

## 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.

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