

Snap | 23 September 2026

Nothing can harm eurozone growth (it seems)

The composite PMI increased to its highest level in three years, coming in at 53.1 in September, up from 52.0 in August. Despite surging oil prices, low water levels and supply chain disruptions, economic activity remains relatively unharmed



A eurozone economy that remains completely unharmed by an energy price shock and supply chain disruptions is a welcome surprise

This PMI report must be music to Europe's ears. It is the figure most often cited as evidence of the eurozone's resilience. The eurozone composite PMI came in at 53.1 in September, from 52.0 in August. Despite the latest escalation in the Middle East, surging oil prices, rising interest rates and low water levels, economic activity is thriving. A closer look at the data, however, shows that the more dynamic activity stems mainly from services, which jumped significantly from 51.6 to 53.0. What is driving this jump in an environment of higher inflationary pressures remains a bit unclear. Germany, in particular, saw an increase in services activity, from 49.7 to 52.9, which almost looks too good to be true.

Looking at the manufacturing sector, the eurozone as a whole is holding up very well, while in France the manufacturing PMI has dropped dangerously close to the famous 50-threshold. Generally speaking, the rise in input buying helped eurozone firms to keep their stocks broadly unchanged. An activity that does not automatically lead to higher growth in the future.

Today's PMI indicates that the third quarter could have still delivered decent economic growth for the eurozone as a whole. Even if the key 50-mark is no longer that reliable in separating growth from contraction, the eurozone is looking at PMIs significantly above this neutral reading of 50 in every single month of the third quarter. At the same time, inflationary pressure has built up again, with both input costs and output prices increasing at the highest rates in four months.

All in all, today's PMI readings are almost too good to be true. A eurozone economy that remains completely unharmed by an energy price shock and supply chain disruptions is a welcome surprise. Let's hope it doesn't turn out to be a mirage. At face value, however, today's PMI readings make it more difficult for even the ECB's most dovish policymakers to rule out another rate hike.

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

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