

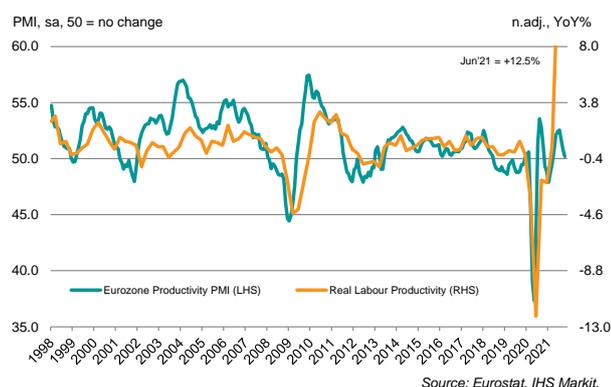
### IHS Markit Eurozone Productivity PMI®

#### Eurozone productivity growth slows to seven-month low

##### Key findings:

- Weakest rise in private sector productivity in current seven-month sequence of expansion
- Growth sustained in service sector, manufacturers post renewed contraction
- Back-to-back declines in France and Germany compare with further increase in Italy

##### IHS Markit Eurozone Productivity PMI®



Productivity growth in the eurozone nearly stalled in October, with the latest rise the weakest in the current seven-month sequence of expansion and only fractional. A softer upturn in the service sector compared with the first contraction among manufacturers since mid-2020 as production growth was stymied by raw material scarcity and supply-chain problems. Germany and France posted back-to-back deteriorations in workforce efficiency, while Italy recorded further gains.

At 50.2 in October, the seasonally adjusted **Eurozone Productivity PMI®** – compiled from IHS Markit's national manufacturing and services PMI survey data – was in expansion territory for the seventh month running. That said, the headline figure was down from 50.8 in September and indicated a fractional improvement in workforce efficiency that was the slowest in the current sequence of growth.

The manufacturing industry was the key source of weakness as companies struggled to lift production as desired due to a lack of raw material availability. PMI data for October showed the slowest rise in output for 16 months, despite a robust upturn in employment. Productivity decreased for the first time since June 2020, albeit marginally.

Eurozone service providers posted efficiency gains for the sixth month running, though the rate of expansion eased to the slowest over this period and was marginal.

Among the three nations for which data are published, only Italy posted growth of private sector productivity. The rate of expansion was moderate and the slowest in six months, but outpaced its long-run average. October data showed that aggregate output increased at a quicker rate than jobs.

Italian manufacturers saw a stronger improvement in workforce efficiency than service providers. Growth among the former quickened from September and was solid overall. In the service economy, productivity rose at the weakest pace since April.

In France, the downturn in private sector productivity was extended to October. However, the reduction was only marginal and centred on the manufacturing industry.

Factories in France signalled efficiency losses for the third month in a row. Moreover, the contraction was solid and the quickest since mid-2020. PMI data for October highlighted the first decline in production for nine months, despite ongoing job creation. Productivity stagnated in the service economy, ending a four-month sequence of expansion.

Private sector companies in Germany signalled a moderate fall in productivity that was nonetheless faster than in September and quicker than in France.

German goods producers posted a renewed deterioration in workforce efficiency, ending a 15-

month sequence of growth. Factory employment rose markedly in October, but the increase in production was only slight and in fact the weakest in the current 16-month period of expansion. Service providers signalled efficiency losses at the start of the fourth quarter, taking the current sequence of deterioration to one year. The fall was moderate, albeit the fastest since April.

**Productivity PMI Indices: October 2021**

	Total	Manufacturing	Services
France	49.4	46.7	50.0
Germany	48.4	48.4	48.4
Italy	52.0	53.1	51.6
<b>EZ</b>	<b>50.2</b>	<b>49.6</b>	<b>50.4</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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