

French industrial production is catching up

The latest French industrial production numbers give us an idea, not only of the historic 2Q20 contraction but also of the post-lockdown industrial recovery



Source: Shutterstock

19%

Contraction in French manufacturing activity in 2Q20

More than the GDP drop in the same quarter

French industrial production contracted by 17.1% in 2Q20 and by 19% in manufacturing.

In the first six months of 2020, it is down by 14.2%, which is less than the GDP contraction measured over the same period (almost 19%).

This better fate is due to the fact that the rebound was steep after production reached a low point in April, 34% below its February level. However, even with a rebound of 20% and 12.6% in May and

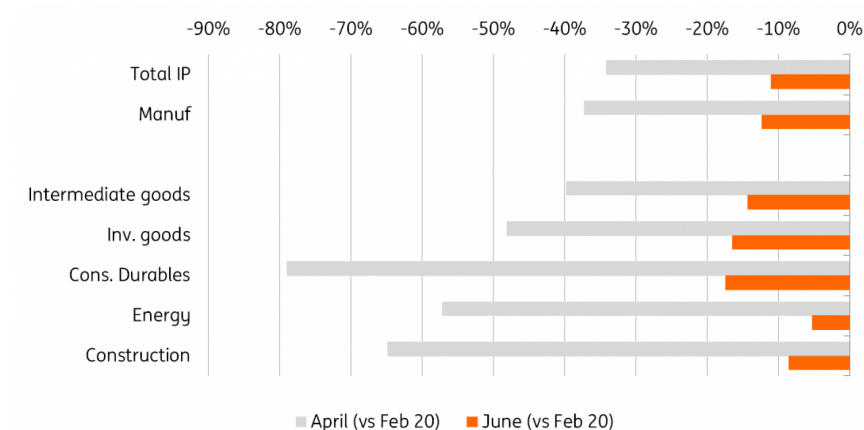
June respectively, industrial production remains 12% below last year's level.

The details show a recovery in all sectors, although energy and construction have caught up quicker than others. Production in consumer durables, and notably vehicles, was still more than 15% below their February levels in June. The steep recovery of consumer spending in May and June – if sustained – should help decrease inventories and create incentives for a further production catch-up.

We are less optimistic as far as investment goods are concerned as investment plans have been put on hold in most sectors and are unlikely to resume strongly before the end of the year when the national recovery plan and the real shape of the demand recovery will become more precise.

We expect manufacturing to continue its catch-up in 3Q20, albeit at a slower pace, but we don't expect it to reach its February levels before early 2021.

Industrial production catch-up



Source: Refinitiv Datastream