

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

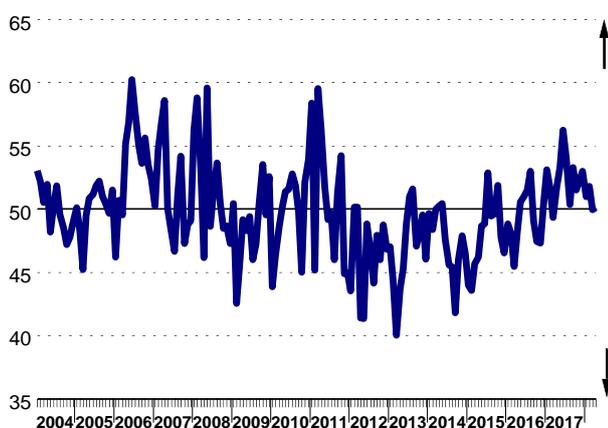
Retail sales stagnate again in April

Key findings:

- Like-for-like sales broadly unchanged from March
- Stocks fall at sharpest pace since September 2013
- Jobs growth weakest in five months

Data collected April 12-26

IHS Markit France Retail PMI:



Source: IHS Markit

Summary:

April saw a further stagnation in the French retail sector, with like-for-like sales broadly unchanged from the prior month. Sales were up on an annual basis, but to a marginal extent. Subdued customer demand contributed to a further weakening in the rate of jobs growth, while purchasing activity declined for the third month in a row. Cost inflationary pressures persisted, which continued to squeeze gross margins.

The seasonally adjusted headline Retail PMI posted 50.1 in April. Although up from 50.0 in

March, the latest index reading was indicative of a broad stagnation in like-for-like sales.

In contrast to the monthly trend, sales were up when compared to the same period the year before. The increase followed stabilisation in March. The rate of expansion, however, was only slight overall.

Actual sales were below previously-set plans for the ninth time in as many months during April. The extent of the shortfall eased fractionally from March, but remained marked overall.

Nevertheless, French retailers retained an optimistic outlook in April. The degree of positive sentiment, however, eased from March's near 11-year peak and was the weakest since the start of the year.

Factors expected by survey respondents to boost sales over the coming months included: an end to strikes, football world cup, household confidence, robust economic conditions and lower taxes.

Those factors reported by panel members as likely to depress sales over the next three months included: a terrorist attack, lower customer purchasing power, more strikes and poor weather conditions.

Input prices faced by French retail firms increased during April, extending the current period of inflation to 43 months. The pace of increase eased slightly from March and remained weaker than the average for this sequence.

French retailers recorded a further squeeze on gross margins during April. That said, the rate of decline eased slightly from the prior month and remained weaker than the long-run series average.

With customer demand stagnating, French retailers reduced their purchasing activity during April, the third consecutive month in which this has been the

case. Meanwhile, the rate of decline in stocks was the most marked since September 2013.

French retailers took a cautious approach to hiring during April, with the rate of employment growth softening for the fourth time in as many months. Furthermore, the rate of job creation was the weakest since November last year and marginal overall.

Comment:

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

“The French retail sector saw a second successive stagnation in monthly like-for-like sales at the start of the second quarter. The headline number continues to disappoint having shown signs of revival in consumer spending through much of last year.

“Employment rose at the softest pace for five months, while inventories of goods were depleted to the greatest extent since September 2013. These indicators suggest the stagnation in customer demand is leading to a more cautious operational approach by French retailers. Indeed, while confidence remained robust, it dropped substantially from March.”

-Ends-

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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. 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 France 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 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.

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.

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About PMI

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