

EU27 Chemicals Business- Monthly Briefings

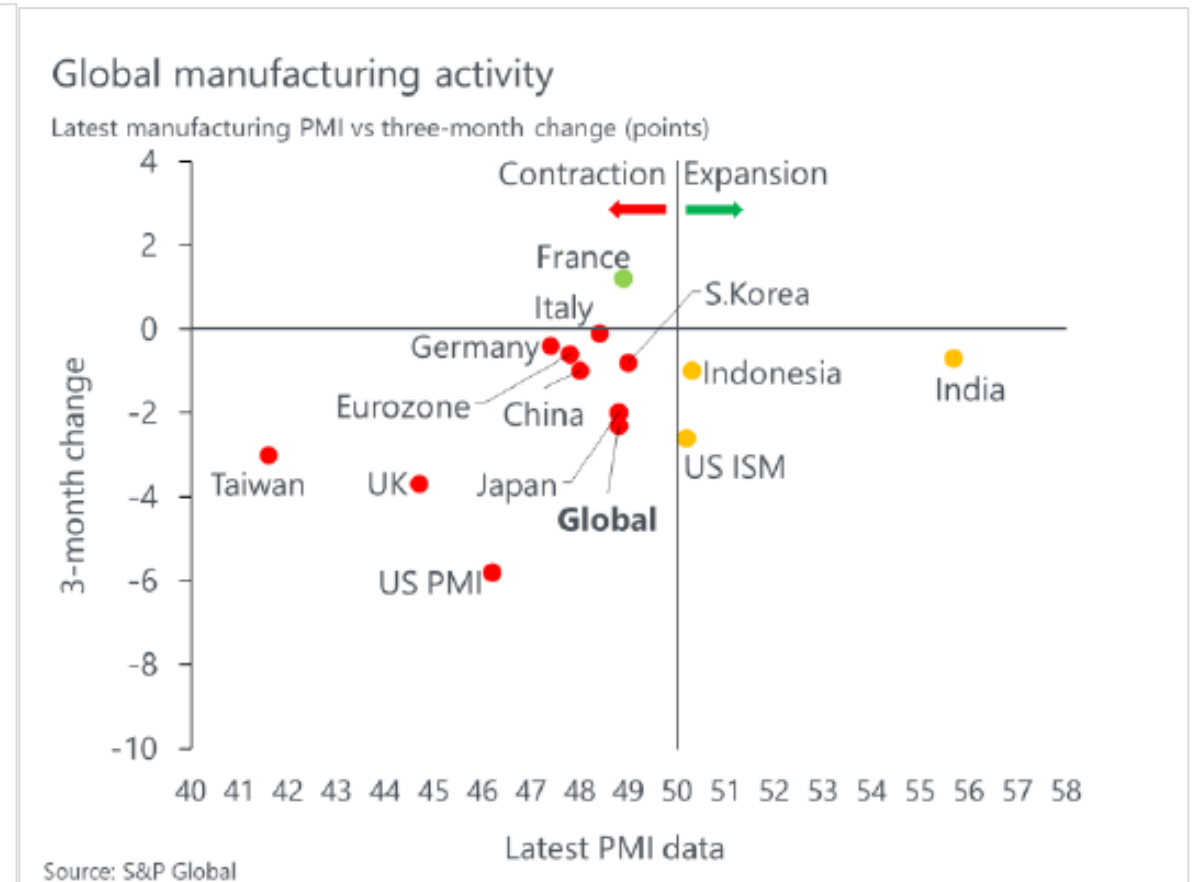
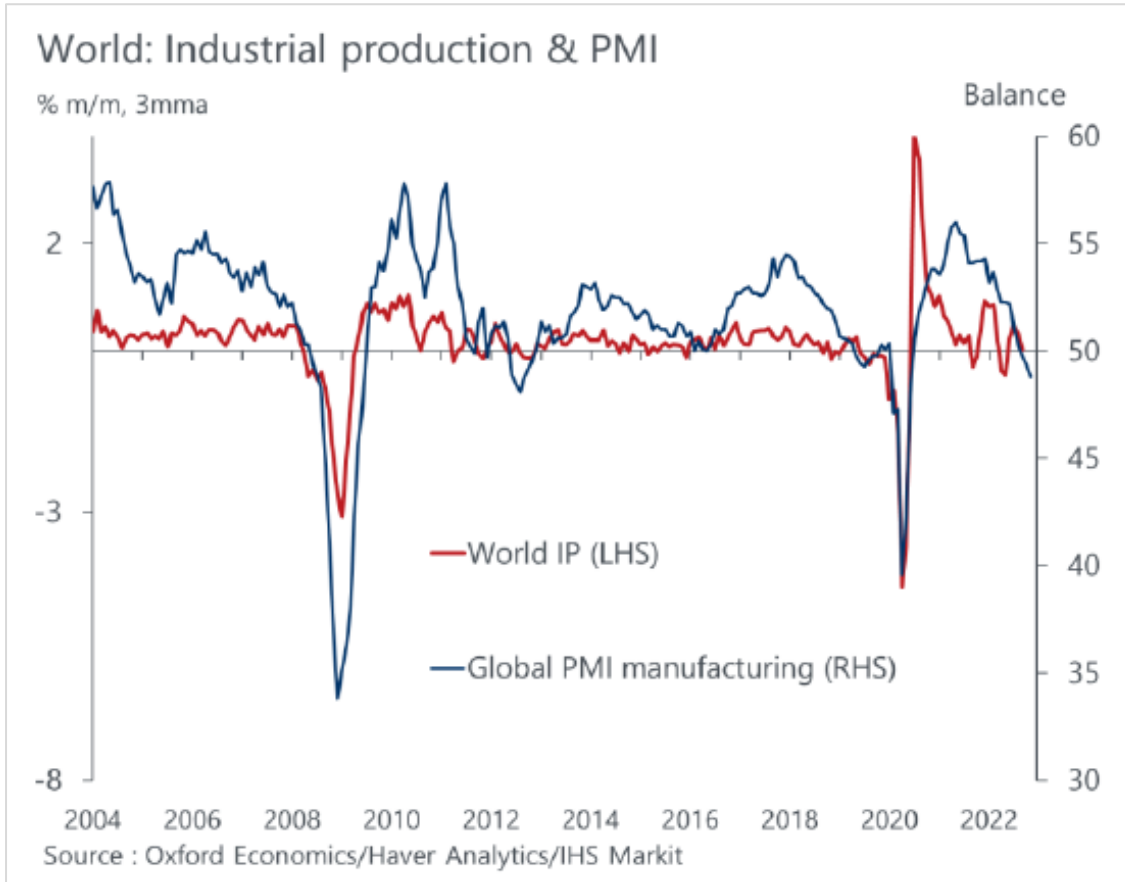


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1. Industrial production contracted in major economies across the world



Industrial production contracted in major economies across the world in the latest data readings as high inflation and interest rates put downward pressure on economic growth. European recession and weak China expected to drive Q4 contraction Source: Oxford Economics Monthly Industry Briefing)



2. Drewry's World Container Index remained relatively stable but still far below previous year's levels

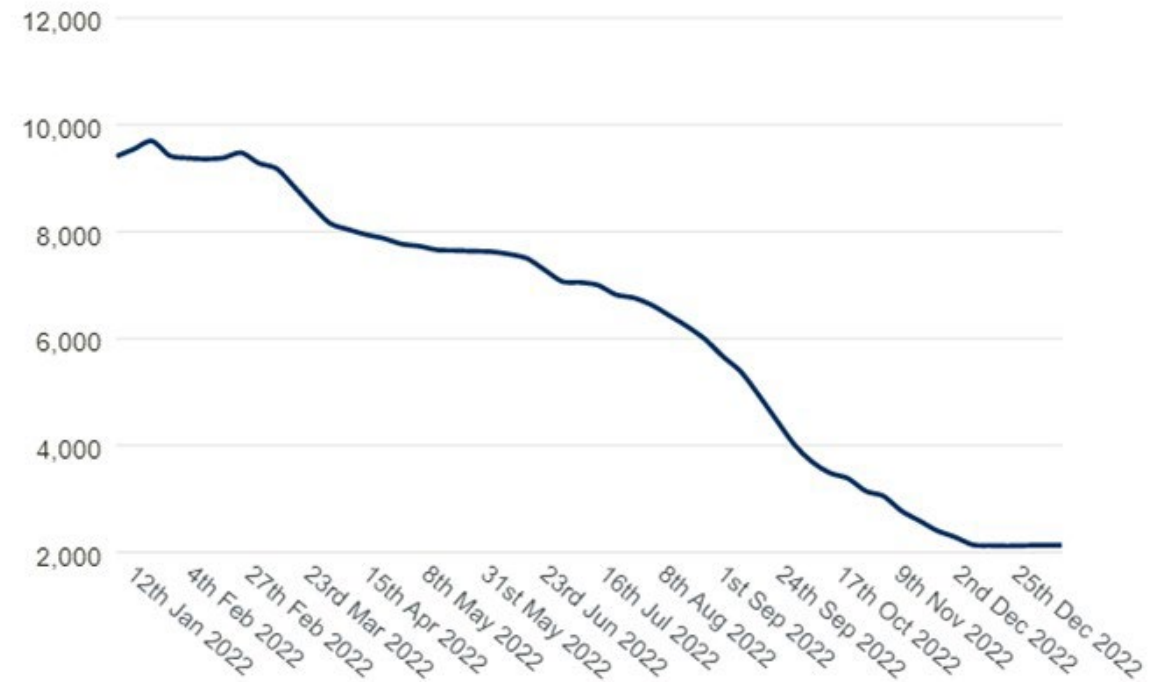


Spot freight rates by major route

Our assessment across eight major East-West trades:

Route	22-Dec-22	5-Jan-23	12-Jan-23	Weekly change (%)	Annual change (%)
Composite Index	\$2,120	\$2,135	\$2,132	0%	-78% ▼
Shanghai - Rotterdam	\$1,706	\$1,874	\$1,888	1% ▲	-87% ▼
Rotterdam - Shanghai	\$789	\$785	\$785	0%	-48% ▼
Shanghai - Genoa	\$2,879	\$2,926	\$2,821	-4% ▼	-78% ▼
Shanghai - Los Angeles	\$1,992	\$1,964	\$2,092	7% ▲	-80% ▼
Los Angeles - Shanghai	\$1,169	\$1,138	\$1,141	0%	-11% ▼
Shanghai - New York	\$3,889	\$3,788	\$3,612	-5% ▼	-74% ▼
New York - Rotterdam	\$1,263	\$1,243	\$1,248	0%	0%
Rotterdam - New York	\$6,989	\$6,589	\$6,363	-3% ▼	2% ▲

Drewry World Container Index (WCI) - 12 Jan 23 (US\$/40ft)



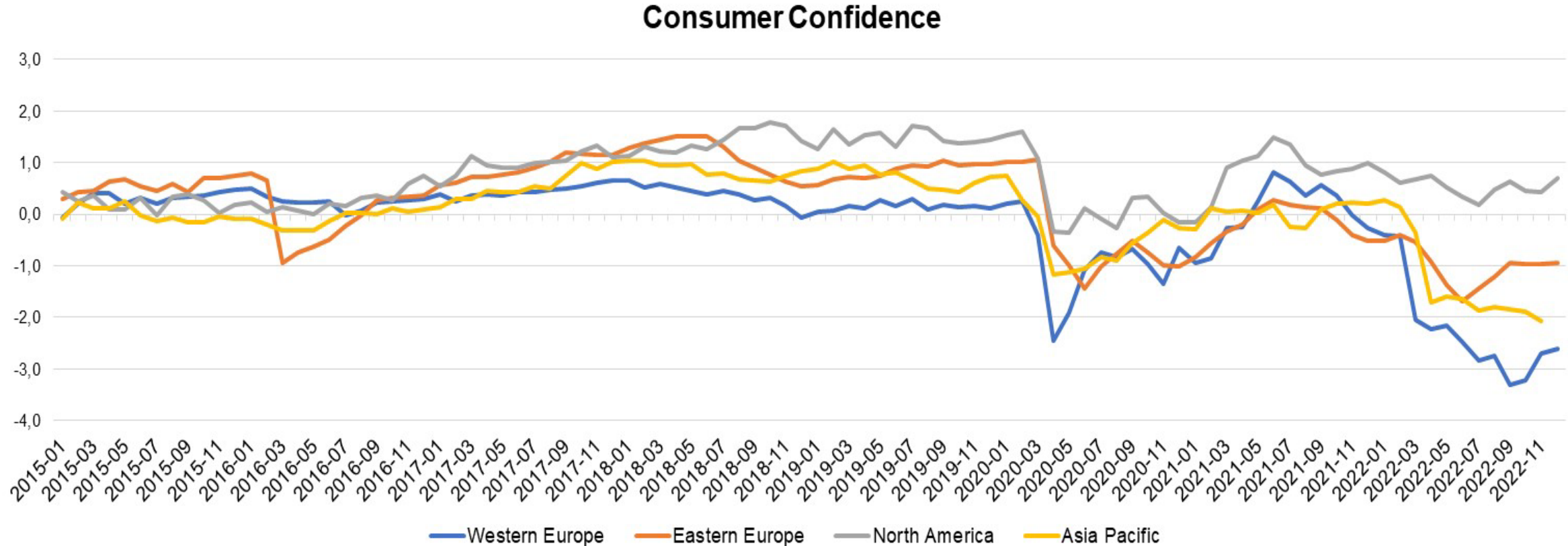
The composite index remained relatively stable (decreased a marginal 0.1%) this week, but has dropped by 78% when compared with the same week last year



3. Consumer confidence rather stable in North America and stabilizing in Europe on a very low level

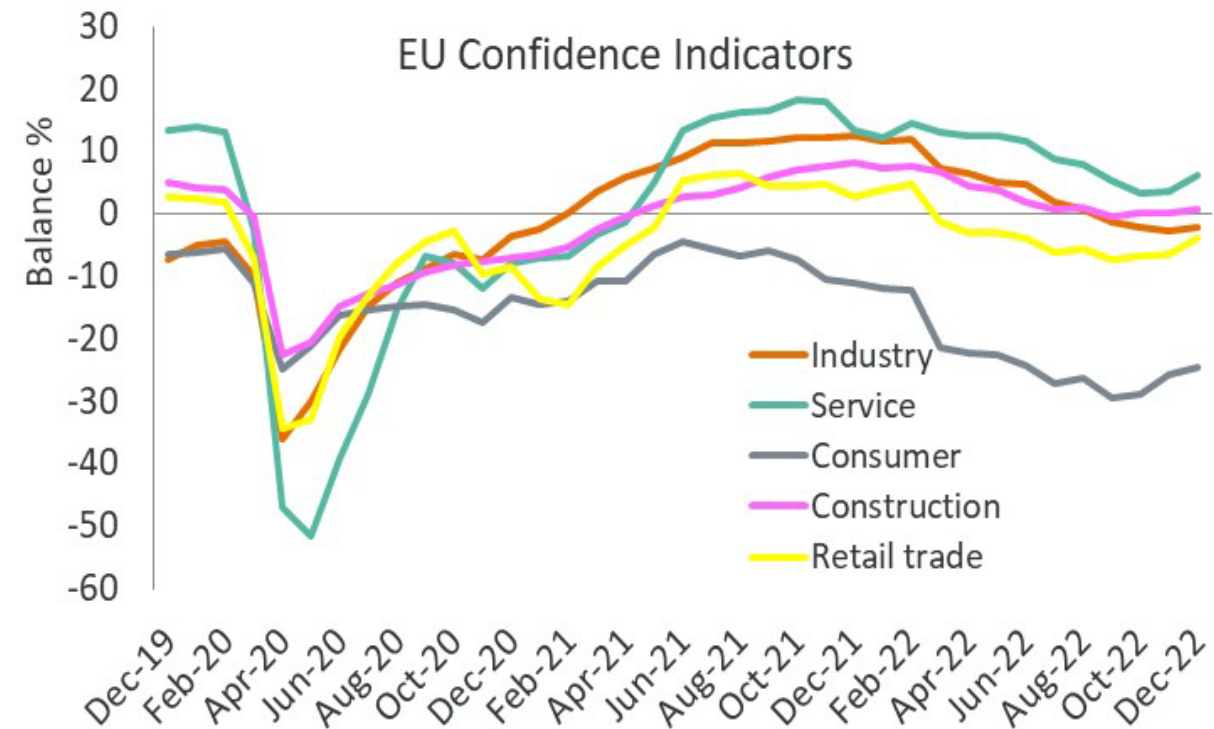
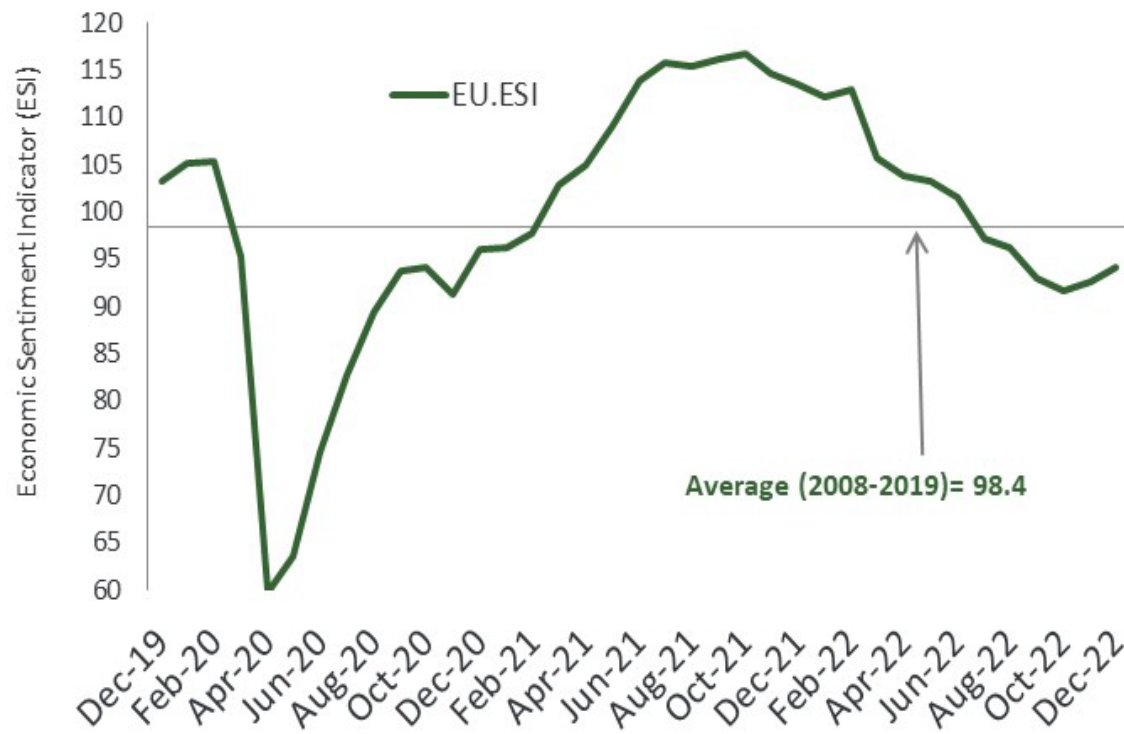


Confidential



Source: BASF (European Commission, national statistical offices and institutes)

4. EU27 Economic Sentiment rose for the second time since October 2022

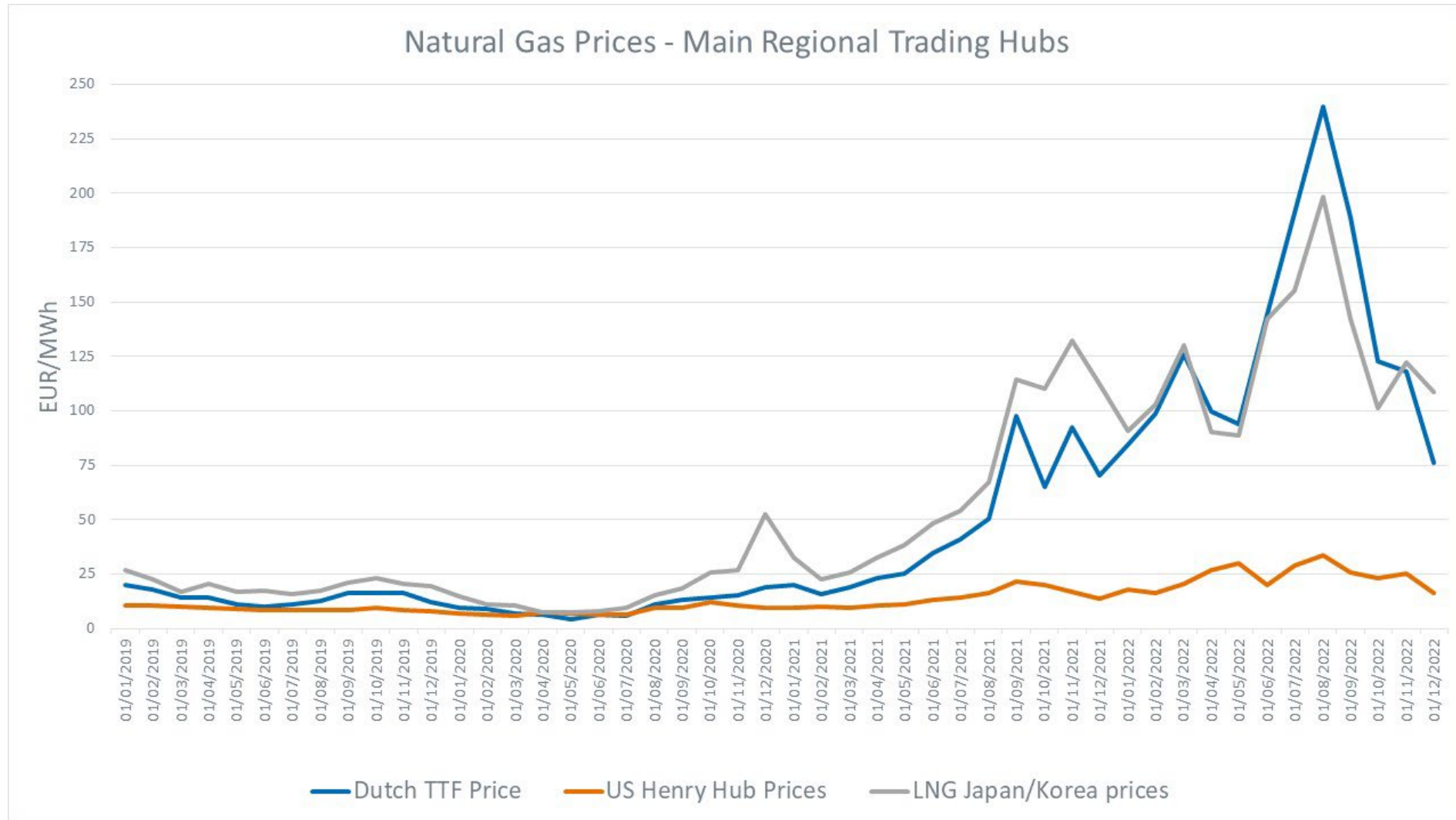


The increase in the ESI in December was driven by upturns in all surveyed sectors and, in particular, in retail trade, services and among consumers. Amongst the largest EU economies, the ESI increased in Germany, Spain, the Netherlands, Italy and Poland, while it eased again in France.



Source: Eurostat and Cefic Analysis Jan 2023: According to Eurostat, answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

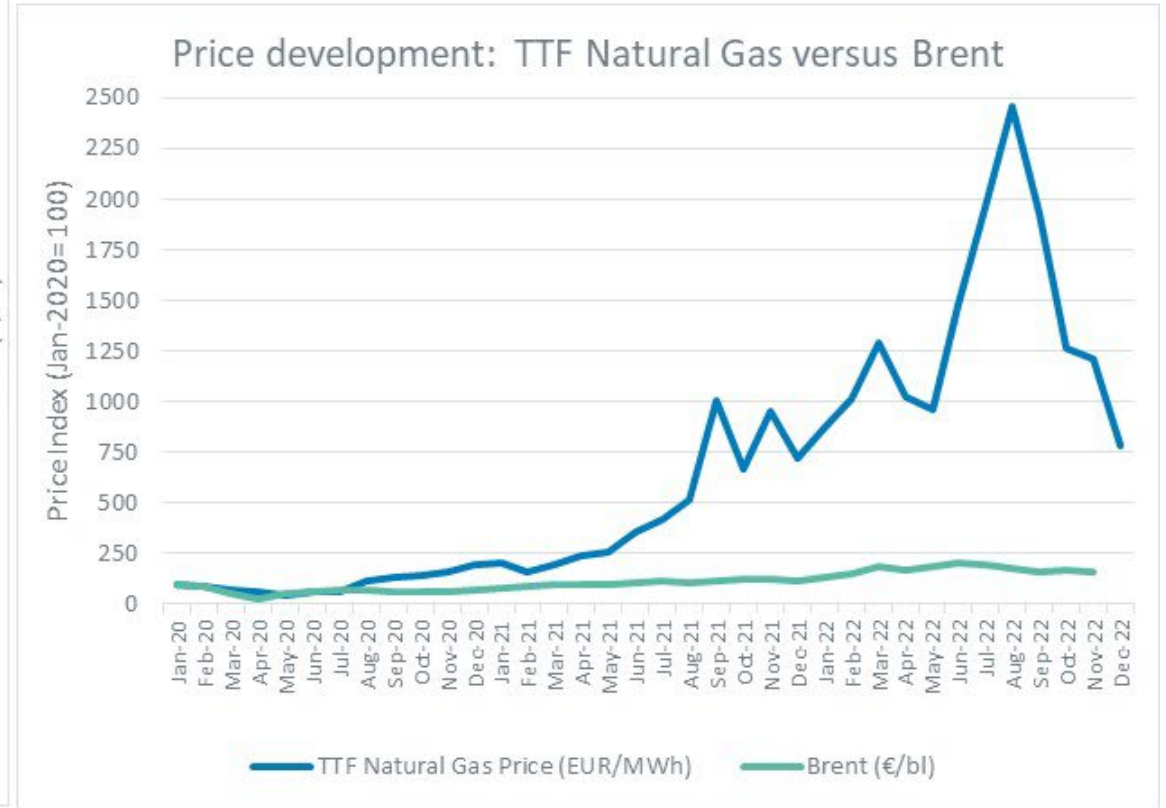
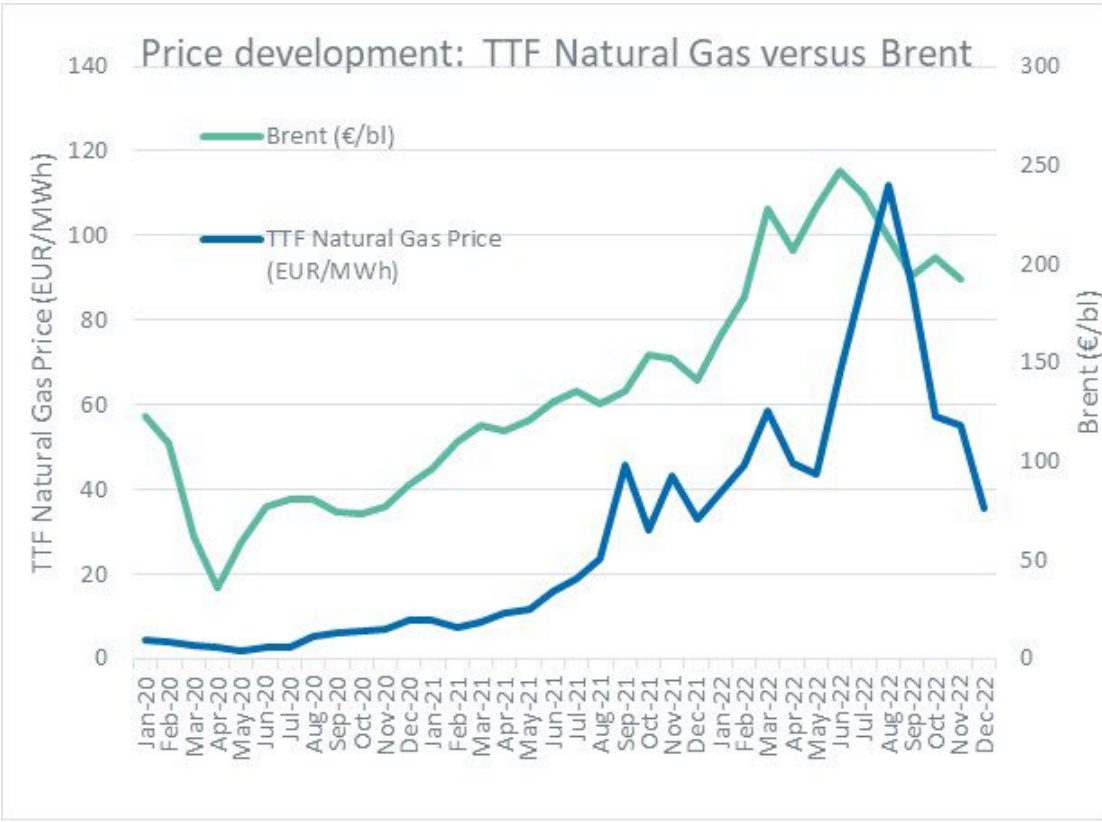
5. Natural gas prices in Europe: deep decline since Aug-22 but still 4.6 time higher than in the US



Source: <https://www.investing.com/commodities/ice-dutch-ttf-gas-c1-futures-historical-data>
<https://www.investing.com/commodities/natural-gas-historical-data>



6. Natural gas fell by 36% in Dec-22 but still far above 2021's levels



	Natural gas price (€/MBTU)	Brent (€/bl)	Naphta (€)
Jan-Nov 21	44,0	59,3	526,5
Jan-Nov 22	137,1	97,5	745,1
Change	3,1	1,6	1,4

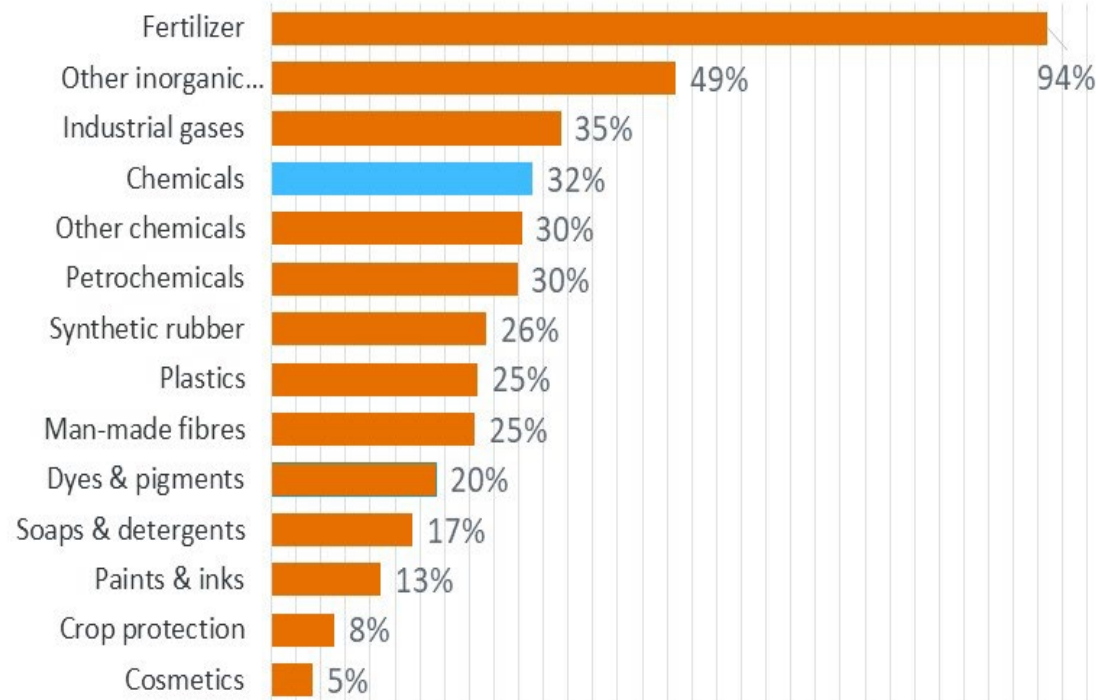
	Natural gas price (€/MBTU)	Brent (€/bl)	Naphta (€)
Jan-20	9,8	57,3	481
Nov-22	118,0	89,7	664
Change	12,1	1,6	1,4



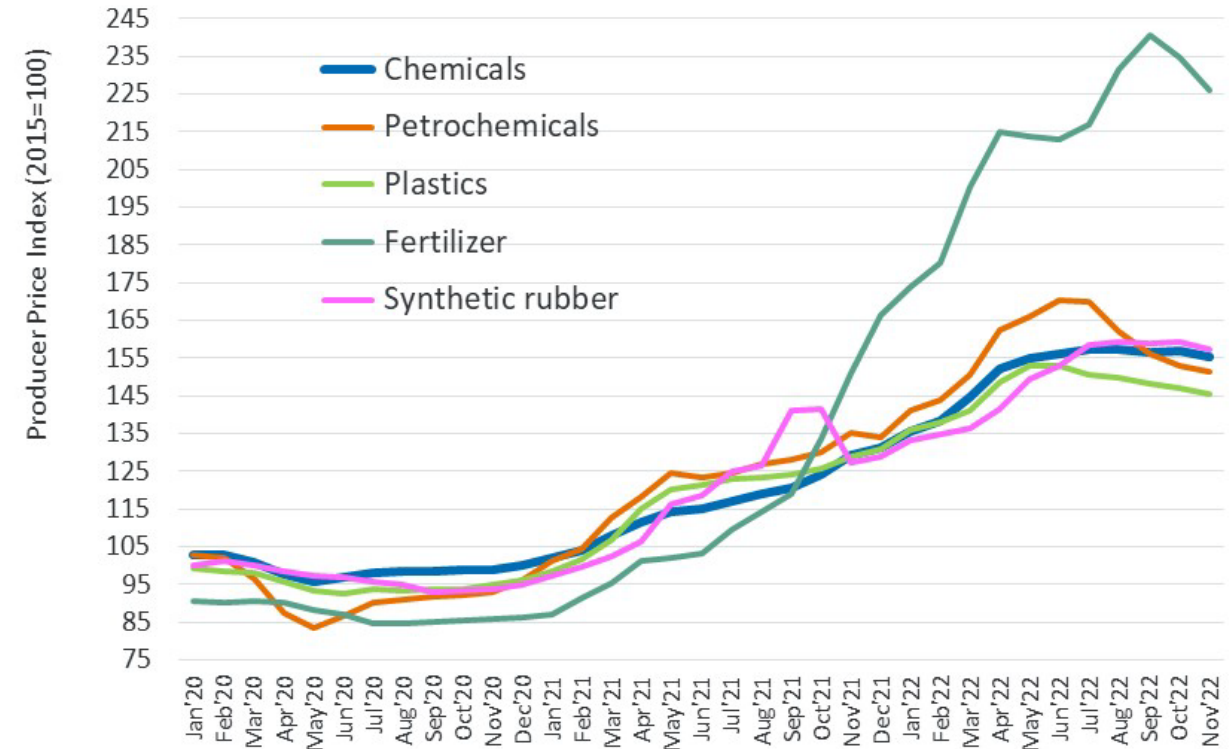
Source: INSEE Oil a

7. EU27 chemical selling prices far above historical levels

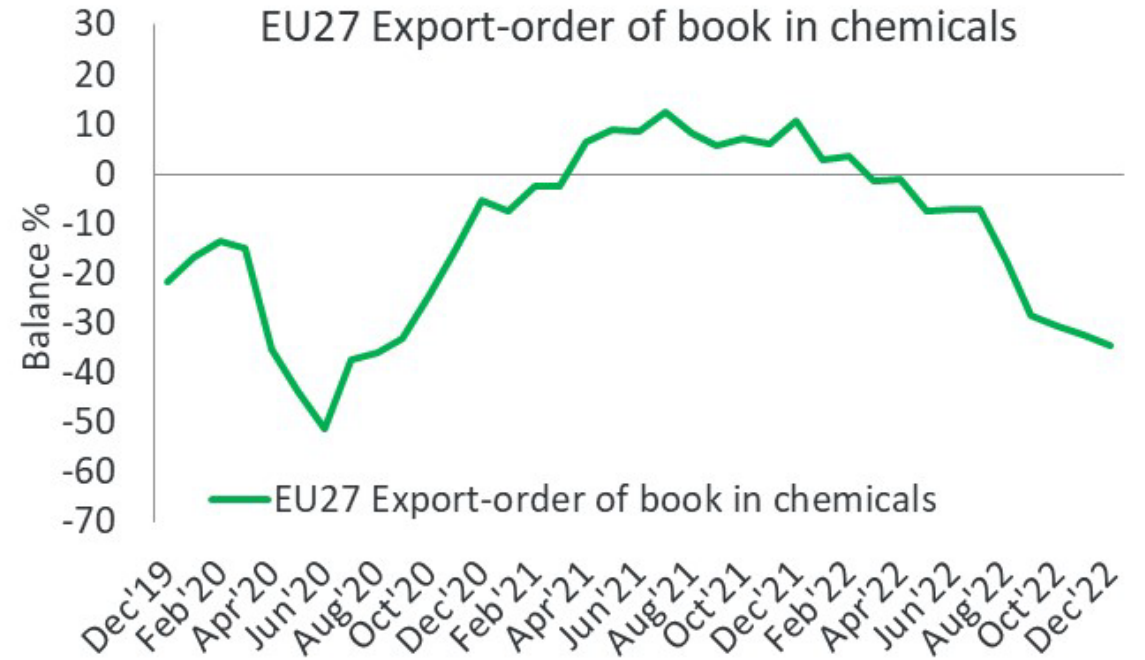
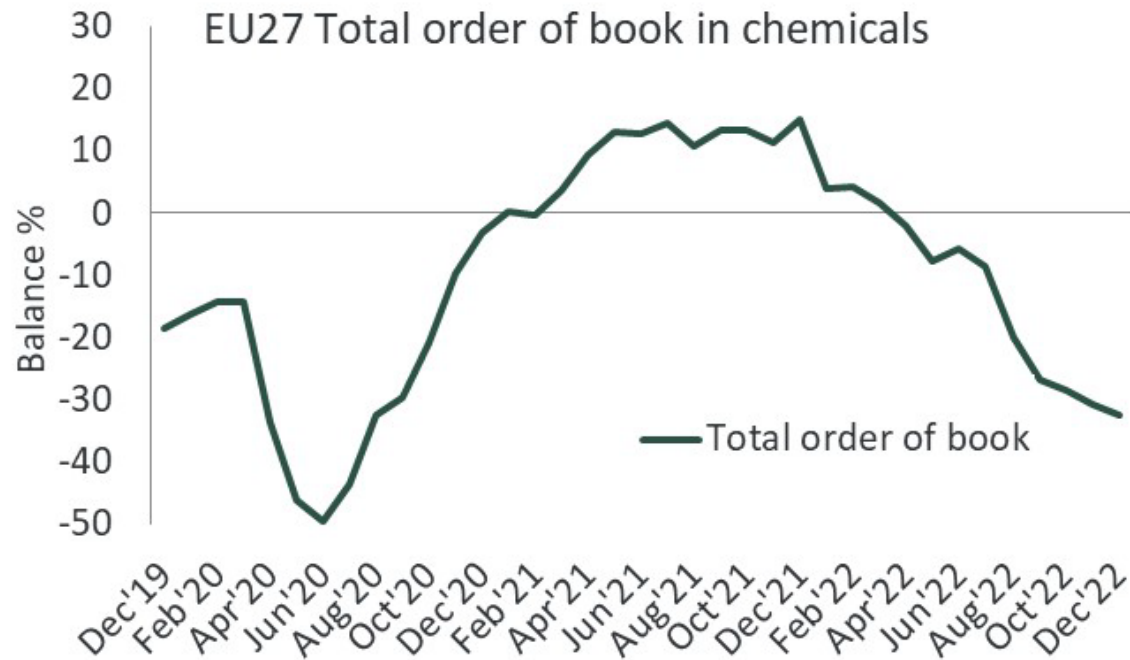
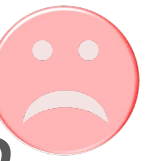
EU27 Producer prices: Jan-Nov 2022 (y-o-y)



EU27 Producer prices in the chemicals industry

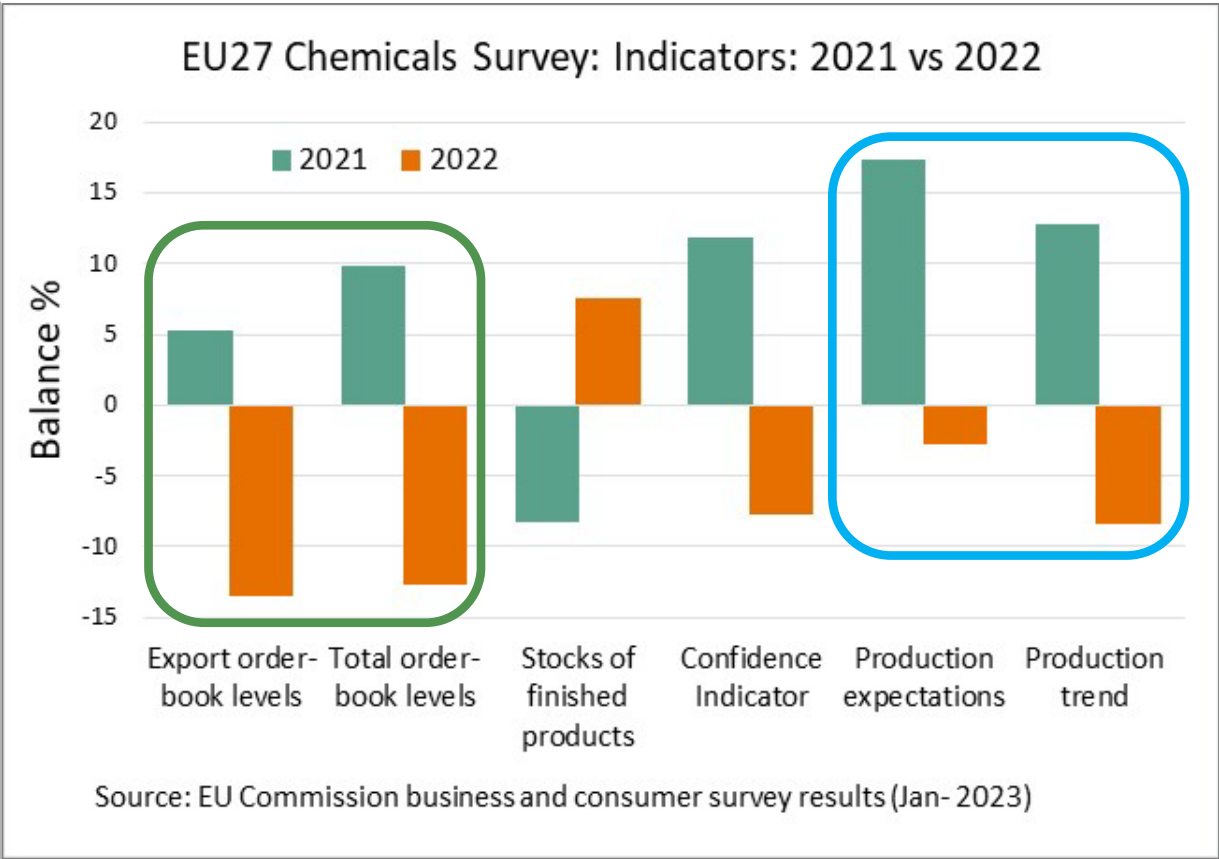
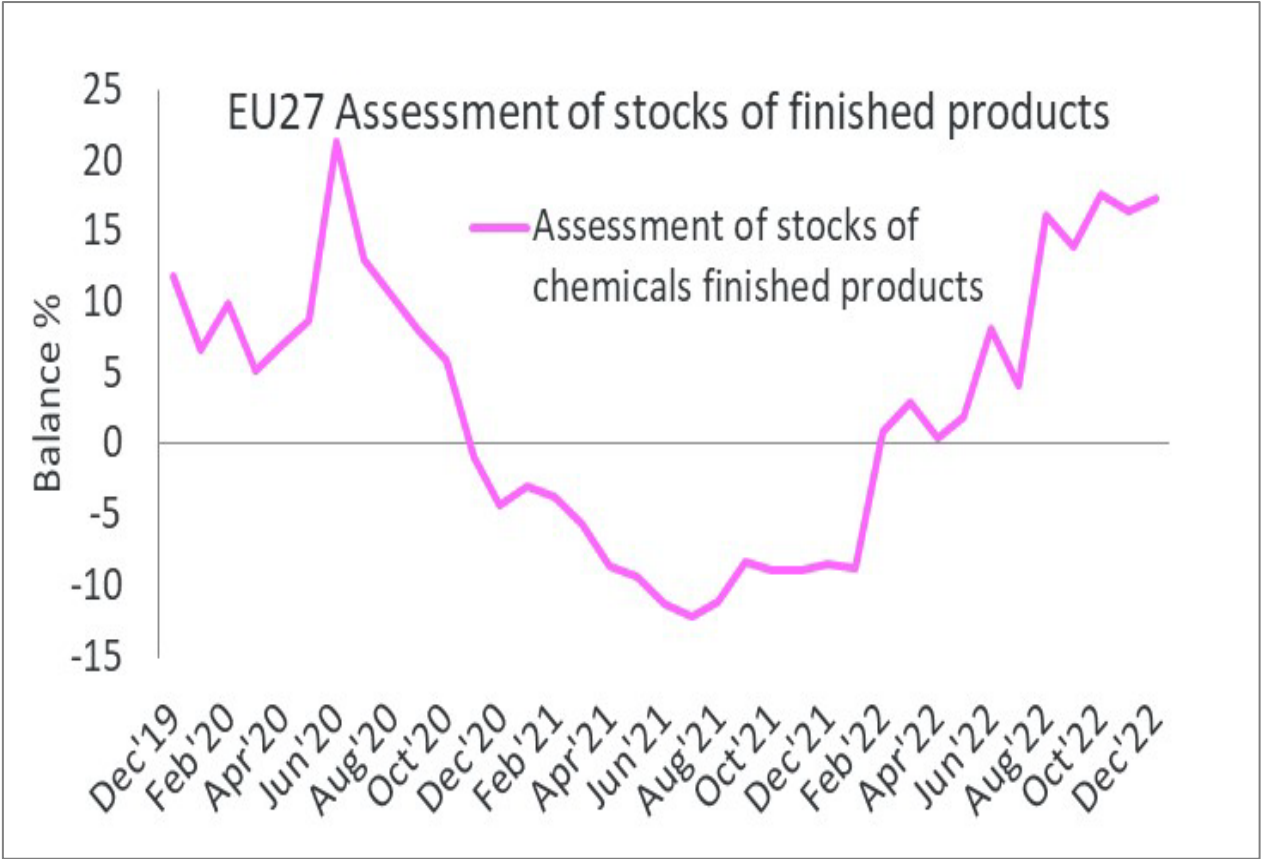


8. EU27 order books: managers' views on order books continued the downward trend prevailing since March-22

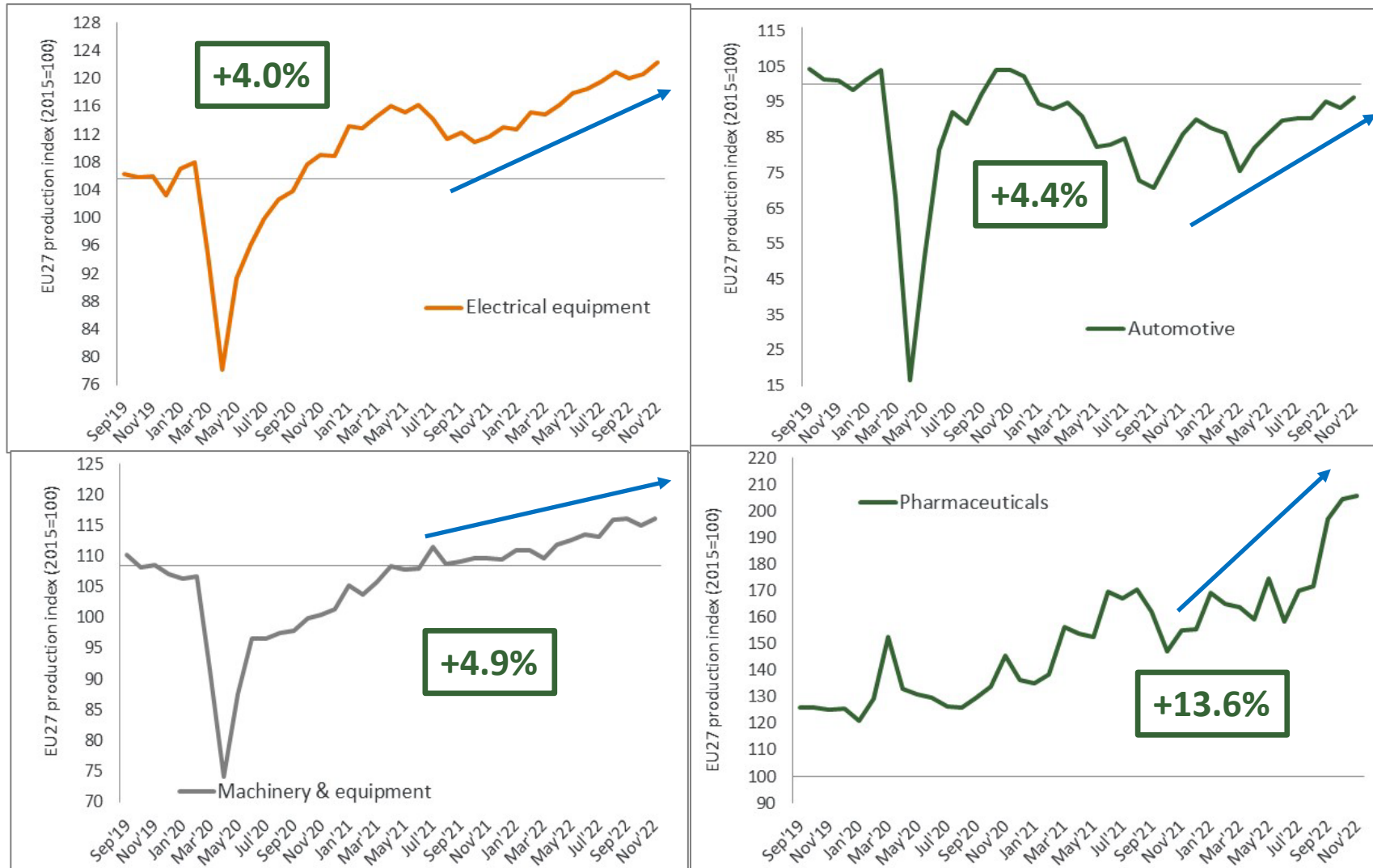


Source: Eurostat and Cefic Analysis Jan 2023: According to Eurostat, answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

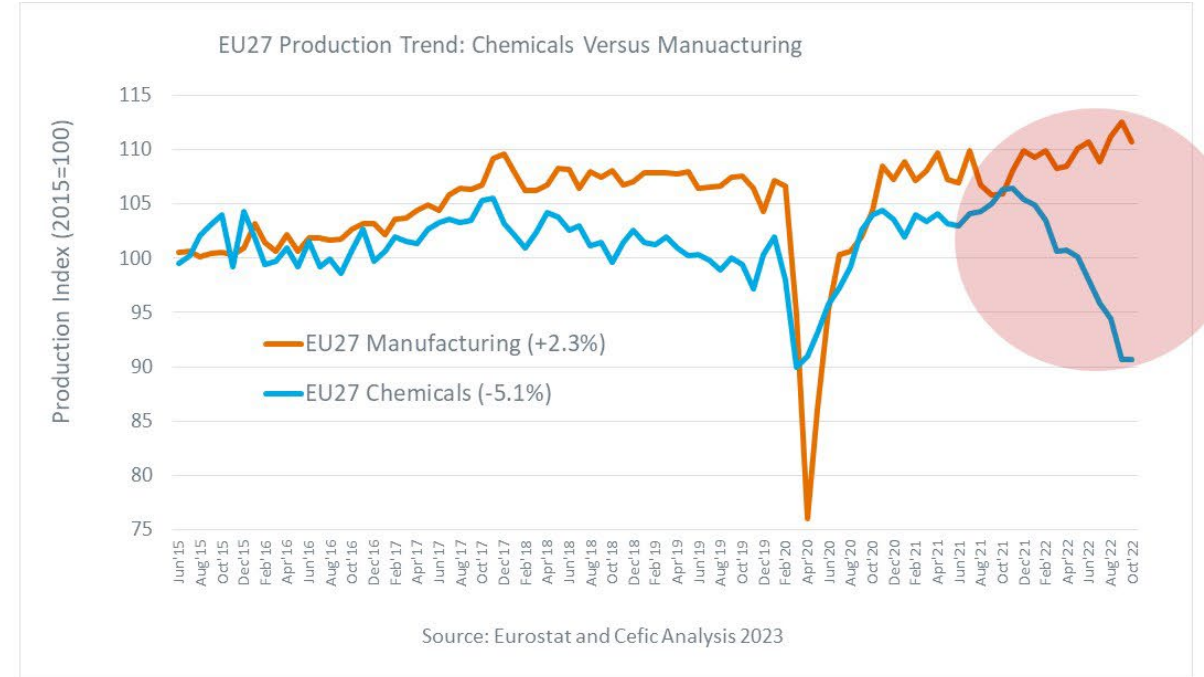
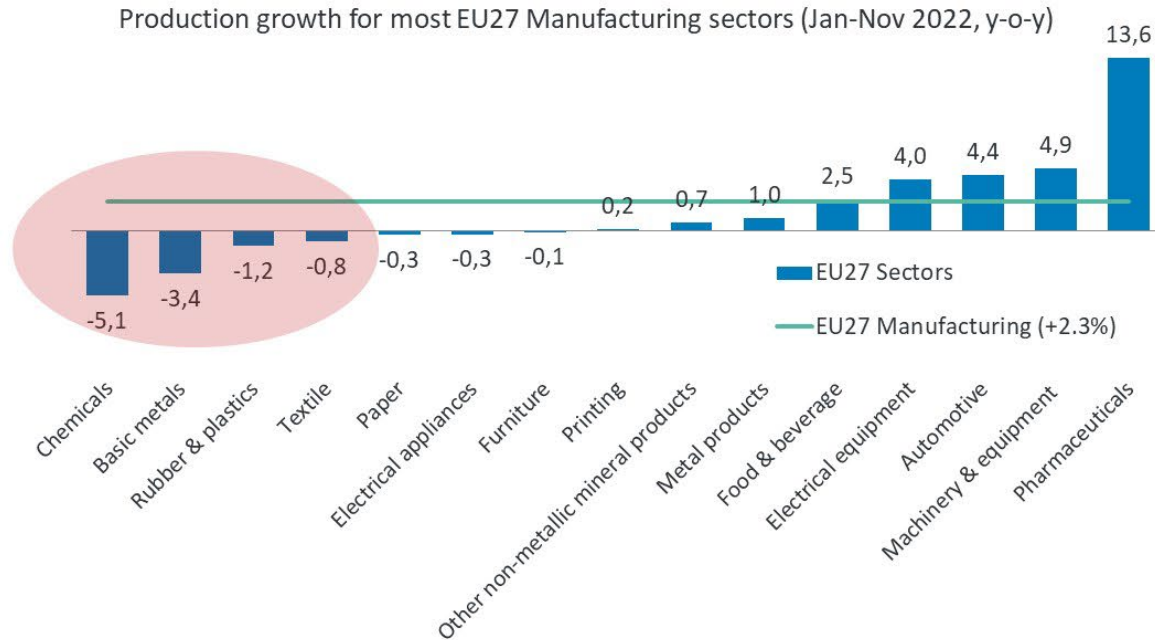
9. The EU27 chemicals stocks of finished products is significantly high



10. Sectors driving up the EU27 manufacturing output growth



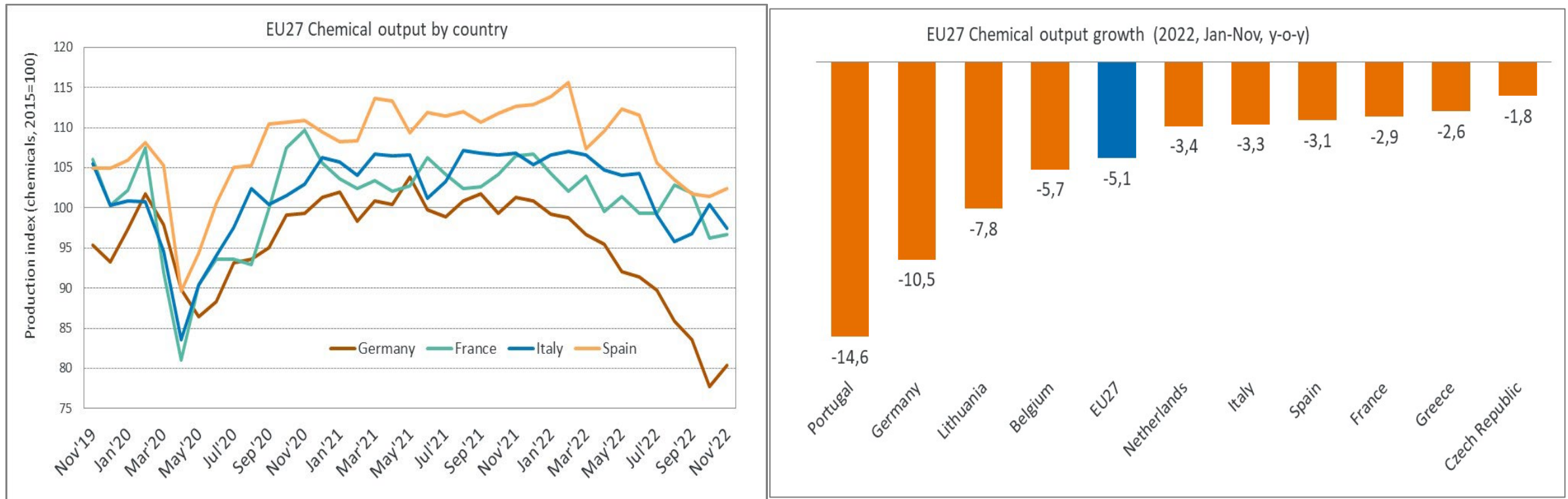
11. Decoupling of EU27 chemicals from manufacturing since early 2022



Chemicals output declined whereas other manufacturing continued to grow, In the EU27 area, chemicals production declined by 5.1% in the period Jan-Nov 2022 compared to the same period of 2021. The energy crisis continues to impact deeply the chemical sector in Europe and its trade activity.

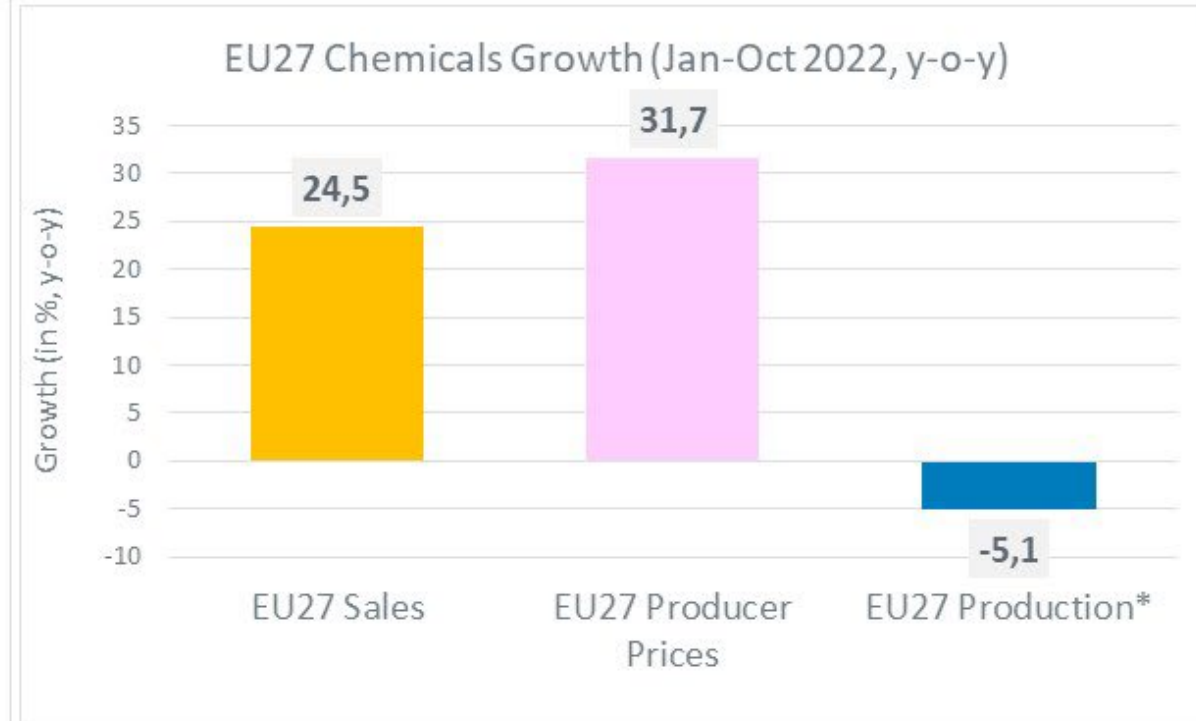
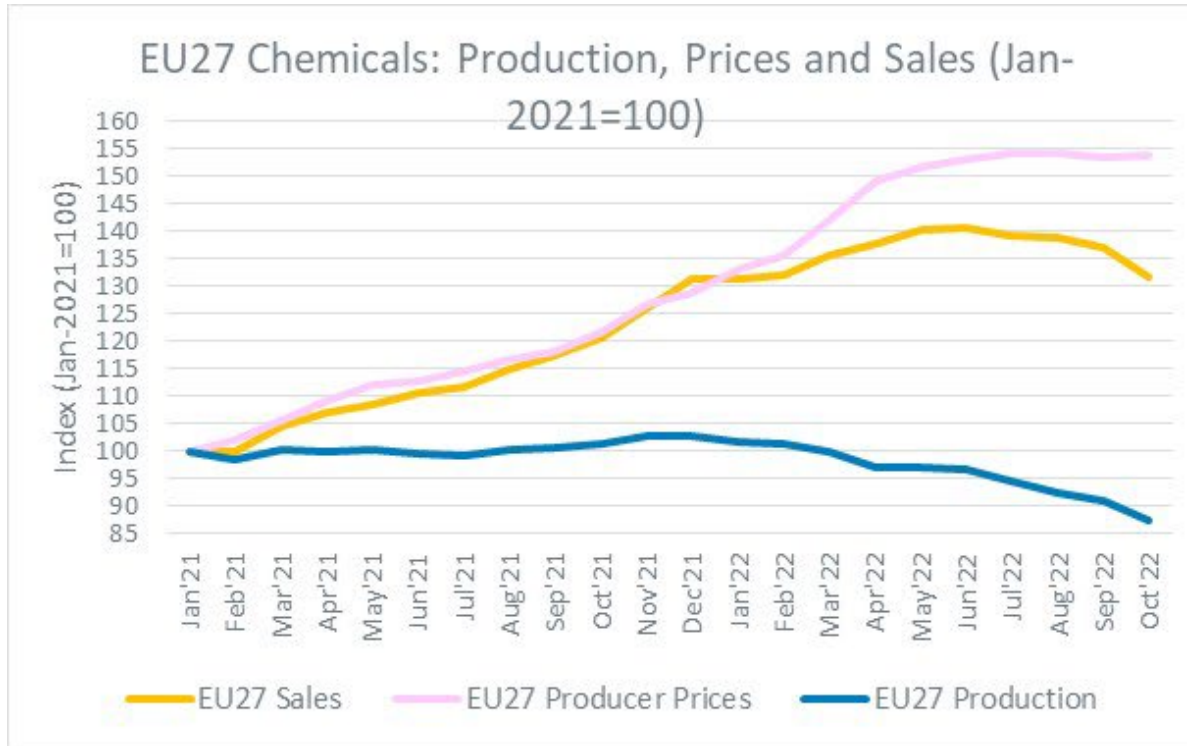


12. EU27 Chemicals Output: Deterioration of output in most EU27 countries in 2022



Source: Eurostat and Cefic Analysis Jan 2023

13.EU27 chemicals* sales are far above 2021's levels BUT they are only price driven

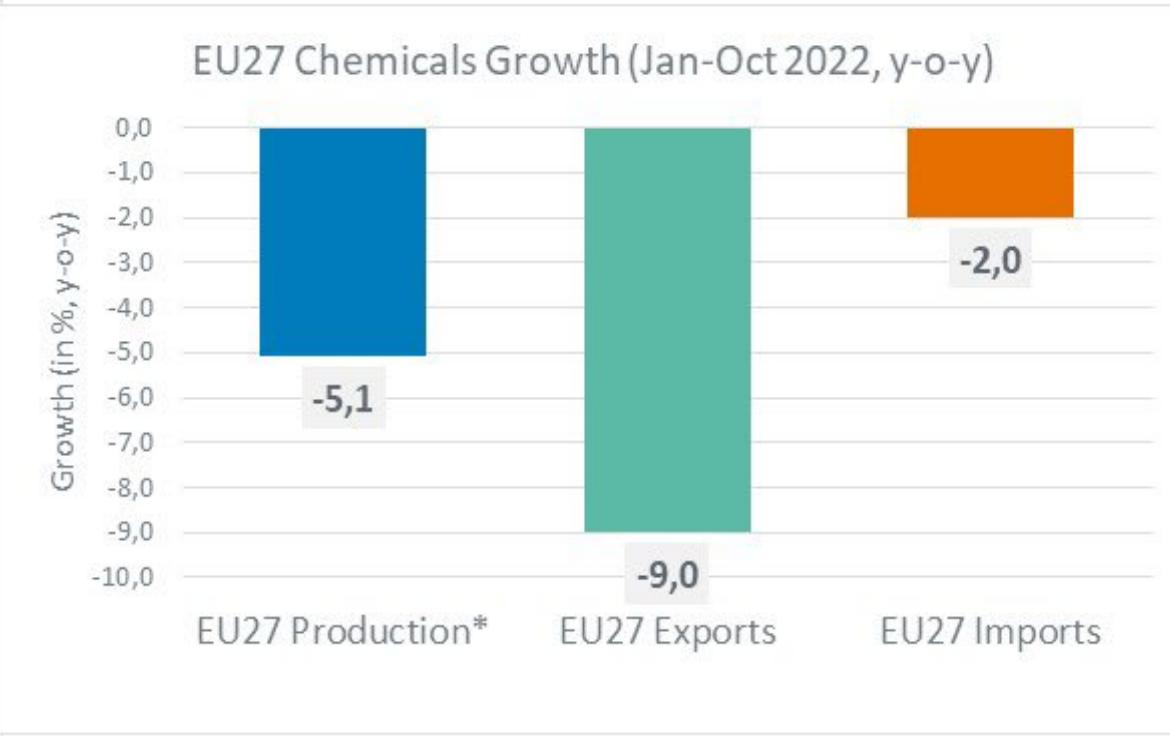
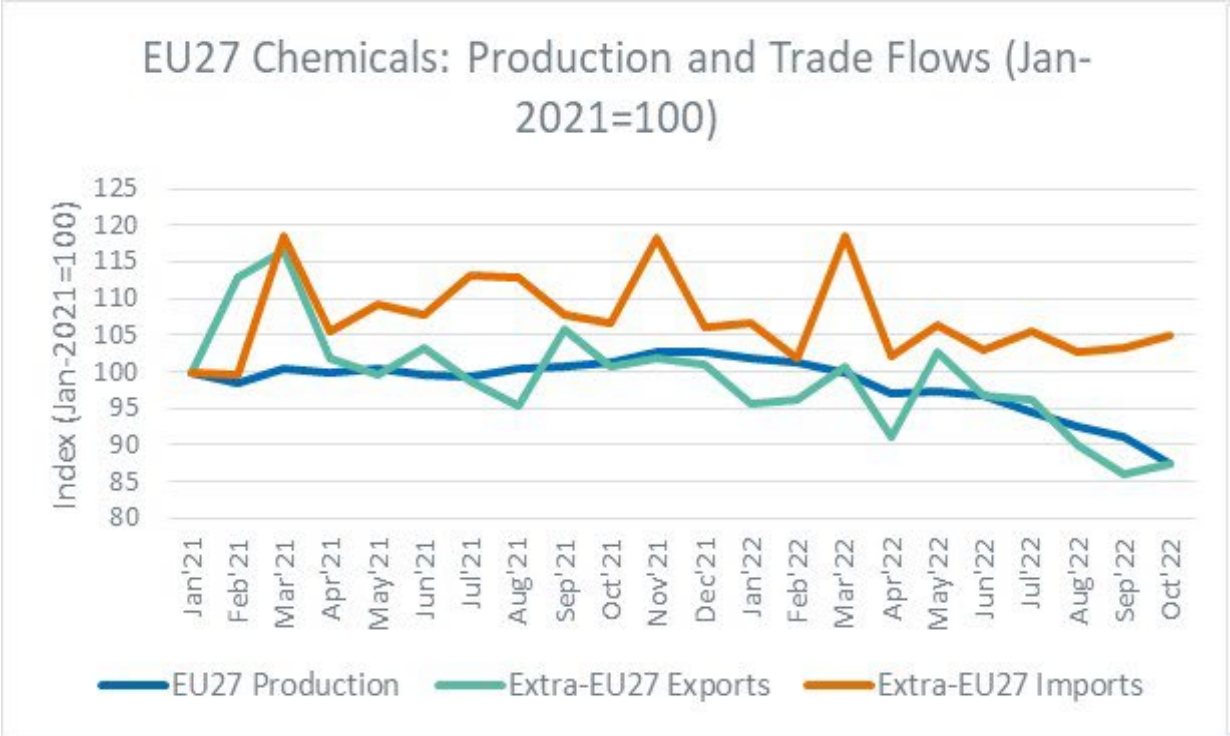


€ bn	Sales	Exports	Imports
2021	525,5	162,1	131,1
2022	654,4	193,8	195,5



Source: Eurostat and Cefic Analysis January 2023, ,*Jan-Nov-2022

14. Production* and export flows (volume) are below 2021's levels (Jan-Oct)

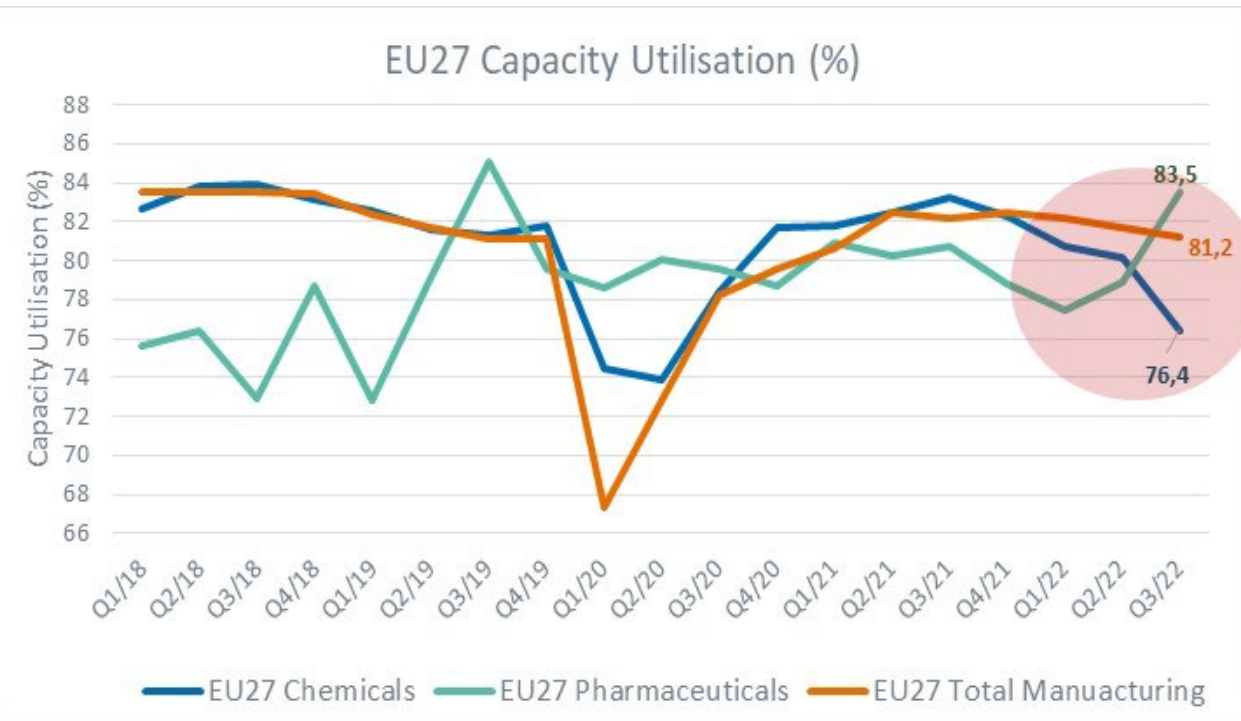
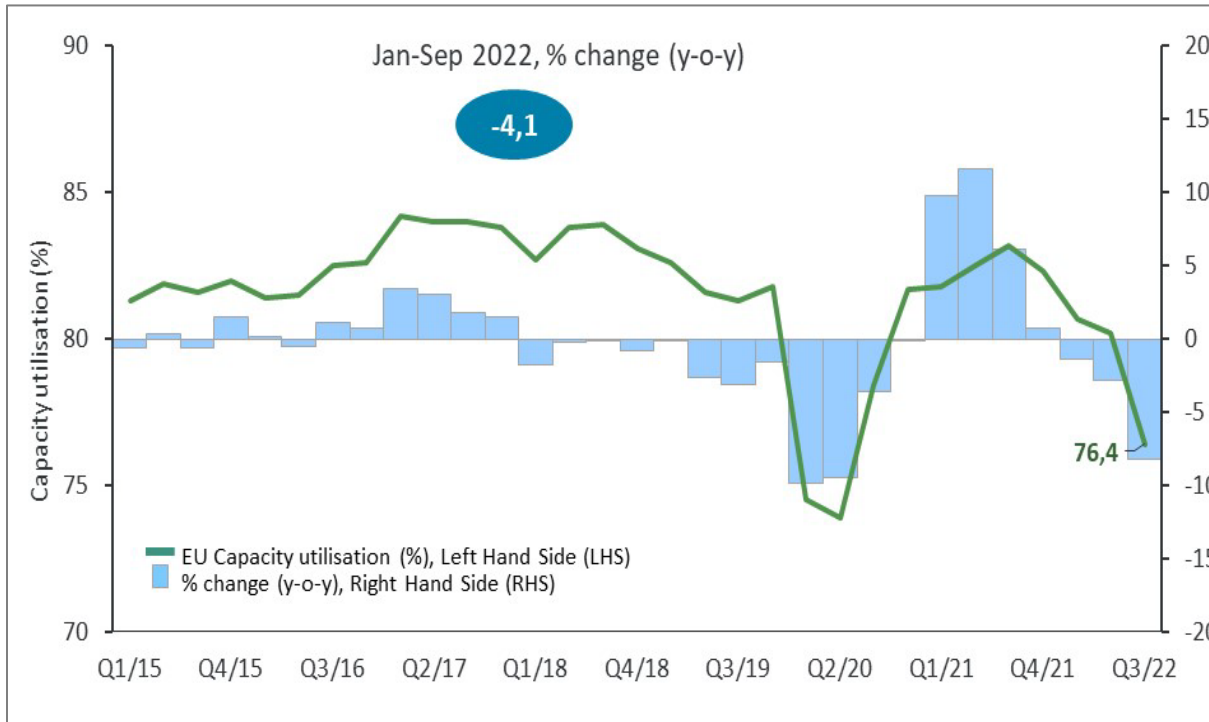


MT	Exports	Imports
2021	80,9	89,8
2022	73,8	87,6



Source: Eurostat and Cefic Analysis Nov 2022, *Jan-Nov 2022

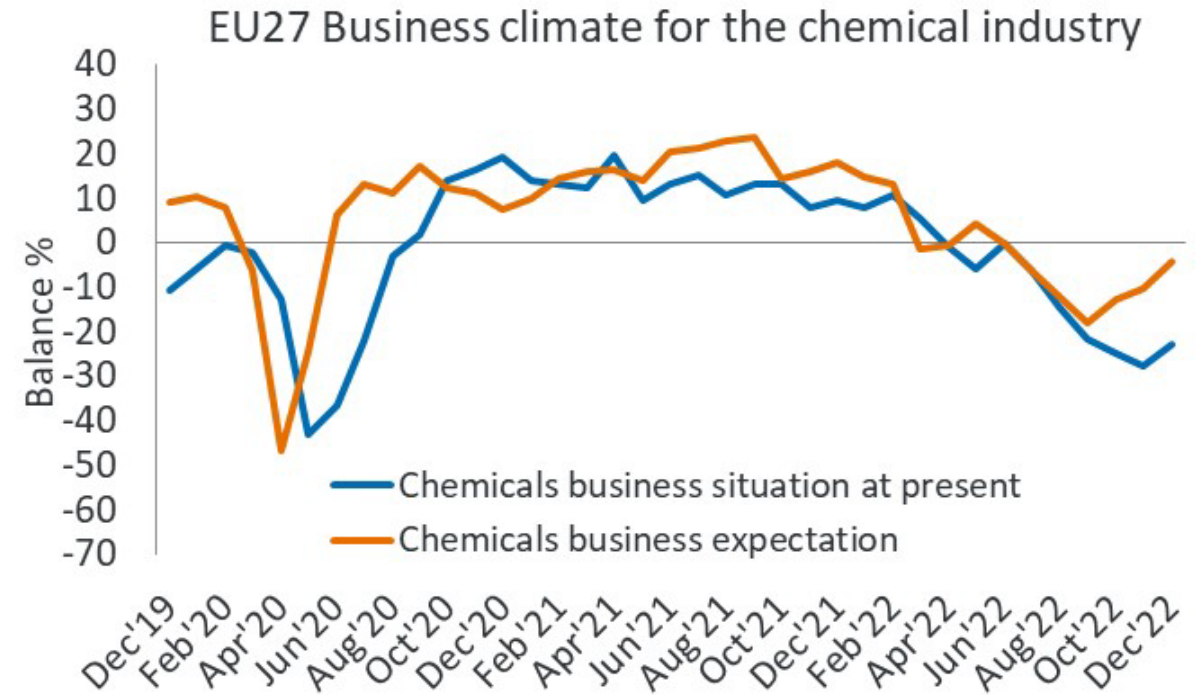
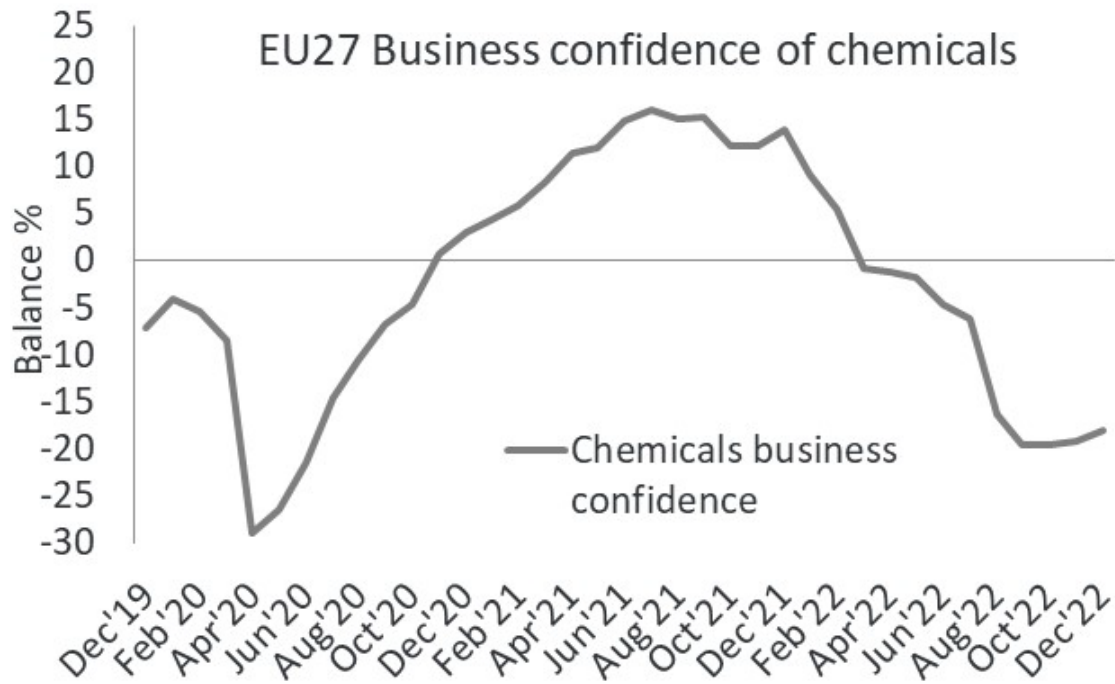
15. EU27 Capacity utilization declined more strongly in chemicals than in manufacturing



In October 2022, the estimated capacity utilisation rate in the EU industry sector decreased but still at a relatively high level (81.2%). Capacity utilization in chemicals is far below its long-term average (81.6%).

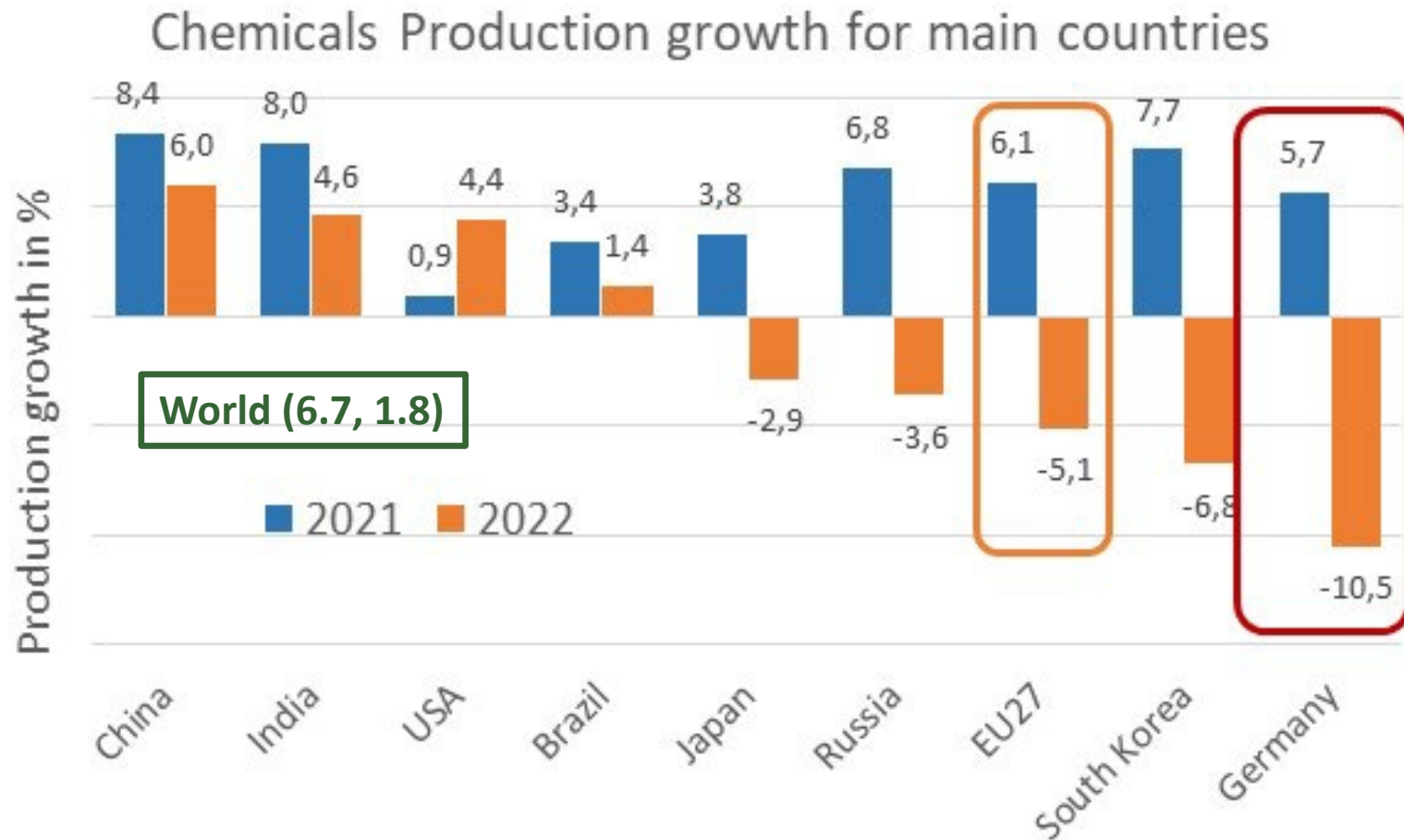


16. EU27 confidence picked up slightly for the second time since Oct-22 driven by a strong uplift in expectation 😊



Industry confidence picked up slightly for the second time since February, driven by a strong uplift in managers' production expectations, which was partly offset by slight, further deterioration in managers' assessments of the current level of overall order books and piling up of stocks of finished products

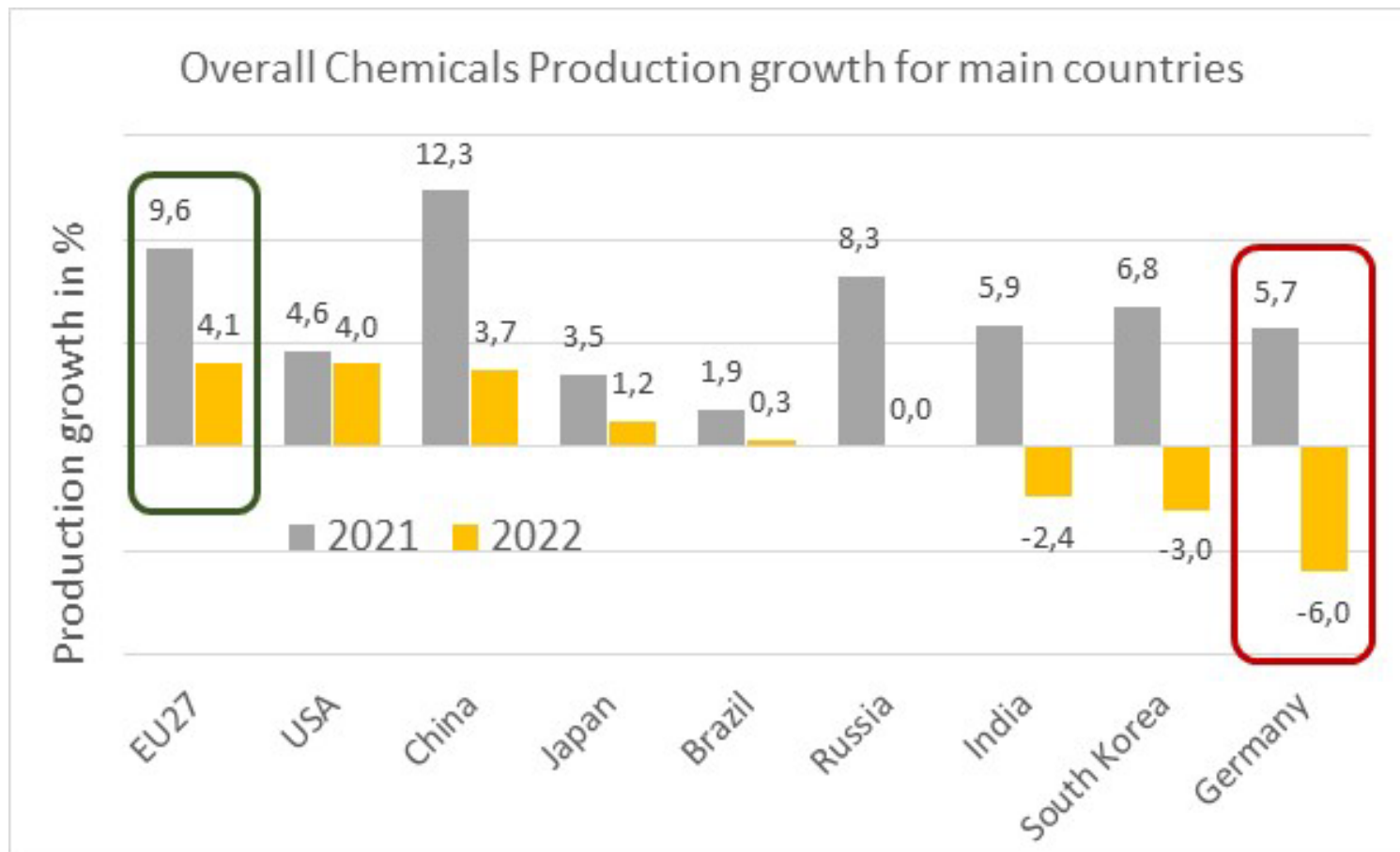
17. Chemicals: Europe most impacted by energy crisis than others



Output	2019	2020	2021	2022
China	4,6	2,9	8,4	6,0
India	1,2	-5,4	8,0	4,6
USA	-5,4	-4,9	0,9	4,4
Brazil	-1,5	0,2	3,4	1,4
Japan	-0,6	-12,5	3,8	-2,9
Russia	3,4	7,4	6,8	-3,6
EU27	-1,8	-2,2	6,1	-5,1
South Korea	-1,4	-3,2	7,7	-6,8
Germany	-3,1	-1,4	5,7	-10,5
World	1,2	-0,6	6,7	1,8



18. Overall chemicals (Nace 20+21): Strong growth in Europe in 2022



Output	2019	2020	2021	2022
EU27	3,7	2,0	9,6	4,1
USA	-1,4	-1,9	4,6	4,0
China	5,6	3,2	12,3	3,7
Japan	-0,7	-9,5	3,5	1,2
Brazil	-2,1	0,6	1,9	0,3
Russia	7,1	9,8	8,3	0,0
India	1,5	-3,4	5,9	-2,4
South Korea	-0,7	-1,0	6,8	-3,0
Germany	-7,3	-0,2	5,7	-6,0
World	3,1	1,3	9,7	2,7



The EU27 chemical industry's competitiveness still at risk

- Drewry's World Container Index remained relatively stable but still far below previous year's levels.
- Consumer confidence rather stable in North America and stabilizing in Europe on a very low level
- EU27 Economic Sentiment rose for the second time since October 2022. The increase in Dec-22 was driven by upturns in all surveyed sectors
- Natural gas prices in Europe: deep decline since Aug-22 but still 4.6 time higher than in the USA
- EU27 chemicals confidence picked up slightly for the second time since Oct-22 driven by a strong uplift in expectation
- EU27 exports values exceed imports for the third consecutive month since Aug-22
- Industrial production contracted in major economies across the world in
- EU27 chemical selling prices far above historical levels
- EU27 Managers' views on chemicals order books continued the downward trend prevailing since March-22. The stocks of finished products picked up slightly
- Decoupling of EU27 chemicals from manufacturing since early 2022. EU27 chemicals output is 5% below 2021's level (Jan-Nov)
- EU27 chemicals sales 25% above 2021's levels but are only price driven
- EU27 capacity utilization declined more strongly in chemicals than in manufacturing.

