

## Eurozone industrial production off to poor start in fourth quarter

Production fell by 2% in October with declines across the board in the large countries. As the positive effects of easing supply-side issues fade, the outlook remains bleak for the winter months



A factory in the Netherlands

Industrial production has started the quarter poorly, although we have to note that this is a volatile data series. As we have noted in recent months, Ireland continues to impact the overall figure with huge swings in production on a monthly basis, but October also saw consistent declines among the largest economies: -0.9, -2.6 and -1% in Germany, France and Italy, respectively.

Overall, the trend in production is stagnant at the moment as production has moved more or less sideways since late 2020. Industry is dealing with slowing new orders but at the same time, is seeing some relief from easing supply-side problems. That dampens the negative impact on production to a degree as this results in some catch-up production. This has resulted in a rebound in car manufacturing in recent months, for example. Although October saw a small decline in production, car manufacturing is up 25% since March.

From here on, the outlook for the manufacturing industry remains bleak. The slowing trend in new orders is set to continue as goods consumption is experiencing a broad correction at the moment.

At the same time, energy prices have increased again, which will continue to dampen the performance in energy-intensive industries. As post-pandemic effects fade, expect weaker production figures over the winter months.

## 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).