

S&P Global Eurozone Productivity PMI®

Eurozone productivity expands for first time in year-to-date

Key findings:

Eurozone Productivity PMI up to eight-month high of 50.9 in April

Services firms signal stronger efficiency gains, goods producers post further losses

Aggregate productivity increases in France and Italy, but stagnates in Germany

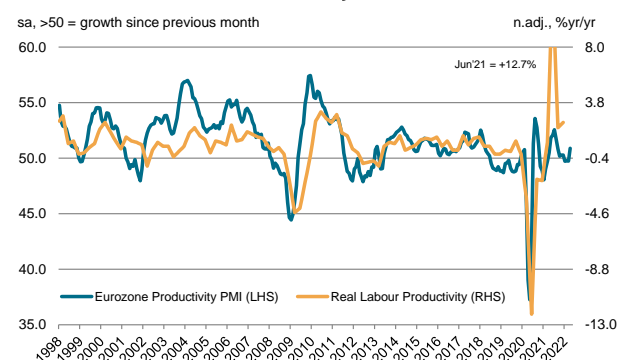
April data pointed to renewed efficiency gains among eurozone private sector companies, following three successive months of deteriorations. The latest data continued to highlight sectoral divergences, as accelerated growth in services compared with a quicker reduction in manufacturing where production was dampened by supply-chain disruptions. Nationally, there were back-to-back improvements in workforce efficiency in France alongside a return to growth in Italy. After increasing for the first time in seven months during March, productivity stagnated in Germany.

Posting 50.9 in April, up from 49.7 in March, the seasonally adjusted **Eurozone Productivity PMI®** – compiled from S&P Global's national manufacturing and services PMI survey data – was in expansion territory for the first time in 2022 so far. The latest reading was indicative of a slight pace of increase that was nonetheless the fastest since last August. Yet, growth was centred on the service sector, with the downturn in manufacturing extended to seven months.

Companies operating in the eurozone service sector signalled further efficiency gains at the start of the second quarter, extending the current sequence of expansion to one year. Moreover, the rate of growth quickened to the strongest since July 2021 and outpaced its long-run average.

On the other hand, manufacturers reported efficiency losses for the seventh month running in April. Despite being moderate, the rate of reduction picked up to the fastest since mid-2020. PMI data showed a marked and accelerated rise in employment during April, but the slowest upturn in production in the current 22-month period of increases. Growth was reportedly dampened by supply-chain constraints amid COVID-19 restrictions in China and the Russia-Ukraine war.

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Sources: S&P Global, Eurostat.
Data were collected 11-26 April

France led the upturn in private sector productivity with a solid rise that was the best since last July. The respective index was above the 50.0 neutral mark for the second month running and surpassed its long-run average.

French services companies signalled a further improvement in workforce efficiency, taking the current sequence of growth to 11 months. Moreover, the rate of expansion was solid and the fastest since August 2020. PMI data for April indicated that robust job creation supported the strongest increase in business activity in over four years.

Conversely, manufacturers in France recorded another decline in productivity. The fall was the ninth in consecutive months, albeit modest and the slowest since November.

Italy was the only nation for which data are published to see a broad-based increase in productivity across the manufacturing and service sectors. The latter led the upturn with a slight expansion that ended a three-month period of reductions. Goods producers noted only a fractional improvement in workforce efficiency, but this followed back-to-back contractions in February and March. At the composite level, productivity rose at a slight pace, after falling in two successive months.

After seeing efficiency gains for the first time in seven months during March, private sector companies in Germany indicated stable levels of productivity at the start of the second quarter as growth among service

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providers offset another reduction at manufacturers.

Not only did German manufacturers signal efficiency losses for the seventh straight month, but also one that was solid and the quickest in close to two years. Despite a marked increase in workforces in April, production decreased for the first time since June 2020 amid a combination of subdued demand conditions and global logistics bottlenecks.

With service providers relatively less impacted by supply-chain issues, and demand showing signs of resilience, a solid increase in employment translated into a sharp and quicker rise in business activity in April. Concurrently, productivity here rose at the fastest pace in almost four-and-a-half years.

Productivity PMI Indices: April 2022

	Total	Manufacturing	Services
France	52.5	48.5	53.4
Germany	50.0	45.4	52.3
Italy	50.9	50.2	51.1
EZ	50.9	47.5	52.1

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Note to Editors

S&P Global's Eurozone Productivity PMI indices are derived from data collected from S&P Global'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.

S&P Global 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.

S&P Global 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 subsequently revised data are available to subscribers from S&P Global. Please contact economics@ihsmarkit.com.

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