

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 10:10 (CET) / 09:10 (UTC), February 6<sup>th</sup> 2017**

## Markit Italy Retail PMI®

### Retail PMI at four-month low as sales fall at faster rate

#### Key findings:

- Headline Retail PMI drops to 45.6 in January
- Retailers' purchase prices rise at fastest pace since October 2013
- Sector employment continues to edge higher

Data collected January 12-27

Retail sales decreased across Italy in the opening month of 2017, according to the latest Retail PMI® data. The month-on-month fall in sales was the steepest seen since September last year and combined with a sharp rise in purchase prices that resulted in lower gross margins across the sector. Nevertheless, retail employment continued to edge higher for a fifth straight month.

The headline Markit Italy Retail PMI – which measures changes in like-for-like sales on a month-on-month basis – fell to a four-month low of 45.6 in January, down from 47.9 in December. The latest drop in sales was partly attributed by survey respondents to bad weather and lower footfall.

Sales also fell markedly on a year-on-year basis, which anecdotal evidence linked not only to bad weather but also low spending power among consumers.

Reflective of the drop in sales, retailers were unable to meet their targets in January. Although the gap between actual sales and plans was the narrowest seen for five months, the overall degree of underperformance was still considerable.

Retailers' confidence with regards to the month-ahead sales outlook was little-changed from the previous survey period, with January data showing a modest degree of optimism that was in line with the average recorded over the series history.

Factors mentioned as likely to support sales in the coming months included more favourable weather, promotions, new collections and models, and higher confidence.

#### Italy Retail PMI®



Political instability and higher fuel costs were cited as potential threats to future prospects.

Falling sales led to a drop in spending on goods for resale among retailers in January, the second month in a row in which this has been the case. The latest reduction in purchasing activity was the steepest seen since September last year and contributed to a decline in inventories, the first for five months.

Adding to the picture, January saw a steep and accelerated rise in average purchase prices faced by retailers, with the rate of increase the highest seen since October 2013. There were numerous reports from panellists of suppliers having raised list prices, with particular mentions of the effect of higher costs for fuel and foodstuffs.

The challenging operating environment faced by retailers was underlined by a further steep decrease in gross margins. The extent of the reduction was broadly in with the trend shown on average in 2016. As well as lower sales and higher costs, firms also commented on the use of promotions and discounts.

Despite the sector's ongoing downturn, retail employment remained on the up at the start of the year, rising for the fifth month in succession. That

said, the rate of job creation was only slight, as has been the case throughout the current sequence.

**Comment:**

Phil Smith, economist at IHS Markit which compiles the Italian Retail *PMI*<sup>®</sup> survey, said:

*“January PMI data pointed to a tough start to the year for Italian retailers, with sales falling on a monthly basis at the fastest rate since last September and cost pressures reaching the highest for more than three years. That said, it’s hard to know how much of this was attributable to the month’s severe wintery weather.*

*“Signals, nevertheless, point to a difficult road ahead for the sector, with latest IHS Markit forecasts suggesting a meagre 0.4% increase in consumer spending in 2017.”*

-Ends-

**For further information, please contact:****IHS Markit**

Phil Smith, Economist  
Telephone +44-1491-461-009  
Email [phil.smith@ihsmarkit.com](mailto:phil.smith@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*” 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 Italy Retail *PMI*, Markit 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 Italian retail sector. Similarly, the composition of the panel 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.

Where appropriate the indices are seasonally adjusted to take into consideration expected variations for the time of year.

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

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 Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world’s leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

*IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.*

**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).

The intellectual property rights to the Italy 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 trademark of IHS Markit Ltd.

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