in March. In turn, this contributed to a fifteenth successive rise in **stocks of goods for resale**.

Finally, April's survey showed another rise in retail sector **employment**, thereby continuing a trend that has been observed for 18 months. That said, the rate of job creation eased to a one-year low and was fractional overall.

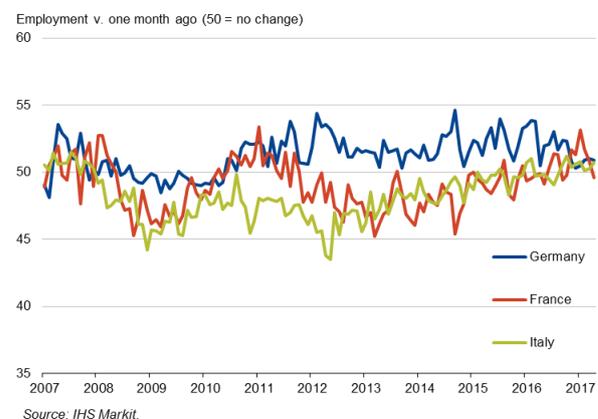
## Retail sales by country



## Purchase price inflation at five-month low



## Retail employment by country



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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, 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. 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 PMIs 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. 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 Markit. For further information please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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

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