

## Eurozone

### Industrial production falls in third quarter despite September rebound

- Industrial production up 0.6% in September after 1.4% decline in August
- Production 0.4% lower in Q3
- Business surveys point to further malaise at start of Q4

Eurozone industrial production rebounded in September, but the increase does little to allay fears that the region is facing a renewed downturn.

Official data from Eurostat showed industrial production up 0.6% in September after a 1.4% decline in August, which had been the steepest monthly fall for nearly two years.

However, even with the September rebound, factory output was 0.4% lower in the third quarter compared to the second quarter, during which production was flat.

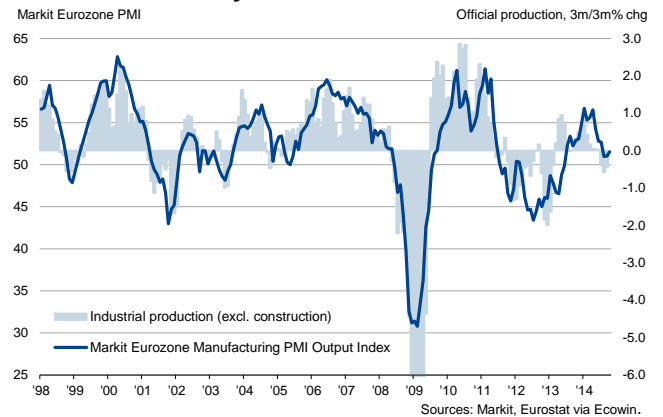
Production slumped 1.1% in Italy in the third quarter, while declines of 0.5% and 0.3% were also seen in Spain and Germany respectively. A 0.7% rise was meanwhile seen in France, though that merely reversed a 0.7% decline seen in the second quarter.

Further disappointing growth is likely to be seen in the fourth quarter. Markit's PMI data showed business conditions at euro area factories remained in the doldrums in October, with the headline PMI at just 50.6 compared to a third quarter average of 50.9.

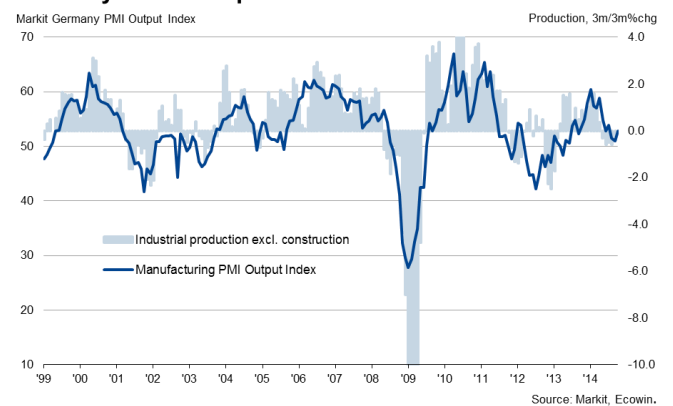
The recent poor performance of the industrial sector comes as a disappointment after promising signs of life were seen at the start of the year. The renewed weakness has been a key factor behind the European Central Bank's decision to take further action to stimulate the region's economy by boosting its balance sheet to the tune of an additional €1 trillion.

An official update on the health of the wider eurozone economy will be provided by the first estimate of GDP, which we expect to show only a marginal increase, and a renewed downturn is a real possibility if recent ECB action fails to deliver the necessary boost to growth.

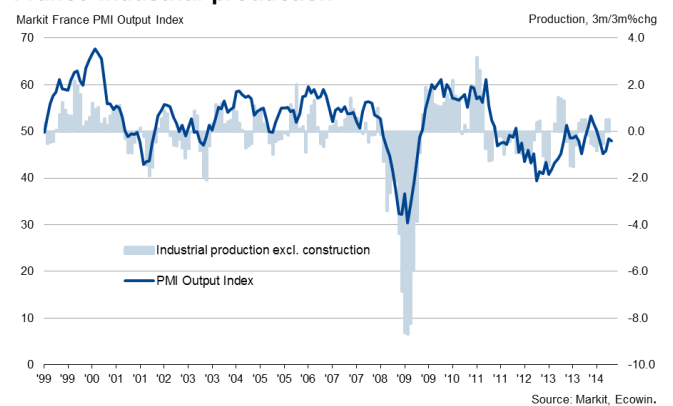
#### Eurozone industry



#### Germany industrial production



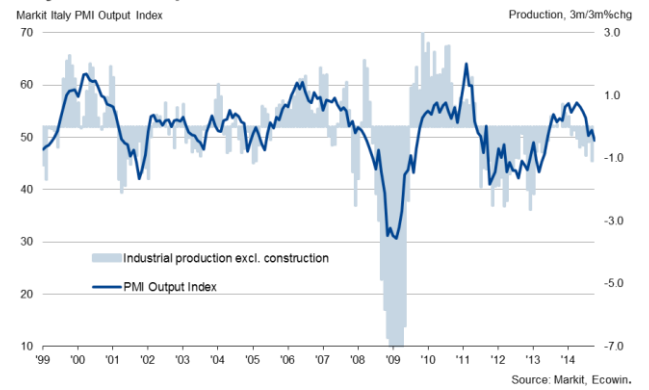
#### France industrial production



### Spain industrial production



### Italy industrial production



## Chris Williamson

### Chief Economist

Markit

Tel: +44 207 260 2329

Email: [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

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