

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Eurozone Composite PMI[®]

Eurozone growth edges higher as outlook improves

Key findings:

HCOB Eurozone Composite PMI Output Index at 50.6 (May: 50.2). 3-month high.

HCOB Eurozone Services PMI Business Activity Index at 50.5 (May 49.7). 3-month high.

Growth in output and jobs maintained as confidence improves and new orders begin to stabilise

Data were collected 12-25 June 2025

The eurozone private sector registered higher output for the sixth month running in June, and a fourth successive monthly increase in employment. Rates of growth remained weak in both cases, but the ongoing downturn in new orders showed signs of ending and the 12-month outlook was the strongest for nearly a year.

Input price inflation remained weaker than the long-run survey average, unchanged on May's six-month low, while charges for eurozone goods and services rose at a slightly faster pace.

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 50.6 in June, from 50.2 in May. Although the latest figure signalled only marginal overall growth, it was the highest in three months and above the 12-month average. Both the manufacturing and services sectors posted higher output.

Of the five euro area economies for which manufacturing and services data are available, Ireland topped the growth rankings for the fourth month running, even as the pace of expansion eased to the weakest since January. Spain retook second place from Italy with a faster expansion. Italy's economy expanded for the fifth month running, albeit at the softest rate since March. Germany returned to growth with a fifth rise in output in 2025 so far, albeit at a weak pace. France remained the laggard with activity declining for the tenth month running, albeit marginally.

The overall rise in output was supported by the completion of outstanding work, which declined for the twenty-seventh consecutive month. The rate of decline in backlogs was the weakest for just over a year, however. New business fell for the thirteenth month running, but at the weakest rate over this period. Manufacturing new orders stabilised during June and services demand weakened only marginally. International* demand fell slightly despite a stable trend in manufacturing exports*.

Eurozone companies hired additional staff for the fourth month running in June. The rate of employment growth remained weak, however, as manufacturers continued to cut workforces. Germany, Italy and Austria were the sources of lower manufacturing jobs, while French service providers also cut staff.

June survey data signalled a further recovery in business confidence from April's 18-month low, to the strongest since July 2024. Expectations improved at both manufacturers and service providers. The overall level of optimism remained weaker than the long-run series trend, however.

Input price inflation was unchanged from May's six-month low, and below the long-run average. This reflected a further decline in manufacturers' input costs, as service providers continued to register relatively sharp increases. Similarly, manufacturing output prices fell whereas service providers raised their charges at a rate that remained above the long-run average.

**includes intra-eurozone trade.*

Countries ranked by Composite PMI Output Index: June

Ireland	52.8	5-month low
Spain	52.1	2-month high
Italy	51.1	3-month low
Germany	50.4 (flash: 50.4)	3-month high
France	49.2 (flash: 48.5)	2-month low

HCOB Eurozone Services PMI[®]

The **HCOB Eurozone Services PMI Business Activity Index** rose above the 50.0 mark in June, signalling a resumption in growth of services output in the single currency area. At 50.5, up from May's 49.7, the latest figure signalled only a marginal rate of expansion that matched the subdued trend over the first half of 2025 and was weaker than the average for 2024 (51.5).

Overall growth was limited by a further decline in new business in June, although the rate of contraction was only fractional. The level of outstanding work fell further, albeit at the slowest rate since May 2024.

Higher activity was supported by a sustained rise in employment at service providers, extending the current sequence of job creation to almost four-and-a-half years. The rate of hiring growth held steady at a modest pace broadly in line with the trend for the past 12 months.

Companies added to workforces as expectations for the next 12 months continued to recover from April's low. Confidence was the highest in 2025 so far, albeit still below the long-run series trend.

Input price inflation eased for the third time in four months to a seven-month low, but remained relatively high. Meanwhile charges were raised at the fastest rate in three months.

Comment

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

"The service sector has been more or less stagnant since April. A look at the longer-term trend reveals that the average pace of growth seen since the summer of 2021 has fallen short of the PMI full survey average. This marks a prolonged period of relatively weak growth, and one which has never been surpassed in length over the course of the PMI's 27 years of data. The last two recessions in the service sector, which were the result of the financial market crisis of 2008/2009 and the euro crisis of 2012, followed a relatively rapid slowdown in growth and are unlikely to repeat themselves in this form. This may be due to the structural aspect of labour shortages, which has become apparent since COVID-19. This has meant that, unlike in the past, companies have refrained from cutting jobs, even in weak quarters. As a result, private consumption, the key growth driver for the service sector, has not slumped massively since 2021. In June, companies even hired more people than in May, and a recession may therefore be avoided in the foreseeable future.

"The question is whether a robust recovery is even possible after the sluggishness in the service sector in recent years. This will probably be difficult for the eurozone as a whole, but in Germany, the largest eurozone economy, it is certainly a probable outcome, given the extraordinary stimulus package that the new government is currently putting in place. Even if civil engineering and the defence sector will benefit most from this, the fiscal stimulus is also likely to spread to the service sector, especially in the coming year. In any case, expectations for the next 12 months have improved for the eurozone, although the figure remains below the long-term average.

"The European Central Bank is unlikely to be entirely happy that sales prices in the services sector rose more strongly in June and that input prices are also rising sharply. In view of other factors such as the strong euro and the deflationary effect of US tariffs on the eurozone, the significance of services inflation, which looked more critical a year ago, is receding somewhat into the background."

-Ends-

HCOB Eurozone Composite PMI Output Index

sa, >50 = growth since previous month

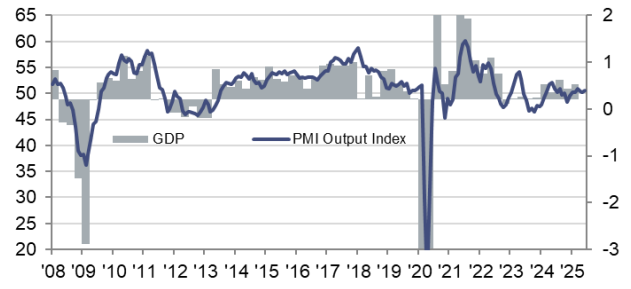


Sources: HCOB, S&P Global PMI

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 81% 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 76% 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.

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