

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

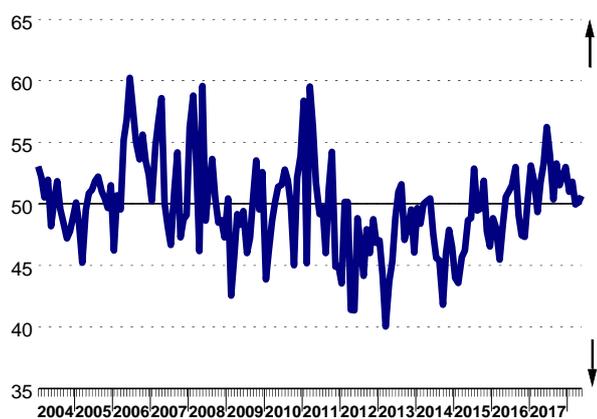
Like-for-like sales rise marginally in May

Key findings:

- Sales increase month-on-month...
- ...but decline on an annual basis
- Input price inflation sharpens

Data collected May 11-29

IHS Markit France Retail PMI:



Source: IHS Markit

Summary:

May saw a marginal rise in like-for-like sales at French retailers, following a two-month period of stagnation in the sector. Nevertheless, sales were down on an annual basis, albeit to a fractional extent. The upturn in customer demand fed through to a sharper rise in staffing numbers, while May's decrease in purchasing activity was the weakest seen in the current four-month sequence of decline. Input cost inflation accelerated from the prior month and contributed to a further squeeze on gross margins.

The seasonally adjusted headline France Retail PMI posted 50.7 in May. Up from 50.1 in April, the latest index reading was the highest seen for three

months, but indicative of only a marginal rise in sales.

In contrast to the more positive monthly trend, sales were down when compared to the same period in 2017. That said, the decline was fractional overall.

Actual sales were below previously-set plans for the tenth time in as many months in May. The degree of the shortfall was the sharpest since the start of the year and marked in the context of historical data.

Despite this, French retailers retained an optimistic outlook. Furthermore, the degree of positive sentiment picked up from April and was only slightly below March's 11-year peak.

Factors expected by survey respondents to boost sales over the coming months included: an end to strikes, lower taxes, tourism, the football world cup and positive government reforms.

Those factors reported by panel members as likely to depress sales over the next three months included: further strikes, higher fuel prices, an adverse geopolitical climate and increased taxes.

Input prices faced by French retail firms rose for the forty-fourth time in as many months midway through the second quarter. The pace of increase was the quickest in the year-to-date but remained weaker than the long-run series average.

In line with another steep rise in average input costs, French retailers faced a further squeeze on gross margins in May. The rate of decline eased marginally from April but remained solid nonetheless.

Amid a slight upturn in customer demand for French retail goods, businesses' spending on goods for resale declined at a slower pace. The rate of decrease in purchasing activity was the weakest seen for four months.

French retailers stepped up the rate of job creation in May, with employment rising to the greatest extent since January. Moreover, the rate of growth in staffing numbers was steeper than that seen on average over the current 13-month period of expansion.

Comment:

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

“After a short period of stagnation in the retail sector, May saw a renewed rise in monthly sales. That said, the rate of increase remained below that seen for much of 2017, while sales were down on an annual basis.

“A stronger rise employment numbers, combined with an improvement in business sentiment, suggests firms expect sales growth to pick up in the months ahead.”

-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

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>

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