

S&P Global Eurozone Composite PMI[®]

Business activity growth slows to nine-month low in March as cost pressures intensify

March 2026

S&P Global Eurozone Composite PMI Output Index at 50.7 (Feb: 51.9). 9-month low.

S&P Global Eurozone Services PMI Business Activity Index at 50.2 (Feb: 51.9). 10-month low.

Fastest rise in input prices for over three years

The euro area private sector economy recorded a slower growth at the end of the first quarter, according to the latest S&P Global PMI[®] survey data, posting its softest expansion in business activity for nine months. For the first time since last July, demand conditions deteriorated, reflecting a renewed drop in new orders across the service sector. Another noteworthy finding was regarding input cost pressures, which intensified sharply when compared to February as the rate of inflation jumped up to its highest since February 2023.

The seasonally adjusted S&P Global Eurozone Composite PMI[®] Output Index – a weighted average of the Manufacturing PMI Output Index and the Services PMI Business Activity Index – fell from 51.9 in February to 50.7 in March, its lowest level in nine months and indicating a weakening of eurozone economic growth. The headline measure was well below its historical average of 52.4.

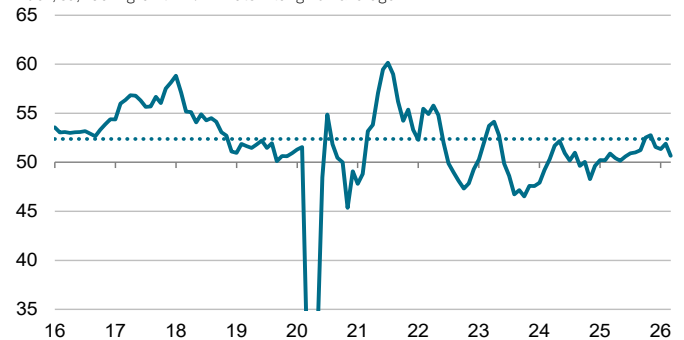
The service sector was the source of the slower overall expansion in March, with activity levels barely rising during the latest survey period. On the other hand, manufacturing output growth remained solid.

At the national level, economic activity trends were mixed. Spain was the fastest-growing country in March, registering an accelerated upturn. Ireland followed closely behind, despite the rate of expansion easing to a six-month low. The eurozone's largest economy – Germany – continued to see activity growth at the end of the first quarter, albeit with its rate of increase slowing to the weakest in the year-to-date. Meanwhile, France and Italy recorded contractions.

After a sustained period of improving demand since last summer, March saw total new business intakes decline across the eurozone. The renewed fall in sales volumes reflected lower orders received by services companies.

New export orders, which includes intra-eurozone trade, deteriorated in March, although the rate of decline was once again mild. A near-stabilisation of manufacturing export volumes contrasted with the steepest downturn in

S&P Global Eurozone Composite Output PMI
Index, sa, >50 = growth m/m. Dots = long-run average.



Data were collected 12-26 March 2026.

Source: S&P Global PMI. ©2026 S&P Global.

Comment

Chris Williamson, Chief Business Economist at S&P Global Market Intelligence:

"March's PMI indicates that the eurozone economy has already been hit hard by the war in the Middle East. The encouraging signs of growth seen earlier in the year have been eradicated thanks to surging energy prices, choked supply chains, financial market volatility and a renewed downturn in demand. The accompanying surge in prices raises the unwelcome spectre of stagflation, or worse, in the near-term.

"The near-stalling of growth in March drags the PMI's signal for first quarter GDP growth down to 0.2%. More worrying is that there are clear risks of the economy contracting in the second quarter unless there is a swift resolution to the conflict, and even then we will likely see damaging energy market repercussions extending into the coming months.

"New orders inflows have fallen in March for the first time since last July, though the squeeze on spending from the rising cost of living is likely only just beginning. Widespread reports of supply bottlenecks arising from the war raise the risk of growth being constrained further and pressure on prices intensifying.

"Higher prices have also raised the prospect of interest rate hikes, with the European Central Bank taking a hawkish tilt to prevent these near-term inflationary pressures from becoming engrained.

"Hence business optimism about the outlook has slumped, which has already hit hiring but will also dampen business investment.

"In this environment, it is likely that we will see increasing numbers of economic forecasters also revise their growth expectations lower for 2026 and maybe even pencil in a contraction of GDP in the coming quarter."

international services demand for six months.

Capacity constraints on eurozone companies were again absent, as indicated by a further decline in backlogs of work. The rate of depletion was only marginal, however, and the softest since October 2025. Private sector employment was reduced slightly in March, following two months of broadly no change. Albeit minimal, the rate of job shedding was nevertheless the most pronounced in 13 months, primarily due to a steeper drop in factory employment.

A pick-up in job losses coincided with a weakening of business expectations. Optimism fell for the first time since last December in March, with confidence declining in a broad-based manner. The level of positive sentiment was at its lowest in almost a year.

Movements in the PMI prices data were particularly noteworthy during March. Input cost inflation accelerated sharply to its highest in just over three years. Manufacturing saw an aggressive pick-up in pressures, with its input prices index rising nearly 11 points since February, a record one-month increase. A steep rise in services expenses was also recorded.

Prices charged followed suit, although the rise in inflation was far more constrained, ticking up only marginally from February. Nonetheless, March saw the strongest overall increase in eurozone goods and services prices since February 2024.

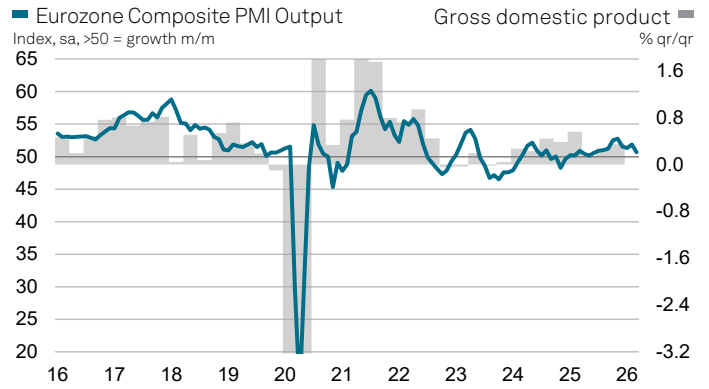
S&P Global Eurozone Services PMI

The S&P Global Eurozone Services PMI Business Activity Index signalled only a fractional rate of growth in services output during March, falling to 50.2, from February's 51.9. This marked the weakest month for the sector since May last year.

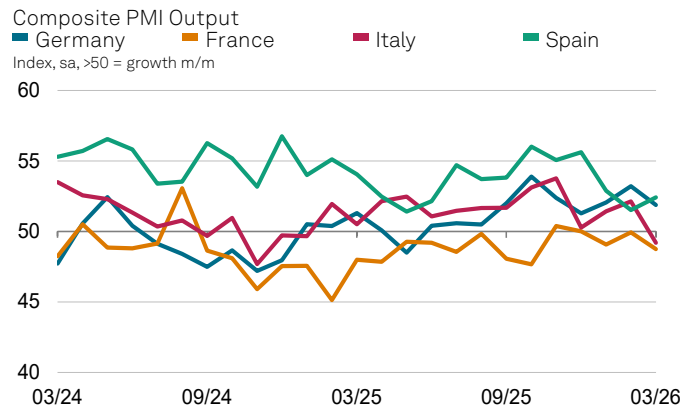
Demand for eurozone services decreased in March for the first time since July 2025. Although the rate of decline was modest, it was the sharpest for 16 months. Export sales performances deteriorated to a more pronounced degree than in February.

Eurozone service providers cleared backlogs at the end of the first quarter, in line with the trend since last November. Workforce levels were virtually unchanged, with the seasonally adjusted Employment Index posting its joint-lowest reading in over five years (equalling September 2025). The broad cessation of hiring coincided with a marked fall in business confidence as expectations sank to a ten-month low.

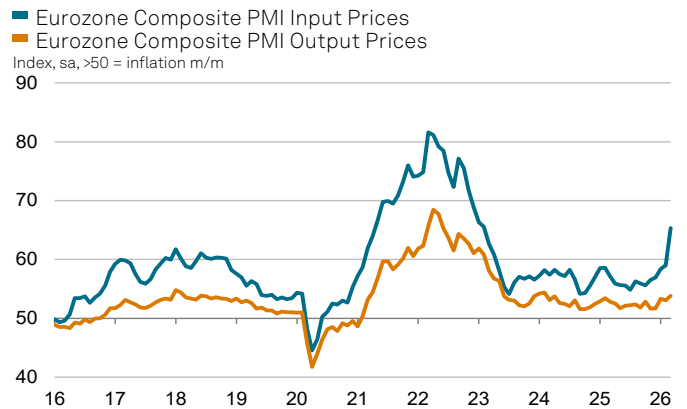
Cost pressures intensified in March, with inflation accelerating to a 34-month high. Prices charged increased, although the extent of the latest rise was fractionally slower than that seen in February.



Sources: S&P Global PMI, Eurostat via S&P Global Market Intelligence. © 2026 S&P Global



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Contact

Chris Williamson
Chief Business Economist
S&P Global Market Intelligence
T: +44-20-7260-2329
chris.williamson@spglobal.com

Joe Hayes
Principal Economist
S&P Global Market Intelligence
T: +44-1344-328-099
joe.hayes@spglobal.com

Hannah Brook
EMEA Corporate Communications
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

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Methodology

The S&P Global Eurozone Composite PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of manufacturers and service providers in eight nations, 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 (source: Eurostat). Composite eurozone level indices are calculated by weighting comparable manufacturing and services indices using eurozone manufacturing and services annual value added (source: Eurostat).

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 data were calculated from 82% of final responses. Since January 2006 the average difference between final and flash Composite PMI values is 0.0 (0.3 in absolute terms). Flash services data were calculated from 75% of final responses. Since January 2006 the average difference between final and flash Services PMI Business Activity Index values is 0.1 (0.3 in absolute terms).

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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