

Snap | 15 April 2024

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.

Author

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.