

# Eurozone

## Eurozone factory output shows solid 0.6% gain at start of fourth quarter

- Eurozone manufacturing output rises 0.6% in October
- Year on year growth of 1.9% highlights modest recovery path
- Spain leads upturn

Euro area factories enjoyed a good start to the fourth quarter, with output rising 0.6% according to official data. Looking through the volatile data suggests the industrial sector is on a modest recovery path, confirming the relatively upbeat message from PMI business surveys.

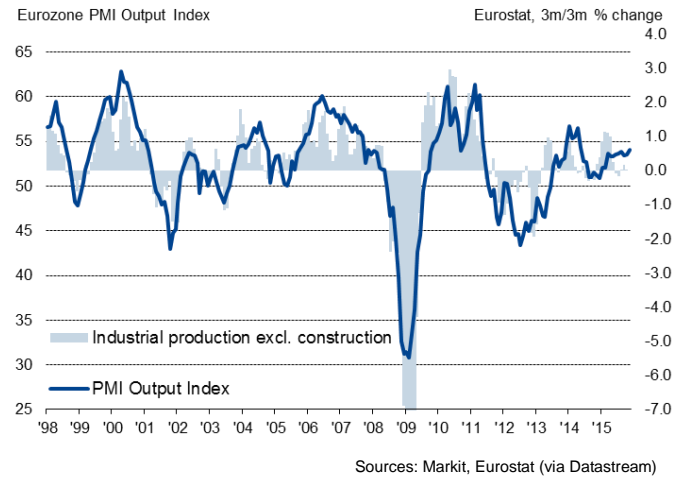
The increase was the first seen for three months following 0.4% and 0.3% declines respectively in August and September. The rise leaves production flat over the latest three month period after a 0.2% rise in the third quarter. However, the official data have been very volatile recently, even when looking at the three-month trend (see first chart), making it difficult to discern the underlying trend. The smoother annual rate of change therefore gives a clearer picture, and shows production 1.9% higher than a year ago in October.

This moderate annual growth trend matches the signal from recent PMI surveys, the latest numbers from which showed the sector growing at an annualised rate of just over 2% in November. December's flash PMI results are published on 16<sup>th</sup> December.

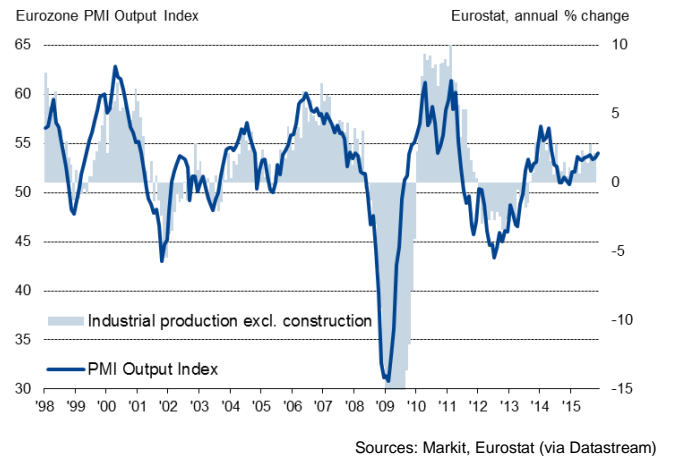
Compared to a year ago, Spain saw the largest upturn in production (+4.0%) of the four largest euro nations, followed by France (+3.6) and then Italy (+2.9%), with Germany trailing behind with output almost unchanged (-0.1%). However, while Germany's factories are running just 1.3% below their pre-crisis peak, output is 14% lower in France and 24% and 26% lower respectively in Italy and Spain.

PMI data meanwhile show Italy leading the upturn in November, followed by Spain with Germany close behind. France continued to lag behind, though enjoyed a third successive month of growth to point to a broad-based recovery.

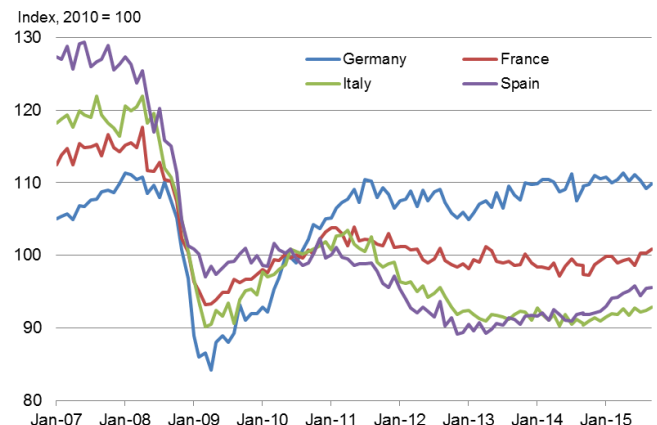
**Eurozone industrial production – quarterly change**



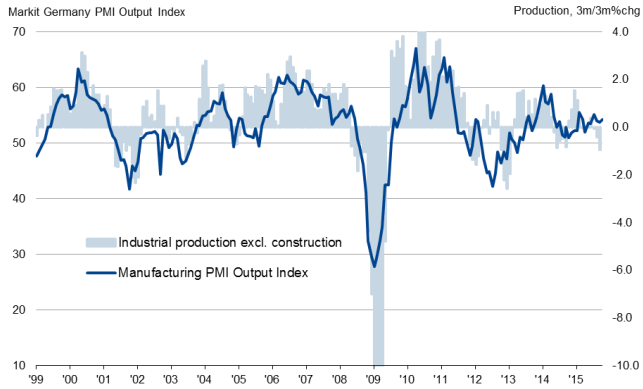
**Eurozone industrial production – annual change**



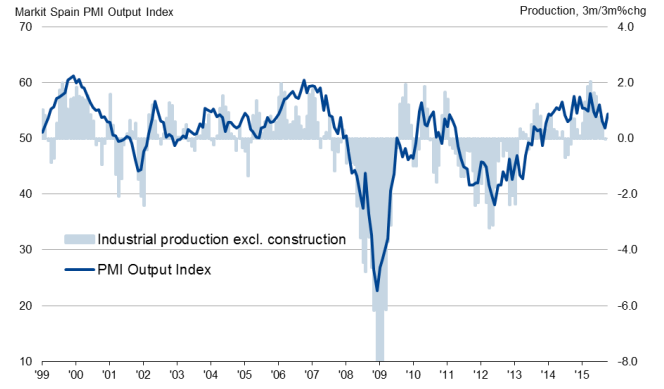
**National production levels**



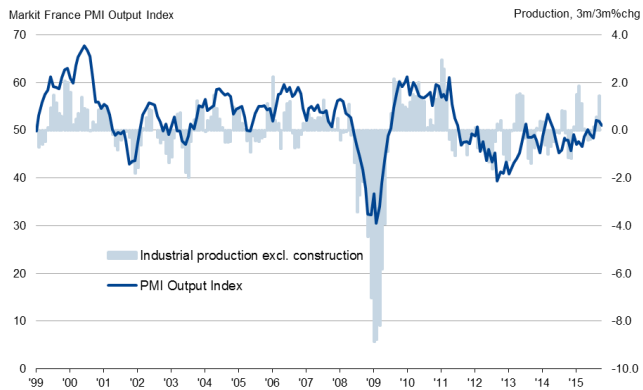
**Germany manufacturing**



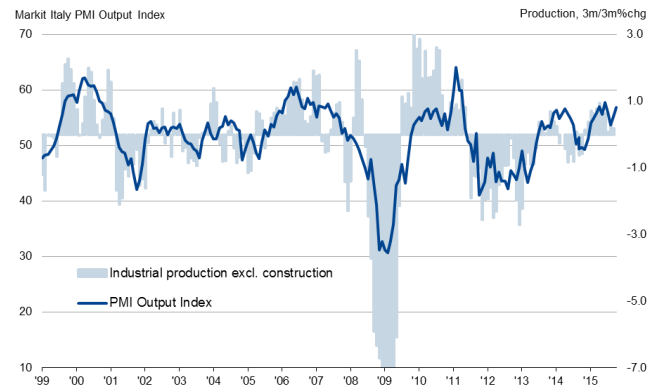
**Spain manufacturing**



**France manufacturing**



**Italy manufacturing**



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