

Italian industrial production rebounds in November

Despite monthly volatility, signs of a tentative upward trend in production are strengthening. As for the fourth quarter of 2025, the likelihood of industry making a positive contribution to value-added growth has increased



November's 1.5% rise in production signals a slow but steady turnaround

The see-saw path of Italian industrial production continued in November, hinting at a very gradual upward trend. According to Istat data, seasonally adjusted industrial production increased 1.5% on the month (from -1% in October) and calendar adjusted production was up 1.4% on the year (from -0.2% in October), both stronger than expected.

All big industry groupings – energy, consumer, intermediate and instrumental goods – posted positive monthly gains, except consumer durable goods. While sector changes were modest, even the weakest performers showed signs of improvement. Year-to-date up to November, pharmaceutical and electronics production lead with roughly 2.5% yearly growth, followed by energy production, mining and quarrying and food and tobacco. At the opposite end, transport equipment and textile and apparel were the laggards, contracting by 5.6% on the year. However, this marks progress compared to early 2025, when both sectors were contracting at a double-digit yearly pace.

In general, average manufacturing production over the first 11 months of 2025 was still down 0.7% on the year.

The good news in today's production report is that evidence of a gradual turnaround is getting stronger, signalling that the long-lasting manufacturing recession is nearing an end. In the September-November quarter, industrial production expanded by 1.1% on the previous quarter. Even stable production in December would bring a quarterly increase of 1% in the last quarter of 2025, a result unseen since 2022. This is good news for the supply side of the Italian economy. A positive contribution of industry to value-added growth in the last quarter of 2025 looks now more likely.

Looking ahead into the first quarter of 2026 is not all that clear. Geopolitical uncertainty remains elevated, US tariff developments continue, and the German pull coming from fiscal expansion might not yet be there.

Still, recent business surveys show a gradual pick-up in orders and a slow softening in inventories, good ingredients for a cyclical rebound. The tentative upward trend in the expected production sub-index looks consistent with this interpretation.

All in all, today's production data release fits with our base case profile for GDP growth, which points to a slight acceleration in quarterly growth to c.0.2% in the fourth quarter. If realised, this would leave average annual GDP growth for 2025 at 0.6%.

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