

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

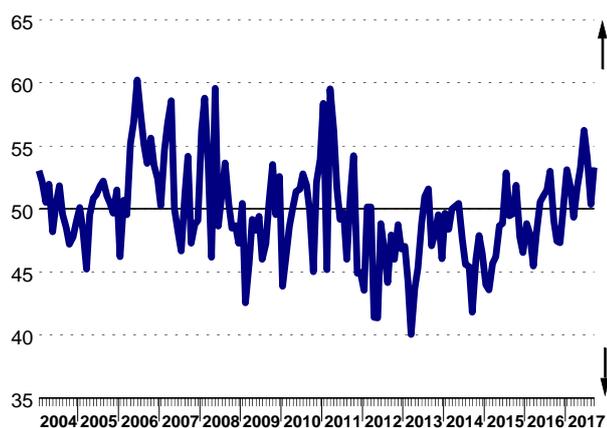
Retail sales growth regains momentum in September

Key findings:

- Like-for-like monthly sales growth accelerates
- Sales rise on an annual basis
- Staffing numbers increase further

Data collected September 12-27

IHS Markit France Retail PMI:



Source: IHS Markit

Summary:

The French retail sector regained impetus at the end of the third quarter, with like-for-like sales growth accelerating from August's recent low. Sales were also up on an annual basis following a decline the month before. Stronger customer demand facilitated a further rise in staffing numbers. Meanwhile, gross margins were squeezed to a weaker extent than in August, despite a sharper rise in average purchase prices.

The seasonally adjusted headline Retail PMI posted 53.3 in September, up from 50.4 in August, thereby highlighting a renewed acceleration in the rate of sales growth. Anecdotal evidence suggested that a strong tourist footfall was a key underlying factor.

Sales also rose on an annual basis, thereby reversing the marked downturn seen in the previous month. The rate of expansion, however, was modest overall.

Actual sales were below previously-set plans for the second successive month in September. The extent of the shortfall weakened from August but remained marked nonetheless.

Meanwhile, retailers remained optimistic that targets would be exceeded in October. Furthermore, the degree of positive sentiment rose from the previous month to the strongest since June.

Factors expected by survey respondents to boost sales over the coming months included: robust economic conditions, positive consumer sentiment and greater customer purchasing power.

Those factors reported by panel members as likely to depress sales over the next three months included: social unrest, a terrorist attack, a drop in customer purchasing power and a negative political climate.

Gross margins fell for the ninth time in as many months in September amid a combination of strong competitive pressures and higher purchase costs. The rate of decline weakened from the previous month, however, and remained far softer than the long-run series average.

French retailers recorded a rise in average purchase costs at the end of the third quarter, extending the current sequence of inflation to three years. The rate of growth quickened from August and remained sharper than the average for this sequence.

In line with stronger sales growth, retailers raised their purchasing activity to a greater degree in September. Indeed, the rate of expansion was

among the sharpest recorded over the past six years.

French retailers added to their staffing numbers for the fifth consecutive month in September. That said, the rate of jobs growth was the weakest recorded since May.

Comment:

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

“Like-for-like sales growth accelerated at the end of the third quarter after having moderated sharply in August. Purchasing activity and employment also rose which will support further sales growth in the coming months. On the other hand, gross margins continued to be squeezed suggesting that the economic environment facing French retailers remains a challenging one.”

-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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