

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

Eurozone economy grows at softer and subdued pace in April

Key findings:

HCOB Eurozone Composite PMI Output Index at 50.4 (Mar: 50.9). 2-month low.

HCOB Eurozone Services PMI Business Activity Index at 50.1 (Mar: 51.0). 5-month low.

Eurozone economy continues to display weak growth trend as demand conditions deteriorate

Data were collected 9-25 April 2025

The euro area economy eked out further growth at the start of the second quarter, but the pace of expansion was again marginal and even slowed on the month. The latest HCOB PMI[®] survey data, compiled by S&P Global, revealed a sustained upturn in private sector business activity across the currency union since the beginning of the year, but the trend remained subdued and well below its long-term average. Soft demand conditions continued to limit the speed of growth, leaving companies to rely on backlogs of work as a means to drive output higher. Nevertheless, employment ticked up for a second consecutive month. There was a marked drop in business confidence, however, with year-ahead expectations slipping to an 18-month low.

In terms of pricing trends, April survey data indicated a further cooling in the rates of both input cost and output charge inflation.

The seasonally adjusted **HCOB Eurozone Composite PMI[®] Output Index** – a weighted average of the HCOB Manufacturing PMI Output Index and the HCOB Services PMI Business Activity Index – recorded above the 50.0 no-change mark for a fourth successive month in April, but it remained close to the threshold signalling a weak rate of expansion. Moreover, having fallen from 50.9 in March to 50.4, the latest reading of the headline index pointed to an increase in business activity that was softer on the month and only marginal overall.

April's upturn was almost entirely underpinned by the manufacturing sector, where output rose at its fastest rate since March 2022. By comparison, there was a near-stagnation of activity in the services industry after four months of mild expansion.

Four euro area countries with Composite PMI data available posted growth of output at the start of the second quarter. France remained the outlier, registering a contraction for the eighth month running. Ireland recorded the strongest increase in activity, but the expansion slowed on the month. Italy posted the fastest increase in 11 months, but trailed Spain's upturn, despite growth there easing to a 15-month low. Germany's private sector output barely rose in April.

Restricting economic growth in the euro area was a sustained period of weak demand. Not only did new order intakes fall for an eleventh month running in April, but they did so at a slightly quicker pace. Both manufacturers and service providers noted weaker sales during the latest survey period. Clients in export* markets were partly responsible for the contraction, although the pace of decline in new work from non-domestic sources was the least pronounced in almost three years.

The sustained reduction in volumes of new business meant the onus was placed firmly on backlogs to support activity levels. As a consequence, outstanding orders decreased at the beginning of the second quarter, continuing a trend that has been seen in every month for just over two years. Nevertheless, private sector employment across the euro area rose again in April. However, workforce expansions were seen in the service sector only as manufacturing jobs were cut for a twenty-third month in a row. The overall rate of employment growth was marginal.

Greater hiring activity also came despite a sizeable decline in business confidence. Year-ahead expectations for activity were their weakest in 18 months, reflecting lower levels of positive sentiment at both manufacturers and service providers.

Turning to prices, April survey data showed softer rates of inflation across the eurozone. Input cost pressures eased to their weakest in five months, while output charges posted the slowest increase in 2025 so far.

**includes intra-eurozone trade.*

Countries ranked by Composite PMI Output Index: April

Ireland	54.0	2-month low
Spain	52.5	15-month low
Italy	52.1	11-month high
Germany	50.1 (flash: 49.7)	4-month low
France	47.8 (flash: 47.3)	2-month low

HCOB Eurozone Services PMI[®]

The **HCOB Eurozone Services PMI Business Activity Index** signalled a near-stagnation of the service sector in April. Falling from 51.0 in March to 50.1, the index was only just above the neutral 50.0 threshold, posting below its average seen in the opening quarter of the year (51.0).

A third successive monthly drop in the level of incoming new work was registered during April. The rate of decrease in new orders was the quickest since last November, albeit mild overall. A marginal reduction in new export business was also posted.

Eurozone services companies made additional inroads into their incomplete business during the latest survey period, extending the depletion trend to exactly a year. That said, despite evidence of reduced capacity pressures, employment rose at a modest rate.

Input costs increased at a sharp pace in April, although the rate of inflation cooled to a five-month low. Prices charged for the provision of euro area services meanwhile rose at the weakest pace since October 2024.

Lastly, there was another deterioration in business confidence, marking a fourth straight month of easing expectations. The level of positive sentiment dipped to its lowest in almost two-and-a-half years.

Comment

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

"Eurozone economic growth slowed at the start of the second quarter, following a pick-up in the first three months of the year. The services sector, which is a major player, practically stagnated in April. Even though manufacturing output saw a surprising uptick, it wasn't enough to prevent the overall slowdown in growth."

"In the services sector, cost pressures are still relatively high, though they have eased a bit over the past couple of months. Inflation is down for sales prices and continued to trend lower. Many members of the European Central Bank (ECB) have been hinting at another interest rate cut in June, and these latest figures seem to support their stance."

"Euro area employment has seen a slight stabilization. The drop in headcounts among manufacturers has been more-than-counterbalanced by an increase in jobs within the service sector. Overall, there's still a noticeable hesitation to hire new staff, which isn't too surprising given the current uncertainties."

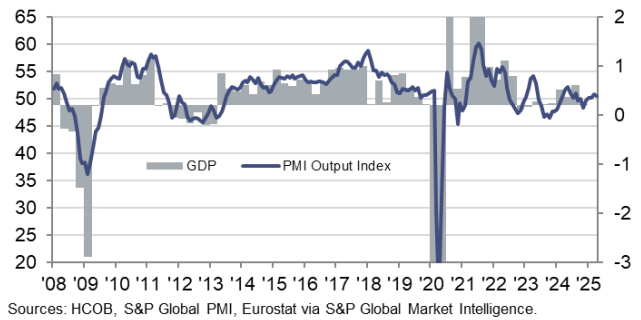
"Spain is leading the pack in terms of growth, followed by Italy, then Germany with marginal growth, and France trailing behind. This is reflected in the Composite PMI data for the first four months of 2025 and aligns with Eurostat's GDP data for the first quarter. We expect Germany to soon outpace Italy thanks to a generous fiscal package, while France is likely to remain at the bottom for now due to its uncertain political climate."

-Ends-

HCOB Eurozone Composite PMI Output Index
sa, >50 = growth since previous month



HCOB Composite PMI Output Index **Gross domestic product (GDP)**
sa, >50 = growth since previous month %qtr/qtr



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Note to Editors

The HCOB Eurozone Composite 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, and of service providers in Germany, France, Italy, Spain and Ireland, 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*. Composite eurozone level indices are calculated by weighting comparable manufacturing and services indices using eurozone manufacturing and services annual value added*.

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 composite data were calculated from 88% of final responses. Since January 2006 the average difference between final and flash Composite PMI Output Index values is 0.0 (0.3 in absolute terms). Flash services data were calculated from 83% of final responses. Since January 2006 the average difference between final and flash Services PMI Business Activity Index values is 0.0 (0.3 in absolute terms).

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

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 neighbouring 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.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

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