NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Eurozone Manufacturing PMI®

Eurozone manufacturing sector ends 2024 in contraction

Key findings:

HCOB Eurozone Manufacturing PMI at 45.1(Nov: 45.2). 3-month low.

HCOB Eurozone Manufacturing PMI Output Index at 44.3 (Nov: 45.1). 14-month low.

Faster falls in new factory orders and output, but business confidence ticks up to four-month high

Data were collected 05-16 December

December's HCOB PMI® survey signalled another month of deteriorating manufacturing sector conditions across the eurozone, stretching the current sequence of decline to two-and-a-half years. The year was closed off with accelerated contractions in both new orders and output, while sharp reductions were made to purchasing activity and inventories of inputs. Factory employment levels also continued on a downward trend, but there was a modest improvement in business confidence as growth expectations hit a four-month high.

As for pricing developments, the latest data revealed that factory costs in the eurozone held steady. For a fourth consecutive month, prices charged for manufactured goods declined.

The **HCOB Eurozone Manufacturing PMI**, a measure of the overall health of eurozone factories compiled by S&P Global, posted its thirtieth successive sub-50.0 reading in December, marking two-and-a-half years of continuous decline in factory operating conditions across the single-currency market. At 45.1, the headline index dropped fractionally from 45.2 in November to a three-month low.

Of the eurozone nations covered by the HCOB PMI survey, December's results showed considerable divergences. Countries located in the south continued to outperform, with Spain and Greece showing stronger improvements in manufacturing sector conditions. Expansions here were more than offset, however, by the big-three of Germany, France and Italy, which all posted deteriorations once again. Most notable was France, which saw its Manufacturing PMI sink to its lowest level since May 2020.

Demand for eurozone goods fell once again at the end of 2024. The rate of contraction quickened and was broadly in line with that seen on average across the current 32-month sequence of deteriorating sales. A softer decrease in new export* orders implied that December's faster drop in new business was domestically driven. Sales to international customers fell at the softest pace in four months at the end of 2024.

Production volumes continued to decrease across the eurozone manufacturing industry. In fact, December's drop in output was the steepest since October 2023. Although, with the concurrent drop in new orders outpacing that seen in production, the latest survey data suggested that firms were able to uphold output volumes somewhat. Support came from companies' backlogs, which declined sharply and at a faster pace when compared to the previous month.

That said, eurozone factory employment levels remained in contraction, extending the current period of job losses to just over a year-and-a-half. The extent to which workforce numbers fell eased slightly but was nevertheless marked.

Another steep monthly fall in purchasing activity was registered during the final month of 2024. Indeed, lower input buying came in tandem with another sharp drop in eurozone manufacturers' pre-production inventories. December's reduction in stocks was among the strongest since 2009. Volumes of finished goods held in warehouses also dropped.

Prices paid by eurozone manufacturers were unchanged on the month. This marked the first time since August 2024 that input costs had not decreased. Nevertheless, an absence of cost pressures enabled firms to discount the price of their goods further, as selling charges decreased for the fourth month in succession.

Surveyed businesses looked ahead to the future with increased optimism in December, with growth expectations for the next 12 months at their strongest in four months. However, when compared with the series average, business confidence remained subdued.

**Includes intra-eurozone trade*

Countries ranked by Manufacturing PMI: December

Spain	53.3	2-month high
Greece	53.2	5-month high
Ireland	49.1	6-month low
Netherlands	48.6	5-month high
Italy	46.2	2-month high
Austria	43.3	2-month low
Germany	42.5 (flash: 42.5)	3-month low
France	41.9 (flash: 41.9)	55-month low

Comment

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

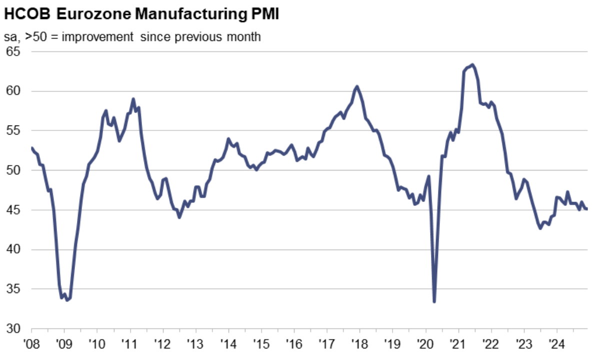
"Even in December, the manufacturing sector is not delivering any holiday cheer. It is the same old story – downward. New orders have dropped even more than in the previous two months, crushing any hopes for a quick recovery. This view is backed by the accelerated decline in order backlogs.

"A sign of the industry's recovery will be when companies start rebuilding their inventories of intermediate goods, but December showed no signs of this happening. Instead, inventories were reduced at a very fast rate again. Companies also sped up the depletion of their finished goods inventories, clearly expecting continued weak demand.

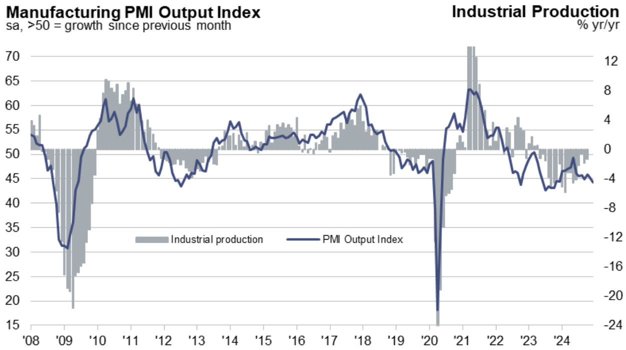
"Manufacturers are still cutting jobs. Although the pace of job trimming slowed slightly in December, it is still relatively high, and this trend is likely to continue well into the new year given all the news about companies restructuring.

"Within the eurozone, Spain is doing its own thing. Its manufacturing sector continued to expand robustly at the end of the year, while the three largest eurozone countries – Germany, France, and Italy, which are Spain's top three export destinations – are stuck in an industrial recession. Spain has the advantage of being less exposed to China, with only 2% of its exports going there. Lower energy costs have also helped Spain weather the crisis better. However, Spain, accounting for only about 12% of the eurozone's GDP, won't be able to pull the entire eurozone economy back up on its own."

-Ends-



Sources : HCOB, S&P Global PMI.



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Note to Editors

The HCOB Eurozone Manufacturing 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, totalling around 3,000 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 are calculated by weighting together the country indices using national manufacturing annual value added*.

The headline figure is the Manufacturing Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

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.

*Source: Eurostat.

Flash data were calculated from 88% of final responses. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.0 (0.2 in absolute terms).

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

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 neighboring 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.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

S&P Global (NYSE: SPGI)

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About PMI
Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. https://www.spglobal.com/marketintelligence/en/mi/products/pmi.html

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