

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED FOR RELEASE 10:10 (CEST) / 08:10 (UTC) June 6th 2018

IHS Markit Eurozone Retail PMI®

May data highlight upturn in eurozone retail sales

Key points:

- Retail PMI rises to 51.7, signalling higher monthly sales
- Renewed rise in annual sales
- Jobs growth strengthens

Data collected May 11-29

Like-for-like sales in the eurozone retail sector rose in May, thereby reversing the downturn seen in April. The increase was indicative of sharper rises in Germany and France, and a slower decline in Italy.

The headline IHS Markit Eurozone Retail PMI® – which tracks the month-on-month changes in retail sales in the bloc's biggest three economies combined – rose to 51.7 in May, from 48.6 in April, signalling the sharpest rise since February.

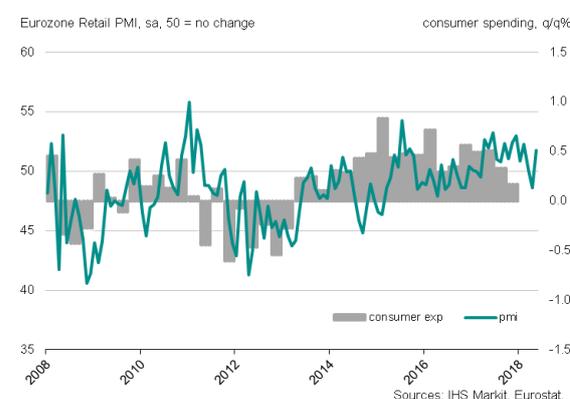
Sales were also up on an annual basis, having decline in each of the previous two months.

Alex Gill, economist at IHS Markit which compiles the Eurozone Retail PMI, said:

“The latest PMI data signalled a more positive month for the eurozone retail sector, with sales returning to growth on both a monthly and annual basis. In turn, this contributed to the sharpest round of job creation in the current 31-month sequence of hiring.

“The positive trends were lop-sided when looking at country data, however. The rise in monthly sales was driven by a sharp rise in Germany, though a slight increase was also recorded in France. Meanwhile, Germany was the only country to register a rise in year-on-year sales, while Italy recorded a marked decline.”

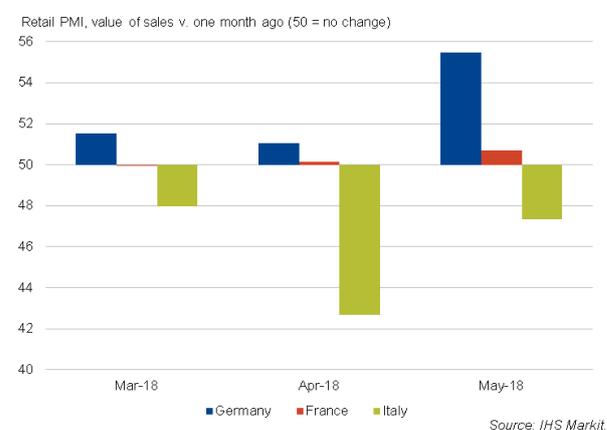
IHS Markit Eurozone Retail PMI



Retail PMI summary (May)

Eurozone	51.7	3-month high
Germany	55.5	13-month high
France	50.7	3-month high
Italy	47.3	2-month high

Retail sales by country



Actual sales continued to fall short of **previously set plans** midway through the second quarter. The degree of underperformance was the weakest of the year so far but remained marked overall. The gap between actual and expected performance was greatest in Italy.

Retailers reported another rise in **input prices** (on average) during May. The rate of inflation accelerated from April and was strong overall. The increase was broad-based across the 'big-three' euro area economies, and sharpest in Germany.

Higher input costs led to a further squeeze on **gross margins** during May. That said, the rate of decline was the least marked of the year so far and modest given the historical context of the series. A rise in Germany was counterbalanced by declines in France and Italy.

Input buying among eurozone retailers returned to growth during May, having declined for the first time for a year in April. The increase was driven by Germany which saw the sharpest rise since June 2014. In contrast, declines were recorded in France and Italy. In turn, **stocks of goods** also returned to expansionary territory in May.

In line with rising sales, eurozone retailers took on additional **staff** members in May, thereby extending the current period of job creation to 31 months. Moreover, the rate of expansion was the most marked over this period.

Purchase prices rise at sharper pace



For further information, please contact:

IHS Markit

Chris Williamson, Chief Business Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@ihsmarkit.com

Alex Gill, Economist
Telephone +44-1491-461-015
Email alex.gill@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. Markit now uses 'PMI' to describe the methodology used for surveys also undertaken in the services, construction and retail sectors. For the Retail PMI, IHS Markit has recruited a representative panel of retail companies in France, Germany and Italy. Together, these three countries account for approximately 62% of total eurozone retail sales by value. The panel includes large chain retailers as well as smaller retailers to ensure balanced representation of the true structure of the eurozone 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.

The Retail PMI surveys cover the following specific sectors. The definition of the retailers included in each sector is shown along with the Standard Industrial Classification (SIC) codes of the companies included in each sector.

- Clothing & Footwear: Retail sale of clothing, footwear and leather goods (SIC 5242 & 5243)
- Food & Drink: Retail sale of food, beverages and tobacco (SIC 5210 & 5220)
- Household Goods: Retail sale of household goods (SIC 5240, 5241, 5244-5248)
- Autos & Fuel: Sale of motor vehicles and motorcycles; Retail sale of automotive fuel (SIC 5000)
- Pharmaceuticals: Retail sale of pharmaceutical and medical goods, cosmetic and toiletries (SIC 5230)
- Other (included in total only): Other retail not in stores (SIC 5250 & 5260)

Retail PMI sector data are available only at aggregate eurozone level and not at an individual country level. Where the activities of a retailer on the survey panel encompass more than one of the sector definitions shown above, the retailer is classified to the sector which accounts for the majority of its sales turnover.

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. The use of the diffusion index methodology means that the results for the Retail PMI will be directly comparable with PMI data for other sectors, such as manufacturing, services and construction.

Where appropriate, diffusion indexes are adjusted in order to allow for seasonal variations and thereby provide easier identification of the underlying trend in the data. Seasonal adjustment is not possible at product sector level. 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. For further information please contact economics@ihsmarkit.com.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and 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 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 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 <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the IHS Markit Eurozone 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 trade mark of IHS Markit Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).