

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.

Author

Bert Colijn

Chief Economist, Netherlands

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 www.ing.com.