

NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0915 CEST (0715 UTC) 5 August 2025

HCOB Spain Services PMI[®]

Service sector growth accelerates sharply in July

Key findings:

- Firmer market demand underpins expansion
- Positive outlook leads to faster increase in jobs
- Selling price inflation strongest since May 2024

Data were collected 10-28 July 2025.

Spain's service sector enjoyed a positive month in July, with activity and new business both rising at their quickest rates since February on the back of improved market demand. However, growth was driven primarily by the domestic economy as international sales, although up slightly since June, continued to lag relative to overall new work.

Nonetheless, amid some confidence in the outlook, firms took on additional staff to a quicker degree. This in part led to an upturn in labour related expenses, and with suppliers raising prices and fuel costs noted to have increased, another round of elevated input price inflation was registered. In response, service providers increased their selling prices to the greatest degree in well over a year.

The headline seasonally adjusted **HCOB Spain Services PMI[®] Business Activity Index**, improved for a second successive month in July, rising to its highest level since February. Posting 55.1 (June: 51.9), the latest index reading was consistent with marked sector growth and extended the current sequence of continuous expansion to just short of two years.

Companies linked the rise in activity to a gain in new work. Moreover, following June's fractional decline, the July data pointed to a marked increase in sales volumes amid reports of a general uplift in market demand. However, this was primarily domestic focused as latest data revealed only a fractional increase in international sales. Firms noted that the uncertain global economic environment, in part due to trade tariffs, had continued to restrict foreign demand.

Despite continued international uncertainty, service providers were typically confident that economic conditions will strengthen in the year ahead and underpin a general upturn in sales and activity at their units. With planned commercial activities and expectations of the provision of new services, confidence in the outlook remained positive, and little changed compared to June.

With higher current workloads, and positive forecasts for the year ahead, service providers continued to add to their staffing levels. Employment growth overall was its best since March, strengthening since June and extending the current sequence of continuous expansion to nearly three years. Despite the increase in staffing numbers, backlogs of work nonetheless increased modestly and for the first time in three months.

On the price front, suppliers were reported to be generally raising their prices and this helped to explain another noticeable increase in service providers' operating expenses. Although down in July to its lowest level since last November, overall input price inflation remained elevated. Fuel costs and employee related expenses were also reported to be drivers of the increase in total input prices.

Service providers responded to the increase in their input costs by raising their own charges during July. Moreover, inflation

accelerated to its highest level since May 2024 and was well above the survey's historical average.

Comment

Commenting on the PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

“The latest HCOB PMI data is likely to be met with optimism in Spain’s private sector. Following the robust quarterly GDP growth of 0.7%, the July reading of the HCOB PMI Composite Output Index reinforces expectations that the current growth trajectory could persist in the coming quarters. As the second half of the year begins, the Spanish economy is exhibiting broad-based expansion, supported by both the services and manufacturing sectors.

“The service sector, in particular, is experiencing a notable upswing in activity and new business. Firms attributed the increase in domestic demand to targeted marketing efforts and improvements in service quality. While foreign demand has also picked up, it remains less dynamic than domestic demand; a divergence that reflects ongoing global trade policy uncertainties. In the short term, the new US–EU trade agreement may help reduce some of this uncertainty. In the short term, the new trade agreement between the US and the EU could have a stabilising effect, but in the medium term there remains a risk that the US government will once again resort to threatening higher tariffs as an economic policy lever.

“Rising activity levels have led to increased capacity utilisation in the services sector, as evidenced by a rise in backlogs of work. This already had a positive impact on employment dynamics in July. The robust level of business confidence suggests that hiring momentum is likely to continue in the coming months. In accommodation and food services, sectors traditionally facing structural labour shortages, migration inflows in recent years have played a key role in alleviating bottlenecks.

“Price pressures in the services sector remain elevated. Although the pace of input cost inflation has moderated over the course of the year, input price inflation continues to trend above pre-pandemic levels. Wage growth remains a primary cost driver, which is also reflected in continued increases in output prices.”

-Ends-

HCOB Spain Services PMI Business Activity Index

sa, >50 = growth since previous month

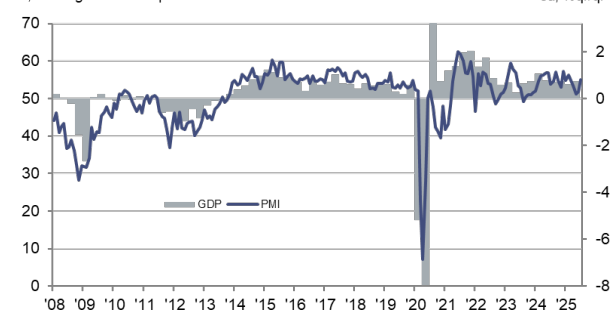


Sources: HCOB, S&P Global PMI.

Services PMI Business Activity Index **Gross Domestic Product**

sa, >50 = growth since previous month

sa, %qqr



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

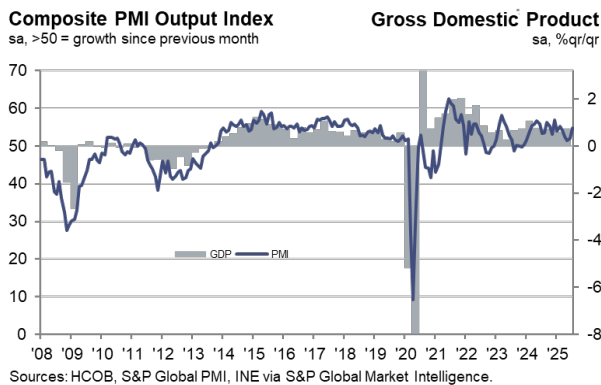
HCOB Spain Composite PMI[®]

Private sector growth picks up to five-month high

Spain’s private sector economy expanded markedly in July, with growth improving to its highest since February. This was signalled by the **HCOB Spain Composite PMI[®] Output Index** which recorded 54.7, up from 52.1 in June. It was the twentieth successive month that a rise in private sector activity has been signalled.

Growth was driven primarily by the service sector, although a solid rise in manufacturing output was also recorded. Overall expansion was underpinned by a marked increase in new work, and with confidence in the outlook positive, staffing levels rose at the fastest rate for four months.

Although input cost inflation remained broadly steady, selling prices rose to the greatest degree since February, with the rate of inflation again well above trend.



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Note to Editors

The HCOB Spain Services PMI[®] is compiled by S&P Global from responses to questionnaires sent to a panel of around 350 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in August 1999.

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 survey variable. 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.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services 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 figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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.

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)

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AERCE is a member of the International Federation of Purchasing and Supply Management (IFPSM).

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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. www.spglobal.com/marketintelligence/en/mi/products/pmi.html.

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