

PMI®

by **S&P Global**

# Eurozone

## Eurozone flash PMI hints at rising stagflation risk amid war in Middle East

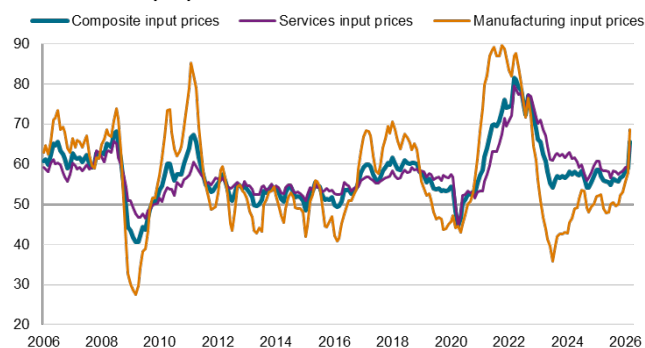
The flash Eurozone PMI is ringing stagflation alarm bells as the war in the Middle East drives prices sharply higher while stifling growth.

### Record cost surge

March's flash PMI survey data from S&P Global showed firms' costs rising across the eurozone at the fastest rate for over three years amid the surge in energy prices and choking of supply chains resulting from the war in the Middle East.

Input prices increased at the fastest pace since February 2023, the rate of inflation accelerating at one of the greatest extent since data were first available in the late 1990s. The 10.6 point jump in the eurozone manufacturing input cost index was the largest on record, while the 5.2 point jump in the services input cost index was the largest on record barring only the surge in costs seen in March 2022 during the pandemic.

#### Eurozone PMI input prices



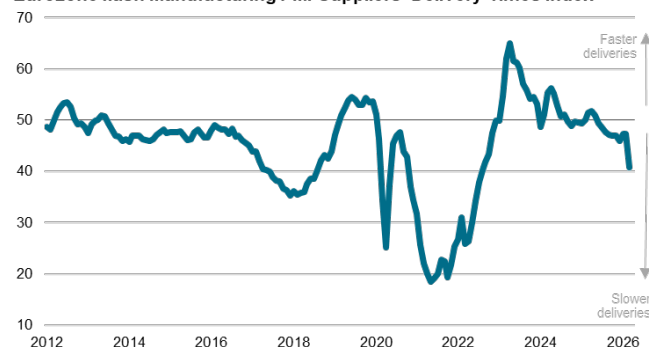
Data compiled March 24, 2026.  
PMI (Purchasing Managers' Index) based on 50 = no change on prior month, covers goods and services.  
Source: S&P Global PMI, S&P Global Market Intelligence.  
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### Supply shock

Supplier delays have meanwhile intensified to their highest since mid-2022, largely linked to shipping issues relating to the crisis in the Middle East. Although the delays are far less widespread than seen during the height of the pandemic, the supply chain disturbances have applied upward pressure to prices which will only intensify further should the supply shock prove long-lasting, as will any adverse impact on production capacity arising from input shortages.

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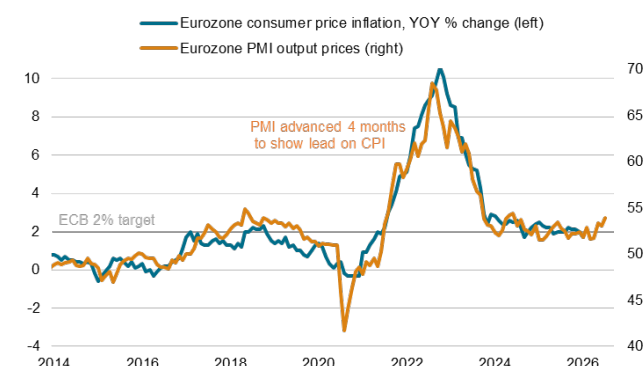
#### Eurozone flash Manufacturing PMI Suppliers' Delivery Times Index



Data compiled March 24, 2026.  
PMI (Purchasing Managers' Index) based on 50 = no change in business conditions on prior month.  
Source: S&P Global PMI, S&P Global Market Intelligence.  
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The feed-through of higher costs to selling prices has been muted so far, according to the flash PMI for March, though the survey's selling price gauge has nonetheless already risen to its highest since February 2024 and at a level indicative of consumer price inflation accelerating close to 3%.

#### Eurozone inflation

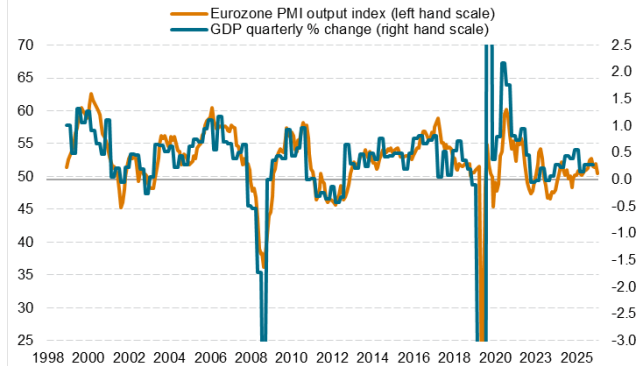


Data compiled March 24, 2026.  
PMI (Purchasing Managers' Index) value of 50 = no change on prior month, covers manufacturing and services.  
Source: S&P Global PMI, Eurostat.  
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### Growth close to stalling

Output growth has meanwhile slowed to near-stagnation thanks to a slump in business confidence and deterioration of new orders. Falling to a ten-month low of 50.5 in March, down from 51.9 in February, the PMI's composite output index has fallen to a level indicative of eurozone GDP growth slowing to a quarterly rate of just under 0.1% in March.

## Eurozone PMI vs. GDP



Data compiled March 24, 2026.

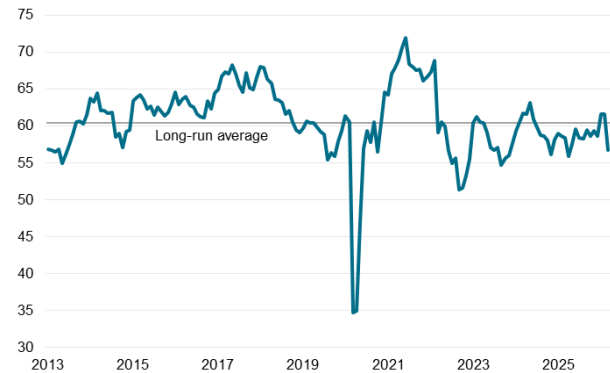
PMI (Purchasing Managers' Index) based on 50 = no change on prior month, covers goods and services.

Sources: S&P Global PMI, Eurostat via S&P Global Market Intelligence.

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The forward-looking indicators point to a heightened risk of further deterioration and potential downturn in the coming months. The drop in flash PMI future output expectations index was the largest recorded since Russia's invasion of Ukraine in 2022.

## Eurozone PMI output expectations



Data compiled March 24, 2026.

PMI (Purchasing Managers' Index) based on 50 = no change in next 12 months, covers goods and services.

Source: S&P Global PMI, S&P Global Market Intelligence.

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## Policy outlook

The outlook naturally depends on the duration of the war and any potential lasting impact on energy and supply chains, but the flash PMI data underscore how the European Central Bank is no longer in a "good place" with respect to growth and inflation, and will have to tread a cautious path with respect to policy in the face of a clear and rising risk of stagflation in the coming months.

Access the press release [here](#).

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