

## Decent eurozone production figures are no break from a weak trend

Eurozone industrial production increased by 0.8% in February after a sharp drop the previous month. This means that the overall trend of declining production continues despite small signs of improvements here and there



The overall eurozone industrial trend continues to disappoint

The manufacturing sector continues to be the Achilles' heel of the eurozone economy. Production has been contracting for a while now, and the small February increase in production makes no marked difference to the recent trend. Thanks to the sharp drop in production in January, it is likely that production for the full first quarter has declined again compared to the fourth quarter of last year.

The improvements in February were relatively broad-based. Energy production was down by 3%, while non-durable consumer goods also made a small negative contribution. Increases in capital, intermediate and durable goods production resulted in the increased overall production figure.

The large industrial economies all saw production improve, with Germany and Spain now posting two months of growth in a row. France, Italy and Netherlands all experienced significant declines in January and noted a much smaller increase in February, therefore not making up for the earlier

losses.

There are signs of improvement here and there, but they look set to influence production later rather than imminently. New orders for eurozone industry are still weakening, but less so than a few months before. Surveys shows some improvements in production expectations and sentiment in general, but 2Q may be too early for a meaningful recovery.

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