Business Worldwide

GLOBAL ECONOMIC DEVELOPMENTS

Facts and figures for the second quarter of 2026 and outlook

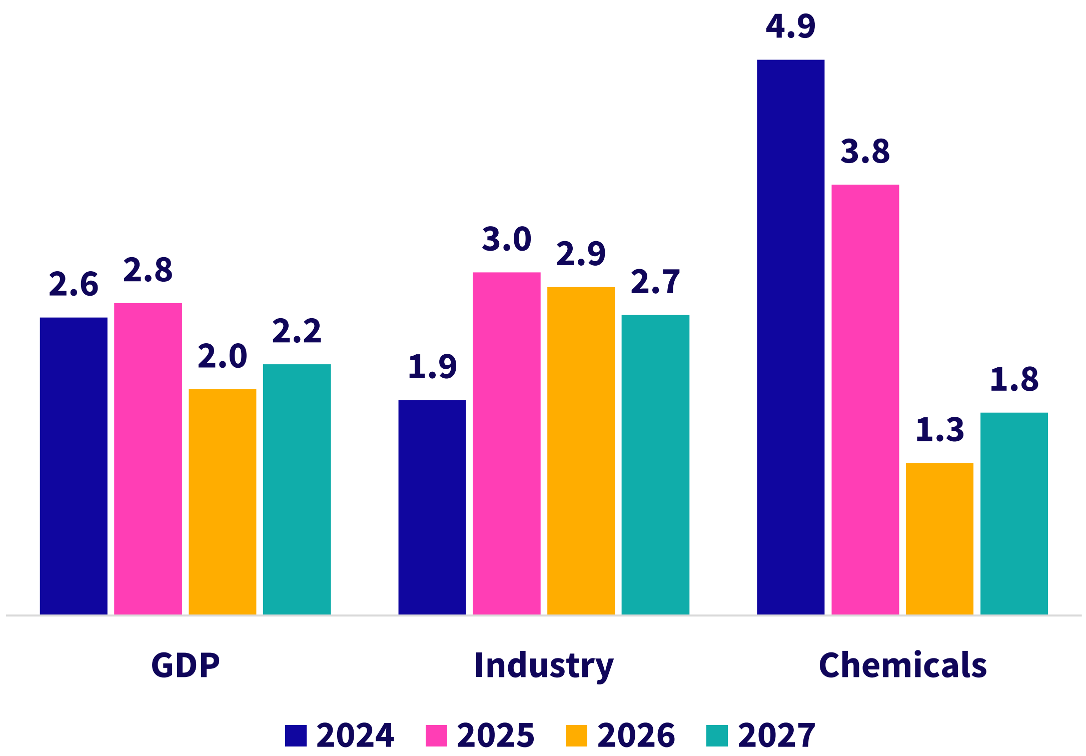
8 September 2026

Verband der
Chemischen Industrie e.V.
Elementar für Deutschland
VCI

GLOBAL TREND: SLOWING GROWTH

Overview of forecasts for 2026

Year-on-yeargrowthrates in per cent

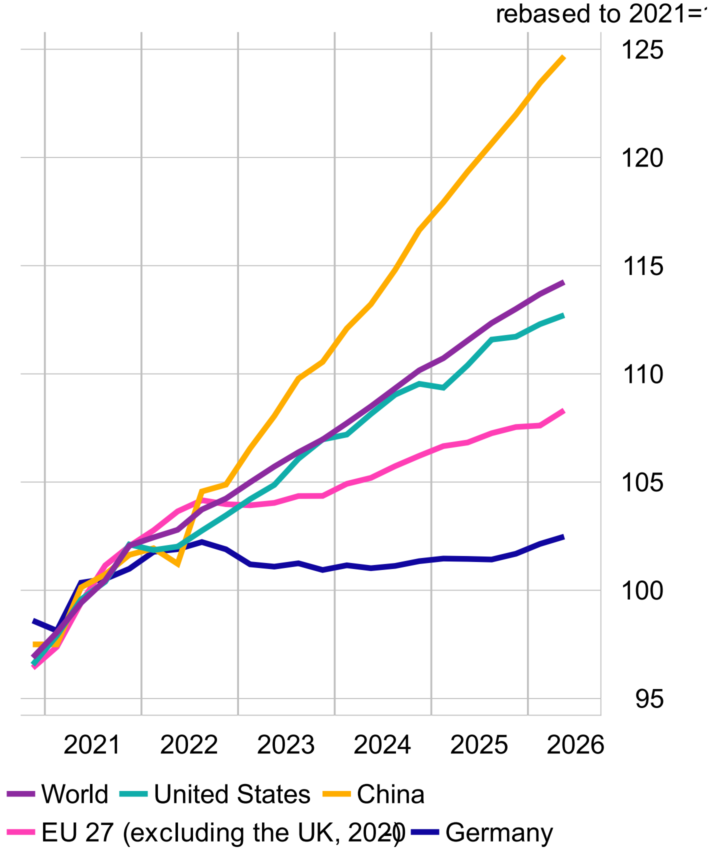


Sources: Macrobond, Chemdata International, VCI

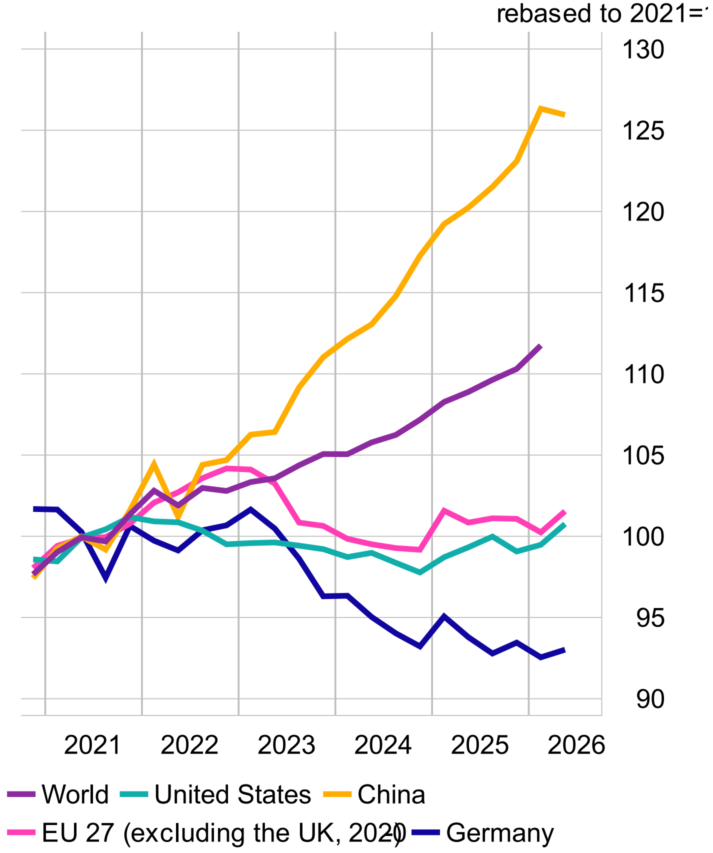
- The Iran conflict has so far primarily acted as a stagflationary shock: it is weighing on world trade, industrial production, investment and consumption, driving up global inflation whilst at the same time exacerbating government budget problems. Central banks are thus caught between combatting inflation and supporting growth. Overall, global economic growth is likely to fall to just over two per cent in 2026.
- In the **industry**, there have been significant price rises for key energy commodities such as naphtha and LNG, initially in Asia but increasingly in Europe as well. At the same time, freight rates and transport costs have risen. Supply chains have come under pressure. In some cases, higher producer prices have been passed on.
- Petroleum products and natural gas are key raw materials and energy sources for the **chemicals**. Consequently, these price and cost increases act as a brake on production and dampen value creation and the flow of goods in the long term.

PRODUCTION: A MIXED DEVELOPMENT DESPITE A SLIGHT UPWARD TREND

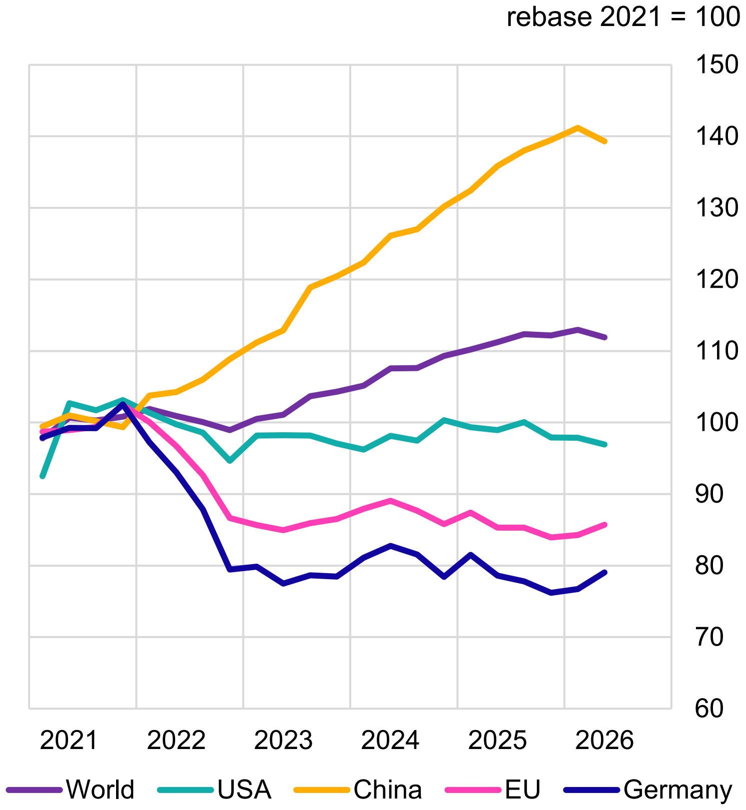
Development GDP



Industrial Production Growth

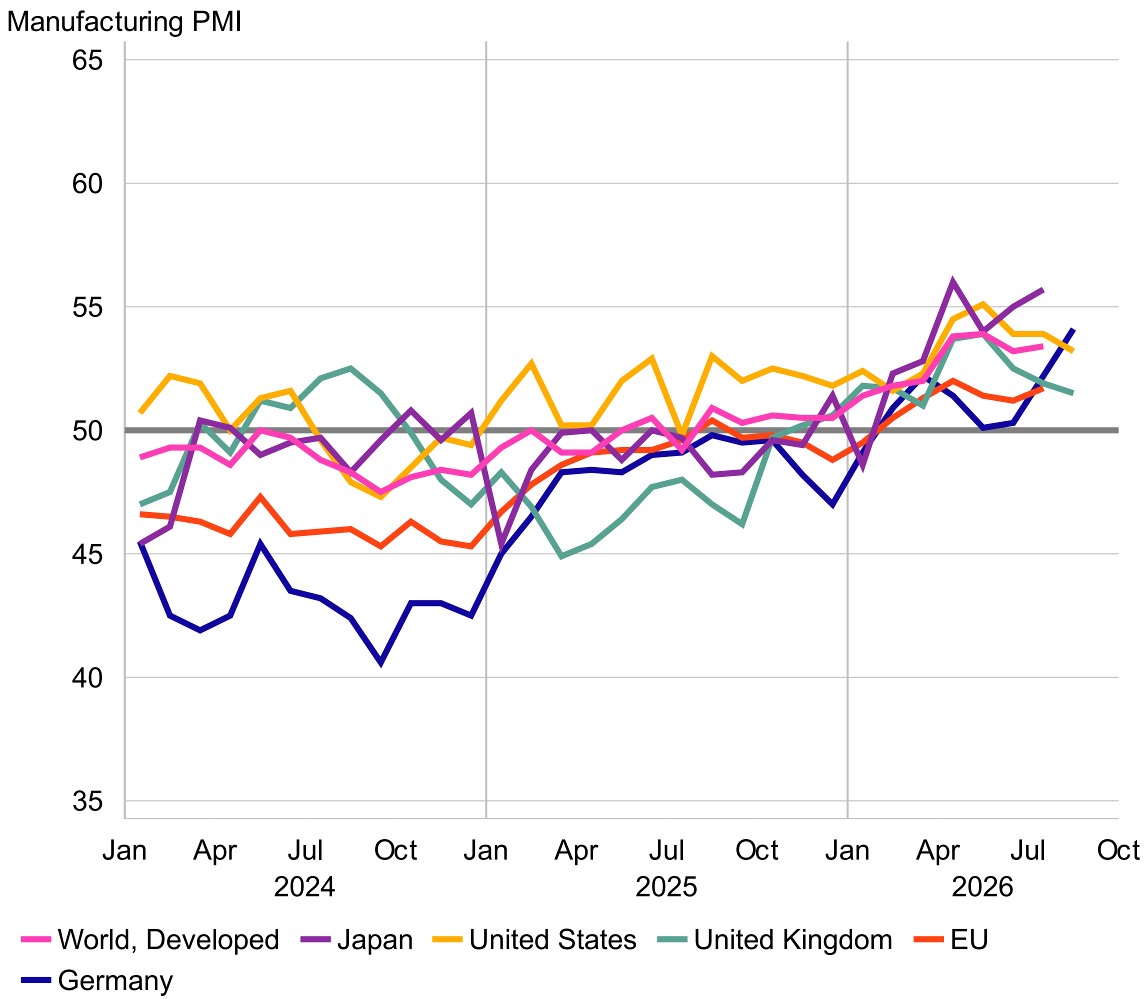


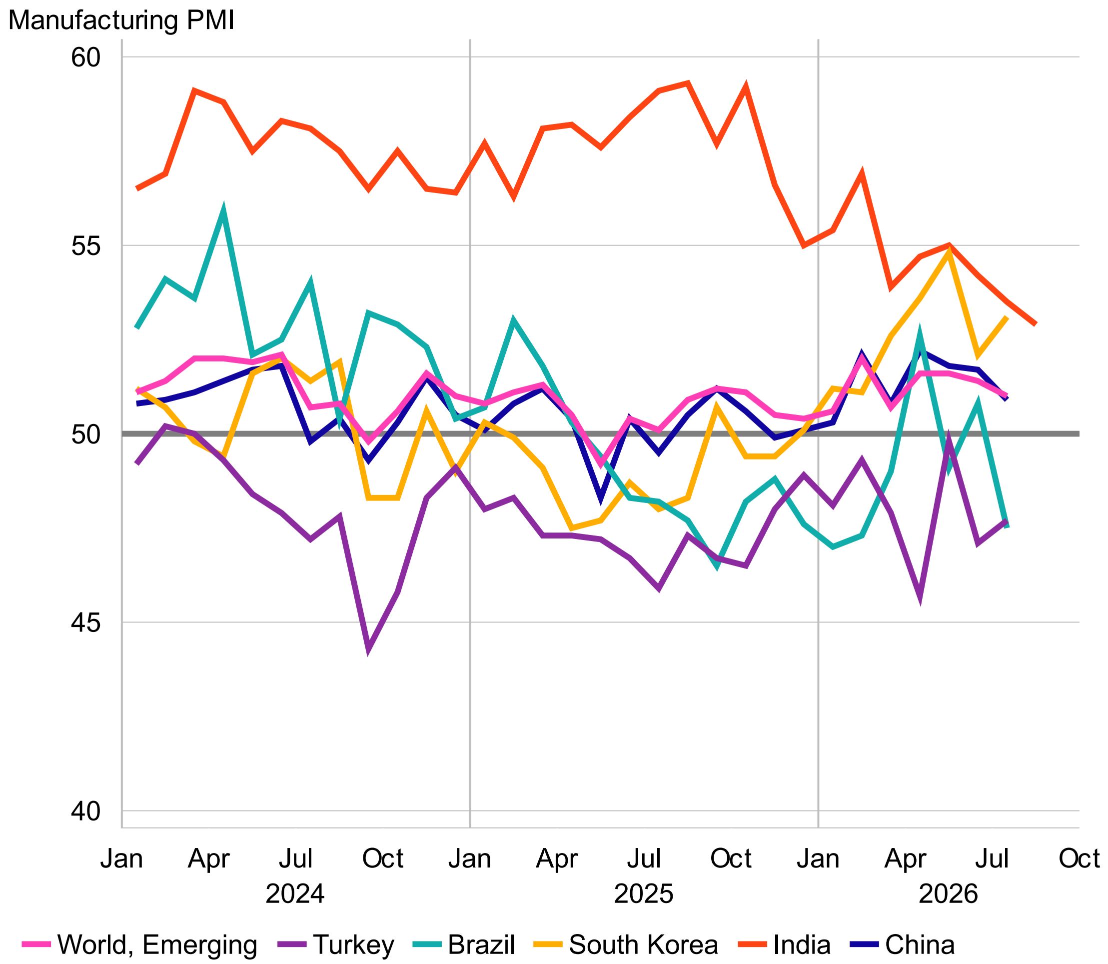
Development Chemical Production



Sources: Macrobond, Chemdata International, VCI

INDUSTRY ON A MODERATE RECOVERY PATH



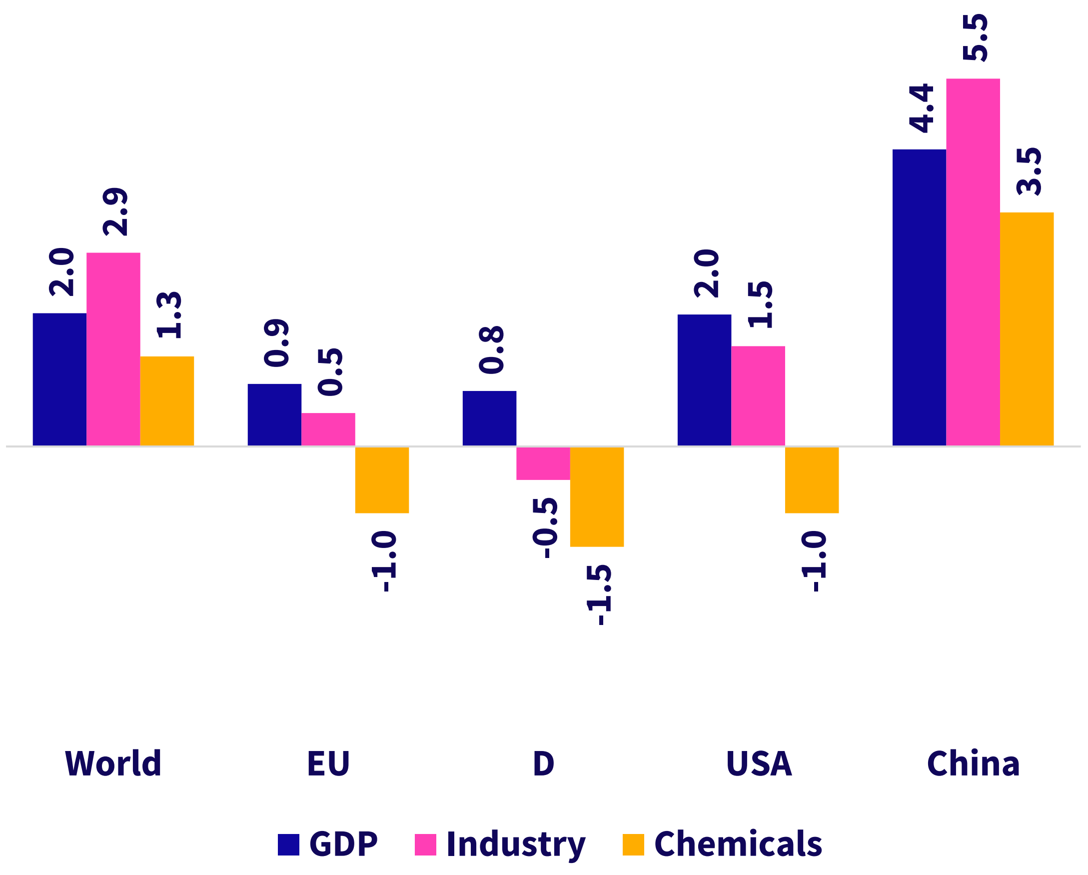


Sources: Macrobond, VCI

MODERATE GROWTH DESPITE THE IRAN CONFLICT

Overview of forecasts for 2026

Year-on-year growth rates in per cent



Source: VCI

- The **global economy** is losing momentum. Uncertainty remains high – driven by US tariffs and the impact of the Iran conflict on energy supplies and supply chains.
- The **EU** is making only slow progress: public investment and a robust labour market are underpinning the recovery, whilst energy prices, geopolitical uncertainty and weak competitiveness are holding it back.
- In **Germany**, there are many signs pointing to the start of a phase of economic stabilisation, but the upturn remains fragile. The improved outlook is primarily due to expansionary fiscal policy – a self-sustaining recovery is not in sight.
- In the **US** growth momentum is slowing despite an improved energy situation. The geopolitical situation is creating uncertainty for consumers and businesses. Private consumption has gained momentum, although this was particularly driven by rising imports.
- **China** remains the frontrunner in terms of growth. However, weak domestic demand is leading to a slowdown in momentum. In the past, a significant expansion of production capacity had driven growth in industry and chemical production.

FORECASTS AT A GLANCE

YEAR-ON-YEAR CHANGE IN PER CENT

	GDP			Industry			Chemicals		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
World	**2.8**	**2.0**	**2.2**	**3.0**	**2.9**	**2.7**	**3.8**	**1.3**	**1.8**
Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU	1.5	0.9	1.2	1.7	0.5	1.5	-2.4	-1.0	0.5
Germany	**0.3**	**0.8**	**0.9**	**-0.9**	**-0.5**	**1.5**	**-3.0**	**-1.5**	**0.5**
Russia	1.1	0.7	0.6	3.8	4.5	2.0	-0.8	-1.5	-2.0
America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
USA	2.1	2.0	1.8	0.8	1.5	1.5	1.0	-1.0	1.0
Brazil	2.6	2.2	2.0	0.1	0.5	1.5	1.1	-1.5	1.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	1.2	0.7	0.7	0.1	2.0	0.5	-0.9	-4.0	0.5
South Korea	1.1	3.0	1.8	3.3	2.5	1.5	-1.1	0.0	0.5
India	7.5	6.7	6.2	3.8	6.0	3.0	0.1	0.5	0.5
China	5.1	4.4	4.2	6.1	5.5	4.5	7.9	3.5	4.0

Source: Macrobond, Chemdata International, VCI

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FOCUS: USA, CHINA, THE EU AND GERMANY

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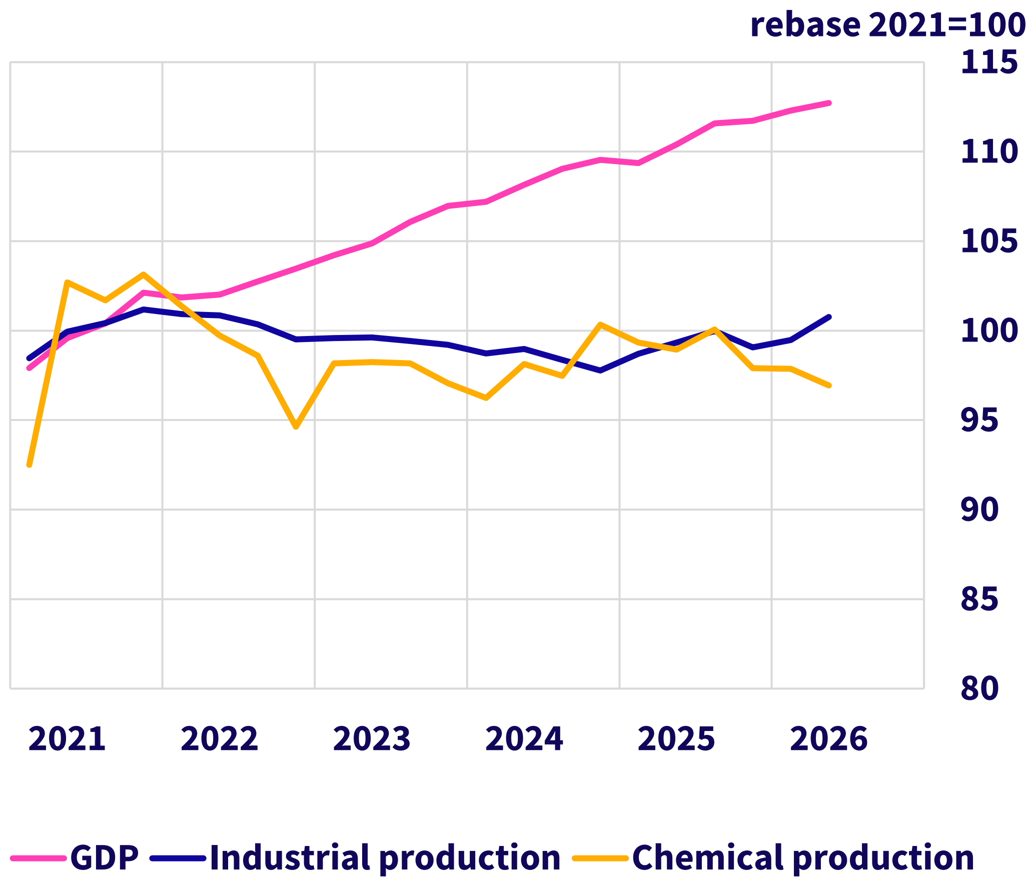
A DIVIDED INDUSTRIAL LANDSCAPE: HIGH-TECH IS BOOMING, CHEMICALS ARE FALTERING

USA: GDP, industry, chemicals

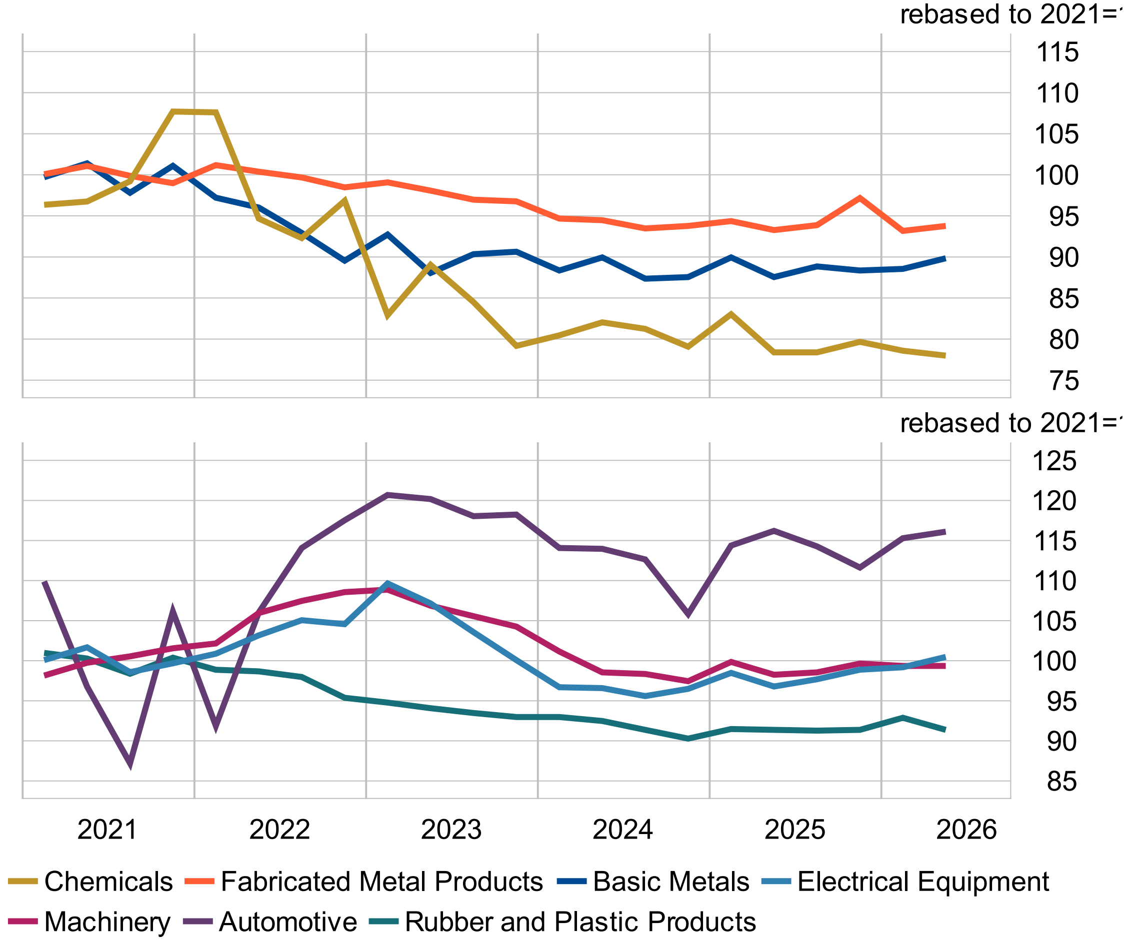


Sources: Macrobond, Chemdata International, VCI
Image: © Carsten-Reisinger/adobe.stock.com

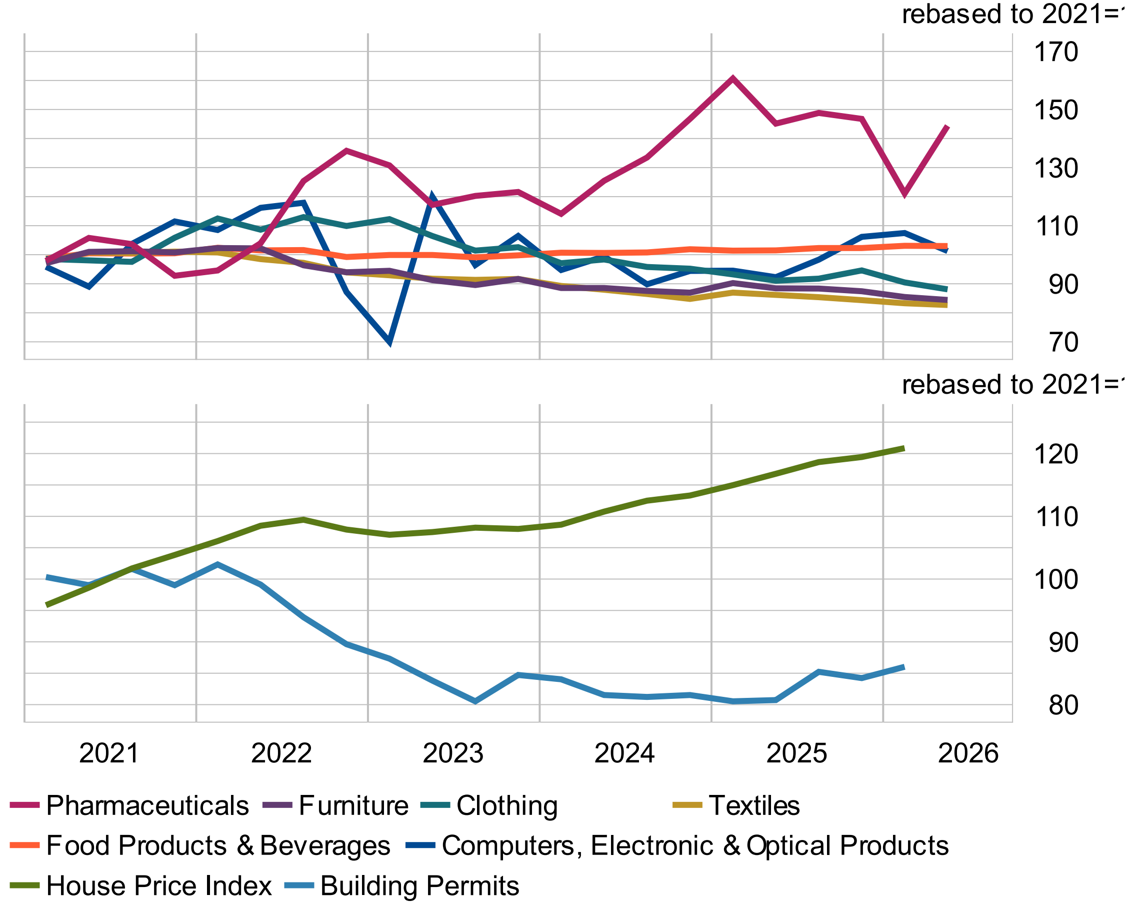
- **Overall economy**: The US economy remained robust in the second quarter of 2026, though it is losing momentum compared with the start of the year. Rising demand in customer and end-user sectors is also underpinning demand for chemical products. Geopolitical risks and uncertainty over trade policy are weighing on the economy. Following the Supreme Court ruling on IEEPA tariffs, the tariff burden could well fall. At the same time, Section 301 tariffs already pose the next major challenge. Companies remain cautious in the face of tariffs, rising input costs and geopolitical uncertainties.
- **Manufacturing and Chemicals**: Industrial production rose slightly again in the first quarter of 2026. This increase is only of limited benefit to the chemical industry. Growth momentum is currently concentrated in particular on technology-intensive investment, whilst demand in chemical-intensive end-user sectors remains subdued. This keeps demand lower for many chemical products.

MIXED PERFORMANCE ACROSS THE INDUSTRY

Industrial Production Index: intermediate and capital goods



Industrial Production Index: consumer goods
Building permits and prices



Sources: Macrobond, Chemdata International, VCI
Image: © Carsten-Reisinger/adobe.stock.com

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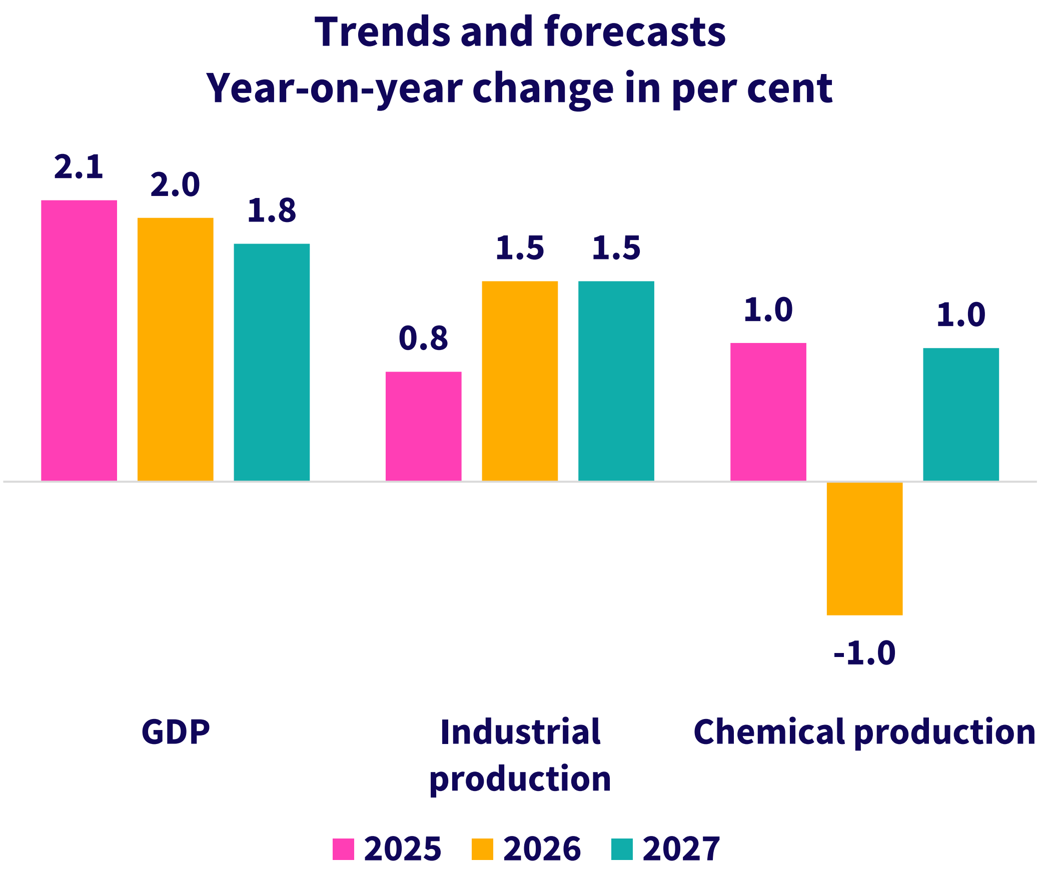
PRODUCTION FIGURES IN DETAIL: MIXED PERFORMANCE ACROSS INDUSTRY

industry sectors	**2024**	**2025**	**2nd quarter 2026**	
productions index growth rates	**yoy**		**yoy**	**qoq**
manufacturing industry	**– 1.0**	**+ 0.8**	**+ 1.3**	→ **+ 1.2**
basic metals	– 3.0	+ 1.8	+ 2.5	→ + 1.0
fabricated metals	– 2.8	+ 0.0	+ 1.8	→ + 0.5
chemicals	**+ 0.1**	**+ 1.0**	**– 0.4**	→ **+ 0.6**
pharmaceuticals	**+ 5.3**	**+ 6.2**	**+ 0.7**	→ **+ 0.0**
rubber and plastic products	– 0.6	– 2.5	+ 0.1	→ + 0.3
automotive	– 2.1	– 1.6	+ 0.5	↑ + 4.0
machinery	– 4.5	+ 1.0	+ 4.0	→ + 0.8
electrical equipment	+ 1.0	– 1.3	+ 4.3	→ + 1.9
computer, electronic, optical products	+ 6.7	+ 14.3	+ 11.4	→ + 1.7
food and beverages	– 1.1	– 0.4	– 0.3	→ + 1.6
textiles	– 2.2	+ 0.6	– 3.3	↓ – 3.1
furniture products	– 5.8	– 3.2	– 4.8	→ – 1.5
paper products	+ 0.9	– 2.7	– 3.3	→ – 0.3
printing products	– 0.9	– 1.9	– 1.8	→ + 0.1
glass/ceramics	– 6.2	+ 1.6	+ 2.0	→ + 1.3
construction	**+ 4.4**	**– 2.5**	**– 6.1**	→ **– 1.9**

Sources: Macrobond, Chemdata International, VCI

OUTLOOK: SELECTIVE DEMAND DRIVERS ARE OFFSET BY HIGH GLOBAL CAPACITY

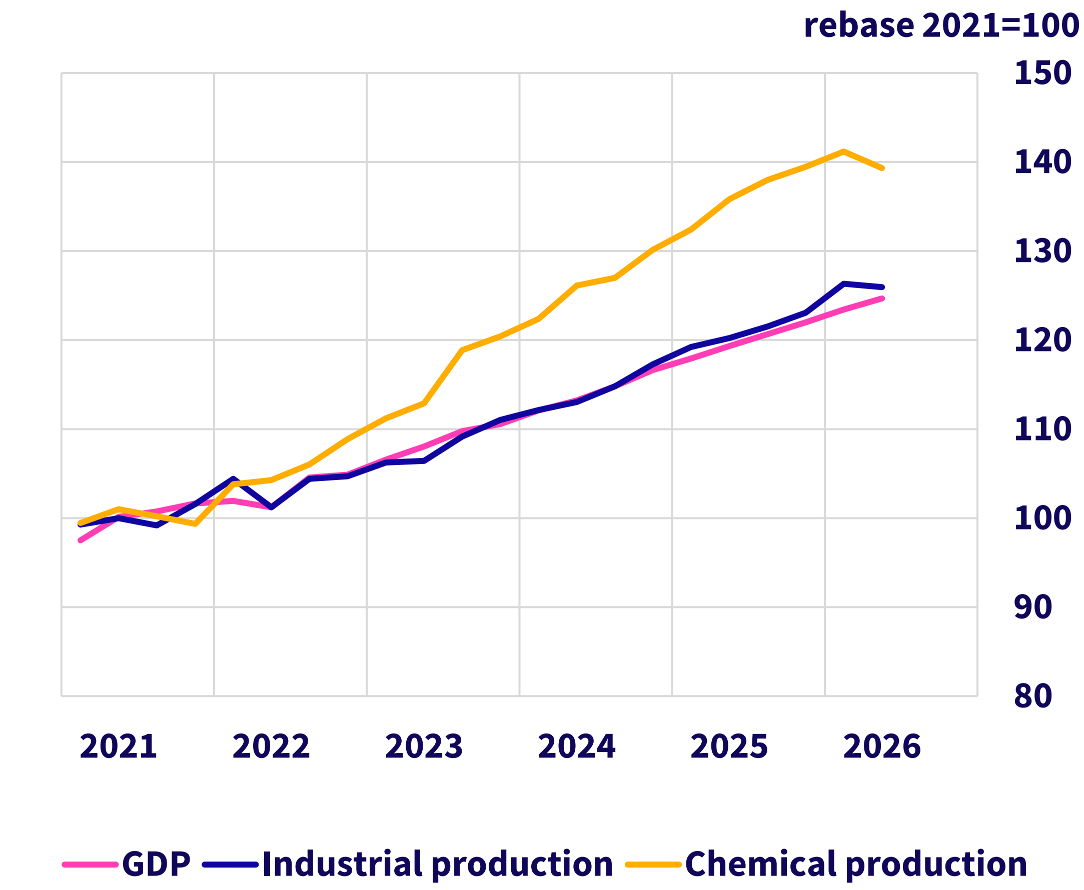


Sources: Macrobond, Chemdata International, VCI
Image: © Carsten-Reisinger/adobe.stock.com

- **Overall economy**: The US economy is expected to grow by two per cent, partly thanks to the AI boom. The US economy is proving resilient overall in 2026 as well.
- **Manufacturing and chemicals**: The ongoing AI boom is concentrated primarily in electronics, semiconductors and data centres with chemicals benefitting only to a limited extent. US manufacturers are benefiting from relatively cheap energy and competitive raw material costs that is a structural advantage, particularly for energy-intensive processes. However, this is offset by high capacity levels in global chemical markets, which keep price pressures high and limit the chemical sector‘s recovery. For the manufacturing sector as a whole, the key factor remains whether the momentum in investment continues and whether capacity utilisation continues improving due to higher demand for chemicals.
- **Risks: new or extended tariffs, inflation, a weak dollar, trade conflicts, skills shortages**
- **Opportunities: cheap energy, the chemicals sector’s low dependence on crude oil, investment incentives, deregulation**

THE ECONOMY IS FACING GROWING PROBLEMS

China: GDP, manufacturing, chemicals



Sources: Macrobond, Chemdata International, VCI
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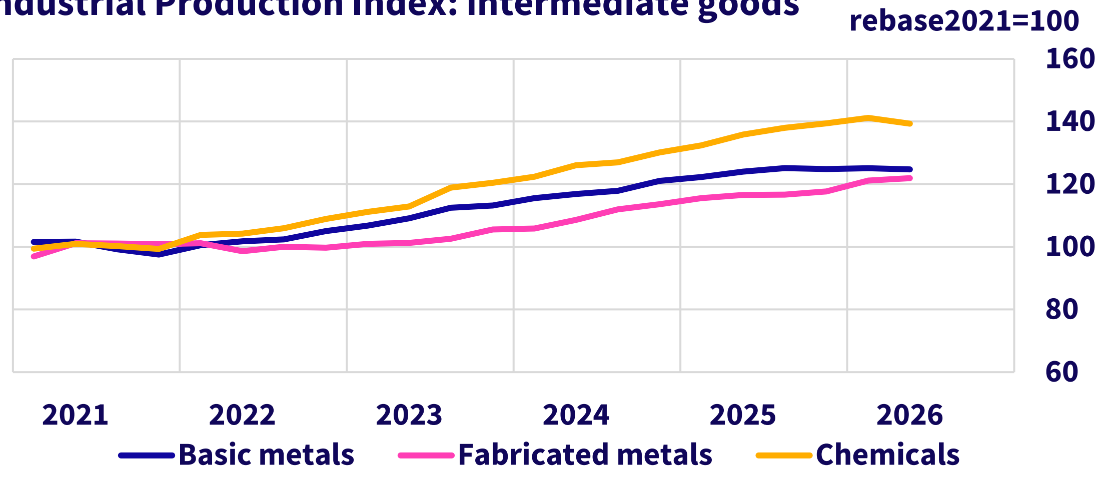
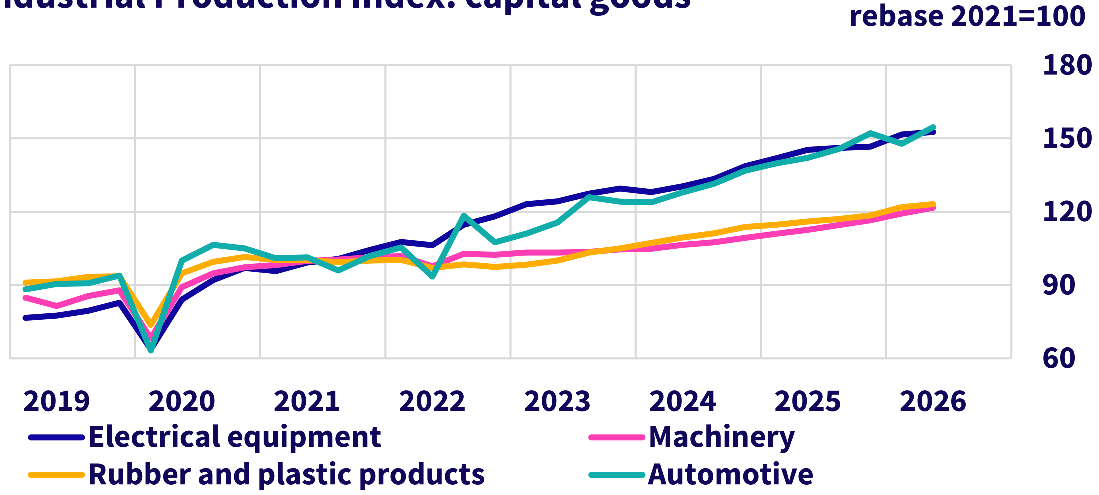
- **Overall economy**: China's economy is coming under increasing pressure: weak investment and subdued consumption are holding back economic growth, whilst rising deficits and interest burdens are narrowing fiscal manoeuvre. Higher producer prices have so far signalled mainly higher energy and raw material costs, rather than a sustained revival in domestic demand. As a result, the ambitious targets of the 15th Five-Year Plan (among other things, digitalisation, automation and modernisation and high-end products) are at risk of coming under financial pressure, as Beijing requires substantial funds for technology and its industrial policy.
- **Manufacturing and chemicals**: China's industrial sector is also losing momentum. Weak domestic demand, overcapacity and price pressures are weighing particularly heavily on the chemical sector. The Iran conflict intensified the pressure in the second quarter through higher energy and raw material costs as well as cuts in production. Exports remain a driver of growth, but have for some time been unable to fully offset the weakness in domestic demand.

SOME INDUSTRIAL SECTORS EXPERIENCE CORRECTIONS

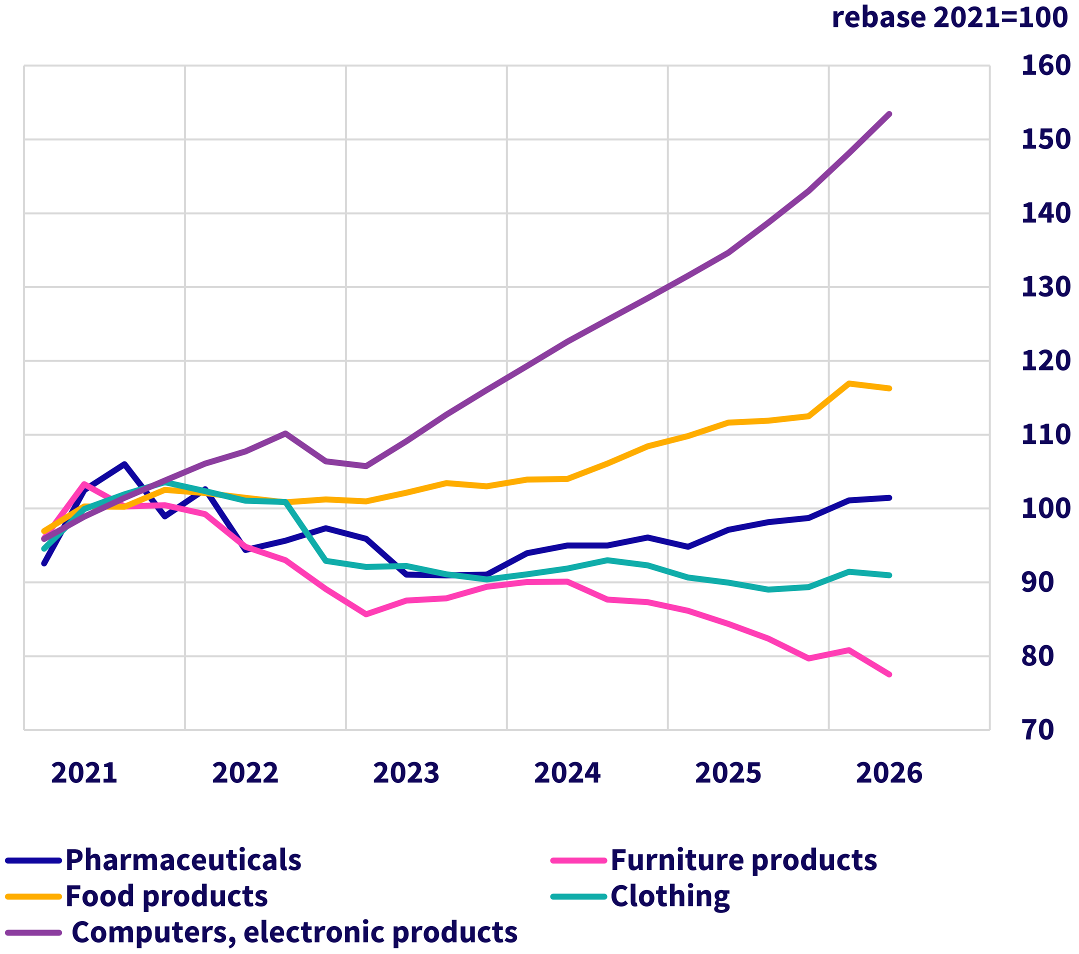
Industrial Production Index: intermediate goods



Industrial Production Index: capital goods



Industrial Production Index: consumer goods



Sources: Unido, VCI
Image: © g0d4ather/Fotolia.com

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PRODUCTION FIGURES IN DETAIL: SIGNIFICANT SLOWDOWN IN ALMOST ALL SECTORS

industry sectors	2024	2025	2nd quarter 2026	
productions index growth rates	yoy		yoy	qoq
manufacturing industry	**+ 6.1**	**+ 6.1**	**+ 5.3**	→ **+ 1.2**
basic metals	+ 6.7	+ 5.3	+ 0.5	→ – 0.3
fabricated metals	+ 7.2	+ 6.0	+ 4.6	→ + 0.6
chemicals	**+ 9.1**	**+ 7.9**	**+ 2.6**	→ **– 1.3**
pharmaceuticals	**+ 3.0**	**+ 2.3**	**+ 4.4**	→ **+ 0.3**
rubber and plastic products	+ 8.6	+ 5.6	+ 6.1	→ + 1.0
automotive	+ 9.1	+ 11.5	+ 8.8	↑ + 4.6
machinery	+ 3.2	+ 6.2	+ 8.1	→ + 2.0
electrical equipment	+ 5.2	+ 9.3	+ 5.0	→ + 0.7
computer, electronic, optical products	+ 11.8	+ 10.5	+ 14.0	↑ + 3.6
food and beverages	+ 3.1	+ 5.5	+ 4.2	→ – 0.6
textiles	+ 5.1	+ 3.1	+ 3.1	→ + 0.6
furniture products	+ 1.3	– 6.4	– 8.1	↓ – 4.1
paper products	+ 8.3	+ 2.9	+ 4.4	→ + 1.3
printing products	+ 3.2	+ 0.5	+ 6.2	→ – 1.2
glass/ceramics	– 1.3	– 0.8	– 4.1	↓ – 2.2

Sources: Unido, VCI
Image: © g0d4ather/Fotolia.com

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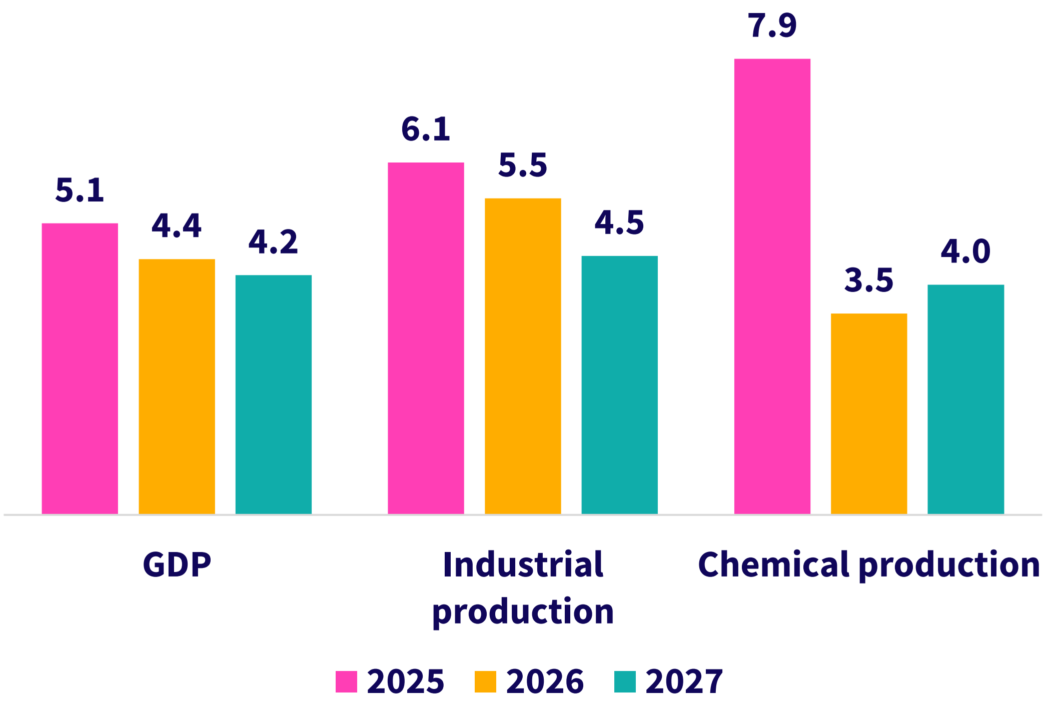
OUTLOOK: GROWTH TRAJECTORY UNDER PRESSURE

Trends and forecasts
Year-on-year change in per cent

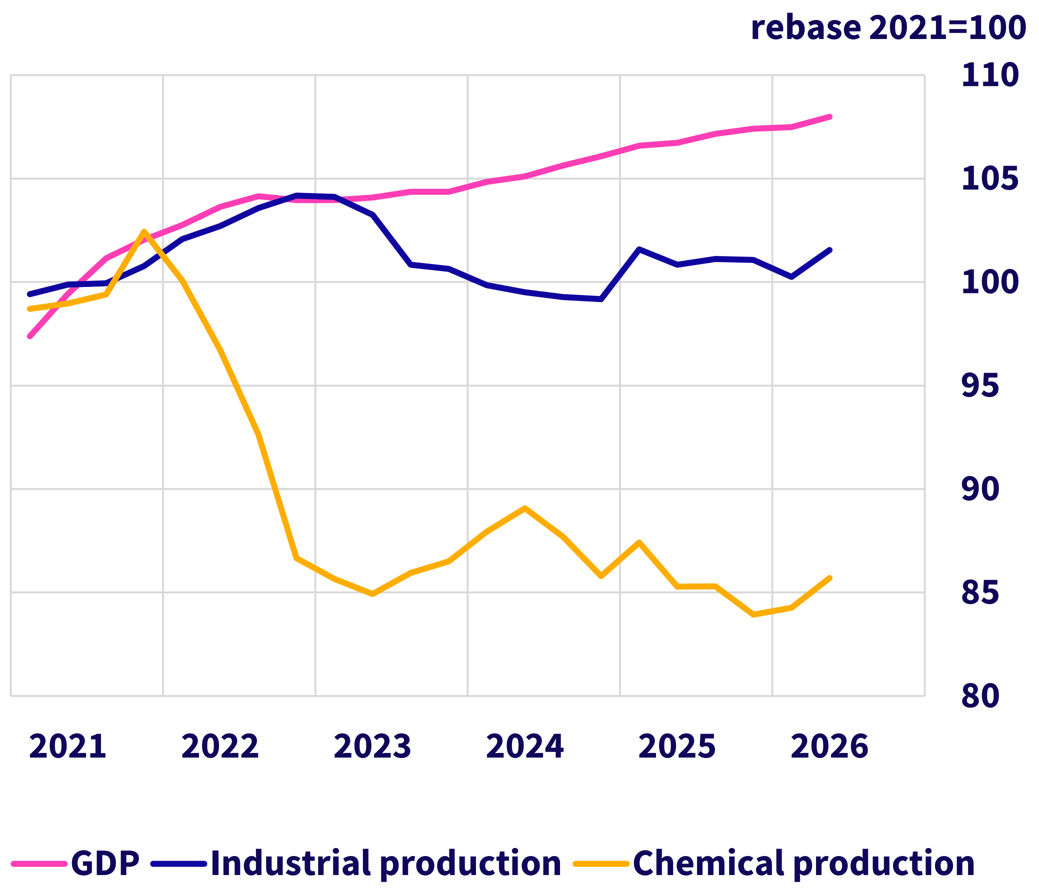


Sources: Macrobond, Chemdata International, VCI
Image: © g0d4ather/Fotolia.com

- **Overall economy**: Fiscal pressures and falling corporate profits are likely to curb investment initially. The focus on technology and industry may provide some relief, but carries the risk of postponing structural reforms. Whether private consumption can be stimulated more strongly remains crucial for a pick-up in demand.
- **Industry and chemicals**: Digitalisation, automation and a higher-value range of goods and services are likely to provide fresh impetus. For the chemicals sector, the implementation of the five-year plan remains uncertain, as does the question of how the industry can hold its own despite high capacity and weak demand.
- **Risks: structural problems (domestic demand, economic stagnation, demographics, the property crisis, youth unemployment), a strained budgetary situation, trade conflicts**
- **Opportunities: market size and dominance, high self-sufficiency, secure and affordable energy supply, openness to technology, implementation of the 15th Five-Year Plan, and a focus on efficiency and sustainability**

ECONOMY IN A LULL – CHEMICALS SECTOR ENJOYS TEMPORARY TAILWIND

EU: GDP, industry, chemicals



Sources: Macrobond, Chemdata International, VCI
Image: © kreatik - Fotolia.com

- **Overall economy:** Growth in the EU lost momentum in the first half of the year. The Iran conflict, higher prices and a weak global economy are hampering growth. Despite rising inflation expectations due to rising energy and input prices, household consumption remained buoyant, whilst businesses remained cautious about investing. So far, foreign trade has provided only limited impetus for growth.
- **Manufacturing and chemicals:** Both sectors could gain ground, albeit from a low base. Production and new orders are rising, and business sentiment has improved. However, performance continues to vary by region, and structural locational disadvantages continue to hold back the recovery. Weak momentum in key customer sectors is weighing on demand for chemicals. Despite low capacity utilisation, chemical production has recently expanded slightly. This was also supported by higher producer prices, whilst high capacity on global markets is keeping price competition in Europe intense.

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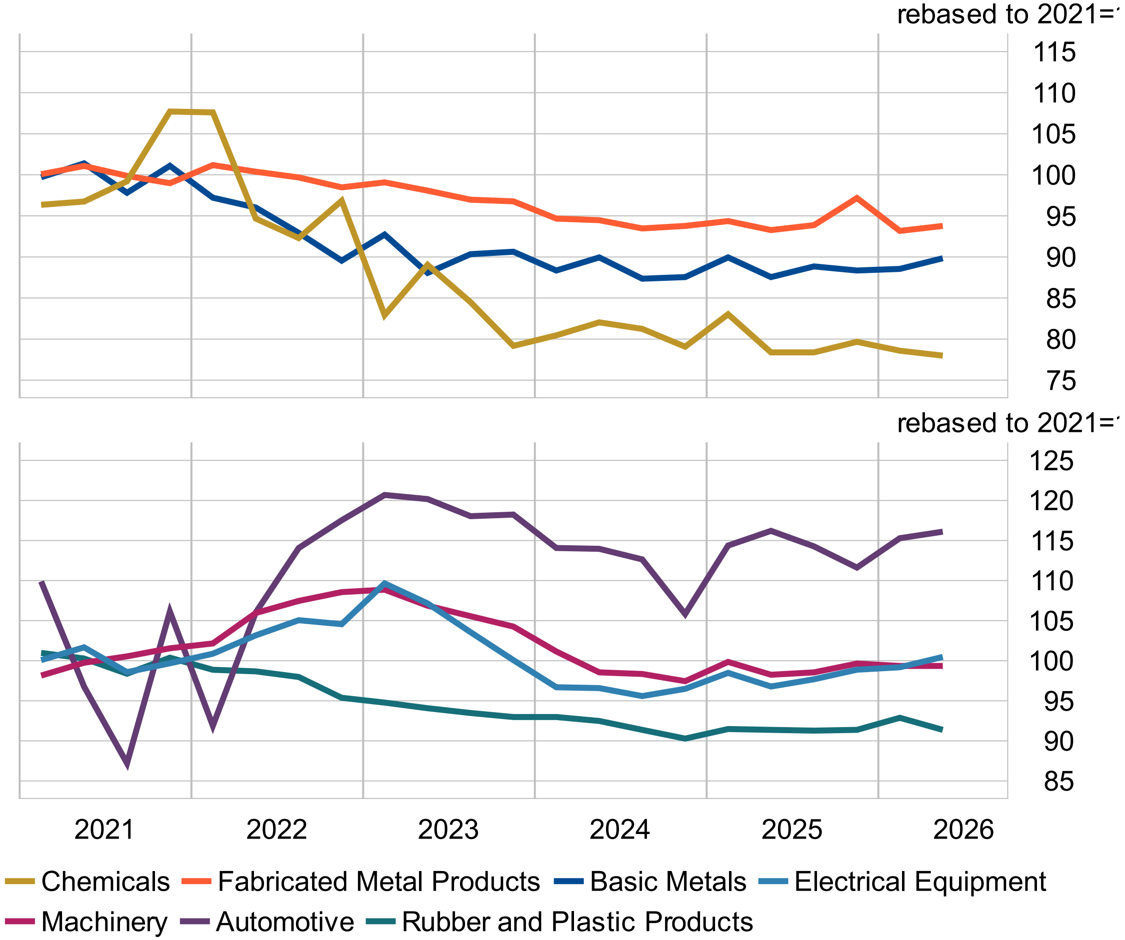
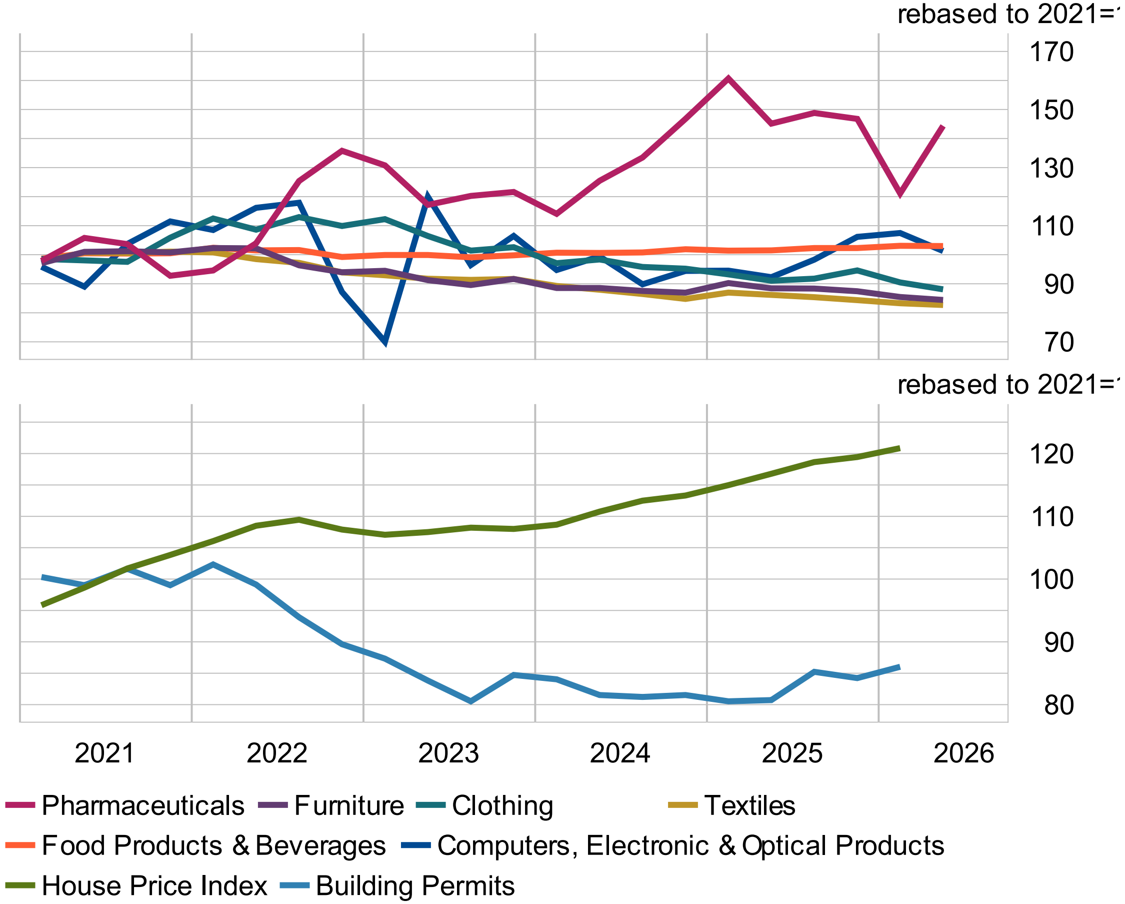
SIDEWAYS MOVEMENT IN MANY SECTORS

Industrial Production Index: intermediate and capital goods



Industrial Production Index: consumer goods
Building permits and prices



Sources: Macrobond, Chemdata International, VCI
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PRODUCTION FIGURES IN DETAIL: STAGNATION ACROSS MANY SECTORS

industry sectors	**2024**	**2025**	**2nd quarter 2026**	
productions index growth rates	**yoy**		**yoy**	**qoq**
manufacturing industry	**– 2.7**	**+ 1.7**	**+ 0.7**	**+ 1.3**
basic metals	– 1.9	+ 0.5	+ 1.5	+ 1.8
fabricated metals	– 3.9	+ 0.1	+ 0.5	+ 1.8
chemicals	**+ 2.2**	**– 2.4**	**+ 0.5**	**+ 1.7**
pharmaceuticals	**+ 3.6**	**+ 15.2**	**– 6.5**	**+ 6.3**
rubber and plastic products	– 2.3	– 0.4	+ 1.5	+ 1.2
automotive	– 8.4	– 1.4	– 3.3	+ 0.0
machinery	– 6.9	– 0.2	+ 2.5	+ 1.1
electrical equipment	– 9.0	+ 0.8	+ 3.7	+ 2.2
computer, electronic, optical products	– 6.0	+ 3.6	+ 10.2	+ 2.5
food and beverages	+ 1.8	+ 0.9	+ 0.5	+ 0.2
textiles	– 5.0	– 1.5	– 3.6	– 0.0
furniture products	– 3.8	+ 0.5	– 4.1	– 1.4
paper products	+ 2.9	– 0.7	+ 1.1	+ 1.2
printing products	– 4.2	– 2.5	– 1.2	– 0.1
glass/ceramics	– 3.3	– 0.2	+ 1.5	+ 2.6
construction	**– 2.0**	**+ 2.2**	**+ 1.1**	**+ 2.0**

Sources: Macrobond, Chemdata International, VCI
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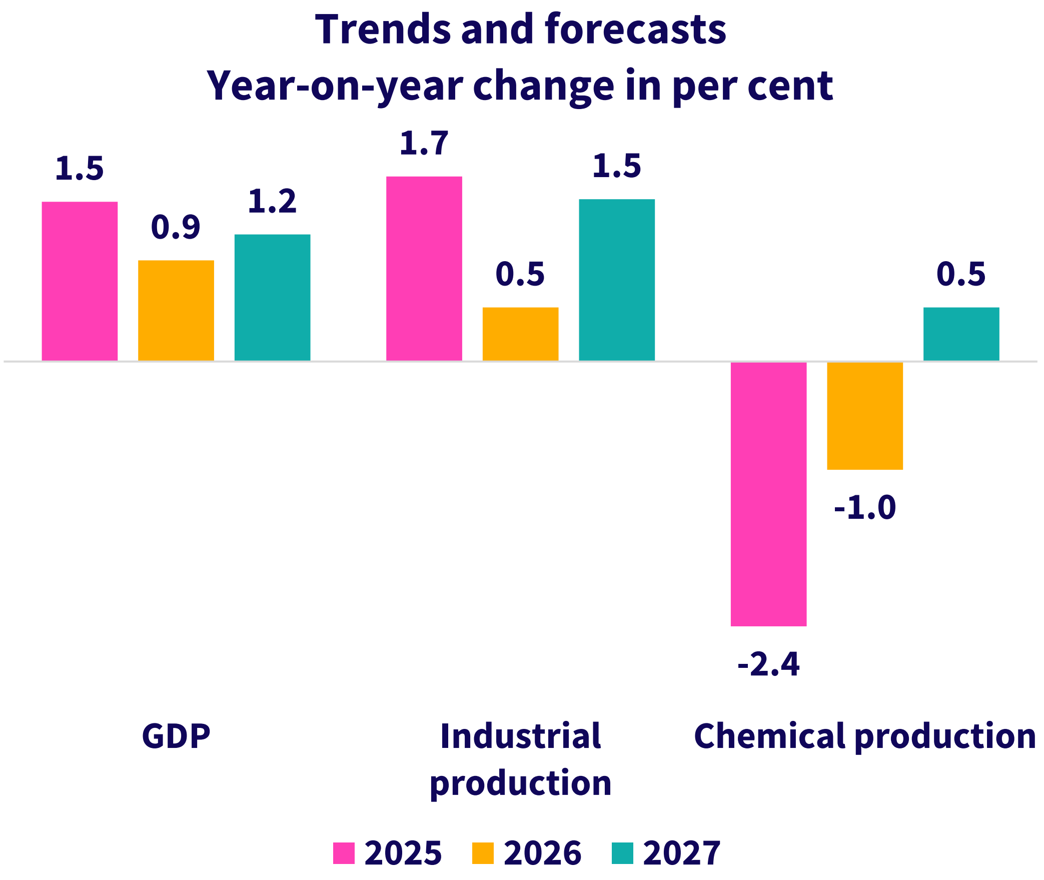
OUTLOOK: POSITIVE ECONOMIC MOMENTUM, STRUCTURAL PROBLEMS PERSIST



Sources: Macrobond, Chemdata International, VCI
Image: © kreatik - Fotolia.com

- **Overall economy:** Weak private investment and stagnant demand address a lack of additional growth drivers. Geopolitical conflicts raise the question of whether foreign trade can provide new impetus. The 'Turnberry Deal' with the US and the EU's free trade offensive initially provide planning certainty. Unresolved issues with the US, e.g. Section 301, as well as trade relations with China, remain significant risks.
- **Manufacturing and chemicals:** Structural problems are weighing on competitiveness, investment remains weak and the industry is recovering only slowly. Short-term benefits are offset by long-term structural problems, material costs and supply chain risks. Pressure on margins remains high.
- **Risks: structural problems, dependence on energy and raw materials, import pressure, looming trade conflicts, political uncertainty and a shortage of skilled labour**
- **Opportunities: a shift in political thinking, strengthening of the EU single market, expansion of foreign trade through new trade agreements, capacity for innovation**

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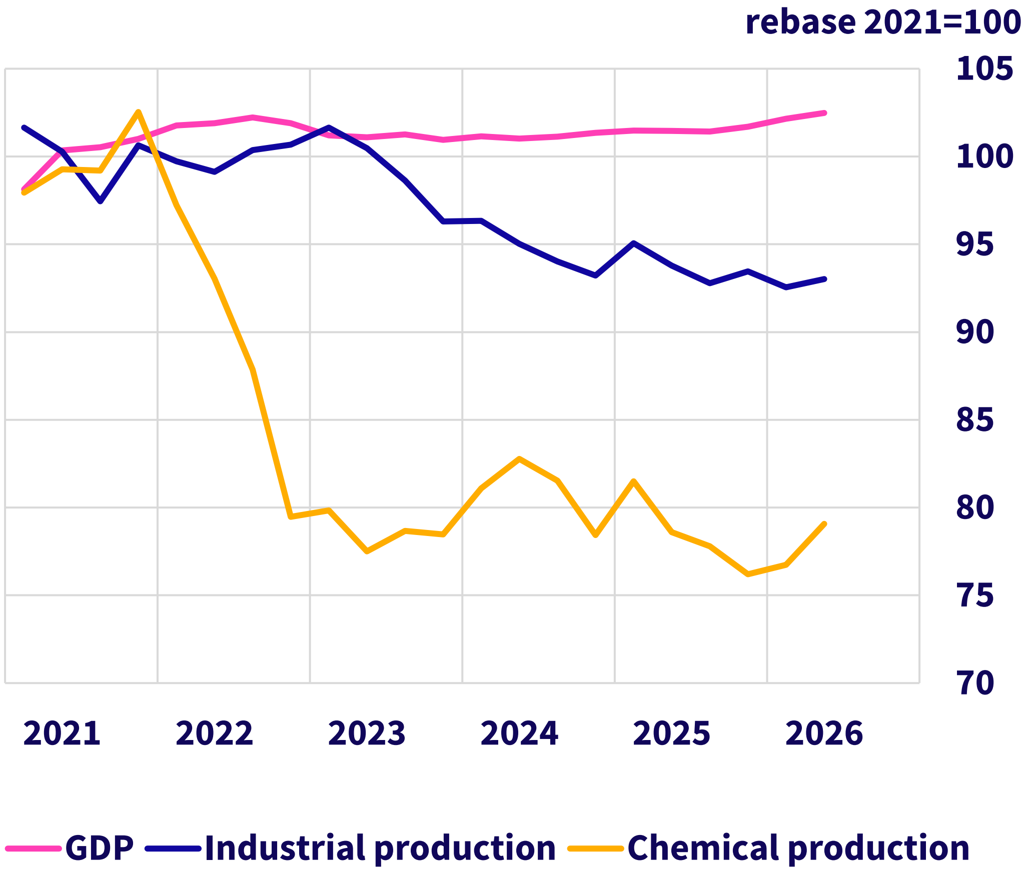
MODERATE RECOVERY, STRUCTURAL WEAKNESSES REMAIN

Germany: GDP, industry, chemicals



Sources: Macrobond, Chemdata International, VCI
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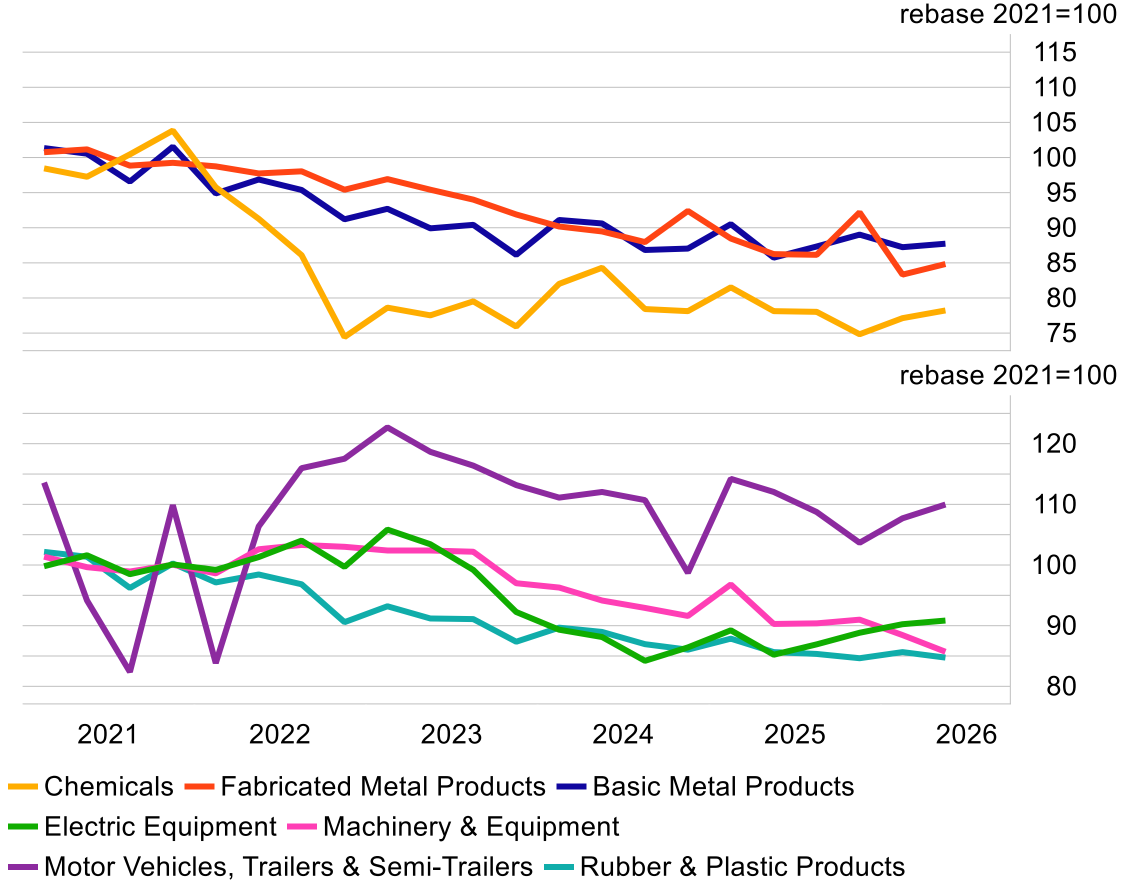
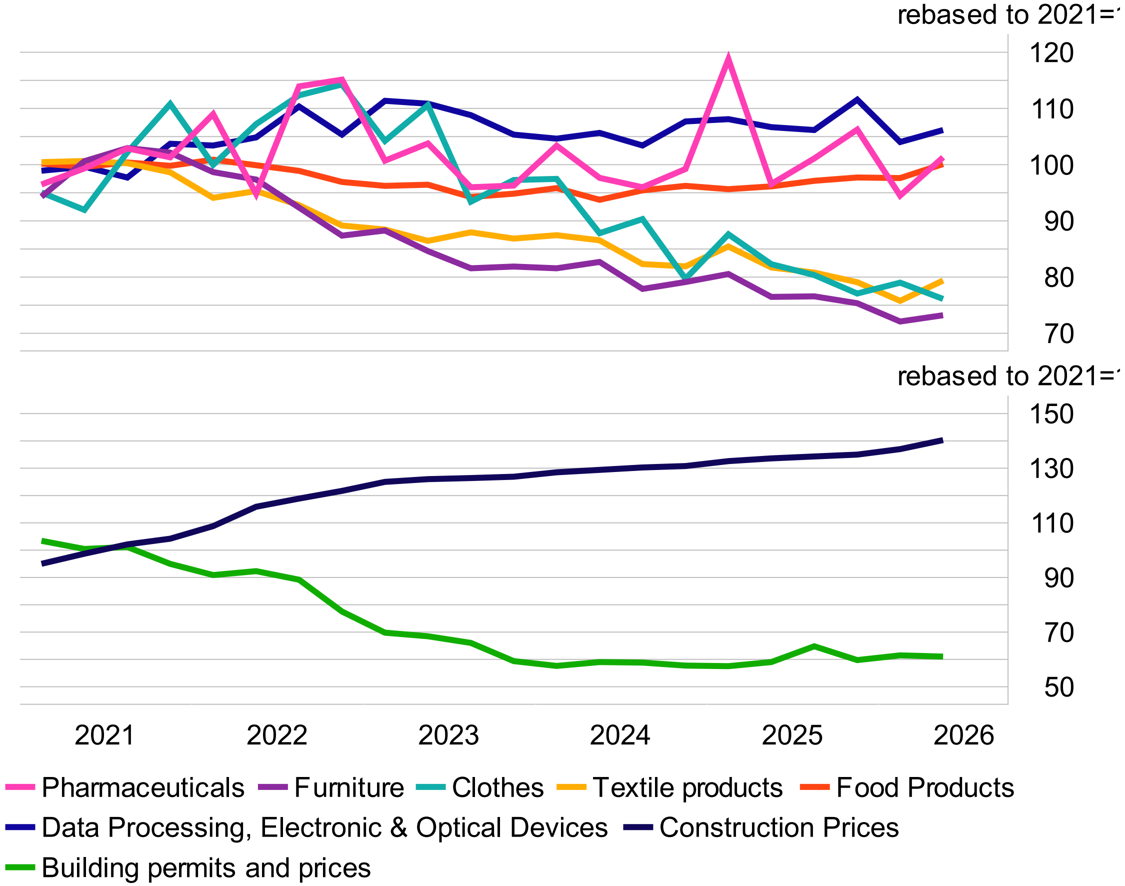
- **Overall economy**: The German economy has weathered the energy price shock better than expected and is recovering somewhat more strongly than anticipated; however, the recovery remains on a fragile ground. Gross domestic product rose in the second quarter. This year's growth, however, is likely to be driven primarily by public consumption, government investment and the special fund (*Sondervermögen*).
- **Industry and chemicals**: Growth in the majority of German industrial sectors was below the last year in the second quarter. However, positive trends were evident compared with the first quarter. The chemicals sector showed initial signs of recovery over the course of the year. However, the rise in order intake resulting from the Iran conflict is partly attributable to stockpiling and precautionary orders. Capacity utilisation is rising, but remains at a level that is economically challenging for many sites. Hence, it is too early to speak of an economic upturn.

SLIGHT UPTURN IN PRODUCTION ACROSS MANY INDUSTRIAL SECTORS

Industrial Production Index: intermediate and capital goods



Industrial Production Index: consumer goods Building permits and prices



Sources: Macrobond, Chemdata International, VCI
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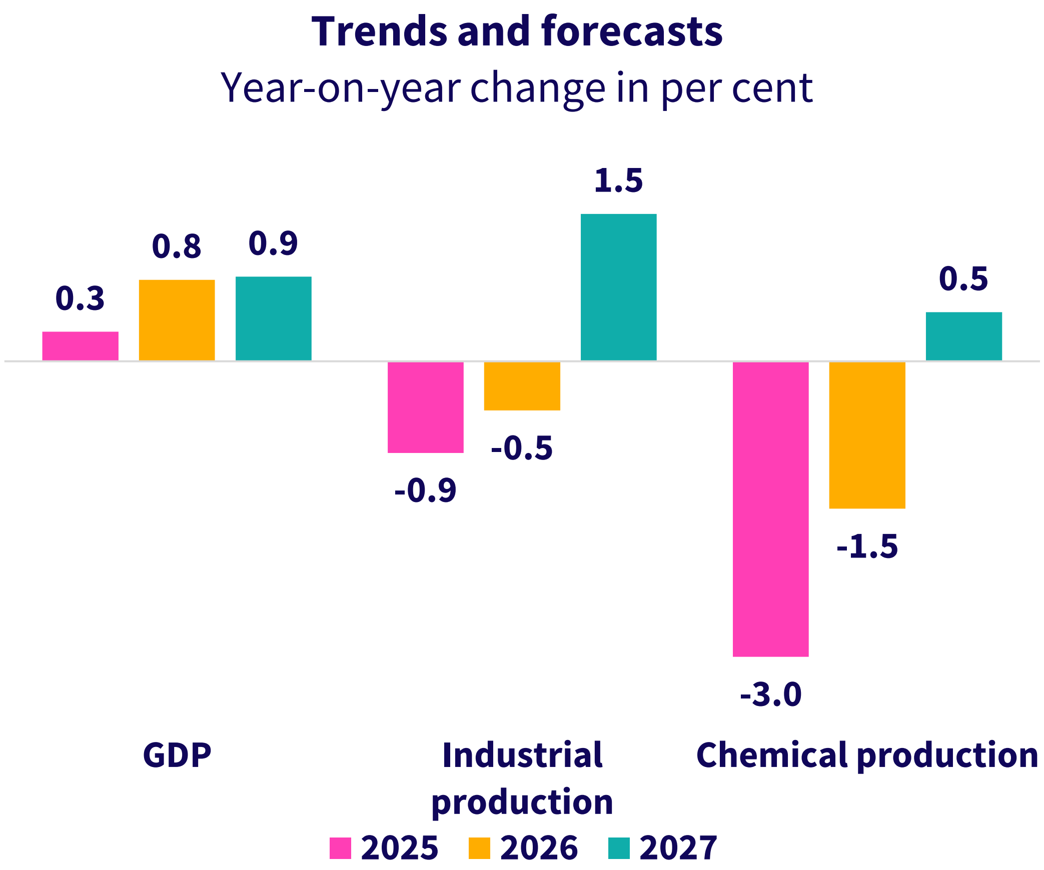
PRODUCTION FIGURES IN DETAIL: MODEST GROWTH, CHEMICALS SECTOR SEES SHORT-TERM GAINS

industry sectors	2024	2025	2nd quarter 2026	
productions index growth rates	yoy		yoy	qoq
manufacturing industry	**– 4.6**	**– 0.9**	**– 0.8**	**+ 0.5**
basic metals	– 1.6	– 1.8	+ 2.1	+ 1.1
fabricated metals	– 6.4	– 2.2	– 1.1	+ 1.4
chemicals	**+ 3.0**	**– 3.0**	**+ 0.6**	**+ 3.0**
pharmaceuticals	**– 2.4**	**+ 4.3**	**+ 1.3**	**+ 1.3**
rubber and plastic products	– 4.1	– 2.0	+ 0.2	+ 1.3
automotive	– 7.5	– 0.9	– 6.2	– 0.9
machinery	– 7.7	– 1.5	– 3.5	– 2.1
electrical equipment	– 14.9	– 0.1	+ 5.7	+ 2.3
computer, electronic, optical products	– 3.3	+ 0.5	– 0.4	+ 3.1
food and beverages	+ 1.0	+ 0.1	+ 2.8	+ 1.4
textiles	– 3.1	– 3.4	– 5.0	+ 2.4
furniture products	– 7.2	– 3.7	– 3.8	+ 1.6
paper products	+ 0.2	– 2.4	– 1.0	+ 0.8
printing products	– 5.5	– 4.4	– 4.7	– 0.6
glass/ceramics	– 4.4	– 2.3	– 1.7	+ 0.9
construction	**– 3.3**	**– 1.8**	**+ 1.4**	**+ 2.0**

Sources: Macrobond, Chemdata International, VCI
Image: © pavlofox/stock.adobe.com

OUTLOOK: FRAGILE RECOVERY WITH UNCERTAINTIES



Sources: Macrobond, Chemdata International, VCI
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- **Overall economy:** The outlook has brightened, but the recovery remains fragile. In the short term, the key factor will be whether German exports once again make a stronger contribution to growth. Weaker demand from China and increasing competitive pressures in key foreign markets are weighing on the economy. Without structural reforms, there is a risk that significant growth potential will remain untapped.
- **Industry and Chemicals**: A combination of locational disadvantages is weighing on the industrial sector. This is also having an impact on the chemical industry's customer sectors. The automotive industry, for example, is under pressure. At the same time, research expenditure – which is vital for innovation – is falling. For the chemical industry, the VCI expects a 1.5 per cent decline in production despite the short-term upturn.
- **Risks: political uncertainty, a lack of reforms, a shortage of skilled workers, trade conflicts and geopolitics**
- **Opportunities: improved business conditions, focus on innovation, a new approach in politics**

VCI