

IHS Markit Germany Retail PMI[®]

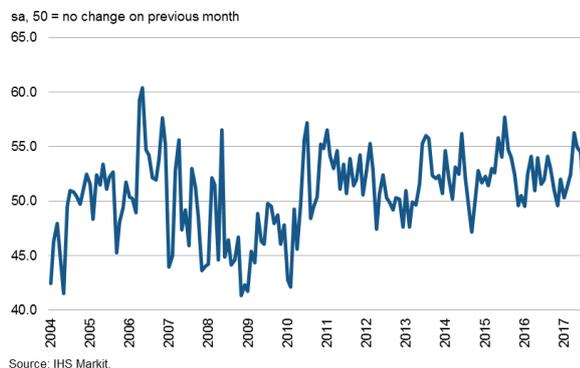
Retail sales growth slows in July

Key findings:

- Month-on-month growth in sales weakest since January
- Sharpest year-on-year drop in sales since September 2014
- Retailers' stocks expand at fastest rate in nearly five-and-a-half years

Data collected from July 12-27

IHS Markit Germany Retail PMI



German retail sales rose for the eighth consecutive month in July, according to the latest PMI[®] survey data. That said, the month-on-month increase, adjusted for seasonal factors, weakened sharply to the slowest since January. Moreover, sales declined on an annual basis, and at the strongest rate since September 2014. Survey data also signalled the slowest employment growth in the retail sector for six months. Meanwhile, stocks of unsold goods expanded at the fastest rate in nearly five-and-a-half years. Retailers continued to pay higher prices for goods, and the rate of inflation quickened slightly since June.

At 50.7 in July, down sharply from 54.5 in June, the seasonally adjusted headline Germany Retail PMI signalled an eighth successive month-on-

month expansion in sales at the start of the third quarter. The rate of expansion was only modest, however, and the slowest since January.

German retail sales declined on an annual basis in July, the fourth such contraction in 2017 so far. Retailers generally commented on weaker trading conditions compared with 2016 linked to worse weather, the diesel scandal and increased competition. The year-on-year decline in sales was the fastest registered since September 2014.

Although sales rose on a month-on-month basis in July, retailers missed their previously-set targets. Furthermore, the extent to which planned sales were not met was the greatest since January 2016. Retailers were pessimistic regarding August targets.

German retail employment continued to rise in July, extending the current sequence of job creation to over seven years. That said, the rate of job creation was the weakest since January.

The value of goods purchased by German retailers increased for the fourth successive month in July. The rate of expansion remained modest, but was faster than the long-run survey average. Meanwhile, stocks of unsold goods held by retailers expanded at the fastest rate since February 2012.

Purchase prices paid by retailers in Germany continued to rise in July, continuing the trend shown since the start of 2010. The rate of inflation strengthened slightly from June's nine-month low, and was faster than the long-run survey average. Meanwhile, gross margins in the German retail sector declined for the thirteenth successive month, and at the strongest rate since February.

continued...

Comment:

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

“July PMI data signalled a weaker increase in German retail sales at the start of Q3, following on from the slight loss of momentum indicated by the latest manufacturing and services figures. Moreover, the slowdown seen in retail was more pronounced than those registered in manufacturing and services.”

“IHS Markit currently forecasts retail sales to rise by 3.7% in 2017, up from growth of 2.5% last year. Correspondingly, the PMI has averaged 52.9 over the first seven months of this year, up from 52.0 over the course of 2016.”

-Ends-

For further information, please contact:

IHS Markit

Trevor Balchin, Director, Economics
Telephone +44-1491-461-065
Email trevor.balchin@ihsmarkit.com

Joanna Vickers
Telephone +44-207-260-2234
E-mail 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. IHS 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, IHS 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.

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.

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.

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 Germany 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 trademarks 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](#).