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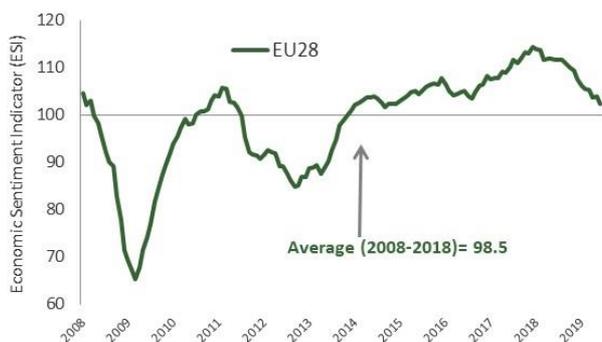
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EU chemicals production grows 1.7% in Q1 2019 compared with Q4 2018

Changes (y-o-y): Output (April), 0.0%, Prices (April) ▲1.3%, Sales (March) ▲0.9%, Exports (March) ▲1.4%, Imports (March) ▲1.6%, Surplus (March) ▼(€1.0 bn), Consumption (March) ▲1.8%,

EU economic sentiment decreases markedly ▼

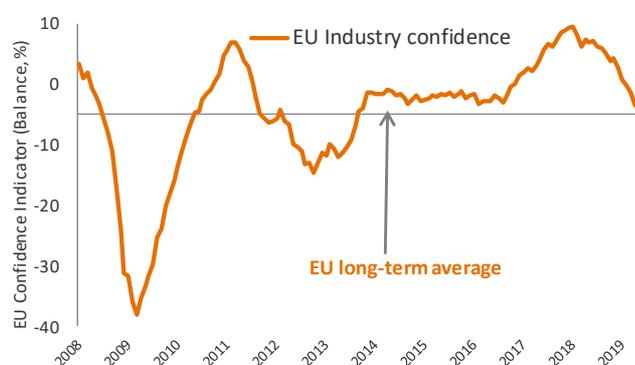
According to the latest EU business and consumer survey results (June-2019), the Economic Sentiment Indicator (ESI) decreased markedly in both the euro area and the EU area. The deterioration of euro-area sentiment was driven by lower confidence in industry and, to a lesser extent, in services and among consumers, while confidence improved in retail trade and, particularly, construction. The ESI decreased in all of the largest euro-area economies, most so in Germany, followed by Italy, the Netherlands, France and Spain. (source, European Commission services, business and consumer survey results, June 2019).



EU industry confidence: the most significant decrease in about eight years ▼

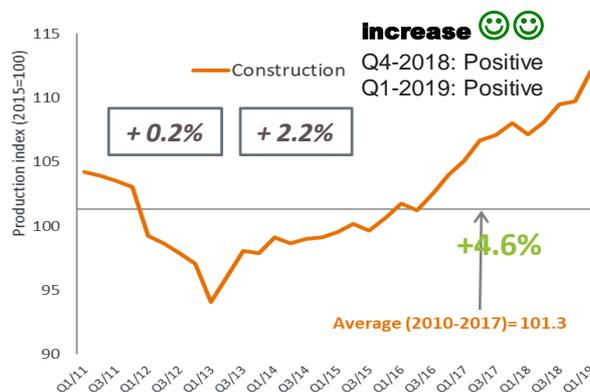
According to EU Business and Consumer Survey (June 2019), EU confidence posted a sharp decline constituting, together with a commensurate drop in April, the most significant decrease in about eight years. The latest deterioration brought the indicator for the first time since autumn 2013 down to slightly below its long-term average and was caused by managers' more pessimistic views on all three components, i.e. production expectations, the current level of overall order books and stocks of finished products.

(source, European Commission services, business and consumer survey results, June 2019).



EU construction doing well ▲

The construction sector is continuing its positive trajectory and seems to be less affected by the declining activity of most EU manufacturing sectors. Output in the construction sector was 4.6% above the previous year's level. This is a good performance, giving a positive boost to the chemicals business. Output in most EU manufacturing sectors went down at the beginning of the year, with only a few manufacturing sectors above the 2018 level.

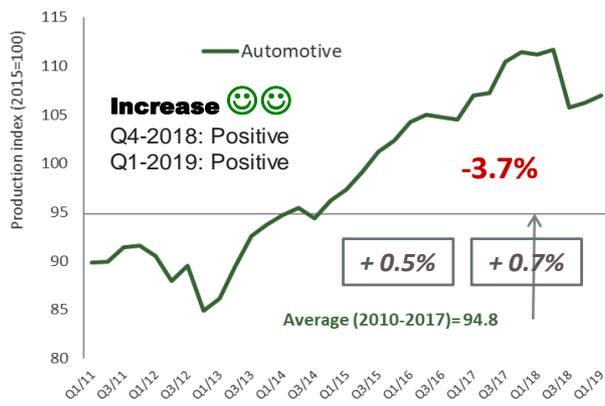


EU automotive below previous year's level ▼

The business environment these days is still uncertain.

Several factors have contributed to this modest mood: The rising protectionism all over the world is negatively impacting industrial & economic activity.

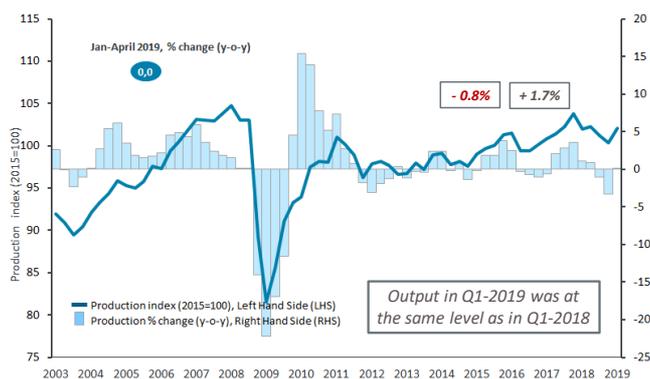
The slowdown in the Chinese economy and the new regulations in the automotive industry have had a negative impact as well, mostly in Germany. These are the major factors.



The automotive sector shows a negative confidence indicator for 9 months in a row in Q1 2019. Production & employment expectations are also negative for 2019. Data on new orders in recent months & export expectations shows no sign of improvement. The automotive sector posted a decrease of 3.7% in Q1-2019, mainly affected by the weak performance in Germany.

EU chemicals business modestly recovering from a ‘technical’ recession ▲

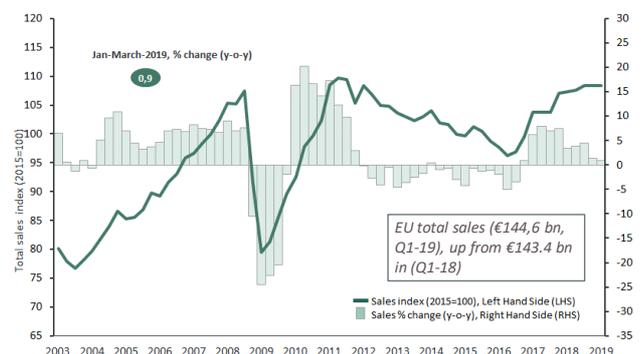
Data confirms a good start to the year 2019 compared to the second half of 2018, which was more severe than expected. EU chemicals production in the EU chemicals sector posted an increase of 1.7% (comparing Q1-2019 to Q4-2018). Producer prices were above the previous year’s level, growing 1.3% in the EU chemicals sector during the first four months of 2019.



The quarterly output analysis shows that after a period of declining output, growth rates were positive at the beginning of 2019. EU chemicals business is modestly recovering from a ‘technical’ recession (two consecutive quarters of output decline, -1.1% in Q3-18 followed by -0.8% in Q4-18).

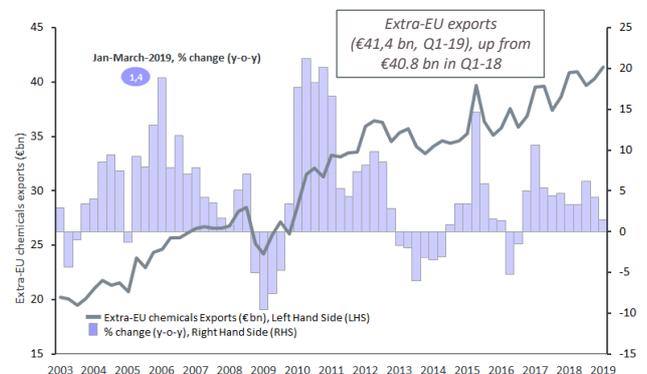
❖ Chemicals sales rise by €1.2 billion ▲

Total sales (domestic and exports) in the EU chemicals business were **0.9% above the previous year’s level**. Sales in Q1-2019 posted a value of **€144.6 billion**, up from €143.4 billion in Q1-2018. Sales growth is driven by positive growth in producer prices.



❖ Chemicals exports rise by €0.6 billion ▲

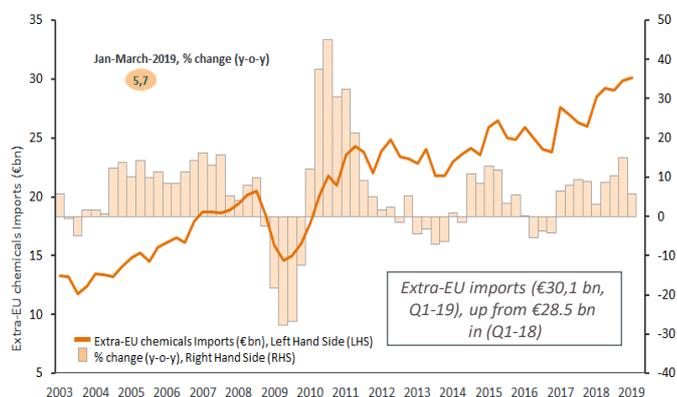
EU chemicals exports outside the EU28 area reached the value of €41.4 billion through March 2019, up from €40.8 billion during the same period of last year. Exports outside the EU area were 1.4% above the previous year’s level (comparing Q1-2019 to Q1-2018). EU chemicals exports to the USA reached the value of **€8.2 billion** in Q1-2019, down from **€8.8 billion** in Q1-2018 (-6.8%).



EU chemicals exports to China rise by €319 million during the first quarter of 2019 compared to the same period of last year. Exports to China were 9.1% above last year’s level, thanks to the positive development of EU exports in petrochemicals and consumer chemicals.

❖ **EU chemicals imports up €1.6 billion ▲**

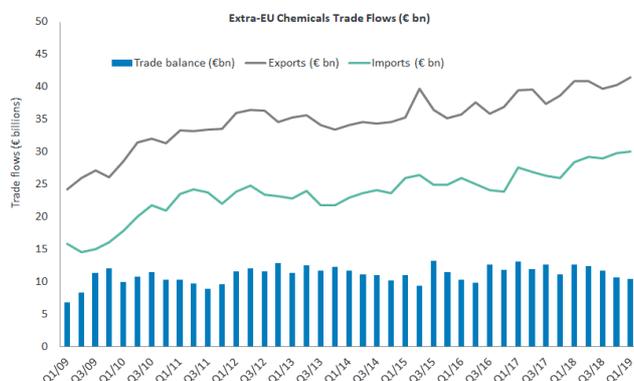
EU chemicals imports rose by €1.6 bn through the first three months of 2019. Imports outside the EU28 area reached the value of €30.1 bn from January to March 2019, up from €28.5 bn during the same period of last year (5.7%).



The main changes were the following: EU imports from the USA reached the value of €6.4 bn in Q1-2019, up from €5.8 bn (11.7%). They went up mostly in petrochemicals. Alongside that, EU imports went up significantly from China in both petrochemicals and polymers. Lastly, EU imports from Russia went down by €130 million in petrochemicals.

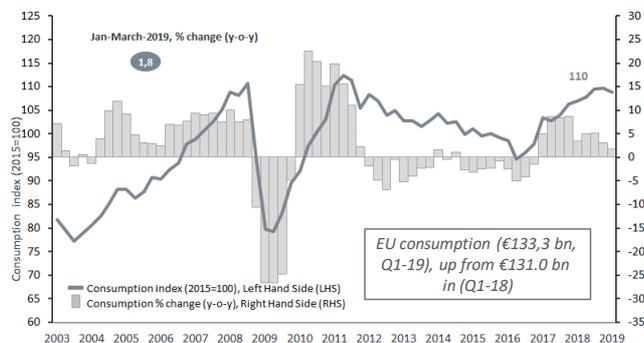
❖ **Chemicals surplus down by €1.0 billion ▼**

The net trade surplus was €11.3 bn from January to March 2019, down from €12.4 bn during the same period of last year. EU chemicals registered a trade deficit with Japan, China, India and South Korea. The EU chemicals surplus with the USA went down from €3.0 bn to €1.8 bn. This represents 42% (in value) down compared to the previous year's level.



❖ **Chemicals consumption rises by €2.3 billion ▲**

EU chemicals consumption of the EU single market reached the value of €133.3 billion through March 2019, up from €131.0 billion last year (+1.8%).



Total domestic sales (inside the EU28 area) in the chemicals sector grew 0.6% from January to March 2019 compared to the same period of 2018. Q1-2019 reached the domestic sales value of €103.2 billion, accounting for 77% of EU chemicals consumption.