

## Markit Germany Retail PMI®

### Strongest rise in retail sales since July 2015

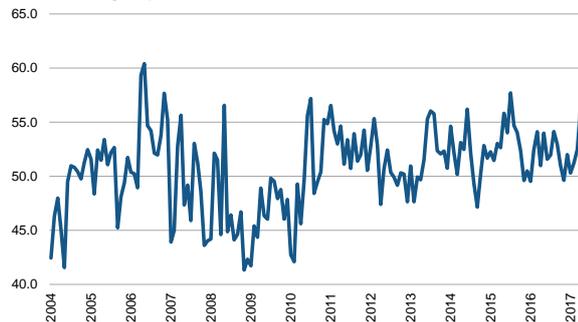
#### Key findings:

- Month-on-month growth in sales accelerates further
- Strong annual increase partly due to later Easter
- Purchase price inflation eases to five-month low

Data collected from April 11-26

#### Markit Germany Retail PMI

sa, 50 = no change on previous month



Source: IHS Markit.

The German retail sector began the second quarter of 2017 with a marked rise in retail sales, according to the April retail *PMI*® survey data. Sales rose on a seasonally adjusted month-on-month basis at the fastest rate since July 2015, while sales increased at the strongest year-on-year rate since May 2016. That said, the later timing of Easter flattered the year-on-year comparison somewhat. Retailers nonetheless beat their April targets to the greatest extent in three years, and were firmly confident regarding planned May sales. Purchase price inflation slowed to a five-month low in the latest period, but remained sharp overall.

At 56.2 in April, up sharply from 52.5 in March, the seasonally adjusted headline Germany Retail PMI signalled a fifth successive month-on-month expansion in sales at the start of Q2. The latest

figure was the strongest in 21 months and also above the long-run series average (50.6).

German retail sales increased on an annual basis for the second month running in April. Moreover, the rate of growth accelerated sharply to the fastest since May 2016. This partly reflected the later timing of Easter compared with 2016, however.

Strong sales growth in April helped retailers to beat their targets. The extent to which targets were surpassed was the greatest registered since April 2014. Retailers were firmly confident of meeting their planned sales in May.

German retailers continued to expand their workforces in April. That said, the rate of job creation remained weak and eased slightly since March.

The value of goods purchased by German retailers increased in April, having declined slightly in March for the first time since the start of 2016. Furthermore, the rate of expansion was the strongest since September 2015. Stocks of goods for resale followed the same trend.

Purchase prices paid by retailers continued to rise in April, continuing the trend shown since January 2010. The rate of inflation slowed for the first time since last September, to a five-month low.

Gross margins in the German retail sector declined for the tenth successive month in April. That said, the rate of reduction slowed for the third month running to the weakest since July 2016.

*continued...*

## Comment:

Trevor Balchin, Senior Economist at IHS Markit, which compiles the Germany Retail PMI® survey, said:

*“The German retail sector posted an impressive performance in April, with sales rising sharply on both a monthly and an annual basis. Moreover, retailers beat their targets and stocked up in anticipation of sustained demand in the coming months. That said, April’s marked year-on-year growth in sales was partly flattered by the later timing of Easter compared with 2016.”*

-Ends-

## For further information, please contact:

### IHS Markit

Trevor Balchin, Senior Economist  
Telephone +44-1491-461-065  
Email [trevor.balchin@ihsmarkit.com](mailto:trevor.balchin@ihsmarkit.com)

Joanna Vickers  
Telephone +44-207-260-2234  
E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

## 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 Germany 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 German 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.

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. 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. 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<sup>®</sup> (PMI<sup>®</sup>) 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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