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## Eurozone industrial production increases in March

The 0.6% month-on-month increase was strongly driven by a jump in the notoriously volatile Irish production figure. Production seems to be tentatively bottoming out at the moment, with a modest recovery expected in the second half of the year



Production increased in March, after also growing in February. This has not yet been enough to make up for the sharp drop in January and leaves production 1.6% below the December peak. Overall, industrial production has not broken out of the downward trend which started in late 2022.

A lot of the recovery in March was due to a 12.8% increase in the Irish production figure. This figure is very volatile, in part due to the nature of Irish industrial activity. Germany, Spain, France, Italy and the Netherlands all saw declines, indicating that underlying weakness prevails for the moment.

Surveys have recently shown more signs of bottoming out. Businesses are indicating that production is falling at a decreasing pace and some optimism is tentatively returning among manufacturers. While it is too early to call the start of the recovery yet, we do expect some recovery to happen over the second half. Consumer spending should get a boost from higher real

wage growth, with the goods cycle starting to turn.

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