

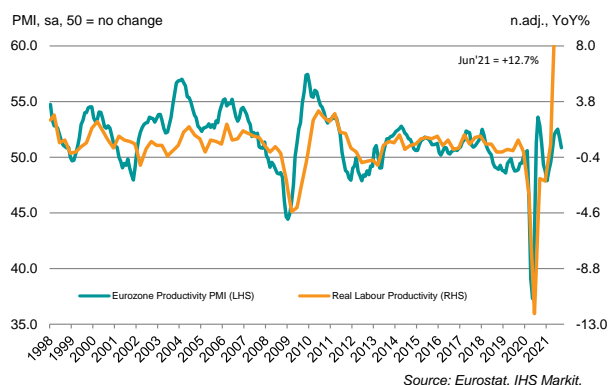
### IHS Markit Eurozone Productivity PMI®

#### Aggregate productivity expands at slowest rate since April

##### Key findings:

- September sees only marginal efficiency gains across eurozone private sector
- Manufacturers and service providers record weaker increases in productivity
- France and Germany post renewed deteriorations in workforce efficiency
- Growth in Italy eases to five-month low

##### IHS Markit Eurozone Productivity PMI®



Although workforce efficiency in the eurozone private sector continued to improve in September, growth lost momentum as both manufacturers and service providers noted slower increases in productivity. Out of the three nations for which data are published, renewed contractions in Germany and France compared with sustained growth in Italy.

Registering 50.9 in September, the seasonally adjusted **Eurozone Productivity PMI®** – compiled from IHS Markit’s national manufacturing and services PMI survey data – was above the 50.0 neutral threshold for the sixth successive month. However, falling from 51.7 in August, the latest reading was indicative of a slight rate of expansion that was the weakest since April.

Productivity in the eurozone manufacturing sector rose for the fifteenth straight month in September, but

at the slowest pace over this period. Similarly, the latest improvement in workforce efficiency in the service economy was the joint-slowest in the current five-month period of growth.

At the composite level, only Italy saw an increase in productivity. Growth eased to a five-month low, though remained strong by historical standards. PMI data for September showed that a moderate upturn in employment underpinned a marked expansion in output.

At the sub-sector level, the improvement in workforce efficiency in Italy was broad-based across manufacturing and services. While rates of expansion eased in both cases, to 15- and four-month lows respectively, they remained marked in the context of historical data.

France posted the first decline in private sector productivity in five months. However, the rate of reduction was only fractional as growth at service providers partly offset a contraction in manufacturing.

French goods producers noted a moderate deterioration in workforce efficiency that was nonetheless the most pronounced since mid-2020. There was only a marginal increase at service providers, one that was the slowest in the current four-month sequence of expansion.

There was a renewed decline in private sector productivity in Germany, ending a 14-month sequence of expansion. That said, the pace of reduction was only fractional and matched that recorded in France.

German manufacturers saw a fifteenth successive monthly improvement in workforce efficiency, although growth softened to the slowest over this period. There were back-to-back declines in the service economy, but the latest fall was slight overall.

Looking at the third quarter of the year as a whole, the rate of productivity growth in the eurozone private

sector matched that seen in the second quarter. Improved quarterly performances in France and Italy contrasted with a slowdown in growth across Germany.

In manufacturing, quarterly trends for productivity were broadly consistent as figures decreased across the board. Growth eased at goods producers in Italy and Germany, while France posted the first contraction since Q2 2020.

In the service sector, quarterly readings increased everywhere. While this represented renewed growth in France and a faster expansion in Italy, for Germany that meant that the downturn eased.

### Productivity PMI Indices: September 2021

	Total	Manufacturing	Services
France	49.8	47.6	50.3
Germany	49.8	50.9	49.2
Italy	52.3	52.2	52.3
<b>EZ</b>	<b>50.9</b>	<b>50.7</b>	<b>50.9</b>

### Productivity PMI Indices: Q3 2021

	Total	Manufacturing	Services
France	51.0	49.0	51.4
Germany	50.8	53.0	49.7
Italy	53.1	52.8	53.2
<b>EZ</b>	<b>51.7</b>	<b>52.0</b>	<b>51.6</b>

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#### Note to Editors:

IHS Markit's Eurozone Productivity PMI indices are derived from data collected from IHS Markit'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.

IHS Markit 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.

IHS Markit 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 revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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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