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Chemicals growth remains positive, despite deteriorating world economic climate

Output ▲0.9%, Producer prices ▲2.6%, Total sales ▲3.3%, Domestic sales ▲3.6%, Exports ▲2.6%, Imports ▲4.1%, Consumption ▲3.7%, Capacity utilisation ▲3.3%

❖ **The World Economic Climate deteriorates further in the third quarter**

According to the ifo World Economic Survey (WES, Q3-2018). The economic climate deteriorated in nearly all regions. In the USA economic expectations also cooled down. Developments in world trade were dominated by the current conflict over tariffs, with the majority of experts predicting lower exports in the months ahead, particularly for the USA and China. Forecast global investment activity levels fell significantly. The experts surveyed also expect private consumption to stagnate. The world economy has slowed to a crawl (WES report, 9 August 2018). ▼

❖ **Chemicals output up 0.9% (Jan-May-18)**

Production in the EU chemicals sector grew 0.9% from January to May 2018 compared to the same period of 2017, with output rising in some key chemicals sub-sectors such as cosmetics (nearly 5%, y-o-y). Specialties posted less significant output growth (1.2%, y-o-y). Basic inorganics however reported negative growth of 6.3% during the same period. ▲

❖ **Chemicals prices climb 2.6% (Jan-May-18)**

Producer prices were above the previous year's level, growing 2.3% in the EU chemicals sector from January to May 2018 (y-o-y). Basic inorganics and dyes and pigments posted significant and positive growth in prices compared to the other sectors (more than 4.9%, y-o-y). ▲

❖ **Chemicals exports jump 2.6% (Jan-May-18)**

EU chemicals exports reached the value of €67.7 bn through May 2018, up from €66.0 during the same period of last year. The US was by far the EU's biggest exporting market in chemicals. EU chemicals exports to the USA reached the value of €13.8 bn from January to May 2018, up from

€12.5 bn from January to May 2017. Nearly 45% of these exports were attributable to petrochemicals. The US contributed 20.4% of total extra-EU chemicals exports, followed by Rest of Europe (excluding Russia, 19.2%). The analysis shows that EU chemicals exports to the following countries dropped: Middle East, South Korea, Japan and China. ▲

❖ **Chemicals imports up 4.1% (Jan-May-18)**

EU chemicals imports reached the value of €48.8 bn through May 2018. The US was by far the EU's biggest importing market in chemicals. EU chemicals imports from the USA reached the value of €9.8 bn from January to May 2018, down from €10.5 bn during the same period of last year. More than a third of these imports were attributable to specialties (35%). The US accounted for 20.5% of total extra-EU chemicals imports, followed by Rest of Europe (excluding Russia, 17.0%). Apart from basic inorganics and consumer chemicals, all chemicals sectors posted an increase in imports. ▲

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

The net trade surplus was €19.9 bn during the four five months of 2018 (less €0.2 billion), the largest EU chemicals surplus occurring with rest of Europe and the USA. EU chemicals however registered a trade deficit with India, South Korea, China and Japan. ▼

❖ **Capacity utilisation up 0.7% (Q2-2018)**

According to EU Commission Business Survey data, capacity utilisation in the EU chemicals sector reached the value of 83.5% in the second quarter of 2018, up from 82.9% reached in the first quarter of the same year. Capacity utilisation was 3.3% below the previous year's level (Q2-2018 vs Q2-2017). Chemicals capacity is 3.2% above the long-term average (2005-2017). ▲