NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Eurozone Manufacturing PMI®

Eurozone factory downturn eases at start of 2025

Key findings:

HCOB Eurozone Manufacturing PMI at 46.6 (Dec: 45.1). 8-month high.

HCOB Eurozone Manufacturing PMI Output Index at 47.1 (Dec: 44.3). 8-month high.

Confidence picks up at the start of 2025 as manufacturing downturn slows

Data were collected 9-24 January

The eurozone's manufacturing sector took a step closer to stabilisation, January HCOB PMI® data showed, with the industrial downturn easing markedly since December. Contractions in output, new orders, inventories and purchasing activity all slowed, while businesses' output growth expectations rose to their strongest in close to three years.

Regarding pricing trends, eurozone manufacturers recorded a pick-up in cost pressures for the first time since last August. Prices charged held steady, ending a four-month period of discounting.

The **HCOB Eurozone Manufacturing PMI**, a measure of the overall health of eurozone factories compiled by S&P Global, rose from 45.1 in December to an eight-month high of 46.6 in January. Albeit still below the critical 50.0 threshold which separates improvement from deterioration, it signalled the softest decline since May last year.

Data broken down by the eurozone nations where PMI survey data are collected revealed continued growth in Greece and Spain. That said, rates of expansion cooled from the previous month. France and Germany recorded the joint-lowest Manufacturing PMI prints in January, although the rates of contraction signalled in both instances were noticeably softer than in December. Austria and Italy also posted further (but slower) deteriorations, while the Netherlands saw a fractionally faster decline at the turn of the year.

The uplift in the headline index was principally a reflection of its main two components – new orders (30%) and output (25%) – which saw much softer declines in January. In both cases, the rate of contraction was the slowest since May 2024, indicating a relative improvement compared to the second half of last year. Export* markets were less of a drag on eurozone factory sales performances, with foreign customer orders falling by the smallest margin since last May.

Eurozone factories still tapered their purchasing activity in January, although the decline was the softest seen for eight months. Stocks of inputs (which is also a component of the Manufacturing PMI) subsequently recorded a weaker rate of depletion.

That said, employment levels were cut further at the start of 2025, with the rate of job shedding accelerating fractionally. This marked a twentieth successive month that factory staffing numbers have declined. Surveyed companies noted that they were still able to make inroads into their outstanding orders, as evidenced by another monthly reduction in backlogs of work.

Meanwhile, January survey data indicated a renewed rise in manufacturers' operating expenses. For the first time since last August, input costs rose during the latest survey period. However, the rate of inflation was modest and well below the historical average. Businesses refrained from passing on higher costs to their customers as output charges were unchanged. This brought a four-month sequence of discounting to an end. Notably, since May 2023, eurozone goods prices have decreased in 19 out of 21 months.

Looking ahead, eurozone goods producers were more optimistic towards the outlook for production. In fact, growth expectations rose to their strongest since February 2022, the survey month prior to Russia's full-scale invasion of Ukraine.

*Includes intra-eurozone trade

Countries ranked by Manufacturing PMI: January

Greece	52.8	2-month low
Spain	50.9	5-month low
Netherlands	48.4	2-month low
Italy	46.3	3-month high
Austria	45.7	8-month high
Germany	45.0 (flash: 44.1)	8-month high
France	45.0 (flash: 45.3)	7-month high

Ireland manufacturing is released 4th February.

Comment

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

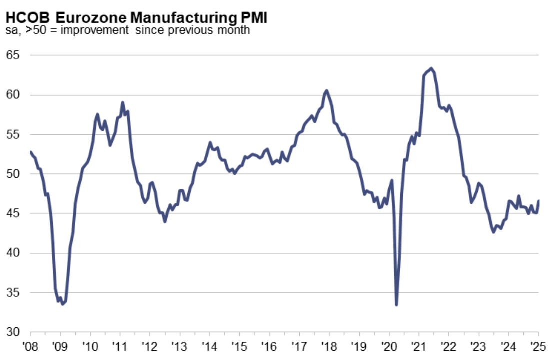
“It’s definitely too early to talk about green shoots in the manufacturing sector, but we see the increase in the HCOB PMI as a first step towards stabilisation, ending two months of the deepening of the recession.

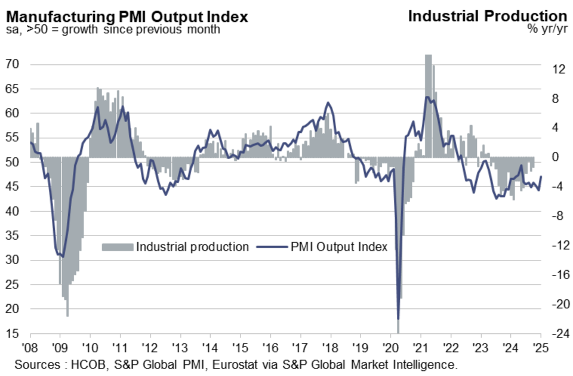
“Higher input prices are a challenge for the manufacturing sector, given its weak economic position over the past two years. These higher input prices, partly due to average oil prices rising by almost 7% in January, could also pose a challenge for the ECB, as the previous easing of overall inflation was largely due to lower energy prices.

“Even though the new US administration will likely hit the European manufacturing sector and its export industry with tariffs and other measures, confidence in the future has made a remarkable jump. The index for future output is four points higher and slightly above its long-term average. Maybe there's hope that the lethargy is ending, with general elections in Germany and possibly France, and a climate of "the time is ripe to change things and get things done."

“Germany and France hold the red lantern in the eurozone's manufacturing sector, with Austria and Italy not faring much better. At least the manufacturing recession has slowed somewhat in all these countries, and this applies across a broad range of sectors. In Germany and France, the situation for capital goods, intermediate goods, and consumer goods is no longer as dramatic as it was the previous month. It's possible that things will improve further this year. Despite all of Trump's tariff threats, we must remember that for most countries in the eurozone, 90% or more of exports go to countries other than the US.”

-Ends-





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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 91% 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.

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

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