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EU chemicals output flattened through October 2018

Output ▲ 0.0%, Producer prices ▲ 3.7%, Total sales ▲ 3.9%, Domestic sales ▲ 3.8%, Exports ▲ 4.2%, Imports ▲ 7.0%, Consumption ▲ 4.5%, Employment ▲ 1.1%,

❖ *ifo World Economic Climate deteriorates further*

According to the *ifo World Economic Survey (WES, Q4-2018)*, the *ifo World Economic Climate* deteriorated for the third time in succession. Assessments of the current economic situation deteriorated significantly, but nevertheless remain above their long-term average. Economic expectations were also scaled back considerably. Growth is waning in the world economy (*WES report, 12 November 2018*). ▼

❖ *Chemicals confidence facing trade wars and Brexit uncertainty*

Chemicals companies perceive no significant improvement during the coming six months. Both investors and consumers are becoming more cautious in an increasingly volatile environment, characterised by trade tensions between the US, China and the EU. Moreover, the uncertainty around Brexit has been affecting business climate and confidence in the EU-28 area. ▼

❖ *Chemicals output, no growth (Jan-Oct-18)*

Production in the EU chemicals sector posted no growth from January to October 2018 compared to the same period of 2017. Apart from consumer chemicals (2.6%), most chemicals sectors reported a decline during the first ten months of 2018. Base chemicals were most affected compared to other sectors. Specialties posted less output decline (-0.2%, y-o-y). Basic inorganics however reported negative growth of 6.0% during the same period. Consumer chemicals did well, growing far above the other chemicals sectors (2.6%).

❖ *Capacity utilisation down 0.3% (Jan-Sep 2018)*

Capacity utilisation in the EU chemicals sector went down 0.3% from January to September 2018 compared to the same period of 2017. Capacity utilisation in the EU chemicals sector reached the value of 83.4% in the third quarter of 2018, down from 83.6% reached in the second quarter of the same year. Chemicals capacity is 3.1% above the long-term average (2005-2017). ▼

❖ *Chemicals prices climb 3.7% (Jan-Oct-18)*

Producer prices in the EU chemicals sector grew 3.7% from January to October 2018 compared to the same period of 2017. Q3-2018 reached the highest sales values since Q2-2013 (5 years). Petrochemicals (5,7%), basic inorganics (5,5%), and polymers (4,3%) posted significant growth in prices compared to the other sectors. ▲

❖ *Chemicals sales up 3.9% (Jan-Sep 2018)*

Total sales (domestic and exports) in the EU chemicals business were about 4% above the previous year's level, mainly due to higher producer prices during the same period. In Q3-2018, total sales in the chemicals business reached their highest level in six years. ▲

❖ *Domestic sales up 3.8% (Jan-Sep 2018)*

Total domestic sales (inside the EU28 area) in the EU chemicals sector grew 3.8% from January to October 2018 compared to the same period of 2017. Q3-2018 reached the highest sales values since Q4-2012. ▲

❖ *Chemicals exports jump 4.2% (Jan-Sep 2018)*

EU chemicals exports outside the EU28 area reached the value of €121.5 billion through September 2018, up from €116.5 billion during the same period of last year.

Data shows a significant decline in EU exports to China in petrochemicals. EU chemicals exports to the USA reached the value of €24.2 billion from January to September 2018, up from €22.0 billion from January to September 2017. With nearly 9%, China is still the third largest exporting market for the EU chemicals sector, followed by Africa, Middle East and Russia. ▲

❖ **Chemicals imports up 7.0% (Jan-Sep 2018)**

EU chemicals imports outside the EU28 area reached the value of €86.5 billion through September 2018, up from €80.8 billion during the same period of last year. With 13.6%, 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. But EU chemicals imports from the USA fell, mainly in basic inorganics and consumers chemicals. ▲

❖ **Trade surplus down by €0.7 bn (Jan-Sep 2018)**

The net trade surplus was €35.0 billion during the first nine months of 2018, down from €35.7 billion 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 India, South Korea, China and Japan. ▼

❖ **Chemicals consumption up 4.5% (Jan-Sep 2018)**

Consumption (domestic demand) in the EU chemicals sector grew 4.5% from January to September 2018 compared to the same period of 2017. Q3-2018 reached the highest sales values since Q3-2011. ▲

❖ **Chemicals employment up 1.1% (Jan-Sep 2018)**

Direct employment was above the previous year's level, growing 1.1% in the EU chemicals sector during the first three quarters of 2018 compared to the same period of 2017. Employment in Q3-2018 was the highest since Q3-2009. ▲