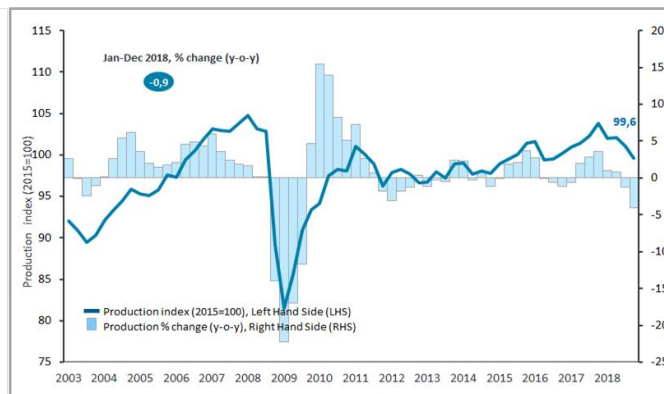
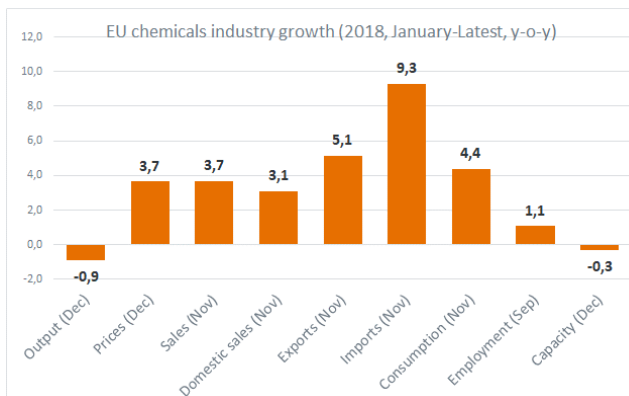


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Output declines slightly amid global economic downturn

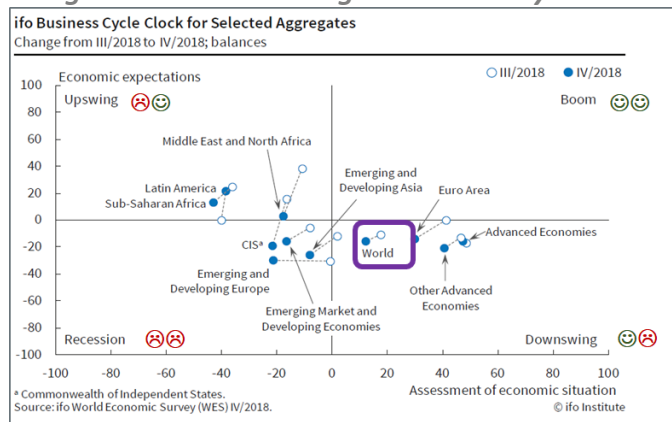
Output ▼0.9%, Producer prices ▲3.7%, Total sales ▲3.7%, Domestic sales ▲3.1%,
 Exports ▲5.1%, Imports ▲9.3%, Trade Surplus ▼(€1.8 bn), Consumption ▲4.4%



❖ **A slight downturn in the global economy (no recession) ▼**

According to the *ifo World Economic Survey (WES, Q4-2018)*, experts' assessments of both the current economic situation and their economic expectations deteriorated somewhat compared to the previous quarter. The analysis shows a slight **downturn in the global economy (no recession)**.

A slight downturn in the global economy



The economic climate deteriorated particularly strongly in emerging and developing countries. The deterioration in worldwide economic expectations was particularly clearly reflected in weaker private consumption, while investment

activity did not decline any further (source, *ifo WES report, November 2018*).

❖ **Output in Q3-Q4 2018 decreased further (-0.9%) ▼**

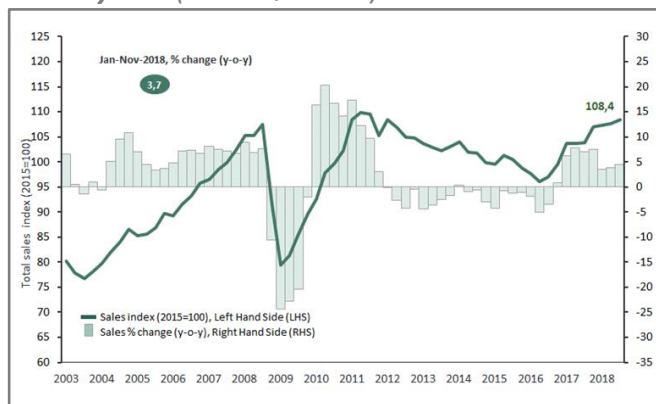
Production in the EU chemicals sector posted a decline of 0.9% in 2018 compared to 2017. The results of 2018 were mainly affected by the second half of the year, with output declining in **Q3-2018 and Q4-2018 by 1.3% and 4.0% respectively** compared to the same period of 2017. Base chemicals were most affected compared to other sectors. Producer prices were above the previous year's level, growing **3.7%** in the EU chemicals sector in 2018. Q4-2018 reached the highest values since Q3-2013.

❖ **Sales growth is mainly driven by higher growth in producer prices (3.7%) ▲**

Total sales (domestic and exports) in the EU chemicals business were **3.7% above the previous year's level**. In Q3-2018, total sales in the chemicals business reached their highest level since Q4-2011. Sales during the first eleven months of 2018 posted a value of €529.5 billion. **Sales growth is mainly driven by higher growth in producer prices.**

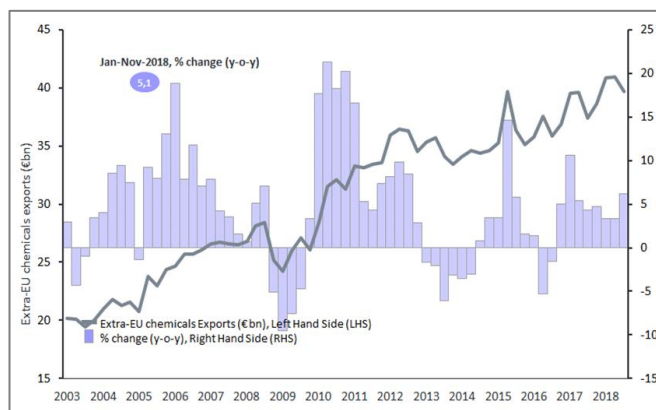
Data analysis shows that domestic sales (inside the EU28 area) grew 3.1% from January to November 2018, reaching the value of €379.6 billion.

Chemicals sales in Q3-2018; the highest level in seven years (since Q4-2011)



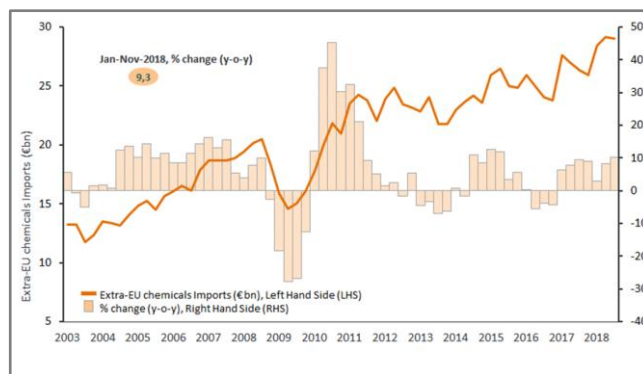
❖ **Chemicals exports rise by €7.3 billion ▲**
 EU chemicals exports outside the EU28 area reached the value of €149.9 billion through November 2018, up from €142.6 billion during the same period of last year. EU chemicals exports to the USA reached the value of **€29.6 billion** from January to **November 2018**, up from **€26.5 billion** from January to November 2017. With 9.2%, China is still the third largest exporting market for the EU chemicals sector, followed by Africa, Middle East and Russia.

EU exports jump 5.1% (Jan-Nov,18, y-o-y)



❖ **Chemicals imports up €9.2 billion ▲**
 EU chemicals imports outside the EU28 area reached the value of €107.8 billion through November 2018, rising by €9.2 billion. Extra-EU chemicals business was 9.3% above the previous year's level. With 13.4%, China is the third largest importing market for the EU chemicals sector, after the USA and Rest of Europe. EU chemicals imports went up significantly from China (17.6%). EU chemicals imports from the USA fell, mainly in basic inorganics and consumers chemicals.

EU imports leap 9.3% (Jan-Nov,18, y-o-y)



❖ **Trade surplus down by €1.8 billion ▼**
 The net trade surplus was €42.1 billion during the first eleven months of 2018, down from €43.9 billion during the same period of 2017. As expected, the largest EU chemicals surplus occurred with rest of Europe. EU chemicals however registered a trade deficit with India, China, South Korea, and Japan.

EU trade surplus down by €1.8 billion

