

Chemicals Trends Report

Monthly short summary, June 2011



EUROPEAN CHEMICAL INDUSTRY COUNCIL

EU chemicals output climbs 4.3 per cent in March, first quarter production rises 5.3 per cent *Chemicals sector stands 3.5 per cent below peak levels reached in early 2008*

BRUSSELS, June, 2011 – EU chemicals production pushed further upwards in March 2011, increasing 4.3 per cent compared with March 2010, according to the latest Cefic Chemicals Trends Report. The March data capped off a robust first quarter for the sector, as production expanded 5.3 per cent during the first three months of the year.

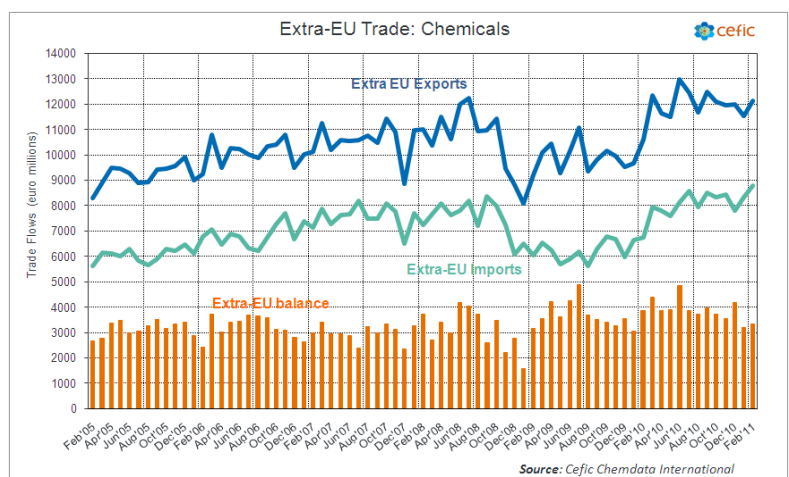
Month-on-month production improved modestly in March, increasing one per cent compared with February. Prices were up 10.5 per cent during March compared with the same period the year prior, the second consecutive month that prices have increased by double digits. Year-on-year EU sales in February surged by 20.3 per cent, led by exports and overall price increases for chemicals, and up 19.4 per cent for the first two months of 2011.

Cefic Chief Economist Moncef Hadhri commented: “The March data confirm that the overall situation in the EU chemicals sector is still showing signs of improvement, but at a somewhat weaker pace than in the first two months of the year.

“The price upswing for the sector remains affected by the uncertainties surrounding the global business climate, especially in the Middle East and North Africa.”

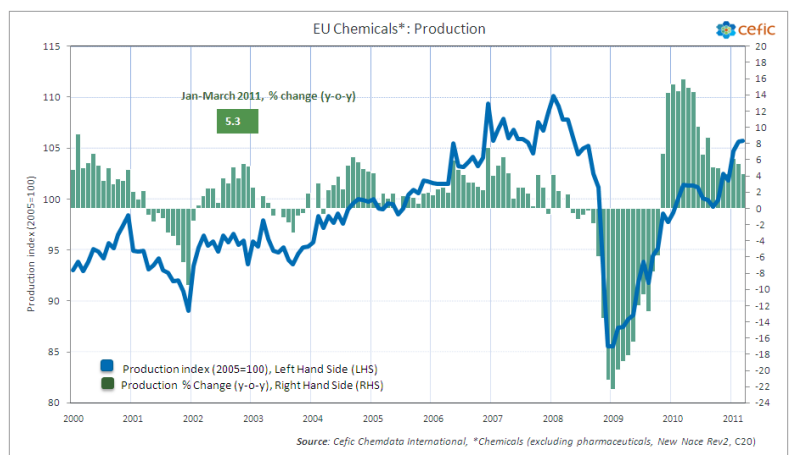
Trade surplus at €6.5 billion through February

Trade data show a €6.5 billion trade surplus for the EU chemicals sector in the first two months of the year, down 5.6 per cent compared with the same period in 2010. Trade data during the January-February period show net trade surpluses of €2 billion with the NAFTA region and €1.4 billion with Asia, excluding Japan and China. Net trade deficits occurred with two major trading partners – €0.4 billion with China and €0.1 billion with Japan. Non-EU countries in Europe had the most trade with the EU market, as total trade between the two areas was €10.7 billion during the two-month timeframe, ahead of NAFTA at €9.9 billion.



Production hums along as recovery continues

First quarter data show EU chemicals production just 3.5 per cent below the peak level in first quarter 2008. The EU production index for March was up 23.6 per cent from the low in December 2008. Petrochemicals production in March increased 8.1 per cent 2011 compared with the year prior, while basic inorganics production rose by 5.6 per cent. Year-on-year consumer chemicals rose by 4.5 per cent in March, polymers grew by the same percentage, and specialty chemicals rose 2.2 per cent.



EU chemicals prices push up: 10.5 per cent increase in March

Prices registered in March 2011 were 10.5 per cent higher than in March 2010, led by a 17.4 per cent overall price surge in petrochemicals. The price of plastics swelled 14.1 per cent, and basic inorganics rose 11.4 per cent during the comparable period. Prices for consumer chemicals increased modestly – by only 1.7 per cent in March compared with those registered in March 2010.

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World economic recovery will continue in coming six months, although at somewhat weaker pace

According to the results of the second quarter of 2011 Ifo World Economic Survey (WES), the World Economic Climate continues to brighten. The Ifo indicator for the world economic climate has risen further albeit only slightly. The increase is the sole result of more favourable assessments of the current economic situation. The expectations for the coming six months weakened somewhat, however, but are still confident. The survey results indicate that the recovery of the world economy will continue in the coming six months, although at a somewhat weaker pace.

Economic Sentiment Indicator (ESI) above long-term average in Germany, France, the Netherlands and UK (excerpt)

The Business and Consumer Survey (BCS) reported that in May, the Economic Sentiment Indicator (ESI) remained above its long-term average in Germany, France, the Netherlands and the UK. The ESI was broadly unchanged at 105.4 for the entire European Union, while it decreased by 0.6 points to 105.5 in the euro area. In the European Union, a worsening of sentiment in industry was offset by moderate gains in the other business sectors, while consumers' confidence improved markedly. Among the largest EU member states, the Netherlands (-4.6 points), Italy (-2.7) and France (-1.9) reported decreases, while the UK (+2.6) and Poland (+0.6) improved. Meanwhile, Germany (-0.1) remained broadly stable.

Capacity utilisation continues upward trend (Business and Consumer Survey, April 2011)

Although confidence remains far above its long-term average in the sector, industry confidence fell by 1.7 points in both the EU and the euro area, on the back of a drop in firms' production expectations and a worsening assessment of the level of order books. Managers were also more pessimistic about their export order books and past production, which declined substantially, while their appraisal of stocks continued to recover from historic lows. Capacity utilisation – a quarterly survey – continued its upward trends in both the European Union and the euro area. At 81.3 per cent in both regions, capacity utilisation is now at its long-term average. This aggregate picture masks a strong heterogeneity at the Member State level, with Germany firmly in the lead and peripheral countries 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 issued each month to members of Cefic – the European Chemicals Industry Council – which includes chemical industry associations and member companies. Both the short summary and full report 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.