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Moderate growth in EU chemicals industry

Output ▲ 0.6%, Producer prices ▲ 3.0%, Total sales ▲ 3.6%, Domestic sales ▲ 3.7%, Exports ▲ 3.2%, Imports ▲ 5.0%, Consumption ▲ 4.0%, Employment ▲ 1.7%,

❖ Moderate economic growth continues

According to the “Euro zone economic outlook” report (September 20th, 2018), the expansion continues steadily in the euro zone area. Dragged down by weak foreign trade, euro area GDP increased by +0.4% in both Q1-2018 and Q2-2018, slowing down substantially compared to an average of +0.7% in 2017. This slowdown is reflected in economic sentiment indicators. Similarly, the purchasing managers index (PMI) decreased at the beginning of the year. Despite this decline, the survey indicators are still above their long-term average. ▼

❖ Chemicals output up 0.6% (Jan-July-18)

Production in the EU chemicals sector grew 0.6% from January to July 2018 compared to the same period of 2017, with output rising in some chemicals sub-sectors such as cosmetics (4.5%, y-o-y). Specialties posted less significant output growth (less than 1%, y-o-y). Basic inorganics however reported negative growth of 6.3% during the same period. ▲

❖ Chemicals prices climb 3.0% (Jan-July-18)

Producer prices were above the previous year’s level, growing 3.0% in the EU chemicals sector from January to July 2018 (y-o-y). Basic inorganics and dyes and pigments posted higher growth compared to the other sectors (about 5.0%, y-o-y). The significant uptick in prices is explained by substantial increases in energy prices. ▲

❖ Chemicals exports jump 3.2% (Jan-June-18)

EU chemicals exports reached the value of €81.7 bn through June 2018, up from €79.2 during the same period of last year. EU chemicals exports to the USA reached the value of €16.6 bn from January to June 2018, up from €15.0 bn from January to June 2017.

With nearly 9%, China is still the third largest exporting market for the EU chemicals sector, followed by Africa, Middle East and Russia. The analysis shows that EU chemicals exports to the following countries dropped: China, Japan, South Korea and Middle East. On the positive side, EU chemicals exports rose to the USA (mainly petrochemicals), Rest of Europe, Brazil, Russia and India. ▲

❖ Chemicals imports up 5.0% (Jan-June-18)

EU chemicals imports reached the value of €57.6 bn through June 2018, up from €54.8 bn during the same period of 2017. With 13.5%, China is the third largest importing market for the EU chemicals sector, after the USA and Rest of Europe. EU chemicals imports went up significantly from China – from €6.7 bn to €7.8 bn comparing first half of 2018 to the same period in 2017. But EU chemicals imports from Africa, Russia, Middle East and the USA fell. ▲

❖ Trade surplus down by €0.2 bn (Jan-June-18)

The net trade surplus was €24.16 bn during the first six months of 2018, down from €24.34 bn during the same period of 2017. As expected, the largest EU chemicals surplus occurred with rest of Europe, the USA, Africa and Brazil. EU chemicals however registered a trade deficit with Middle East, India, Japan, South Korea and China. ▼

❖ Employment up 1.7% (Jan-June-18)

Direct employment was above the previous year’s level, growing 1.7% in the EU chemicals sector during the first half of 2018 compared to the same period of 2017. Employment growth continues for the fifth consecutive quarter. ▲