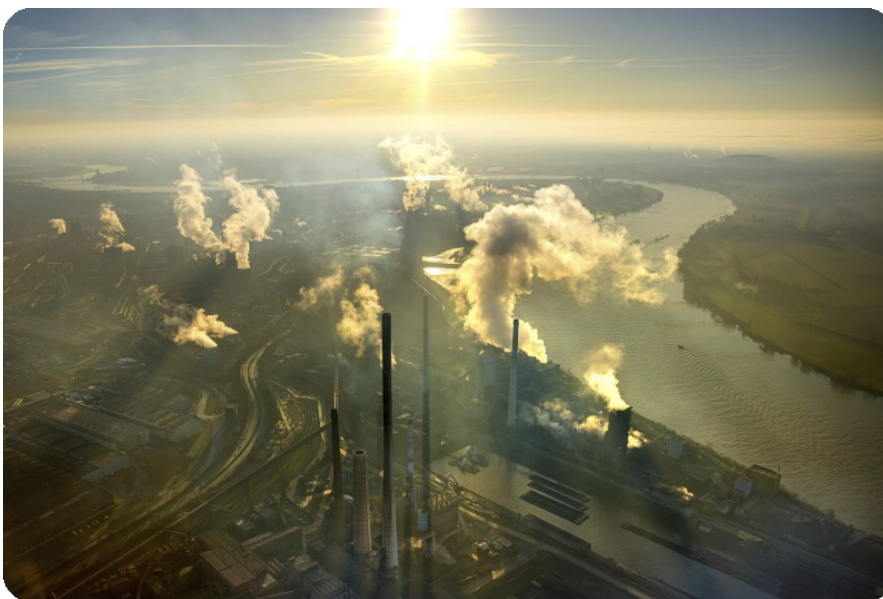


Snap | 15 April 2026

Eurozone industrial production was sluggish ahead of Middle East war

We expect more downward pressure on production to emerge for the eurozone



Eurozone industry hasn't seen an encouraging start to 2026. Energy-intensive industries, in particular, are now set to suffer from higher prices

Eurozone production ticked up in February, but by just 0.4% compared to January. That leaves production levels below most of 2025. And the surge in energy prices has put further pressure on energy-intensive industry as of March. Don't expect a rebound soon.

Eurozone industry has been very resilient throughout 2025 despite significant trade turmoil. But the start of 2026 has not been encouraging. As front-loading by American businesses has eased, production levels have dropped again. And while manufacturers have become more optimistic on infrastructure and defence investment promises, the Middle East war has dashed hopes of a broad-based rebound. Energy-intensive industries, in particular, are set to suffer from higher prices.

The February increase in production was not at all broad-based. Germany, France and the Netherlands experienced declines in industrial output, while Italy experienced a slight uptick. Ireland – notorious for volatile production data – saw an increase of 5.7% in February. Production categories also haven't shown a clear trend in recent months.

With the war in the Middle East starting in March, expect more downward pressure on production to come through. Energy-intensive industry will see its competitiveness come under renewed pressure, and uncertainty could feed through to investment decisions. While other – mainly high-tech – sectors could continue to perform very well, we do note that downside risks for production have increased.

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