

Snap | 13 October 2023

Rebound in industrial production brings few signs of relief for the eurozone

Despite a rebound in August, eurozone industrial production is still down on the quarter, increasing the likelihood of yet another negative growth surprise for the eurozone in the third quarter



Industrial production in the eurozone has held up despite the energy crisis

Industrial production increased by 0.6% in August, the best monthly performance since April this year. On the year, however, industrial production is still down by more than 5%. While production of durable and non-durable consumer goods improved, production of intermediate goods and energy dropped.

Strong divergence and overall too little relief for the entire eurozone

In recent months, industrial production has broadly stagnated, but there are large differences across countries. In August, industrial production dropped the most in the Netherlands (-1.4% month-on-month), Belgium (-1.8% MoM) and Croatia (-2.2% MoM), but grew by a stellar 6% MoM in Ireland, 4.5% MoM in Slovakia and 3.7% in Lithuania. The three largest eurozone economies (Germany, France and Italy) remained in de facto stagnation.

Looking ahead, production expectations have recently stabilised somewhat. However, thin order books and high inventories, combined with the recent surge in oil prices and renewed geopolitical uncertainty don't bode well for the industrial production outlook in the months ahead.

For GDP growth in the third quarter, today's industrial production data brought little relief. In fact, industrial production is still around 1% down on the quarter, and it would require an additional strong growth figure in September to avoid industrial contraction. In its minutes from the September meeting, the European Central Bank seemed surprised by the weaker-than-expected performance of the eurozone economy so far. Today's industrial production data suggest that these negative surprises could easily continue.

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

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 <http://www.ing.com>.