

Snap | 15 July 2024

Eurozone industrial production falls once again in May

After a few months of more decent production data in the eurozone, May showed another decline of -0.6% compared to April. Overall, this still fits the trend of continued decline in production which started in September 2022. And survey data indicates that a manufacturing rebound isn't exactly around the corner



May marked the first decline in eurozone production since January and puts activity just below the January level. Recent months showed signs of bottoming out, but the drop in May shows that industry has not yet started a recovery just yet. The decline was led by Germany and France with -2.4% and -2.1% respectively compared to April. Spain and the Netherlands experienced smaller declines and Italy actually saw a small uptick in production. Overall, with demand for goods still slumping across the region and the global economy far from firing on all cylinders, eurozone manufacturing isn't out of the woods yet.

There are no imminent signs of recovery for eurozone industry just yet

Hopes of a turnaround in the inventory cycle have been around for quite some time now, but so far there is very little evidence of that turnaround actually taking place. Surveys still indicate that new orders are lacklustre and that inventories remain elevated. Capacity utilisation is also still trending down. So for now, there is no imminent sign of a recovery for industry. The second half of the year could show a turnaround if consumption picks up more rapidly on the back of the real wage recovery, though. Still, evidence of that is still lacking, which provides a reality check for the pace of economic growth that the eurozone is currently experiencing.

Author

Bert Colijn

Senior Economist, Eurozone

bert.colijn@ing.com

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