

Snap | 15 October 2025

## Eurozone industrial production slumps in August despite previous optimism

Industrial production fell in the eurozone by 1.2% month-on-month in August, following a 0.3% rebound in July. This serves as a warning sign that the economy is not accelerating despite business confidence improving



A surge in production of 9.8% in Ireland lifts the month's eurozone industrial output – without it, the numbers would have looked far less impressive

Oof. Despite a boost in industry optimism about production in August, according to the PMI, the reality turned out to be much less positive. A big decline in capital and durable consumer goods production caused overall production to tick down to the lowest level since January.

And this was despite a surge in production in Ireland – which is notoriously volatile – of 9.8% month-on-month. Without Ireland, the reading would have been much weaker as Germany, Italy and Greece all posted sizeable declines of more than 2%, while France and Spain posted smaller declines of under 1%. Dutch production was a bright spot among the larger industrial countries, with a 2.3% increase.

Despite optimism among manufacturers returning, the hard data is telling a different story at the moment. After a peak in production related to the US frontloading of European goods, the past few months have shown a declining trend again. Production is still elevated compared to late-2024

levels, but is quickly moving back in that direction.

Sizeable eurozone investment plans will take time to materialise, which means that while optimism about the medium-term outlook for the eurozone industry has become brighter, there is no immediate reason for short-term optimism as trade with the US settles into a new regime. For the third quarter, this means that manufacturing is unlikely to have contributed positively to GDP growth, keeping expectations for growth very muted.

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