

# PMI®

by **S&P Global**

## Eurozone

### Eurozone flash PMI points to flatlining economy in June but price pressures cool

The eurozone economy is showing enough resilience to just about stay out of recession, according to fresh survey data from S&P Global. The flash PMI registered only a slight drop in business activity in June, meaning the survey is indicative of unchanged GDP over the second quarter.

There is welcome news of an easing in the recent downturn in services activity, with tourism and leisure related industries seeing signs of recovering demand after the initial disruptions from the war in the Middle East.

Manufacturing meanwhile continues to benefit from inventory building as customers front-run future prices rises or supply issues amid ongoing supply fears linked to the war. However, although widespread supply chain delays contributed to further upward pressure on prices, there are signs that concerns over supply and price trends are starting to moderate.

Encouragingly, lower energy prices are already filtering through to businesses and rates of input cost and selling price inflation have moved lower in June to hint at a potential peaking of the price spike.

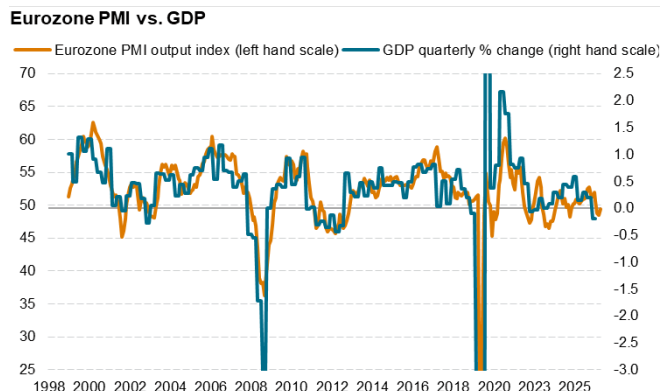
The June survey was conducted largely before the announcement of the MOU between the US and Iran.

### Flat picture for GDP in second quarter

The Eurozone PMI, compiled by S&P Global, indicated an easing in the pace of economic contraction, according to the early 'flash' estimate. The PMI rose from 48.5 in May to 49.5 in June. Although indicating a fall in business activity for a third successive month, the decline in June was only marginal and consistent with broadly flat GDP.

Similarly, while the average PMI reading of 48.9 over the second quarter is indicative of a small drop in business activity, it too is historically consistent with a flat picture for the broader economy as a whole.

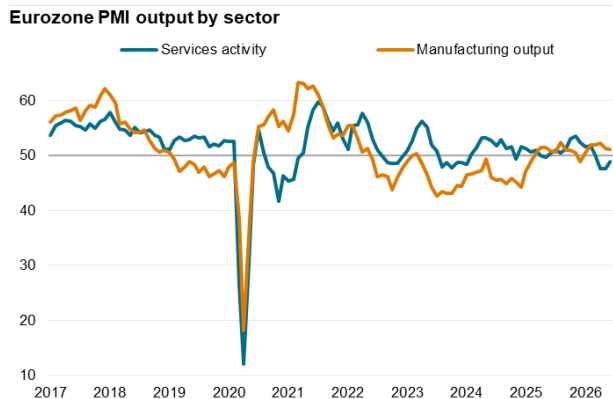
Coming in the heels a reported 0.2% drop in eurozone GDP for the first quarter, a flat reading in the second quarter would indicate that the economy has avoided a dip into a technical recession (widely seen as being signalled by two successive quarters of falling GDP).



Data compiled June 23, 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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Service sector output contracted for a third successive month in June, though the rate of decline was the weakest seen over this period, buoyed by rising activity outside of France and Germany.

Manufacturing output rose modestly, helping offset some of the service sector weakness.



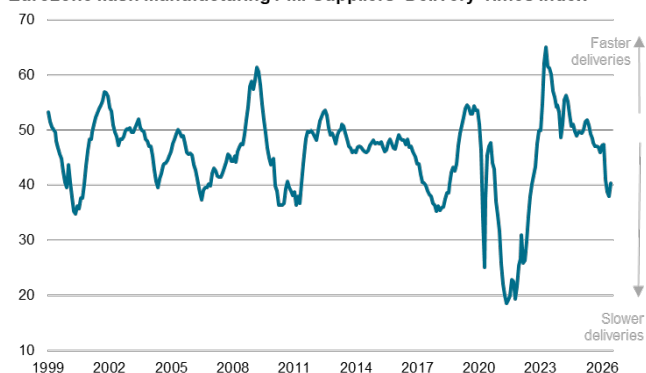
Data compiled June 23, 2026  
PMI (Purchasing Managers' Index) based on 50 = no change on prior month.  
Source: S&P Global PMI, S&P Global Market Intelligence, HCOB.  
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### Supply shortages persist but price pressures moderate

The lack of growth reflected a drop in new orders across goods and services for a fourth successive month, albeit with the rate of loss of service sector new business moderating. However, only a modest rise in factory orders

was reported, suggesting that some of the recent war-related inventory building has started to fade. We note that the amount of inputs bought by manufacturers dipped slightly in June, having risen over the prior three months amid precautionary stock-building. That said, widespread supplier delivery delays continued to be reported, and in some cases, production was constrained by supply limitations.

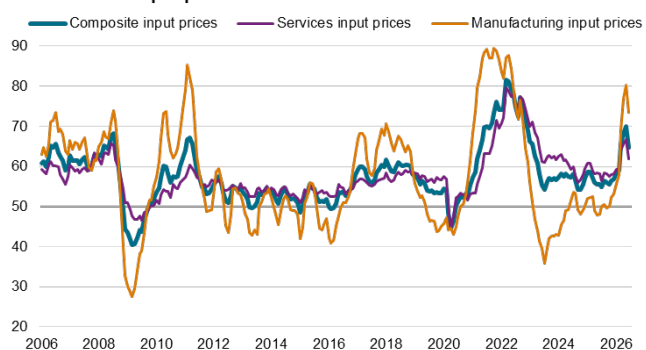
#### Eurozone flash Manufacturing PMI Suppliers' Delivery Times Index



Data compiled June 23, 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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Supply shortages were also again commonly seen as the source of higher prices, leading to a further sharp increase in firms' input costs that was among the largest seen over the past three years. The rates of increase nevertheless cooled notably in both manufacturing and services, aided in part by lower energy prices during the latter stages of survey data collection.

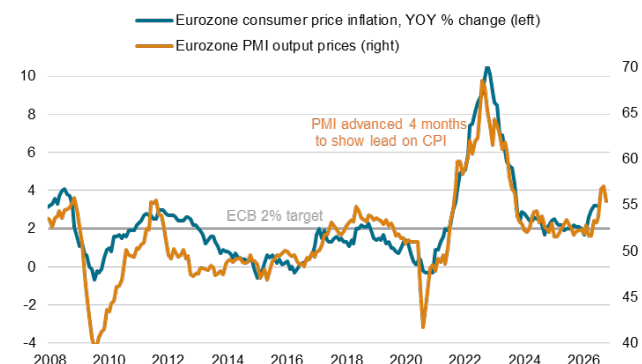
#### Eurozone PMI input prices



Data compiled June 23, 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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Slower cost growth fed through to the lowest rate of inflation for prices charged for goods and services seen for three months, pointing to a potential peaking of consumer price inflation.

#### Eurozone inflation

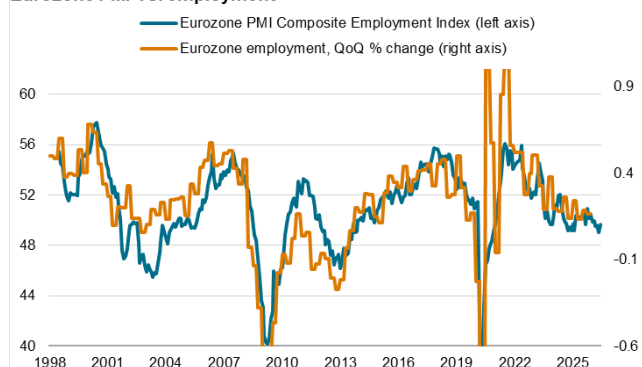


Data compiled June 23, 2026.  
PMI (Purchasing Managers' Index) value of 50 = no change on prior month, covers manufacturing and services.  
Source: S&P Global PMI, Eurostat.  
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## Falling employment

The PMI's flash employment index meanwhile signalled a net loss of jobs for a sixth month running in June. Companies cited high operating costs and uncertainty about the demand environment as key drags on hiring.

#### Eurozone PMI vs. employment

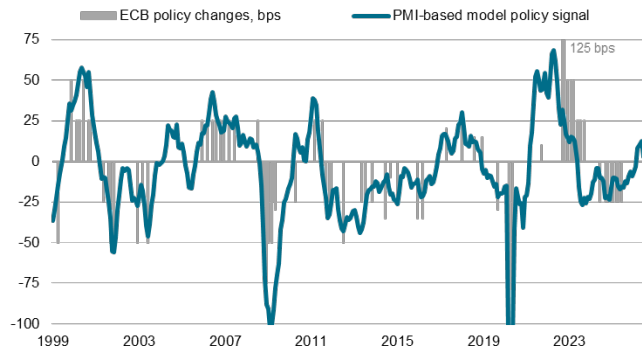


Data compiled June 23, 2026.  
PMI 50 = no change on prior month. All data seasonally adjusted. Axes clipped to remove extremes.  
Source: S&P Global PMI, Eurostat  
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## ECB rate hike "one and done"?

The flash PMI data come on the heels of the first rate hike from the ECB since 2023, taking the Deposit Rate from 2.0% to 2.25%, as policymakers erred on the side of caution with respect to managing inflation expectations. However, a simple policy indicator derived from PMI output, price and employment gauges has moved back closer to neutral policy territory in June, hinting that June's data will add little support to any calls for any additional rate hikes in the near future.

## PMI-based ECB policy indicator



As of June 23, 2026.

PMI model based on survey output, input price and employment variables. Pandemic extreme omitted. Policy rate is Refi prior to 2014, Deposit Rate thereafter.

Source: S&P Global PMI, S&P Global Market Intelligence, ECB.  
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Access the press release [here](#).

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