NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Flash Eurozone PMI®

Eurozone output growth at 11-month high as new orders stabilise

Key findings:

HCOB Flash Eurozone Composite PMI Output Index(1) at 51.0 (June: 50.6). 11-month high.

HCOB Flash Eurozone Services PMI Business Activity Index(2) at 51.2 (June: 50.5). 6-month high.

HCOB Flash Eurozone Manufacturing PMI Output Index(4) at 50.7 (June: 50.8). 4-month low.

HCOB Flash Eurozone Manufacturing PMI(3) at 49.8 (June: 49.5). 36-month high.

Data were collected 10-22 July

Provisional PMI® survey data for July pointed to a further increase in business activity in the Eurozone private sector during the month, with the pace of expansion quickening to the fastest for almost a year amid a stabilisation of new orders. Employment also increased modestly again at the start of the second half of 2025, but business confidence dipped slightly. The pace of input cost inflation eased, while companies raised their output prices at the same pace as in June.

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, rose to 51.0 in July from 50.6 in June. The latest reading signalled a seventh consecutive monthly increase in business activity across the euro area. Although modest, the pace of growth quickened for the second month running and was the sharpest since August last year.

Output increased across both the manufacturing and services sectors, but for the first time in four months the services category posted the stronger pace of growth as the rate of expansion quickened to the fastest since January. Meanwhile, manufacturing production rose marginally, and at a fractionally slower pace than in June.

Differing trends were recorded across the various areas of the Eurozone covered by the flash PMI release. Germany posted a marginal increase in output for the second month running. In France, activity decreased again but at the slowest pace in the current 11-month sequence of decline. Meanwhile, the rest of the euro area registered a solid expansion in output that was the most marked since February.

July data pointed to a stabilisation of **new orders**, thereby ending a 13-month sequence of contraction. Services new business increased for the first time in six months, but this was cancelled out by a renewed fall in manufacturing new orders. While total new business stabilised, **new export orders** (which include intra-Eurozone trade) decreased again. The latest fall was modest, but quicker than that seen in the previous survey period. New business from abroad has declined continuously on a monthly basis since March 2022.

Employment

Higher activity requirements and a stabilisation of new orders encouraged companies in the Eurozone to raise their **staffing levels** again in July, extending the current period of job creation to five months. The pace of job creation was marginal and unchanged from June. Employment increased in the services sector but continued to fall in manufacturing, although the latest reduction was the least pronounced since June 2023. The overall increase in workforce numbers was reflective of job creation outside the largest two euro area economies as Germany and France continued to post declining staffing levels. In fact, outside the ‘big-2’ the pace of job creation was the strongest in just over a year.

Backlogs of work decreased again in July, but the pace of depletion was only slight, having eased for the second month running to the weakest since April 2023.

Prices

Although **input costs** continued to increase in July, the pace of inflation eased to a nine-month low and was weaker than the series average. Services input prices rose at a slower pace, while costs in the manufacturing sector continued to decrease. That said, the latest fall was only fractional and the softest in four months.

Manufacturing **output prices** were unchanged in July, ending a two-month sequence of decreases. Meanwhile, the pace of services charge inflation softened. Overall, companies in the euro area raised their output prices modestly, and at the same pace as in June. The pace of selling price inflation in Germany eased over the month, but faster increases were seen in France and the rest of the Eurozone.

Inventories and supply chains

Continuing the recent trend, the pace of reduction in manufacturing **purchasing activity** eased in July. In fact, the rate of decline slowed for the eighth consecutive month and was the weakest in just over three years of contraction. In turn, **stocks of purchases** decreased at the slowest pace since March 2023, while the modest fall in **stocks of finished goods** was the least pronounced in ten months. **Suppliers' delivery times** lengthened for the second month running at the start of the third quarter, with lead times lengthening to the joint-largest extent since November 2022, equal with that seen in January 2024. That said, the deterioration in vendor performance was still only modest.

Outlook

After **business sentiment** hit an 11-month high in June, confidence dipped slightly in July. As such, optimism remained weaker than the series average. Sentiment was lower across both monitored sectors. Business confidence declined in France during the month, after having jumped in June. Elsewhere, however, optimism strengthened. In Germany, sentiment hit a 14-month high, while the rest of the euro area signalled the strongest confidence in the year-ahead outlook since February.

Comment

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

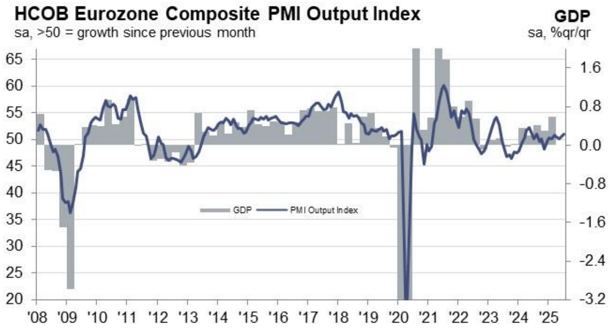
"The eurozone economy appears to be gradually regaining momentum. The recession in the manufacturing sector is coming to an end, and growth in the services sector accelerated slightly in July. Our GDP Nowcast, which also takes into account the HCOB Flash PMI, points to robust economic growth for the third quarter. However, further data should be awaited before too much weight is given to this assessment.

"Manufacturing output has expanded cautiously for five months in a row. Germany is playing a key role here and, together with other countries, has been able to more than offset the weakness in France. However, for the manufacturing sector in the eurozone to return to solid growth in the long term, French industry must also regain its footing. The current political uncertainty in Paris is certainly an obstacle to this.

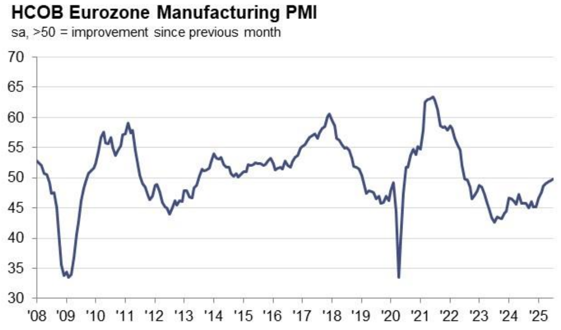
"In Germany, slight economic growth is on the cards for July, while France is set to see a slight contraction. This contrast is likely to be accounted for in part to the political environment. In France, this is characterized by the plan of massive budget cuts and a looming vote of no confidence against Prime Minister François Bayrou. In Germany, on the other hand, the economy can hope for higher government spending, which will ideally be accompanied by higher private and public investment. The corresponding mood is reflected in the outlook for the future in France, which has fallen by around eight points in the manufacturing sector, an unusually sharp decline. In Germany, the corresponding index has only fallen by a good two points.

"There is good news for the ECB, as the disinflation trend has continued in the closely watched service sector. Prices for goods did not fall further in July, but the stronger euro and US tariffs are likely to exert downward rather than upward pressure on inflation in the coming months."

-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 July data are published on 1 August for manufacturing and 5 August 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.

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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