

## 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.

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