

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB Eurozone Manufacturing PMI®

Eurozone factory output growth at 41-month high in August

Key findings:

HCOB Eurozone Manufacturing PMI at 50.7 (Jul: 49.8). 38-month high.

HCOB Eurozone Manufacturing PMI Output Index at 52.5 (Jul: 50.6). 41-month high.

Factory production growth at its strongest in nearly three-and-a-half years as new order intakes improve

Data were collected 12-21 August

The sharpest rise in factory output since March 2022, alongside a first monthly rise in new orders in almost three-and-a-half years pushed the HCOB Eurozone Manufacturing PMI® above the 50.0 threshold and into expansion territory in August after a prolonged period of decline. Notably, the renewed uptick in manufacturing demand was driven by domestic markets as new export sales fell for a second successive month.

Meanwhile, inventory levels were depleted at a quicker rate and firms stepped up the pace at which buying volumes were cut. This was despite supplier delivery delays worsening further. Average input costs rose for the first time since March, albeit marginally, whereas prices charged were reduced.

The **HCOB Eurozone Manufacturing PMI®**, a measure of the overall health of eurozone factories compiled by S&P Global, rose from 49.8 in July to 50.7 in August. This marked the first monthly improvement in operating conditions for goods producers in the single currency union since June 2022.

The main bulk of the euro area registered expansionary Manufacturing PMI readings midway through the third quarter. The exceptions were Austria and Germany, although the largest economy of the bloc posted a 38-month high and signalled broadly stable factory operating conditions. Austria's manufacturing downturn also eased and was only marginal. Greece topped the growth rankings and was closely followed by Spain, with both nations registering strong upturns in August. Modest improvements were seen in the Netherlands and Ireland, while both France and Italy saw renewed (albeit only slight) expansions.

A sixth successive monthly increase in production was recorded in August. The rate of growth picked up markedly on the month to the quickest since March 2022. Spurring a faster rise in output was a renewed pick-up in demand conditions. Total new order volumes rose for the first time in close to three-and-a-half years, although this was reflective of a better domestic sales environment as the latest survey data signalled further (and faster) decline in exports*.

Still, despite increased new order intakes, operating capacities were not placed under greater strain. This was evidenced by thirty-ninth successive monthly reduction in backlogs of work. Job cutting continued across the eurozone manufacturing sector, but the latest decrease in employment was only marginal overall and among the softest seen over the current 27-month sequence.

Eurozone manufacturers remained in stock-cutting mode during the latest survey period. Both pre- and post-production inventories were reduced, and in both cases to the quickest extents since March. Purchasing activity also fell more rapidly, although the rate of decrease was weak by comparison to the trend seen over the last three years. Pressures on supply chains nevertheless intensified as average input lead times lengthened to the most marked degree since November 2022.

As for prices trends, eurozone manufacturers saw operating expenses increase for the first time in five months, although the uptick was only marginal. Prices charged were discounted fractionally.

Finally, eurozone goods producers looked to the next 12 months with optimism, but there was little change in sentiment when compared with July. Overall, growth expectations held just above their long-term average in August.

**Includes intra-eurozone trade*

Countries ranked by Manufacturing PMI: August

Greece	54.5	5-month high
Spain	54.3	10-month high
Netherlands	51.9	Unchanged
Ireland	51.6	5-month low
France	50.4 (flash: 49.9)	31-month high
Italy	50.4	17-month high
Germany	49.8 (flash: 49.9)	38-month high
Austria	49.1	37-month high

Comment

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

“The economic recovery in the manufacturing sector is broadening, as conditions are improving in six out of the eight countries for which PMIs are recorded—compared to only four countries in the previous month. As a result, the Manufacturing PMI for the eurozone has crossed the expansion threshold for the first time since mid-2022, mainly because companies have ramped up production more rapidly.

“Incoming orders also offer hope for a sustainable recovery. After over three years of continuous declines, companies are now seeing a slight increase. Domestic orders have risen and are offsetting the weakening demand from abroad. In fact, the best remedy against U.S. tariffs may be to strengthen domestic demand, including within the EU internal market. The potential is significant, as the International Monetary Fund estimates that the tariff equivalent of the many non-tariff trade barriers in the EU stands at 44%. Companies may be hoping for progress here, as a certain optimism has taken hold. Many expect to produce more in 12 months than they do today.

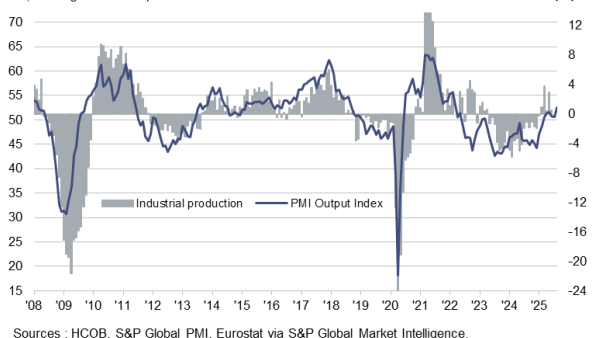
“The recovery is real but remains fragile. Inventory levels continue to decline, and the slightly accelerated drop in order backlogs shows that companies are still suffering from uncertainty. Given U.S. tariff policies and geopolitical tensions, this is hardly surprising. We see the fact that production is being ramped up and more orders are being registered in this environment as a sign of resilience.”

-Ends-

HCOB Eurozone Manufacturing PMI



Manufacturing PMI Output Index
sa, >50 = growth since previous month



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Note to Editors

The HCOB Eurozone Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of manufacturers in Germany, France, Italy, Spain, the Netherlands, Austria, Ireland and Greece, totalling around 3,000 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 are calculated by weighting together the country indices using national manufacturing annual value added*.

The headline figure is the Manufacturing Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

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.

*Source: Eurostat.

Flash data were calculated from 88% of final responses. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.0 (0.2 in absolute terms).

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

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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