

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Eurozone Composite PMI®

## Euro area economy grows at fastest rate since May 2023

### Key findings:

HCOB Eurozone Composite PMI Output Index at 52.5 (Sep: 51.2). 29-month high.

HCOB Eurozone Services PMI Business Activity Index at 53.0 (Sep: 51.3). 17-month high.

Strongest increase in demand for euro area goods and services for two-and-a-half years

Data were collected 9-28 October 2025

The euro area economy saw its strongest expansion since May 2023 during October, with growth accelerating and tentatively pointing to a breakout from the subdued trend seen in the first nine months of the year. This sharper upturn was supported by improved demand conditions as new business rose at the steepest pace for two-and-a-half years. Employment growth meanwhile quickened to a 16-month high, despite a slight weakening of businesses' year-ahead activity expectations.

As for prices, input cost inflation eased for a second month running, taking it further below its historic average. Euro area companies were more aggressive with their price setting, however, lifting their charges to the greatest extent in seven months.

The seasonally adjusted **HCOB Eurozone Composite PMI® Output Index** – a weighted average of the HCOB Manufacturing PMI Output Index and the HCOB Services PMI Business Activity Index – continued to signal growth of the eurozone private sector economy, registering above the 50.0 no-change mark in October for a tenth month in succession. Notably, at 52.5, the survey measure saw a solid uplift from September's 51.2, bringing it to its highest level since May 2023 and indicating a breakout from the generally subdued growth trend seen throughout 2025 so far.

Manufacturing and services both contributed to the euro area expansion in October, albeit to different degrees. While factory production growth ticked up, it did so only marginally. Services, on the other hand, saw a marked acceleration of growth.

At the national level, the latest PMI figures showed an almost broad-based improvement in economic conditions across the single-currency union. Spain outperformed the other countries with comparable Composite PMI data, and by a hefty margin, registering a sharp increase in activity that was the quickest for ten months. The eurozone's largest economy – Germany – added substantial thrust to the region's upturn, with business activity here rising at the strongest rate in almost two-and-a-half years. Both Ireland and Italy also posted solid and faster expansions on the month. In contrast, France's Composite PMI moved in the opposite direction to those of its peers, falling to an eight-month low and therefore bringing it deeper into contraction territory.

Demand for euro area goods and services improved for a third straight month in October, marking a sustained improvement in private sector sales. Additionally, the rate of expansion was the steepest for two-and-a-half years. Drilling down into sectoral trends revealed that new business growth was entirely driven by services as new factory order volumes were stagnant. This did however mark a relative improvement from September, when goods sales declined.

Domestic markets were the contributors to October's pick-up in new business across the eurozone private sector. This was implied by survey data for new export\* orders, which continued to signal a deterioration in demand from international clients. That said, the reduction was only marginal and the slowest for three months.

Eurozone companies increased workforce numbers at the beginning of the fourth quarter, reversing the marginal drop seen in September. In fact, the rate of job creation was the quickest since June 2024. A stronger rise in services employment masked a faster pace of factory job shedding, underlying data showed.

The increase in workforce capacity, in conjunction with a sharper rise in new business, evidently allowed euro area companies to effectively manage their workloads. Outstanding order volumes were unchanged in October.

In terms of the year-ahead outlook, the latest survey results showed that eurozone companies were optimistic of growth. That said, the level of positive sentiment waned slightly, with both manufacturers and services firms posting weaker confidence than in September.

Finally, pricing trends bifurcated in October. While input cost inflation cooled to a three-month low and fell further below its long-term average, firms (in both monitored sectors) were more aggressive with their price-setting behaviour. Selling charges rose at the strongest rate since March.

*\*includes intra-eurozone trade.*

#### Countries ranked by Composite PMI Output Index: October

Spain	56.0	10-month high
Germany	53.9 (flash: 53.8)	29-month high
Ireland	53.7	5-month high
Italy	53.1	19-month high
France	47.7 (flash: 46.8)	8-month low

## HCOB Eurozone Services PMI<sup>®</sup>

The **HCOB Eurozone Services PMI Business Activity Index** rose to 53.0 in October, from 51.3 in September, indicating the fastest expansion in output for almost a year-and-a-half.

Incoming new business volumes rose solidly on the month. In fact, sales growth accelerated to a 17-month high and was above its long-term average. This was achieved despite a further (albeit softer) reduction in new work from non-domestic customers.

October's pick-up in new business growth generated some additional capacity pressures. The level of backlogged work rose for the first time in a year-and-a-half, although the pace of accumulation was marginal. Jobs growth subsequently quickened and was its steepest since June 2024.

Services firms' expectations for the year ahead were positive, although optimism waned from September's 11-month high.

Operating expenses for eurozone services companies rose to a marked degree in October, although a second successive month in which the rate of increase eased brought the overall rate of inflation back in line with its survey average. Services charges rose at the fastest rate since March.

#### Comment

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

*"Finally, there's something positive to report about the eurozone economy again. The services sector saw a solid upswing in October. When it comes to new business, you'd have to go back to May of last year to find a similarly strong increase. In this environment, service providers also hired more staff than in the previous month, which sparks hope for sustained growth."*

*"A key driver of growth in the services sector this October was Germany. The jump in the index there — up more than three points to 54.6 — is striking and more than offsets the decline in France, where political tensions are dampening people's willingness to spend. Keeping up this relatively strong growth momentum in the services sector over the coming months won't be easy. In France, political stability would help — passing the 2026 budget would be a step in that direction. In Germany, much will depend on whether the government's stimulus package actually motivates businesses and households to invest and spend more."*

*"Cost inflation in the services sector has eased a bit, but selling price inflation ticked up. For now, though, there's no sign of broader inflationary pressure. This is because economic growth remains moderate, and the tariff dispute with the U.S. is creating disinflationary effects in the eurozone — partly due to increased imports from China. These PMI figures are unlikely to give the European Central Bank much of a headache."*

*"France is clearly putting the brakes on eurozone economic growth. On the bright side, it's not just Germany where the expansion rate has picked up significantly. Even when excluding Germany and France, the composite PMIs for the rest of the eurozone show the strongest growth in two-and-a-half years. In this sense, the recovery is gaining broader traction."*

-Ends-

### HCOB Eurozone Composite PMI Output Index

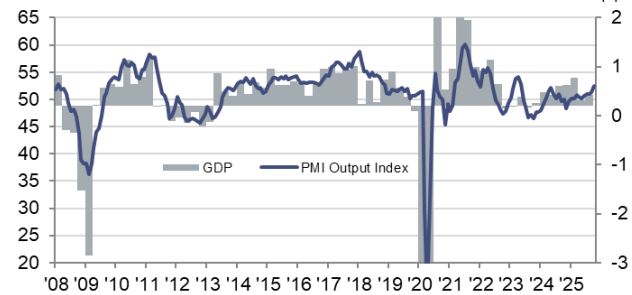
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI

### HCOB Composite PMI Output Index

sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI, Eurostat via S&P Global Market Intelligence.

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## Note to Editors

The HCOB Eurozone Composite PMI<sup>®</sup> 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, and of service providers in Germany, France, Italy, Spain and Ireland, totalling around 5,000 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 and services are calculated by weighting together the country indices using national manufacturing and services annual value added\*. Composite eurozone level indices are calculated by weighting comparable manufacturing and services indices using eurozone manufacturing and services annual value added\*.

The headline composite figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

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.

Flash composite data were calculated from 88% of final responses. Since January 2006 the average difference between final and flash Composite PMI Output Index values is 0.0 (0.3 in absolute terms). Flash services data were calculated from 84% of final responses. Since January 2006 the average difference between final and flash Services PMI Business Activity Index values is 0.0 (0.3 in absolute terms).

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com). \*Source: Eurostat.

### 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 neighbouring 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.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

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### About PMI

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