

Snap | 13 June 2018

## Eurozone soft patch deepens ahead of ECB meeting

Industrial production declined by 0.9% in April, further extending the weak spell in economic data. The uncertainty about the eurozone's economic performance ahead of QE decision time makes tomorrow's ECB meeting a nail-biter



Source: Shutterstock

Is this eurozone soft patch still a series of unfortunate events? Or is there permanence to the slowdown? Weather impact, strikes and holiday timings have been troubling eurozone data over recent months, but that impact has become smaller. The drop in industrial production came after some encouraging data for March, but the sharp decline in April brings industrial output back to the lowest level since July last year. Energy production plunged in April, but most production categories saw declining output. Only capital goods production increased by 1.9%.

While there is still enough to like about the eurozone economy to remain upbeat about the outlook for industry, the combination of decreasing future expectations and significant capacity constraints is curbing the production outlook for the moment. If confidence were to improve again, production would likely rebound, as the order book remains well filled and credit conditions for investment remain favourable.

Even though uncertainty about Italy seems to have faded after an interview with Italian minister of finance Giovanni Tria over the weekend, there are still enough worries for the ECB to puzzle over. The looming trade war with the United States and the soft patch of economic data will play a role in determining whether the ECB announces the fate of the asset purchase programme tomorrow or whether it will wait another month. Tomorrow's meeting will no doubt be a nail-biter.

## 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>.