

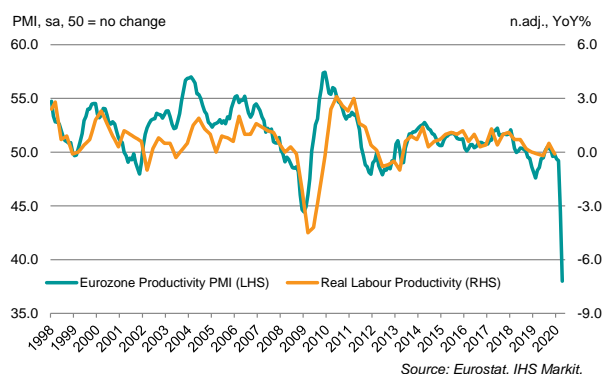
IHS Markit Eurozone Productivity PMI[®]

Eurozone productivity PMI falls to all-time low amid COVID-19 pandemic

Key findings:

- Productivity losses seen for a sixth successive month across eurozone's private sector
- Service sector recorded sharper efficiency losses than manufacturing
- Severe contractions seen in France and Italy

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Eurozone private sector productivity fell at a rate unprecedented since data collection began over 22 years ago in April. Survey data showed both manufacturing and service sectors again recording efficiency losses, though the latter suffered a much sharper decline in productivity.

All three largest economies in the eurozone saw efficiency trends deteriorate, and at record rates of decline. Italy reported the fastest fall.

The seasonally adjusted **Eurozone Productivity PMI[®]**, compiled from IHS Markit's national manufacturing and services PMI survey data, fell from 44.5 in March to 38.0 in April, its lowest since the series began in January 1998. The latest reading signalled the sixth successive month of deteriorating productivity, with April seeing a sharp acceleration of the decline amid the escalating COVID-19 pandemic.

Efficiency losses in the eurozone were broad-based across the manufacturing and service sectors, with rates of decline at record rates. That said, the productivity loss in services was notably faster than in manufacturing.

The rate of German productivity decline accelerated to the greatest extent on record, driven by faster falls in both the manufacturing and service sectors. This stemmed from the fall in output outpacing that for employment. The drop in factory productivity was the strongest seen since the height of the global financial crisis in February 2009. In the service sector, output per head fell for the eighth straight month during April, and at the fastest pace on record.

Workforce efficiency across France's private sector worsened for a fourth month in a row during April, reflecting declines in both the manufacturing and service sectors. Moreover, the rate of deterioration was the greatest in the series history. The productivity loss was led again by a faster decline in services productivity, the fastest on record. That said, the downturn seen among goods producers was also marked.

Italian private sector productivity fell further during April, with notably faster rates of efficiency losses seen across both the manufacturing and service sectors. The latest deterioration accelerated sharply to a record pace.

Goods producers in Italy recorded a seventh consecutive month of efficiency loss, with the pace of deterioration at a survey record. In the service sector, a decline in productivity was recorded for a fifth month running in April, with the rate of decrease quickening substantially to the fastest since the series started 22 years ago.

Productivity PMI Indices: April 2020

	Total	Manufacturing	Services
France	34.6	42.4	32.9
Germany	42.2	42.4	42.1
Italy	32.4	32.3	32.4
EZ	38.0	41.2	36.8

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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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