



# ***Chemicals Trends Report: Top Indicators***

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**Survey date: *September 2008***





# Top messages: Executive summary-1-

## **1. Chemical production declines in June 2008**

Output in the EU chemical industry (excluding pharmaceuticals) decreased by 2.4% in June 2008 in a 'year-on-year' comparison. All chemicals sectors experienced a similar negative trend in June, with output declining in the range of 0.1 to 3%. Only pharmaceuticals grew by 4.5%. Furthermore, when considering the first half of 2008, output in the EU chemicals industry (excluding pharmaceuticals) experienced a decline of 0.5% compared to the same period of 2007 (Data source: Eurostat).

## **2. Chemical producer prices remain on the upswing in July 2008**

Price data shows that chemical products (excluding pharmaceuticals) were 6.2% more expensive in the first seven months of 2008 than in the same period of 2007. According to the opinion of analysts and the latest Consensus Forecast (Sep. 2008), oil prices have begun to moderate in recent weeks. Part of the correction has been due to dampened global oil demand and the US currency's recent appreciation.

## **3. Positive sales growth**

*Comparing the first half of 2008 to the same period of 2007, chemical sales (excluding pharmaceuticals) grew by 5.3%. In a 'year-on-year' comparison, the growth rate of June 2008 was 4.3% higher compared to June of last year, confirming the continuing rising trend (Data source: Eurostat).*



## **4. EU Chemicals confidence declines in August**

The overall chemicals confidence indicator for the EU declined further in August. Business confidence in the manufacturing sector suffered a much bigger drop (2.6 points) than chemicals. The downward trend in the product expectations for the coming months was the determining factor impacting the decline in confidence in the manufacturing sector. Looking at the entire manufacturing sector, data analysis shows that “medical instruments” and “chemicals” are the top 2 sectors where production expectations continue to be positive for the coming months (Data source: European Commission).

## **5. The world economic climate has worsened in the third quarter of 2008**

In August, the Economic Sentiment Indicator (ESI) declined in the EU and fell by 1.9 points to 86.9. In the EU, the ESI reached its lowest level since December 1993. According to the latest results of the Ifo World Economic Survey (WES), the world economic climate has worsened in the third quarter of 2008 for the fourth time in succession. The decline is primarily the result of more unfavourable assessments of the current economic situation, but also the expectations for the coming six months have been revised downwards.



***Indicator 1: Chemicals Production***



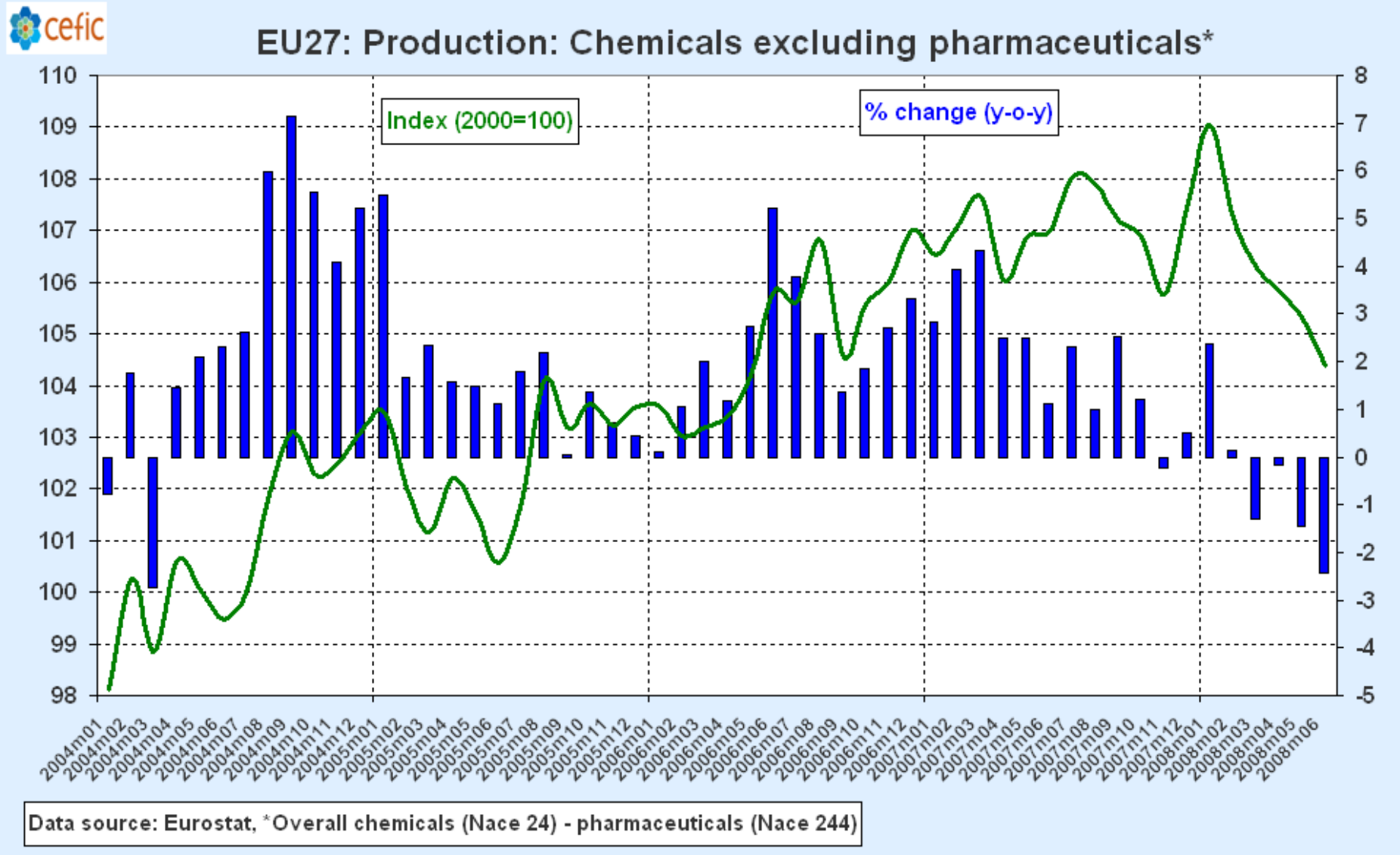
# Production trend: Last update (June 2008)



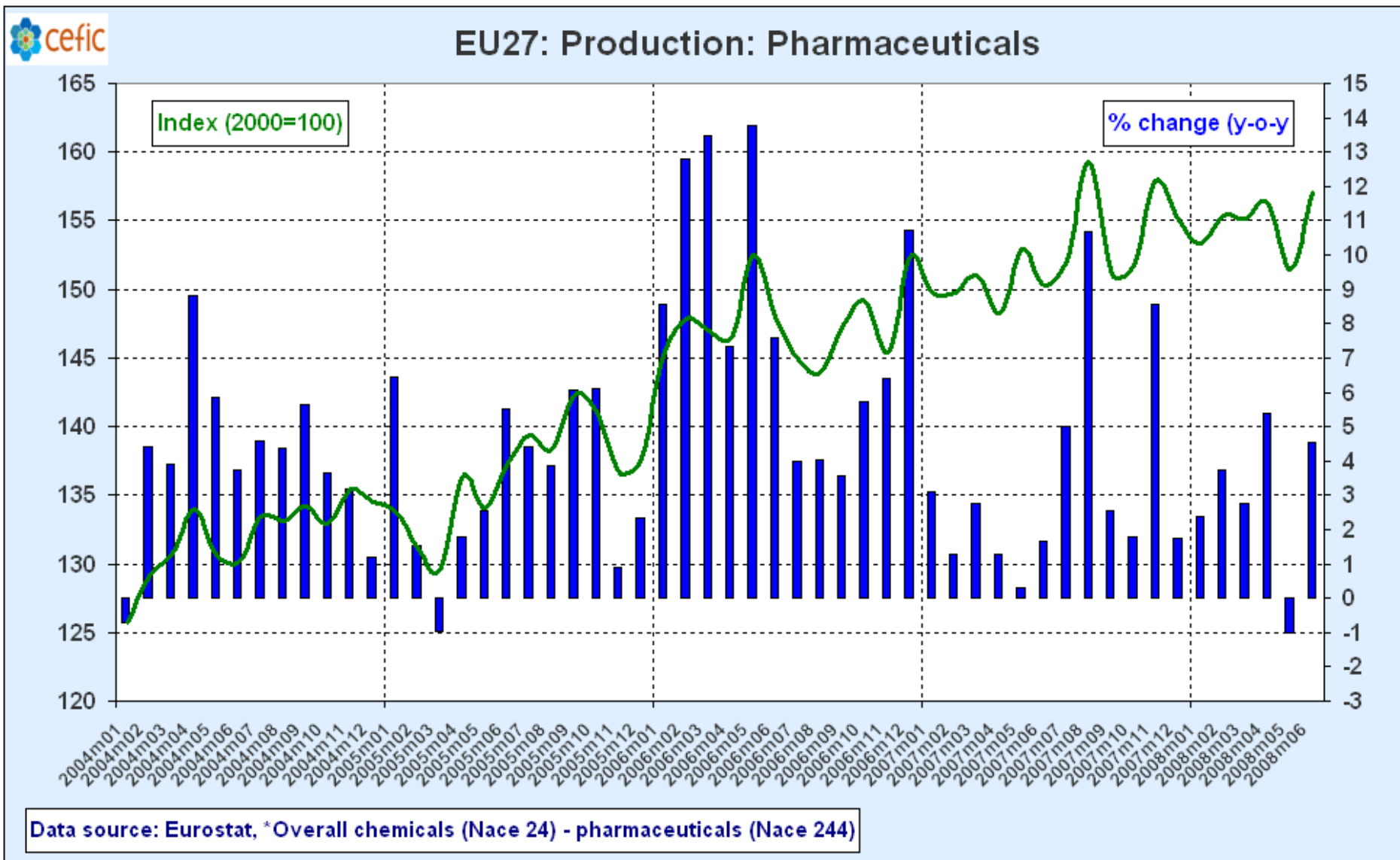
Production growth (year over year, in volume terms)		June 2008	Jan-June. 2008	June 2008	Jan-June. 2008
Sectors	Weights	Index (2000=100) S.A*		% against previous	
Petrochemicals	16.0%	105.9	109.0	-2.7	0.9
Polymers	18.6%	98.1	100.0	-2.4	-0.2
Plastics	86%	100.0	102.0	-2.3	-0.1
Synthetic rubber	4%	122.9	123.5	6.3	4.3
Man-made fibres	10%	69.6	71.5	-9.1	-5.1
Basic Inorganics	8.1%	109.8	111.3	-0.1	1.0
Other inorganics	49%	114.4	114.3	1.9	1.3
Industrial gases	21%	118.6	124.1	-2.5	0.7
Fertilizers	30%	96.0	97.3	-2.0	0.5
Pharmaceuticals	27.9%	157.1	154.8	4.5	2.9
Specialty Chemicals	19.2%	99.7	101.8	-3.0	-1.3
Auxiliaries for industry	10%	100.2	103.7	-3.5	0.3
Dyes & pigments	11%	91.1	92.5	-5.0	-6.2
Crop protection	7%	82.3	80.1	3.4	1.9
Paints & inks	30%	106.0	106.7	-2.6	-2.9
Consumer Chemicals	10.1%	118.0	118.6	-3.0	-2.5
Overall Chemicals	100.0%	119.1	119.9	0.0	0.7
Chemicals excluding pharmaceuticals	72.1%	104.4	106.3	-2.4	-0.5

Data source: Eurostat, \*Seasonally adjusted data

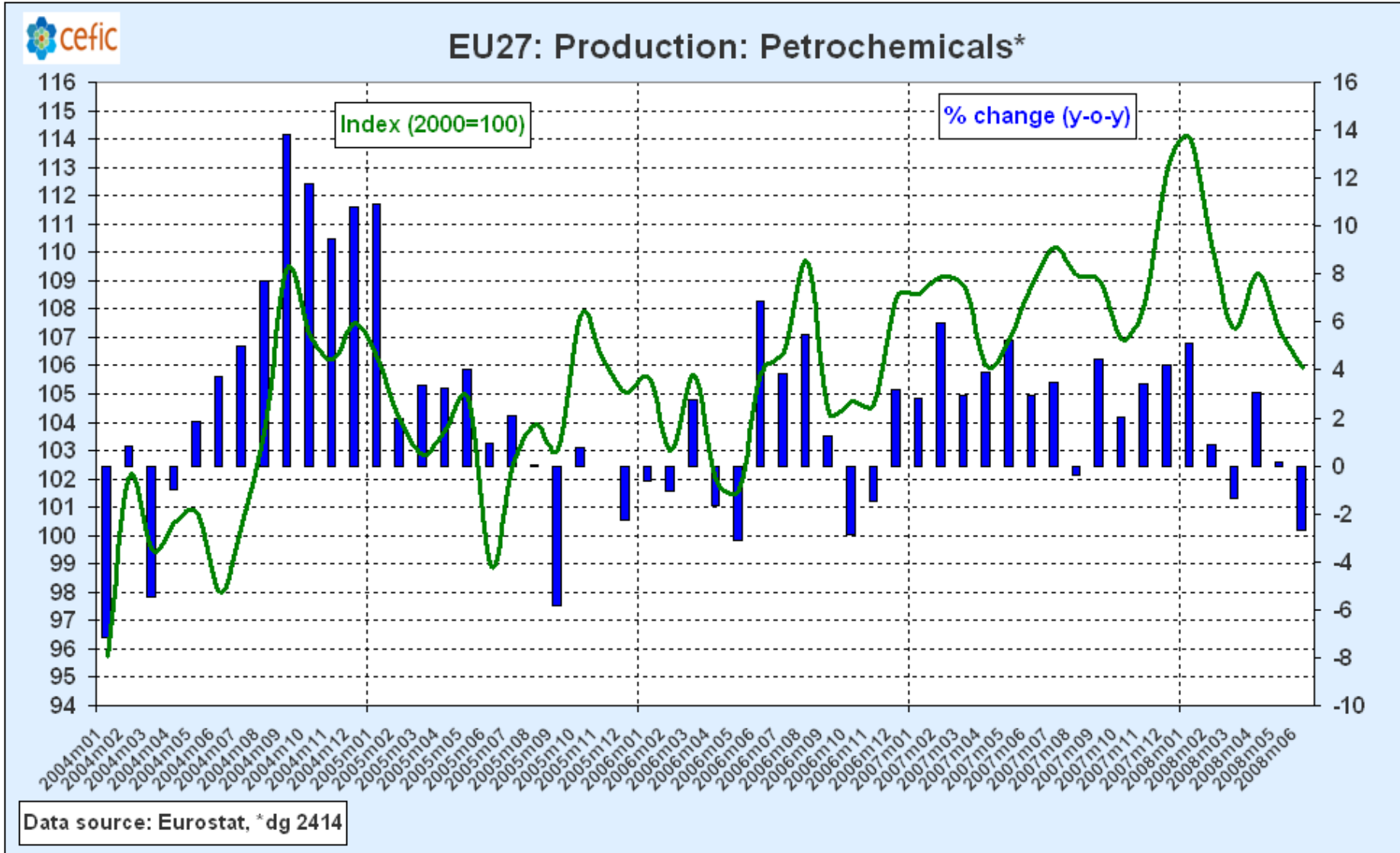
# Chemicals\* June '08: -2.4% y-o-y growth



# Pharmaceuticals June '08: 4.5% y-o-y growth

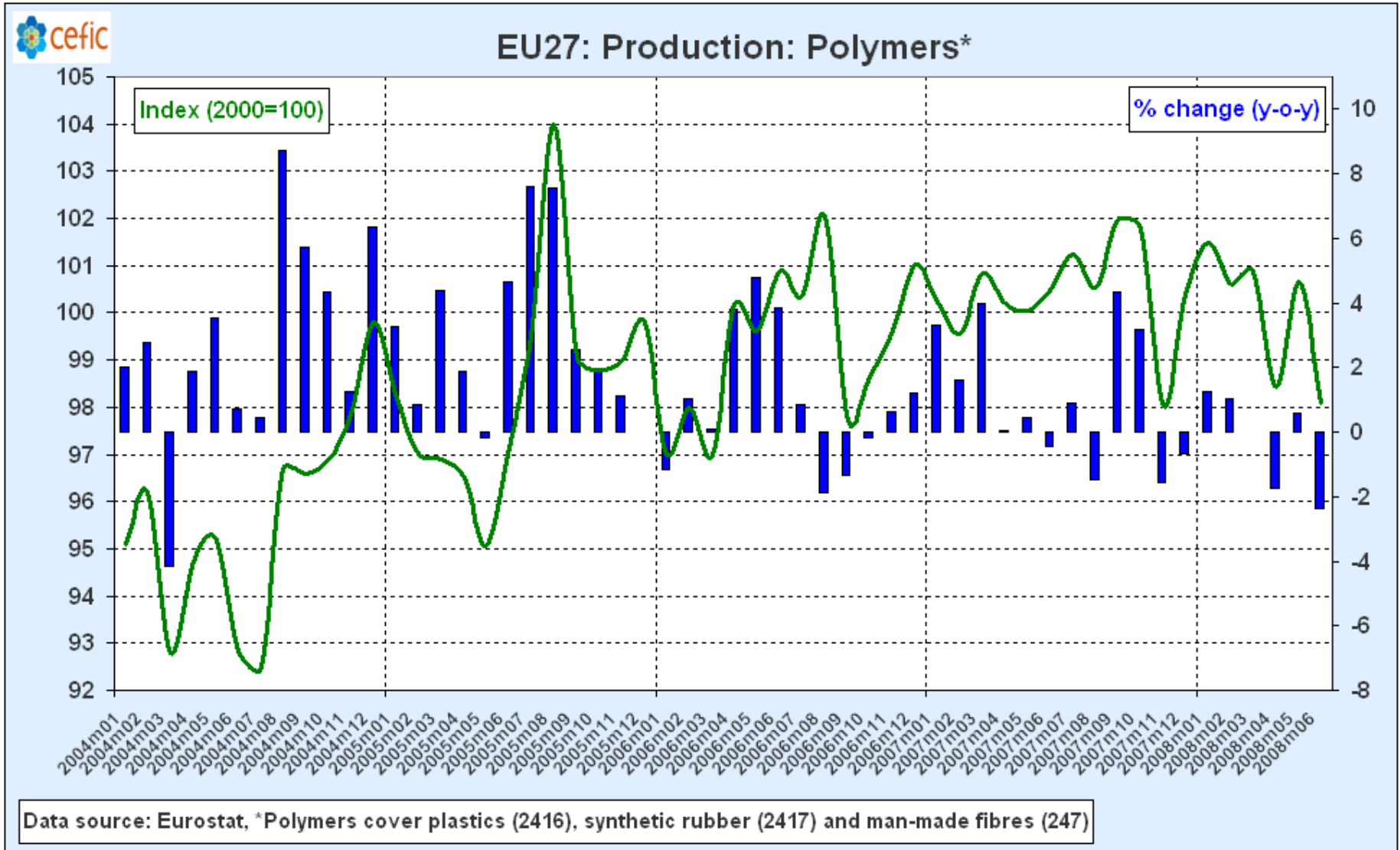


# Petrochemicals\* June '08: -2.7% y-o-y growth



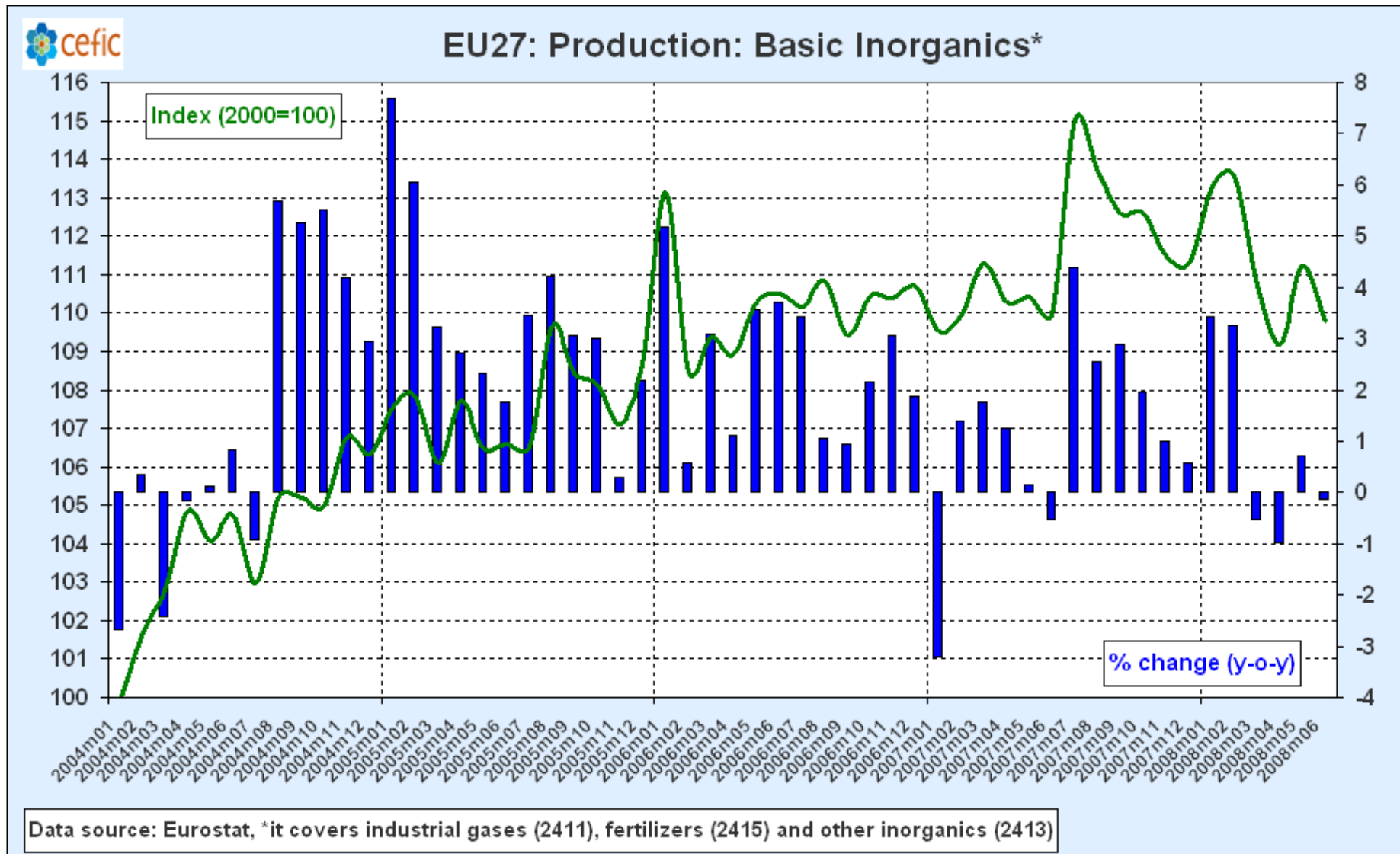


# Polymers June '08: -2.4% y-o-y growth

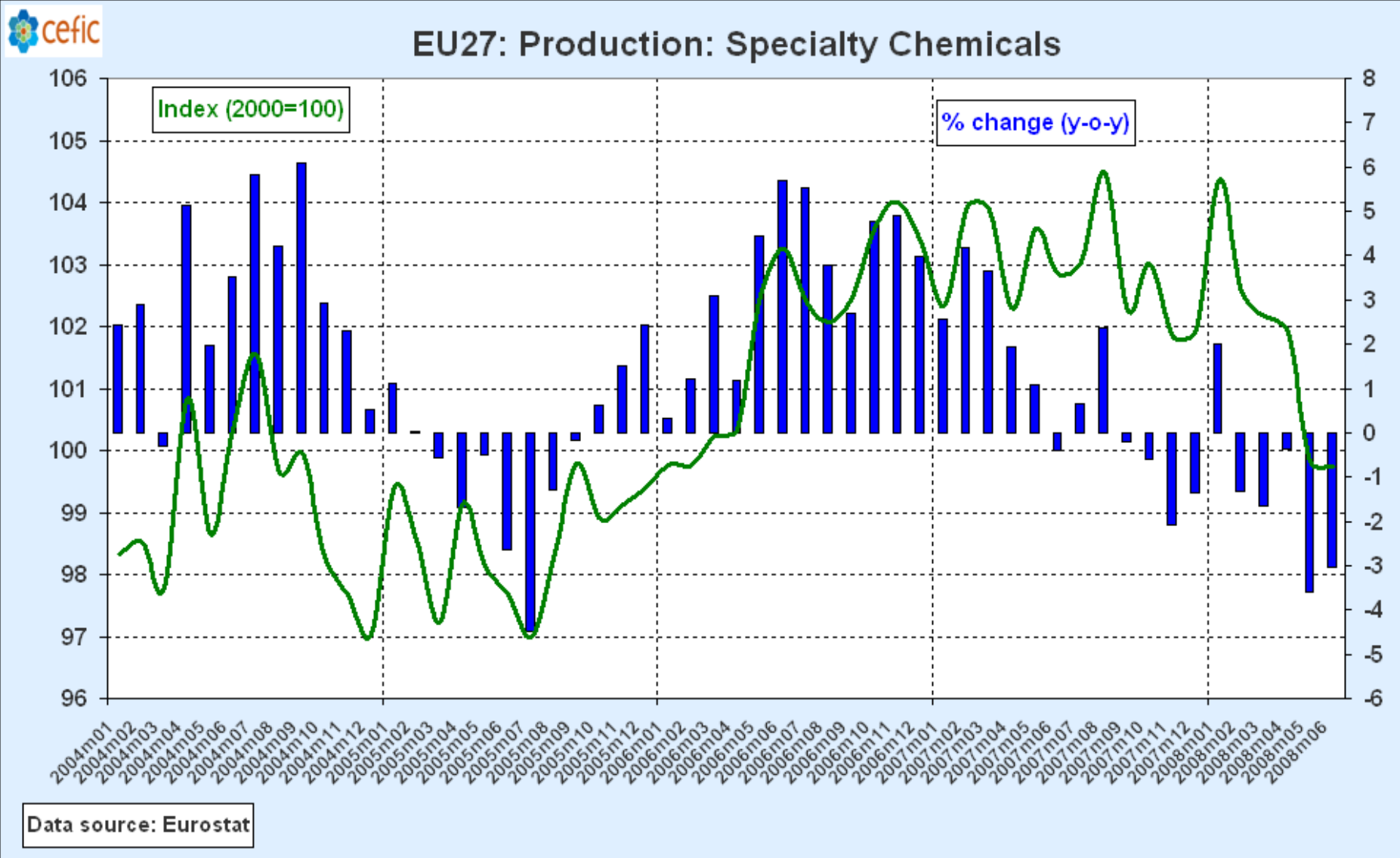




# Basic Inorganics\* June '08: -0.1% y-o-y growth

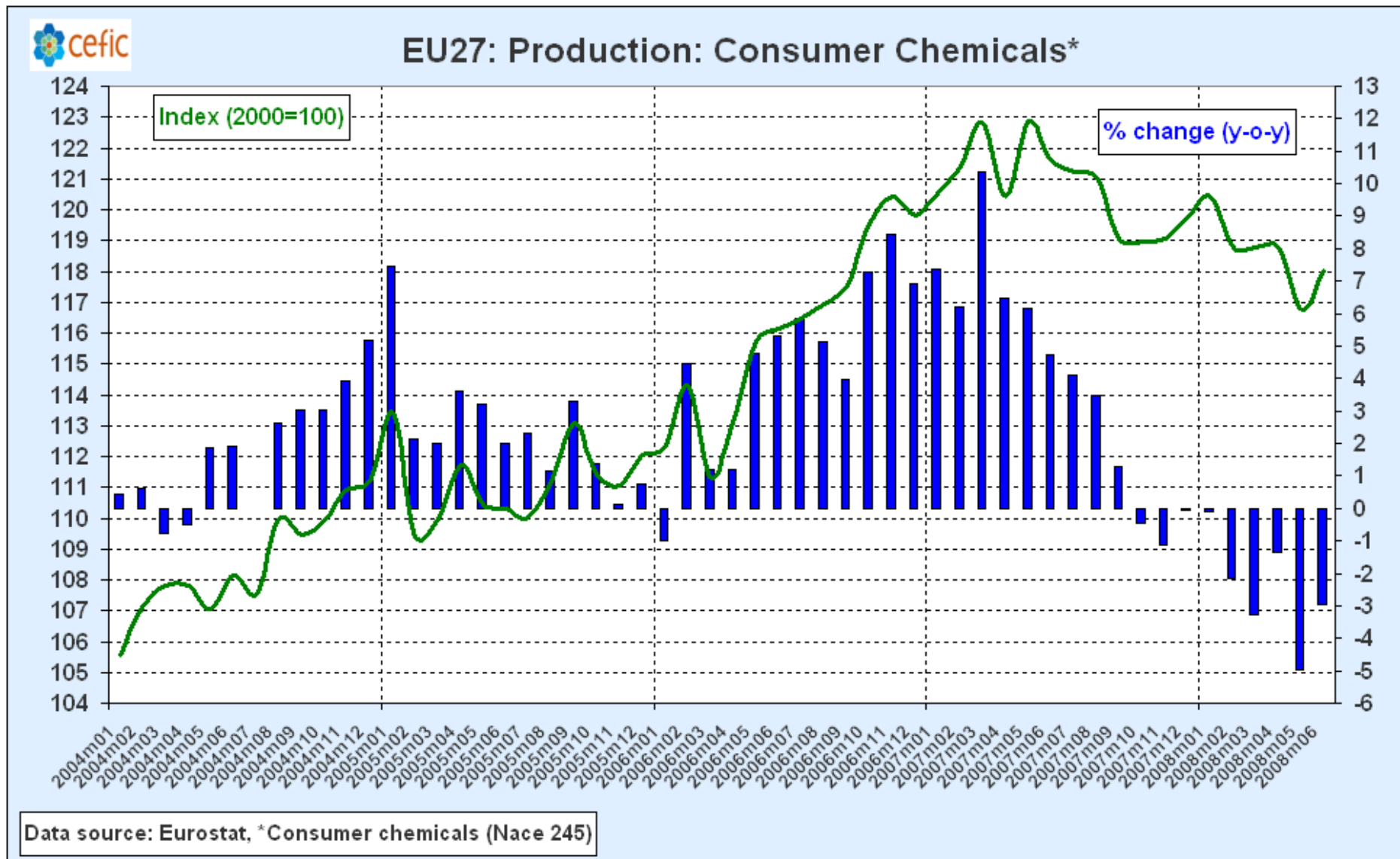


# Specialty Chemicals June '08: -3.0% y-o-y growth



Data source: Eurostat

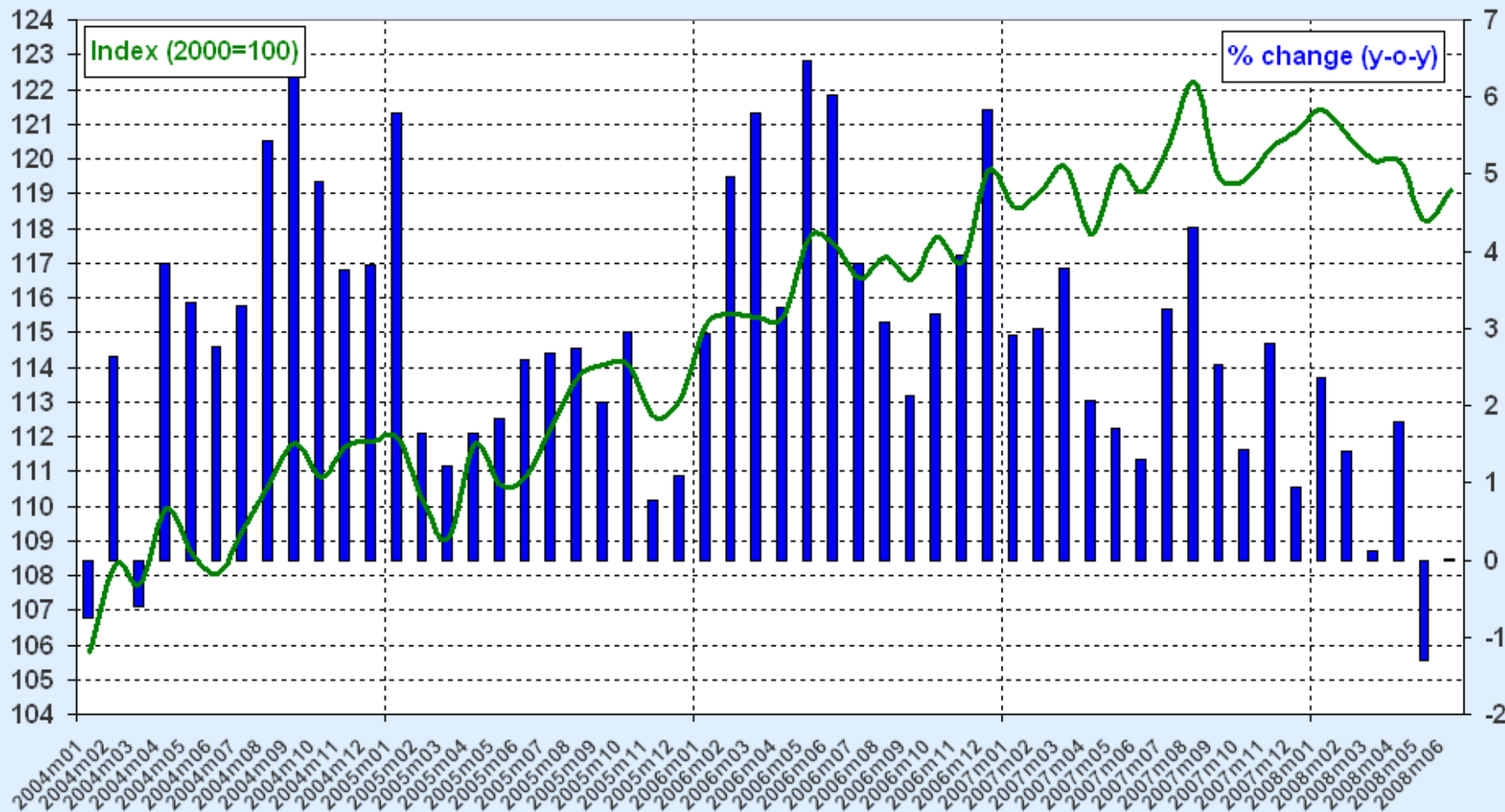
# Consumer Chemicals June '08: -3.0% y-o-y growth



# Overall chemicals\* June '08: 0.0% y-o-y growth



## EU27: Production: Chemicals including pharmaceuticals



Data source: Eurostat



***Indicator 2: Chemicals Prices***



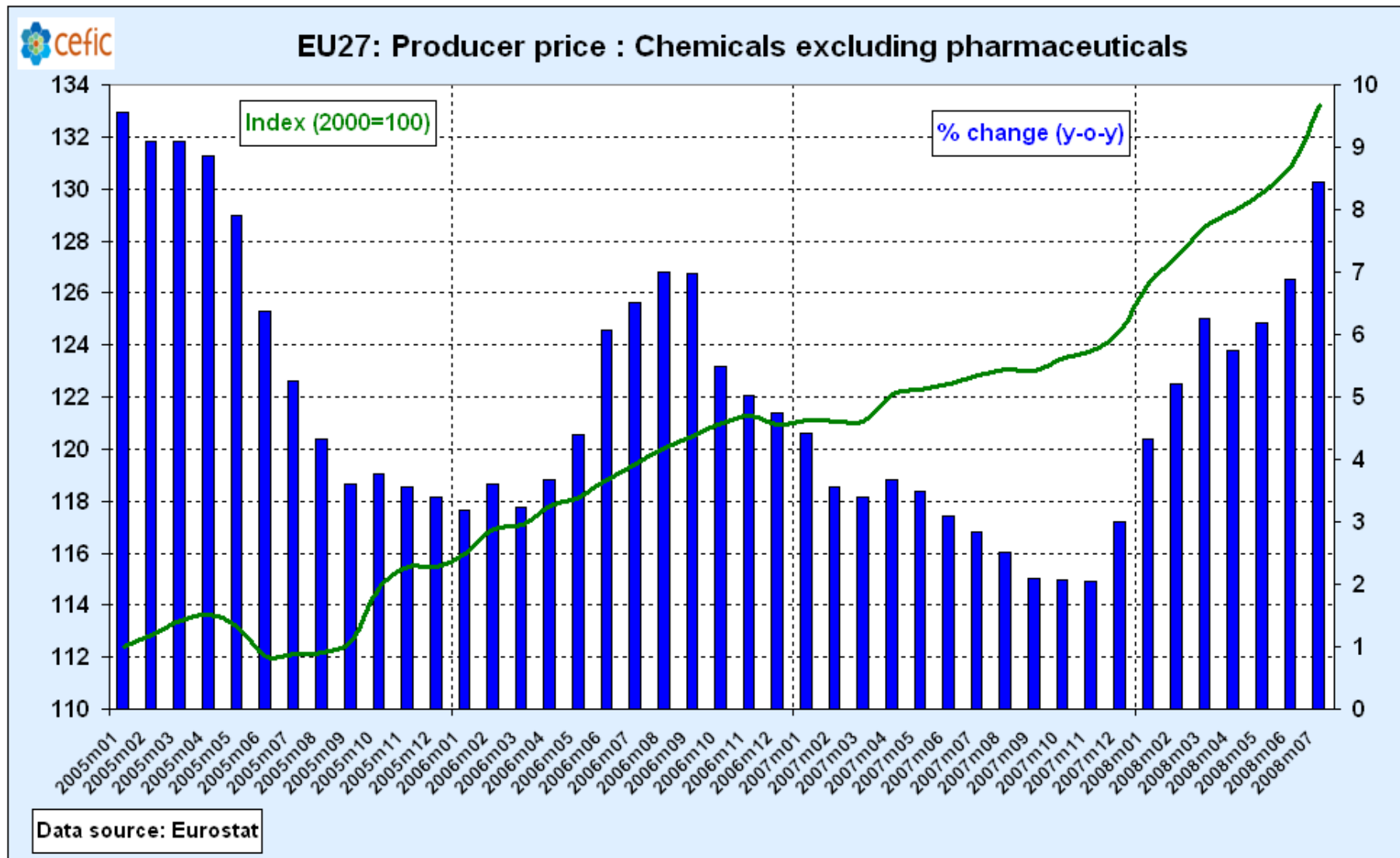
# Price trend: Last update (July 2008)



Producer Prices (year over year)		July 08	Jan-July 2008	July 08	Jan-July 2008
Sectors	Weights	Index (2000=100)		Change in % against previous year	
Petrochemicals	16.0%	157.2	152.5	9.5	8.4
Polymers	18.6%	128.9	126.7	4.0	3.3
Plastics	86%	128.9	126.7	4.0	3.4
Synthetic rubber	4%	161.8	154.1	9.4	4.3
Man-made fibres	10%	113.9	114.3	0.8	1.6
Basic Inorganics	8.1%	167.8	150.9	33.5	20.8
Other inorganics	49%	144.0	131.8	16.8	7.1
Industrial gases	21%	118.2	118.0	3.7	3.2
Fertilizers	30%	242.3	205.9	75.8	52.1
Pharmaceuticals	27.9%	98.5	98.1	0.5	0.3
Specialty Chemicals	19.2%	112.7	111.9	3.1	2.0
Auxiliaries for industry	10%	114.3	113.4	3.3	2.1
Dyes & pigments	11%	101.2	99.4	3.3	0.1
Crop protection	7%	104.3	103.4	0.7	-0.1
Paints & inks	30%	116.3	115.7	3.0	2.7
Consumer Chemicals	10.1%	114.2	113.5	2.5	2.0
Overall Chemicals	100.0%	123.5	120.6	6.6	4.8
Chemicals excluding pharmaceuticals	72.1%	133.2	129.4	8.4	6.2

Data source: Eurostat

# Chemicals\*: July '08: 8.4% y-o-y growth



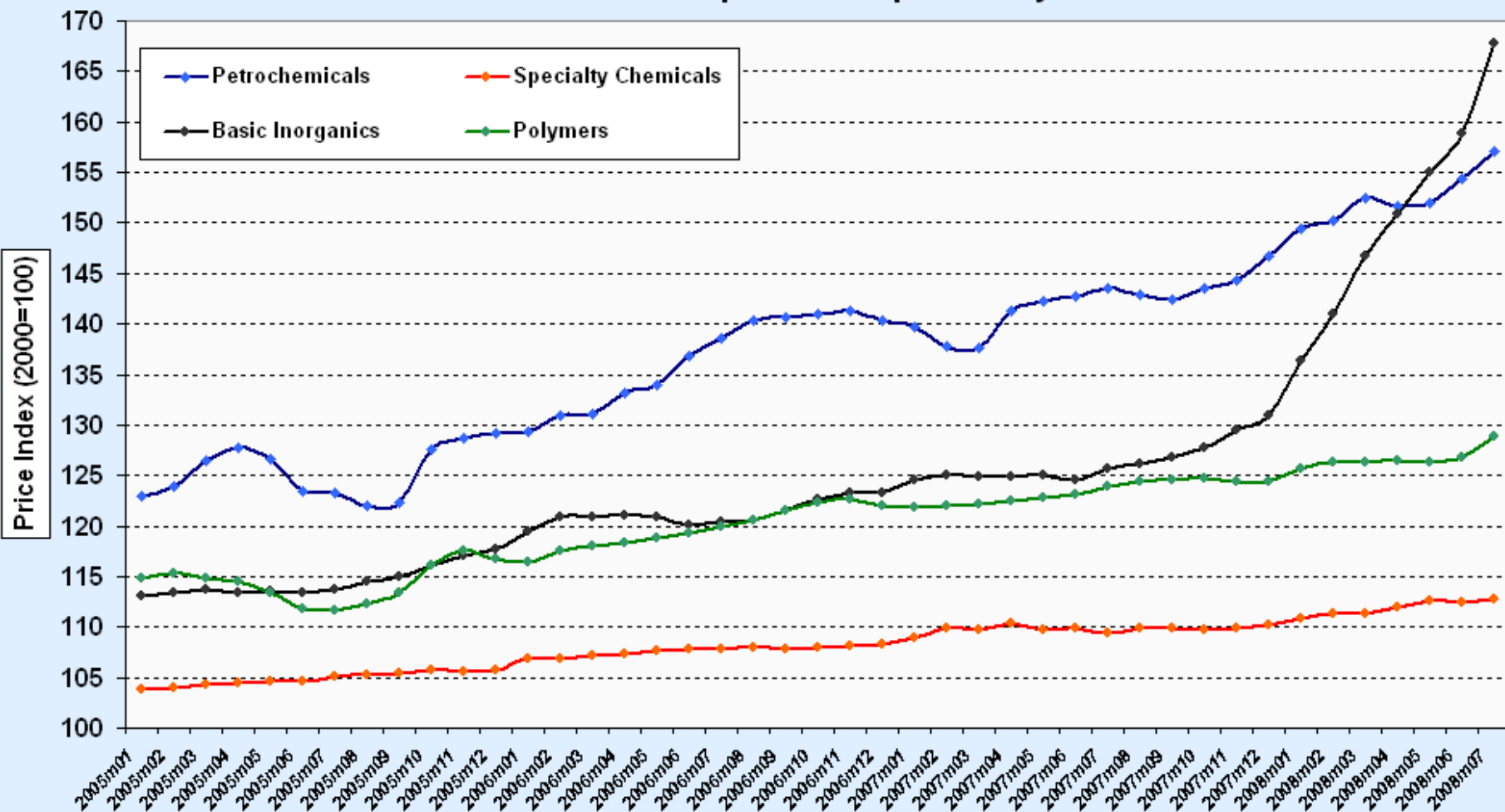
\* excluding pharmaceuticals



# Chemicals producer prices by sector



## EU27: Chemicals producer prices by sector

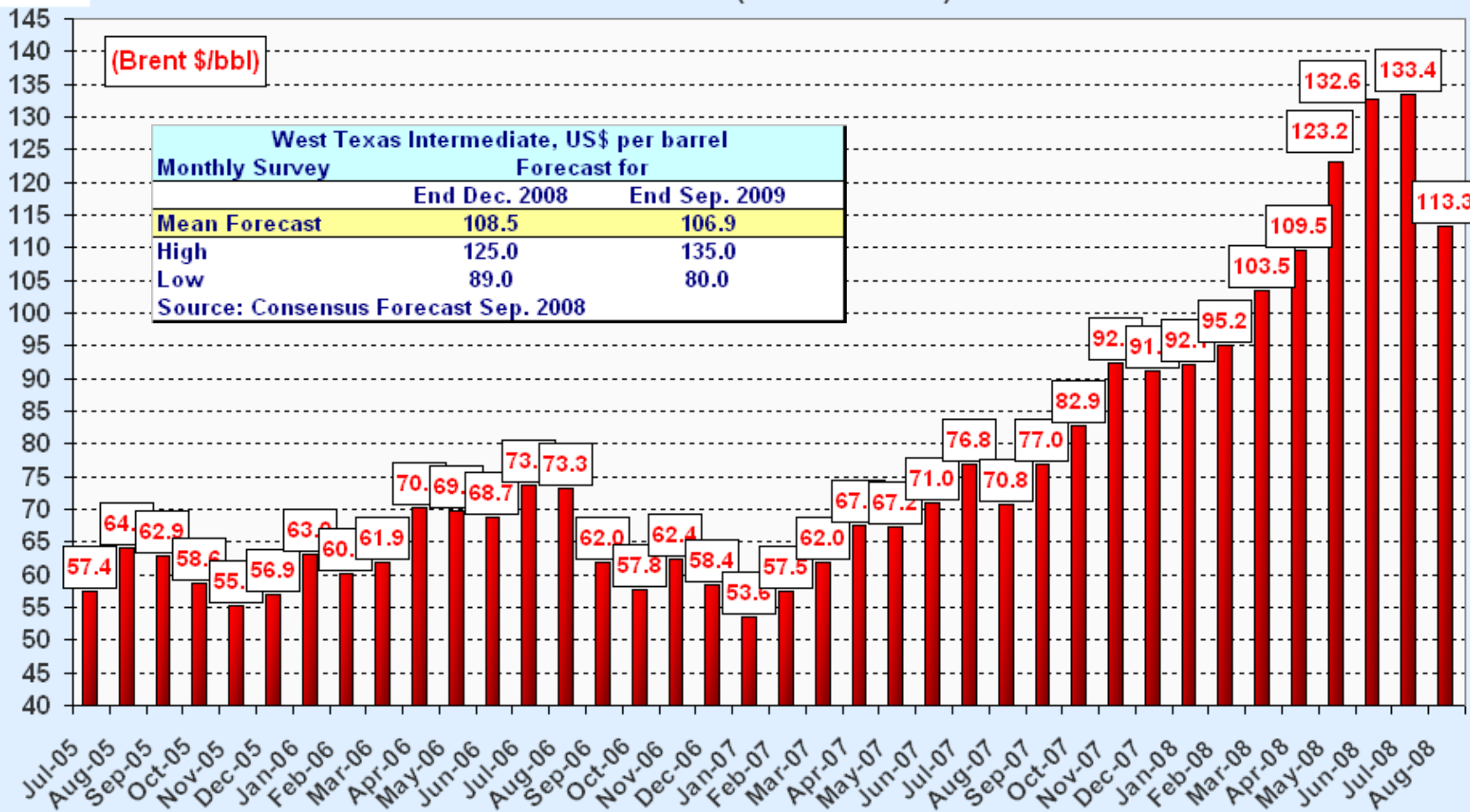


Data source: Eurostat

# Oil price



## Oil Price (Brent \$/bbl)



Data source: INSEE (Institut national de la statistique et des études économiques, Paris)



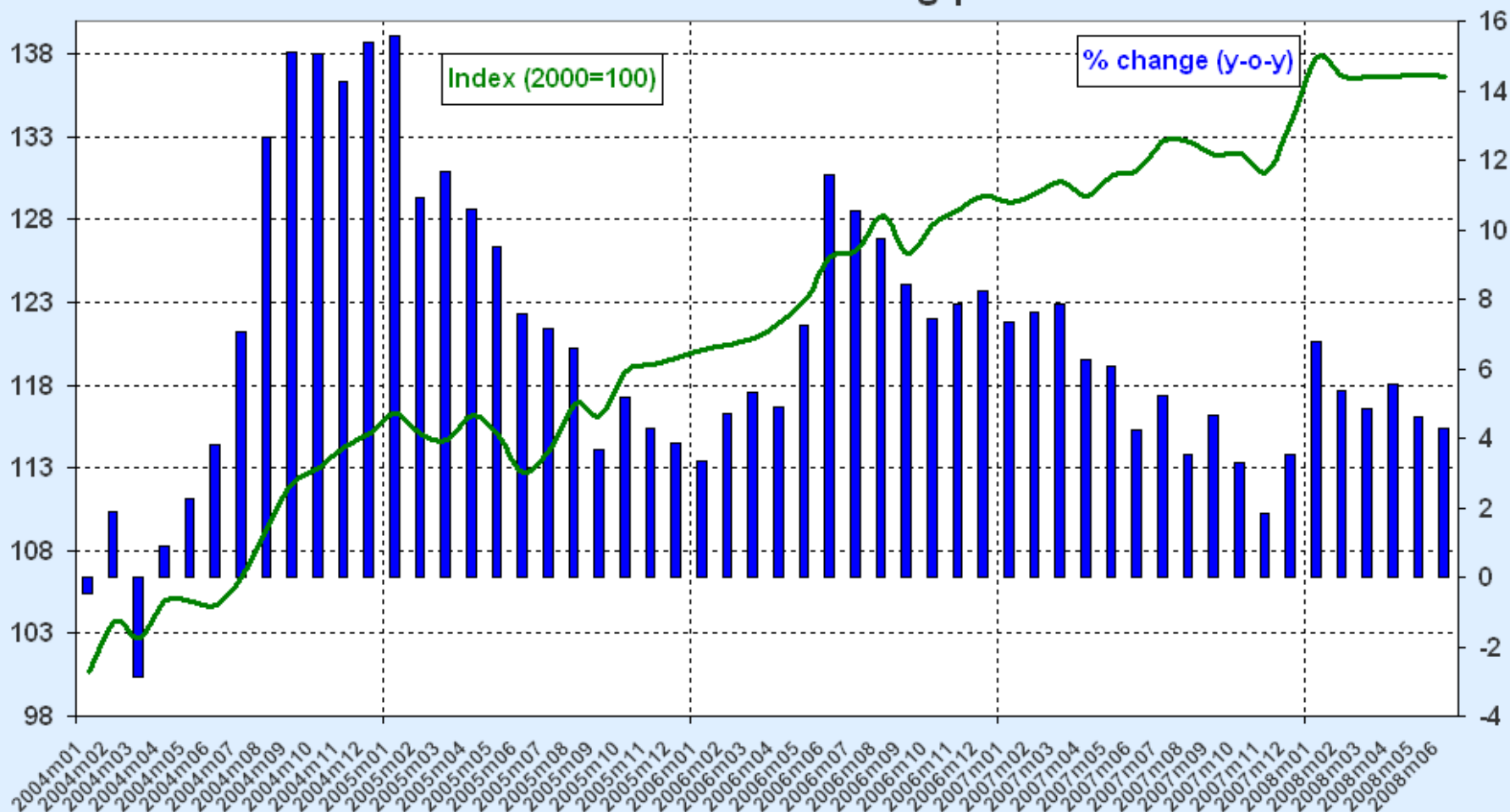
***Indicator 3: Chemicals sales***



# Chemicals sales June '08: 4.3% y-o-y growth



EU27: Sales: Chemicals excluding pharmaceuticals\*



Data source: Eurostat, \* Overall chemicals (Nace 24) - pharmaceuticals (Nace 244)



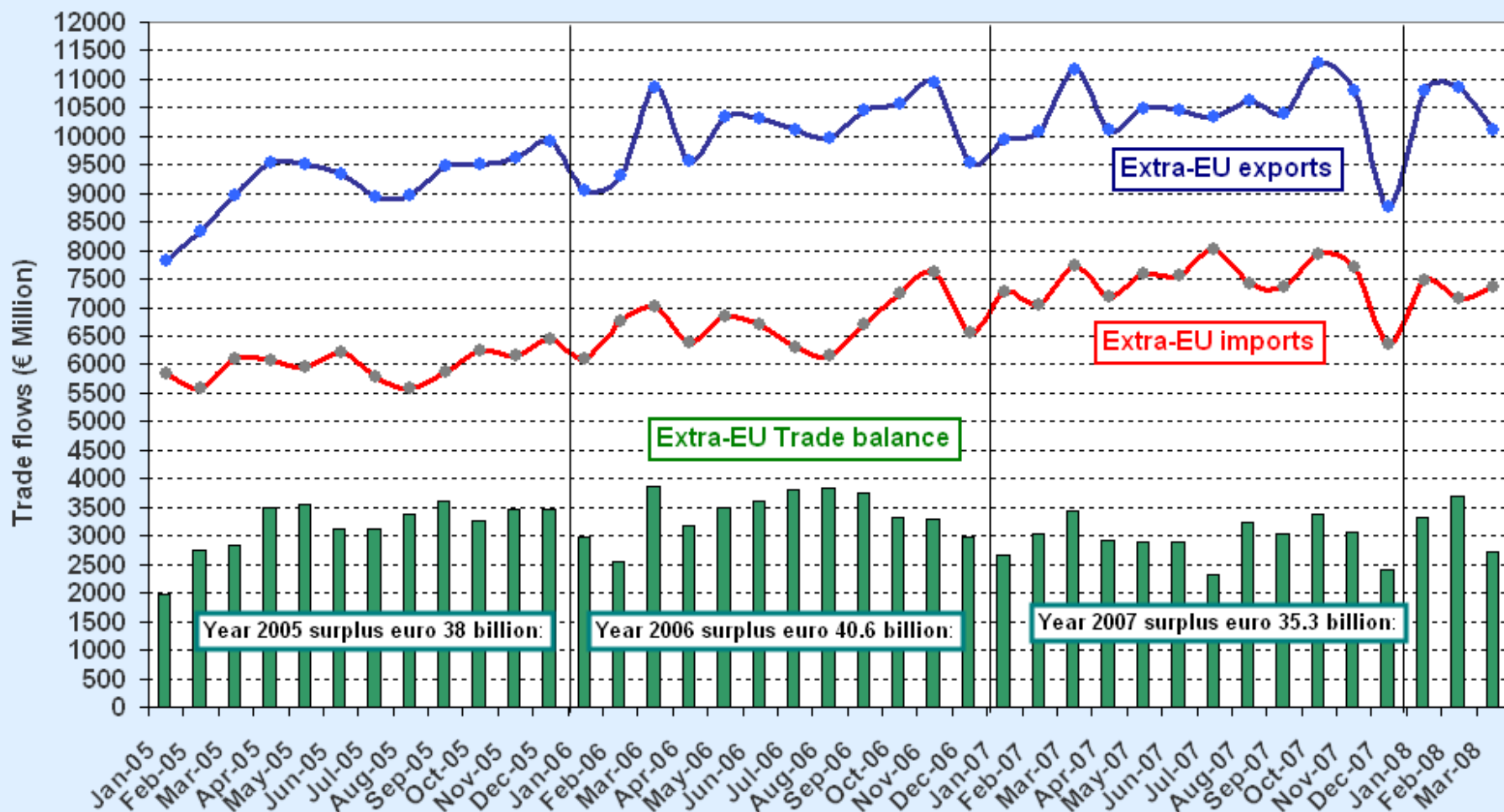
***Indicator 4: Chemicals Trade  
Development***



# Extra-EU chemicals trade development over the long run

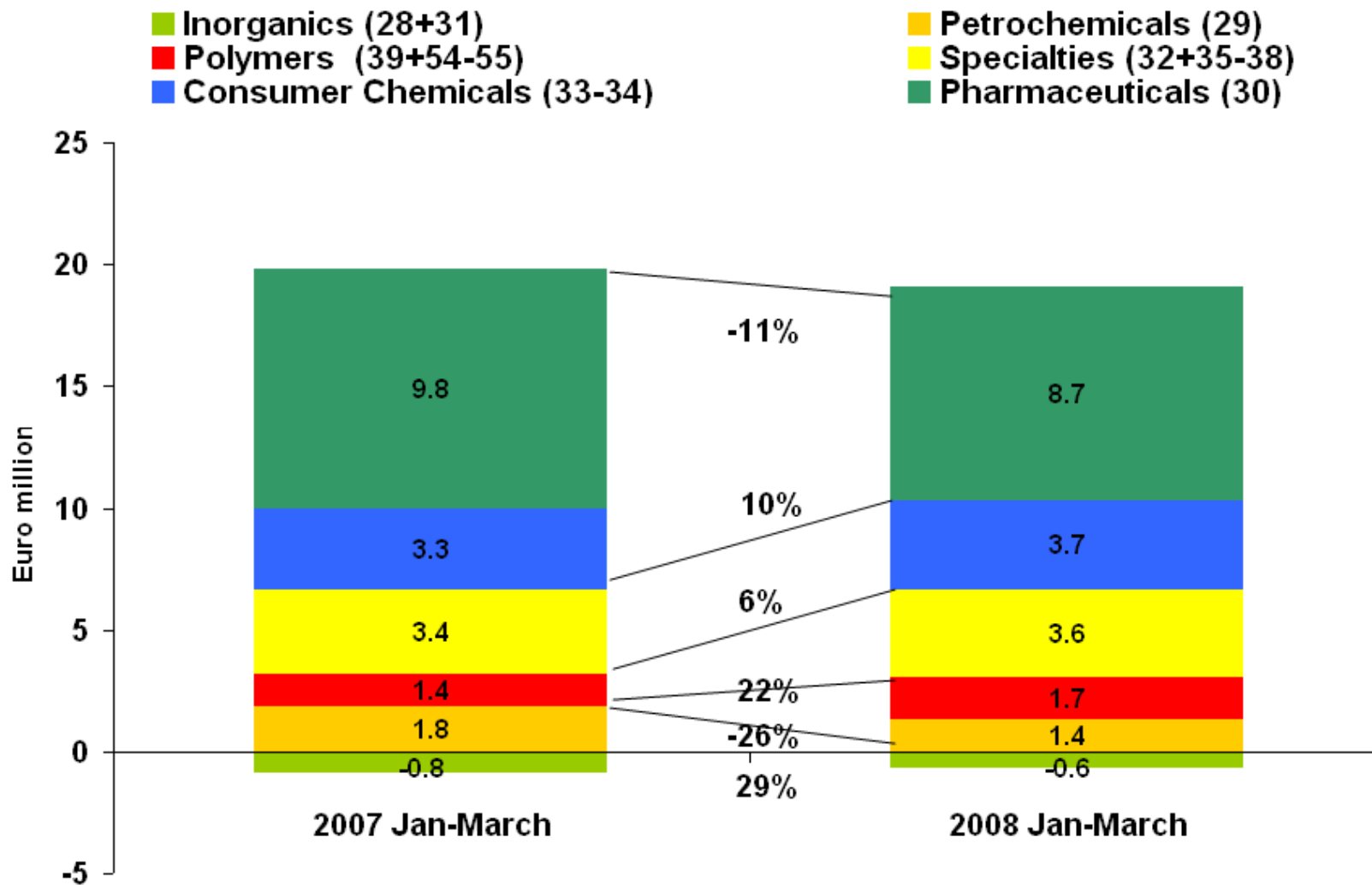


Extra-EU27 chemical trade surplus: Chemicals excluding pharmaceuticals



Data source: Eurostat (Comext)

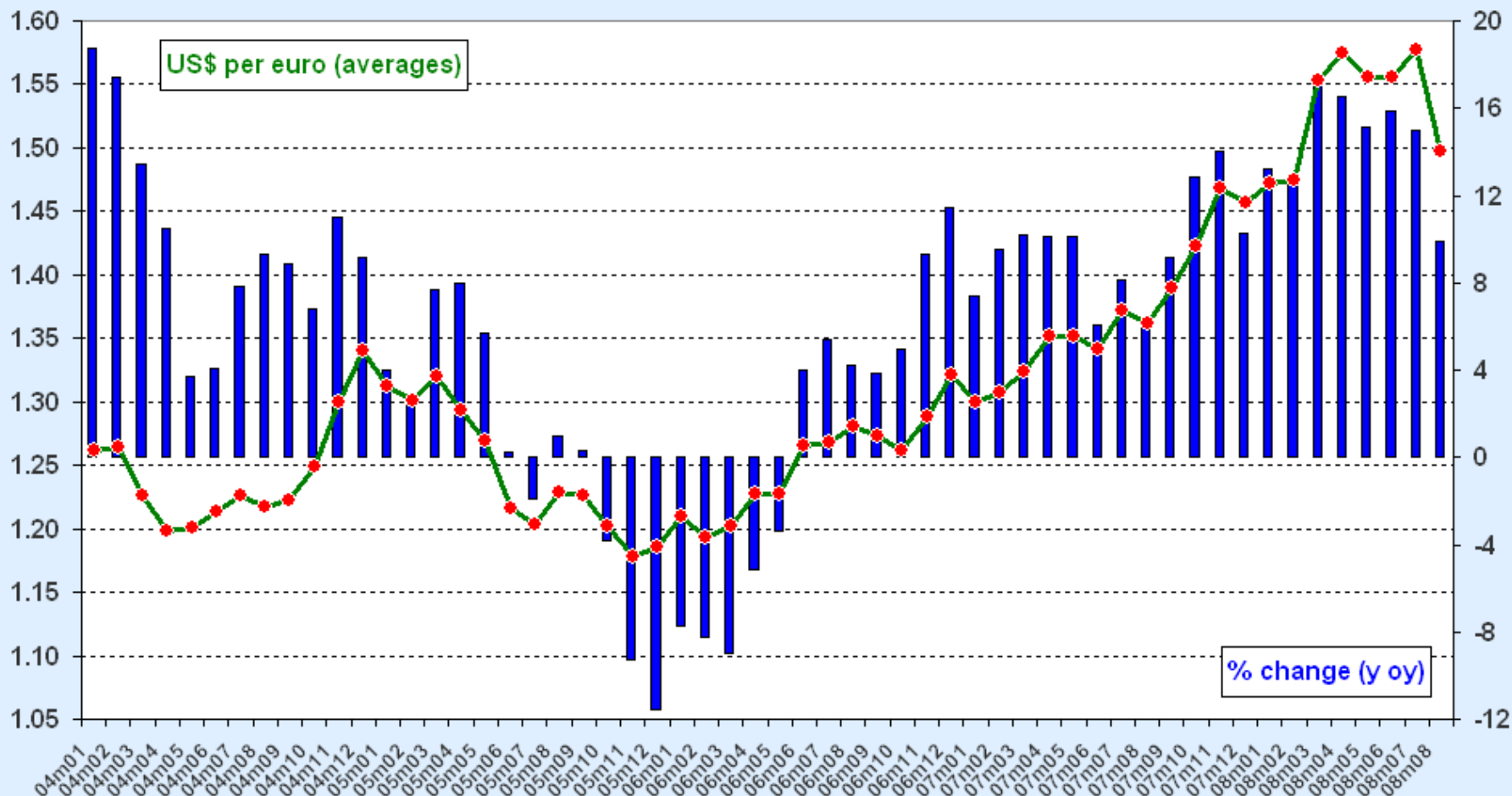
# Sectoral breakdown of EU chemicals trade balance: 2007 Jan-March versus 2008 Jan-March



# Euro exchange rate: US\$ per Euro



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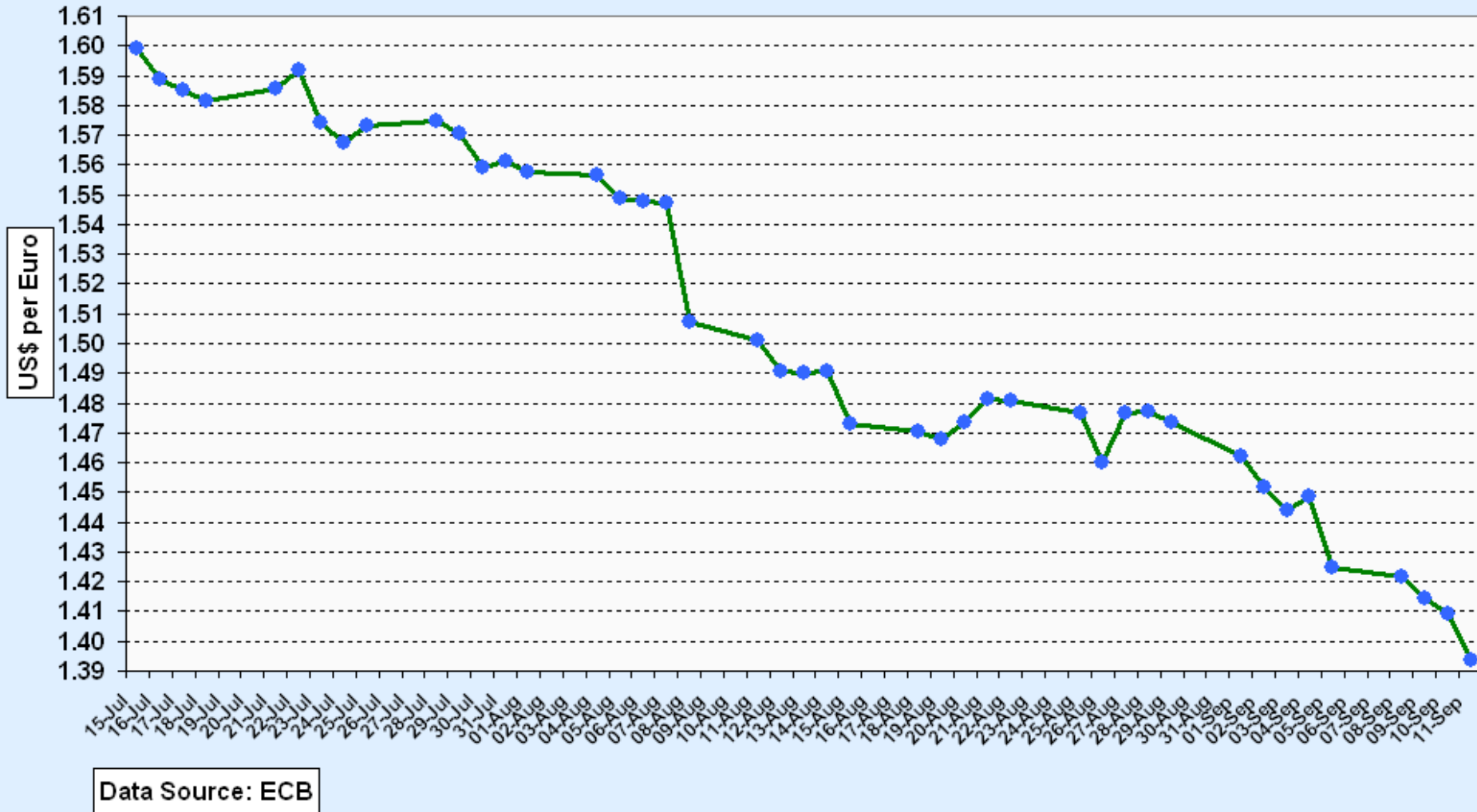
Data source: ECB



# Daily Euro exchange rate: US\$ per Euro- July-September 2008



## Euro exchange rate: US\$ per Euro: July-September 2008





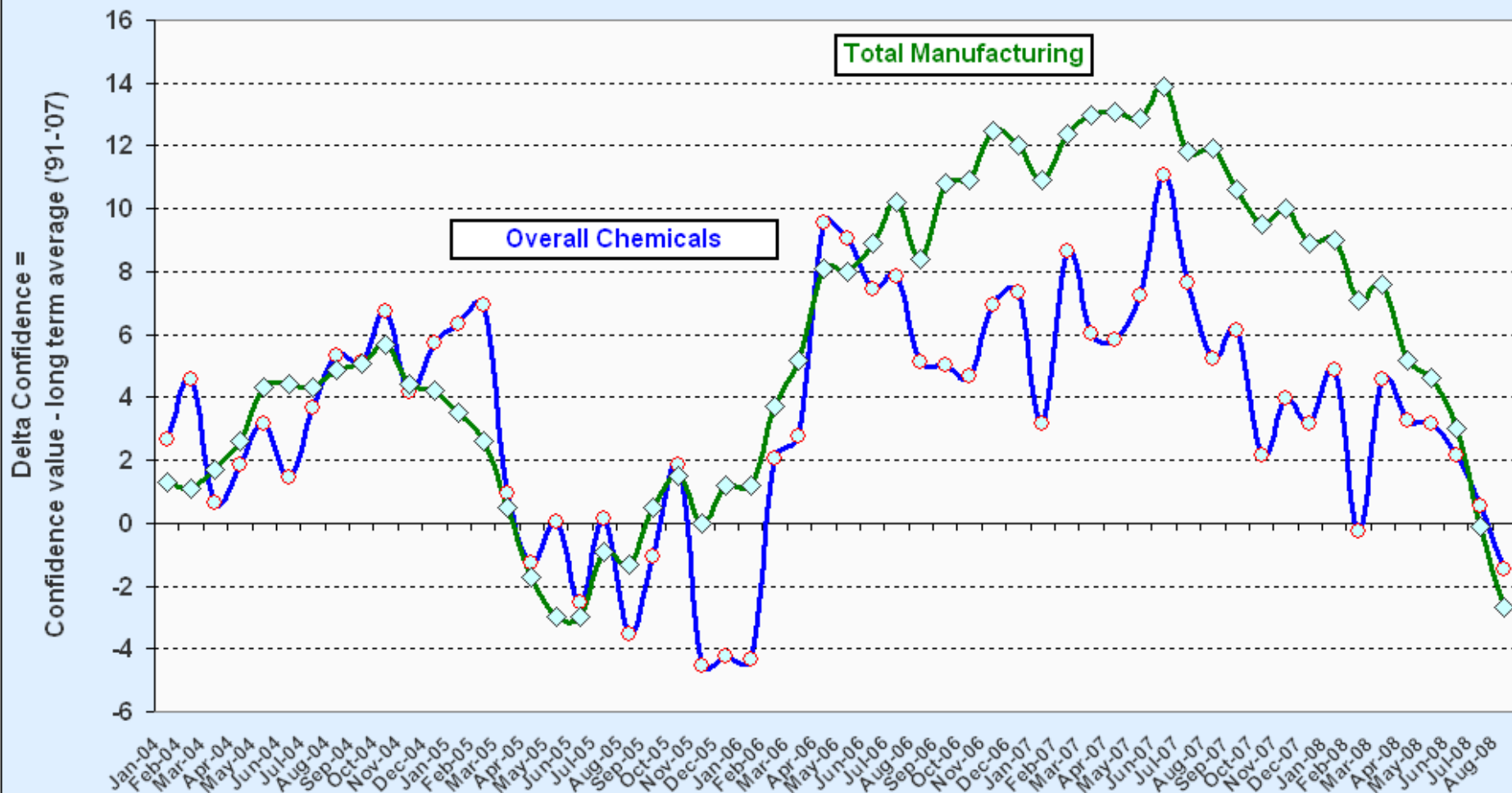
***Indicator 5: Chemicals Confidence***



# EU confidence Indicators: Chemicals versus total manufacturing

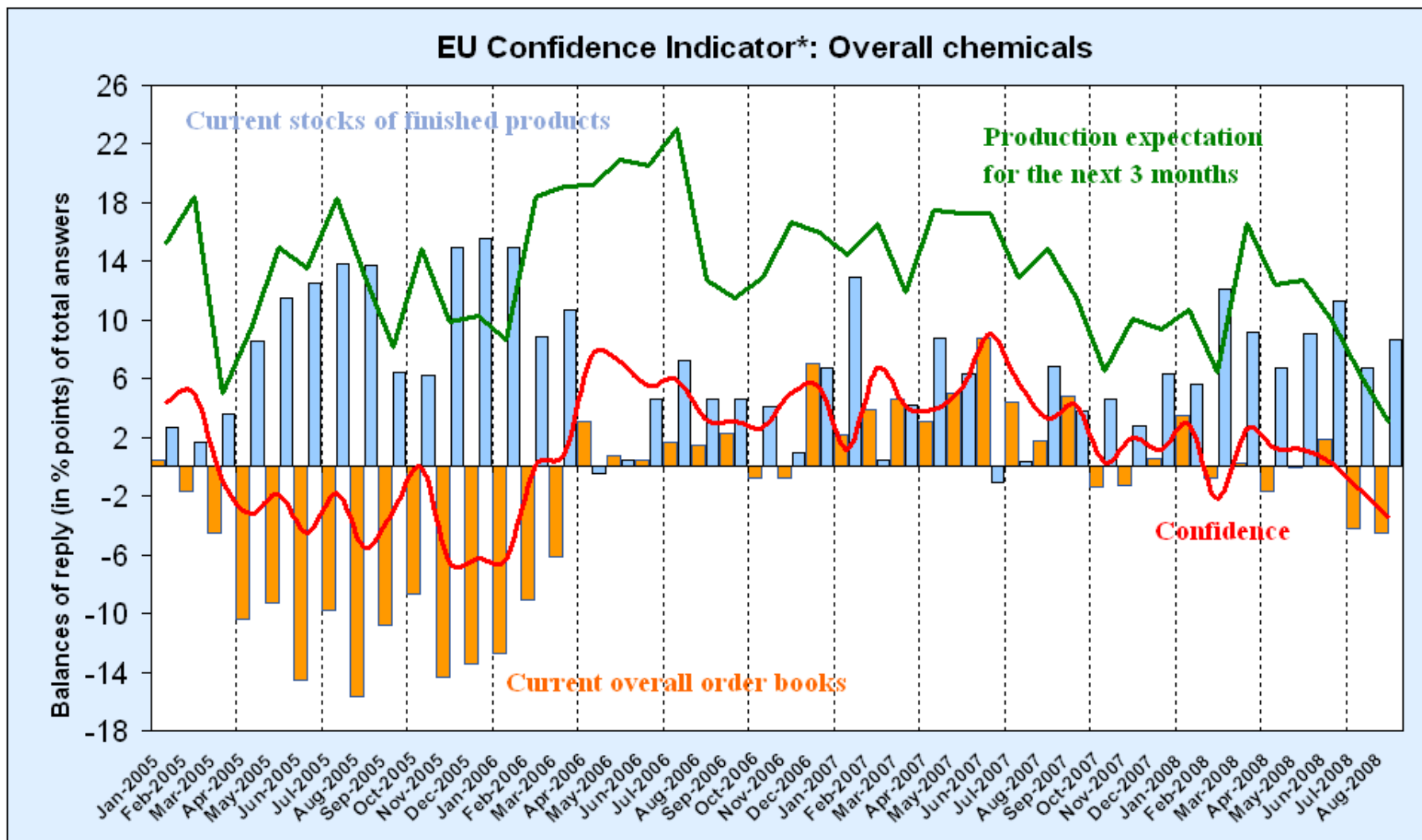


## EU Confidence Indicators: Chemicals versus total manufacturing



Data source: European Commission

# EU confidence Indicators: Chemicals

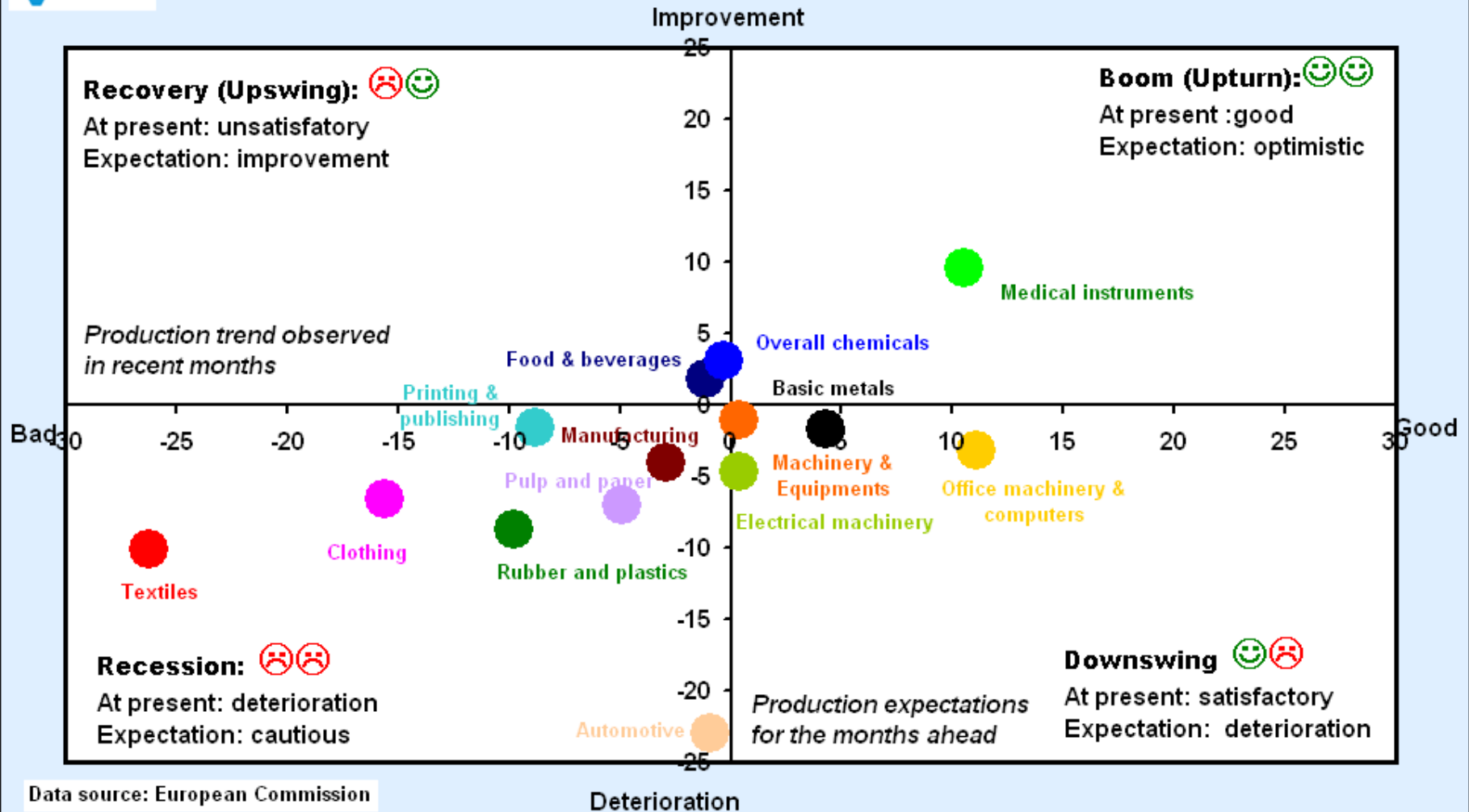


Data source: European Commission, \*Confidence indicator is the average of production expectation for the next 3 months, current overall order books and current stock of finished products (the last with inverted sign). Balances are the difference between positive and negative answering options, measured as percentage points of total answers.

# EU manufacturing: Comparing the current situation with the expectations



## Business climate: Production versus expectation: 08-2008

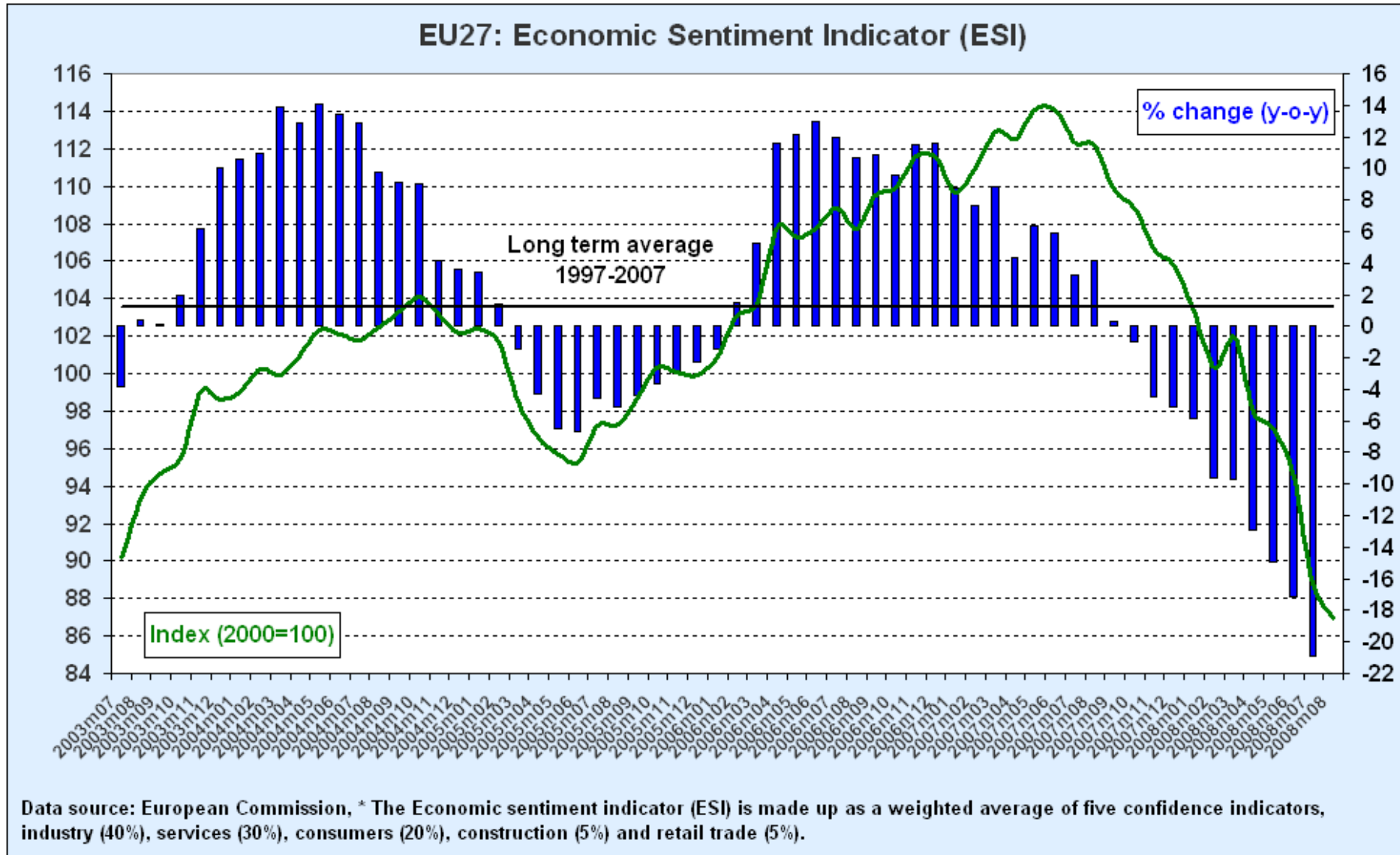




***Indicator 6: Business and  
Consumer Climate***



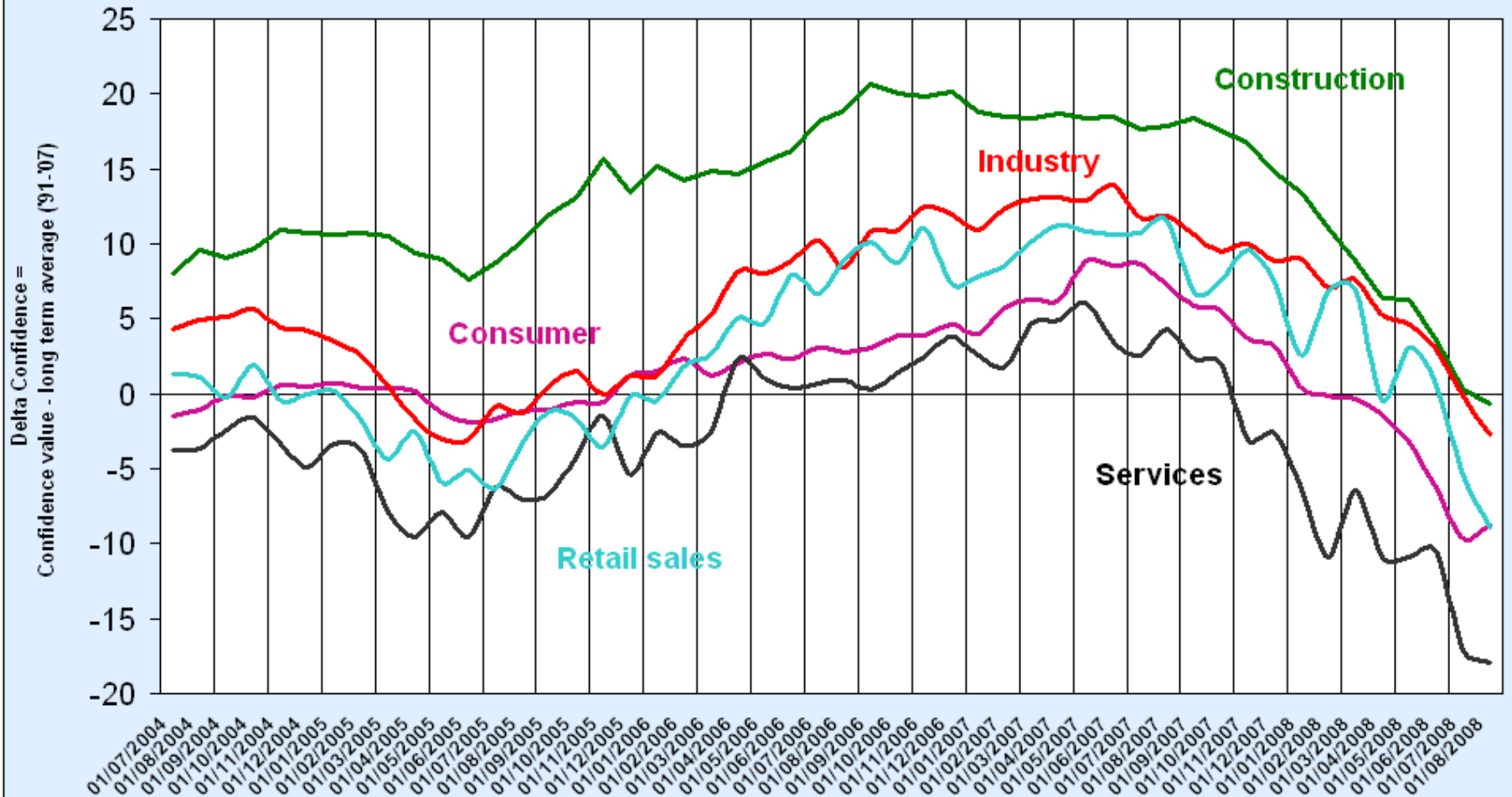
# Global perception of the economic situation in the EU



# Perception on the EU economic situation broken down by sector



EU Confidence Indicators broken down by sector: 2004-2008



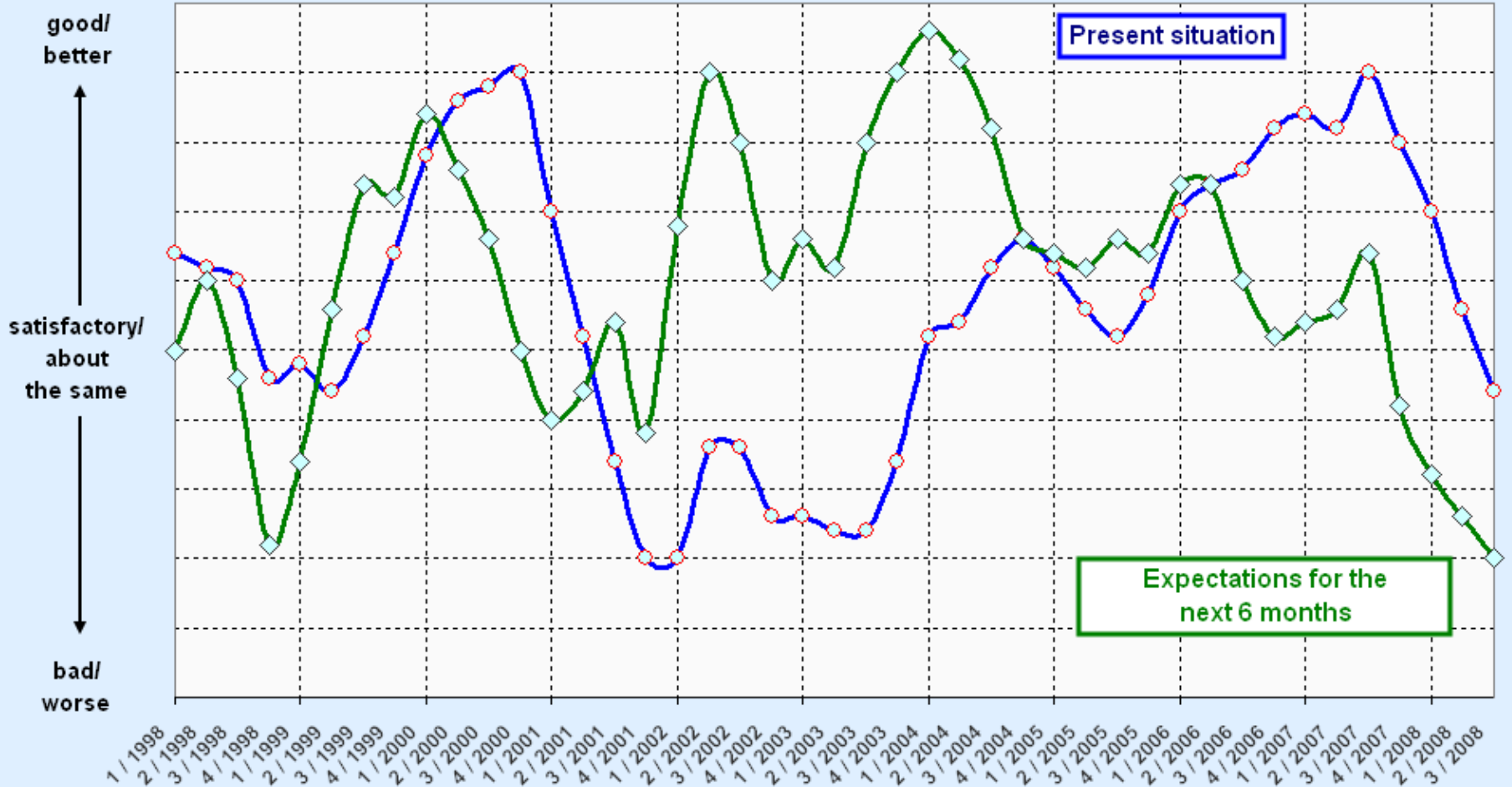
Data source: European Commission: Business and consumer survey: Balances are the difference between positive and negative answering options, measured as percentage points of total answers.



# A global perspective of the economic climate



## World Economic Climate: Present situation versus expectations



Data source: IFO World Economic Survey, Net balance of replies



***Cefic classification versus Eurostat  
Nomenclature***



# 1. Eurostat Classification NACE



## According to NACE rev.1 Classification

Section / subsection	Division			Description
	DG	24	Group	
			Class	
				<b>CHEMICALS, chemical products and man-made fibres</b>
		<b>241</b>		<b>Basic chemicals</b>
			2411	Industrial gases
			2412	Dyes and pigments
			2413	Other inorganic basic chemicals
			2414	Other organic basic chemicals
			2415	Fertilizers and nitrogen compounds
			2416	Plastics in primary forms
			2417	Synthetic rubber in primary forms
		<b>242</b>		<b>Pesticides and other agro-chemical products</b>
		<b>243</b>		<b>Paints, varnishes, printing ink, mastics, ...</b>
		<b>244</b>		<b>Pharmaceuticals, medicinal chemicals and botanical products</b>
			2441	Basic pharmaceutical products
			2442	Pharmaceutical preparations
		<b>245</b>		<b>Soap and detergents, perfumes and toilet preparations ...</b>
			2451	Soap and detergents, cleaning and polishing preparations
			2452	Perfumes and toilet preparations
		<b>246</b>		<b>Other chemical products</b>
			2461	Explosives
			2462	Glues and gelatines
			2463	Essential oils
			2464	Photographic chemical material
			2465	Prepared unrecorded media
			2466	Other chemical products n. e. c.
		<b>247</b>		<b>Man-made fibres</b>

## 2. Cefic Classification



### Consistent definition of chemical sectors

Weight	Weights	Chemical sub-sectors	Nace Code
16.0%		1. Petrochemicals	2414
8.1%		3. Basic Inorganics	2413, 2411, 2415
4.0%	49.5%	Other inorganics	2413
1.7%	20.8%	Industrial gases	2411
2.4%	29.7%	Fertilizers	2415
18.6%		2. Polymers	2416, 2417, 247
16.0%	86.1%	Plastics	2416
0.8%	4.4%	Synthetic rubber	2417
1.8%	9.5%	Man-made fibres	247
19.2%		4. Specialty chemicals	246, 2412, 242, 243
2.1%	11%	Dyes & pigments	2412
1.3%	7%	Crop protection	242
5.8%	30%	Paints & inks	243
10.0%	52%	Auxiliaries for industry	246
27.9%		6. Pharmaceuticals	244
10.1%		5. Consumer Chemicals	245
72.1%		Chemicals excluding pharmaceu	24-244
100.0%		Overall Chemicals	24