

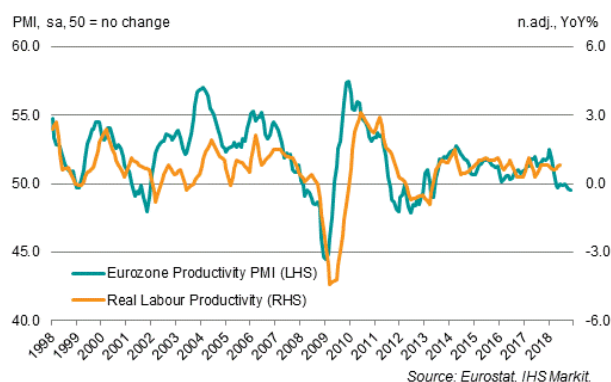
### IHS Markit Eurozone Productivity PMI®

#### Productivity slips at quickest rate in five-and-a-half years as efficiency loss in manufacturing intensifies

##### Key findings:

- Eurozone productivity dips at faster, albeit slight, pace
- Manufacturers post steepest contraction since August 2012
- Efficiency loss evident in Germany and France
- Output per head broadly unchanged in Italy

##### IHS Markit Eurozone Productivity PMI®



November data pointed to a third successive month of efficiency loss across the eurozone. Manufacturing was the main drag on productivity, posting the sharpest drop in close to six-and-a-half years, as goods producers in France joined their counterparts in Germany and Italy in contraction. Across the eurozone service economy, workforce efficiency worsened only fractionally as Italy returned to growth territory.

Down from 49.6 in October to 49.5 in November, the seasonally adjusted **Eurozone Productivity PMI®** – derived from IHS Markit’s national manufacturing and services PMI survey data – was at its lowest mark in five-and-a-half years. While service sector productivity moved closer to stabilisation, the downturn among factories was the steepest since August 2012.

Germany recorded a sharper contraction in aggregate productivity than France. The latest fall was the joint-fastest since August 2012. The accelerated downturn was widespread across the two monitored sectors. Manufacturers posted a solid drop that was the most pronounced in close to seven years amid a solid upturn in employment and only marginal uptick in production. A quicker, albeit marginal, worsening of labour performance was noted in the service economy.

Italy was the only nation to not see a fall in output per head. This occurred due to a deterioration in manufacturing being offset by gains in services. The former recorded the sixth fall in as many months, but the rate of reduction moderated to the weakest since mid-year. While factory production declined markedly in November, job creation was sustained. After being stationary in October, productivity at service providers strengthened as growing workforces supported a renewed increase in business activity.

Workforce efficiency in France worsened for the first time in four months due to subdued performances in both the manufacturing and service sectors. Although slight overall, the reduction in output per head at factories was the fastest seen since September 2015. Productivity in the service sector displayed a renewed fall, though one that was fractional.

##### Productivity PMI Indices: November 2018

	Total	Manufacturing	Services
France	49.8	49.5	49.9
Germany	48.6	46.7	49.6
Italy	50.1	49.2	50.5
<b>EZ</b>	<b>49.5</b>	<b>48.5</b>	<b>49.9</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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