

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
Embargoed until 1000 CEST (0800 UTC) 21 April 2023

# HCOB Flash Eurozone PMI<sup>®</sup>

## Flash Eurozone PMI hits 11-month high amid resurgent service sector activity

### Key findings:

HCOB Flash Eurozone Composite PMI Output Index<sup>(1)</sup> at 54.4 (Mar: 53.7). 11-month high.

HCOB Flash Eurozone Services PMI Business Activity Index<sup>(2)</sup> at 56.6 (Mar: 55.0). 12-month high.

HCOB Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 48.5 (Mar: 50.4). 4-month low.

HCOB Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 45.5 (Mar: 47.3). 35-month low.

Data were collected 12-19 April

Eurozone business activity growth accelerated to an 11-month high in April according to the latest HCOB flash PMI survey data, compiled by S&P Global, indicating that the economy has gained further growth momentum at the start of the second quarter. The upturn was driven by reviving demand and was accompanied by the largest increase in employment for nearly a year. Inflation pressures meanwhile moderated further, with input prices falling at an increased rate in manufacturing amid a record easing of supply constraints to help drive the overall rate of selling price inflation down to the lowest for two years. Business confidence in the outlook has also remained resilient, well above last year's lows, despite recent banking sector stress.

Less positively, growth has become increasingly unbalanced, driven solely by the service sector as manufacturing output has fallen back into decline amid slumping demand for goods. Furthermore, despite easing further, overall input cost and selling price inflation rates remain elevated by historical standards, especially in the service sector.

### Output and demand

The seasonally adjusted **HCOB Flash Eurozone Composite PMI Output Index**, based on approximately 85% of usual survey responses, rose for a sixth consecutive month in April, up from 53.7 in March to 54.4, its highest since May of last year. The latest reading indicated a fourth consecutive month of growth with the rate of expansion having accelerated throughout the year to date, contrasting with the six-month period of decline seen in the second half of 2022.

Growth became increasingly uneven in April, however, with the service sector reporting its strongest expansion for a year whereas manufacturing output contracted at the sharpest rate since December, falling back into decline after two months of marginal growth. The resulting outperformance of services relative to manufacturing was the widest seen since early-2009, and the survey has not yet previously recorded such a strong service sector expansion at a time of manufacturing decline.

The improved performance was driven in part by faster growth of **new orders**. Measured across manufacturing and services, new orders rose for a third successive month in April, expanding at the steepest rate since May 2022. However, while growth of new business in the service sector hit the highest since April 2022, new orders in the manufacturing sector fell at the steepest rate for four months.

Order book growth nevertheless lagged that of output, the relatively faster pace of output growth being supported by companies fulfilling orders placed in prior months, causing **backlogs of work** to fall, albeit exclusively in manufacturing.

### Employment

Whereas falling backlogs in factories point to lower manufacturing production requirements in coming months, an increase in backlogs in the service sector indicates a shortage of operating capacity. Hence **employment** growth in manufacturing slowed

to the lowest seen over the past 27 months, but service sector jobs growth picked up to the fastest since July 2007. The resulting overall increase in employment was the largest for 11 months.

## Prices

Inflation trends also varied markedly by sector. **Input costs** in the goods producing sector fell for a second straight month and at the sharpest rate since May 2020, pulled lower by reduced costs for energy in particular as well as for a wide variety of other inputs. In contrast, service sector input costs continued to rise sharply, the rate of increase remaining elevated, often linked to higher staff costs. Service sector input cost inflation nevertheless moderated slightly to the lowest since October 2021. Measured across goods and services, input cost inflation consequently sank to the lowest since February 2021, cooling for a seventh straight month yet remaining well above the survey's long-run average.

Average **prices charged** for goods and services also continued to rise at a pace well above the survey's long-run average, though the rate of increase moderated sharply to the lowest for two years. Despite hitting a 15-month low, service sector charge inflation remained especially strong and higher than anything recorded by the survey prior to the pandemic. But manufacturing charges rose only modestly, registering the smallest increase since November 2020, the rate of inflation having eased sharply from the strong pace seen at the start of the year.

Besides lower energy costs, a key driver of cooling price pressures in manufacturing has been the recent easing of supply chain shortages coupled with slumping demand, the latter exacerbated by a further trend towards inventory reduction. April saw a second successive record improvement in **supplier delivery times**, indicating a shifting of pricing power from the seller to the buyer. The amount of inputs bought by manufacturers meanwhile fell sharply in April, dropping at the steepest rate since last November, while **inventories of inputs** fell to the greatest extent since November 2020, down for a third month in a row.

## Future expectations

Finally, optimism about the year ahead dipped further from February's 12-month high, down slightly in both manufacturing and services, but remained among the highest seen over the past year. Sentiment has improved considerably since the lows seen late last year, attributed by survey respondents to fewer energy market concerns, lower recession risks, improved supply chains, and a peaking of inflation pressures.

## National trends

Looking at trends within the euro area, although output rose for a third straight month – and at similar accelerating rates – in both France and Germany, the upturn was led by the **rest of the region**, despite growth slipping slightly here on average from March's 11-month high as a renewed manufacturing decline weighed on a surge in services activity. Growth meanwhile hit a 12-month high in **Germany**, thanks to the fastest service sector expansion for a year, which helped to offset a near-stalled manufacturing sector. Growth in **France** hit an 11-month high, as resurgent service sector activity countered an increasingly steep fall in manufacturing, where production fell at its sharpest rate since May 2020 (blamed in part on recent strikes).

## Comment

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

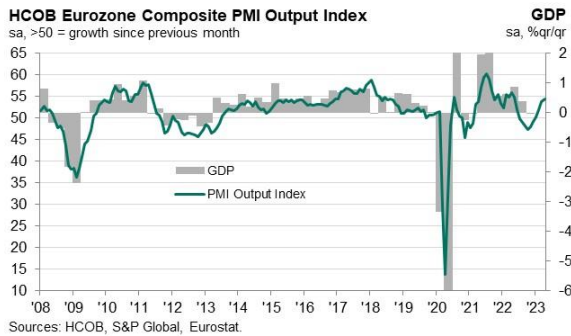
*"The HCOB Purchasing Managers' Indices for the euro zone show a very friendly overall picture of an economy that continues to recover. However, a closer look reveals that growth is very unevenly distributed. For example, the gap between the partly booming services sector on the one hand and the weakening manufacturing sector on the other has widened further. The sharp decline in output in France's manufacturing sector is also noteworthy, while this sector is still expanding slightly in Germany."*

*"Price developments in the services sector are likely to continue to worry the European Central Bank (ECB). Neither input prices nor sales prices are showing any significant slowdown in the upward momentum of prices according to the HCOB PMI survey. Services prices play a particularly large role in the core inflation rate on which the ECB is currently focusing. This increases the likelihood that the ECB will tighten monetary policy more, or for longer."*

*"In terms of manufacturing prices, the trend of falling prices continues. This is matched by the observation that delivery times have continued to shorten sharply, so that buyers are obviously gradually gaining the upper hand in price negotiations. In addition, the fall in energy prices is also playing a decisive role here."*

*"The decline in manufacturing output is partly due to special effects in France, where some companies are thought to have suffered significantly from the protests against the pension reform passed by the Macron government."*

*"For the future, companies are rather positive not only in the services sector, but also for the manufacturing sector. According to the companies surveyed, the reasons for this optimism include a diminishing fear of a resurgence of the energy crisis, supply chains that are functioning better again, and the expectation that inflation has passed its zenith. The latter is coupled with the hope that the ECB will pause its interest rate hikes soon."*



Ends-

## Contact

### Hamburg Commercial Bank AG

Dr. Cyrus de la Rubia  
Chief Economist  
T: +49-40-3333-15260  
[cyrus.delarubia@hcob-bank.com](mailto:cyrus.delarubia@hcob-bank.com)

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

### S&P Global Market Intelligence

Chris Williamson  
Chief Business Economist  
T: +44-779-5555-061  
[chris.williamson@spglobal.com](mailto:chris.williamson@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
T: +44-796-744-7030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

## Note to Editors

Final April data are published on 2 May for manufacturing and 4 May for services and composite indicators.

The HCOB Eurozone PMI (Purchasing Managers' Index) is produced by S&P Global and is based on original survey data collected from a representative panel of around 5,000 companies based in the euro area manufacturing and service sectors. National manufacturing data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. National services data are included for Germany, France, Italy, Spain and the Republic of Ireland. The flash estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2006 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Composite Output Index <sup>1</sup>	0.0	0.3
Manufacturing PMI <sup>3</sup>	0.0	0.2
Services Business Activity Index <sup>2</sup>	0.0	0.3

The Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in

financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI® surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

#### Notes

1. The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

#### 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 © 2023 S&P Global Ltd. All rights reserved. [www.spglobal.com](http://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](mailto: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<sup>®</sup> and PMI<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited 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.