

Snap | 21 August 2025

## PMI paints upbeat picture of eurozone manufacturing in August

The small increase in the composite PMI from 50.9 to 51.1 indicates that the eurozone economy continues to weather global storms quite well. Improvements in new orders and increased hiring add to a picture of accelerating growth, but a muted pace seems likely given significant downside risks to the outlook



Eurozone manufacturing data has jumped around in response to US tariffs, particularly concerning pharmaceuticals. Production plunged in June, but the PMI suggests that things are on the up for industry. The manufacturing output PMI jumped from 50.6 to 52.3, which is the highest reading in more than three years.

The service sector is not yet accelerating. While indicating growth, the services PMI declined from 51 to 50.7. This reveals that domestic demand remains somewhat sluggish, in line with a cautious consumer and uncertainty among businesses around the state of the economy.

But for both manufacturing and services, new orders are improving. And hiring was also up, mainly for the service sector. These are healthy signs for an economy that has been weak for some time.

So overall, the PMI paints a picture of an economy not suffering too much from the trade war at this point. Some acceleration of economic growth could be in the making on the back of fading

uncertainty around trade with a deal in place, but of course plenty of risks around the outlook remain.

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