NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 1000 CEST (0800 UTC) 21 August 2025

HCOB Flash Eurozone PMI®

Eurozone new orders increase for first time in 15 months

Key findings:

HCOB Flash Eurozone Composite PMI Output Index(1) at 51.1 (July: 50.9). 15-month high.

HCOB Flash Eurozone Services PMI Business Activity Index(2) at 50.7 (July: 51.0). 2-month low.

HCOB Flash Eurozone Manufacturing PMI Output Index(4) at 52.3 (July: 50.6). 41-month high.

HCOB Flash Eurozone Manufacturing PMI(3) at 50.5 (July: 49.8). 38-month high.

Data were collected 12-19 August

New orders increased in the Eurozone during August according to provisional PMI® survey data, thereby ending a period of decline stretching back to June 2024. The renewed expansion in new business helped lead to a further pick-up in business activity, which rose to the greatest extent in 15 months. Companies also increased their staffing levels, the sixth month running in which this has been the case. Meanwhile, inflationary pressures strengthened, with both input costs and output prices rising at sharper rates in August.

Output and demand

The seasonally adjusted **HCOB Flash Eurozone Composite PMI Output Index**, based on approximately 85% of usual survey responses and compiled by S&P Global, improved for the third month running in August, posting 51.1 from 50.9 in July. The modest increase in business activity was the sharpest since May 2024. Output has now risen in each of the past eight months.

The stronger expansion in output midway through the third quarter of the year was driven by the manufacturing sector, where production increased at a solid pace that was the fastest in almost three-and-a-half years. Meanwhile, services business activity rose for the third month running, albeit only slightly and to a smaller degree than was the case in July.

The euro area's largest economy – Germany – posted a third successive monthly increase in output during August on the back of a solid expansion in manufacturing production. Although the pace of expansion in overall business activity remained slight amid muted service sector performance, the latest rise was the fastest since March. Meanwhile, activity in France neared stabilisation, with the marginal fall in output the softest for a year. The rest of the Eurozone continued to register increasing output, albeit with the pace of growth easing slightly from July.

New orders returned to growth in August, thereby ending a 14-month sequence of decline. New business increased slightly, with renewed expansions seen in both the manufacturing and services sectors. In fact, the rise in manufacturing new orders was the first since April 2022. Growth in total new business was recorded in spite of a further reduction in **new export orders** (which include intra-Eurozone trade). New business from abroad has decreased continuously on a monthly basis since March 2022, with the latest fall the sharpest in five months.

Employment

Eurozone companies continued to take on additional staff in August, extending the current sequence of **job creation** to six months. The latest rise in employment was still only modest, but quickened to the fastest since June 2024. The overall increase in staffing levels was centred on the services sector as manufacturing employment continued to decrease. France posted a renewed rise in employment in August, but workforce numbers in Germany fell slightly. Meanwhile, staffing levels increased modestly across the rest of the euro area.

The hiring of additional staff meant that companies were able to keep on top of workloads despite the renewed increase in new business. As such, **backlogs of work** continued to fall in August, extending the period of depletion which began in April 2023. The latest fall was also slightly sharper than that seen in July.

Prices

Inflationary pressures picked up in August, with both input costs and output prices increasing at faster rates than in July. **Input prices** rose sharply, and at the steepest pace in five months. That said, the pace of inflation remained softer than the series average. Manufacturing input costs increased for the first time in five months, albeit marginally. Meanwhile, the latest sharp increase in services input prices was the most pronounced since March.

The pass through of higher input costs to customers meant that **output prices** increased again in August. The pace of inflation quickened fractionally and was the fastest in four months. Sharper rises in charges were signalled in Germany and France, but the rest of the Eurozone posted the slowest increase in output prices in the year-to-date.

Inventories and supply chains

Manufacturers in the euro area continued to scale back their **purchasing activity** during August. The pace of decline accelerated from July but was still the second-slowest in over three years. **Stocks of purchases** and **finished goods** also fell more quickly in August, with rates of depletion the most pronounced in five months in both cases. **Suppliers' delivery times** lengthened for the third month running. Moreover, the solid deterioration in vendor performance was the most pronounced since November 2022.

Outlook

Business confidence waned for the second consecutive month in August. Sentiment dropped to a four-month low and was weaker than the series average. Confidence dipped in both monitored sectors and across Germany, France and the rest of the Eurozone alike. In fact, French firms expressed a pessimistic outlook for output for the first time in nine months.

Comment

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

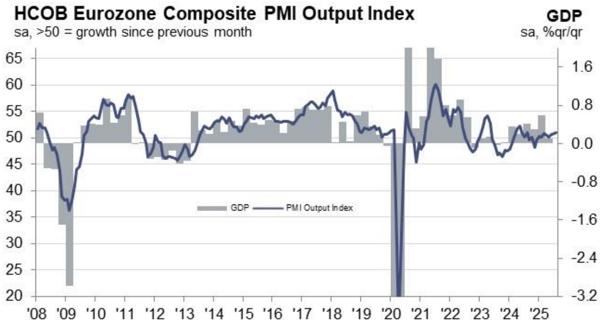
"Things are getting better. Economic activity has picked up in both manufacturing and services. Overall, we've seen a slight acceleration in growth over the past three months. Despite headwinds like U.S. tariffs and general uncertainty, businesses across the eurozone seem to be coping reasonably well. The EU Single Market is likely playing a helpful role here, especially since most export and tourism revenues are generated within the EU.

The European Central Bank might wince a little at the rising cost pressures in the services sector. After all, it's banking on slower wage growth to help bring inflation down in this crucial part of the economy. That said, there's a bit of relief in the fact that inflation in service-sector selling prices has remained more or less steady.

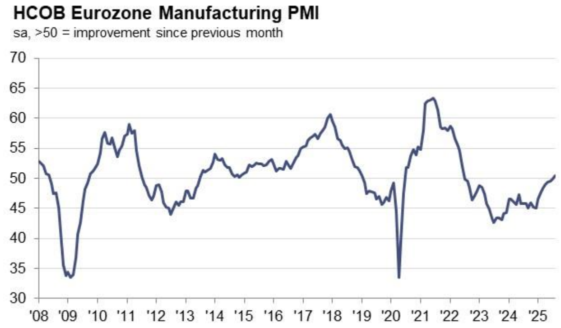
Manufacturing output has increased for six straight months, with Germany leading the charge. France, which had been a drag in June and July, showed signs of stabilising in August. The same goes for services: France's recession seems to be tapering off, while Germany is showing growth even if only marginal.

U.S. trade policy is leaving its mark. Foreign orders in the eurozone manufacturing sector have declined for the second month in a row. Germany had been holding up well, possibly due to pre-emptive purchases from the U.S., but now it's also seeing a drop in orders. France has climbed out of the deep hole of falling foreign demand over the last months, but incoming orders are still on the decline."

-Ends-



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



Sources: HCOB, S&P Global PMI.

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Note to Editors

Final August data are published on 1 September for manufacturing and 3 September 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[1]	0.0	0.3
Manufacturing PMI[3]	0.0	0.2
Services Business Activity Index[2]	0.1	0.3

The Purchasing Managers' Index™ (PMI®) 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@spglobal.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.

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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