

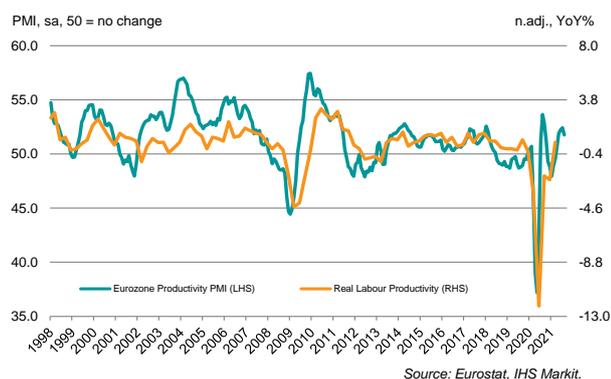
## IHS Markit Eurozone Productivity PMI<sup>®</sup>

### Eurozone productivity growth softens to four-month low in August

#### Key findings:

- Workforce efficiency improves at modest pace
- Broad-based slowdown in growth across manufacturing and service sectors
- Private sector productivity rises at weaker rates in France and Germany
- Upturn in Italy matches July's 41-month high

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



Growth of private sector productivity in the eurozone softened in August, after reaching a ten-month high in July. Slower increases were evident at goods producers and service providers, with the former leading the upturn. Among the three nations for which data are published, Italy was the best performer, posting a solid expansion that was the joint-highest in three-and-a-half years. Weaker rises were noted in France and Germany.

At 51.8 in August, the seasonally adjusted **Eurozone Productivity PMI<sup>®</sup>** – compiled from IHS Markit's national manufacturing and services PMI survey data – was in expansion territory for the fifth consecutive month. Despite falling from 52.4 in July, the latest reading was still consistent with a moderate rate of growth that was above its long-run average.

Eurozone manufacturers recorded the weakest improvement in workforce efficiency in the current 14-

month sequence of expansion. Still, the upturn was more pronounced than at service providers who signalled the slowest rise in two months.

Private sector companies in Italy registered a solid increase in productivity that was the joint-best since February 2018 (on a par with July). Growth here also outpaced those seen in France and Germany. PMI data for July showed that a solid rise in Italian employment supported the steepest upturn in aggregate output for over 15 years.

Italian goods producers and service providers noted solid improvements in productivity. In both cases, rates of expansion matched those seen in July. The upturn was led by manufacturing companies.

August data highlighted only a marginal increase in French private sector productivity, with the pace of expansion at a three-month low and below those seen in Germany and Italy.

In the French manufacturing industry, there was a renewed deterioration in workforce efficiency. The contraction was moderate, but ended a six-month sequence of expansion and was the quickest since mid-2020.

Growth in the French service economy was meanwhile sustained midway through the third quarter. Productivity rose for the third month in a row, albeit at the weakest pace over this period. The latest PMI data showed a quicker increase in employment alongside a slightly softer upturn in business activity.

Aggregate output in Germany increased for the fourteenth consecutive month in August, but at the weakest pace since March and one that was below the eurozone average.

German manufacturers posted a marked upturn in productivity that was nonetheless the slowest in 14 months of successive growth. There were back-to-back increases in the service sector, but the pace of expansion remained only fractional.

**Productivity PMI Indices: August 2021**

	Total	Manufacturing	Services
France	50.5	48.2	51.1
Germany	51.5	54.1	50.2
Italy	52.7	53.1	52.6
<b>EZ</b>	<b>51.8</b>	<b>52.3</b>	<b>51.6</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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