

## Eurozone industrial production continues its recovery

Production increased by 4.1% in July as the start of the third quarter is still boosted by the positive effects on industries reopening after lockdowns. This raises the third-quarter growth numbers, but downside risks to the industrial outlook remain



A masked factory worker in France

# 4.1%

Eurozone industrial production increase

July

The increase in July was not as fast as it was in June, but still eurozone industry continues to see meaningful increases on a monthly basis to get closer to pre-corona levels of output. The recovery was still very broad-based, with all product categories experiencing a solid increase. The strongest growth was seen in capital goods and durable consumer goods at 5.3 and 4.7% respectively.

Almost all eurozone countries saw production growth in July, with especially strong rebound effects seen in Spain and Italy at 9.4 and 7.4%. Germany and France experienced a slower month

after a strong June with just 2.4 and 3.8% growth. It is too early to tell whether this slowdown in the largest two economies means that the reopening effects have already ended though.

While the service sector is starting to see more signs of rebound fatigue, August survey data on the manufacturing sector suggests that industrial production continued to regain significant ground. This is not a luxury though; production is currently still roughly 7% below pre-crisis levels. While domestic demand strength at the start of the lockdown recovery has been promising, worries about the export environment and increasing unemployment mean that the outlook for industrial recovery continues to be rather uncertain for the months ahead.

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