

Eurozone industrial production weakens in March

The drop of -4.1% in eurozone production in March likely overstates the weakness at the end of the first quarter, due to a curious decline in Ireland. But, most major economies did post significant declines in production, signalling broad weakness for industry in March



The decline in March (following a [1.5% rise in February](#)) brings industrial production back to the lowest reading since October 2021. This is in large part related to a huge drop in the Irish "computer, electronics and optical products" industry, which saw production drop by more than 50% in March. This industry is generally volatile and therefore tends to overstate the trend.

Still, most large economies outside of Ireland also posted declines – albeit smaller – with Germany experiencing a sizable 3.1% month-on-month drop. France, Italy and the Netherlands also posted negative growth in March. The decline was seen in most production categories, but durable consumer goods bucked the trend with a 2.8% increase. This was despite another decline in production in the car sector.

For the months ahead, the outlook for industry looks feeble. While lower energy costs are a clear boost to the more energy-intensive industries, weak demand remains a concern across the board. While production figures seem to still benefit from some backlogs of work being caught up on, new orders continue to decline at the moment. That makes for an outlook in which muddling through seems to be the best bet for the time being.

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