

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 10:10 (CEST) / 08:10 (UTC), October 5th 2017

IHS Markit Italy Retail PMI®

Marginal increase in retail sales signalled in September

Key findings:

- First increase in monthly retail sales since December 2015
- Widespread discounting persists; gross margins deteriorate
- Purchase price inflation strongest for five months

Data collected September 12-27

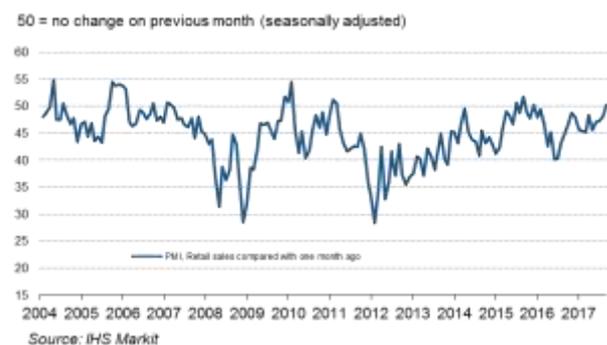
Retail sales in Italy rose on a like-for-like basis during September for the first time since the end of 2015, although the rate of growth was marginal. Sales were supported by ongoing discounting, which led to a further deterioration in retailers' gross margins. Higher prices paid for purchases were also reported, with inflation accelerating to the strongest since April and contributing to a fall in purchasing activity for a tenth month in succession. Retailers were, however, still able to bolster inventories as sales continued to under-perform relative to expectations.

The headline IHS Markit Italy Retail PMI – which measures changes in like-for-like sales on a month-on-month basis – improved to a level of 50.2 in September, up from 48.0 in the previous month. Although marginal, the increase in like-for-like sales was the first recorded by the survey since December 2015.

Sales were also slightly higher when compared to the same month a year earlier, the first growth on this measure since April and contrasting markedly to the sharp year-on-year falls seen earlier in 2017.

When compared to target, sales levels in September disappointed. Latest data showed that actual sales compared to previously-set plans were considerably lower (and to a much greater degree than seen in August).

IHS Markit Italy Retail PMI®



Retailers were, however, confident that sales in September will surpass plans for October. Positive sentiment was registered for a second month in succession, with optimism the strongest recorded by the survey since March.

Retailers' gross margins remained under pressure in September. Panellists commented that increased discounting and promotional activity, in line with a competitive landscape, had been key factors leading to the latest deterioration in margins.

With sales coming in lower-than-expected during September, retailers reported an increase in stocks of goods for resale for an eighth month in a row. Growth was again solid, albeit a little lower than in August.

Average prices paid for goods for resale continued to rise during September. Supplier list prices were reported to have been adjusted upwards, with retailers indicating that the wholesale cost of several foodstuffs had risen. Overall inflation was the strongest recorded by the survey since April.

Staffing levels increased during September for a thirteenth successive month. However, in line with the recent trend, the degree to which employment rose was again marginal. The vast majority of

respondents signalled no change in employment during the latest survey period.

Comment:

Paul Smith, Director at IHS Markit which compiles the Italian Retail *PMI*[®] survey, said:

“The retail sector managed to eke out marginal growth for the first time in 21 months during September and adding to the generally positive dataflow coming out of Italy at the moment.

“Increased consumer confidence and higher footfall were reported as providing positive tailwinds to the sector in September, and this encouraged a number of retailers to add to their staffing levels.”

“However, competitive pressures, which led to widespread discounting, allied with rising wholesale prices, meant that gross margins continued to deteriorate considerably.”

-Ends-

For further information, please contact:

IHS Markit

Paul Smith, Director
Telephone +44-1491-461-038
Email paul.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 *PMIs* 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.ihsmarket.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 40 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@ihsmarket.com. To read our privacy policy, [click here](#).