

Snap | 10 June 2025

ITALY

Italian industrial production sees surprise improvement in April

April's data provided a few positive signals, but we'd caution against overemphasising their impact. It still seems too early to call for a cyclical rebound for industry, but the chances that the bottom has been reached are improving



Today's release is encouraging, but we don't think it should be interpreted as a clear sign of a turnaround for industry just yet

Industrial production surprises to the upside in April

After disappointing in March, Italian industrial production data turned out surprisingly strong in April. According to Istat, the seasonally adjusted industrial production data was up 1% on the month in April (previously flat in March). The working day adjusted measure was up 0.3% on the year, the first positive yearly reading since January 2023.

All main industry groupings posted monthly gains except energy, which was flat. Total manufacturing production increased 1.2% on the month; the average for the first four months of the year, however, is still 2.4% lower than in the same period of 2024.

Sector rankings broadly confirmed, except for pharmaceuticals

Sector-wise, wood and paper industries are confirmed growth leaders this year, while pharmaceuticals, which previously led the growth ranking over the first quarter, posted a very sharp 5.5% monthly fall. At the other end of the spectrum, transport equipment remains the main laggard, with production down on the year by 11.2% on average over the first four months of 2025.

Too early to call a cyclical rebound

Today's release is encouraging but should not be interpreted as a clear sign of a turnaround. Uncertainty related to developments on the US tariff front remains elevated, and evidence of a possible cyclical recovery is still too soft.

In May, business surveys hinted at a very timid improvement in order books and a very small decline in stocks of finished goods, with the production indicator stuck at April's level – too little to call a possible new trend. The current production framework instead suggests that industry might have reached a bottom. Whether it picks up from here and at what speed crucially depends on developments in the geopolitical scene.

Still, in the short run, a tax incentive scheme expiring by the end of the year might provide a small domestic push to the production of capital goods. Looking further ahead, it seems also plausible that starting from 2026, some traction might be gained through the export channel from the implementation of the German infrastructural plan.

From an economic growth perspective, today's release shows that industry had a good start to the second quarter, in principle supporting value added in the current quarter. We still believe that the second quarter will see a deceleration in GDP growth from the first, but April's solid production reading offers a welcome hedge against possible downward surprises on the services front.

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