

Chemicals Trends Report

Monthly short summary, August 2011



EUROPEAN CHEMICAL INDUSTRY COUNCIL

EU chemicals sector posts 3.4 per cent growth for first six months of year

June monthly production data shows first monthly decline during 2011

BRUSSELS, September 2, 2011 – EU chemicals production recorded a 3.4 percent increase in the first six months of the year, according to the latest Cefic Chemicals Trends Report. The monthly data for June showed a 1.2 per cent decline compared with June 2010, a modest downturn in EU chemicals industry production after an impressive first three months of 2011 and positive year-on-year monthly growth in April and May.

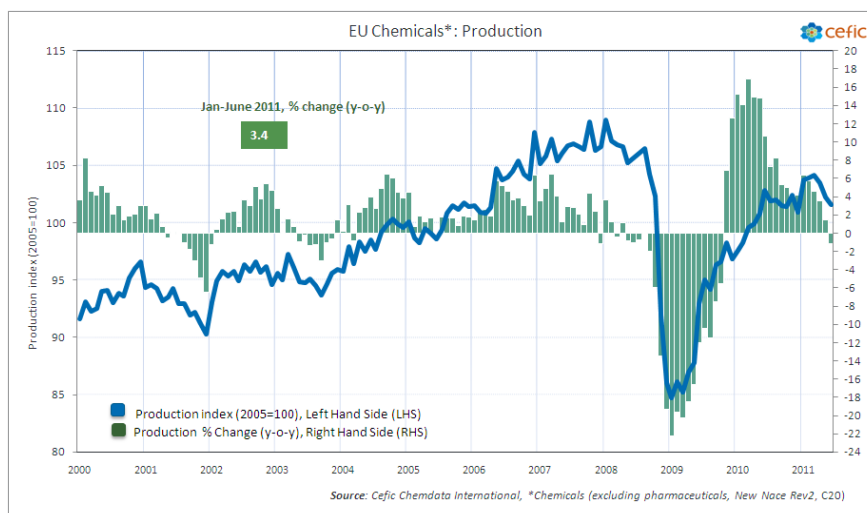
Prices continue upward climb

Prices were up 9.6 per cent during June compared with the same period the year prior. Year-on-year EU sales surged upward by 22.9 per cent in May, and increased by 19.2 per cent during the first five months of 2011.

Cefic Chief Economist Moncef Hadhri commented: “The pace of EU chemicals industry output decelerated slightly in the second quarter of 2011 as the weak world business climate and turbulence in the eurozone played a significant role.”

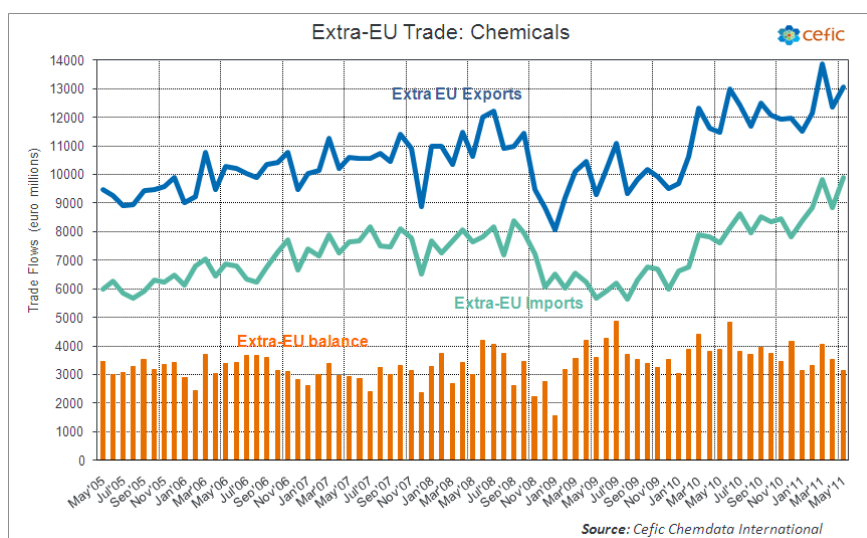
Chemicals output declined in June 2011 compared with June 2010

The EU production index for June was down 1.2 per cent compared with June the year prior, but remained 18 per cent higher as compared to the December 2008. Petrochemicals output increased 4.1 per cent in June compared with the year prior, while basic inorganics production rose by 1.7 per cent. Year-on-year consumer chemicals production rose by 4.6 per cent in June, specialty chemicals and polymers output fell by 4.1 and 1.0 per cent respectively.



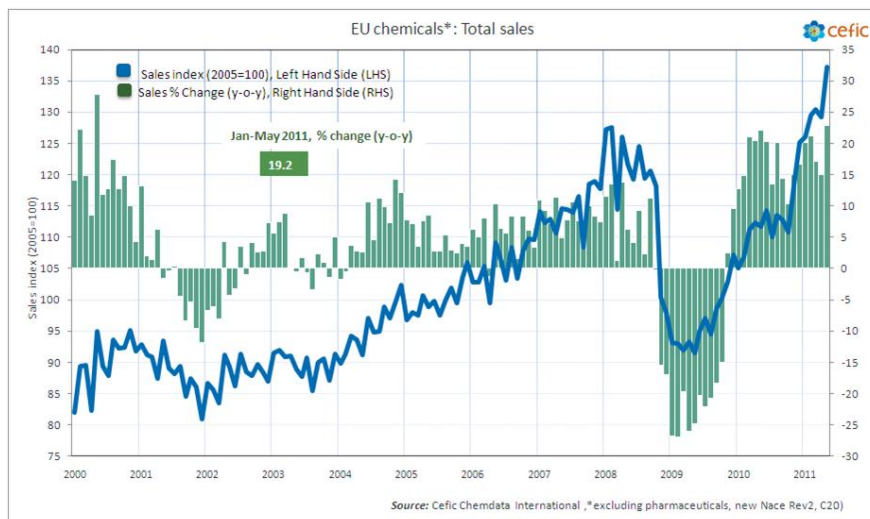
EU trade surplus reaches €17.2 billion for first five months of year

Trade data show a €17.2 billion trade surplus for the EU chemicals sector in the first five months of the year, down 9.3 per cent compared with the first five months of 2010. Trade data from January to May 2011 include a €4.4 billion net trade surplus with the NAFTA region and €3.1 billion surplus with Asia, excluding Japan and China. A €1 billion net trade deficit was posted with China. EU trade flows with the Rest of Europe generated a €5 billion surplus - the highest level for all markets.



May sales surge, continue to surpass pre-crisis peak due to price spikes

May 2011 chemicals sales were 22.9 per cent higher compared with May the year prior. For the first five months of 2011, total sales were 19.2 per cent higher as compared to the same period in 2010. Domestic sales in the EU market showed a similar improvement, up 21.3 per cent during the first five months of 2011 compared with the similar period in 2010. The overall sales level continues to surpass the pre-crisis peak reached in the beginning of 2008. Sales values during the period from January to May 2011 were 5.8 per cent higher compared to the same period in 2008.



Petrochemicals attain 14.7 per cent price increase in June

Prices registered in June were 9.6 per cent higher than in June 2010, led by a 14.7 per cent overall price increase in petrochemicals. The price of basic inorganics pushed upward 11.6 per cent year-on-year during June, and plastics were up 11 per cent. Prices for consumer chemicals continued to increase modestly – up 3.2 per cent in June compared with those registered in June 2010.

Worsening of the Ifo World Economic Climate

According to the results of the third quarter of 2011 Ifo World Economic Survey (WES), the Ifo World Economic Climate clouded over in the third quarter, after having improved in the first two quarters. The worsening climate affected both the appraisals of the current situation as well as the expectations for the coming six months. Despite the weakening, however, both components are still in positive territory. The global economic upswing is faltering.

The Economic Sentiment Indicator (ESI) declined in July but remains above its long term average (excerpt)

The Business and Consumer Survey (BCS) reported that in July the Economic Sentiment Indicator (ESI) for the European Union declined but remains above its long term average. EU confidence declined notably in industry, retail trade and among consumers, with marginal falls in services and an improvement in the construction sector. Most Member States recorded a drop in sentiment. Among the seven largest EU Member States, confidence in Italy fell the most (-4.5), followed by Spain (-2.7). The confidence indicator fell less significantly in the Netherlands (-2.1), Germany (-1.8), the UK (-1.4) and France (-0.5), while it improved slightly in Poland (+0.4). In July, the ESI remains above its long-term average only in Germany and France. Capacity utilisation declined in July in the EU area, interrupting its two-year upward trend since the trough in July 2009. At 80.7 per cent in the EU area, capacity utilisation slipped just below its long-term average. This aggregate picture masks a strong heterogeneity at the Member State level, with Germany remaining firmly well above its long-term average while peripheral countries are lagging behind.

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Note to editor:

About the Chemicals Trends Report

The Cefic Chemicals Trends summary report is a condensed version of a full report (slides) issued each month to members of Cefic – the European Chemical Industry Council – which includes chemical industry associations and member companies. Both the short summary and full report (slides) provide a snapshot of the chemical industry performance in the 27 countries in the European Union and are based on available data released by Eurostat. The scope of the two-page summary report distils Eurostat data into four areas: chemicals production, trade, prices and total sales.