

Germany: Those were the days

Industrial production data in February illustrates how the German manufacturing sector could have looked without Covid-19



Source: Shutterstock

Industrial production increased by 0.3% month-on-month in February, from 3.2% MoM in January. The first increase in two consecutive months since early 2019. On the year, industrial production was down by 1.2%. Production in most sectors increased, except for capital goods. After the whopping 8% MoM increase in January, activity in the construction sector dropped by 1% MoM.

Today's industrial production data illustrates that German industry was finally recovering somewhat before Covid-19 hit the economy. At the turn of the year, there had been tentative signs of a bottoming out of the manufacturing slump on the back of a turn in the inventory cycle. These signs of stabilisation were confirmed in the February industrial production data. Compared with 4Q 2019, industrial production was up in the first two months of the year. If it weren't for Covid-19, today's report would have been encouraging. With the recent production stops, lockdown measures and the sharp fall in production expectations in March, the February figures are nothing more than a relic from the past, which looks much further away than it actually is. Those were the days.

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

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>.