

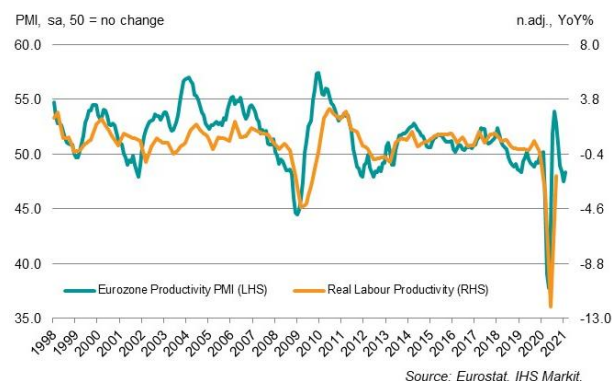
IHS Markit Eurozone Productivity PMI[®]

Eurozone productivity falls for fourth successive month in February

Key findings:

- Moderate decline in private sector productivity
- Strong growth at manufacturers contrasts with further losses at services firms
- Aggregate productivity falls in France and Italy, rises in Germany

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Eurozone private sector productivity decreased for the fourth month running in February, but the pace of contraction eased and was moderate. As has been the case since last October, growth in the manufacturing industry compared with losses in the service economy. Although France and Italy continued to see deteriorations in aggregate workforce efficiency, rates of reduction softened in both cases. While growth was sustained in Germany, a further slowdown was noted.

Registering 48.3 in February, the seasonally adjusted **Eurozone Productivity PMI[®]** – compiled from IHS Markit's national manufacturing and services PMI survey data – pointed to a fourth consecutive deterioration in workforce efficiency. However, rising from 47.5 in January, the latest reading highlighted a softer and only moderate pace of reduction.

The fall in aggregate productivity again stemmed from efficiency losses in the service economy. Companies in this sector noted a marked decline in productivity

that was nevertheless the slowest since last October. February data indicated that business activity decreased sharply, while jobs rose for the first time in a year. The pace of employment growth was, however, fractional.

Goods producers in the eurozone noted a sharp increase in production during February. Payroll numbers rose slightly, ending a 21-month sequence of contraction. Concurrently, productivity expanded for the eighth straight month, with growth remaining marked despite easing to the second-slowest over this sequence.

The weakest trend for private sector productivity was evident in Italy. However, with growth picking up in the manufacturing industry and service providers signalling a slower rate of contraction, the overall pace of reduction eased to the softest in three months. PMI data pointed to declines in services jobs and business activity, while factory employment and production rose.

France also noted a softer decline in private sector productivity, the slowest in four months. Here, contractions were registered across both the manufacturing and service categories. In the latter, the rate of reduction was solid, albeit the weakest since last October. In February, service providers recorded a quicker increase in employment but a faster fall in business activity. Goods producers saw only a marginal deterioration in workforce efficiency, with PMI data showing rises in employment and production.

Out of the three nations for which data are published, aggregate productivity expanded only in Germany. That said, the upturn was slight overall and the weakest in the current eight-month sequence of growth. Goods producers noted the slowest rise since mid-2020, with jobs stabilising and production rising further. The deterioration in workforce efficiency at service providers eased from January.

Productivity PMI Indices: February 2021

	Total	Manufacturing	Services
France	47.5	49.7	47.0
Germany	50.8	60.0	46.0
Italy	47.0	53.3	44.7
EZ	48.3	54.7	46.0

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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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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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