

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Flash Eurozone PMI®

## Eurozone output down for first time in five months amid services decline

### Key findings:

HCOB Flash Eurozone Composite PMI Output Index<sup>(1)</sup> at 49.5 (April: 50.4). 6-month low.

HCOB Flash Eurozone Services PMI Business Activity Index<sup>(2)</sup> at 48.9 (April: 50.1). 16-month low.

HCOB Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 51.5 (April: 51.5). Unchanged pace of growth.

HCOB Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 49.4 (April: 49.0). 33-month high.

Data were collected 12-20 May

Provisional PMI® survey data pointed to a renewed fall in Eurozone business activity during May as new orders continued to decrease. The reduction in output was centred on the services sector as manufacturing production rose modestly. A short period of employment growth also came to an end midway through the second quarter, with staffing levels kept stable in May. Meanwhile, business confidence moderated further, easing to a 19-month low. On the price front, rates of inflation of both input costs and output prices softened, although this masked differing trends at the sector level. Input costs and selling prices fell in manufacturing, with inflation limited to service providers.

### 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, dropped to 49.5 in May from 50.4 in April, below the 50.0 no-change mark for the first time in five months and thereby signalling a reduction in private sector output midway through the second quarter of the year. That said, the pace of contraction was only marginal.

The renewed decrease in overall business activity reflected a modest reduction in services activity, which fell for the first time since last November and at the fastest pace in 16 months. In contrast, manufacturing production continued to rise in May, the third month running in which this has been the case. The pace of expansion was unchanged from that seen in April.

Output in Germany decreased, after activity had risen in each of the opening four months of the year. The fall meant that Germany joined France in contraction territory, with business activity in the latter now having decreased in nine consecutive months. The rest of the euro area continued to outperform the largest two economies, registering sustained growth, albeit with the pace of expansion the slowest since January.

While the overall fall in output in May followed a period of growth, **new orders** have now decreased on a monthly basis throughout the past year. The latest decline in new business was modest, but the most pronounced since December 2024. As was the case with activity, the overall reduction reflected service sector weakness, with new business down for the fourth month running. Manufacturing new orders stabilised, ending a three-year period of decline. Alongside the fall in total new orders, **new business from abroad** (which includes intra-Eurozone trade) was also down modestly, with the pace of contraction little changed from that seen in April.

### Employment

A two-month period of marginal job creation also came to an end in May, with **employment** unchanged during the month. Here, a slight rise in services staffing levels was cancelled out by a modest fall in manufacturing workforce numbers. That said, the pace of reduction in manufacturing employment was the slowest for a year. Staffing levels decreased in Germany and France,

but rose in the rest of the euro area.

Eurozone companies were again able to deplete their **backlogs of work** in May as new orders fell further. Outstanding business decreased for the twenty-sixth consecutive month, and at a solid pace that was the most pronounced in 2025 so far.

## Prices

As well as seeing contrasting trends in terms of output in May, the manufacturing and services sectors recorded different pictures in terms of prices as well. Manufacturing **input costs** decreased for the second consecutive month, and to the largest extent since March 2024. On the other hand, services input prices were up sharply again, with the pace of inflation slightly stronger than in April. Overall, input costs increased at a broadly similar pace to that seen in the previous month, with inflation just below the series average.

The pace of **output price** inflation, meanwhile, eased to a seven-month low in May. As was the case with input costs, a rise in services charges contrasted with a fall in manufacturing selling prices, the first in three months. Output prices decreased in France, but continued to rise in Germany and the rest of the Eurozone.

## Inventories and supply chains

Eurozone manufacturing **purchasing activity** decreased again in May, although there were further signs that firms were becoming less cautious about buying decisions. The pace of decline in input purchasing eased for the sixth successive month and was the weakest in the current 35-month sequence of contraction. Similarly, although **stocks of purchases** fell solidly, the latest reduction was the slowest since April 2023, while **stocks of finished goods** decreased to the least marked extent in eight months. **Suppliers' delivery times** shortened for the fourth month running, albeit modestly.

## Outlook

After having dropped sharply in April, **business confidence** ticked down again in May and was the lowest since October 2023. Sentiment was also weaker than the series average. The overall fall in sentiment reflected a further waning of confidence among service providers, with optimism dropping to the weakest since September 2022. In fact, excluding the outbreak of the COVID-19 pandemic in 2020, services sentiment was the second-lowest since the end of 2012. In marked contrast, manufacturing optimism strengthened during May and was the highest since February 2022.

## Comment

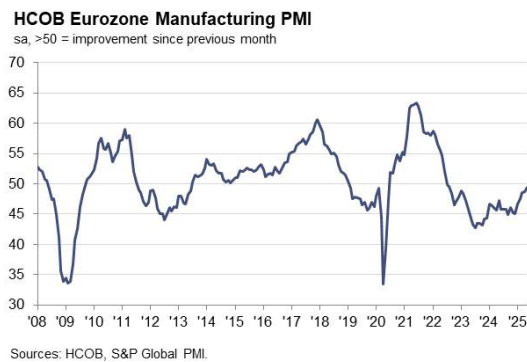
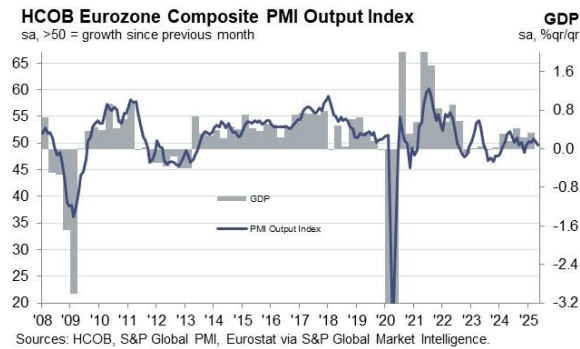
Commenting on the flash PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

*"The eurozone economy just cannot seem to find its footing. Since January, the overall PMI has shown only the slightest hint of growth and in May, the private sector actually slipped into contraction. Do not blame US tariffs for this one. In fact, efforts to get ahead of those tariffs might partly explain why manufacturing has held up a bit better lately. Manufacturers have now increased production for the third straight month, and for the first time since April 2022, new orders did not decline. On the flip side, service providers, who are generally less exposed to US trade policy, except in areas like international logistics, are seeing business activity shrink for the first time since November 2024. While foreign demand for services is softening, it is the sluggish domestic demand that seems to be dragging the sector down."*

*"May's snapshot is not pretty. Looking ahead, companies are only cautiously optimistic. The expectations index is still well below its long-term average. However, there are reasons for confidence in the longer term. The recovery in manufacturing is broad-based, with encouraging signs coming out of both Germany and France. Further interest rate cuts could provide a boost, and lower oil prices compared to last year are also helping. Germany, in particular, might be gearing up to reclaim its role as the eurozone's economic engine, thanks to a potentially very expansionary fiscal policy. That is backed up by a notable jump in Germany's future production index, which has climbed to an above-average level."*

*"For the European Central Bank, these numbers are likely to leave it with mixed feelings. Inflation in service sector sales prices has ticked down slightly from an already low level, but input costs are still rising and even picking up speed. With energy prices falling, higher wages are probably the main driver here. Still, the ECB seems inclined to continue with cautious rate cuts, especially with purchase prices in manufacturing on the decline."*

-Ends-



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## Note to Editors

Final May data are published on 2 June for manufacturing and 4 June 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 <sup>1</sup>	0.0	0.3
Manufacturing PMI <sup>3</sup>	0.0	0.2
Services Business Activity Index <sup>2</sup>	0.1	0.3

The Purchasing Managers' Index™ (PMI<sup>®</sup>) 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<sup>®</sup> 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](mailto: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.

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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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