

## IHS Markit Eurozone Productivity PMI<sup>®</sup>

### Eurozone productivity decline moderates in June

#### Key findings:

- Productivity losses seen for an eighth straight month across eurozone's private sector
- Slower efficiency losses in both manufacturing and service sectors as well as...
- ...across Germany, France and Italy

#### IHS Markit Eurozone Productivity PMI<sup>®</sup>



The latest survey data indicated a further fall in Eurozone private sector productivity during June. However, the rate of efficiency loss eased noticeably from May's record, albeit was still steep. By sector, manufacturing and services both registered further productivity losses, with the latter reporting a greater easing in the rate of decline.

The eurozone's three largest economies saw efficiency trends deteriorate further, but all recorded rates of decline moderating from the record rates set in May.

The seasonally adjusted **Eurozone Productivity PMI<sup>®</sup>**, compiled from IHS Markit's national manufacturing and services PMI survey data, rose from 37.2 in May to 43.1 in June, its highest in three months. However, by remaining below 50.0, the latest figure indicated the eighth consecutive month of deteriorating productivity.

Efficiency losses in the eurozone continued to be seen across the manufacturing and service sectors, but the deterioration in productivity eased from May's record rates, with services reporting a faster moderation in the rate of decline in productivity.

German private sector productivity fell for a fourth straight month in June. The rate of deterioration eased from a record decline in May, although still remained marked overall.

The survey indicated efficiency losses across both the German manufacturing and service sectors. Goods producers in Germany recorded a fourth successive month of efficiency losses, with the pace of deterioration still sharp despite easing from May. In the service sector, a decline in productivity was recorded for a thirteenth month in a row during June, with the rate of decrease slackening from the record rate in May, though remaining marked.

The rate of French productivity decline decelerated sharply from May's record, reflecting noticeably slower falls in both the manufacturing and service sectors. That said, the rate of deterioration was still the third-sharpest in the 22-year survey history. The drop in productivity for the factory sector continued to be slower than the service sector, though both rates of decline remained steep overall.

Workforce efficiency across Italy's private sector worsened for a thirteenth straight month in June. The latest deterioration eased markedly from the record pace seen in May, though still remained substantial overall. While the decrease in productivity of both manufacturing and service sectors also eased noticeably from May, the latter continued to decline at a sharper rate than the former.

## Productivity PMI Indices: June 2020

	Total	Manufacturing	Services
France	42.6	46.0	41.9
Germany	44.9	43.5	45.6
Italy	40.2	43.7	38.9
<b>EZ</b>	<b>43.1</b>	<b>44.1</b>	<b>42.7</b>

## Productivity PMI Indices: Q2 2020

	Total	Manufacturing	Services
France	37.7	47.1	36.4
Germany	43.1	47.7	43.4
Italy	34.6	41.5	33.5
<b>EZ</b>	<b>39.6</b>	<b>46.8</b>	<b>38.7</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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