

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

Eurozone economy continues to grow at a sluggish pace

Key findings:

HCOB Eurozone Composite PMI Output Index at 51.0 (Jul: 50.9). 12-month high.

HCOB Eurozone Services PMI Business Activity Index at 50.5 (Jul: 51.0). 2-month low.

First rise in total new orders since May 2024, but exports fall at quicker pace

Data were collected 12-26 August 2025

August HCOB PMI[®] data signalled an increase in eurozone business activity, as has been the case throughout 2025 so far. However, while the pace of expansion ticked up to a one-year high, it remained sluggish overall. The service sector held back overall growth, with output rising only marginally. Nevertheless, for the first time since May 2024, private sector firms reported greater volumes of incoming new work and employment growth was its quickest in 14 months. Business confidence saw little change from July and therefore remained sub-par relative to its long-term average, while input cost inflation accelerated. Firms responded with a faster rise in their prices charged.

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 – ticked up to a one-year high of 51.0 in August, from 50.9 in July. The latest data point extended a run of above 50.0 prints seen since the start of the year, although the pace of expansion signalled remained muted. Growth was held back by the service sector, which posted a marginal and slower upturn. Manufacturing, on the other hand, saw its strongest rise in production in almost three-and-a-half years.

Of the eurozone nations with Composite PMI data available, August's survey results indicated that Spain was the fastest-growing economy, despite the pace of expansion easing. Growth slowdowns were likewise seen for Ireland and Germany, whereas Italy recorded a slightly faster upturn. France remained the weakest-performing eurozone economy, although there were signs of stabilisation as the Composite Output PMI rose to a 12-month high to post only narrowly below the 50.0 no-change threshold.

There was an improvement in demand conditions for eurozone businesses in August as new orders increased for the first time since May 2024. Factory sales were the principal driving force as new work received by services companies was up only fractionally on the month. Subsequently, the overall rate of expansion was marginal.

New business growth reflected domestic market movement, underlying data suggested, as new export* orders shrank in August to extend the current sequence of deteriorating international demand to three-and-a-half years. Furthermore, the latest contraction was the quickest since March.

With activity growth outstripping that for new business, eurozone companies made additional inroads into their backlogged work midway through the third quarter. That said, the rate of depletion was the softest for almost two-and-a-half years and only slight.

The hiring trend seen since March continued into August, with private sector employment in the euro area rising for a sixth consecutive month. The rate of employment growth also ticked up to a 14-month high. The improvement at the composite level reflected stronger hiring at services firms as factory workforce numbers shrank further.

Business confidence was broadly unchanged since July, ticking down a fraction. This nevertheless brought it to its lowest level in three months. On balance, eurozone companies were optimistic of growth over the next 12 months, but the degree of positivity was below its long-term average.

As for prices, August survey data signalled an acceleration of input cost inflation. Overall, operating expenses rose at the fastest pace since March. The service sector remained the main source of price pressures, although August saw a renewed (albeit marginal) uptick in factory costs. Prices charged for euro area goods and services were subsequently raised, and to an extent that was the greatest for four months.

**includes intra-eurozone trade.*

Countries ranked by Composite PMI Output Index: August

Spain	53.7	2-month low
Italy	51.7	3-month high
Ireland	51.3	14-month low
Germany	50.5 (flash: 50.9)	2-month low
France	49.8 (flash: 49.8)	12-month high

HCOB Eurozone Services PMI[®]

The **HCOB Eurozone Services PMI Business Activity Index** dipped from July's four-month high of 51.0 to 50.5, signalling a slower and marginal increase in output in August.

Demand for eurozone services was virtually flat, with the respective index posting only fractionally above the 50.0 no-change level. New business from overseas was a stronger drag on sales performances midway through the third quarter as new export orders fell at the fastest pace in three months.

Backlogs of work were cleared further during the latest survey period, albeit to a lesser extent. The rate of reduction was marginal and the weakest since May 2024. Employment growth was sustained in August, stretching the current run of hiring to over four-and-a-half years. The pace of job creation was the strongest since April.

Business expectations were optimistic as companies anticipated higher activity over the coming 12 months. The overall level of positive sentiment was down fractionally on the month and remained below its long-term average.

Inflationary pressures picked up across the euro area service sector. Input cost inflation rose to a three-month high, while charges increased at the fastest pace since March.

Comment

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

"Riding a bike too slowly can make you tip over. That's the risk facing the eurozone. Yes, the economy has been growing since the start of the year, but the pace is painfully slow. In August, the HCOB Composite PMI Business Activity Index stood at 51.0 – barely above stall speed. Political tensions in France and Spain, uncertainty around the EU-US trade deal, and ongoing troubles in the key automotive sector aren't helping. On the bright side, increased defense spending across Europe and Germany's infrastructure program offer hope that the economy might keep moving forward – and avoid falling off the bike."

"Right now, the services sector feels more like stagflation than recovery. The rate of expansion has slipped even further from an already slow pace, while cost pressures have increased and selling price inflation nudged slightly higher. In fact, the performance of services has deteriorated across all four major eurozone economies: growth has slowed in Spain and Italy, and Germany and France are showing mild contractions. That said, we wouldn't call it a downward trend just yet – there are signs of stabilization in both euro area new orders and backlogs. Still, the overall situation remains fragile."

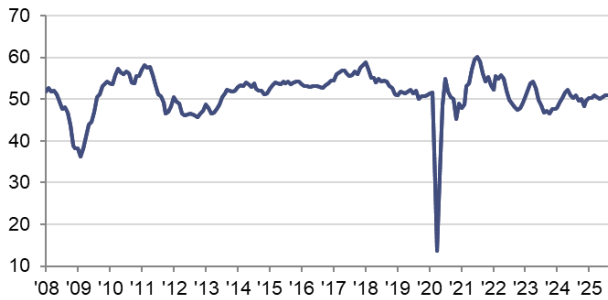
"The European Central Bank is likely viewing the PMI prices data for services with mixed emotions. On the one hand, rising input costs point to mounting inflationary pressures. On the other, selling price inflation has barely moved, suggesting that service providers are struggling to pass those higher costs on to consumers in full. Increasing costs mean that inflationary pressures are building beneath the surface, however."

"Interestingly, the sluggish momentum in the services sector hasn't made much of a dent in employment. In fact, headcounts ticked up slightly in August. Italy and Spain saw a slowdown in hiring, while German service providers even trimmed staff slightly, but France saw renewed jobs growth. Overall, this points to declining labor productivity across the euro area – a concern from an inflation standpoint. When productivity drops, the cost per unit of service rises, potentially offsetting the recent moderation in wage growth. The ECB is keeping a close eye on this dynamic, as highlighted in its latest meeting minutes."

-Ends-

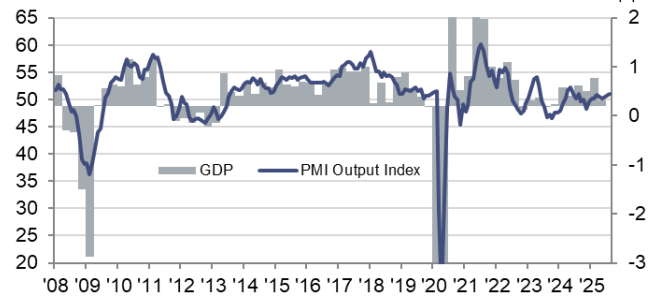
HCOB Eurozone Composite PMI Output Index

sa, >50 = growth since previous month



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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 82% 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 75% 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.

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)

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