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## Slight increase in eurozone industrial production as downturn moderates

Eurozone industrial production increased by 0.1% in September, but surveys suggest we haven't yet reached the bottom of the trough. That said, there's renewed optimism as to Europe's industrial outlook



Cautious growth in eurozone production for the second month in a row indicates that the downturn is moderating, but it seems too early to say we've definitely hit bottom. October manufacturing surveys indicate continued contraction, albeit at a milder pace. The September production data again confirmed that Germany remains at the epicentre of eurozone industrial weakness. Annual growth in Germany has fallen to -5.3%, far worse than the -2% in Italy and stable production in France. Spain and the Netherlands even saw a slight increase of 0.4% and 0.7% year-on-year respectively.

Investor sentiment shot up in November as trade developments seemed to be moving in the right direction. Sure, the chances of a cliff-edge Brexit have fallen, car tariffs are widely expected to be delayed again and China-US negotiations are getting closer to a deal. Then again, nothing is certain and that means that a scenario of harshening global trade conditions over the winter months is still believable. It could, therefore, be quite some time before businesses start to see new orders improve and regain confidence, even in the more positive scenarios imaginable for global

trade. Until then, it is unlikely that a trough in the eurozone industrial recession has been reached.

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