

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Flash Eurozone PMI[®]

Output continues to rise in January and business confidence strengthens

Key findings:

HCOB Flash Eurozone Composite PMI Output Index⁽¹⁾ at 51.5 (December: 51.5). Unchanged rate of growth.

HCOB Flash Eurozone Services PMI Business Activity Index⁽²⁾ at 51.9 (December: 52.4). 4-month low.

HCOB Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 50.2 (December: 48.9). 2-month high.

HCOB Flash Eurozone Manufacturing PMI⁽³⁾ at 49.4 (December: 48.8). 2-month high.

Data were collected 12-21 January

Provisional PMI[®] survey data pointed to ongoing output growth in the eurozone's private sector in the opening month of 2026. Business activity increased on the back of higher new orders, while optimism in the outlook hit a 20-month high. On a less positive note, companies reduced their staffing levels for the first time in four months amid marked job cuts in Germany. Meanwhile, rates of inflation of both input costs and output prices were faster than seen in December. In particular, selling price inflation was the strongest since April 2024.

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, was unchanged at 51.5 in January, thereby signalling a further modest monthly increase in output across the euro area's private sector. Although business activity continued to rise, the latest expansion was the joint-slowest since last September. Output has now risen in each of the past 13 months.

Manufacturing production returned to growth in January, following a first fall in output for ten months at the end of 2025. The pace of expansion was only fractional, however. Meanwhile, growth was sustained in the service sector, but here the rise was the weakest in four months.

Limiting the overall pace of expansion in January was a renewed reduction in business activity in France, where output ticked down for the first time in three months. The weakness in France contrasted with ongoing growth in Germany and across the rest of the eurozone. In fact, the solid rise in activity in Germany was the sharpest since last October.

Eurozone companies continued to increase output in response to higher **new orders**, which rose for the sixth month running in January. That said, the latest expansion in new business was only marginal and the slowest since September 2025. Growth of total new business continued to be restricted by a fall in **new export orders** (which include intra-eurozone trade). New business from abroad decreased modestly, albeit to a lesser extent than in December.

Employment

While output and new orders continued to rise in January, **employment** levels were scaled back, ending a three-month sequence of jobs growth in the euro area. Although marginal, the pace of reduction in workforce numbers was the most marked for almost a year. Services staffing levels were unchanged following a period of job creation stretching back almost five years, while manufacturing employment continued to fall modestly. National data indicated that the reduction in workforce numbers in the eurozone was centred on Germany, where employment decreased markedly. In fact, excluding the COVID-19 pandemic, the fall in German staffing levels was the most pronounced since November 2009. On the other hand, employment continued to rise in France and across the rest of the currency bloc.

Despite the drop in staffing levels, companies were still able to deplete **backlogs of work** amid a slowdown in new order growth. Moreover, the latest reduction in outstanding business was solid and the sharpest since May 2025.

Inventories and supply chains

As well as lowering employment in January, eurozone manufacturers also scaled back their **purchasing activity** at the start of 2026. That said, the pace of decline eased to a six-month low. On the other hand, **stocks of both purchases and finished goods** decreased at sharper rates than in December. Suppliers' delivery times lengthened solidly again, but to the smallest degree in five months.

Prices

The pace of **input cost** inflation quickened for the third consecutive month in January and was the fastest in just under a year. The acceleration in the pace of increase was particularly noticeable in the manufacturing sector, where input costs rose at the sharpest rate for three years, albeit still at a pace that was below the series average.

Output prices also increased at a faster pace at the start of 2026. The rate of inflation was solid and the most marked since April 2024. In contrast to the picture for input costs, the pick-up in charge inflation was centred on services where the latest increase was the sharpest in 11 months. Meanwhile, manufacturing selling prices continued to fall marginally. Output prices in Germany rose at a marked pace that was the fastest since May 2023. Charges in France were kept unchanged since December, while the rest of the eurozone posted a solid increase.

Outlook

Companies were optimistic that output will rise over the coming year, and **business sentiment** hit a 20-month high in January. Confidence was also above the series average. Optimism strengthened across both monitored sectors, with manufacturing posting the highest sentiment in almost four years. Confidence improved in both Germany and France, but eased slightly in the rest of the euro area.

Comment

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

"The recovery still looks rather feeble. In manufacturing, the headline PMI continues to signal weakness, while growth in services activity is somewhat more moderate than the month before. Overall economic growth remains unchanged. Looking ahead, the low growth in new orders is certainly no game changer. Instead, the start into the new year points to more of the same in the months to come.

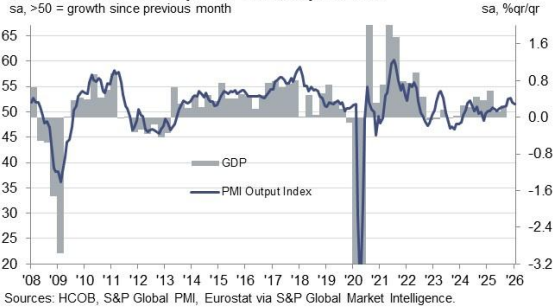
For the ECB, these results are anything but reassuring. Inflation in the services sector, which the central bank is watching particularly closely, has increased significantly in terms of sales prices. Input cost inflation remains an issue as well, though it has accelerated less than sales price inflation. As a result, ECB members are likely to feel validated in holding rates where they are. Some of the more hawkish members may even argue that the next move should be up rather than down.

Comparing countries, services activity in Germany expanded in January at a fairly robust pace, while in France service companies slipped into contractionary territory. This may be linked to the political difficulties in finalising the 2026 budget. In manufacturing, France shows a slightly better performance than Germany, but in both countries output growth is nothing to write home about. Overall, Germany's economy started the new year on a growth path, while monthly output in France has declined.

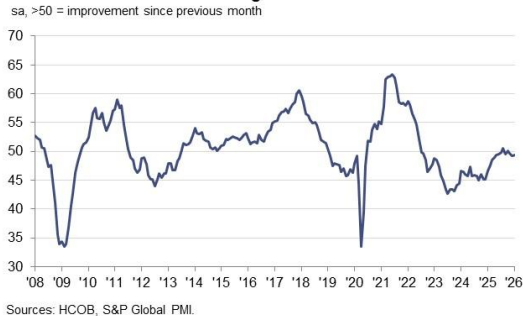
While the unemployment rate has been roughly stable over the past year, weakening employment figures in services and ongoing staff cuts in manufacturing point toward a somewhat higher unemployment rate in the coming months. This suggests that the current weak growth trajectory may not be enough to keep employment steady, especially as companies continue striving to become leaner, for example by deploying artificial intelligence solutions."

-Ends-

HCOB Eurozone Composite PMI Output Index



HCOB Eurozone Manufacturing PMI



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Note to Editors

Final January data are published on 2 February for manufacturing and 4 February 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

- The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
- 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.

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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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