

## Eurozone: Industrial production rebounded in January

A strong start to the first quarter ahead of coronavirus disruption was more of a bounce back from December than a break from trend. The industrial recession clearly will not end in the first quarter as the outbreak takes a toll



A bottling factory in Milan, Italy

As the phase one trade deal between China and the US (boy, that sounds a long time ago, doesn't it?) created some calm around global trade, and the car sector was showing positive signs of bottoming out, an improvement in industrial production was on the cards at the start of this year. This January jump in production seems to be more of a bounce back from a very weak December reading than the bottom, which is of course especially true because of production disruptions due to Covid-19 developments since then.

The improvement in production was broad-based, as only energy production failed to recover from its December decline. The industrial recession has not ended though, as year-on-year growth was still -1.9% in January. The only production category showing positive y-o-y growth was durable consumer goods production. The others remained on a downward path.

Looking ahead, the trajectory of industrial production is anyone's guess at the moment. February

data could still be decent as surveys have indicated that the pace of decline in production has slowed, but March disruptions are very hard to put a number on right now, as prevention measures against Covid-19 are still developing. It is safe to say that an end to the industrial recession will likely be postponed until the Covid-19 impact subsides.

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