

Snap | 20 April 2022

## Eurozone industrial production increased in February, but outlook is gloomy

Production increased by 0.7% in February, following a decline in January. The recent stabilisation of production is at risk, however, due to supply chain problems re-emerging



The outlook for industry remains clouded by uncertainty

February is the final month of data that does not incorporate the war in Ukraine, and therefore there is a question about how relevant these numbers are. The main thing it tells us is that eurozone industry was in a decent state ahead of the war starting as production had stabilised at levels seen prior to the pandemic and supply chain problems were reducing. This boosted production in some countries that were most hindered by shortages in 2021.

The outlook for industry remains clouded by uncertainty and sees clear risks to output. In March, supply chain problems worsened again as the war in Ukraine disrupted supply chains once more. Furthermore, Chinese lockdowns have started to impact transportation again, which is set to increase prices and cause further delays. Together, this means that the normalisation of supply chains is delayed at best at this point.

Expect production data to become more volatile from here on, with weakened overall production. Business expectations for the months ahead have been meagre and supply chain problems have been impacting production significantly in quite a few eurozone countries. This adds to our

negative GDP growth expectation for the second quarter.

## Author

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto: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](http://www.ing.com).