NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 1000 CEST (0800 UTC) 23 September 2025

HCOB Flash Eurozone PMI®

Eurozone business activity continues to rise, but new orders stall

Key findings:

HCOB Flash Eurozone Composite PMI Output Index(1) at 51.2 (August: 51.0). 16-month high.

HCOB Flash Eurozone Services PMI Business Activity Index(2) at 51.4 (August: 50.5). 9-month high.

HCOB Flash Eurozone Manufacturing PMI Output Index(4) at 50.7 (August: 52.5). 2-month low.

HCOB Flash Eurozone Manufacturing PMI(3) at 49.5 (August: 50.7). 3-month low.

Data were collected 11-19 September

Business activity continued to rise in the Eurozone during September, according to provisional PMI® survey data, continuing the trend seen since the start of 2025. That said, new orders failed to maintain the growth seen in August and were unchanged over the month. Employment was also kept unchanged as business confidence dipped to a four-month low. Meanwhile, inflationary pressures softened, with both input costs and output prices increasing at weaker rates at the end of the third quarter.

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, posted above the 50.0 no-change mark for the ninth consecutive month in September to signal a further expansion of activity across the euro area's private sector. At 51.2, the index was up slightly from August's reading of 51.0 and pointed to a modest monthly rise in output that was the most pronounced since May 2024.

The acceleration in the pace of growth in business activity was due to the service sector posting the fastest rate of increase in 2025 so far. Manufacturing production also rose, but the rate of expansion eased from the near three-and-a-half year high registered in August and was only slight.

Germany was a key driver of growth in September, recording a solid increase in output that was the joint-fastest since May 2023, equal with that seen in May 2024. On the other hand, France saw activity decrease for the thirteenth consecutive month, and at the sharpest pace since April. The rest of the Eurozone registered continued growth of output, but the rate of expansion moderated.

The overall increase in business activity was recorded in spite of a stable picture for new orders. **New business** was unchanged in September, following a first rise in 15 months during August. A slight rise in services new business was cancelled out by a renewed fall in manufacturing new orders, which decreased to the largest degree since February. Continuing the recent trend, total new order volumes were limited by difficulties securing new business from abroad. **New export orders** have decreased in each month since March 2022, and the latest modest decline was the most pronounced in six months. New business from abroad was down across both the manufacturing and services sectors.

Employment

The lack of growth in new orders meant that companies often used the clearance of outstanding business to support output growth in September. **Backlogs of work** fell modestly, and at the fastest pace in three months. Work-in-hand has now been depleted on a monthly basis throughout the past two-and-a-half years.

With new orders unchanged, **employment** was also kept stable in September, thereby ending a six-month sequence of job creation. Staffing levels in the services sector continued to rise, but the pace of job creation was only marginal and the weakest in seven months. Meanwhile, manufacturing employment continued to fall, extending the sequence of job cuts which began in June 2023. France saw workforce numbers rise for the second month running, albeit only marginally. Meanwhile, Germany posted a solid reduction in employment that was the most pronounced in 2025 so far. The rest of the euro area saw modest job creation.

Prices

After having risen to a five-month high in August, the pace of **input cost** inflation softened in September and was below the series average. Manufacturing input costs decreased for the first time in three months, while services posted a sharp but softer pace of inflation.

A similar picture was seen with regards to **selling prices**, with a fall in manufacturing coinciding with a slower rise in services charges. Overall, output prices increased modestly, and at the slowest pace since May. Germany posted a solid rise in charges, with the pace of inflation hitting a five-month high. Output prices decreased in France for the first time in four months. Meanwhile, the rest of the Eurozone registered a solid increase in selling prices, but one that was the slowest since last November.

Inventories and supply chains

Purchasing activity in the euro area manufacturing sector decreased again in September, extending the current sequence of decline to 39 months. Moreover, the latest fall was solid and the fastest since March. In turn, **stocks of purchases** also decreased, as did **stocks of finished goods**. In both cases, however, rates of inventory depletion eased from those seen in August. Latest data pointed to a fourth successive monthly lengthening of **suppliers' delivery times**. Moreover, the rate of deterioration in vendor performance was the most pronounced since November 2022.

Outlook

Although companies in the euro area remained optimistic that output will rise over the coming year, **business sentiment** dipped to a four-month low in September and was below the series average. The waning in confidence was centred on the manufacturing sector, where optimism was the weakest in the year-to-date. Services sentiment was broadly unchanged from August. Confidence weakened in Germany and France, but improved across the rest of the single-currency bloc.

Comment

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

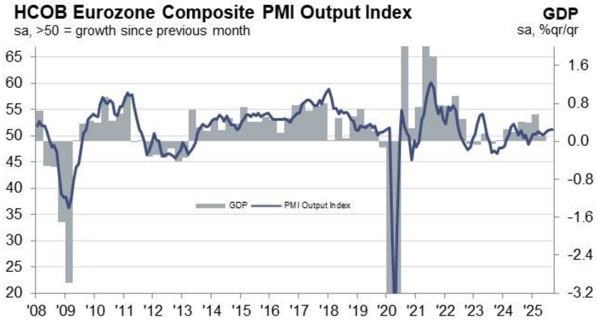
"The eurozone is still on a growth path. Manufacturing output has increased for the seventh month in a row, and business activity in the services sector has been expanding almost continuously since February 2024. That said, we're still a long way from seeing any real momentum. Just consider that the Composite PMI, which combines activity in both manufacturing and services, hit a modest 51.2 points and reached with this a 16-month high.

The outlook for manufacturing is looking a bit cloudy. Production is still growing, but the pace is being dragged down by France, where the government shake-up in early September likely threw a wrench into companies' production plans. Apart from this, hopes for an acceleration in growth are not justified as new orders have dropped significantly in both Germany and France. In the medium term, higher defence spending could drive up demand for industrial goods. A more immediate impact might come from Germany's so-called investment booster and the infrastructure package. Still, according to the survey, confidence in rising output has actually dipped in both Germany and the eurozone overall.

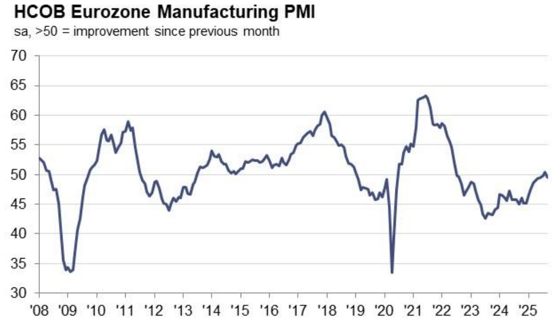
Hiring, which was already pretty sluggish this year, has now come to a halt. That's due to slower hiring in services and faster job cuts in manufacturing. Germany, in particular, has been a drag here. It is possible that the eurozone's official unemployment rate, which fell to a seasonally adjusted 6.2% in July, has now bottomed out.

Cost inflation in the services sector, which the European Central Bank watches closely, has eased slightly but remains unusually high given the fragile economic backdrop. Selling prices have cooled more noticeably, which might just prompt the ECB to consider whether a rate cut before year's end could be back on the table."

-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 September data are published on 1 October for manufacturing and 3 October 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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