

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED FOR RELEASE 10:10 (CET) / 09:10 (UTC) January 5<sup>th</sup> 2018**

## IHS Markit Eurozone Retail PMI®

### Eurozone retail sector ends 2017 on solid footing

**Key points:**

- Headline Retail PMI rises to 53.0 from 52.4 in November
- Sales broadly unchanged on annual basis
- Input price inflation slows

Data collected December 5-19

December saw a ninth consecutive monthly rise in like-for-like sales at eurozone retailers, thereby equalling the longest period of growth in the series history (level with that seen in 2006). Rates of expansion quickened in Germany and France, while monthly retail sales fell only marginally 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 53.0 in December, from 52.4 in November.

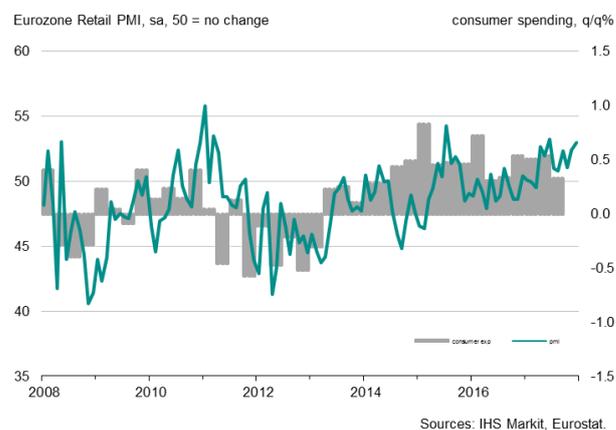
Sales were little-changed on an annual basis, following a solid increase in November.

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

*“The eurozone retail sector finished the year with flourish, with like-for-like sales growth hitting a six-month high in December which, in turn, encouraged firms to expand their purchasing activity and take on additional staff members. While gross margins continued to fall, the extent of the squeeze was the weakest in over ten-and-a-half years, adding to the evidence of an improving business environment.*

*“The data continued to paint a lop-sided picture at the country level, however, with sharp expansions in monthly sales growth in Germany and France contrasting with another drop in Italy.”*

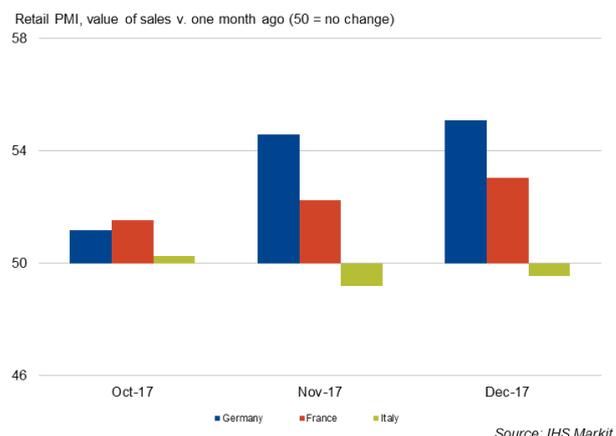
#### IHS Markit Eurozone Retail PMI



#### Retail PMI summary (December)

Eurozone	53.0	6-month high
Germany	55.1	8-month high
France	53.0	3-month high
Italy	49.5	2-month high

#### Retail sales by country



Actual sales at eurozone retailers continued to fall short of **previously-set plans** during the final month of the year. The degree of the shortfall was the weakest since April but remained marked overall. The gap between actual and predicted sales widened in Italy, while it closed in France. Meanwhile, targets were met in Germany.

**Gross margins** faced by eurozone retailers were squeezed further in December. The rate of decline, however, was the least marked since April 2007, and modest in the context of historical data. Gross margins were unchanged in Germany, while they were squeezed to a lesser extent in France. Italy posted a further sharp decline.

Average **input costs** facing retailers operating in the eurozone increased at a weaker pace during December. The rate of inflation softened to a four-month low, and was in line with the long-run survey average. Price pressures eased across each of the 'big-three' eurozone economies.

Buoyed by higher consumer demand, eurozone retailers hired additional **staff members** for the twenty-sixth time in as many months at the end of the fourth quarter. Moreover, the rate of job creation accelerated to a six-month high and was among the sharpest recorded since data collection began in January 2004. Job creation was evident in each of the three monitored economies, and sharpest in France.

Meanwhile, retailers raised their **purchasing activity** for the fourth successive month. The rate of expansion was the most marked since April 2011. In turn, this contributed a further marked build-up of **stocks of goods**.

### Purchase price inflation slows



Source: IHS Markit.

## 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](mailto:chris.williamson@ihsmarkit.com)

Alex Gill, Economist  
Telephone +44-1491-461-015  
Email [alex.gill@ihsmarkit.com](mailto:alex.gill@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
Telephone +44-207-260-2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

## Notes to Editors:

"PMI<sup>®</sup>" is an acronym for *Purchasing Managers' Index*<sup>®</sup>, 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](mailto:economics@ihsmarkit.com).

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### About PMI

*Purchasing Managers' Index*<sup>®</sup> (PMI<sup>®</sup>) 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](http://www.markit.com/product/pmi).

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