NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Eurozone Manufacturing PMI®

Eurozone production downturn continues to cool in April despite sharper fall in factory orders

Key findings:

HCOB Eurozone Manufacturing PMI at 45.7 (Mar: 46.1). 4-month low.

HCOB Eurozone Manufacturing PMI Output Index at 47.3 (Mar: 47.1). 12-month high.

Factory production falls at slowest pace in a year and confidence rises, but new order decline quickens

Data were collected 11-23 April

The eurozone's manufacturing economy remained in contraction at the start of the second quarter, although the latest HCOB PMI® survey data provided some positive developments as factory production shrank at the softest rate in a year, while business confidence improved further. However, the sharpest decline in new orders in the year-to-date highlighted the ongoing challenges faced by euro area goods producers.

Suppliers' delivery times once again shortened, and to the greatest extent in eight months. There was a further reduction in manufacturers' operating costs, although the decrease was only marginal and the slowest for over a year. Output charges also fell, signalling efforts by firms to boost the competitiveness of their goods.

The **HCOB Eurozone Manufacturing PMI**, a monthly measure of the overall health of eurozone factories and compiled by S&P Global, posted in sub-50.0 contraction territory for a twenty-second consecutive month in April. At 45.7, down from 46.1 in March, the headline figure signalled a slightly faster rate of deterioration in euro area manufacturing business conditions.

There remained considerable differences in country-level trends during April. The southern parts of the eurozone continued to perform the strongest, with Greece and Spain registering growth. They were joined by the Netherlands, which saw manufacturing conditions improve for the first time since August 2022. Expansions in these three nations were more than offset by deteriorations elsewhere, however. Germany and Austria were again the worst performers, albeit with declines softening.

April survey data indicated falling manufacturing production in the euro area. However, the rate of decline eased for a second consecutive month to the slowest in a year. A shallower drop in output came despite overall factory orders decreasing at an accelerated pace. The fall in total sales was marked and the sharpest in the year-to-date. April survey data also highlighted a slightly stronger drag from export* markets, as new orders from abroad declined at a quicker rate.

In a bid to dampen the adverse impact of lower new order intakes on production, euro area manufacturers made further inroads into their backlogs of work in April. The rate of depletion was sharp overall and marginally faster than that seen in March. Job losses were nevertheless sustained, extending the current period of falling employment that started in June last year. That said, the rate of decline was modest overall and the softest for seven months.

After decelerating in each of the previous five months, April saw the decline in purchasing activity strengthen. Stocks of inputs were also reduced, and to an extent that was slightly stronger than seen on average across the current 15-month period of inventory drawdowns.

For a third month in a row, eurozone goods producers reported shorter lead times on their purchased items. The degree to which vendor performance improved was the most marked in eight months.

Elsewhere, eurozone factory input costs continued to fall in April. There was a marked easing in the rate of decrease, however, with overall input prices falling only marginally and at the softest pace since they started falling in March 2023. Prices charged were reduced for the twelfth consecutive month.

Lastly, eurozone manufacturers turned more positive towards the 12-month outlook for production in April. The overall level of positive sentiment strengthened for a second successive month and was its highest since February 2022.

**Includes intra-eurozone trade*

Countries ranked by Manufacturing PMI: April

Greece	55.2	3-month low
Spain	52.2	22-month high
Netherlands	51.3	20-month high
Ireland	47.6	9-month low
Italy	47.3	4-month low
France	45.3 (flash: 44.9)	3-month low
Austria	43.5	13-month high
Germany	42.5 (flash: 42.2)	2-month high

Comment

Commenting on the PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

“What is going to rescue the Eurozone economy? While this is a difficult question, one thing is clear: It’s not the manufacturing sector. Instead, this sector is prolonging its drawn out recession into April. Output shrank at a similar pace as in the months before and companies have reduced their purchases at an accelerated rate. Compounding the issue, there is no sign of a turnaround in the inventory cycle, but instead we saw a sustained trend of depleting stockpiles of both purchased and final goods in April.

“A plethora of evidence highlights the stark absence of demand, as evidenced by a rapid decline in new orders, unmatched in speed over the past four months and devoid of international support. Consequently, backlogs of work dwindled further. Concurrently, expedited delivery schedules by suppliers in April and over the preceding few months reveal abundant logistical capacity, a testament to the dearth of orders. This comprehensive snapshot portends a postponement of any semblance of recovery, likely extending well into the summer.

“A recovery often starts with some positive momentum in the capital goods sector. Instead, and in a worrying sign, capital goods have been hit particularly hard in April as demand for these goods fell at an accelerated pace in the top three euro countries. Of particular concern is Germany, the industrial powerhouse, grappling with a pervasive downturn spanning key sectors including capital goods, intermediate goods, and consumer goods.

“Spain's economic pulse diverges from the Eurozone's rhythm. This is evidenced by the sustained growth of its manufacturing sector for the third successive month, with April showcasing a noteworthy expansion. This positive momentum starkly contrasts with the subdued outcomes witnessed in Germany, France, and Italy. Bolstered by a favourable global landscape, there is anticipation that this disparity will gradually narrow in the coming months.”

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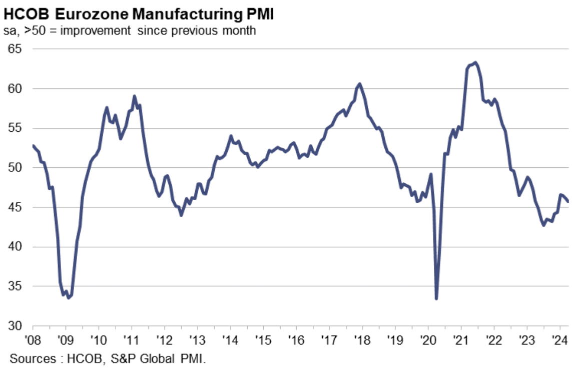

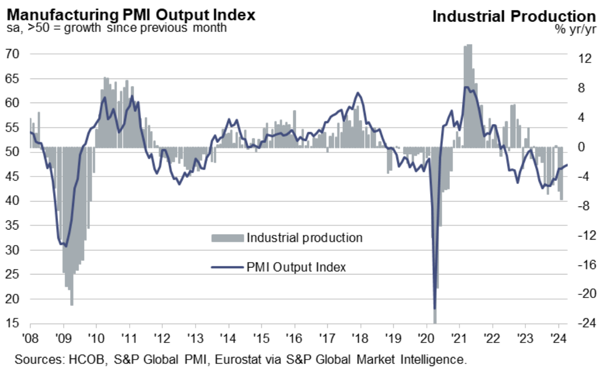

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Note to Editors
The HCOB Eurozone Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of manufacturers in Germany, France, Italy, Spain, the Netherlands, Austria, Ireland and Greece, totalling around 3,000 private sector companies. The panels are each stratified by detailed sector and company workforce size, based on contributions to each country's GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each manufacturing and services survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Eurozone level indices for manufacturing are calculated by weighting together the country indices using national manufacturing annual value added*.

The headline figure is the Manufacturing Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

*Source: Eurostat.

Flash data were calculated from 87% of final responses. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.0 (0.2 in absolute terms).

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Hamburg Commercial Bank AG
Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About PMI
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. https://www.spglobal.com/marketintelligence/en/mi/products/pmi.html

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