News Release

Purchasing Managers' Index®

S&P Global Eurozone Productivity PMI®

Labour productivity in the eurozone falls at softer pace in March

Key findings:

Headline productivity measure rises to nine-month high, but remains in contraction territory

Softer reductions seen at goods producers and service providers

Solid falls in aggregate productivity in France and Germany contrast with renewed growth in Italy

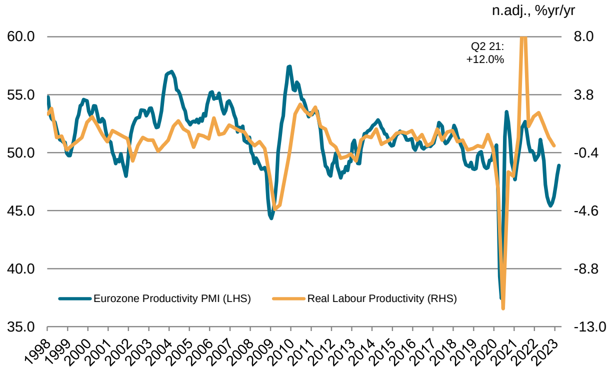
Although March data pointed to a tenth successive deterioration in workforce efficiency across the eurozone, the downturn eased for the fifth straight month to the weakest since mid-2022. Trends were similar across the manufacturing and service sectors as both noted slower declines, though the former continued to see the quicker drop. Among the three nations for which data are published, similar-sized falls in private sector productivity were registered in Germany and France but there was a renewed increase in Italy.

Posting 48.9 in March, the seasonally adjusted **Eurozone Productivity PMI®** – compiled from S&P Global's national manufacturing and services PMI survey data – indicated a tenth consecutive deterioration in workforce efficiency. However, rising from 48.1 in February, the latest figure highlighted the weakest rate of contraction since June 2022. While PMI data had showed falling output and rising staffing levels in the second half of 2022, employment growth has supported higher volumes of business activity in each month of 2023 so far.

As has been the case for nine months in a row, eurozone manufacturing firms and their services counterparts registered lower productivity. The latter saw a fractional deterioration in workforce efficiency, as signalled by the respective index posting close to the 50.0 no-change mark. The latest fall was in fact the weakest in the current nine-month sequence of contraction. PMI data showed improvements in growth of both employment and business activity at the end of the first quarter.

Goods producers recorded a solid fall in productivity that was nonetheless the slowest since May 2022. Still, the latest outcome took the current sequence of contraction to a year-and-a-half. Employment rose moderately in March, while production increased at a fractional pace, PMI data showed.

S&P Global Eurozone Productivity PMI®



Sources: S&P Global, Eurostat.
Data were collected 10-28 March

Nationally, Germany and France recorded solid, albeit softer, deteriorations in workforce efficiency. Concurrently, Italy posted the first increase in ten months.

March data highlighted the best trend for labour productivity in Italy since December 2021. The rate of expansion was moderate, but above its long-run average. Private sector companies took on extra staff at the fastest pace since May 2022, which helped push output growth to a 16-month high.

The aggregate results for Italy masked divergent trends at the sector level, as services was the sole driver of productivity growth. The renewed increase was solid and the strongest since August 2021. While job creation picked up to a ten-month high, business activity rose at a marked pace that was the joint-fastest since November 2021.

Italian goods producers registered an eleventh consecutive deterioration in workforce efficiency. That said, the rate of contraction was marginal and the slowest over this period.

Germany posted an eleventh successive decline in productivity during March. Despite being solid, the pace of reduction eased to the weakest since June 2022.

Softer declines in productivity were recorded at German manufacturing firms and their services counterparts. Among the former, the rate of reduction was solid but the slowest since May 2022. In the service economy, the

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downturn moderated to the slowest in the current nine-month sequence of contraction.

There was a ninth consecutive decline in French productivity during March. The rate of contraction was solid, but the weakest since September.

Among all nations and sectors for which data are published, only France's manufacturing industry saw a worsening productivity trend. The downturn quickened to the fastest in nearly three years. While manufacturing jobs rose further in March, there was another solid reduction in production.

Both services employment and business activity in France increased in March. There was a further deterioration in productivity, albeit one that was modest and the slowest in six months.

Quarterly trends in aggregate productivity improved across the three monitored nations and hence the eurozone. That said, growth was only noted in Italy. In the manufacturing industry, softer reductions in Germany and Italy differed from a sharper fall in France. Finally, renewed growth in Italy's service economy rivalled slower falls across France and Germany.

Productivity PMI Indices: March 2023

	Total	Manufacturing	Services
France	47.3	44.8	47.8
Germany	47.4	45.0	48.6
Italy	51.9	49.6	52.7
EZ	**48.9**	**46.7**	**49.7**

Productivity PMI Indices: Q1 2023

	Total	Manufacturing	Services
France	46.7	45.8	46.9
Germany	46.8	44.4	48.1
Italy	50.2	48.4	50.8
EZ	**48.0**	**46.1**	**48.7**

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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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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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