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Economic Research

Economic Briefing

Euro Area PMIs experience setback – Even without Trump

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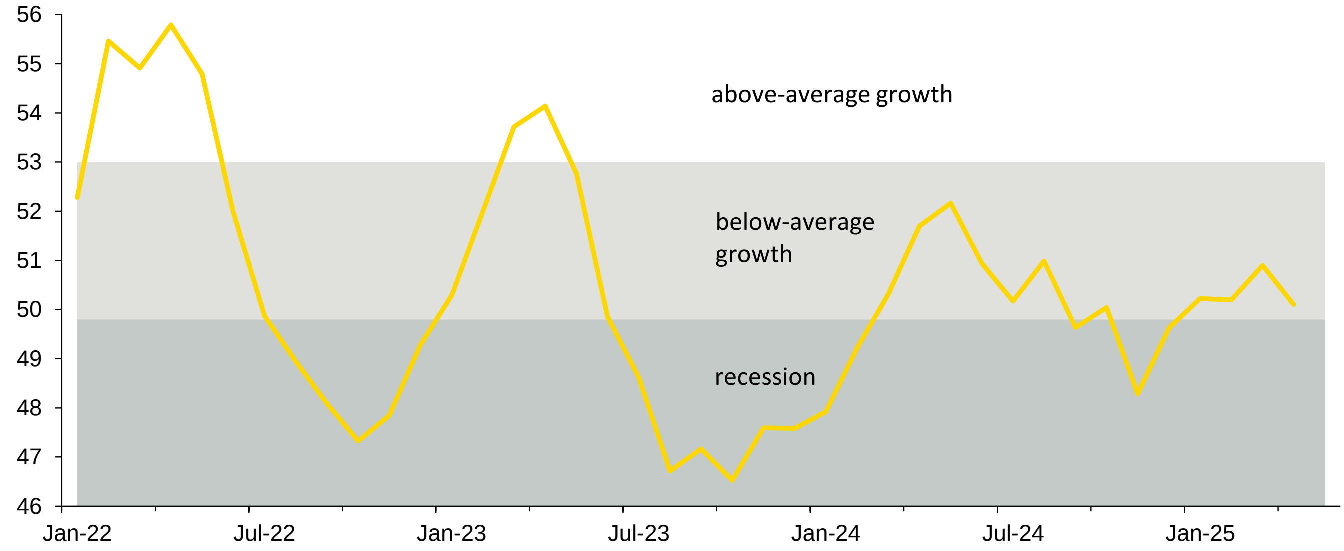
The composite Purchasing Managers' Index for the industry and the services sector in the euro area fell from 50.9 to 50.1. The situation deteriorated particularly in the services sectors in Germany and France. However, sentiment in the manufacturing sector remained stable. For this reason, today's setback is likely to be only marginally attributable to US tariff policy.

The composite PMI for manufacturing and the services sector in the euro area fell slightly in April from 50.9 to 50.1, which is largely in line with expectations. The decline is attributable to weaker results for the two largest economies in the eurozone. The composite PMI fell both in Germany (from 51.3 to 49.7) and in France (from 48.0 to 47.3).

The decline in April marks a noticeable setback for the eurozone sentiment indicator in its recovery that began in December 2024 (Chart 1). However, the indicator is still just within the range in which the economy has grown slightly in the past. Today's setback once again suggests that the eurozone economy will recover only slowly in the current year.

Chart 1 - Euro area PMI experiences setback

Euro area composite PMI, seasonally adjusted monthly figures



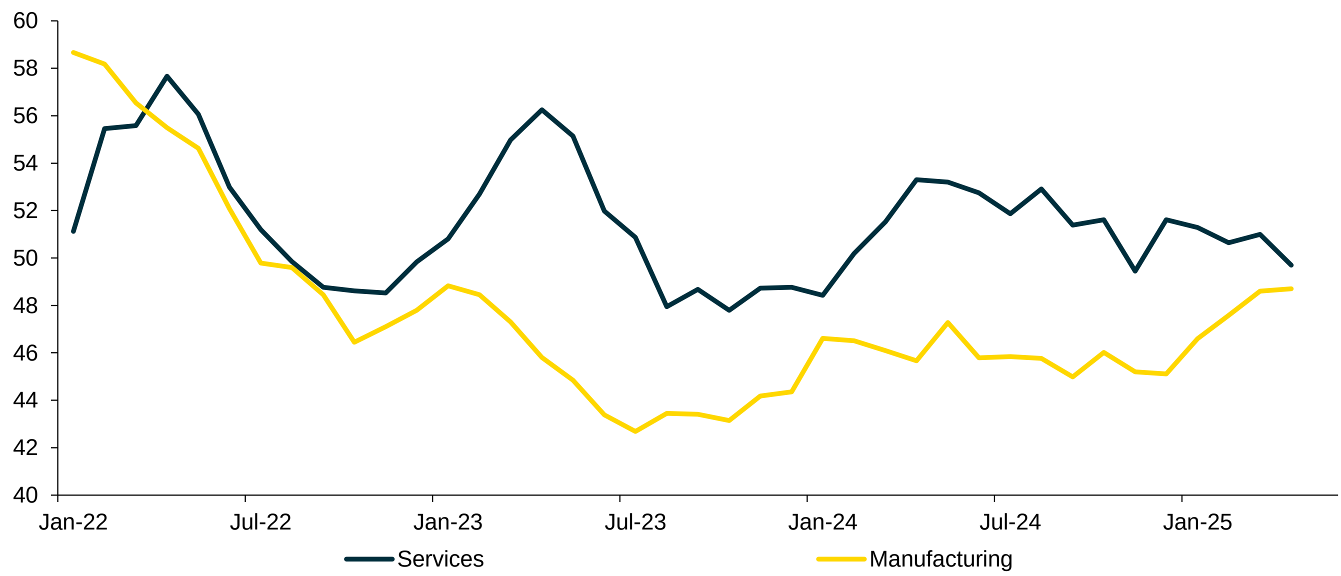
Source: S&P Global, Commerzbank Research

Sentiment particularly worsens in the service sector

The mood in the service sector has deteriorated particularly sharply. The PMI for this sector fell significantly from 51.0 to 49.7 (Chart 2). Business expectations have also deteriorated noticeably in this sector. By contrast, the index for the manufacturing sector rose slightly from 48.6 to 48.7 points. Due to US tariff policy and the resulting increase in barriers to exports of goods from the eurozone, market participants had expected sentiment in the manufacturing sector to deteriorate sharply (Table 1). Apparently, the manufacturing sector in the eurozone is, at least so far, more resilient than assumed. In addition, the US may be forced to continue importing a large proportion of goods from the eurozone due to dependencies. This would mean that US tariffs would primarily harm the US itself and not the eurozone economy.

Chart 2 - The sentiment in the manufacturing sector remains stabile

Purchasing Manager Index for the euro area, manufacturing sector and services, seasonally adjsutes monthly data



Source: S&P Global, Commerzbank-Research

Only moderate upturn in the euro area

The overall sentiment in the euro area economy remains subdued. Today's setback in the PMIs once again highlights this. The US tariff policy is also weighing on the economy through additional tariffs and uncertainty. On the other hand, the ECB's key interest rate cuts are clearly continuing to stimulate the manufacturing sector. Overall, we therefore expect only a lackluster recovery of the euro area economy in the course of this year.

Table 1 - Purchasing Managers Index

Euro Area, Purchasing Managers Index, seasonally adjusted

Indicator	Apr-25	Forecasts		Mar-25	Feb-25	Jan-25
		CB	Consensus			
Manufacturing	48.7	49.0	47.4	48.6	47.6	46.6
Services	49.7	50.5	50.2	51.0	50.4	51.3

Source: Bloomberg, Commerzbank-Research

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