

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

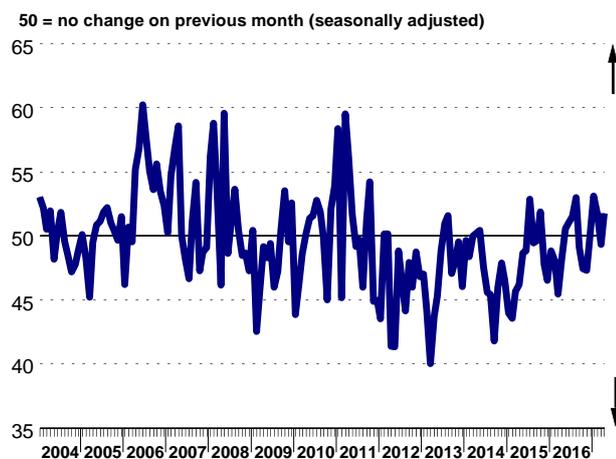
### Rebound in French retail sales signalled in April

#### Key findings:

- Like-for-like sales rise, following last month's decline
- Sales increase on an annual basis for first time in three months
- Input price inflation weakest in two years

Data collected April 11-26

#### Markit France Retail PMI:



Source: IHS Markit

#### Summary:

This release contains the April 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.

April data signalled a modest expansion in monthly like-for-like sales, thereby reversing the fall seen in the prior month. Sales were also up on an annual basis. Previously-set targets were missed again, albeit to the weakest extent in six years. That said, firms remained optimistic they would be met in May. Gross margins continued to fall, despite the weakest rate of price inflation in two years. The value of goods ordered for resale rose, as did stock

levels. Meanwhile, staffing numbers fell for the first time in six months.

The seasonally adjusted headline Retail PMI posted 51.8 in April, up from 49.4 in March, signalling the sharpest rise in like-for-like sales since January. Some firms attributed the increase to promotional offers and a strong tourist footfall.

April data also highlighted a rise in sales on a year-on-year basis, following two successive months of decline. The rate of growth was the most marked since July 2015, albeit modest overall. Anecdotal evidence suggested the increase was due, in part, to a favourable economic environment.

Actual sales fell short of retailers' previously-set plans in April, thereby continuing a trend that has been evident since February 2008. However, the extent of the latest shortfall was the weakest in six years.

Meanwhile, retailers were optimistic that targets would be met in May. The degree of positive sentiment eased slightly from the previous month, but remained marked.

Factors expected by survey respondents to boost sales over the coming months include a positive impact of the presidential election result, higher promotional offers, good weather conditions and lower business taxes.

Those factors reported by panel members as likely to depress sales over the next three months include political and economic uncertainty, a terrorist attack and bad weather.

Gross margins fell for the fourth time in as many months during April. That said, the rate of decline softened from March. A number of respondents linked the decrease to a greater number of promotional offers.

French retailers reported a further rise in average purchase costs during March. However, the rate of

inflation eased to a two-year low and was fractional overall.

In line with higher sales, French retail companies raised their purchasing activity in April. That said, the rate of expansion was only marginal.

The number of people employed in the French retail sector decreased in April, thereby ending a five-month sequence of expansion. That said, the rate of job shedding was only marginal overall.

**Comment:**

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

*“French retail sales returned to growth in April amid reports of a more favourable tourist footfall and enhanced promotional offers. The latter was reflected in a further squeeze on gross margins, despite generally unchanged input costs, as firms looked to boost sales through lower selling prices.”*

*“From a broader standpoint, the generally improving labour market picture may also be playing a role, as a higher level of disposable income bolsters consumer demand.”*

Ends-

# News Release

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## **IHS Markit**

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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](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® (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](http://www.markit.com/product/pmi)

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