

# S&P Global Eurozone Composite PMI<sup>®</sup>

## Euro area economy contracts for first time in almost a year-and-a-half as inflation continues to rise

April 2026

S&P Global Eurozone Composite PMI Output Index at 48.8 (Mar: 50.7). 17-month low.

S&P Global Eurozone Services PMI Business Activity Index at 47.6 (Mar: 50.2). 62-month low.

Prices charged increase at fastest pace in three years

The latest S&P Global PMI<sup>®</sup> survey data pointed to stagflation in the euro area economy at the start of the second quarter, as the first fall in private sector business activity since December 2024 was accompanied by the sharpest rise in prices charged in three years. Additionally, business confidence moderated to a 31-month low and there was a further reduction in employment.

The seasonally adjusted S&P Global Eurozone Composite PMI<sup>®</sup> Output Index – a weighted average of the Manufacturing PMI Output Index and the Services PMI Business Activity Index – fell below the 50.0 no-change threshold that separates growth from contraction for the first time in almost a year-and-a-half in April. Coming in at 48.8, the headline measure was down from 50.7 in March and hit its lowest level since November 2024. Overall, the latest figure was indicative of a modest contraction in private sector business activity.

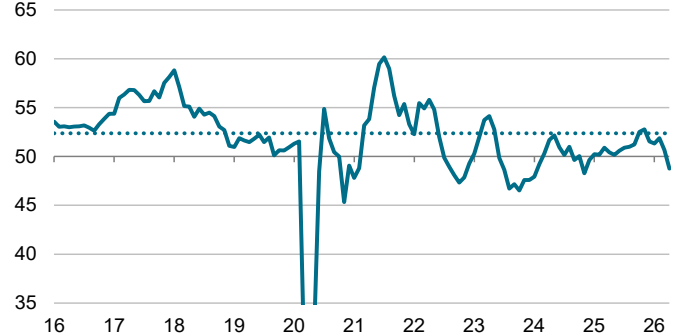
Of the euro area countries with Composite PMI data available, three signalled contractions in output during April. These were Germany, France and Spain, as Italy and Ireland saw expansions. Notably, private sector activity levels in the euro area's two largest economies both fell at the fastest rates in more than a year while, in Spain, the downturn in output was the sharpest since August 2023.

The decrease in business activity at the composite level was entirely reflective of contraction in the service sector, which was the fastest in over five years, and more than offset a stronger increase in manufacturing production. This was also true for total new business, which fell in April for a second month running and to the quickest extent since November 2024.

Business confidence across the eurozone deteriorated again in April, marking a sustained drop in sentiment since the outbreak of war in the Middle East. Firms' growth expectations for the next 12 months were their least optimistic in just over two-and-a-half years.

As was the case in March, private sector employment in the

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



Data were collected 9-27 April 2026.

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

### Comment

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

“The final eurozone PMI data confirm the earlier signs of an economy slipping into decline during April as the ongoing war in the Middle East derails the recovery that had been building prior to the outbreak of the conflict.

”Although indicative of only a modest 0.1% quarterly GDP decline so far, the absence of any signs of the crisis easing any time soon suggests that the downturn may soon deepen.

“So far the service sector has been hardest hit, with consumer-facing business suffering a particular squeeze, amid a double whammy of surging energy prices and disruption to travel. However, while the manufacturing sector has shown resilience so far, this has reflected stock building as companies worry about further price hikes and supply squeezes. This will not only dampen manufacturing growth in the coming months as the stock build fades, but will also have a knock-on effect for service sector businesses that are reliant on manufactured inputs, most notably food and of course refined fuels, should these further supply and price worries materialise.

“The prospect of interest rate hikes are also front of mind among many financial service providers, hitting real estate activity in particular. However, how the ECB responds to the sharp rise in inflation being signalled by the PMI will have a key bearing on the economic outlook well beyond real estate. The concern is that, with business growth expectations already down sharply since the war started, higher interest rates will exacerbate this initial slump in sentiment.”

euro area decreased marginally during the latest survey period. Job losses were manufacturing-led, as services workforce numbers were broadly unchanged from March. Nevertheless, outstanding business volumes were reduced more rapidly at the start of the second quarter. In fact, the rate of backlog depletion was the sharpest since May 2025.

Input cost pressures continued to rise substantially in April. The rate of inflation accelerated further to a 40-month high, reflecting a broad-based quickening at the sector level. Prices charged were subsequently raised more aggressively at the beginning of the second quarter, with firms in both sectors lifting their fees to greater degrees than in March. The overall rate of increase in charges was the sharpest in three years.

### S&P Global Eurozone Services PMI

The S&P Global Eurozone Services PMI Business Activity Index fell into contraction territory for the first time in almost a year in April. Falling from 50.2 in March to 47.6, the latest figure signalled the quickest reduction in output since February 2021.

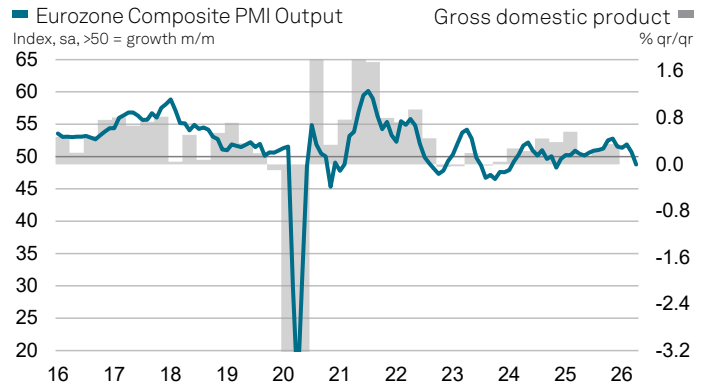
Demand for eurozone services decreased further during the latest survey period. In fact, the reduction was the sharpest since October 2023. This partly reflected a deterioration in new export\* business volumes.

Employment in the eurozone service sector was broadly unchanged in April, marking the second straight month in which this has been the case. However, this marked a noteworthy deviation from the robust job creation trend seen (on average) across the five years prior to the outbreak of the war in the Middle East. Nonetheless, backlogs of work were cleared at the quickest pace since March 2025.

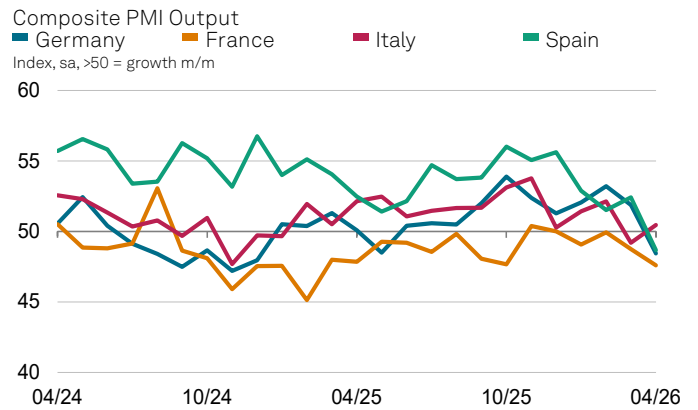
As for trends in prices, rates of input cost and output charge inflation quickened to three- and two-year highs, respectively.

Finally, business confidence across the eurozone service sector fell to a 42-month low in April.

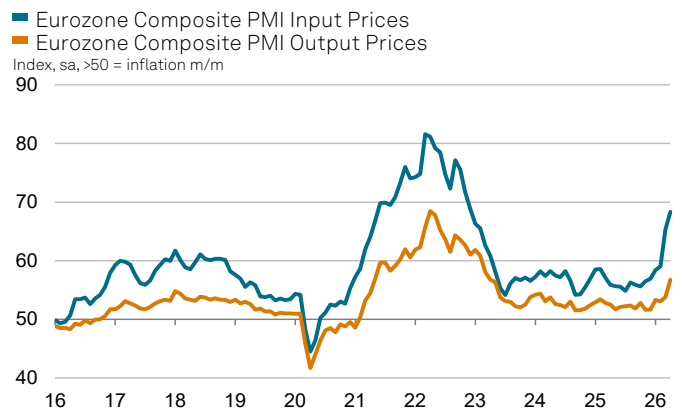
\*includes intra-eurozone trade.



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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 87% 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 82% 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](mailto:economics@spglobal.com).

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