

## Big improvement in Eurozone services sentiment

The Eurozone's Economic Sentiment Indicator increased to 101.5 from 101.2 in December as divergence between manufacturing and services increases



France's La Defense business district

The service sector is the only game in town for Eurozone growth at the moment. That's been the case for most of 2019 and December proved to be no exception. As weakness in industry continues and according to some measures is even worsening, expectations of negative spillovers to the service sector remain economists' top concern, but so far that hasn't happened. This is quite remarkable given the duration of the decline in industrial production that already started in December 2018.

The increase in services confidence was broad-based as both the assessment of recent demand and expectations for the months ahead improved significantly. Interestingly, the optimism of the service sector – mostly dependent on domestic demand – was not shared by consumers, as consumer confidence declined from -7.2 to -8.1.

Industrial confidence declined from -9.1 to -9.3, as the divergence between industry and services increased again. Order books and the assessment of recent production decreased again, indicating that the year ended with industry in recession. As expectations for the months ahead crept up,

some return of industrial confidence seems to be on the cards, perhaps fueled by US-China trade developments and the passing of the US car tariff deadline without implementation. This warrants some cautious optimism about the state of Eurozone industry at the start of 2020, although weakness is far from over.

## Author

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto: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 <http://www.ing.com>.