

Snap | 15 February 2023

## Eurozone industrial production drops in December

Eurozone industry ended the year on a weak note as production data showed a decline of 1.1% from November and a 1.7% drop compared to the year before



The pharmaceuticals industry saw a slight decline in production in December

Industrial production in the eurozone fell by 1.1% between November and December 2022, and only fell by 1.7% between the third and fourth quarters of the year, which can be seen as quite an achievement given the energy crisis it is currently facing. Still, there are no miracles happening here. Energy-intensive industries have seen production decline in recent months and December was no exception. The chemical, base metals and paper sectors are seeing annual contractions of more than 10% at the moment.

On the other hand, we are seeing some post-pandemic positives. The easing of supply chain problems has helped production in recent months as it has improved output from the car sector, and computer, electronic and optical products have rebounded quickly. December showed continued growth from the car sector, but other recent strongholds like pharmaceuticals saw slight declines in production.

From here on, the question is which factors will dominate: is it the energy crisis or the rebound after persistent supply chain problems? The rebound is set to fade somewhat, but the energy crisis

has also entered a milder phase. For now, however, we don't see much evidence of production rebounds in energy-intensive sectors, which makes us sceptical of a rebound in activity. Given continued weak demand and supply side problems, we cannot expect much more than a path of stagnation for industry. A rebound is too much to ask for at the moment.

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