NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 1000 CEST (0800 UTC) 5 August 2025

HCOB Eurozone Composite PMI®

Eurozone growth picks up at start of third quarter but remains weak

Key findings:

HCOB Eurozone Composite PMI Output Index at 50.9 (Jun: 50.6). 4-month high.

HCOB Eurozone Services PMI Business Activity Index at 51.0 (Jun 50.5). 4-month high.

Stagnant demand conditions hold back eurozone activity growth

Data were collected 10-28 July 2025

The eurozone economy continued its expansionary trend as the second half of 2025 got underway, extending the current sequence of growth to seven months. However, the rate of increase in business activity remained sluggish and was weaker than the survey average as stagnant demand held back output. Eurozone employment also made limited gains, although the latest rise in jobs numbers was the fourth in as many months and the strongest in just over a year. As for business sentiment, the latest survey data signalled a slight dip in confidence.

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 – rose to 50.9 in July, from 50.6 in June. The headline index's upward move on the month signalled an accelerated expansion in output, although the rate of growth was only marginal overall and softer than the historical trend (Composite Output Index averages 52.4 since 1998).

Although both monitored sectors (manufacturing and services) recorded output growth during July, increases were relatively weak. Pulling the private sector expansion higher was services as goods production rose at a slightly slower pace than in June.

Focusing on the four largest eurozone countries, PMI data showed growth in most cases. France was the outlier, as business activity decreased at a quicker pace and for an eleventh month in a row. Elsewhere, expansions picked up, with Spain posting the strongest upturn, followed by Italy. The eurozone's largest economy – Germany – also gained some momentum as the pace of growth quickened to a four-month high.

At the eurozone level, the latest HCOB PMI survey data suggested that economic activity was restrained by stagnant demand conditions. As was the case in June, new orders were down by a fraction at the beginning of the third quarter. The last time a rise in new business intakes was signalled was May 2024. Export* sales remained a drag, stretching the current sequence of deteriorating international client demand to 41 months.

Backlogs of work were depleted further in July, although the reduction was only modest overall and the slowest since April 2024. Positively, despite absent demand and capacity pressures, eurozone businesses expanded their workforces for a fifth month in a row during July. Although only marginal, the rate of job creation was the fastest in over a year.

After a brief run of strengthening optimism across the eurozone private sector, July survey data indicated a drop in confidence for the first time since April. This meant that growth expectations fell further below their long-term average. This result reflected weaker sentiment across both the manufacturing and service sectors.

Turning to prices, there was a modest easing in the rate of input cost inflation across the euro area at the start of the third quarter. In fact, cost pressures were their softest since October last year. The slowdown was driven by the service sector. A fractional acceleration in the pace of output charge inflation was nevertheless registered, bringing it up to a three-month high.

**includes intra-eurozone trade.*

Countries ranked by Composite PMI Output Index: July

Spain	54.7	5-month high
Italy	51.5	2-month high
Germany	50.6 (flash: 50.3)	4-month high
France	48.6 (flash: 49.6)	3-month low

Ireland Services PMI will be published August 6th.

HCOB Eurozone Services PMI®

The **HCOB Eurozone Services PMI Business Activity Index** ticked up to 51.0 in July, from 50.5 in June, indicating a faster rate of growth in service sector output across the single currency union. This marked the quickest upturn since March.

Stronger activity growth was achieved despite stagnant sales volumes. The level of incoming new work received by eurozone services firms was broadly unchanged on the month. New export business fared worse, falling for the twenty-sixth month running. That said, the rate of decline was the softest since April and only modest.

To support activity, service providers worked through backlogs during July. The level of outstanding business decreased, as has been the case since May 2024, and at a slightly quicker pace. Nevertheless, hiring continued, as evidenced by a further rise in net employment. The rate of jobs growth was mild and in line with those seen in the two months prior.

Inflationary pressures waned across the eurozone services economy. Input costs rose at the softest rate since October last year, while hikes in output charges were fractionally less pronounced than those seen in June.

Comment

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

“This could turn out to be a good summer for service providers. In Italy and Spain, business activity rose more sharply in July than in the previous month, while Germany, after several challenging months, has clawed its way back into growth territory. The standout performer is Spain, where the Purchasing Managers’ Index jumped by more than three points—pointing to a third quarter that’s off to an exceptionally strong start.

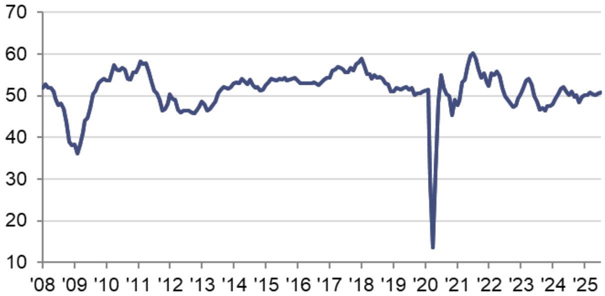
“France, by contrast, is the only one of the four major eurozone economies where the private services sector is contracting. Worse still, the downturn deepened. One key factor is the government’s plan for sweeping budget cuts, which could weigh heavily on economic growth. Speculation is mounting that the administration may face a vote of no confidence, adding to the already high level of uncertainty. While Spain is stepping on the gas, France is firmly on the brakes.

“Employment in the eurozone’s services sector has been expanding uninterruptedly since February 2021. At first glance, this might suggest a sector in robust health, but productivity – as measured by separate S&P Global PMI data – has been declining since mid-2022, with only a brief pause around the turn of the year. This points to a troubling disconnect: even in the age of digital business models, growth in the services sector is not translating into meaningful productivity gains. Given that more than half of gross value added in the eurozone comes from services, this is a disquieting diagnosis.

“Inflation is easing in the eurozone’s services sector, increasing the likelihood of one further interest rate cut by the European Central Bank in the second half of the year. Costs are rising at a pace that is the slowest in nine months and below the long-term average. This dovetails with recent data from the ECB’s Wage Tracker, which shows a deceleration in wage growth—an essential cost component for service providers—over the past several months.”

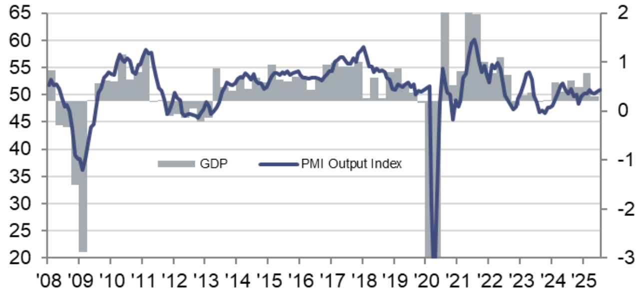
-Ends-

HCOB Eurozone Composite PMI Output Index
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI

HCOB Composite PMI Output Index Gross domestic product (GDP)
sa, >50 = growth since previous month %q/q



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® 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 85% 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. *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.

S&P Global (NYSE: SPGI)
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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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