

## 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.

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