News Release
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S&P Global Eurozone Composite PMI®

Eurozone economic activity declines at quicker pace as inflation bites

May 2026

S&P Global Eurozone Composite PMI Output Index at 48.5 (Apr: 48.8). 18-month low.

S&P Global Eurozone Services PMI Business Activity Index at 47.7 (Apr: 47.6). 2-month high.

Inflationary pressures intensify again

Private sector business activity in the eurozone fell at the sharpest pace in 18 months in May, according to the latest S&P Global PMI® data, marking back-to-back months of contraction for the first time since the end of 2024. Weighing on output levels was a further fall in demand for euro area goods and services, with export* markets a particular drag as non-domestic new orders sank at the quickest rate in five months. Signs of softening were also apparent in the eurozone labour market as job losses picked up.

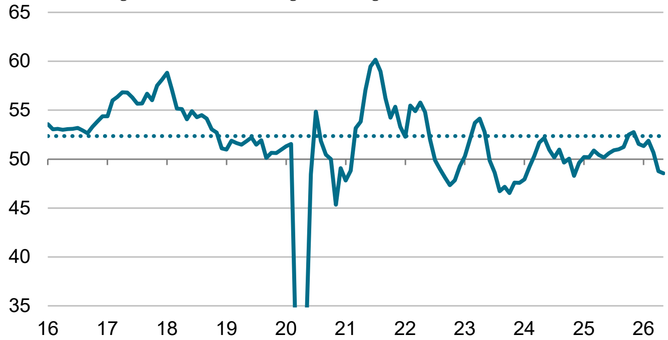
As for pricing trends, input cost pressures ratcheted up further in May, remaining the sharpest seen since late-2022. For a third month in succession, the rate of output price inflation quickened.

The seasonally adjusted S&P Global Eurozone Composite PMI® Output Index – a weighted average of the Manufacturing PMI Output Index and the Services PMI Business Activity Index – fell further below the 50.0 no-change threshold in May, signalling a sharper rate of decline in private sector economic activity. Falling from 48.8 in April to 48.5, the contraction signalled was modest but the sharpest in a year-and-a-half. Overall activity levels in the euro area private sector were pulled lower by services, underlying data showed, as manufacturing production rose further (albeit more slowly).

Data split out by the four euro area nations with composite data available revealed that the downturn was once again driven by the currency bloc's two largest economies – Germany and France. Italy and Spain registered expansions in private sector activity, although rates of growth were marginal.

For the eurozone as a whole, demand for goods and services weakened again in May. This was signalled by a third successive monthly decrease in total new order inflows. Albeit slowing from April, the pace of decline was nonetheless the second-sharpest since November 2024. New business received from abroad was a more pronounced drag on sales activity as private sector exports fell at the

S&P Global Eurozone Composite Output PMI
Index, sa, >50 = growth m/m. Dots = long-run average.



Data were collected 12-26 May 2026.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

Chris Williamson, Chief Business Economist at S&P Global Market Intelligence:

"With business activity in the eurozone falling for a second successive month in May, it is looking increasingly likely that the economy will slip into contraction in the second quarter. The PMI data are indicating a 0.2% quarterly GDP decline barring any significant change in June.

"Price pressures have meanwhile intensified to their most worrying for over three years, hinting at inflation potentially running close to 4% in the coming months.

"These price pressures will sit uncomfortably with the ECB, which will want to be seen as acting swiftly to prevent higher inflation from becoming entrenched. However, policymakers will also clearly be concerned that they could be hiking rates into a downturn, adding to recession risks.

"Hence, while one interest rate hike might be seen as an insurance policy, the case for further rate hikes will be harder to make if the economy continues to weaken, not least as this softening of demand will itself constrain pricing power and wage growth."

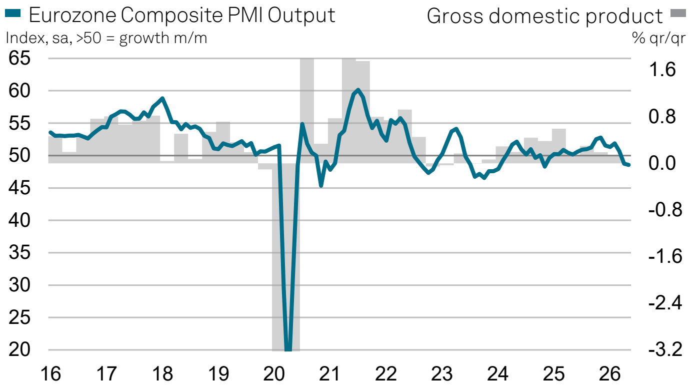
fastest pace in the year-to-date.

With intakes of new work falling, eurozone businesses reported greater spare capacity in May. Backlogs were cleared to the greatest extent in 14 months, even though the latest survey data signalled a concurrent reduction in private payroll numbers. The rate of job shedding was the sharpest in five-and-a-half years, albeit only mild overall.

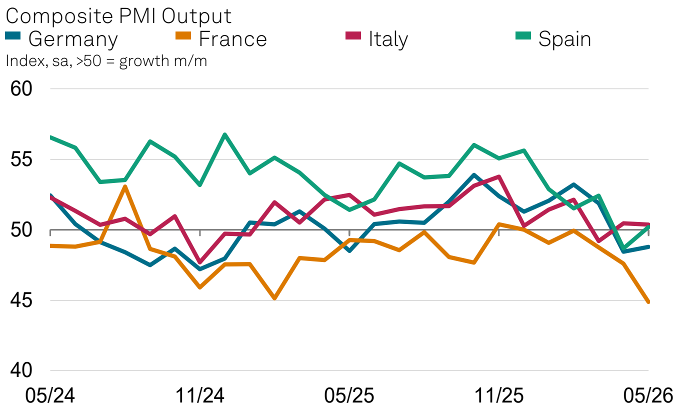
A key finding of the May survey results was regarding prices, as the latest data showed a further intensification of inflationary pressures across the eurozone economy. Input costs rose at the sharpest rate in three-and-half years, while charge inflation hit a 38-month high.

Positively, May saw a modest recovery of business confidence as expectations improved from April's recent low. Optimism remained weak by historical standards, however, and was well below the level seen prior to the outbreak of war in the Middle East.

*includes intra-eurozone trade.



Sources: S&P Global PMI, Eurostat via S&P Global Market Intelligence. © 2026 S&P Global



Source: S&P Global PMI. ©2026 S&P Global.

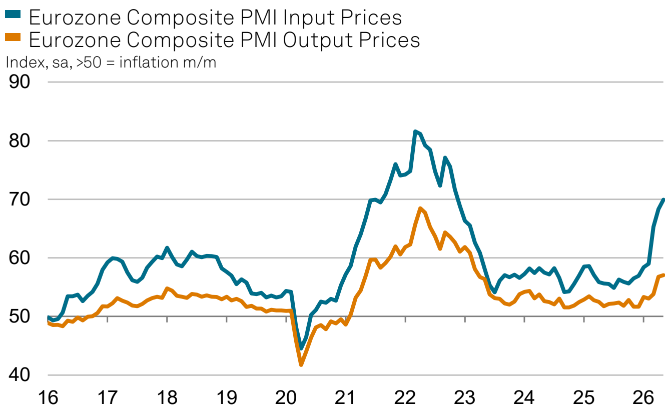
S&P Global Eurozone Services PMI

The S&P Global Eurozone Services PMI Business Activity Index posted in sub-50.0 territory again in May, signalling a sustained fall in output. It did tick up a fraction from April's 47.6 to 47.7 in May, indicating a marginally slower rate of decline than the month prior.

Lower new business inflows remained a feature of the latest survey results, extending the current period of falling demand for eurozone services to three months. Outstanding business levels were subsequently reduced, despite payroll numbers across the sector falling for the first time since January 2021.

Businesses' expectations for activity over the coming 12 months improved somewhat in May, but they were nonetheless the second-lowest for a year.

Cost pressures in the service sector continued to increase, as they now have done in every month since the start of the war in the Middle East. Output charge inflation saw only a fractional uplift from April, however.



Source: S&P Global PMI. ©2026 S&P Global.

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Methodology

The S&P Global Eurozone Composite PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of manufacturers and service providers in eight nations, 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 (source: Eurostat). Composite eurozone level indices are calculated by weighting comparable manufacturing and services indices using eurozone manufacturing and services annual value added (source: Eurostat).

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 data were calculated from 81% of final responses. Since January 2006 the average difference between final and flash Composite PMI values is 0.0 (0.3 in absolute terms). Flash services data were calculated from 74% of final responses. Since January 2006 the average difference between final and flash Services PMI Business Activity Index values is 0.1 (0.3 in absolute terms).

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

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