

EU27 Chemical Industry: Latest Developments

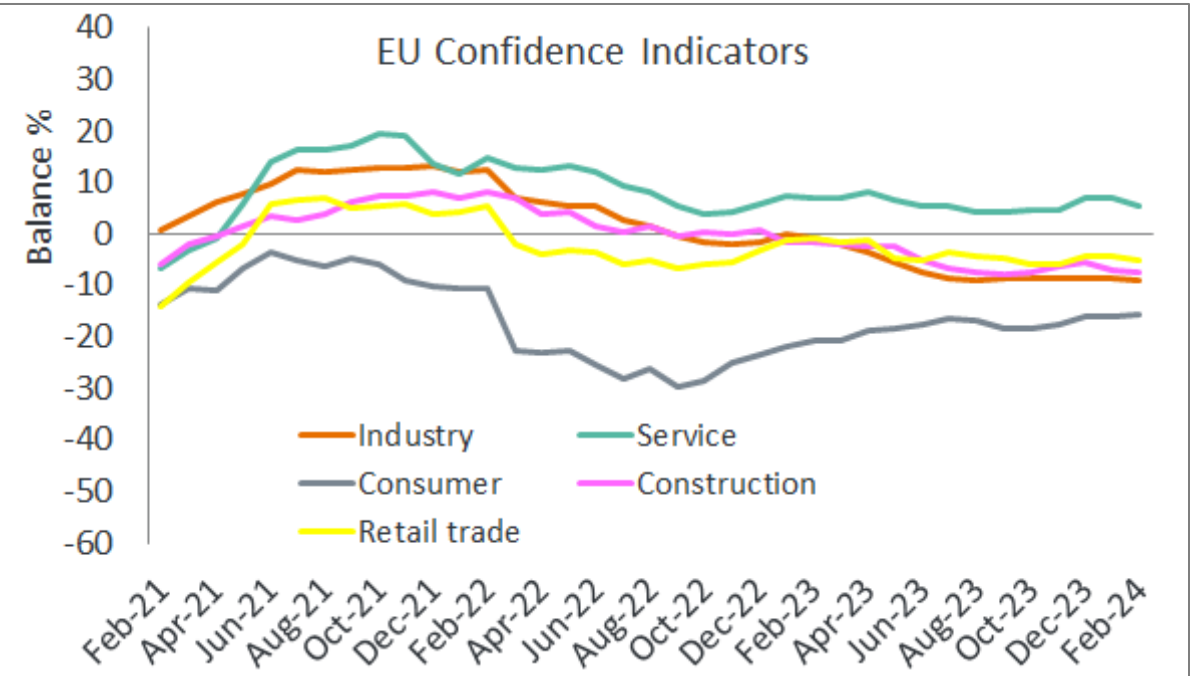
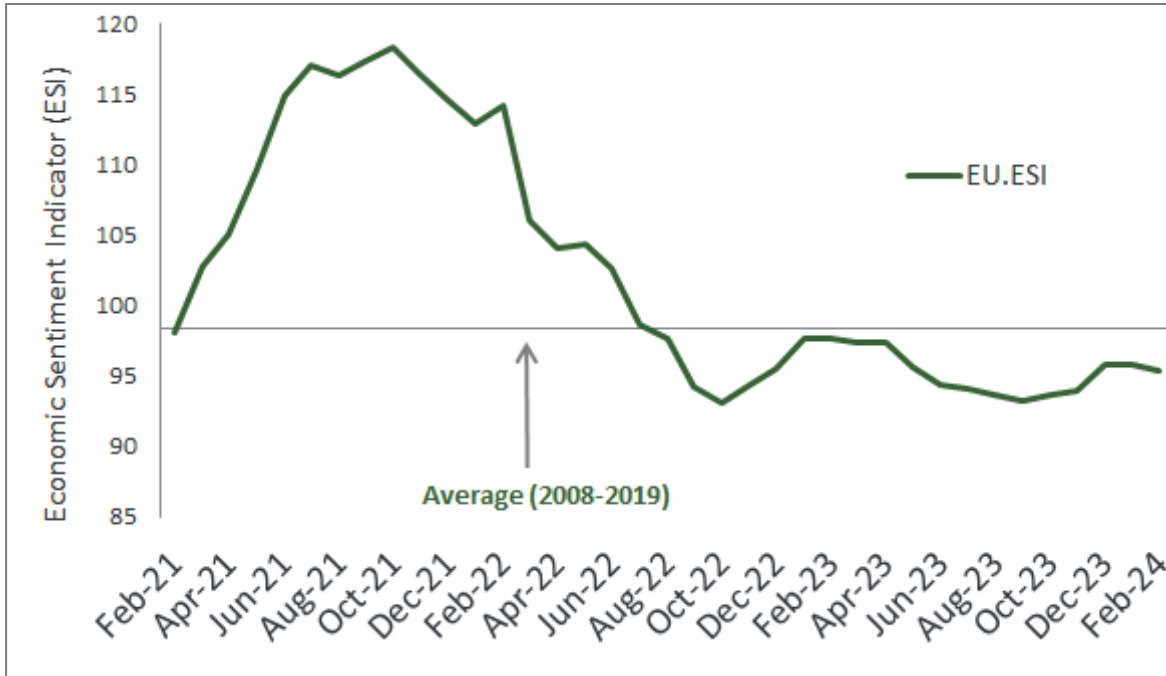


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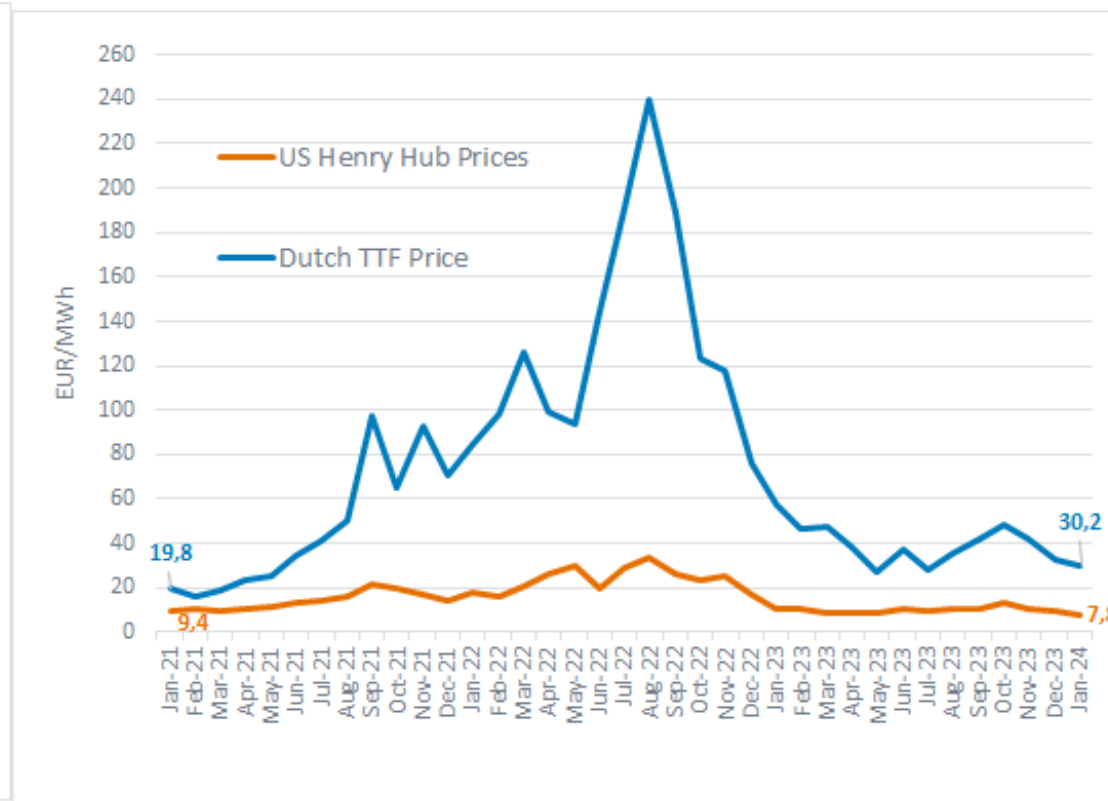
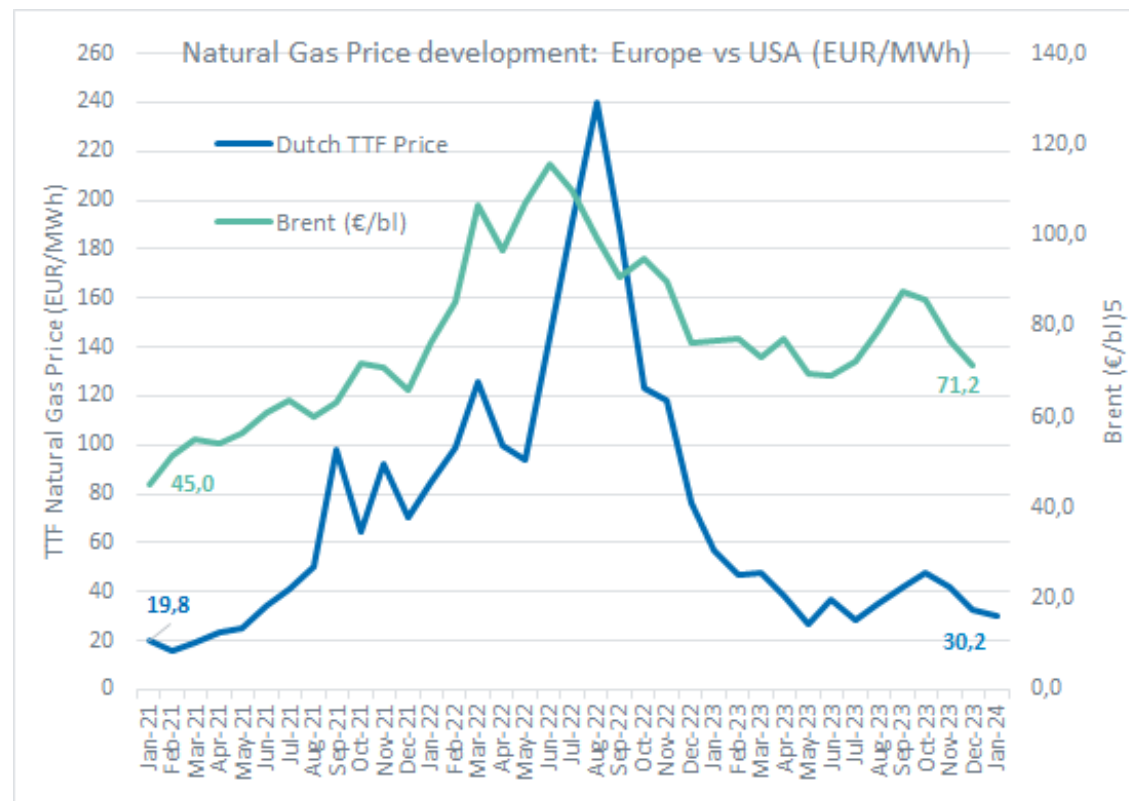


1. The economic sentiment **slightly down** in the EU27 area



Source: EU Commission business and consumer survey results: 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.

2. European gas prices in Jan-24: 64% below 2022's levels

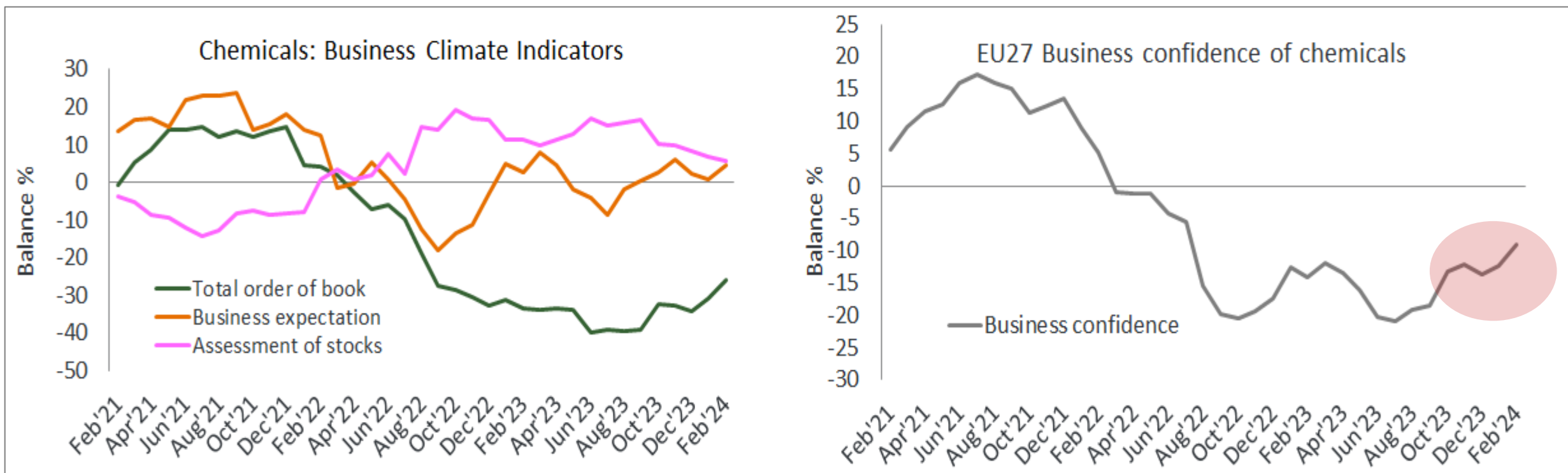


Gas Prices (EUR/MWh)	Europe	US	Europe/US
Jan-21	19,8	9,4	2,1
Jan-22	84,7	17,9	4,7
Jan-23	57,4	10,1	5,7
Jan-24	30,2	7,8	3,9
24 vs 23	-47%	-22%	
24 vs 22	-64%	-56%	
24 vs 21	53%	-17%	

Source: : ICE Dutch TTF Natural Gas Futures Historical Prices - Investing.com and INSEE Oil Prices

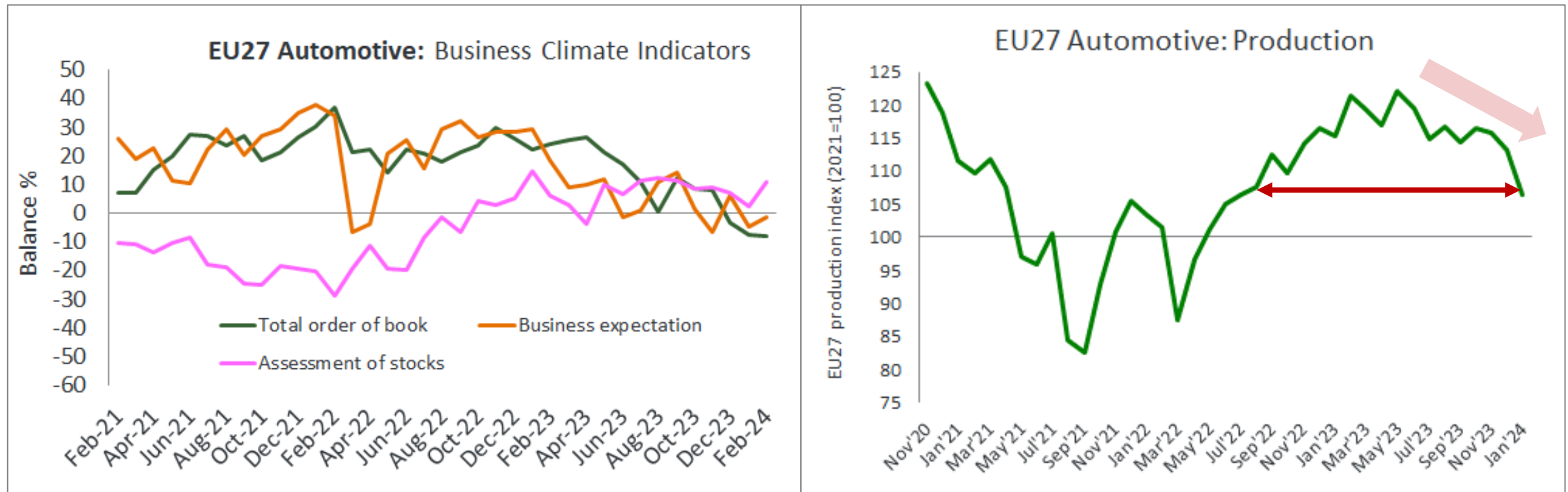


3. EU27 chemicals confidence continued to **improve**



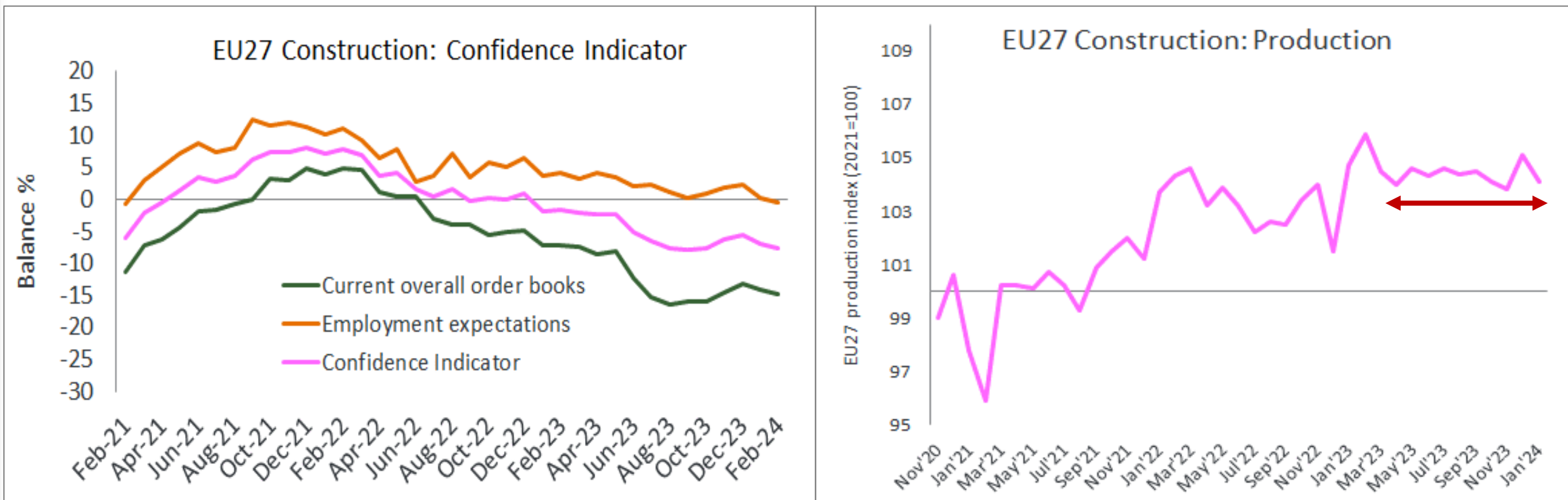
Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

4. EU27 automotive output continued to **decline** since Oct-23, and reached July-2022's levels



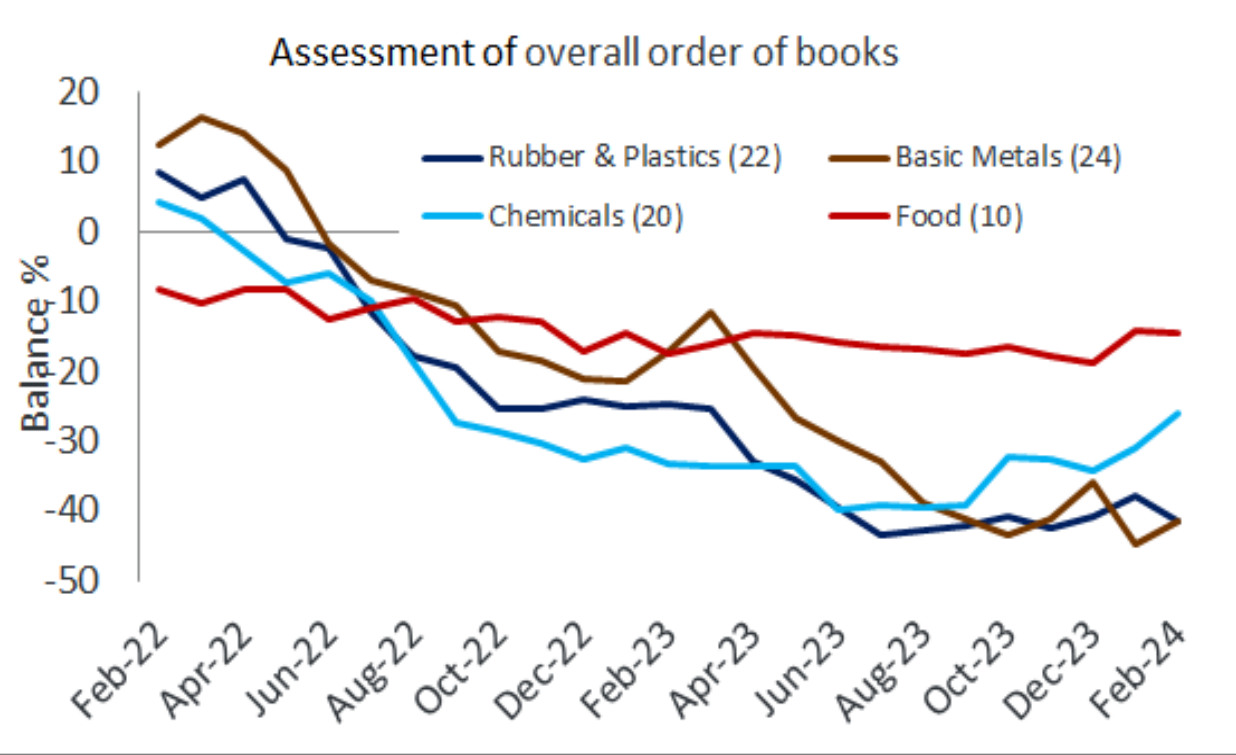
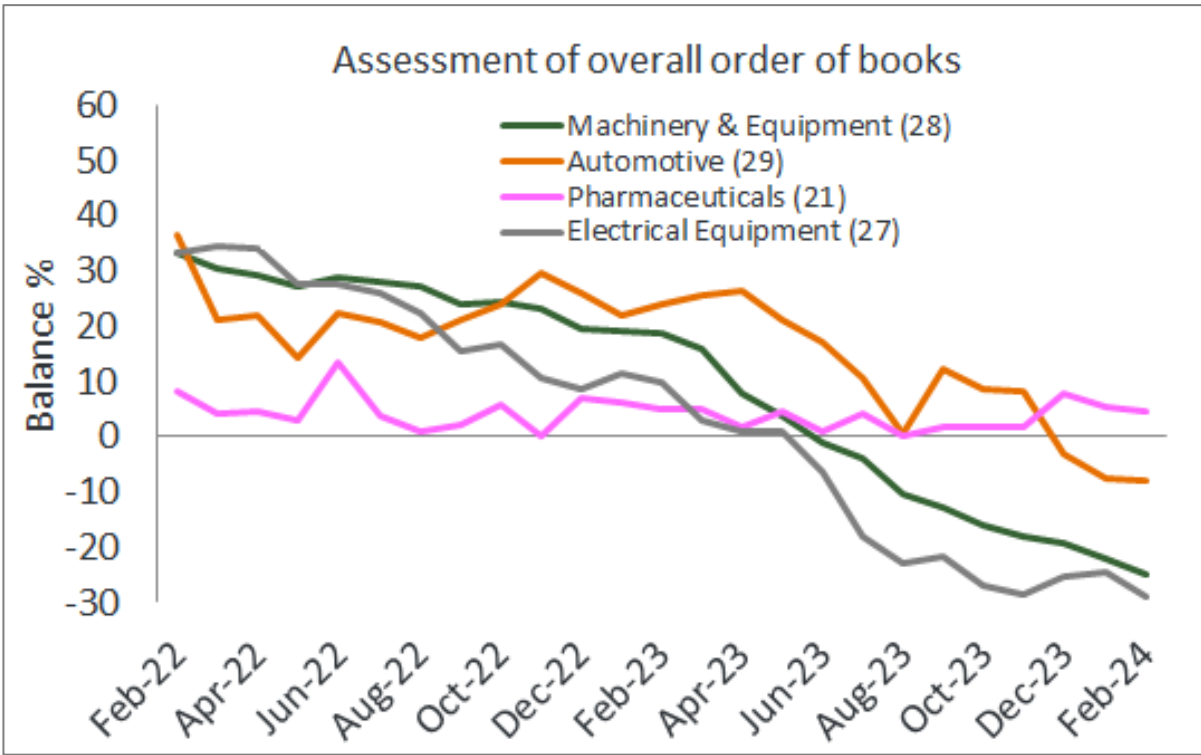
Source: EU Commission business and consumer survey results and Eurostat: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

5. EU27 construction output showed **no momentum** at the end of 2023



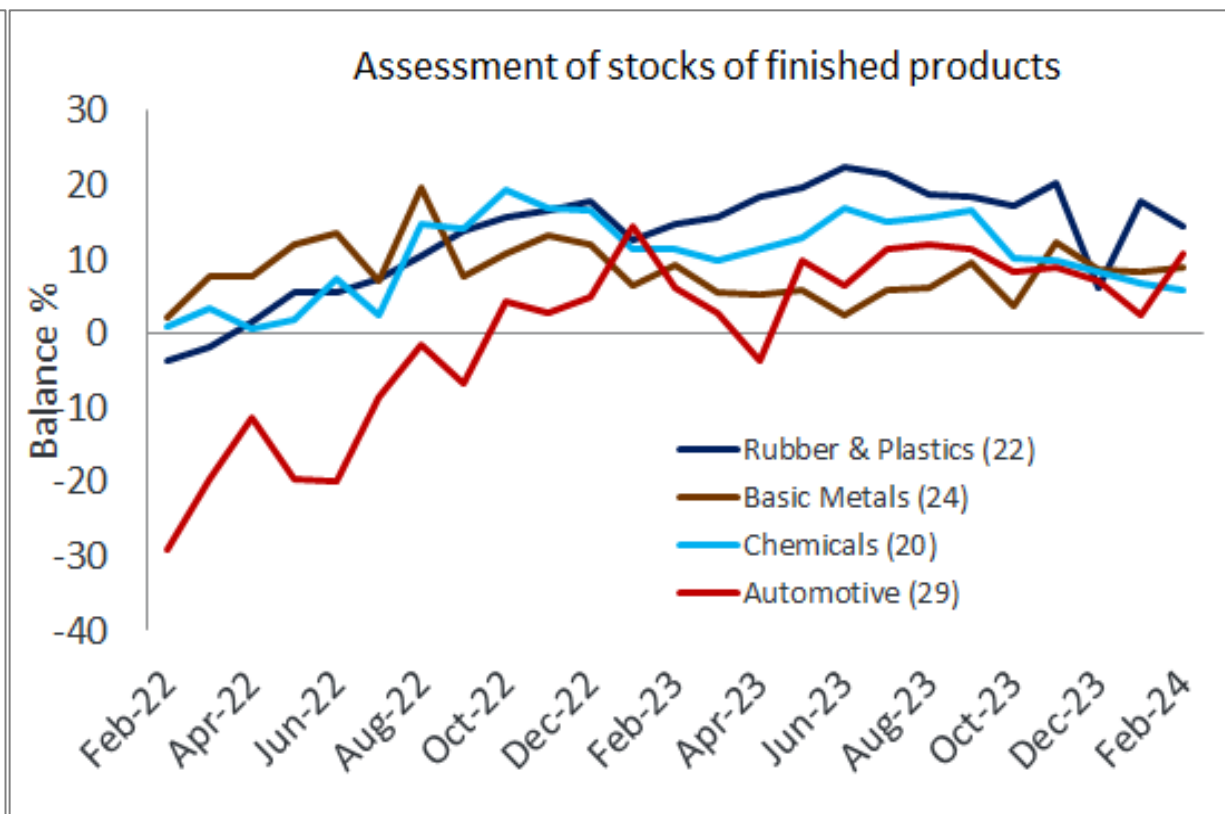
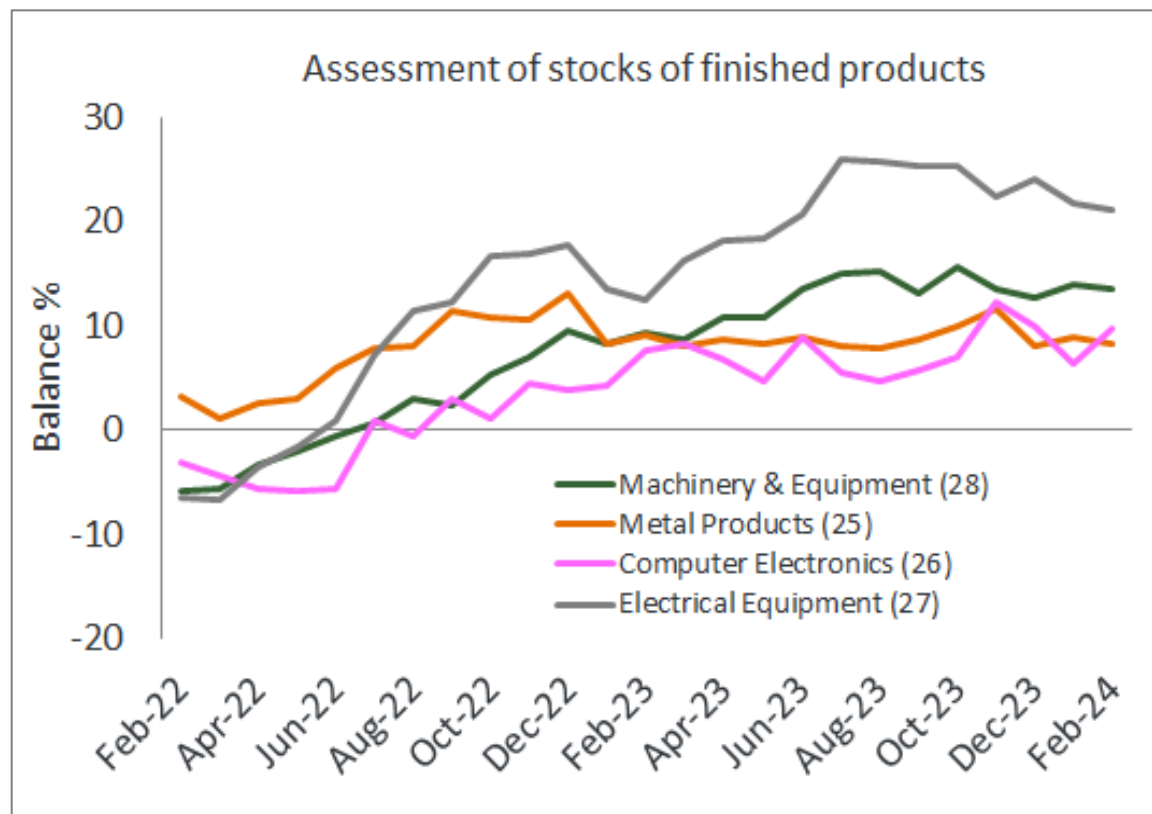
Source: EU Commission business and consumer survey results and Eurostat: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

6. Companies continued to be exposed to a significant lack of orders



Source: EU Commission business and consumer survey results: 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.

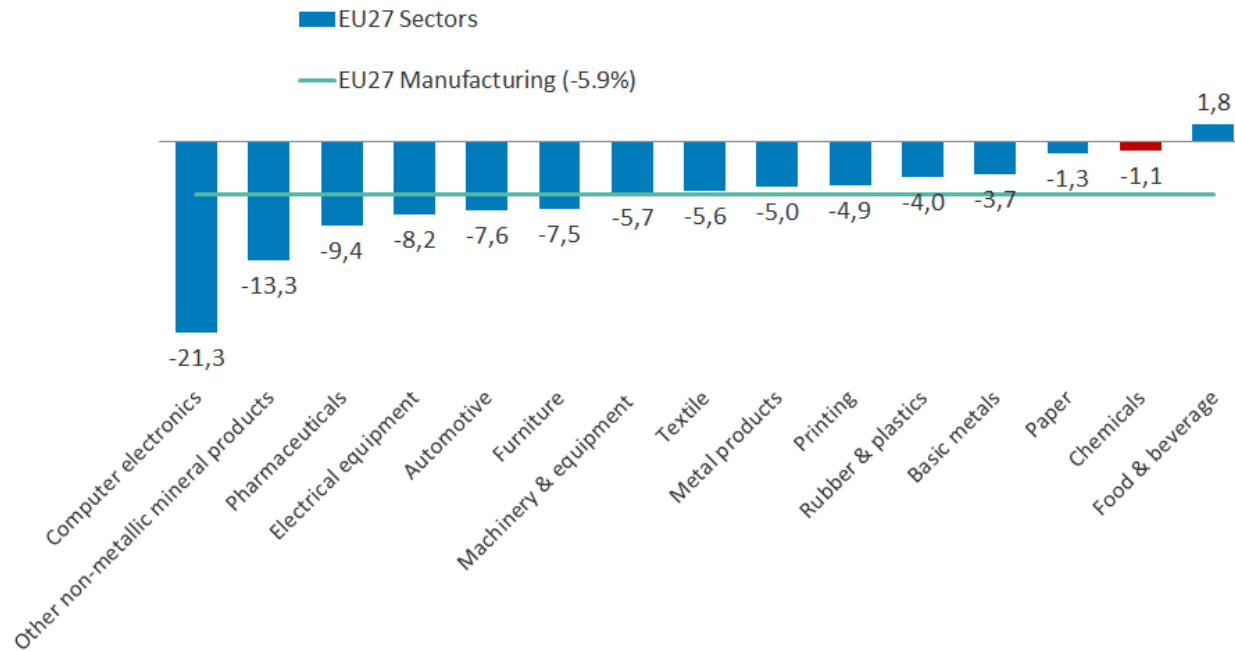
7. Destocking is coming to an end: Most companies believe destocking is mostly complete



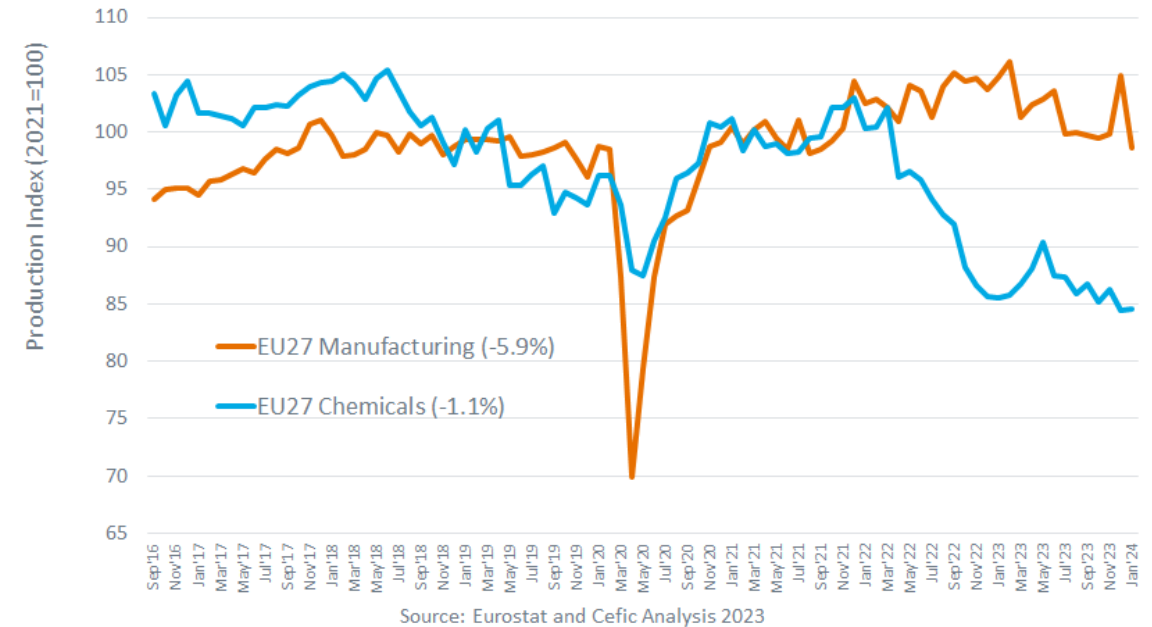
Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

8. European industrial sectors are still a long way from dynamic growth

Production growth for most EU27 Manufacturing sectors (Jan-2024, y-o-y)



EU27 Production Trend: Chemicals Versus Manufacturing



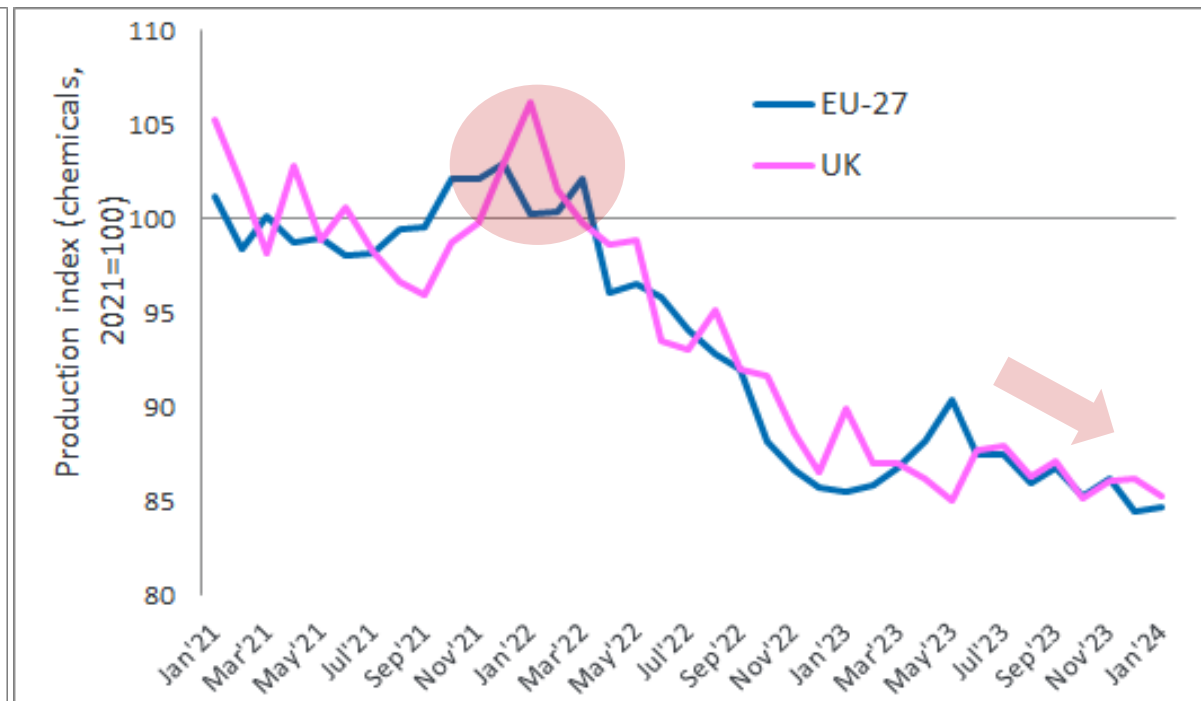
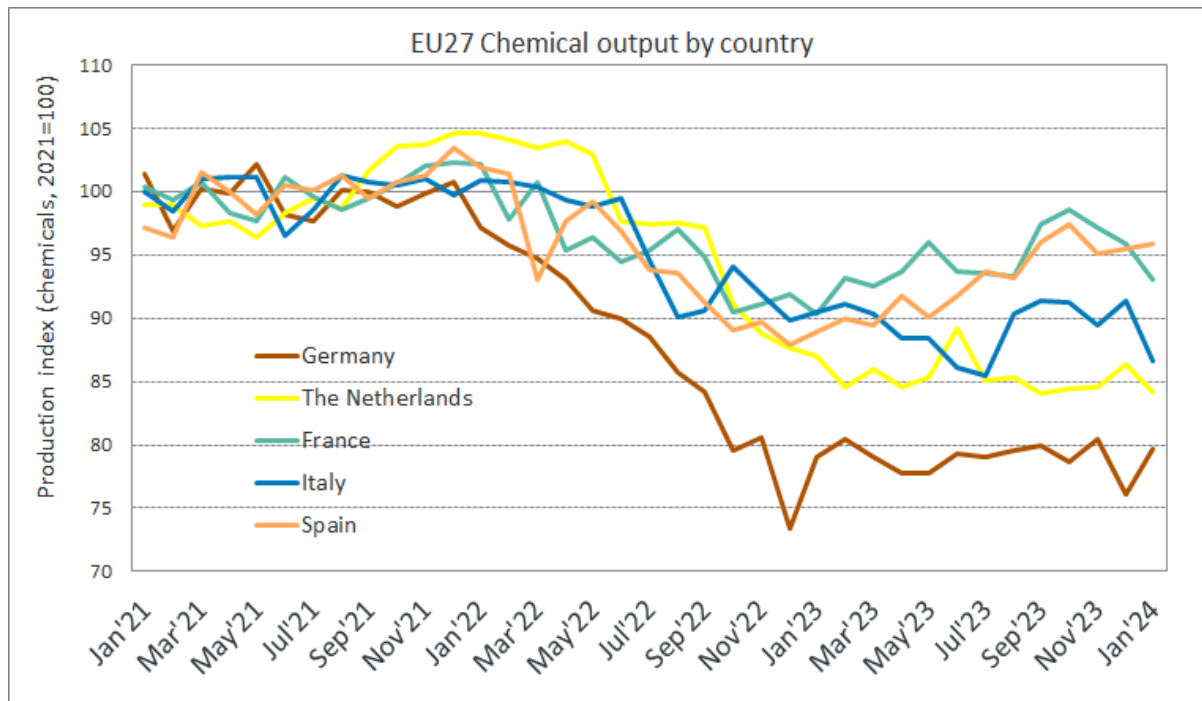
9. No signs of a rapid and noticeable recovery

	Production growth in %		Production index (2021=100)		Production growth (2024) in %
	2022	2023	Jan-23	Jan-24	Jan 2024 (y-o-y)
EU27 output growth by sector					
Computer electronics	-0,8	-9,9	117,1	92,2	-21,3
Other non-metallic mineral products	-1,5	-11,7	95,0	82,4	-13,3
Pharmaceuticals	-4,2	3,4	138,5	125,5	-9,4
Electrical equipment	1,0	0,6	107,5	98,7	-8,2
Automotive	5,1	11,3	115,3	106,5	-7,6
Furniture	-2,6	-7,8	94,8	87,7	-7,5
Machinery & equipment	2,3	-1,4	109,1	102,9	-5,7
Textile	0,1	-7,0	94,8	89,5	-5,6
Metal products	-0,6	-2,3	100,1	95,1	-5,0
Printing	-1,3	-9,5	92,1	87,6	-4,9
Rubber & plastics	4,2	-4,3	95,5	91,7	-4,0
Basic metals	4,9	-4,9	91,6	88,2	-3,7
Paper	-1,2	-9,8	91,6	90,4	-1,3
Chemicals	-6,2	-8,0	85,5	84,6	-1,1
Food & beverage	16,6	-1,3	100,6	102,4	1,8
Manufacturing	2,2	-1,4	104,8	98,6	-5,9
Construction	2,7	-0,2	104,7	104,1	-0,6

The weak global demand is not helping the European manufacturing sectors. The business environment climate is modest and needs strong improvement to come back to the pre-crisis level. Data shows no sign of rapid and noticeable recovery in 2024.

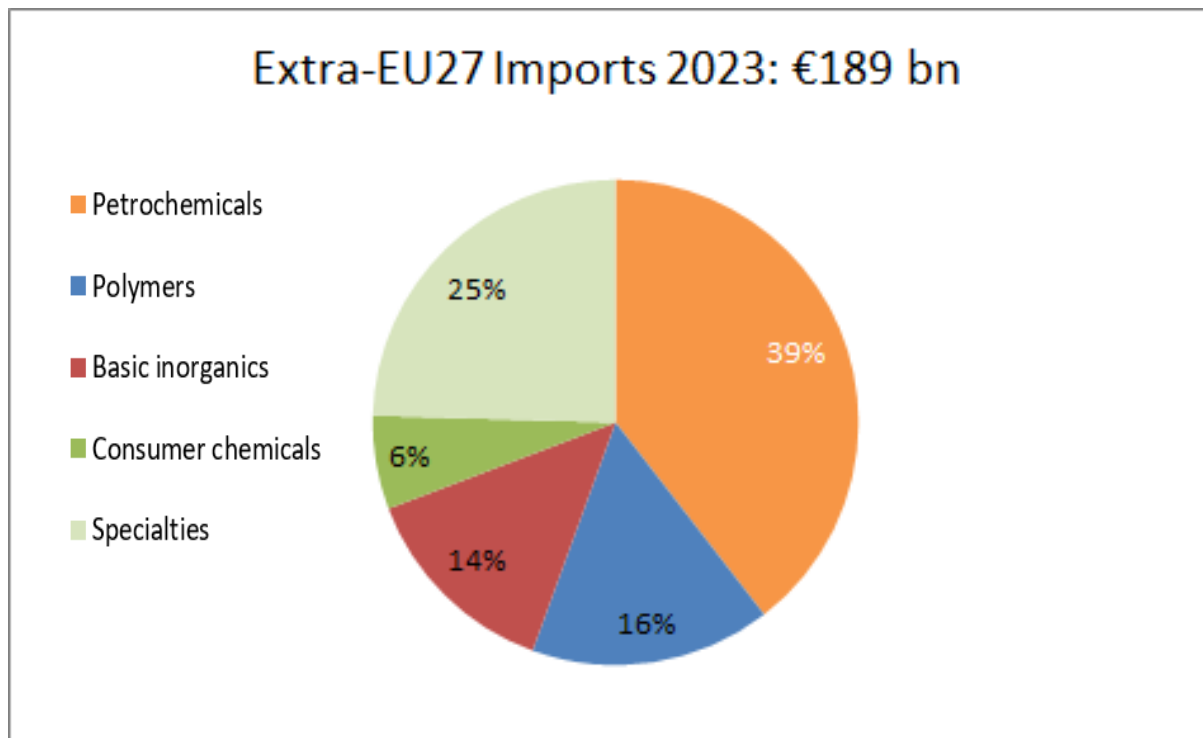
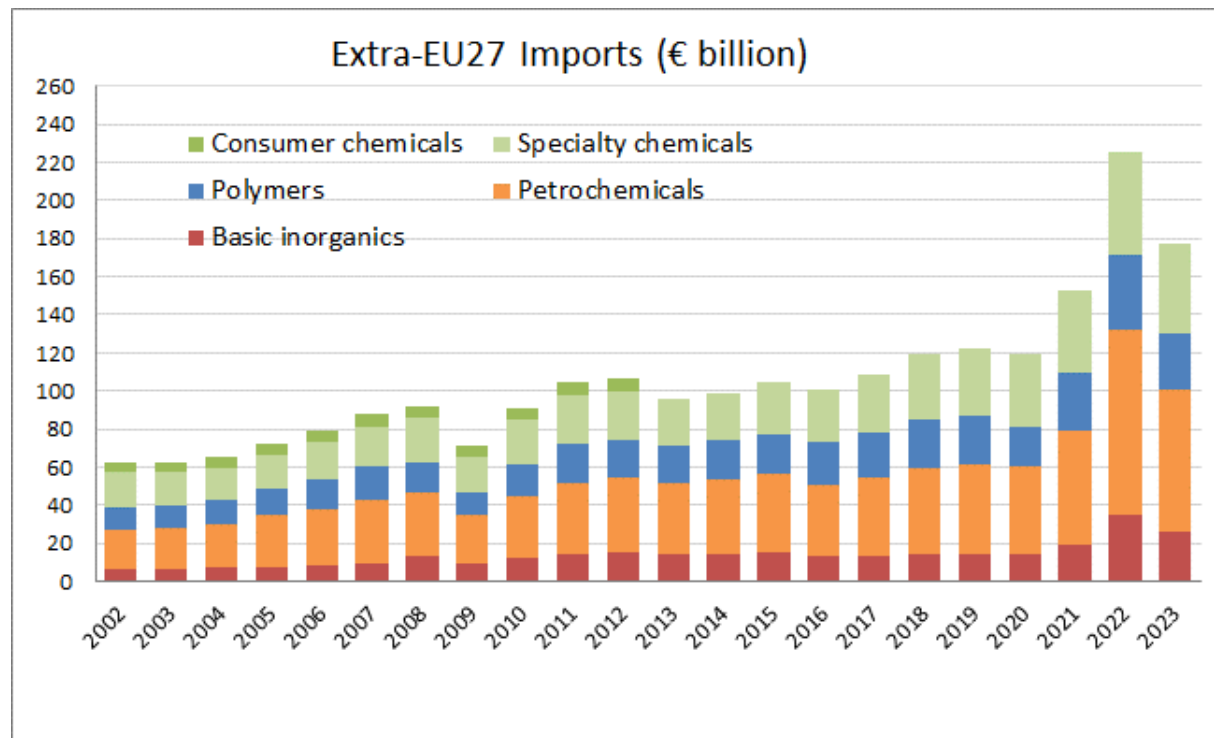


10. Chemical production continued to decline in many European countries since January 2022

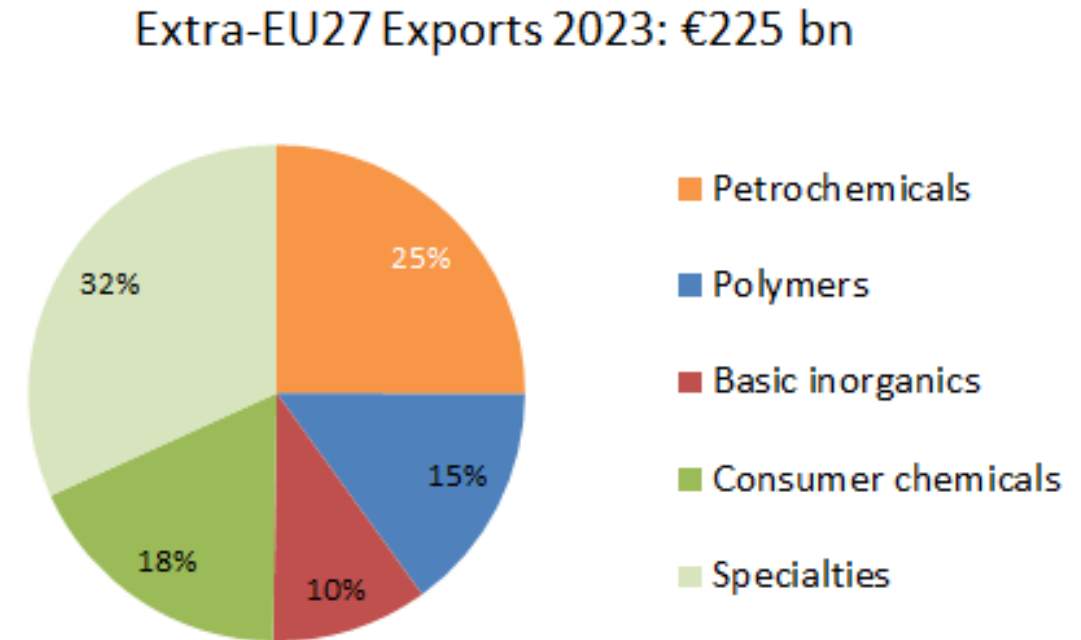
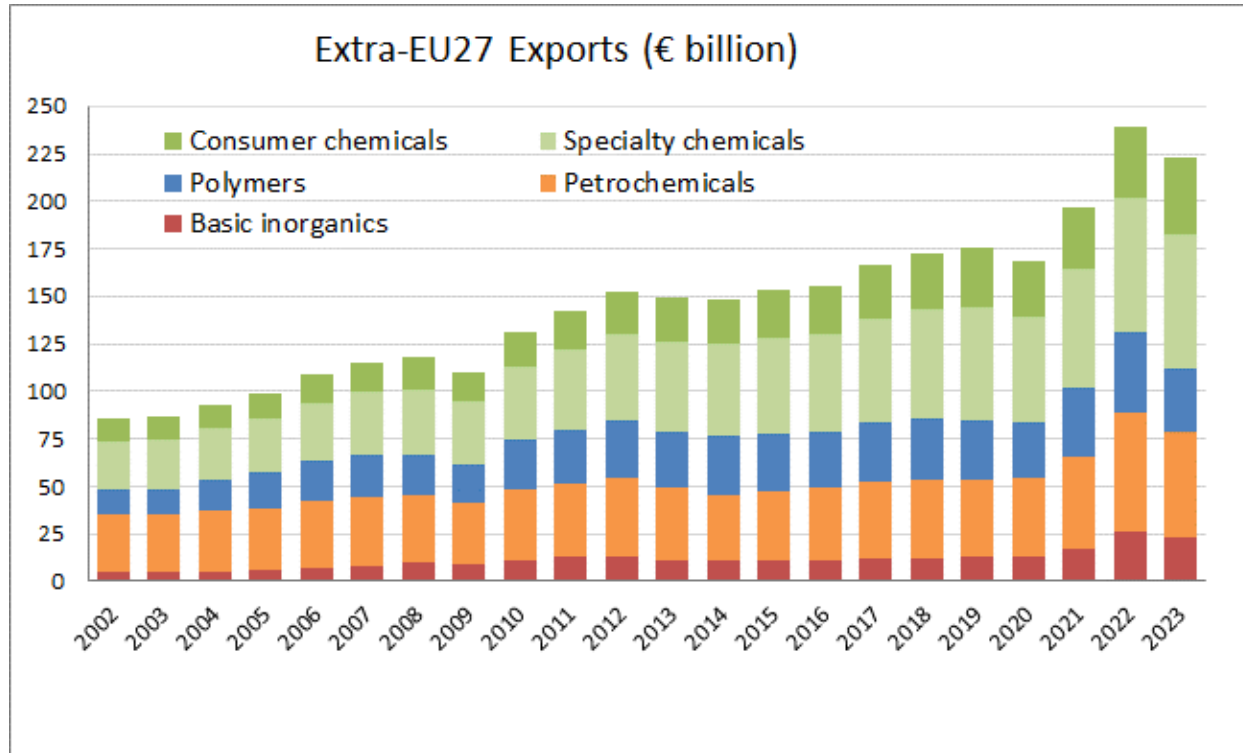


Source: Eurostat and Cefic Analysis 2024, *Jan-2024 data is not available for Italy

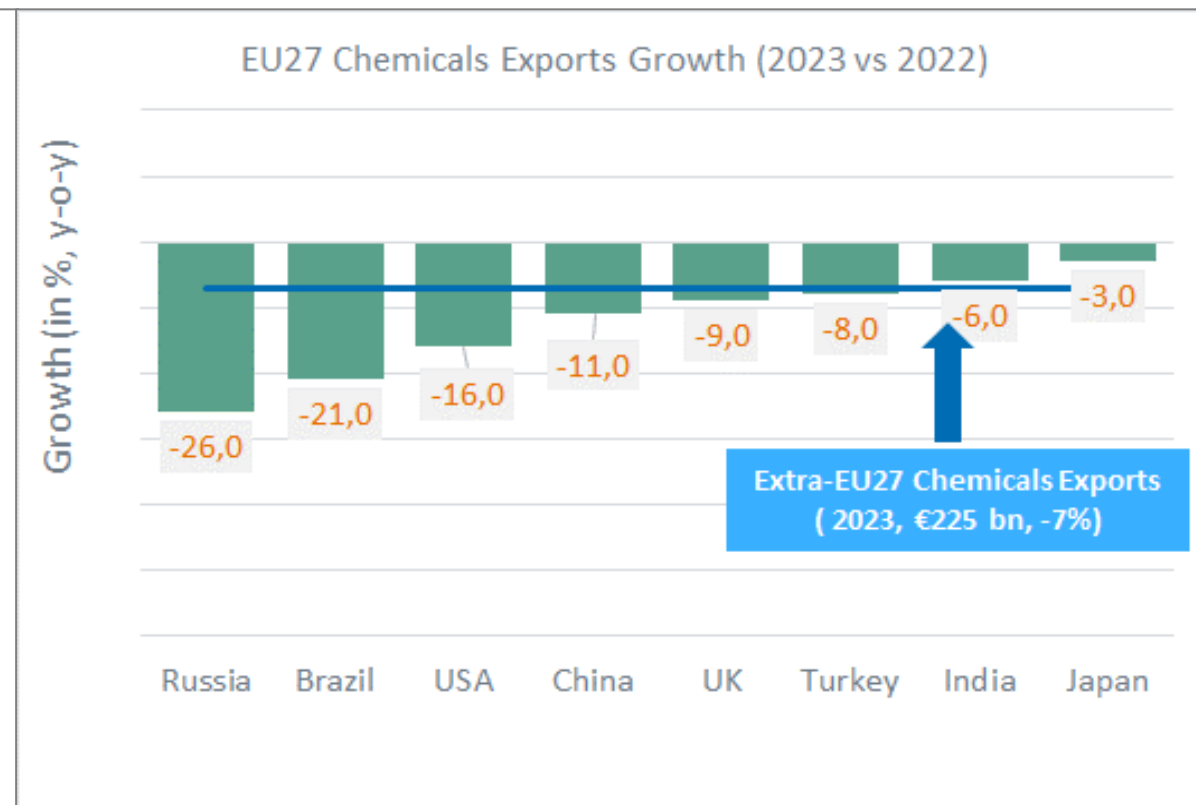
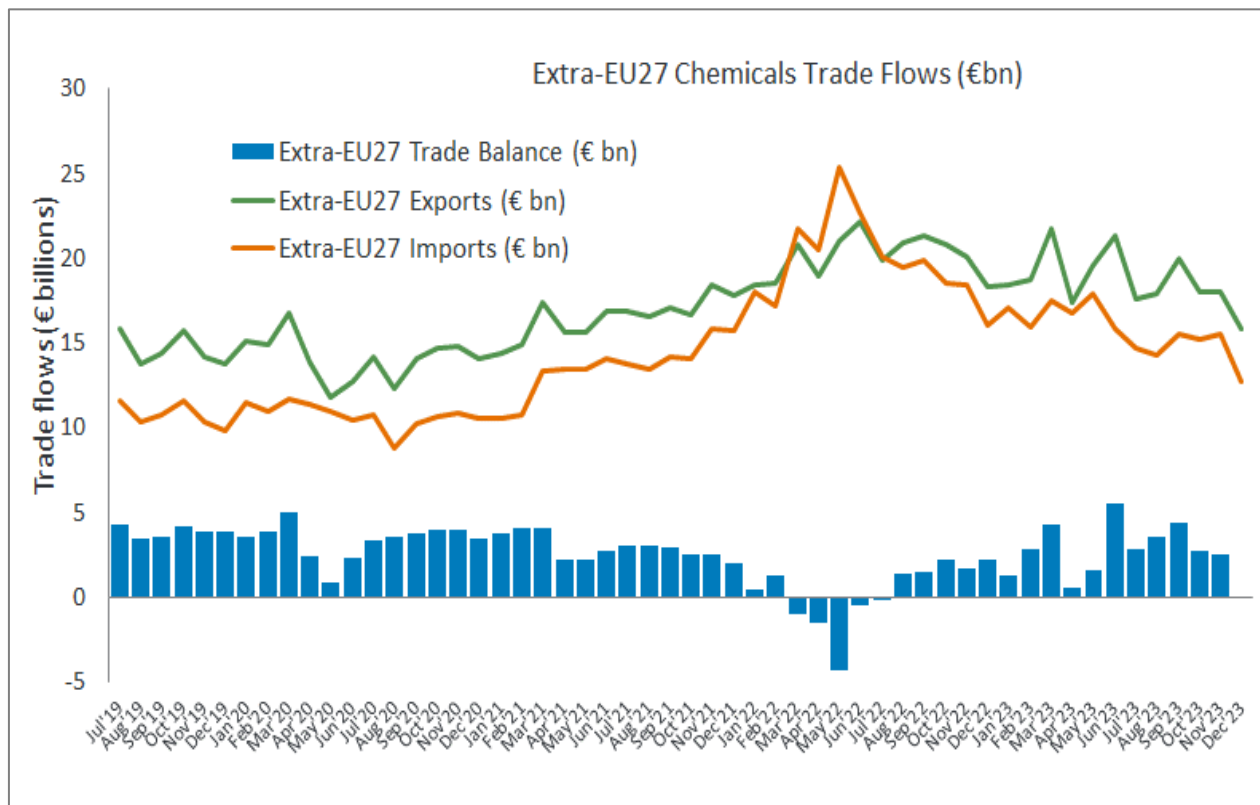
11. EU27 chemicals imports in 2023: 16% above 2021's levels



12. EU27 chemicals Exports in 2023: 13% above 2021's levels



13. The EU27 chemicals trade surplus back to 2021's levels

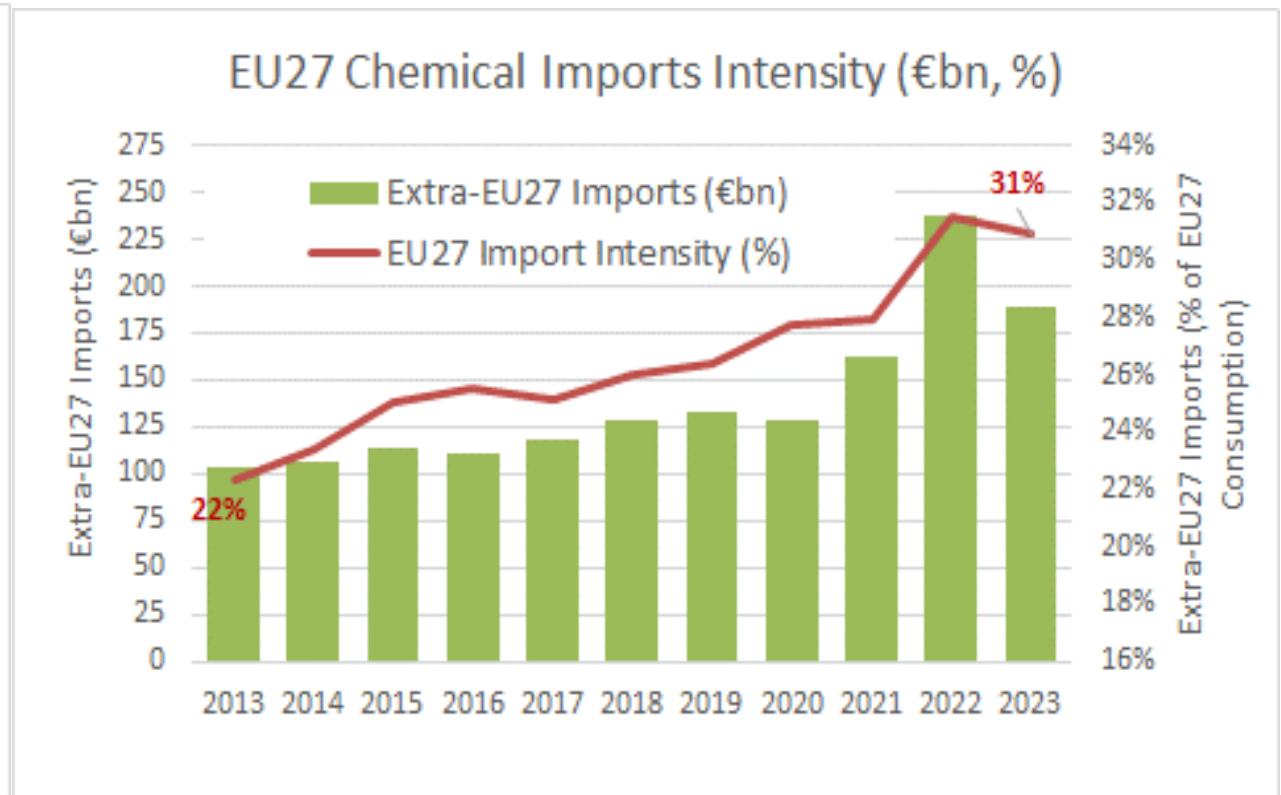
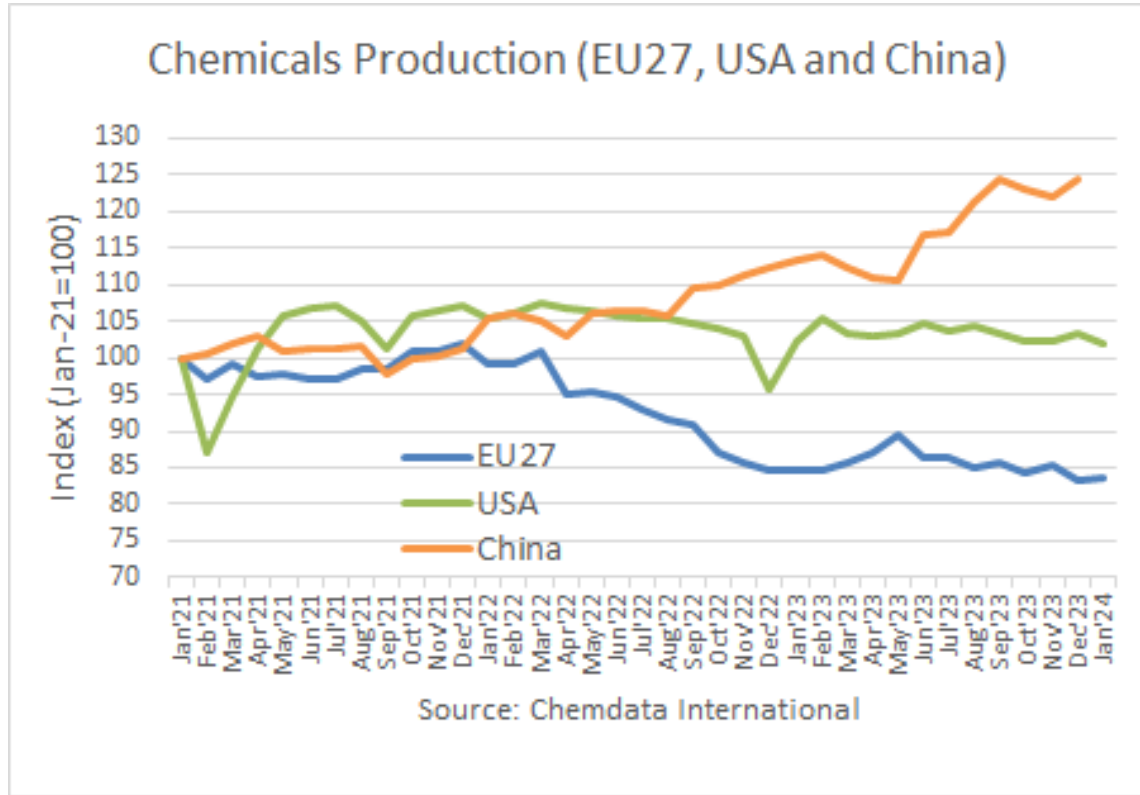


euro bn	Exp	Imp	Balance	Trade*
2021	198	163	35,5	361
2022	242	238	3,4	480
2023	225	189	35,4	414

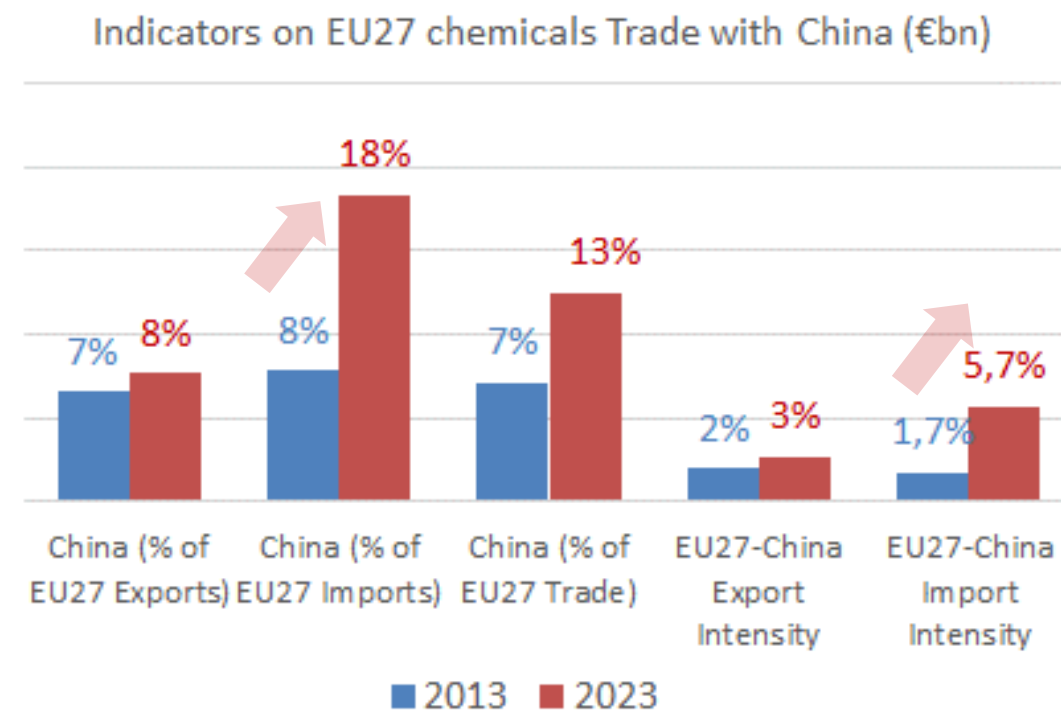
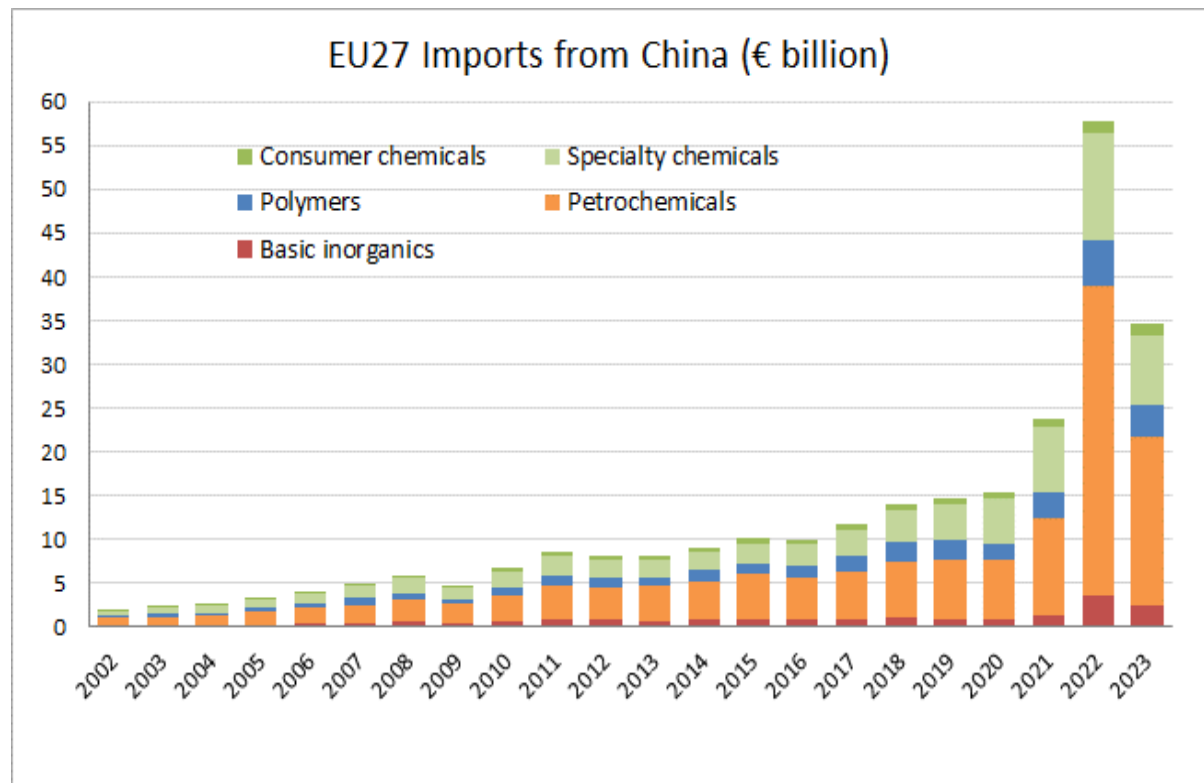


Source: Eurostat and Cefic Analysis 2024, *trade= exports - imports

14. Europe's reliance on non-EU27 imports gives cause for concern



15. Europe's reliance* on Chinese chemicals is high



European chemical markets: Sluggish demand and recovery is still way off

- **Destocking is coming to an end.** Most companies believe destocking is (mostly) complete, although 1H demand is still fairly muted, and some companies have a more cautious approach. However, **it is still too early to talk about a cyclical recovery.**
- **Europe's reliance on Chinese chemicals :** Chinese chemical exports to high-cost Europe continued to increase over 2023/4 (primarily due to overcapacity in China with a favourable cost position). Europe is still reliant on imports of chemicals from China for several products
- **Outlook for 2024:** The weakness in the EU27 chemicals industry is expected to continue this year. Growth also remains weak in the USA and momentum is slowing in China. Therefore, the demand for EU27 chemical products will remain soft globally. The European industrial sectors are out of recession but still a long way from any dynamic growth

