

# S&P Global Eurozone Productivity PMI®

## Productivity downturn deepens to sharpest since mid-2020

### Key findings:

Efficiency losses registered across all countries and sectors monitored in August

Manufacturers signal faster deterioration than service providers

Germany sees quickest drop in aggregate productivity

August data signalled a rapid deterioration in workforce efficiency across the eurozone private sector, with the rate of contraction picking up to the fastest in over two years. Moreover, efficiency losses were seen in the manufacturing and service sectors of France, Germany and Italy. In all cases, downturns were more pronounced at goods producers. German companies registered the steepest overall drop.

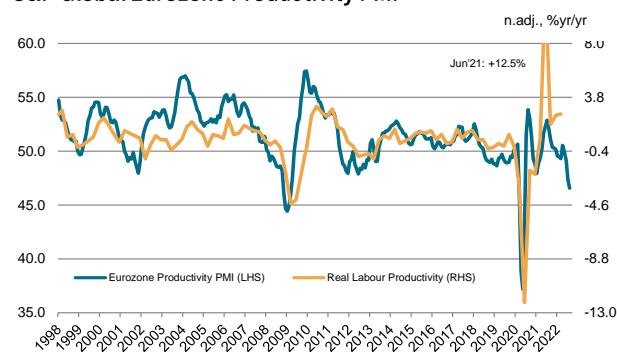
Posting 46.6 in August, down from 47.4 in July, the seasonally adjusted **Eurozone Productivity PMI®** – compiled from S&P Global's national manufacturing and services PMI survey data – highlighted the sharpest rate of contraction since June 2020. Underlying data indicated further job creation midway through the third quarter, and a slight drop in private sector output that was the fastest in 18 months.

Eurozone manufacturers again signalled a stronger loss of efficiency than service providers. The fall among the former was the eleventh in successive months and the quickest since May 2020. Job creation eased to the weakest in a year-and-a-half in August and production contracted sharply due to subdued demand conditions, acute price pressures and economic uncertainty.

In the service economy, there were back-to-back declines in productivity. Although moderate, the pace of contraction was the quickest since March 2021. August PMI data showed a slowdown in employment growth to a 15-month low and the first fall in business activity since March 2021. That said, output decreased at a fractional pace that was much slower than seen in manufacturing.

Trends for private sector productivity worsened in each of the three nations for which data are published. Germany registered the fastest rate of contraction, followed by Italy and then France.

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Sources: S&P Global, Eurostat.  
Data were collected 12-25 August

German firms signalled an eleventh consecutive deterioration in workforce efficiency, with the rate of contraction accelerating to the fastest since the first wave of COVID-19. Employment growth eased to a 17-month low in August, while output fell at the quickest rate since May 2020.

Goods producers in Germany noted a sharper contraction than services firms. Among the former, the downturn was the most pronounced since May 2020. In the service economy, efficiency losses were seen for the second month in a row. The rate of reduction was the fastest since the start of 2021. Manufacturing firms outperformed their services counterparts with regards to job creation in August, and saw the sharper drop in output.

There were back-to-back declines in aggregate productivity across France halfway through the third quarter. Despite accelerating to the fastest in 16 months, the pace of reduction was moderate overall. Private sector jobs rose markedly in August, but business activity increased fractionally and at the slowest pace in the current 17-month period of growth.

French goods producers reported the sharpest deterioration in workforce efficiency since May 2020, with the current sequence of contraction extended to 13 months. Service providers signalled a second successive decline that was slight but the quickest since April 2021.

In Italy, a fourth successive decline in aggregate productivity was recorded. Moreover, the pace of

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contraction quickened to the fastest in 19 months. PMI data for August highlighted a slight increase in payroll numbers alongside a second consecutive fall in business activity. The latter decreased only marginally, however.

Manufacturing companies in Italy again saw a sharper deterioration in workforce efficiency than their services counterparts, despite posting a slower rate of contraction than in July. In the service economy, the latest drop was the quickest in a year-and-a-half.

## Productivity PMI Indices: August 2022

	Total	Manufacturing	Services
France	48.1	45.8	48.7
Germany	44.7	41.6	46.2
Italy	47.3	46.5	47.6
<b>EZ</b>	<b>46.6</b>	<b>44.0</b>	<b>47.5</b>

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## 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*<sup>®</sup> (PMI<sup>®</sup>) 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<sup>®</sup> 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](mailto:economics@ihsmarkit.com).

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