

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Eurozone Retail PMI®

### Eurozone retail sales growth hits four-month low

#### Key points:

- Headline PMI falls to 51.0 from 53.2 in June
- Sales rise to greatest extent in France
- Retail employment continues to rise

Data collected July 12-27

Eurozone retailers recorded a rise in like-for-like sales for the fourth consecutive month during July. Growth was largely driven by a sharp expansion in France. The increase in Germany was far more subdued, however, while sales in Italy continued to decline.

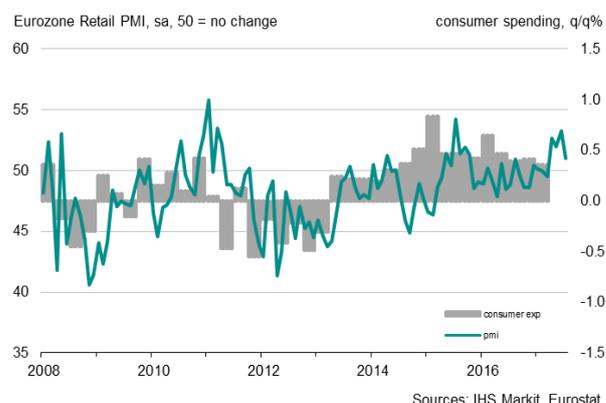
The headline IHS Markit Eurozone Retail PMI® – which tracks the month-on-month changes in like-for-like retail sales in the bloc's biggest three economies combined – fell to 51.0 in July, from 53.2 in June. The latest reading signalled slowest rate of growth in the current four-month sequence of expansion.

Sales were down on an annual basis, thereby reversing the upturn observed in June. By country, annual sales were up sharply in France, but they declined in both Germany and Italy.

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

*“July data paint a mixed picture of the eurozone retail sector. While the headline figure signalled a fourth successive rise in like-for-like sales, the rate of growth was the weakest in this sequence and only modest. Sales were also down when compared to the same period in 2016. At the country level, sales growth was driven to a large extent by France, while the rate of expansion in Germany slowed substantially from June and a third successive decline was evident in Italy. Furthermore, a broad-based squeeze on gross margins remained indicative of a challenging business environment for eurozone retailers.”*

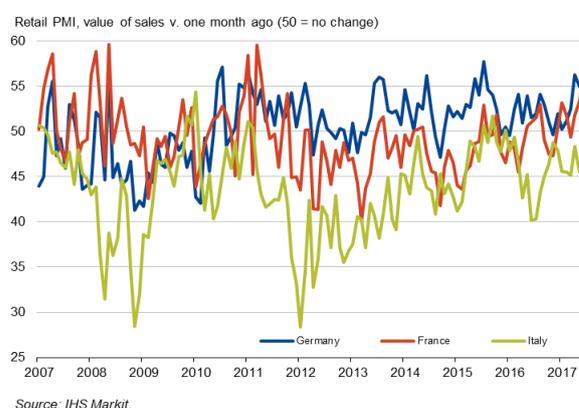
#### IHS Markit Eurozone Retail PMI



#### Retail PMI summary (July)

Eurozone	51.0	4-month low
France	54.1	2-month low
Germany	50.7	6-month low
Italy	47.3	3-month high

#### Retail sales by country



July data signalled a further month of **underperformance** by eurozone retailers, with actual sales falling short of targets. Moreover, the degree of the shortfall increased from June and was marked overall. The widest gap between forecast and actual sales was registered in Italy, followed by Germany. On the contrary, previously set plans were exceeded in France for the second month running.

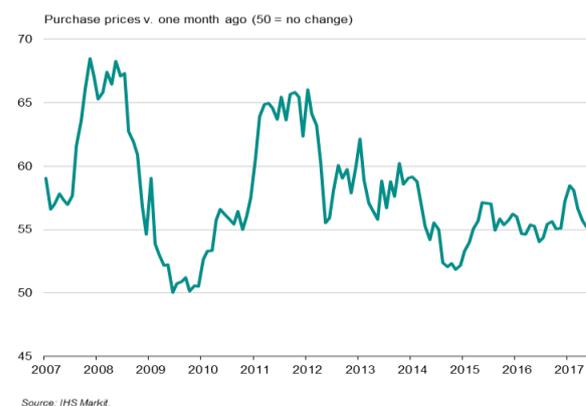
**Gross margins** were squeezed further in July, thereby continuing a trend that has been observed since data collection began in January 2004. Moreover, the rate of contraction strengthened from the previous month and was marked, albeit weaker than the long-run series average. The decrease was widespread across each of the 'big-three' euro area economies. The rate of decline accelerated in Germany and Italy, but eased in France.

In line with another squeeze on gross margins was a further rise in average **purchasing costs**. The rate of inflation was unchanged from June and marked overall, despite remaining below the long-run series average. Input price inflation was recorded in each of the big-three euro area economies, and was sharpest in Germany.

Meanwhile, higher sales volumes encouraged firms to raise their **purchasing activity** for the fourth time in as many months. In turn, this contributed to an eighteenth consecutive increase in **stocks of goods for resale**.

Finally, July's survey highlighted another rise in retail sector **employment**, which extended the latest sequence of expansion to 21 months. The rate of job creation slowed from June, but remained above the average for this sequence.

### Purchase price inflation unchanged from June



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## 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 an 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 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).

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