



Chemical Industry in Europe – Trends

Cefic Industrial Policy Programme

29th May 2019

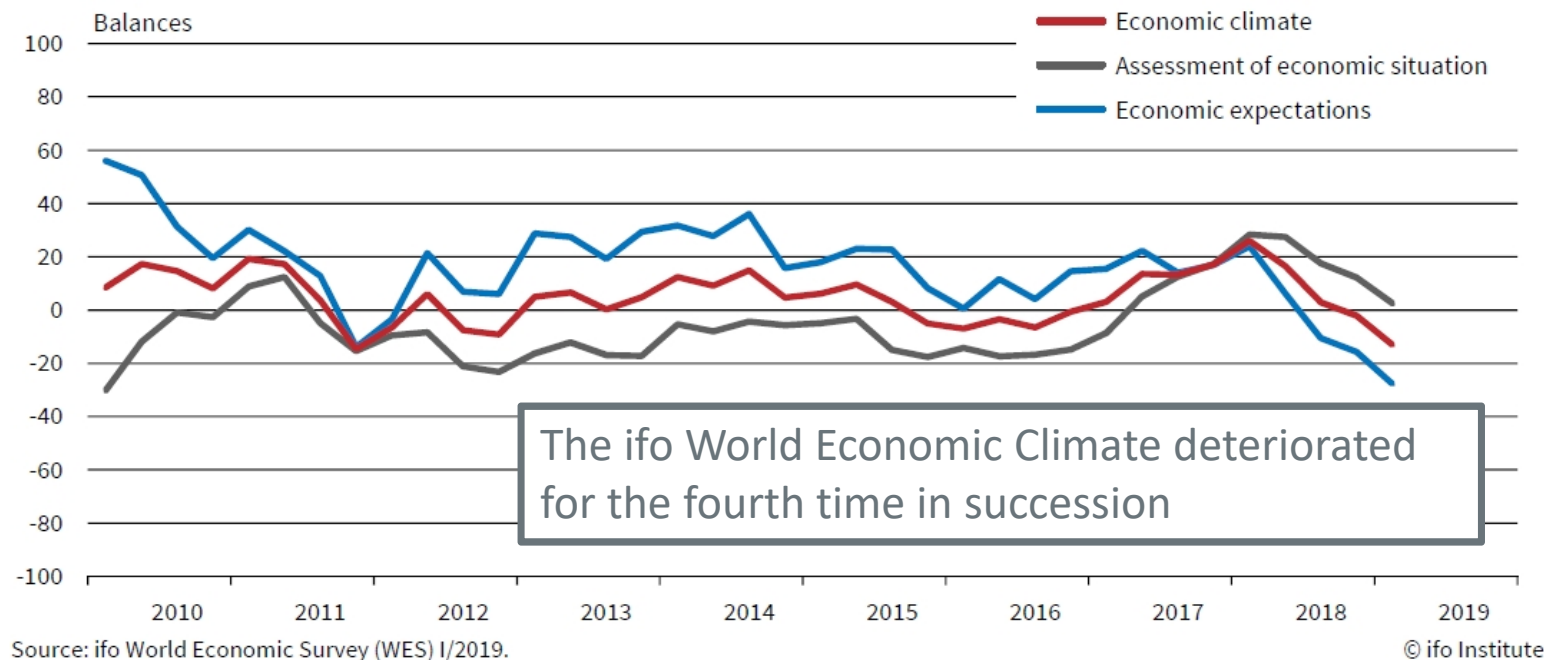
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World Economic Climate Suffers Another Setback



ifo World Economic Climate



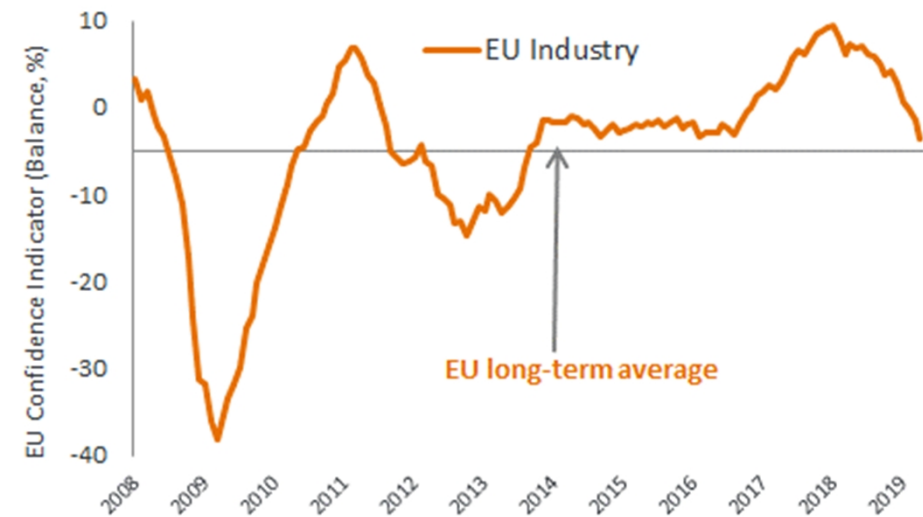
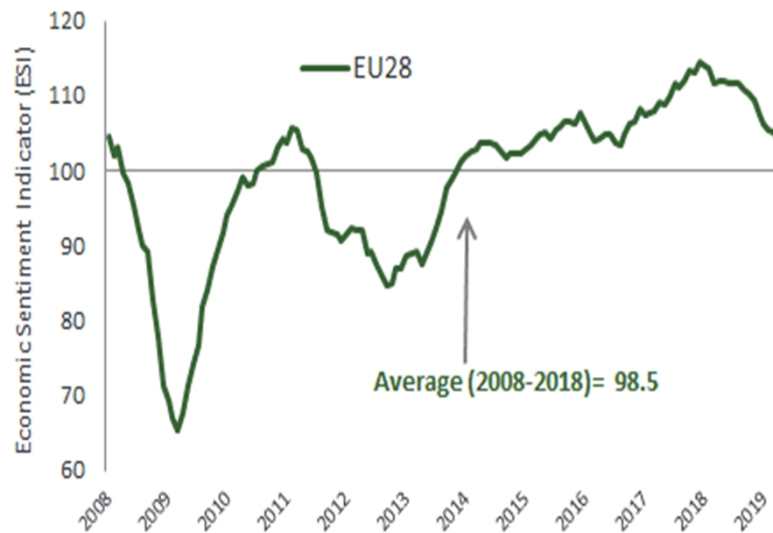
ifo World Economic Climate (Balances)

Quarter/Year	I/2017	II/2017	III/2017	IV/2017	I/2018	II/2018	III/2018	IV/2018	I/2019
Climate	3.0	13.5	13.2	17.1	26.0	16.5	2.9	-2.2	-13.1
Situation	-8.7	5.1	12.5	17.2	28.3	27.4	17.5	12.2	2.6
Expectations	15.5	22.2	14.0	16.9	23.9	6.1	-10.6	-15.7	-27.7

Source: ifo World Economic Survey (WES) I/2019.

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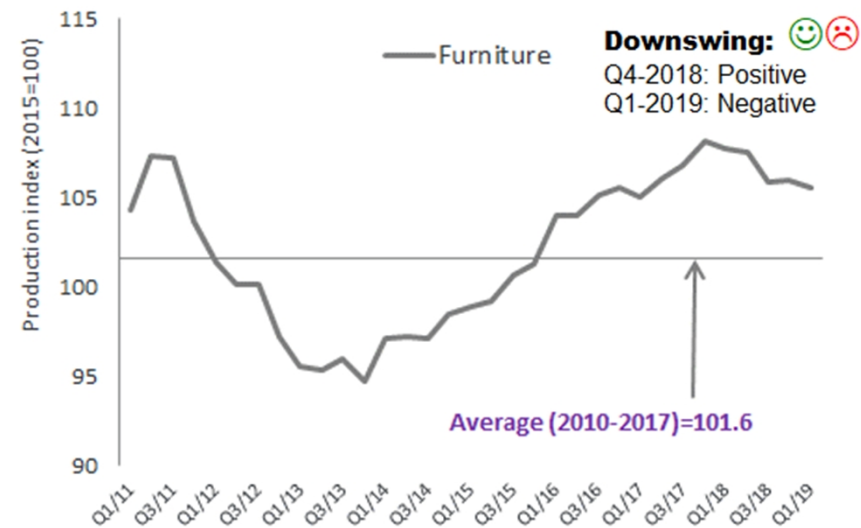
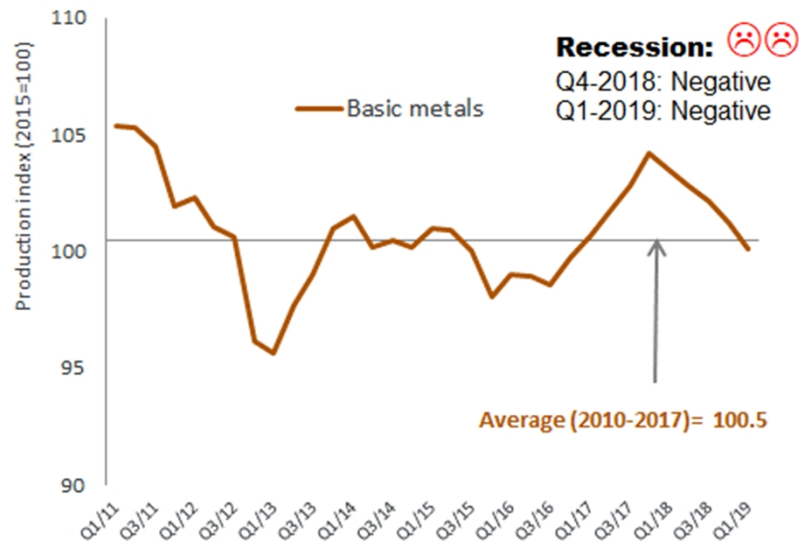
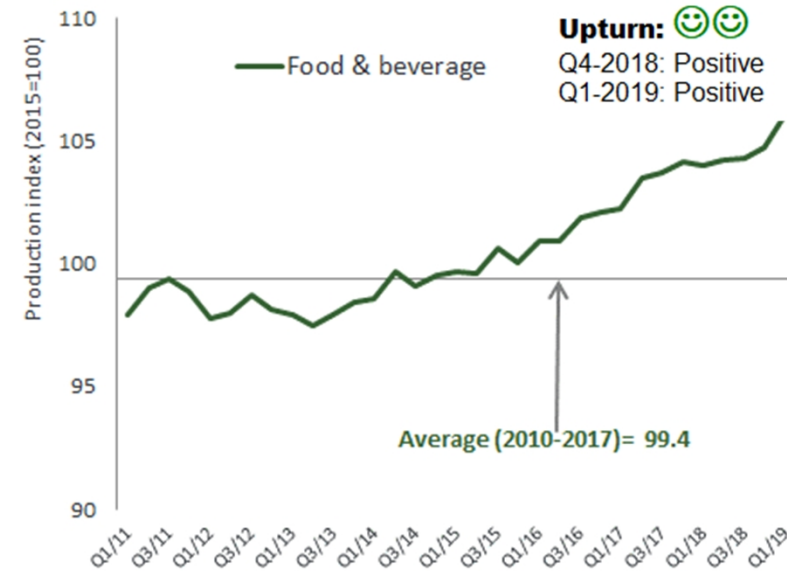
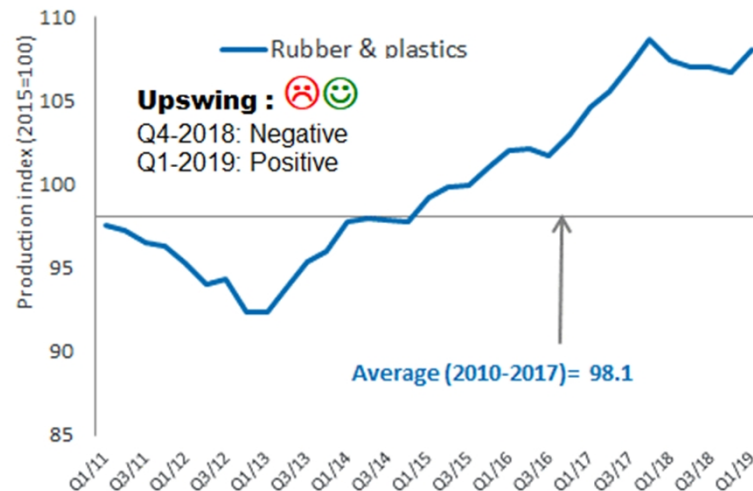
The EU Economic Sentiment Indicator (ESI) decreases markedly



The ESI rose in the Netherlands, while it decreased in France and Italy and, more significantly in Germany and Spain. Data reflects also the strong deterioration of sentiment in the UK (-1.5) and Poland (-3.7). The ESI dropped for the eleventh consecutive time to its lowest level since August 2016

The EU industry confidence took a blow and consumer sentiment weakened. The negative mood of the industry are mainly driven by trade conflicts, weak dynamics of the economy, ongoing uncertainty on Brexit and the problem of automotive sector in Germany

Output in the EU manufacturing sector 1.0% above Q4-2018's level (y-o-y)



EU customers: Heterogenous business profile



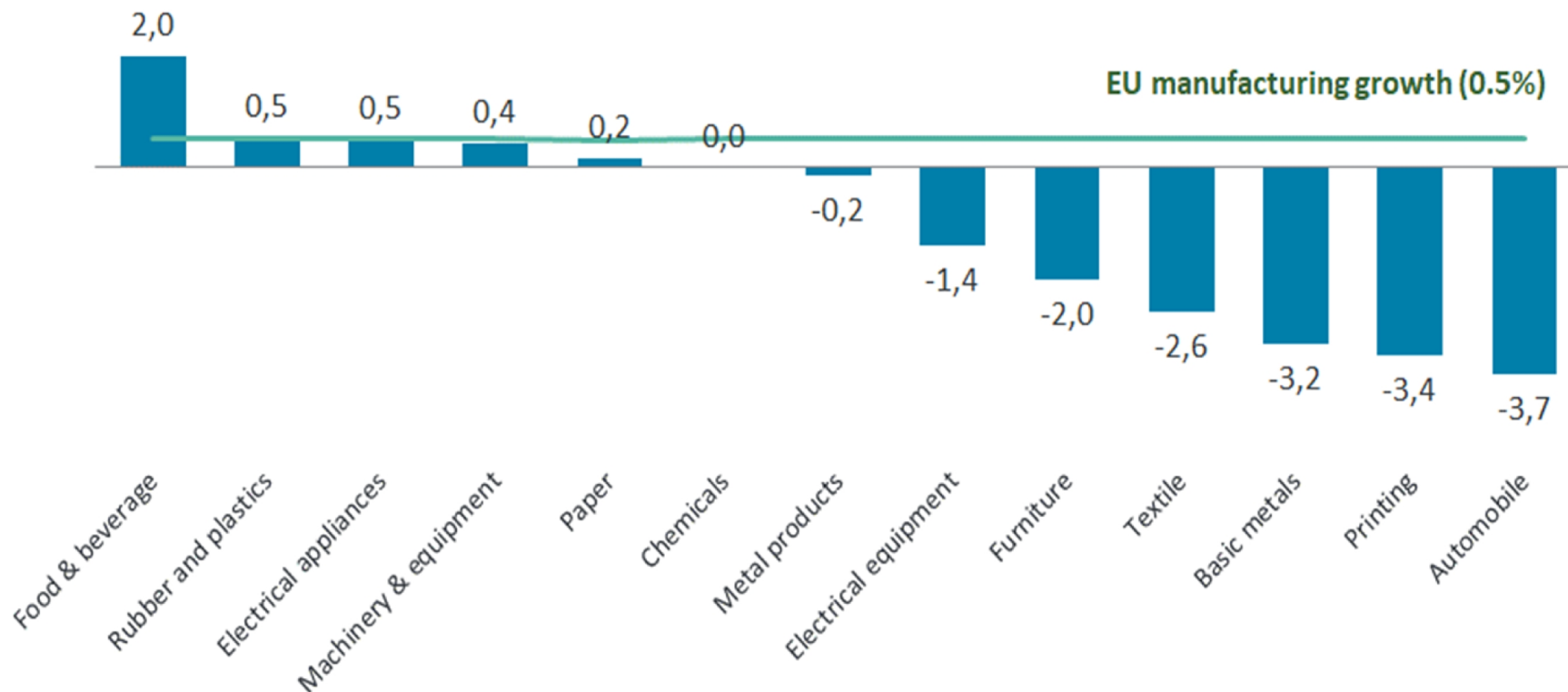
Output growth	Q4/18 vs Q3/18	Q1/19 vs Q4/18	Sectoral Profile	
Basic metals	-0,9	-1,1	Recession	☹️☹️
Electrical appliances	-3,8	-1,0	Recession	☹️☹️
Electrical equipment	-0,2	-0,7	Recession	☹️☹️
Furniture	0,0	-0,4	Downturn	😊☹️
Printing	-2,7	0,3	Upturn	☹️😊
Textile	-1,7	0,5	Upturn	☹️😊
Automotive	0,5	0,7	Increase	😊😊
Paper	-0,2	0,9	Upturn	☹️😊
Machinery & equipment	-0,2	0,9	Upturn	☹️😊
Metal products	-0,5	1,0	Upturn	☹️😊
Other non-metallic mineral p	1,3	1,2	Increase	😊😊
Rubber & plastics	-0,3	1,2	Upturn	☹️😊
Food & beverage	0,4	1,3	Increase	😊😊
Construction	0,2	2,2	Increase	😊😊
Manufacturing	-0,6	1,0	Upturn	☹️😊

Source: Eurostat data and Cefic analysis May 2019

Output in the EU manufacturing sector 0.5% above the previous year's level (y-o-y)

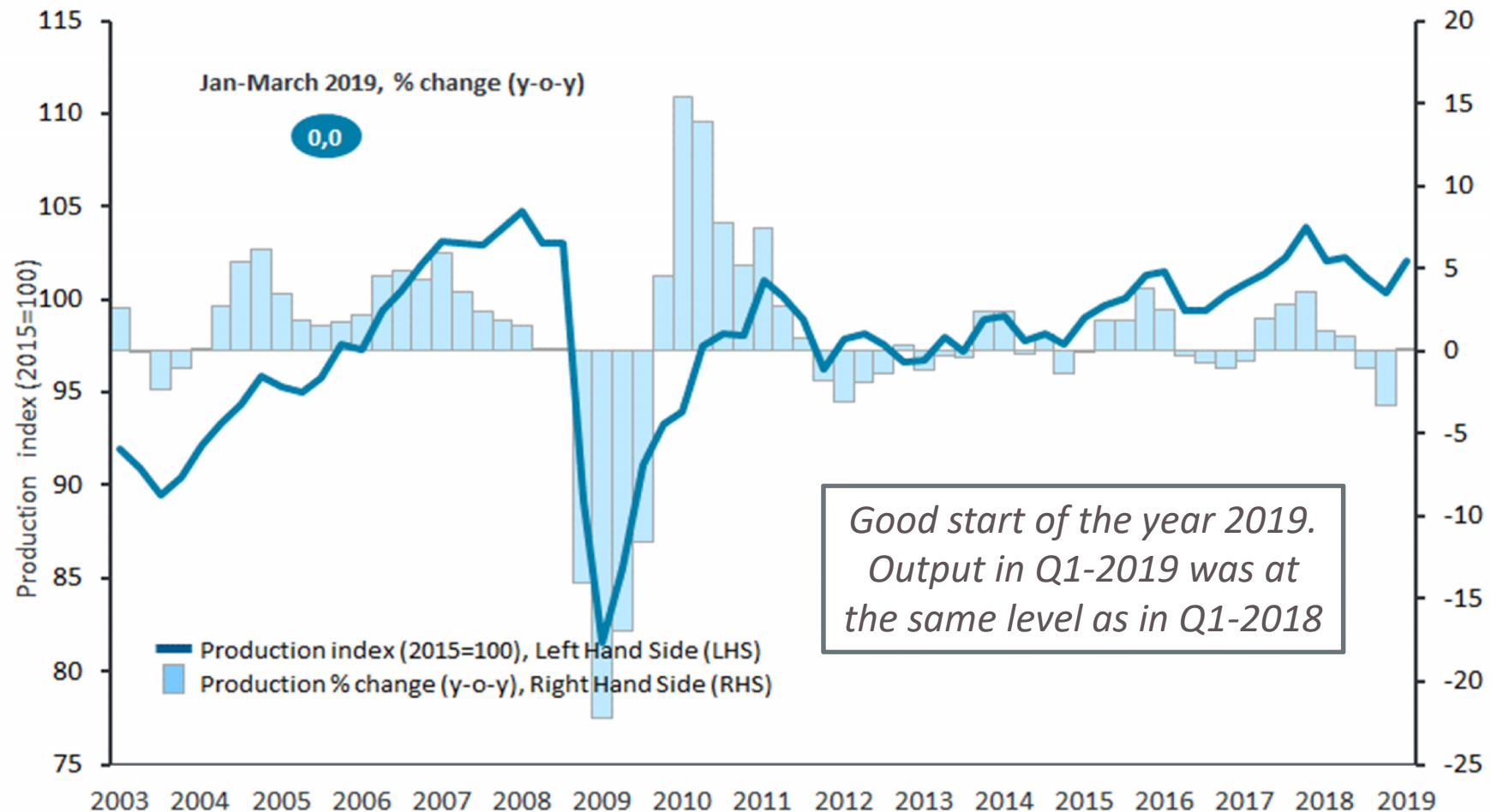


Production growth for most EU manufacturing sectors in Q1-2019 (y-o-y)



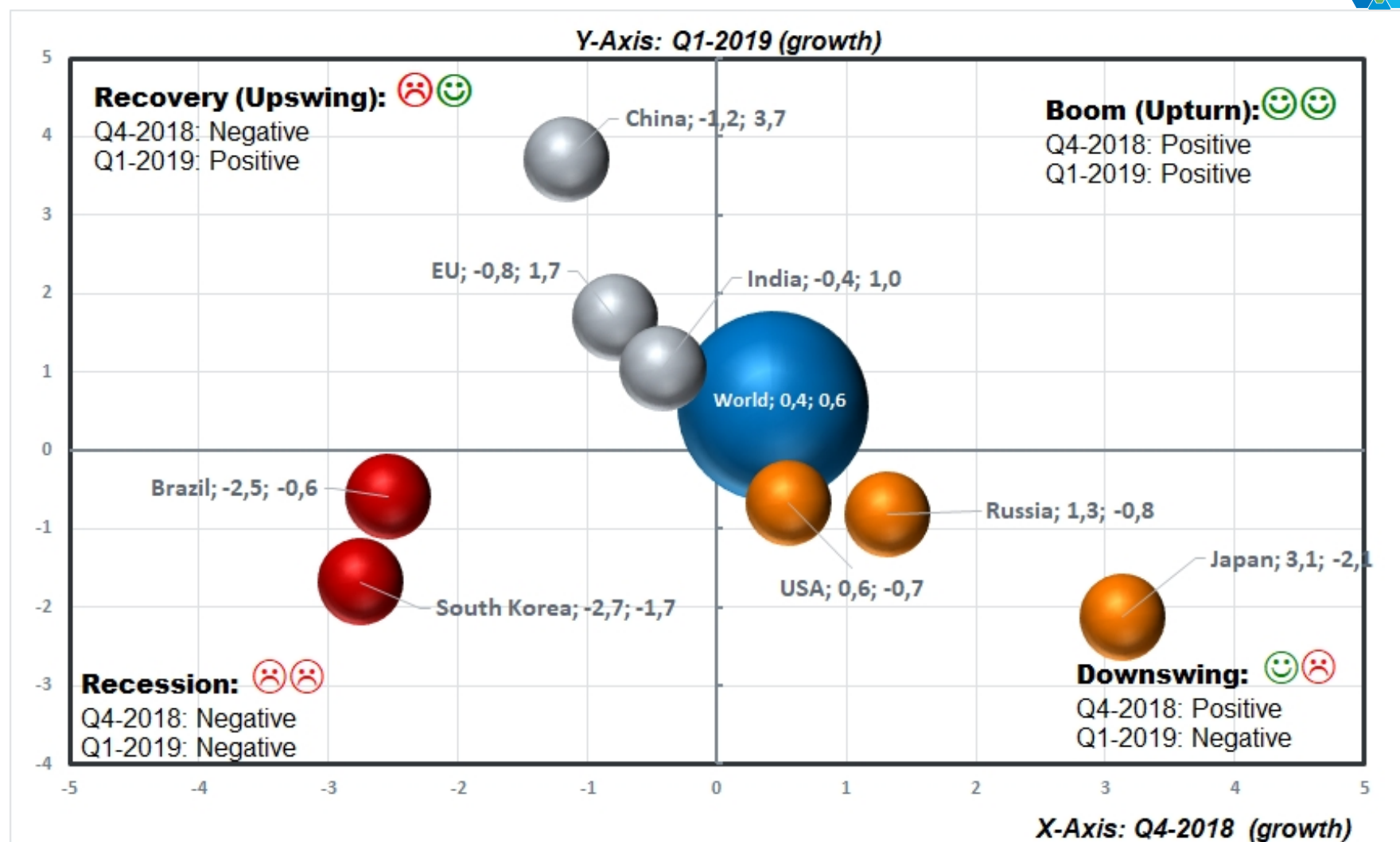
Demand for the EU chemicals industry was weak. Output in key customer industries was significantly below the previous year's level

Chemicals output went up by 1.7% in Q1-2019 compared to Q4-2018



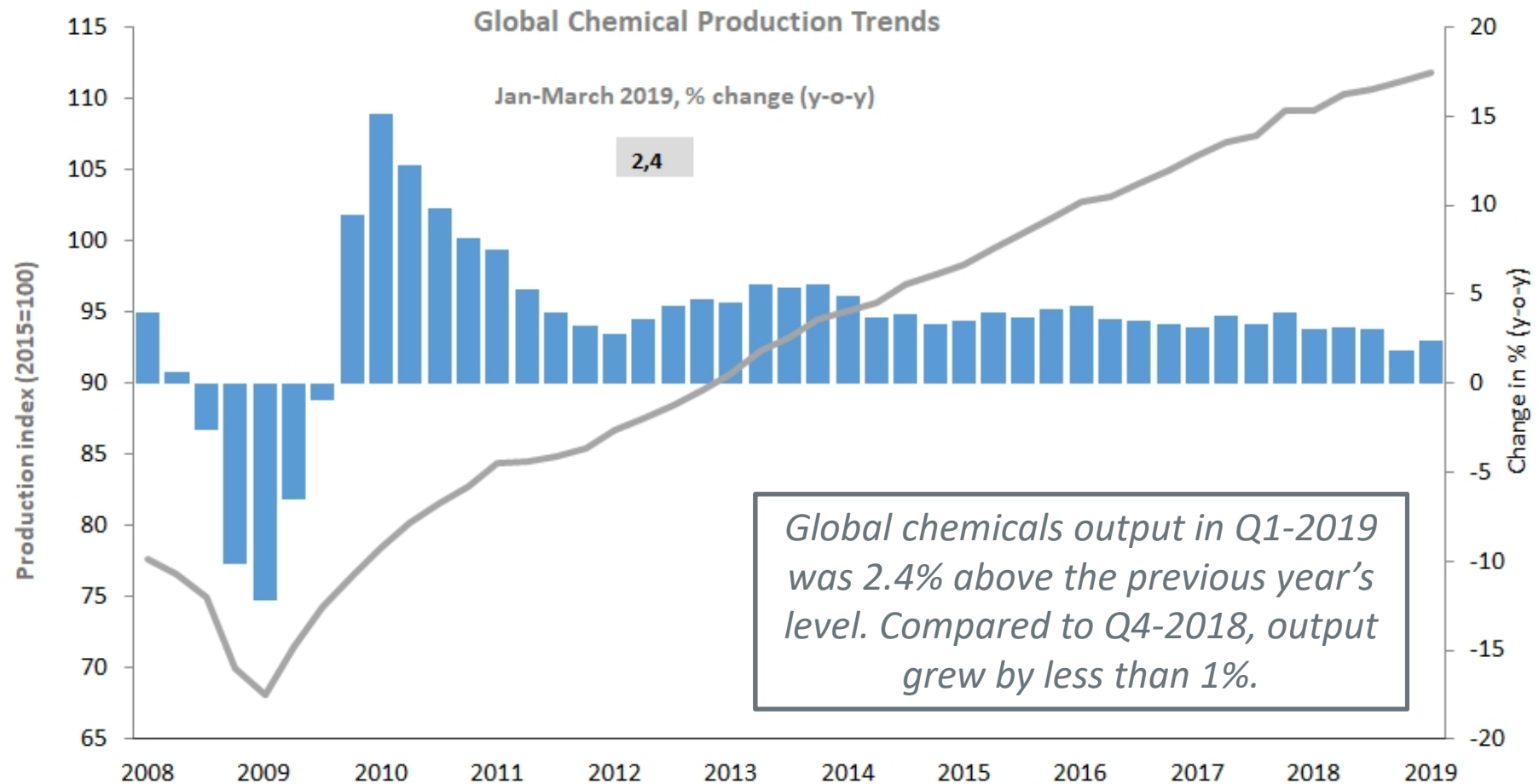
After a period of declining output growth rates were positive in the beginning of 2019. The modest demand of key customers sectors slowed growth of chemicals

World Chemicals Sector: Business Cycle Clock



Brazil and South Korea are in (technical) recession. Less momentum in investment & exports in South Korea impacted the industry's development. The EU, China and India are in the "recovery" phase of the business cycle (upswing). The USA, Japan & Russia showed negative trend in Q1-19.

Global chemicals output went down by less than 1% in Q1-2019 compared to Q4-2018



Source: Cefic Chemdata International

Global production trend of the chemicals business continued to lose momentum

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Chemicals Trends Report

Monthly Summary; 29th May 2019



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The chemicals output has slightly increased in Q1 2019

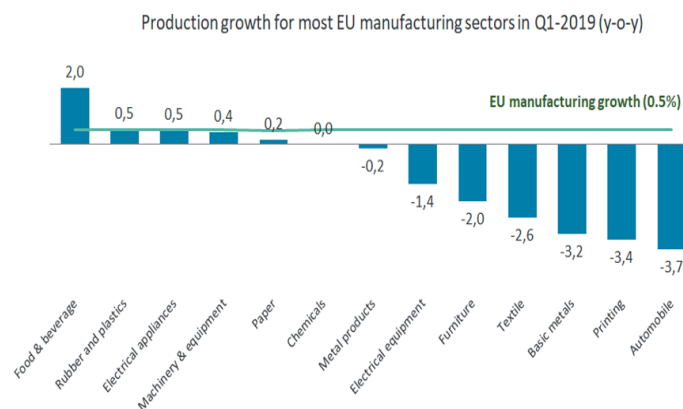
Output, 0.0%, Producer prices ▲1.1%, Total sales ▲0.3%, Domestic sales ▼-0.5%, Exports ▲2.3%, Imports ▲5.8%, Trade Surplus ▼(€0.5 bn), Consumption ▲0.9%, Capacity ▼-1.1%

EU economic sentiment indicator decreases markedly

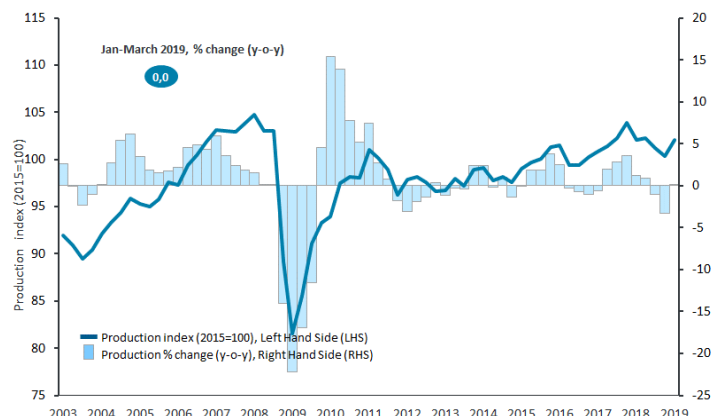
According to the latest EU business and consumer survey results (April-2019), the deterioration of euro-area sentiment resulted from lower confidence in industry, retail trade and, to a lesser extent, in construction and among consumers, while confidence remained unchanged in services (source, European Commission services, business and consumer survey results, April 2019). ▼

EU manufacturing output 0.5% above the previous year's level

Food & beverage posted 2% growth in Q1-2019 compared to the same period of last year. The automotive sector posted a decrease of 3.7% in Q1-2019, mainly affected by the weak performance in Germany. Output in most EU manufacturing sectors went down at the beginning of the year. ▲

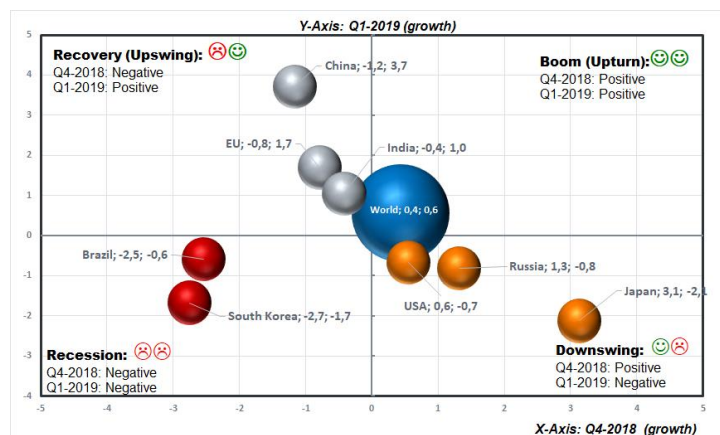


EU chemicals production in the EU chemicals sector posted an increase of 1.7% in the first quarter of this year compared to Q4-2018. Output was at the same level as in Q1-2018. Base chemicals are still below the previous year's levels. Producer prices were above the previous year's level, growing 1.1% in the EU chemicals sector in Q1-2019. ▲



Global chemicals output 2.4% above the previous year's level

Compared to Q4-2018, output grew in Q1-2019 by less than 1%. US chemicals output in Q1-2019 was 3.1% above the previous year's level. In China, output was 5.2% above the previous year's level, whereas chemicals output in Brazil was 1.4% down compared to the previous year's level.



Brazil and South Korea are in recession (two consecutive declines of output) while the EU, China and India are in the "recovery" phase of the business cycle (upswing). The USA, Japan and Russia experienced a downward trend in Q1-2019. ▲