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# Euro area PMI rises thanks to Germany

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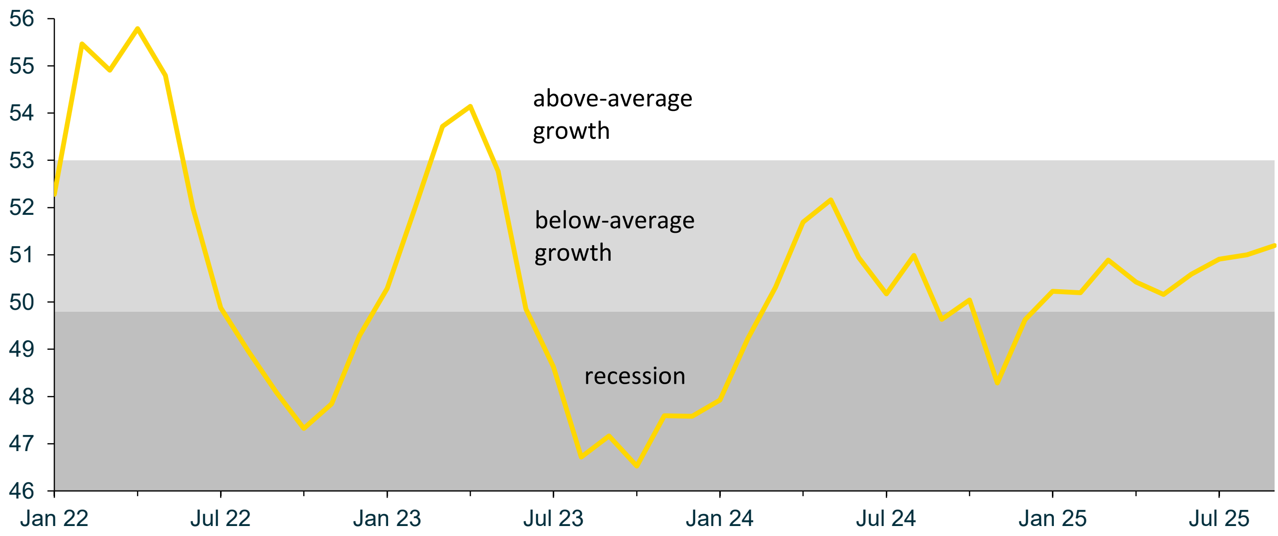
**The composite purchasing managers' index for manufacturing and the service sector in the euro area rose slightly again in September. It thus continued its slight upward trend and, at 51.2, signals moderate growth in the euro area. The improvement in recent months is solely attributable to a rise in the German index, while there are no signs of improvement in the other countries.**

The composite Purchasing Managers' Index (PMI) for manufacturing and the service sector in the euro area continued its slight upward trend in September, rising from 51.0 to 51.2 points. When it has previously been in this range, the euro area economy has mostly grown at a moderate pace (Chart 1). The two sub-indices developed very differently, however: the index for manufacturing fell by more than one point from 50.7 to 49.5 points, dropping below the 50 mark that separates contraction from expansion. In contrast, the services PMI rose by just under one point from 50.5 to 51.4.

**Chart 1 - Euro area PMIs pointing to moderate growth**

Euro area composite PMI, seasonally adjusted monthly figures



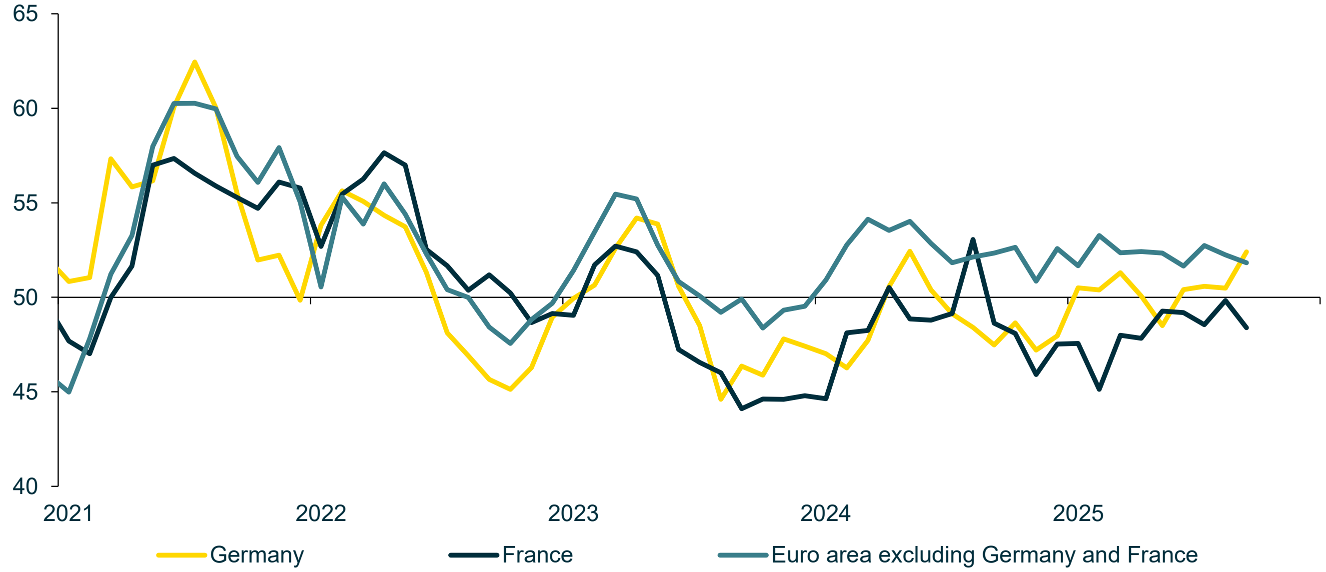

Source: S&P Global, Commerzbank Research

A look at developments in individual countries shows that the slight upward trend in the PMI in recent months is primarily attributable to an improved situation in Germany (Chart 2). The manufacturing PMI also fell here in September, the relatively late factory holidays this year may have played a role. However, thanks to a significant improvement in the service sector, the German composite index rose quite strongly, reaching its highest level since spring 2024. By contrast, the index for France fell, and the other euro area countries covered by the PMI – Italy, Spain, and Ireland – also saw a slight decline on average. Viewed over several months, the indices have been moving more or less sideways – slightly below the 50 mark for France and slightly above it for the other countries.

The PMIs thus support our expectation that the German economy will pick up in the coming months, while no major change is expected for the other euro area countries. This is because the negative impact of US tariffs and the positive effect of the ECB's interest rate cuts are likely to largely offset each other in those countries, while in Germany the very expansionary fiscal policy will tip the balance in favor of a slightly better economy.

**Chart 2 - PMI signals improvement only for Germany**

Composite PMI, seasonally adjusted monthly figures




Source: S&P Global, Commerzbank Research

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