

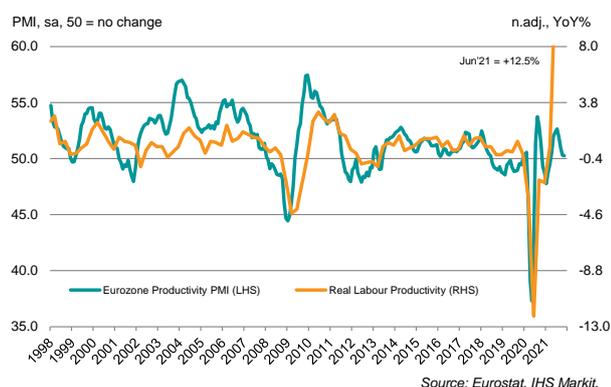
IHS Markit Eurozone Productivity PMI[®]

Productivity growth across eurozone joint-slowest in eight months

Key findings:

- Rate of increase in aggregate productivity unchanged in November
- Service providers signal further improvement, manufacturers post another contraction
- France and Italy record efficiency gains, losses seen in Germany

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November data indicated that private sector productivity in the eurozone continued to rise, but the rate of expansion was stuck at October's recent low. A marginal uptick in growth among service providers offset a quicker decline at goods producers. Aggregate productivity in Italy increased at a quicker rate, while France posted renewed efficiency gains. Meanwhile, the downturn in Germany quickened to the fastest since mid-2020.

Registering 50.3 in November, unchanged from October, the seasonally adjusted **Eurozone Productivity PMI[®]** – compiled from IHS Markit's national manufacturing and services PMI survey data – signalled growth for the eighth month running. That said, the rate of expansion was the joint-weakest over this period and below its long-run average.

Manufacturing was the main drag on the headline figure, posting back-to-back deteriorations in workforce efficiency. The rate of contraction was

marginal, despite quickening from October. According to anecdotal evidence, global shortages of raw materials hampered production growth in November.

Productivity in the eurozone service economy rose for the seventh straight month, with the rate of expansion quickening only marginally from October's six-month low. PMI data for November pointed to marked increases in both employment and business activity.

Italy was the best-performing nation when it came to private sector productivity. Growth here was solid and improved from October's five-month low. November saw the rate of job creation climb to a 15-and-a-half-year high, while output rose at a sharp and accelerated pace.

Italian manufacturers led a broad-based improvement in workforce efficiency at the sub-sector level, with the rate of expansion hitting a 13-month high. Growth in the service sector was modest in comparison, and little-changed from October.

French companies registered efficiency gains in November, after noting the first deterioration for six months in October. That said, the aggregate rate of expansion was marginal and below its long-run average.

Growth in France was centred on the service sector where the latest improvement in workforce efficiency was the best in three months. Conversely, goods producers recorded a fourth successive contraction. The pace of reduction eased to the slowest over this period, however. PMI data for the French manufacturing sector showed a solid rise in employment parallel to broadly stable output volumes.

Among the three nations for which productivity data are published, only Germany saw a reduction. The downturn was solid and the fastest in almost a year-and-a-half.

Both German manufacturers and service providers signalled efficiency losses in November, with

respective sequences of reduction extending to two and four months. The sharper downturn was seen among goods producers. Latest PMI data pointed to marked increases in employment across both sectors, but only modest expansions in output.

Productivity PMI Indices: November 2021

	Total	Manufacturing	Services
France	50.6	48.6	51.0
Germany	47.6	46.7	48.0
Italy	52.6	54.6	51.9
EZ	50.3	49.2	50.6

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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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