

PMI®

by **S&P Global**

Eurozone

December flash PMI rounds off eurozone’s best quarter for two and a half years

The Eurozone economic recovery lost a little momentum at the end of 2025, according to the flash PMI, though still rounded off the region’s best quarterly performance for two and a half years.

While service sector growth remained encouragingly robust, there were disappointing signs of a renewed downturn in manufacturing output as factory orders fell for a second successive month. However, businesses expect some convergence of performance in the coming months, with manufacturing future optimism rising to the highest for nearly four years while service sector growth expectations slipped to a seven-month low.

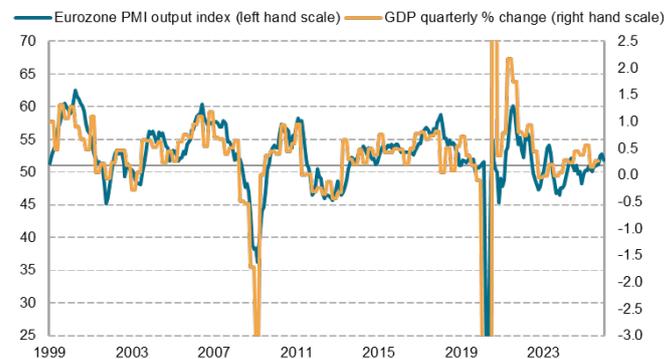
Selling price inflation meanwhile remained largely in line with a rate of consumer price inflation that is consistent with the ECB’s 2% target.

Eurozone grows for 12th straight month

The seasonally adjusted HCOB Flash Eurozone Composite PMI Output Index, based on approximately 85% of usual survey responses and compiled by S&P Global, dipped to 51.9 in December, down from a final reading of 52.8 in November. Being above the 50.0 no-change mark, the PMI thereby signalled a further monthly expansion in business activity at the end of 2025, and, despite the fall the December reading rounds off the eurozone’s best calendar quarter’s performance since the second quarter of 2022.

Output has also now increased in each of the past 12 months, indicating the first full year of calendar growth since 2019, with the PMI over the fourth quarter so far consistent with quarterly GDP growth of just over 0.3%.

Eurozone PMI vs. GDP



Data compiled Dec. 16 2025.
 PMI (Purchasing Managers’ Index) based on 50 = no change on prior month, covers goods and services.
 Sources: S&P Global PMI with HCOB, Eurostat via S&P Global Market Intelligence.
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Growth was again driven by the service sector, where business activity increased for the seventh month running. The rate of expansion was solid, albeit softer than that seen in November, yet completed the sector’s best quarter since the second quarter of 2024.

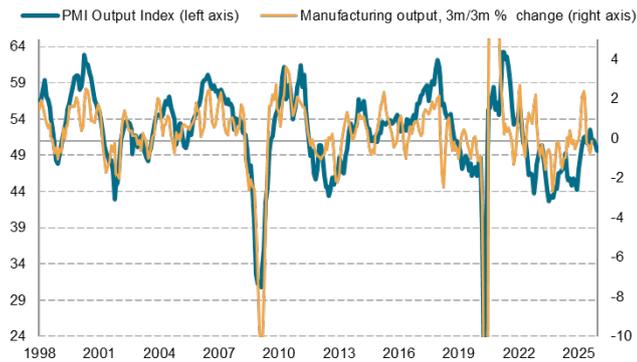
Eurozone services



Data compiled December 16, 2025.
 PMI (Purchasing Managers’ Index), 50 = no change on prior month.
 Sources: S&P Global PMI with HCOB, S&P Market Intelligence, Eurostat.
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In contrast, manufacturing production decreased marginally in December, down for the first time since February. The production decline was fueled by a second consecutive monthly drop in factory orders, which fell at the steepest rate for ten months.

Eurozone manufacturing



Data compiled December 16, 2025.

PMI (Purchasing Managers' Index), 50 = no change on prior month.

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

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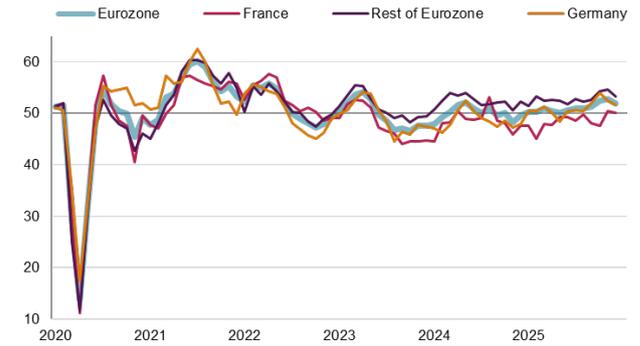
German growth edges lower as France remains stalled

Business activity remained largely unchanged in **France** for a second successive month, though that represents an improvement on the 14 months of continual decline seen prior to November. A marginal rise in French services output was accompanied by one of the smallest drop in manufacturing output recorded over the past seven months, the latter linked in part to the largest rise in French goods export orders received for nearly four years.

Business activity growth meanwhile slowed in **Germany**, cooling to a four-month low, yet remained one of the strongest expansions recorded over the past three years. However, a softening of services growth was exacerbated by the first fall in Germany's factory output since February, in turn fueled partly by the steepest drop in goods exports for a year. While German exports had risen during the four months to July, aided by the front-running of US tariffs, recent months have seen trade deteriorate as these beneficial tariff impacts have faded.

A similar deterioration in manufacturing export performance has also been evident in the **rest of the eurozone**, contributing in December to the slowest – albeit still robust – overall expansion of business activity outside of France and Germany since September.

PMI output index, manufacturing & services



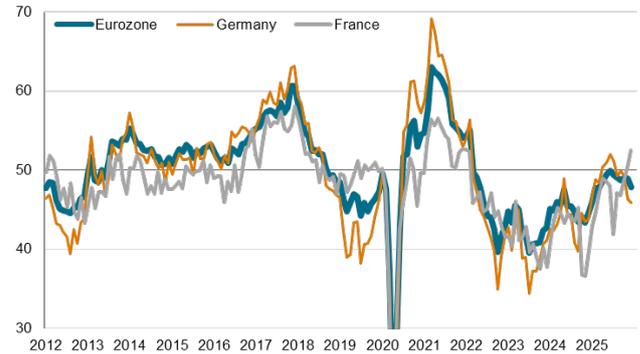
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Eurozone flash PMI manufacturing export orders



Data compiled Dec. 16, 2025.

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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Future expectations send mixed signals

There were marked differences in changes in business sentiment between the two monitored sectors in December, which moved in opposing directions to current output growth.

Whereas service providers reported solid current output growth in December, their future confidence fell to the lowest since May (largely due to services optimism in Germany slumping to a near two-and-a-half year low). In contrast, the fall in manufacturing output in December was accompanied by a rise in future output optimism to the highest since February 2022.

This suggests that firms are expecting output trends to converge in the coming months, with some of the pace being lost in the services economy while some of December's weakness in manufacturing proves temporary.

At the combined level, business confidence in the euro area dipped to the lowest in seven months as the drop in services sentiment outweighed the improvement in optimism in manufacturing.

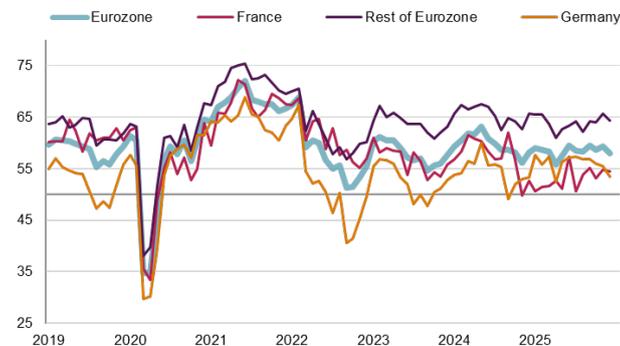
Eurozone flash PMI output expectations



Data compiled December 16, 2025.
 PMI (Purchasing Managers' Index) based on 50 = no change in next 12 months.
 Source: S&P Global PMI, S&P Global Market Intelligence, HCOB.
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Future output expectations notably fell in Germany to a level below that seen in France thanks to weakened service sector optimism, though German manufacturing optimism is now running at its joint-highest since February 2022.

PMI future output expectations index, manufacturing & services

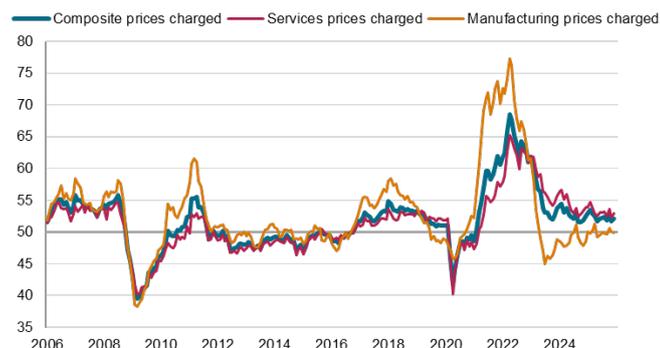


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Benign inflation

The rate of inflation in output prices meanwhile remained modest when measured across eurozone goods and services. A slightly faster rise in services charges was reported but was accompanied by broadly unchanged selling prices in the manufacturing sector.

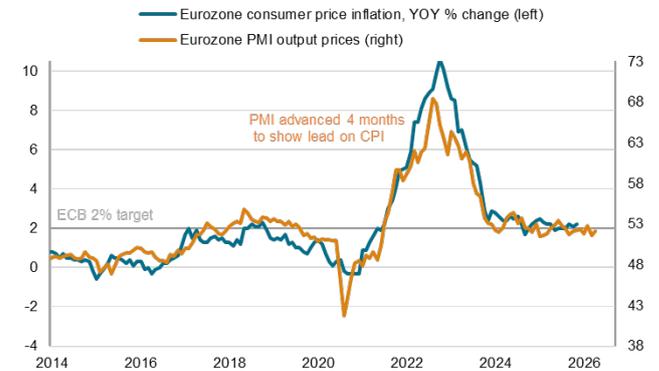
Eurozone PMI output prices



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Measured overall, at its current level the PMI's selling price gauge is broadly consistent with the ECB's inflation target of 2%.

Eurozone inflation



Data compiled Dec. 16, 2025.
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 Source: S&P Global PMI, HCOB, Eurostat.
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