

Italian industrial production slips slightly in December

Industrial output data, broadly in line with expectations, confirms that the sector has entered a recovery phase after three consecutive years of contraction though this is still very gradual



Seasonally adjusted industrial production fell by 0.4% month on month in December (following a 1.5% increase in November), according to the latest ISTAT release. On a yearly basis, working day adjusted output increased 3.2% (from +1.4% in November).

Across the main industrial groupings, December saw monthly declines in consumer goods (both durable and non durable) and intermediate goods, while energy and capital goods posted gains.

With December data now available, we can draw some conclusions for 2025 as a whole. On average, industrial production fell 0.2%, while manufacturing output declined 0.5%. At the sector level, pharmaceuticals and electronics/instrumentation led growth, followed – at some distance – by the food industry. The largest drops were recorded in textiles & apparel, transport equipment, and chemicals.

Importantly, the fourth quarter of 2025 showed a 0.9% increase in production versus the third quarter, which helped support the 0.3% GDP expansion in 4Q from the supply side. The statistical

carry over for seasonally adjusted industrial production from 2025 into 2026 stands at 0.7%. Assuming the gradual improvement we foresee for 2026 materialises, average annual production growth should exceed 1%, marking a return to positive territory after three consecutive years of declines.

Looking at January business confidence data, the recovery still appears very gradual. Manufacturing confidence improved, supported by stronger order assessments, but not yet enough to suggest a cyclical acceleration in output. A more decisive reduction in inventories is still missing. Clearer signals on this front are emerging from the capital goods segment, while consumer goods remain weaker.

At this stage of the cycle, a stronger rebound in industrial production seems linked to the timing of Germany's ambitious infrastructure and defence investment programmes. Given their endogenous nature, implementation risks appear limited mainly to delays, rather than execution. For once, at least in the short term, geopolitical uncertainty seems to pose less risk to the growth outlook.

Author

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@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 www.ing.com.