

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB Flash Eurozone PMI[®]

Eurozone business activity rises in December to complete full calendar year of expansion

Key findings:

HCOB Flash Eurozone Composite PMI Output Index⁽¹⁾ at 51.9 (November: 52.8). 3-month low.

HCOB Flash Eurozone Services PMI Business Activity Index⁽²⁾ at 52.6 (November: 53.6). 3-month low.

HCOB Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 49.7 (November: 50.4). 10-month low.

HCOB Flash Eurozone Manufacturing PMI⁽³⁾ at 49.2 (November: 49.6). 8-month low.

Data were collected 4-12 December

A rise in Eurozone business activity in December completed a full calendar year of growth for the first time since the COVID-19 pandemic, according to provisional PMI[®] survey data. That said, the latest expansion in output was modest and the slowest in three months. New order growth also softened amid a sharper reduction in new business from abroad, but companies took on extra staff for the third consecutive month. Business confidence waned amid much weaker sentiment among service providers which outweighed an improved outlook for manufacturing. On the price front, rates of input cost and output charge inflation strengthened at the end of the year.

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, dipped to 51.9 in December, down from a final reading of 52.8 in November but still above the 50.0 no-change mark and therefore signalling a further monthly expansion in business activity at the end of 2025. The modest increase in December meant that business activity rose in each month of 2025. Prior to this year, the last time output expanded in each month of a calendar year was 2019.

Growth was again driven by the service sector, where business activity increased for the seventh month running. The rate of expansion was solid, albeit softer than that seen in November. Manufacturing production, meanwhile, decreased marginally in December, thereby ending a nine-month sequence of growth.

In line with the picture across the euro area as a whole, the currency bloc's largest economy – Germany – saw a slower rise in output during December. The latest increase was modest and the weakest in four months. Meanwhile, output in France came close to stalling, rising only fractionally at the end of 2025. The rest of the Eurozone again posted solid growth of business activity, yet here too the pace of expansion eased from November.

As was the case with regards to business activity, **new orders** increased modestly in December, and at a softer pace than in November. Nonetheless, the latest expansion was the fifth in as many months. **New export orders** (which include intra-Eurozone trade) continued to fall, and the latest reduction was the sharpest since March. New business from abroad decreased more quickly in manufacturing than in services.

Employment

For the third month running, **employment** increased across the Eurozone's private sector in December. The rate of job creation ticked up from November but remained slight nonetheless as manufacturing staffing levels continued to fall. The rise in overall workforce numbers across the euro area was registered in spite of a slight reduction in employment in Germany. Marginal job

creation was seen in France and a modest uptick was seen across the rest of the Eurozone.

Companies were again able to reduce their **backlogs of work** in December, extending the current sequence of depletion to 33 months. The latest fall was modest, but the most pronounced in three months.

Prices

Inflationary pressures strengthened in the final month of 2025, with both input costs and output prices increasing at sharper rates than in November. Despite this, in both cases the annual averages for the respective indices were the lowest since the COVID-19 pandemic (2020).

December data pointed to a marked rise in **input costs**, with the pace of inflation at a nine-month high. Sharper increases were seen across both monitored sectors, with services continuing to post a faster rise than manufacturing. That said, the rate of inflation in the latter was the sharpest since August 2024. The increase in input costs in Germany was the steepest for almost a year. Meanwhile, slower rises were seen in France and across the rest of the euro area.

The rate of inflation in **output prices** remained modest and was only slightly quicker than that seen in the previous survey period. Here, a faster rise in services charges was accompanied by broadly unchanged selling prices in the manufacturing sector.

Inventories and supply chains

Eurozone manufacturers cut their **purchasing activity** solidly in December, and at the fastest pace since March. In turn, **stocks of purchases** were also down, while **suppliers' delivery times** lengthened to the largest extent since October 2022. Firms cut their **stocks of finished goods** for the thirty-second consecutive month, albeit only modestly and at the slowest pace in five months.

Outlook

There were marked differences in changes in **business sentiment** between the two monitored sectors in December. Service providers posted a drop in confidence to the lowest since May, largely due to services optimism in Germany slumping to a near two-and-a-half year low. On the other hand, optimism among manufacturers in the Eurozone reached the highest since February 2022. At the combined level, business confidence in the euro area dipped to the lowest in seven months as the drop in services sentiment outweighed the improvement in optimism in manufacturing.

Comment

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

“Economic growth slowed at the end of the year due to a slight contraction in the manufacturing sector and weaker momentum in the service sector. The weaker performance is primarily attributable to German industry, where the downturn intensified. In France, on the other hand, there are signs of a cautious recovery in industry, although a single monthly figure should not be overrated. However, the service sector, which had expanded last month, is stagnating there, while Germany's service companies saw another solid rise in activity. All in all, the runway into the new year seems pretty unstable.”

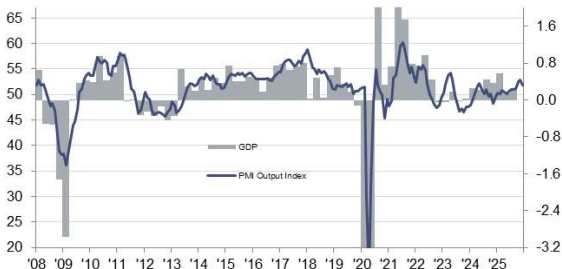
“Despite a softening of growth, the service sector continues to look relatively robust. Companies have no reason to complain about new business and are therefore hiring additional staff. Looking ahead, however, companies have become somewhat more cautious, which is likely due in part to the decline in order backlogs. We expect the service sector to continue to play a stabilising role for the economy as a whole in the coming year. However, a real upturn will only succeed if the manufacturing sector regains its footing.”

“Cost inflation in the service sector reached its highest rate in nine months in December. The European Central Bank, which is meeting on December 18 and is monitoring service inflation particularly closely, is likely to see its publicly stated policy of leaving interest rates unchanged confirmed. It is clear that price pressure, driven in part by wage increases, is still noticeable.”

-Ends-

HCOB Eurozone Composite PMI Output Index

sa, >50 = growth since previous month



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

HCOB Eurozone Manufacturing PMI

sa, >50 = improvement since previous month



Sources: HCOB, S&P Global PMI.

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Note to Editors

Final December data are published on 2 January for manufacturing and 6 January 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	0.1	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.

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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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