PMI®

by S&P Global

Eurozone

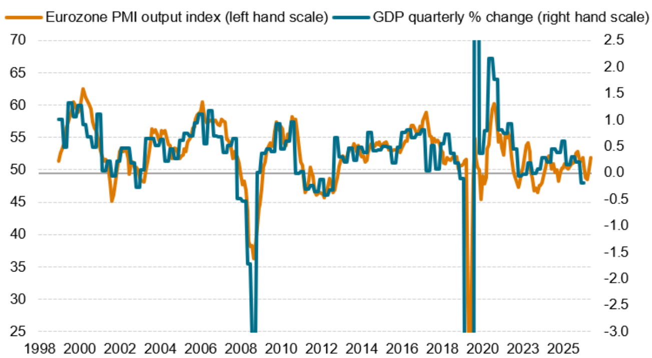
Eurozone flash PMI signals renewed growth in July as price pressures cool

July is seeing a welcome revival of economic activity in the eurozone alongside a cooling of inflationary pressures, according to provisional PMI survey data from S&P Global. However, a volatile geopolitical environment means it remains to be seen if the good news can last.

Eurozone GDP growth set to strengthen in the third quarter

The headline S&P Global Flash Eurozone Composite PMI Output Index posted 51.9 in July, up from 50.0 in June. The improvement indicates that, after a largely stagnant second quarter, there has been something of a bounce in business activity during July. This takes the PMI up to a level indicative of GDP growing at a reasonably solid 0.3% quarterly pace.

Eurozone PMI vs. GDP



Data compiled July 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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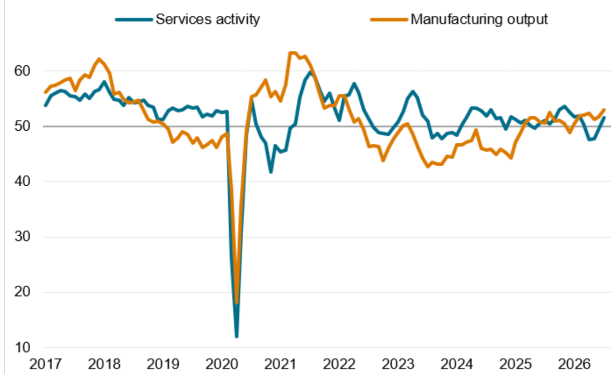
This represents the best performance since the outbreak of the war in the Middle East. Not only is manufacturing enjoying its strongest growth spurt since early 2022, but the service sector has also reported a solid rebound in activity after three months of decline.

Eurozone PMI output by sector



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PMI (Purchasing Managers' Index) based on 50 = no change on prior month.
Source: S&P Global PMI, S&P Global Market Intelligence.
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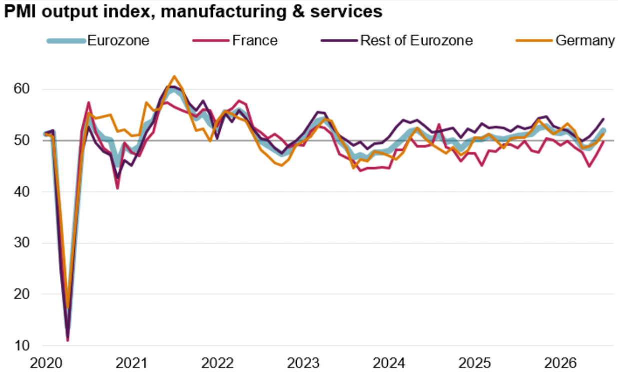
Eurozone growth broadens across Germany and the wider region

The good news is also widely spread across the single currency area. Germany is reporting growth for the first time in four months, France's downturn has softened to the weakest since February. In addition, the rest of the region as a whole is growing at a pace not seen since last November as its order book inflows jumped to a degree not beaten in over four years.

PMI output index, manufacturing & services



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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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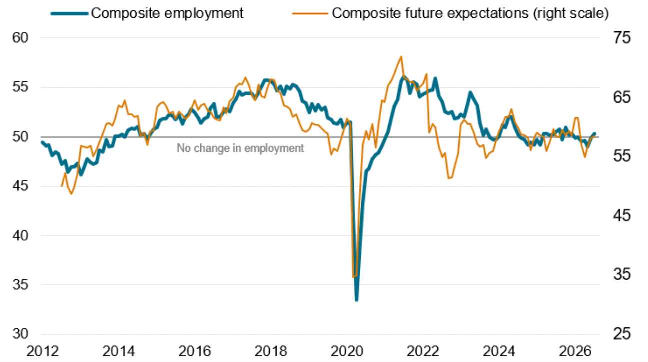
The improving picture also spreads to the labour market, where companies reported the first rise in payroll numbers so far this year as business growth expectations revived to the highest since February.

Eurozone PMI employment and business expectations



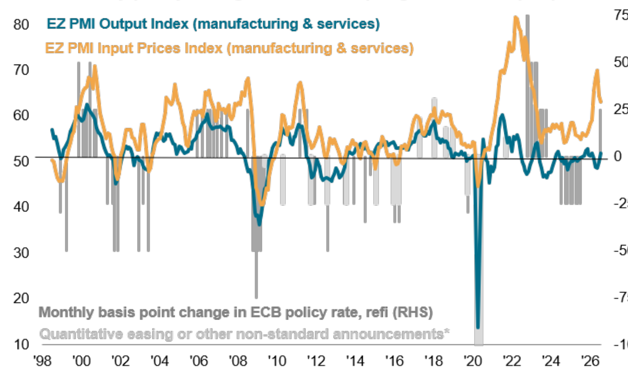
Data compiled July 24, 2026.
PMI (Purchasing Managers' Index) based on 50 = no change on prior month, covers goods and services.
Source: S&P Global PMI, S&P Global Market Intelligence.

Eurozone inflation pressures ease as PMI cost indicators fall

Cost pressures have meanwhile cooled sharply and are now down to their lowest since the outbreak of the war in February, helping to moderate the rate of inflation for selling prices across goods and services. This will take pressure off the ECB in terms of any imminent need for further rate hikes.

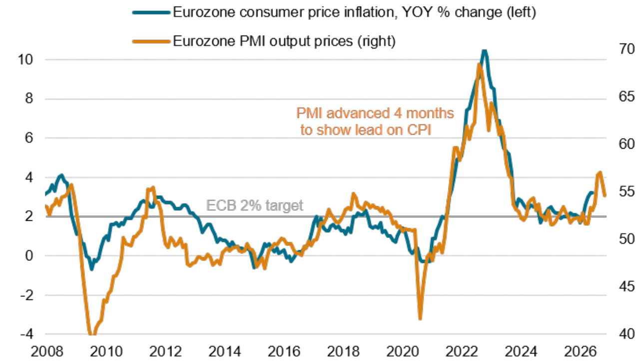
July's survey follows the first rate hike from the ECB since 2023. June's hike took the deposit rate from 2.0% to 2.25%, as policymakers erred on the side of caution with respect to managing inflation expectations.

ECB monetary policy changes vs. PMI output growth and input prices



Data compiled July 24 2026 including flash PMI July data.
PMI (Purchasing Managers' Index) based on 50 = no change on prior month. QE bars illustrative size only.
Sources: S&P Global PMI, S&P Global Market Intelligence, ECB.

Eurozone inflation



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

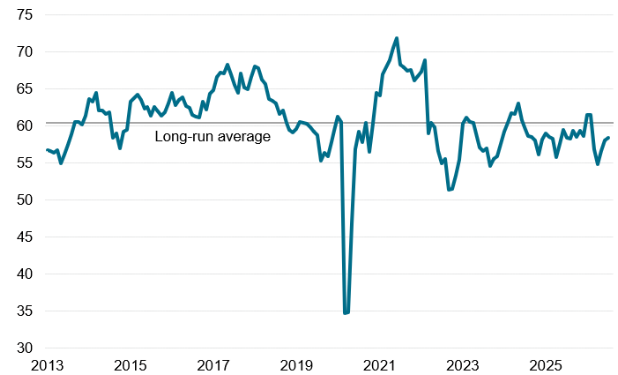
Eurozone outlook remains vulnerable to Middle East risks and supply disruptions

However, whether all this good news can be sustained in the coming months largely depends on the situation in the Middle East.

Business growth expectations, while up from recent lows, remain below the long-run average. The data indicate an ongoing lack of confidence in the outlook for the coming year, principally reflecting concerns over the situation in the Middle East and supply lines. Similarly, while supply chain disruptions were reported to have eased in July compared with prior months, the incidence of delays remains worryingly elevated.

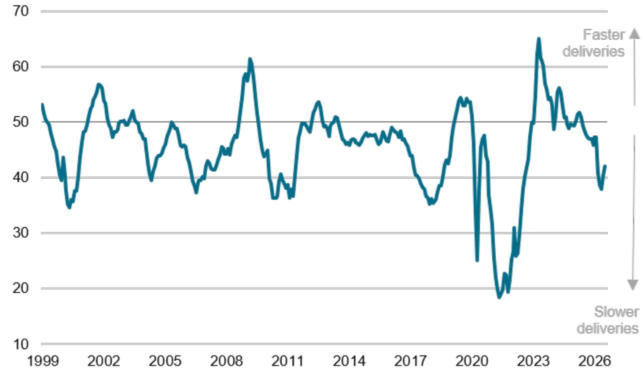
With recent events in the Middle East meaning oil prices have risen again in recent days and shipping worries are escalating, there is a danger that the economy could relapse if inflationary pressures intensify again and supply disruptions, notably for energy, derail this nascent upturn.

Eurozone PMI output expectations



Data compiled July 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.

Eurozone flash Manufacturing PMI Suppliers' Delivery Times Index



Data compiled July 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.

Access the press release here.

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CONTACT US

Chris Williamson
Chief Business Economist
S&P Global Market Intelligence
London

T: +44 779 5555 061
chris.williamson@spglobal.com

The Americas	EMEA	Asia-Pacific
+1-877-863-1306	+44-20-7176-1234	+852-2533-3565

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