

NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 1000 CET (0900 UTC) 4 November 2024

HCOB Eurozone Manufacturing PMI[®]

Eurozone manufacturing slump eases slightly in October

Key findings:

HCOB Eurozone Manufacturing PMI at 46.0 (Sep: 45.0). 5-month high.

HCOB Eurozone Manufacturing PMI Output Index at 45.8 (Sep: 44.9). 2-month high.

Growth expectations at their weakest in a year

Data were collected 10-24 October

The euro area manufacturing downturn continued into the fourth quarter, latest HCOB PMI[®] survey data showed, as production volumes decreased in October for a nineteenth straight month. Output was constrained by a further marked decline in new factory orders, leading workforce numbers to be reduced further. Positively, contractions in production, sales and employment eased, although business confidence slipped to a one-year low.

The **HCOB Eurozone Manufacturing PMI**, a measure of the overall health of eurozone factories compiled by S&P Global, increased to 46.0 in October, from 45.0 in September. Albeit still below the 50.0 threshold which separates growth from contraction, the uptick in the headline index indicated an easing of the deterioration in the euro area's manufacturing industry. The overall pace of decline was also the slowest since May. Still, October's sub-50.0 figure was the twenty-eighth successive month in which the health of the goods-producing economy has deteriorated, which marks the longest downturn since survey data were first collected in 1997.

The eurozone manufacturing sector continued to be weighed down heavily by its two largest economies – Germany and France – where contractions remained sharp. Of the single-currency nations monitored by the PMI survey, Austria registered the steepest pace of decline, with its respective index down to a ten-month low. Moderate deteriorations were seen in Italy and the Netherlands, although a renewed improvement at Irish factories was recorded. Greece continued to display resilience, with a Manufacturing PMI above the 50.0 mark for a twenty-first month running. The top performer was once again Spain, which posted its fastest improvement in industrial conditions since February 2022.

Factory output levels continued to decrease across the euro area in October. Although the rate of contraction cooled since September, it was solid and broadly in line with the average seen over the current 19-month sequence of decline. Production lines were once again squeezed by a lack of incoming new work, including from abroad*. Total new order inflows shrank at the start of the fourth quarter, although the extent of the fall was the softest since June.

The latest survey data revealed that eurozone manufacturers once again trimmed their purchasing activity, as they now have done in every month since July 2022. Amid this sustained tapering of input buying, pre-production stocks shrank at a sharp rate. Nevertheless, surveyed firms reported delivery delays from suppliers for a second month running. The extent to which lead times lengthened was only marginal, however.

Employment was cut further at the start of the fourth quarter. Despite easing, the rate of job shedding held close to September's 49-month record. Another marked drop in staffing capacity came amid a further sharp fall in backlogged work and a deterioration in business confidence. Notably, eurozone manufacturers' growth expectations were at their weakest in a year.

Meanwhile, as was also the case in the previous survey period, costs faced by eurozone manufacturing companies decreased in October. The reduction was modest, but the fastest since March. Survey respondents opted to share lower input prices with their clients as charges for goods leaving the factory gate were discounted to the greatest extent in six months.

*Includes intra-eurozone trade

Countries ranked by Manufacturing PMI: October

Spain	54.5	32-month high
Ireland	51.5	8-month high
Greece	51.2	2-month high
Netherlands	47.0	10-month low
Italy	46.9	4-month low
France	44.5 (flash: 44.5)	2-month low
Germany	43.0 (flash: 42.6)	3-month high
Austria	42.0	10-month low

Comment

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

"There is one bit of good news in these numbers: the recession in the manufacturing sector did not deepen further in October. Production dropped at a slower pace than in the previous month, and new orders fell less sharply. As a result, according to our GDP nowcast, which takes into account numerous other indicators in addition to the PMI, industry output could shrink by 0.1% in the fourth quarter.

"It is not encouraging that inventory drawdowns for purchased materials continue at an unusually high pace. The COVID-19 crisis is still leaving its mark here. The ongoing reduction in inventories is obviously related to the fact that companies purchased and stockpiled materials and intermediate goods at an unprecedented scale in 2021 and 2022. Sluggish global demand gives companies no reason to restock, which in turn weighs on the economy.

"The environment in the industry remains deflationary. This is good news for the purchase departments, but it seems companies are forced to pass on the corresponding price reductions in full to their customers. This points to fierce competition, which weighs on companies' profit margins. We assume that competition from China plays an important role here.

"Delivery times have slowed for the second month in a row, despite the weak demand situation. Instead, it may indicate that geopolitical tensions are generating delivery problems for logistics companies in October."

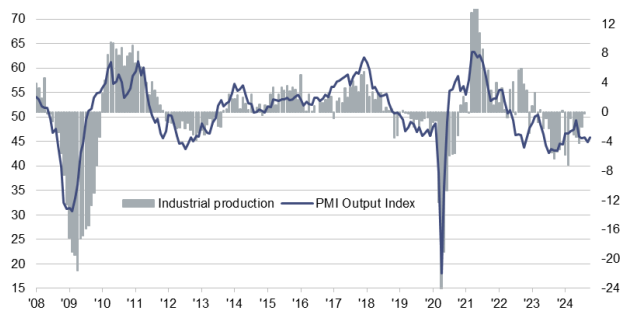
-Ends-

HCOB Eurozone Manufacturing PMI
sa, >50 = improvement since previous month



Sources : HCOB, S&P Global PMI.

Manufacturing PMI Output Index
sa, >50 = growth since previous month



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

Contact

Hamburg Commercial Bank AG

Dr. Cyrus de la Rubia
Chief Economist
T +49-(0)160-9018-0792
cyrus.delarubia@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence

Chris Williamson
Chief Business Economist
Telephone +44-207-260-2329
chris.williamson@spglobal.com

Sabrina Mayeen
Corporate Communications
T: +44-796-744-7030
sabrina.mayeen@spglobal.com

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 88% 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.

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.

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities,

solve challenges and accelerate progress for the world.

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.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2024 S&P Global Ltd. All rights reserved. www.spglobal.com

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>

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, [click here](#).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.