

NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0955 CEST (0755 UTC) 3 October 2025

HCOB Germany Services PMI[®]

Business activity ticks up in September despite ongoing fragility in demand

Key findings:

HCOB Germany Services PMI Business Activity Index at 51.5 (Aug: 49.3). 8-month high.

HCOB Germany Composite PMI Output Index at 52.0 (Aug: 50.5). 16-month high.

Inflows of new work fall for second month in a row

Data were collected 11-25 September.

German service firms recorded a modest increase in business activity that was the quickest seen for eight months in September, according to the latest HCOB PMI[®] survey data. The rise in activity was recorded despite not only a second straight monthly decline in inflows of new work, but also a notable reduction in employment in the sector – the steepest seen in over five years. Still, firms remained optimistic about the year-ahead outlook, and even slightly more so than in August.

On the price front, the latest data showed a sustained steep rise in firms' operating expenses, which reports from surveyed companies mainly attributed to wage pressures. Output price inflation meanwhile edged higher, taking it further above its long-run average.

The headline **HCOB Germany Services PMI[®] Business Activity Index** is based on a single question asking how the level of business activity compares with the situation the month before. A reading above 50.0 signals expansion, and the further above 50.0 the faster the rate of growth signalled. At 51.5 in September, the headline index showed a notable improvement from August's 49.3 and was back above the 50.0 threshold that separates growth from contraction. The latest reading was the highest in eight months and indicative of a modest increase in business activity, although it came in below its long-run average (52.7).

The completion of outstanding projects and orders helped to support business activity. The amount of backlogged work at German service providers fell solidly on the month, extending a sequence of depletion that stretches back to May last year.

There remained a lack of incoming new work across the service sector, however. Barring a brief rise in July, new business has displayed a mostly steady downward trend since September last year. Firms in the latest survey reported customers cutting budgets and showing a reluctance to spend. September's decrease in new business was, however, only modest and slower than the month before. That was despite an increased drag from falling export sales.

Despite sustained weakness in demand, service providers were upbeat towards the outlook for activity in the year ahead, citing hopes of an improvement in economic conditions. Business expectations even ticked up slightly, reaching their highest since May 2024.

The current lack of demand and dwindling backlogs of work nevertheless led to job losses across the German service sector in September. The extent to which employment fell was in fact the most marked since June 2020.

Wage pressures remained a key driver of overall input cost inflation across the German service sector, according to qualitative evidence gathered by the survey. September saw average input prices continue to rise at a rate that was above the long-run average, with the pace of increase ticking up slightly from the month before.

Higher operating expenses in turn fed through to a rise in average prices charged by services firms at the end of the third

quarter. Here too, the rate of inflation quickened slightly since August, and in doing so it moved to a four-month high and further above its historical trend level.

Comment

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

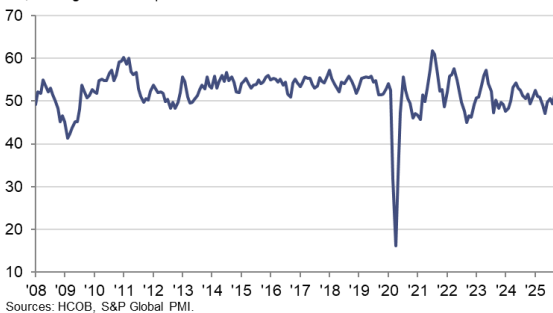
“At first glance, the PMI figures for September are encouraging. The service and manufacturing sectors have together seen a robust increase in output, and the pace of expansion is at its highest in sixteen months. However, there are some downsides. In the manufacturing sector, new orders fell in September, ending a three-month growth streak. And in the service sector, new business has shrunk again, albeit the decrease has softened a bit compared to the previous month. It therefore does not look as if output in the private sector will rise sustainably in the coming months, unless demand revives.

“Cost inflation in the service sector has risen for the second month in a row and is at an above-average level. Given the rather weak performance of this sector over the past twelve months, this is not only unusual but also a problem for the companies affected. This is because the sales difficulties are compounded by rising costs, which can only be passed on to customers to a limited extent. An important factor responsible for these cost increases is likely to be the demographic shortage of skilled workers, which makes staff and human resource planning more expensive.

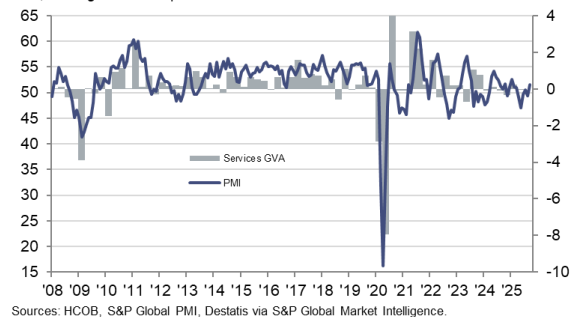
“Service providers are gradually responding to the slump in orders by cautiously reducing their workforces. Over the past two years, there have been repeated episodes where companies have reduced their employment, but for the most part, the number of jobs has increased. The fact that staff numbers have been cut for two months in a row does not necessarily herald a phase of job losses. However, there is increasing discussion about whether artificial intelligence is already making jobs redundant on a significant scale. It is therefore worth keeping a close eye on this development.”

-Ends-

HCOB Germany Services PMI Business Activity Index
sa, >50 = growth since previous month



Services PMI Business Activity Index and **Services GVA**
sa, >50 = growth since previous month, sa, %q/q



HCOB Germany Composite PMI[®]

Output growth ticks up to 16-month high in September

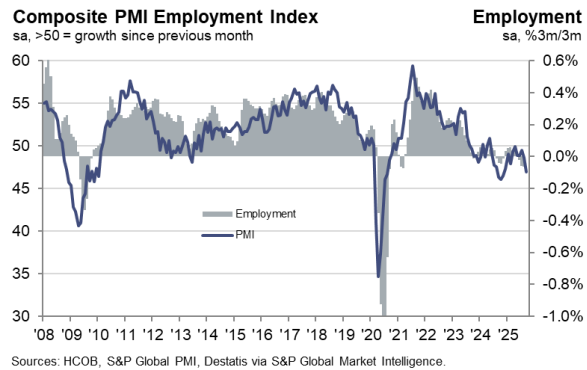
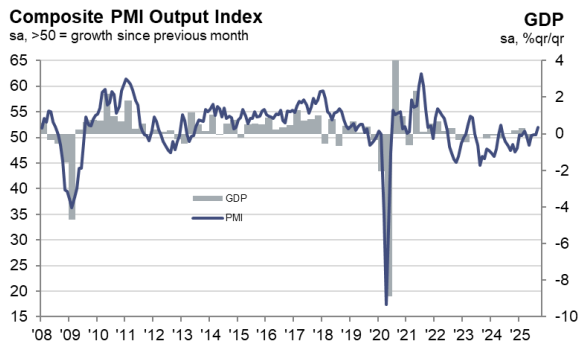
The **HCOB Germany Composite PMI Output Index** improved to a 16-month high of 52.0 in September, up from 50.5 in August. The uptick reflected a combination of stronger manufacturing output growth and a renewed expansion in services business activity.

By contrast, inflows of new work fell across the board in September, in a sign of weaker demand. The drop in factory new orders was the first for four months, while the decline in services new businesses eased slightly from that seen in August.

It was a similar story for employment, which fell in both monitored sectors and showed the steepest overall decline since November last year. This reflected a general lack of pressure on capacity, as evidenced by a broad-based drop in backlogs of work.

Output price inflation ticked up to a four-month high, despite costs rising slightly more slowly than in August.

Looking ahead, business expectations were unchanged on the month, with weaker manufacturing optimism being offset by increased confidence amongst services firms.



Contact

Hamburg Commercial Bank AG

Dr. Cyrus de la Rubia
Chief Economist
T: +49-160-90180-792
cyrus.delarubia@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence

Phil Smith
Economics Associate Director
T: +44-149-146-1009
phil.smith@spglobal.com

Hannah Brook
EMEA Communications Manager
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Note to Editors

The HCOB Germany Services PMI[®] is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in June 1997.

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 survey variable. 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.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services 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 figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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 services data were calculated from 84% of final responses. Flash composite data were calculated from 84% of final responses. Since January 2006 the average difference between final and flash Services Business Activity Index values is -0.1 (0.6 in absolute terms). Since January 2006 the average difference between final and flash Composite Output Index values is 0.0 (0.4 in absolute terms).

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2025 S&P Global Ltd. All rights reserved. www.spglobal.com

About BME

The BME is the German Association for Supply Chain Management, Procurement and Logistics. Founded in 1954 it provides services for around 9750 individual and corporate members, including small and medium-sized businesses as well as Germany's top 200 companies. The BME liaises between businesses and academia, both on the demand and the supply side, by providing the necessary networks for communication and knowledge exchange. The association is open to all company types from any sector (industry, trade, banking/insurance, public sector, service providers, etc.).

Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. (BME), Frankfurter Str. 27, 65760 Eschborn, GERMANY.

Contact: Frank Rösch, Head of Press and Communications, frank.roesch@bme.de, www.bme.de.

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. www.spglobal.com/marketintelligence/en/mi/products/pmi.html.

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, [click here](#).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not

responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.