

## Eurozone industrial production plunged in March with more pain ahead

The decline of 11.3% on the month is massive, but April will be even worse. Large differences between countries are showing, with some even posting increases



A factory in the Netherlands

After all the eurozone manufacturing sector had been through in the past two years, things were starting to look up at the start of 2020. The coronavirus lockdown therefore comes as a massive blow to eurozone industry, as output falters thanks to restrictive measures and lack of demand. The fall in output in March was 11.3% month-on-month, bringing it down to a level last seen more than a decade ago.

The differences between countries are huge though and are, overall, in line with the severity of the lockdown by country. As Italy went into lockdown first and closed production sites, it is no surprise that production fell by -28.4% MoM. France saw a drop of 16.4%, while Germany and Spain saw more or less similar declines of around 11%. The German decline is large relative to other countries with a relatively mild lockdown like Netherlands and Finland for example. The Netherlands saw a drop of just -0.8% and Finland even posted an increase of 1.9% in production over the month.

Looking ahead, things will get worse before they get better, as the lockdown was in place for the

full month of April as opposed to roughly two weeks in March. From there on, there will be significant recovery as the reopening of plants will surely increase production from the very low April bottom. The recovery from there will be gradual due to the slow easing of measures, supply chain disruptions amid an uneven reopening of the global economy, and demand at lower levels than before the corona crisis.

This means that the long decline in industrial output will be interrupted by a slow recovery from the lockdown disruptions, but that does not mean that the eurozone's industrial worries will be over. Far from it in fact, as it seems likely that production levels of 2017 will be out of sight for a long time to come.

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