

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit France Retail PMI®

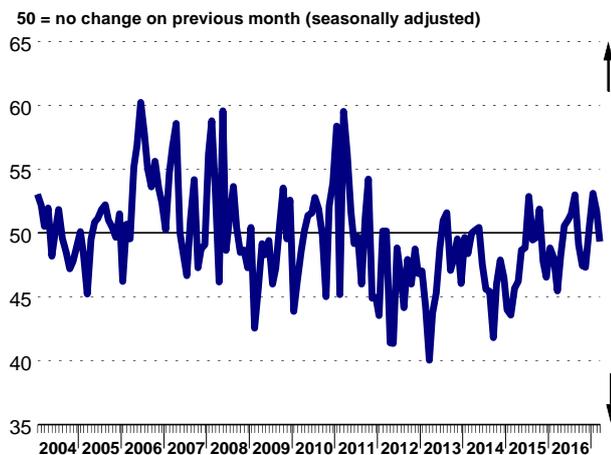
French retail sales fall following three-month expansion

Key findings:

- Retail Sales PMI slips back into contraction territory in March
- Sharp decrease in sales on an annual basis
- Employment continues to rise, but at weaker rate than in February

Data collected March 13-29

Markit France Retail PMI:



Summary:

This release contains the March findings from the monthly Retail PMI® survey for France, produced by Markit and based on a panel of 300 retailers. The headline figure is the Retail PMI, which measures month-on-month change in sales.

March data signalled a marginal contraction in like-for-like sales, thereby reversing the upward trend seen in December through February. Sales were also down on an annual basis. Previously-set targets were missed again, but firms remained confident they would be met in April. Gross margins fell to a greater extent, in spite of a weaker rise in cost inflation. The value of goods ordered for resale declined, while stock levels continued to rise.

Meanwhile, staffing numbers rose again, albeit at a softer pace.

The seasonally adjusted headline Retail PMI posted 49.4 in March, down from 51.7 in February, signalling the first drop in like-for-like sales since November last year. Some firms attributed the decline to delays in consumer spending due to political uncertainty.

March data also highlighted a fall in sales on a year-on-year basis for the second successive month. Furthermore, the rate of decline accelerated from February and was marked overall.

Actual sales fell short of retailers' previously-set plans in March, thereby continuing a trend that has been evident since February 2008. That said, the extent of the latest shortfall weakened slightly from the previous month.

In spite of this, retailers maintained an optimistic outlook that targets would be met in April. Furthermore, the degree of positive sentiment was the most marked since November last year.

Factors expected by survey respondents to boost sales over the coming months include political stability, positive impact of election results, the Easter break, good weather conditions and promotional offers.

Those factors reported by panel members as likely to depress sales over the next three months include political uncertainty, negative impact of the presidential elections, unfavourable government policies and terrorist attacks.

Gross margins fell for the third consecutive month in March. Moreover, the rate of decline accelerated to the fastest in five months. A number of respondents linked the decrease to strong competitive pressures.

French retailers reported a further rise in average purchase costs during March. That said, the rate of inflation eased to a four-month low.

In line with a negative sales trend, firms reduced their purchasing activity during March. However, the rate of decline was only marginal overall.

The level of employment in the French retail sector increased for the fifth consecutive month in March. That said, the rate of job creation was the weakest in this period and only marginal.

Comment:

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

“French retail sales eased slightly in March, thereby reversing the growth trend seen in the previous three months, as political uncertainty with regard to May’s presidential elections put downward pressure on consumer spending. Inflationary pressures may also be starting to erode consumers’ purchasing power. IHS Markit forecasts a 1.3% rise in consumer prices in Q1 this year, markedly up from the level seen throughout 2016.”

-Ends-

News Release

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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. 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*, 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.

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.

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 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

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