News Release

Purchasing Managers' Index®

S&P Global Eurozone Productivity PMI®

Eurozone productivity downturn deepens in October

Key findings:

Productivity falls at quickest rate since mid-2020

Manufacturers continue to lead the downturn

Germany sees sharpest drop in productivity, despite faster declines in France and Italy

Price pressures, challenging economic conditions and subdued client demand again constrained eurozone output in October, but companies continued to add to their payrolls. Hence, productivity decreased markedly and at the quickest pace in 28 months. Rates of reduction accelerated among service providers and manufacturers, with the latter noting the sharper drop. Moreover, the latest deterioration in workforce efficiency was widespread across the manufacturing and service sectors of France, Germany and Italy.

Posting 45.9 in October, down from 46.1 in September, the seasonally adjusted **Eurozone Productivity PMI®** – compiled from S&P Global's national manufacturing and services PMI survey data – pointed to a marked deterioration in workforce efficiency that was the most pronounced since June 2020. The fall took the current sequence of reduction to six months.

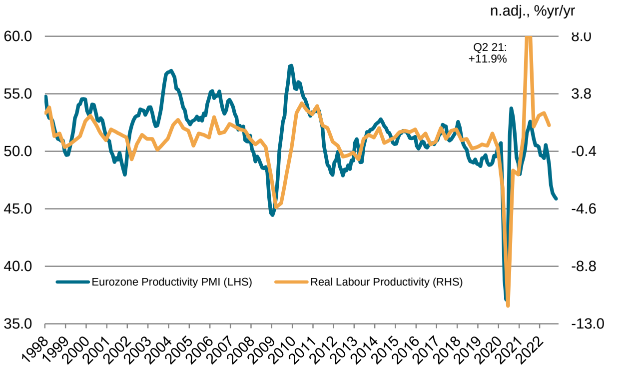
Eurozone manufacturing companies noted a sharper fall in productivity than their services counterparts. Goods producers registered the joint-fastest decline in close to two-and-a-half years, with the latest contraction being the thirteenth in as many months. PMI data for October highlighted a moderate upturn in hiring activity parallel to the steepest drop in output since May 2020.

Service providers in the eurozone registered the fastest deterioration in workforce efficiency since January 2021, with monthly declines stretching back to July. October data showed the quickest, albeit moderate, expansion in employment for three months and the most pronounced reduction in business activity since February last year.

At the composite level, quicker rates of contraction in productivity across France and Italy compared with a slowdown in Germany. However, German firms noted the fastest drop, followed by Italy and then France.

Private sector productivity in Germany decreased for the thirteenth consecutive month in October. Despite easing from September, the pace of reduction was marked and among the quickest in two-and-a-half years. PMI data indicated a moderate rise in jobs and the fastest contraction in output since May 2020.

S&P Global Eurozone Productivity PMI®



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

German manufacturers signalled a thirteenth successive deterioration in workforce efficiency. Having quickened from September, the rate of contraction was sharp and the most pronounced in close to two-and-a-half years. The downturn in production deepened in October amid suppressed demand due to energy price volatility, inflationary pressures and cautious spending among clients. Employment remained resilient to these challenges and increased solidly.

Service providers in Germany recorded a much slower decline in productivity than that seen in the manufacturing industry, but one that was solid and the second-fastest in 28 months.

As has been the case since July, French aggregate productivity decreased at the start of the fourth quarter. The rate of contraction was softer than those seen in Germany and Italy, albeit the quickest in 21 months. Goods producers registered a faster reduction than services firms.

October data showed another deterioration in workforce efficiency at French manufacturers, extending the current sequence of contraction which stretches back to August 2021. The latest drop was marked, though the slowest in four months. Ongoing supply issues and demand weakness dragged down production volumes,

PMI®
by S&P Global

but there was a moderate upturn in payroll numbers.

French services companies noted a fourth consecutive reduction in productivity during October. Although moderate, the rate of contraction accelerated to the fastest in a year-and-a-half.

In Italy's private sector, the latest contraction in productivity was the sixth in consecutive months. The pace of reduction was solid and the strongest since June 2020. In contrast to the trends seen in France and Germany, here the service economy saw the sharper deterioration in workforce efficiency.

Italian services companies recorded the fastest contraction in productivity for 21 months. PMI data for October indicated that elevated price pressures and economic uncertainty dampened demand, which in turn led to the sharpest drop in business activity since January 2021. Job creation was sustained, with growth ticking higher since September.

Finally, Italian goods producers saw a sixth consecutive deterioration in workforce efficiency. The fall was solid, but a tick slower than in September. Factory production decreased at the sharpest rate since the first COVID lockdown, while job creation eased to a marginal pace.

Productivity PMI Indices: October 2022

	Total	Manufacturing	Services
France	47.3	46.1	47.6
Germany	44.2	41.2	45.6
Italy	46.0	46.5	45.8
EZ	**45.9**	**44.0**	**46.5**

Contact

Pollyanna De Lima
Economics Associate Director
S&P Global Market Intelligence
Telephone +44-1491-461-075
Email: pollyanna.delima@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.

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About PMI

PMI®

by S&P Global

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 .

If you prefer not to receive news releases from S&P Global, please contact joanna.vickers@spglobal.com. To read our privacy policy, click here.

Disclaimer