Snap | 24 July 2026

Eurozone PMI: stronger data, growing doubts

Some welcome news for the eurozone economy, as the PMI rose from 50.0 to 51.9 this month. But the escalating conflict in the Middle East casts significant doubt on hopes of a meaningful acceleration in growth

The eurozone's July PMI sounds a bit too good to be true

Eurozone sentiment has been on an absolute roller coaster in recent weeks. The June PMI was compiled before the memorandum of understanding between the US and Iran, meaning that none of the deal-related optimism was reflected in last month's number. That helps to explain the more upbeat reading for July.

It's not just sentiment that improved, but also output, according to the survey. The improvements were broad-based, with both manufacturing and services gaining momentum. New orders increased as did job creation, albeit modestly. Both input and selling price inflation eased in July, which reflects ongoing moderation after inflation peaked in the spring.

Were it not for the resurgence of the conflict in the Middle East, the picture would have looked encouraging. But as European Central Bank President Christine Lagarde said yesterday at the press conference, we are back to where we were in early June, with downside economic risks and upside inflationary risks resurfacing.

This makes the July PMI sound almost too good to be true. As uncertainty returns, renewed (though mild) stagflationary pressures are likely to weigh on the eurozone economy over summer.

Author

Bert Colijn
Chief Economist, Netherlands
bert.colijn@ing.com

Disclaimer