

Snap | 15 May 2024

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.

Author

Bert Colijn

Chief Economist, Netherlands

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 <http://www.ing.com>.