

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.

Author

Bert Colijn

Senior Economist, Eurozone

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 <http://www.ing.com>.