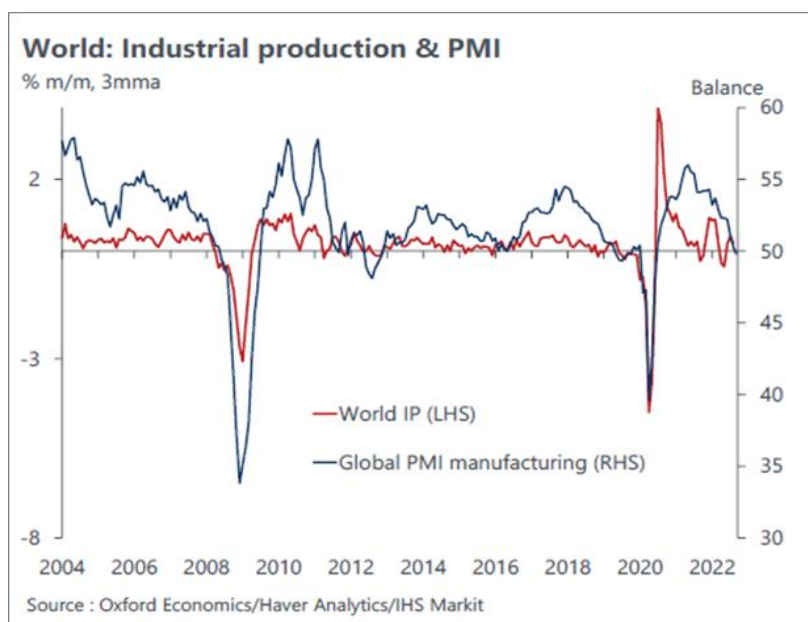


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## **High energy prices and economic uncertainty continue to drive down the chemicals output in the EU27 area**

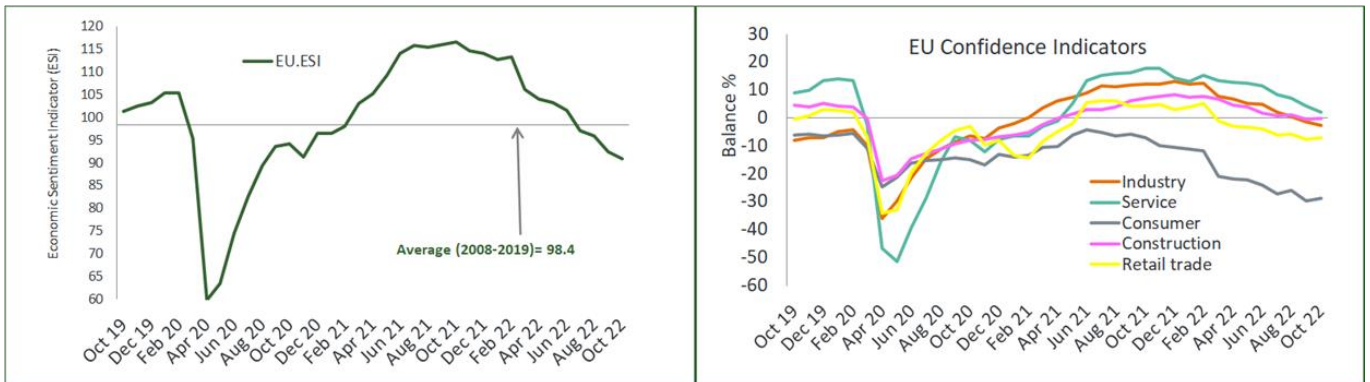
**Key findings:**

- ✓ **The Global PMI index crossed the threshold of 50 for the first time since mid-2020**  
Following months of deteriorations, the latest global manufacturing flash PMI (Purchasing Managers' Index) reading has, for the first time since mid-2020, crossed the threshold of 50. This signals a contraction in manufacturing. The weakened global consumer demand environment is beginning to make itself evident in various indicators, including the demand for global air travel and the global light vehicle selling rate. For the first time, these two indicators fell m/m since January and April respectively. The latest PMI readings for **major European economies uniformly worsened, indicating a weak environment going forward** (Source: Oxford Economics Monthly Industry Briefing/Global Industry-Oct-2022).



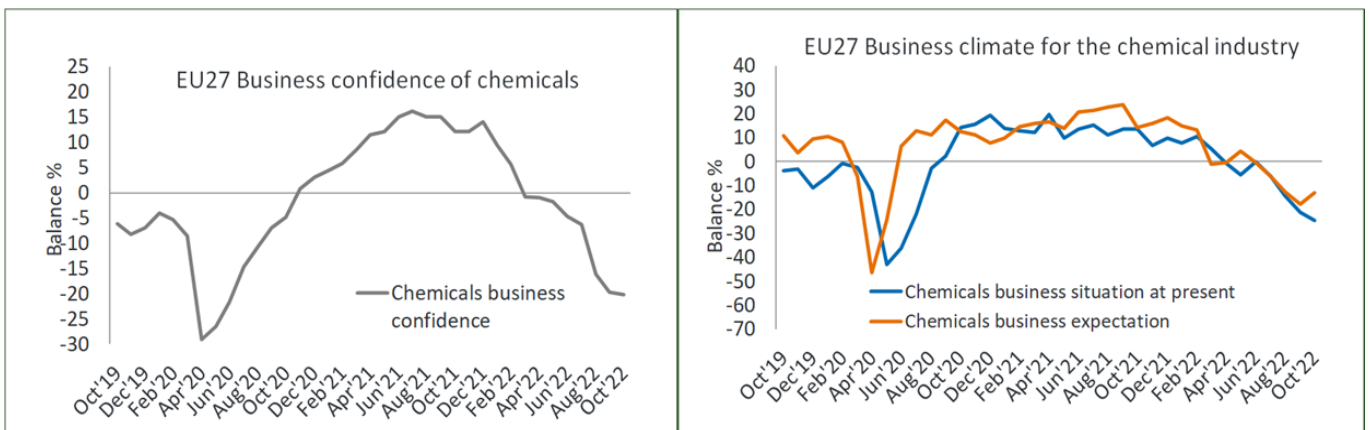
- ✓ **The Economic Sentiment Indicator reached its lowest level since August 2020**  
Following the sharp decline recorded in September 2022, the Economic Sentiment Indicator (ESI) declined further in October 2022 in the EU area, reaching its lowest level since August 2020. The Employment Expectations Indicator (EEI) also decreased, but remained well above its long-term average. The ESI decrease registered in October is the result of marked deteriorations in services and manufacturing confidence, which are only partly offset by slight improvements in retail trade and consumer confidence. Confidence in construction remained broadly stable. Amongst the largest EU economies, the ESI fell in Germany and Italy; it remained essentially unchanged in the

Netherlands and France and improved in Poland and Spain (Source: business and consumer survey results for October 2022).

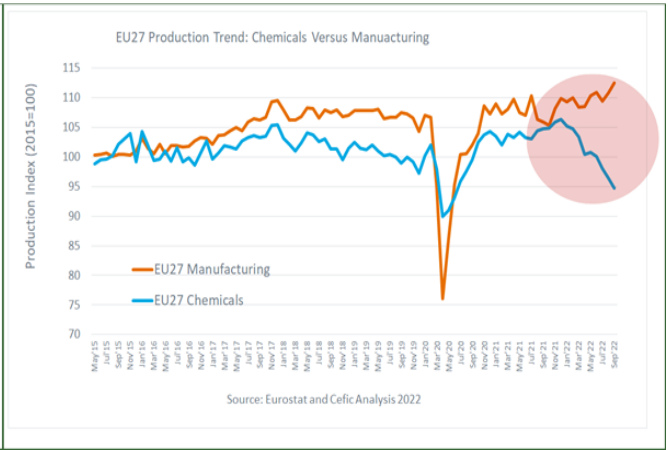
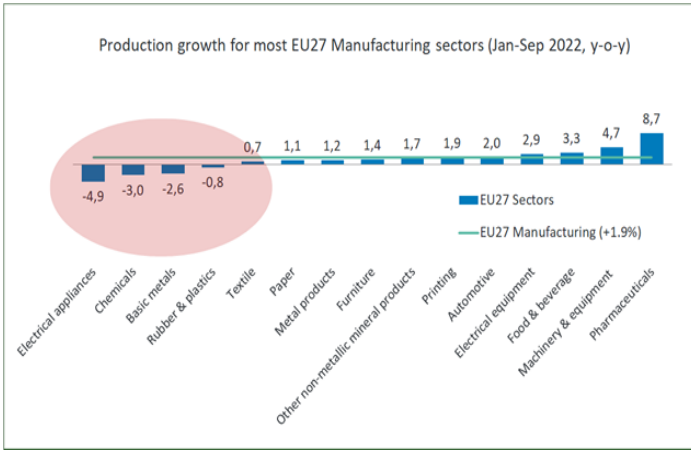


✓ **Chemicals business confidence declined for the eighth consecutive month**

The chemicals industry confidence decreased for the eighth month running. Managers' assessments of the current level of overall order books worsened markedly and the stocks of finished products increased. By contrast, managers' expectations regarding production for the next three months show some improvement (Source: business and consumer survey results for October 2022).



✓ **Chemicals output declined whereas other manufacturing continued to grow. In the EU27 area, chemicals production declined by 3% in the period January-Sep 2022 compared to the same period of 2021.** Data shows a significant impact on chemicals production in most EU countries. On average, output in the manufacturing sector is 1.9% above 2021's level (Jan-Sep), due to sectors such as machinery and equipment (+4.7%) and pharmaceuticals (+8.7%). However, **the energy crisis continues to impact deeply the chemical sector in Europe and its trade activity. Data analysis confirms decoupling between manufacturing and chemicals.**



✓ *The price of natural gas recorded in Europe are still far above the ones of other main regions. Natural gas prices in Europe are still 6.2 times higher than in the US. In October 2022, oil price rebounded due to the depreciation of the euro against the dollar. In October 2022, the price of North Sea crude oil (Brent) in dollars was back on the rise (+4.0% after 10.8% in September), averaging \$93.3. In euro terms, the increase was slightly more significant (+4.8% after 8.8%), due to the depreciation of the euro against the dollar occurred in October. (Source INSEE Monthly Report, October 2022 and investing.com).*

