

## Eurozone industrial production outlook remains weak

Even though eurozone industrial production increased by 0.4% in August, it doesn't really seem like the industrial recession has ended just yet



Source: Shutterstock

While the industrial downturn has hit Germany and Italy the hardest out of the larger eurozone economies, August data showed some relief for both.

On the other hand, France saw a decline, confirming that it isn't immune to the global problems that the industry is facing. Overall, as production data is rather volatile, it does not look like this is a turning point for any of the large industries as concerns persist.

The outlook for the industry does not show much light at the end of the tunnel as September survey data suggest continued contraction at the end of Q3. Production peaked almost two years ago, but spillovers to the service sector have remained limited for now. That means that GDP growth can remain positive in the short run although worries about the coming quarters persist.

Given that the industrial downturn has been significantly impacted by the global trade

conflict, Friday's partial agreement between China and the US can be seen as a first positive sign.

With Brexit developments and possible car tariffs still to be decided in the coming months, Q4 is set to be a key quarter for the medium-term industrial outlook.

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