

S&P Global Eurozone Productivity PMI®

Eurozone productivity declines at a faster rate in July

Key findings:

Workforce efficiency deteriorates at a quicker pace during July

Both manufacturing and service firms report productivity losses

Private sector output contracts for the first time in 17 months

The second half of the year signalled a further fall in productivity across the eurozone private sector. The rate of efficiency loss quickened from June and was solid overall. By sector, manufacturing and services both registered efficiency deterioration, with the former recording a stronger decline. Moreover, for the first time in 17 months, private sector output across eurozone contracted during July, while workforce numbers increased at the slowest rate since April 2021.

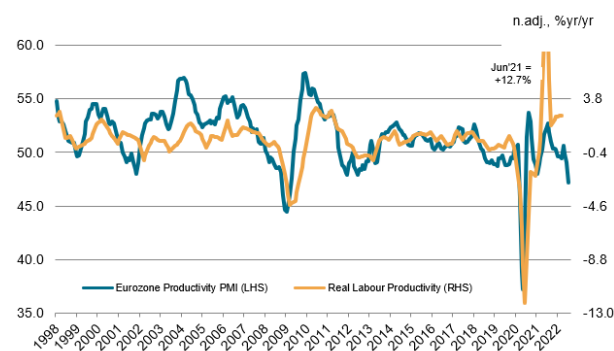
Additionally, all three monitored eurozone nations reported a loss in worker efficiency. Germany recorded the strongest contraction in July, followed by Italy, and then France.

The seasonally adjusted **Eurozone Productivity PMI®** – compiled from S&P Global's national manufacturing and services PMI survey data – fell to 47.2 in July from 49.3 in June. The latest reading was the lowest since mid-2020, and highlighted a further loss in worker efficiency after productivity levels deteriorated in June.

Looking at the underlying data, goods producers have now been reporting efficiency losses for ten months running during July. Monthly PMI data signalled a second monthly contraction in production levels across the eurozone manufacturing sector, with the rate of decline registering faster than the preceding month. Ongoing supply chain disruptions, acute price pressures, rising economic uncertainty and weak demand conditions had a drag on output. All three of the eurozone's largest economies saw efficiency trends worsen during July.

Efficiency losses were also reported at service providers across the eurozone. While the rate of contraction was modest, it marked the first month of contraction in productivity in 15 months. Moreover, both business activity and employment grew at a softer pace compared to June.

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Sources: S&P Global, Eurostat.
Data were collected 12-27 July

The survey showed that productivity losses were the greatest across Germany, whereby workforce efficiency worsened for the eleventh month running in July. The rate of deterioration quickened from June, with the latest downturn the quickest in 25 months.

At a sectoral level, German manufacturing firms signalled a tenth successive month of deterioration in worker efficiency. Across the service sector, productivity losses were reported for the first time this year. Moreover, German private sector output slipped into contraction during July, posting below the 50.0 threshold for the first time since December last year. Nonetheless, workforce numbers continued to expand, for the nineteenth successive month, that too at a quickened pace.

Italian productivity fell for the third straight month during July. Moreover, the pace of deterioration was the quickest in 18 months and solid overall. At a sectoral level, the survey indicated efficiency losses across both the manufacturing and service sectors. That said, goods producers reported a quicker fall in productivity than service providers, with worker efficiency at the lowest since June 2020.

Of the three countries, France reported the softest drop in productivity. However, it highlighted the first month of contraction since February. As per the trend across the eurozone, French manufacturing firms reported a quicker rate of deterioration. Service sector productivity also fell for the first time in 14 months. The rate of decrease was mild however, as business activity continued to expand during July. That said, the latest upturn was only modest.

News Release

Productivity PMI Indices: July 2022

	Total	Manufacturing	Services
France	48.8	45.7	49.5
Germany	45.9	43.1	47.2
Italy	46.8	45.6	47.3
EZ	47.2	44.5	48.2

Contact

Maryam Baluch
Economist
S&P Global Market Intelligence
Telephone +44-134-432-7213
Email: maryam.baluch@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
Telephone +44-796-744-7030
Email sabrina.mayeen@spglobal.com

Note to Editors

S&P Global's Eurozone Productivity PMI indices are derived from data collected from S&P Global's panels of companies that participate in the Purchasing Managers' Index (PMI) surveys of business conditions across the euro area. The panels are designed to accurately reflect the true industrial, geographical and company size structure of the eurozone manufacturing and service economies.

S&P Global analyses the output and employment data for each company to produce a single-figure measure of the rate of change of each sector's productivity. This information is weighted together according to the individual country's contribution to the gross value added of that sector at the eurozone level. This figure is then seasonally adjusted. Sectors are weighted together to form the Eurozone Total Productivity PMI.

The *Purchasing Managers' Index*[®] (PMI[®]) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI[®] surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

S&P Global 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 S&P Global. Please contact economics@ihsmarkit.com.

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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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