

Italian industrial production started 2026 on a soft footing

Production started the year on a soft footing, even before the Middle East war began. Prospects for the rest of the year will crucially depend on how energy market tensions – and their supply and demand effects – evolve



The textile and apparel sector is in contraction territory

The first batch of hard data for 2026 confirms that, even before the start of the war in the Middle East, the path towards a gradual recovery for the Italian economy was not a smooth one. January production data, released today, were softer than expected.

In January, seasonally adjusted industrial production was down 0.6% on the month (from -0.5% in December), with consumer goods, intermediate goods and – more markedly – investment goods all in contraction and only energy goods expanding. The working days adjusted aggregate measure was down 0.6% on the year (from +2.7% in December), signalling that leaving the long-lasting manufacturing recession is not a smooth process.

A quick look at the sector performance shows that hierarchies were partially reshuffled in January. After playing the role of the laggard throughout 2025, transport equipment production was second only to energy production in the yearly growth ranking. Electronic equipment production kept

rising while pharmaceuticals, the manufacturing growth leader in 2025, moved into negative territory in January. Chemicals were the worst performer, and textile and apparel were confirmed in contraction territory.

Developments in industrial production for the rest of the year remain highly uncertain. Strong links with the German economy could eventually support Italian industry as Germany rolls out its infrastructure and defence investment plans, but evolving energy market tensions linked to the Middle East conflict are adding both supply and demand side risks. February business surveys have not yet captured these pressures, instead pointing to flat production and steady orders, but the March data may tell a different story. After an unexpectedly strong 0.3% quarterly GDP rise in late 2025, we expect growth to cool in the first quarter of 2026.

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