

S&P Global Eurozone Productivity PMI®

May sees broad stagnation of eurozone productivity

Key findings:

Eurozone Productivity PMI slips to 50.1, only fractionally above no-change threshold

Growth among services firms offsets contraction at manufacturers

Only France posts efficiency gains in the private sector

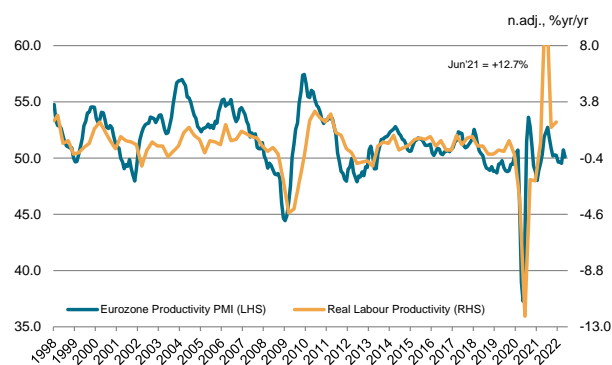
Private sector productivity in the eurozone broadly stagnated in May, following the first increase in four months during April. Service providers signalled a further improvement in workforce efficiency, while goods producers continued to indicate losses as output growth was again dampened by supply-chain issues and inflationary pressures. In fact, manufacturing productivity declined in each of the three countries for which data are published. Although German, French and Italian service providers recorded efficiency gains, only France saw an expansion in aggregate productivity.

Down from April's seven-month high of 50.7 to 50.1 in May, the seasonally adjusted **Eurozone Productivity PMI®** – compiled from S&P Global's national manufacturing and services PMI survey data – was consistent with broadly unchanged levels of productivity in the eurozone. Underlying data indicated that sustained growth at services firms helped offset a contraction among their manufacturing counterparts.

The upturn in service sector productivity was the thirteenth in consecutive months. Despite slowing from April, the pace of expansion was broadly in line with its long-run average and the second-fastest since last August. PMI data for May showed that the sharpest rise in employment in close to 15 years underpinned a substantial increase in business activity.

Meanwhile, eurozone manufacturers registered an eighth successive monthly fall in productivity during May. Moreover, the downturn was marked and the fastest in close to two years. Goods producers signalled a sharp increase in hiring activity during May, but only a marginal upturn in output that was the second-slowest in the current 23-month sequence of expansion. Monitored companies indicated that growth was curbed by acute price pressures, input shortages, subdued

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

demand conditions and future uncertainty.

Private sector productivity rose in France, fell in Germany and was broadly unchanged in Italy. The increase among French companies was the third in consecutive months though slower than in April.

French services firms signalled a solid upturn in productivity, with the current sequence of expansion extended to one year. The rate of growth eased from April's 20-month high, but outpaced its long-run average.

May data pointed to further efficiency losses among French manufacturers, stretching the current period of contraction to ten months. The rate of reduction was moderate, but the quickest since last October.

Italian goods producers signalled a solid and accelerated upturn in employment during May, but output contracted for the first time in two years. This led to a renewed reduction in productivity, following a stabilisation in April. Despite being modest, the downturn was the fastest since June 2020.

Although services firms in Italy recorded back-to-back gains in workforce efficiency, the rate of expansion eased during May. Latest PMI data showed the sharpest rise in jobs in just under 15 years, but growth of services activity moderated.

German manufacturers saw the worst trend for productivity out of all eurozone sectors and nations for which data are published. The downturn was marked and the fastest since mid-2020. Despite showing a renewed

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increase in production, PMI data for May pointed to a marginal rate of expansion that compared with a sharp upturn in employment.

Conversely, services companies in Germany sustained efficiency gains halfway through the second quarter. The latest rise in productivity was, however, slight and the weakest in three months.

Productivity PMI Indices: May 2022

	Total	Manufacturing	Services
France	51.8	47.5	52.7
Germany	49.0	44.8	51.1
Italy	49.9	47.7	50.7
EZ	50.1	46.5	51.4

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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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