News Release

Purchasing Managers' Index®

# S&P Global Eurozone Productivity PMI®

## Eurozone productivity falls at slowest pace since mid-2022

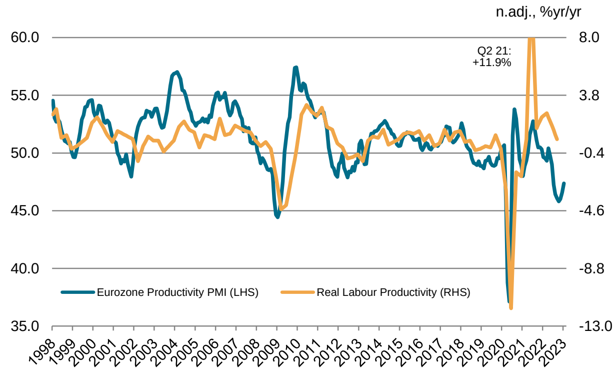
**Key findings:**

January sees further, albeit softer, reduction in productivity

Manufacturers and service providers note slower rates of contraction

Downturns in aggregate productivity in Germany and Italy ease, France posts sharper drop

**S&P Global Eurozone Productivity PMI®**




Sources: S&P Global, Eurostat.
Data were collected 12-26 January

Workforce efficiency across the eurozone continued to worsen at the start of 2023, but the downturn softened to the weakest since last June as job creation was accompanied by the first uptick in private sector output for seven months. Manufacturing companies again noted a sharper fall in productivity than their services counterparts, although rates of reduction eased in both cases. Germany and France registered similar rates of contraction in aggregate productivity that were marked. In the case of the former, that represented a slowdown while for the latter an acceleration. Italy recorded a slight decline that was the weakest since mid-2022.

Rising from 46.6 in December to 47.4 in January, the seasonally adjusted **Eurozone Productivity PMI®** – compiled from S&P Global's national manufacturing and services PMI survey data – indicated the weakest rate of reduction since last June. That said, the headline figure was in sub-50.0 territory for the ninth consecutive month.

Besides posting the slowest deterioration in workforce efficiency since May 2022, eurozone manufacturers saw a sixteenth successive fall that was stronger than in the service economy. PMI data for January showed sustained job creation and another contraction in factory production that was nevertheless the weakest since June last year.

Services companies in the currency bloc registered a seventh consecutive decline in productivity, albeit one that was moderate and the slowest since July last year. Alongside signalling stronger job creation in January, PMI panellists recorded the first upturn in output in six months amid the clearing of backlogs and a broad stabilisation in new business.

Out of the three nations for which productivity data are published, Italy noted the weakest contraction, the third month running in which this has been the case. Marked falls were recorded in Germany and France, with the former seeing a slowdown and the latter an acceleration.

The rate of contraction in private sector productivity in Italy was slight and the weakest in seven months. Services companies noted simultaneous increases in business activity and employment during January, owing to upbeat growth projections and new business gains. Productivity fell further, but did so only fractionally and at the joint-weakest pace in the current eight-month period of reduction.

Italian manufacturers likewise registered job creation and production growth at the start of 2023. The rise in output was only slight, but compared with contractions in each of the prior six months. As for employment, the rate of expansion was the quickest seen since last July. Subsequently, there was a moderate deterioration in workforce efficiency that was nonetheless the slowest since mid-2022.

Germany sustained the sharpest national fall in private sector productivity. Although marked, the pace of contraction eased to the weakest in seven months. While output broadly stabilised in January, according to PMI data, job creation continued to trend higher.

Goods producers in Germany noted a sharp fall in productivity, albeit one that was the slowest in seven months. January data showed a further increase in payroll numbers, but production continued to be

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constrained by weak underlying demand.

On the other hand, German services firms signalled a renewed increase in business activity. The rate of growth was marginal and considerably softer than that seen for employment. Subsequently, workforce efficiency deteriorated again and at a rate that was little changed from December.

France was the only nation out of the three monitored to record a quicker fall in private sector productivity than in December. The latest decline extended the current period of downturn to seven months.

Marginally quicker contractions were recorded in both the French manufacturing and service sectors. January data showed increases in employment and declines in output at goods producers and service providers.

**Productivity PMI Indices: January 2023**

| | Total | Manufacturing | Services |
|---|---|---|---|
| France | 46.4 | 47.5 | 46.2 |
| Germany | 46.2 | 44.0 | 47.4 |
| Italy | 49.0 | 47.0 | 49.8 |
| **EZ** | **47.4** | **45.7** | **48.0** |

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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*® (*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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