

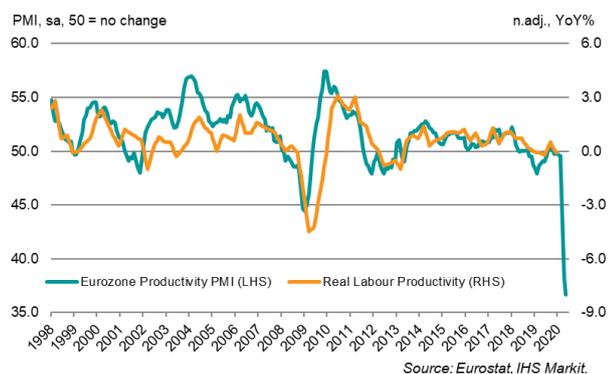
IHS Markit Eurozone Productivity PMI[®]

Eurozone productivity losses accelerate to new survey record in May

Key findings:

- Productivity losses seen for a seventh straight month across eurozone's private sector
- Service sector continues to post sharper efficiency losses than manufacturing
- Substantial contractions in France and Italy

IHS Markit Eurozone Productivity PMI[®]



Eurozone private sector productivity fell substantially in May, according to the latest survey data, dropping at a rate unsurpassed since the series began in January 1998. By sector, manufacturing and services both registered steep efficiency losses, though the latter again posted the sharper decline in productivity.

The eurozone's three largest economies all saw efficiency trends deteriorate further, with the rates of decline reaching new record rates.

The seasonally adjusted **Eurozone Productivity PMI[®]**, compiled from IHS Markit's national manufacturing and services PMI survey data, fell from 38.3 in April to 36.7 in May, its lowest since data collection began over 22 years ago. The latest figure indicated the seventh consecutive month of deteriorating productivity.

Efficiency losses in the eurozone continued to be seen across the manufacturing and service sectors, the deterioration in productivity accelerating to fresh record rates in both sectors.

Workforce efficiency across Germany's private sector worsened for a fifth month running during May, reflecting declines in both the manufacturing and service sectors. Moreover, the rate of deterioration accelerated to the greatest in the series history, resulting from steeper decreases in both monitored sectors.

The rate of French productivity decline accelerated to the greatest extent on record, driven by slightly quicker falls in both the manufacturing and service sectors. This stemmed from the fall in output outpacing that for employment despite both indices rising from April's record declines. The drop in productivity for both the factory and service sectors was the strongest in the survey history.

Italian private sector productivity fell further during May, with the latest deterioration accelerating to a record pace. While the decrease in both output and employment eased markedly from April's slump, the former continued to decline at a sharper rate than the latter, resulting in a further loss of efficiency.

The survey indicated efficiency losses across both the Italian manufacturing and service sectors. Goods producers in Italy recorded an eighth successive month of efficiency losses, with the pace of deterioration easing from April's record, but still the second-fastest in the survey history. In the service sector, a decline in productivity was recorded for a sixth month in a row during May, with the rate of decrease quickening to a new record rate since the series started 22 years ago.

Productivity PMI Indices: May 2020

	Total	Manufacturing	Services
France	33.8	41.3	32.1
Germany	41.3	40.6	41.7
Italy	30.9	36.0	29.1
EZ	36.7	40.3	35.3

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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.

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About PMI

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>.

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