

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 10:10 (CEST) / 08:10 (UTC), September 6th 2017

IHS Markit Italy Retail PMI®

Retail PMI at four-month high, signals slight drop in like-for-like sales

Key findings:

- Retail PMI indicates slowest decrease in like-for-like sales for four months
- Stocks of unsold items rise for seventh month running
- Purchase price inflation remains subdued

Data collected August 11-29

Retail sales in Italy fell on a like-for-like basis in August, although the rate of decline was the slowest seen for four months and only modest, according to the latest PMI® survey data from IHS Markit. Retailers' gross margins nevertheless continued to fall sharply as promotions and discounts were used as part of efforts to shift unsold stock, which rose for the seventh month running. Higher prices paid for purchases also put pressure on margins, though the rate of wholesale price inflation remained relatively subdued.

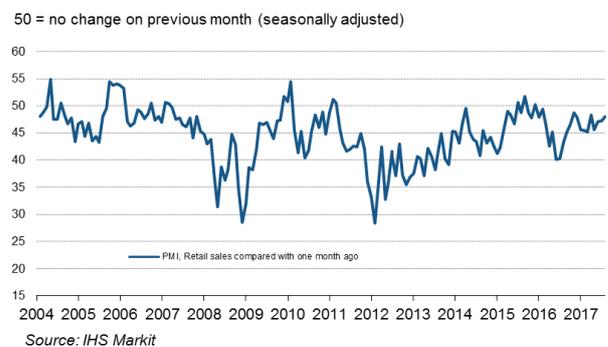
The headline IHS Markit Italy Retail PMI – which measures changes in like-for-like sales on a month-on-month basis – recorded a reading of 48.0 in August, up from July's 47.3. Having risen for the third time in as many months, the index registered well above its long-run average of 44.7.

Compared with the same month in 2016, actual like-for-like sales were down only fractionally. This contrasted with sharp year-on-year decreases in sales in each of the previous three months.

Retailers underperformed relative to their targets in August. However, the gap between actual sales and previously-set plans was the narrowest for two years, tightening sharply from the month before.

August's survey also showed a rebound in confidence among retailers towards the month-ahead sales outlook. Sentiment returned to positive territory in the latest survey period, after having

IHS Markit Italy Retail PMI®



turned negative in July for the first time in 12 months.

Belying a further slowdown in the rate of decline in sales, retailers' gross margins showed an accelerated decrease in August. The marked reduction was the steepest seen since May and partly reflected the use of promotions and discounts to support sales and clear unsold products.

Stocks of goods for resale held at retailers rose for the seventh month in a row in August. Furthermore, having quickened for the second month running, the rate of growth was solid and the fastest seen since April.

Inventories continued to accumulate in spite of a further drop in retailers' spending on goods for resale, which decreased for the ninth consecutive month and at the fastest rate since May.

Average prices paid for goods for resale increased in August, linked in part to the pass-through of higher raw material costs and oil prices faced by suppliers. However, the rate of inflation in purchase prices remained subdued in the context of historical data.

August's survey meanwhile showed a fractional rise in the level of employment across the retail sector.

Although the least marked since March, the latest increase in staffing numbers extended the current sequence of growth to a survey-record 12 months.

Comment:

Phil Smith, Principal Economist at IHS Markit which compiles the Italian Retail *PMI*® survey, said:

“The Retail PMI edged slightly higher for the third month running in August. As an indicator of underlying industry performance, the index’s recent upturn bodes well for the prospect that total sales will grow in the third quarter. IHS Markit is currently forecasting sales to rise 0.8% across this year as a whole, reversing 2016’s -0.2% contraction.

“The survey highlighted a highly competitive environment, however, with firms using discounts and promotions to support sales at the expense of margins. And the ongoing build-up of unsold stock in August points to further markdowns in the month ahead.”

-Ends-

For further information, please contact:

IHS Markit

Phil Smith, Principal Economist
Telephone +44-1491-461-009
Email phil.smith@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@ihsmarkit.com

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. IHS Markit now uses ‘*PMI*’ to describe the methodology used for surveys also undertaken in the services, construction and retail sectors.

For the Italy Retail *PMI*, IHS Markit 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 Italian 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.

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.

Where appropriate the indices are seasonally adjusted to take into consideration expected variations for the time of year.

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

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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

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.

The intellectual property rights to the Italy Retail PMI® provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).