

Eurozone industrial production on the rise

November's robust 0.7% gain marks the third consecutive rise in production. While the coming months may disappoint, the industrial outlook is improving with investments set to lift production over the course of the year



Eurozone production has reached its highest level in two-and-a-half years, excluding the exceptional surge in March 2025

Industrial production experienced a wild ride in 2025. First, it saw a significant boost from the lacklustre levels seen in late 2024 due to American frontloading of European products. After that, production petered out somewhat as American frontloading ended, but now it looks like there's new life to the eurozone industrial recovery.

With increases in September, October and November, production now stands at the highest level in two-and-a-half years, not counting the bumper month of March when American frontloading peaked.

Getting a good sense of direction for production remains tough in the short run when it comes to industry. With more domestic investment expected, production should increase, but the question is whether we are already seeing a meaningful liftoff. The growth in November was mainly driven by capital goods production, which is now 3.6% higher than a year ago. Most large eurozone economies have seen growth in recent months.

At the same time, the manufacturing PMI has shown weakness, moving from 50.7 in August to

48.8 in December on a steady declining trend. This indicates that while optimism about the coming year remains among manufacturers, the question is whether we'll see a continued rebound in production in the months ahead.

It may be a volatile ride, but the eurozone industry does seem to be showing more signs of life as investment plans are translated into action.

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