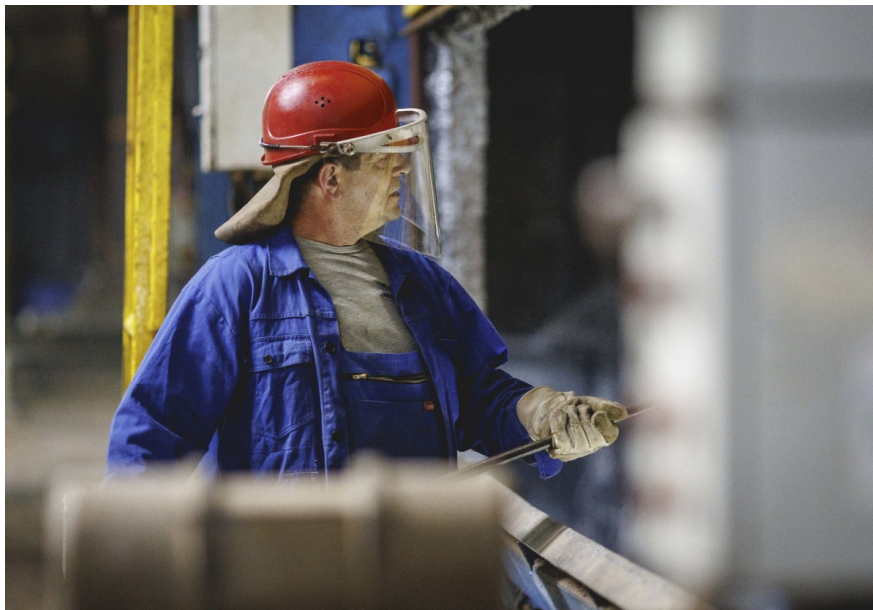


Snap | 13 September 2024

Eurozone industrial production continued its declining trend in July

Production fell by 0.3% month-on-month, which is quite the poor start to the third quarter. Forward-looking indicators don't show much of a turnaround, adding to worries about decelerating GDP growth in the eurozone



Well, this is what Mario Draghi was [talking about](#). Eurozone production once again fell in July, which means that the declining trend in production that started in September 2022 continues. Draghi released a 400-page plan to improve European competitiveness, which includes a comprehensive industrial strategy. Today's weak production data illustrates the concerns well.

Production dropped for capital, intermediate and durable consumer goods, while non-durable and energy production was up. Current weakness relates more and more to lacking demand. New orders continue to come in weak. That holds good for both domestic and export orders. But at the same time, input costs remain elevated due to higher labour costs and factors like transport costs being up due to Middle East disruptions.

For the coming months, it does not look like a turnaround is happening. Surveys have remained weak for manufacturing, suggesting further contraction. This means that the eurozone economy

remains reliant on service sector growth to maintain GDP growth recovery. The first two quarters of the year were better than expected, but the uptick may have been short-lived. With manufacturing performing poorly, a GDP growth rate of 0.3% may be the top of what can be expected for the eurozone for the foreseeable future.

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.