

 Euro Zone / Zone Euro

Industrial production up in February

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■ After stabilising in January, industrial production rose by 0.5% m/m in February, the largest monthly increase since August 2011. Nevertheless, the relatively sharp increase in February could prove to be only temporary, rather than signalling a pick up in the recovery.

■ The breakdown showed, indeed, that production of consumer goods was rather weak (falling over the months), another sign, if needed, of a weak domestic demand. Production of intermediate goods contracted as well over the month. By contrast, output of the energy sector was up by 7.7% m/m, something clearly related to the adverse weather conditions over the first two weeks of February. A downward correction, therefore, is likely in March.

■ The country breakdown showed that output fell (marginally) in Germany and in Spain, while it inched up in France. The Netherlands, the fifth largest economy of the area, showed a sharp increase, rising by 13% m/m. However, this increase, again, was caused by weather conditions. Production in the energy sector (mainly gas) was up by 31% over the month.

■ The underlying trend of the eurozone industrial production, measured by the 3 month rate of change, which smoothes somewhat the monthly volatility, remained weak (-1.1% in the three months ending in February, although somewhat better than in the previous three months). Leading indicators showed a similar picture. The output index of the PMI manufacturing survey was below the 50-threshold in March, and the new-orders, the most forward-looking component of the survey, continued to lose ground in March.

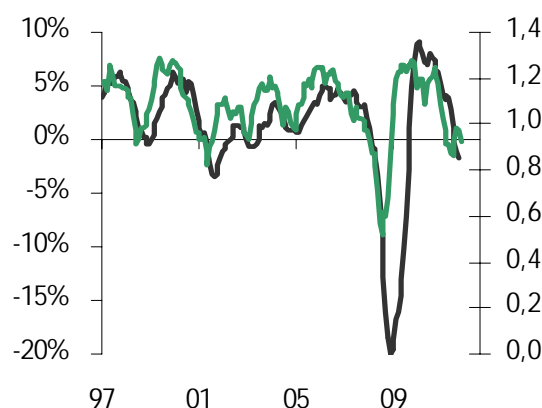
■ GDP growth is likely to contract again in Q1 2012, albeit at a slower pace than in Q4 2011. Going forward, we do not expect buoyant GDP growth over the rest of the year, as numerous factors will dampen output. Leading indicators are no longer falling at the same pace as in Q4 2011, and have levelled off at low levels; this suggests that the recovery –as it is always the case following recessions caused by financial crises –will be sluggish. For the whole year, GDP growth is expected to be broadly flat.

La production industrielle en hausse en février

Après s'être stabilisée en janvier, la production industrielle a progressé de 0,5% sur le mois de février, la meilleure performance depuis août 2011. Toutefois, cette performance pourrait être de courte durée. La vague de froid des deux premières semaines du mois a significativement poussé à la hausse la production du secteur de l'énergie. Une correction à la baisse est probable le mois prochain.

■ Survey data point to weak activity

— Industrial output (y/y 3mma); — New orders to Inventories ratio (rhs)



Sources : Eurostat, Markit Economics

■ Industrial production

February 2012	m/m**	3m/3m	yy***
Industrial output			
Total industry*	0,5	-1,1	-1,7
Breakdown			
Intermediate goods	-1,4	-1,3	-3,9
Energy	7,7	0,2	3,6
Capital goods	0,7	-0,7	1,1
Consumer goods	-1,7	-1,8	-4,8
Durable	-2,0	-0,7	-6,2
Non-durable	-1,6	-1,9	-4,4

Source: Eurostat. *Excluding construction, ** SA, ***WDA

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