Business Worldwide

GLOBAL ECONOMIC TRENDS

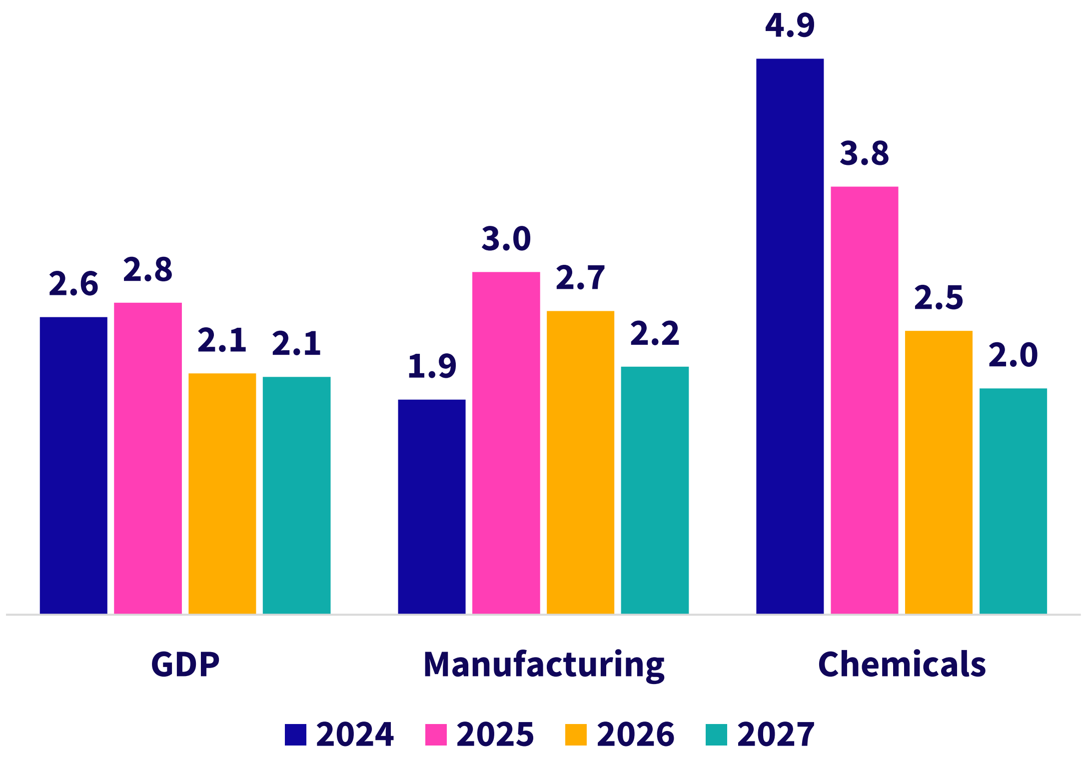
Facts and figures for the first quarter of 2026 and outlook

As at 2 July 2026

Verband der
Chemischen Industrie e.V.
Elementar für Deutschland

GLOBAL TRENDS: SLOWING GROWTH

Trends and forecasts for the world
Year-on-year growth rates in per cent

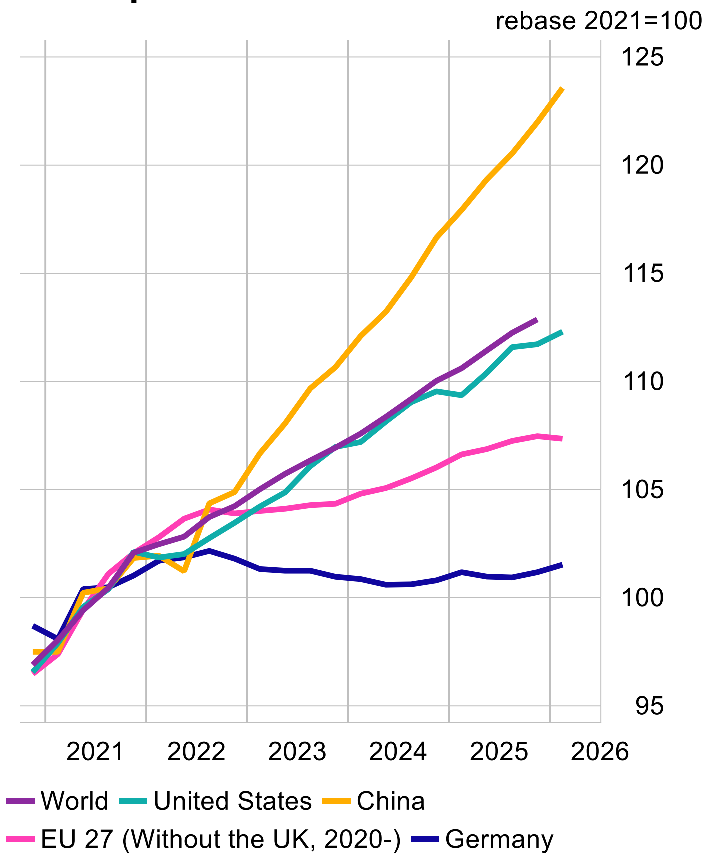


Sources: Macrobond, Chemdata International, VCI

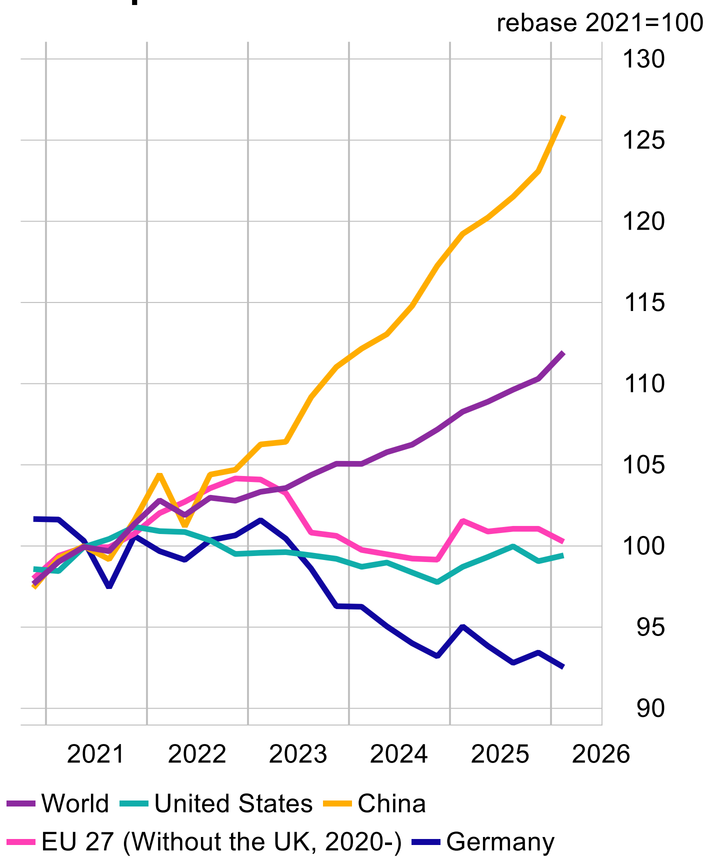
- Against the backdrop of the Iran conflict, geopolitical tensions and uncertainties are significantly dampening the momentum of **the global economy**. The trade agreement with the US is leading to higher tariffs. Whilst other ongoing conflicts and sanctions regimes do make planning more predictable, they are also causing considerable market distortions, as recently seen with the conflict in the Persian Gulf.
- In the **industry**, there are 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 are rising sharply, placing an additional strain on international supply chains.
- As petroleum products and natural gas are key raw materials and energy sources, particularly for the **chemical industry**, these price and cost increases will hamper production in the long term and dampen value creation and the flow of goods.

CURRENTLY PRODUCTION IS RISING IN EUROPE

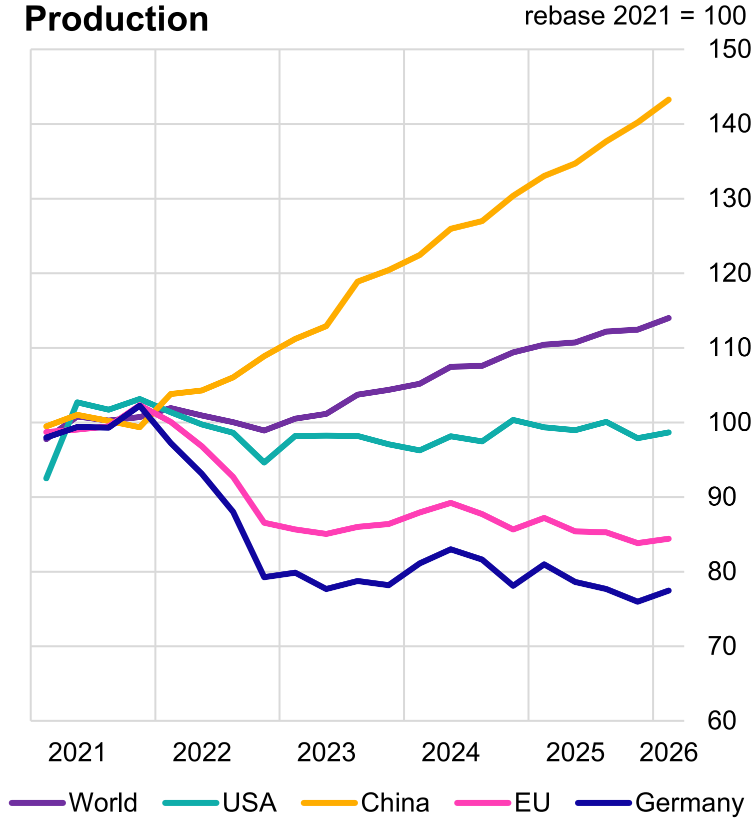
Development GDP



Development Industrial Production

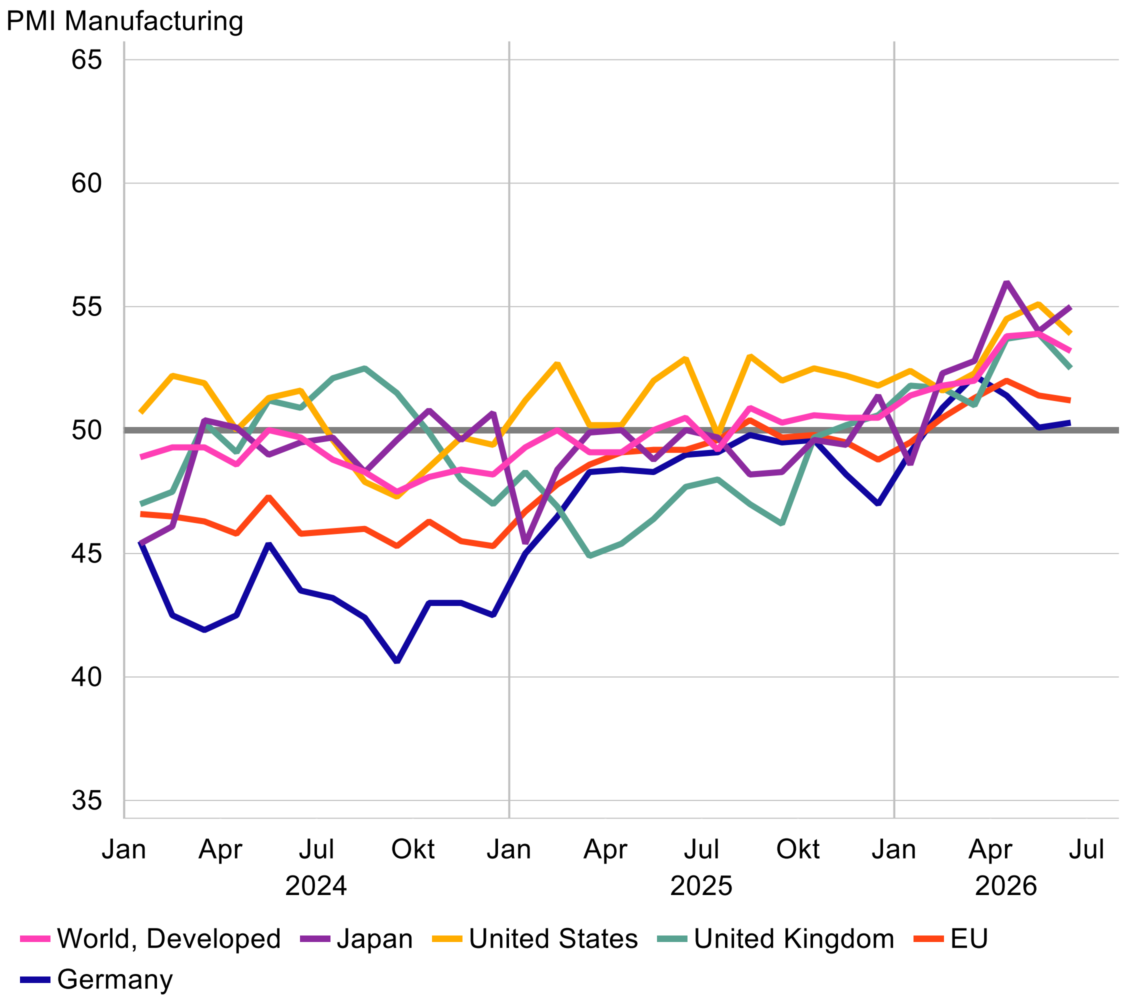


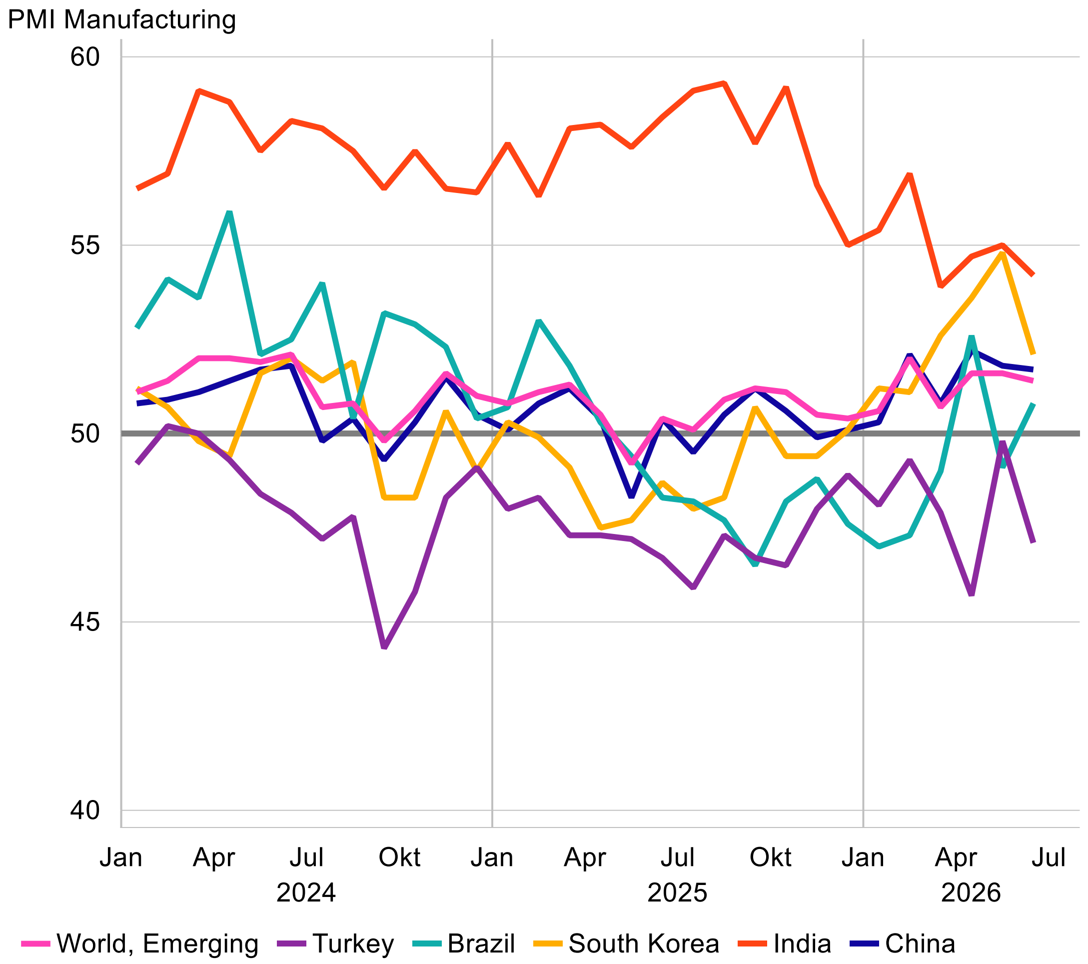
Development and Chemical Production



Sources: Macrobond, Chemdata International, VCI

MANUFACTURING SECTOR: ONLY A MODERATE RECOVERY



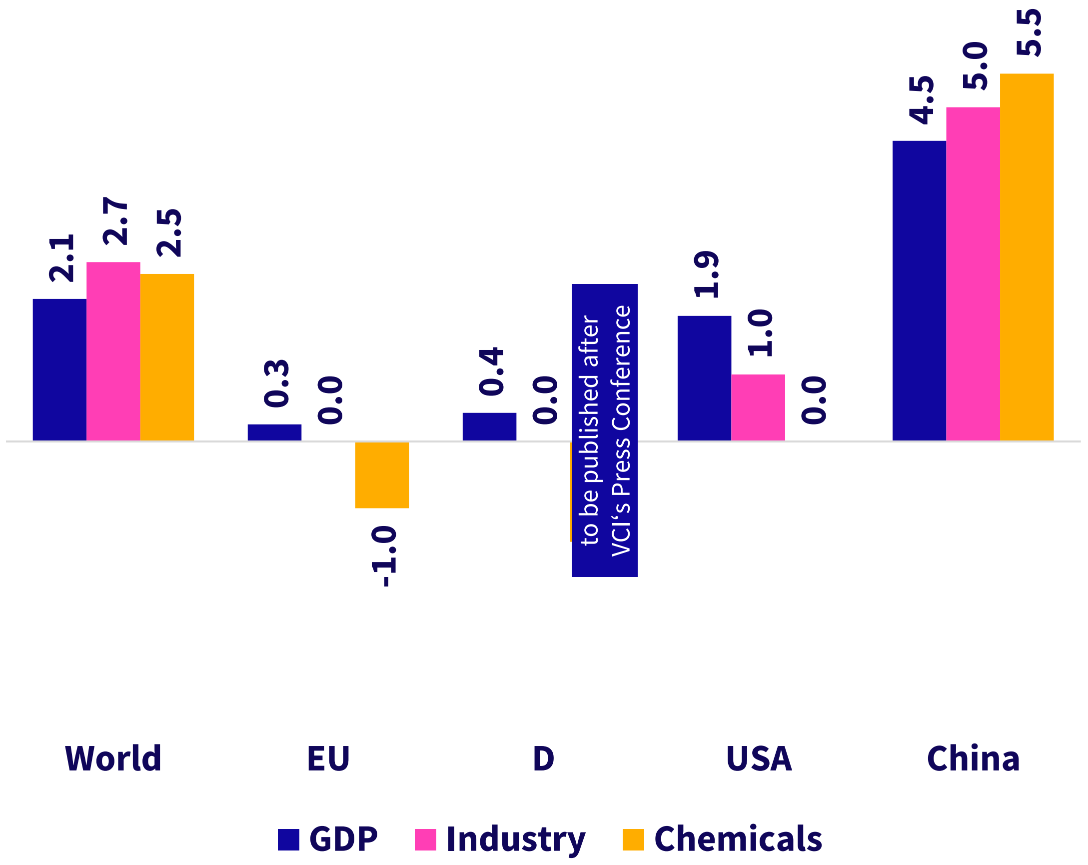


Sources: Macrobond, VCI

MIXED, SUBDUED PERFORMANCE DUE TO THE IRAN CONFLICT – GLOBAL GROWTH CLOSE TO TWO PER CENT

Overview of forecasts for 2026

Year-on-year growth rates in per cent



Source: VCI

- The **global economy** is showing signs of slowing momentum amidst persistently high levels of uncertainty – primarily due to the US government's tariff measures, as well as the resulting energy shortages and disruption to supply chains caused by the conflict in Iran. In light of these global challenges, there was talk of adjusting monetary policy, which in turn would have adversely affected general financing conditions.
- Growth forecasts for the **EU and Germany** were significantly downgraded once again in 2026 due to the conflict in the Persian Gulf – a short-term boost to demand in the industrial and chemical sectors is not enough to move away from crisis mode.
- Despite an improved energy policy situation, growth momentum in the **US** is slowing. The geopolitical situation is unsettling consumers and businesses. Private consumption is being held back.
- **China** remains the frontrunner in terms of growth. Weakening domestic demand, conflicts with the US and a brief period of tight energy supplies in Asia are leading to a slowdown. Significant capacity expansion in the past means that industry, and chemical production in particular, continues to grow strongly.

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**	**2.1**	**2.1**	**3.0**	**2.7**	**2.2**	**3.8**	**2.5**	**2.0**
Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU	1.6	0.3	0.8	1.6	0.0	1.5	-2.4	-1.0	1.0
Germany	**0.3**	**0.4**	**0.8**	**-1.2**	**0.0**	**1.5**	**-3.0**	to be published after VCI's Press Conference	
Russia	1.1	0.0	0.5	3.8	3.5	2.0	-0.8	-1.0	0.0
America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
USA	2.1	1.9	1.8	0.8	1.0	1.5	1.0	0.0	1.0
Brazil	2.6	2.2	2.0	0.1	1.0	1.0	1.1	0.0	1.5
Asia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	1.1	0.4	0.4	0.1	1.5	0.5	-0.9	-2.0	0.0
South Korea	1.1	2.0	1.5	3.3	1.5	1.0	-1.1	-1.0	0.0
India	7.5	7.0	6.0	4.7	4.5	4.0	-0.1	1.0	0.5
China	5.0	4.5	4.0	6.7	5.0	4.0	7.9	5.5	5.0

Source: Macrobond, Chemdata International, VCI

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FOCUS COUNTRIES: USA, CHINA, THE EU AND GERMANY

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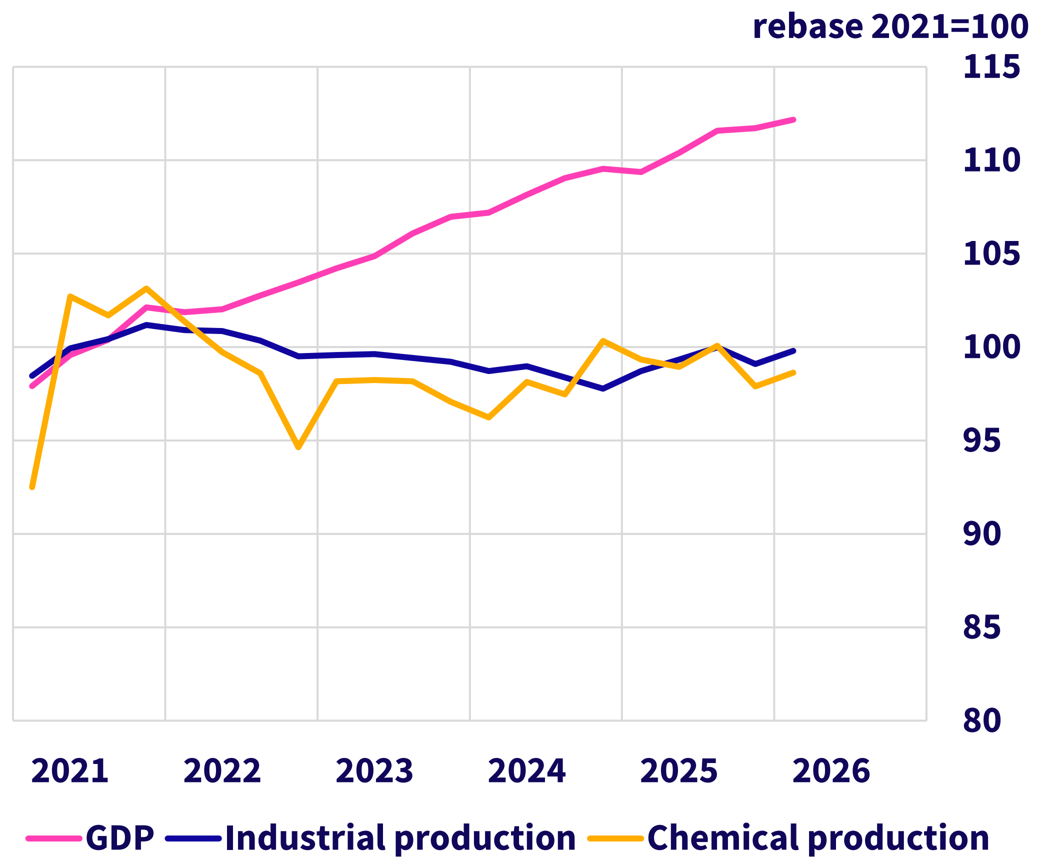
THE ECONOMY IS PROVING ROBUST – DAMPENING EFFECTS CONTINUE TO INCREASE

USA: GDP, manufacturing, chemicals



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

- **Macroeconomic growth slowed**
  The US economy proved to be robust in 2025. The expected economic slowdown resulting from the Fed's efforts to combat inflation failed to materialise. Furthermore, precautionary stockpiling by US companies helped to cushion the impact of the tariff shock to some extent. Mixed signals are overshadowing an otherwise clear upward trend in the first quarter of 2026: The US labour market remains robust, with employment on the rise. At the same time, demand is increasing in key customer sectors, such as the automotive and mechanical engineering industries. Industrial production is rising slightly, leading in some cases to a moderate increase in demand for chemical products. However, geopolitical risks are casting a shadow over the economic situation and leading to a slowdown. Investment in construction also decreased.

- **Industrial growth with weak momentum**
  Industrial production rose slightly again in the first quarter of 2026. This increase is offset by the growing importance of the technology sector.

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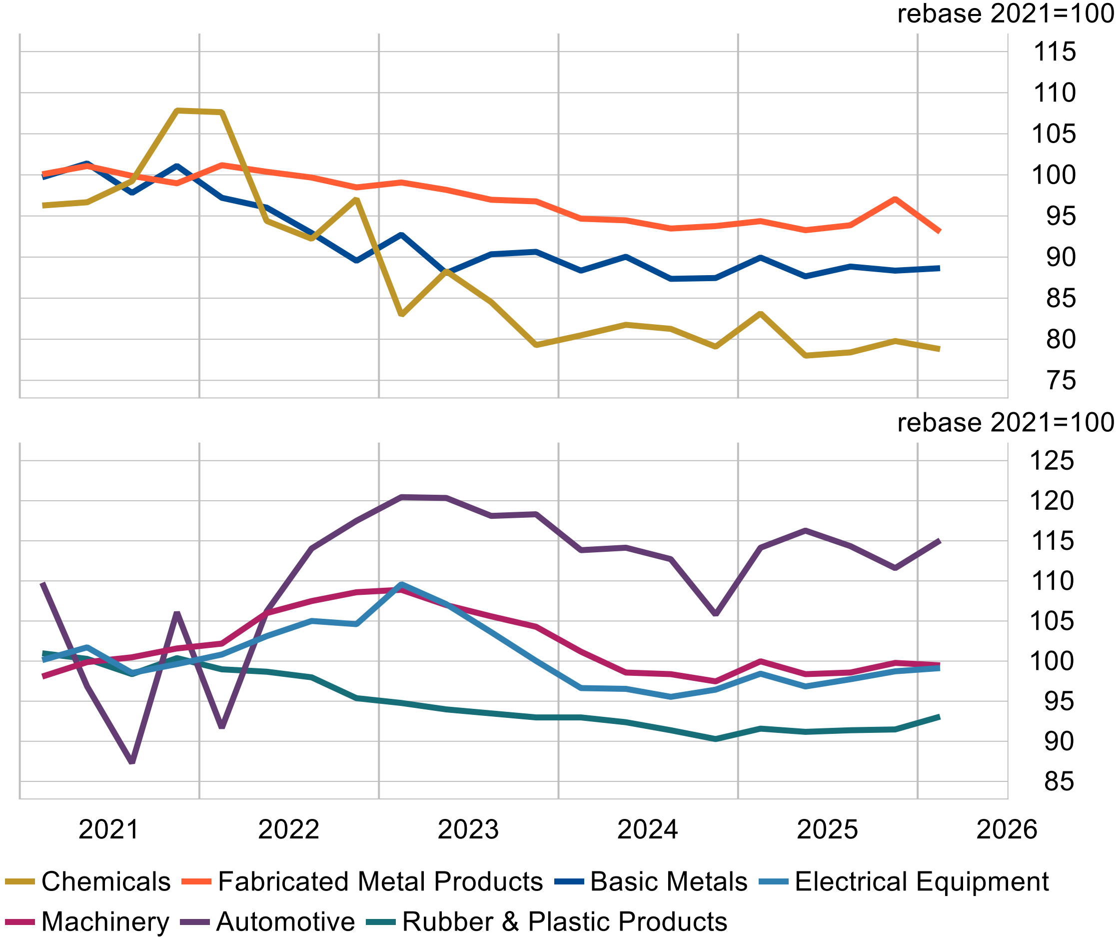
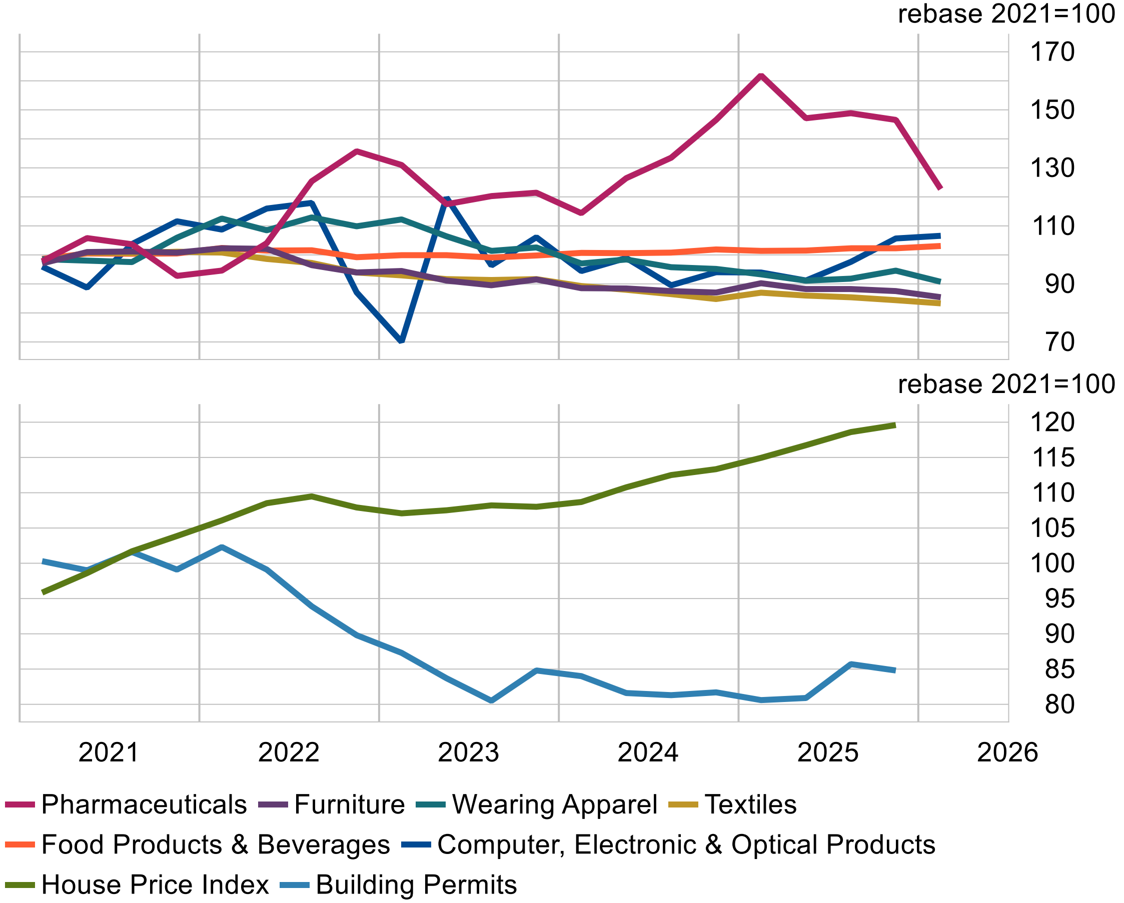
MIXED PERFORMANCE ACROSS THE INDUSTRY

Industrial Production Index: intermediate and capital goods



Industrial Production Index: consumer goods
Construction permits and prices



Sources: Macrobond, Chemdata International, VCI
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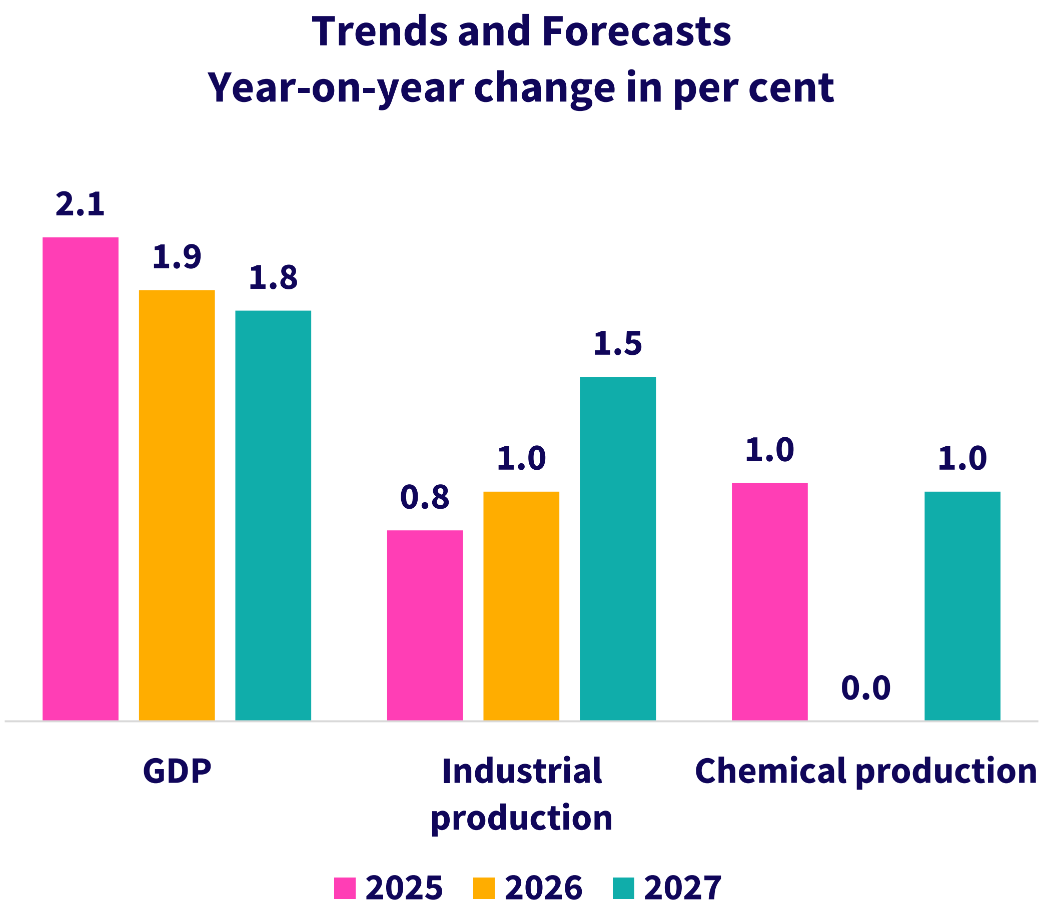
PRODUCTION FIGURES IN DETAIL: MANUFACTURING UP SLIGHTLY – UNEVEN MOMENTUM

industry sectors productions index growth rates	2024	2025	1st quarter 2026 yoy	1st quarter 2026 qoq
	yoy			
manufacturing industry	**– 1.0**	**+ 0.8**	**+ 0.7**	**+ 0.4**
basic metals	– 3.0	+ 1.8	+ 2.5	+ 0.2
fabricated metals	– 2.8	+ 0.0	+ 2.8	+ 0.3
chemicals	**+ 0.1**	**+ 1.0**	**– 0.7**	**+ 0.7**
pharmaceuticals	**+ 5.3**	**+ 6.2**	**+ 1.8**	**– 0.7**
rubber and plastic products	– 0.6	– 2.5	+ 0.8	+ 1.8
automotive	– 2.1	– 1.6	+ 1.1	+ 3.2
machinery	– 4.5	+ 1.0	+ 4.1	+ 1.7
electrical equipment	+ 1.0	– 1.3	– 0.1	+ 1.3
computer, electronic, optical products	+ 6.7	+ 14.3	+ 11.5	+ 4.9
food and beverages	– 1.1	– 0.4	– 1.5	– 1.4
textiles	– 2.2	+ 0.6	+ 0.4	+ 1.1
furniture products	– 5.8	– 3.2	– 2.6	– 0.7
paper products	+ 0.9	– 2.7	– 4.3	– 0.7
printing products	– 0.9	– 1.9	– 2.9	– 0.1
glass/ceramics	– 6.2	+ 1.6	– 1.3	+ 2.4
construction	**+ 2.2**	**– 3.9**	**– 2.2**	**– 1.7**

Sources: Macrobond, Chemdata International, VCI

OUTLOOK: GROWTH SLOWING – RISKS RISING

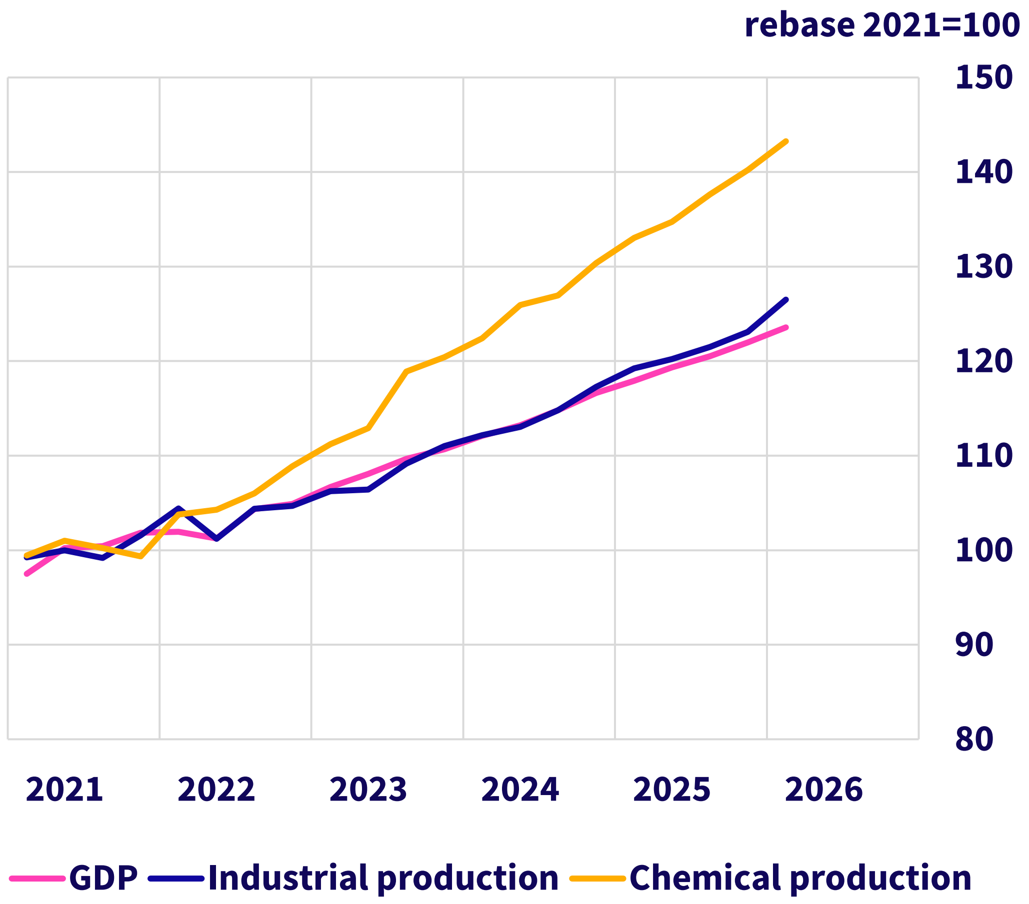


Sources: Macrobond, Chemdata International, VCI
Image: © Carsten-Reisinger/adobe.stock.com

- **Macroeconomics**
  A number of headwinds are standing in the way of economic stabilisation. In particular, the conflict in the Middle East is driving up input prices and increasing planning uncertainty. The fragile environment is hampering a sustained recovery in demand. Additional headwinds stem from US trade policy, whilst an expansionary fiscal policy and investment in artificial intelligence are providing positive impetus.
- **Industry/Chemicals**
  The US chemicals sector has so far benefited to some extent from supply chain disruptions in Asia and the Middle East. However, this effect is unlikely to be long-lasting.
- **Risks: negotiated tariffs (rising inflation rates, a weak dollar, supply chain disruptions), further trade conflicts, labour shortages**
- **Opportunities: deregulation, investment incentives Tax cuts, focus on technology, reduced dependence of the chemicals sector on crude oil, high market supply of LNG**

CHINESE ECONOMY REMAINS ON COURSE

China: GDP, Industry, Chemicals



Sources: Macrobond, Chemdata International, VCI
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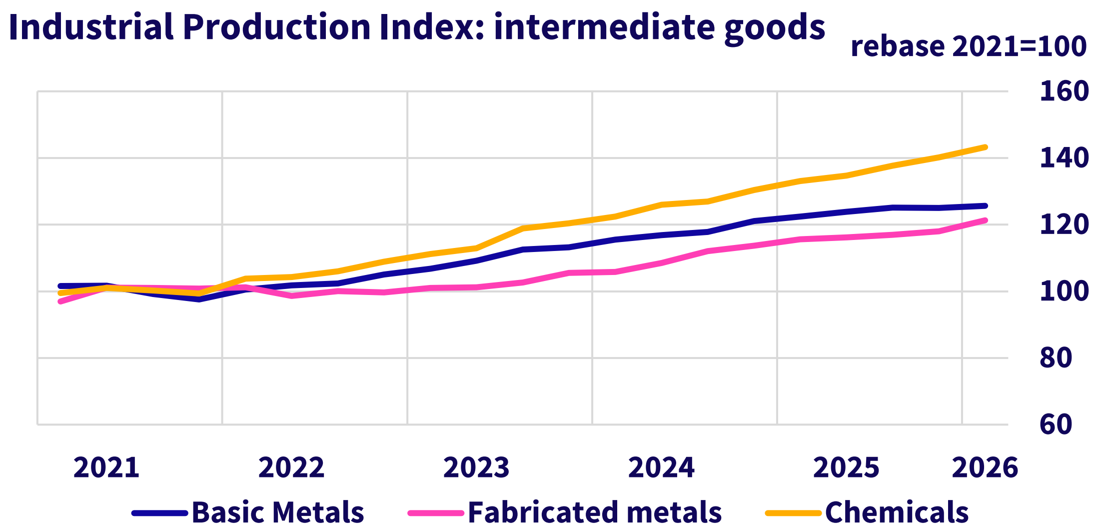
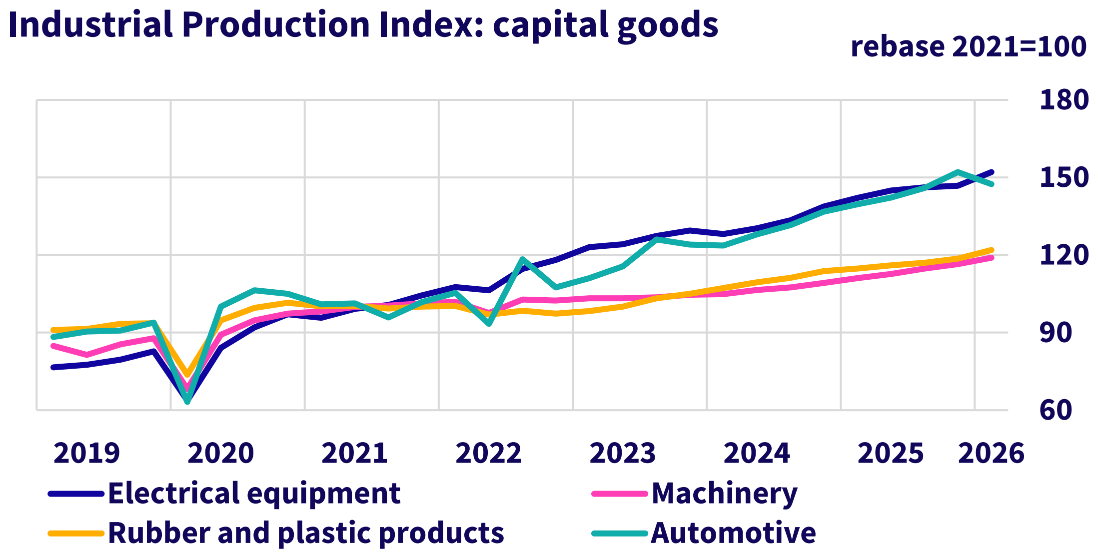
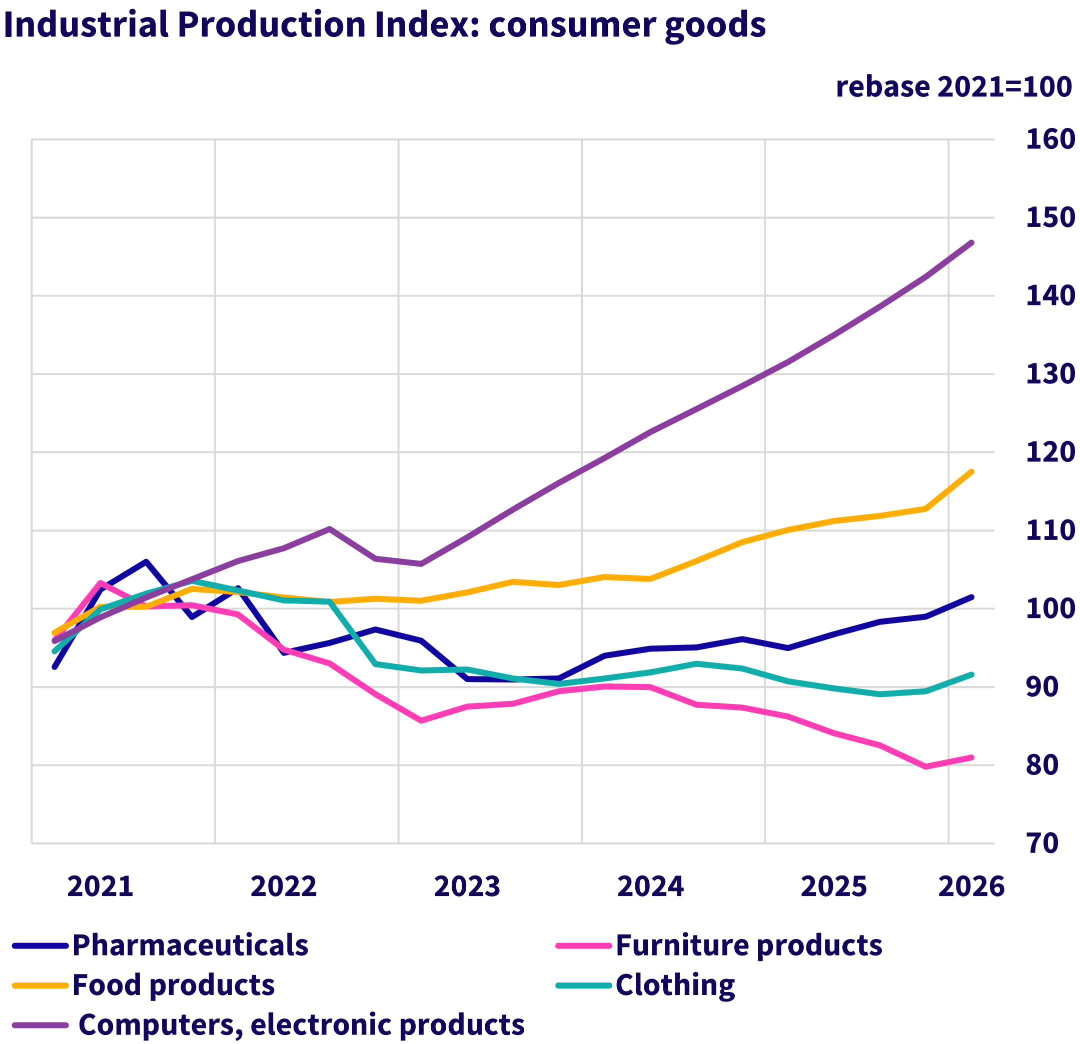
- **Overall economic growth remains robust**
  Structural problems, particularly in the property sector, as well as weak domestic demand are dampening momentum. The government is increasingly focusing on long-term reforms rather than broad-based economic stimulus programmes. Under the 15th Five-Year Plan, the focus is on qualitative growth, sustainability and industrial policy objectives. Overall, this points to a deliberately more moderate and more tightly controlled growth strategy.

- **Growth in industry and chemicals**
  Chemical production continues to grow and is decoupled from general industrial trends. Owing to weak domestic demand, China is heavily export-oriented and has become a net exporter in many sectors. Import pressure is leading to intense global competition and price pressure. Trade barriers, particularly in the US, are increasingly channelling exports towards other regions, thereby increasing competitive pressure there.

ALMOST ALL INDUSTRIAL SECTORS SHOW A POSITIVE TREND







Sources: UNIDO, VCI
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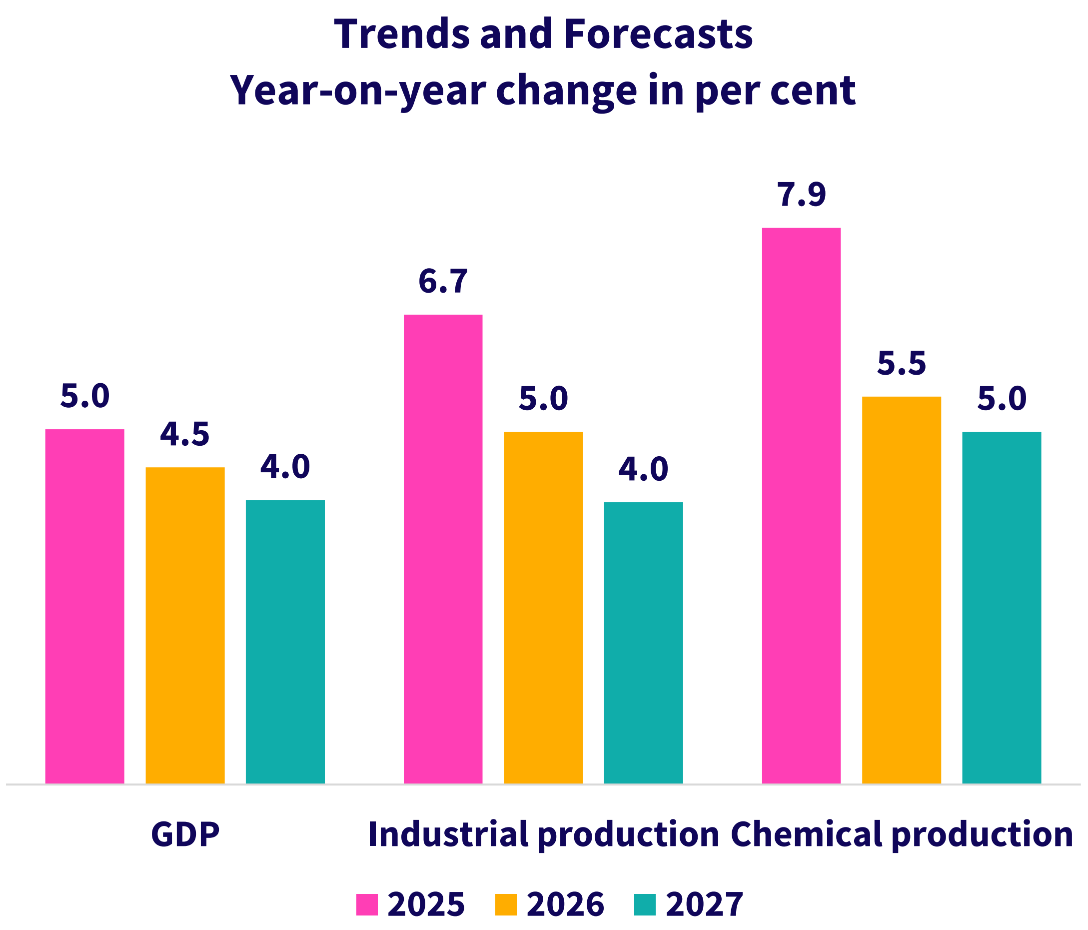
PRODUCTION FIGURES IN DETAIL: UPWARD TREND IN ALMOST ALL SECTORS

industry sectors	2022	2023	1st quarter 2026	
productions index growth rates	yoy		yoy	qoq
manufacturing industry	**+ 6.2**	**+ 6.7**	**+ 6.0**	**+ 1.6**
basic metals	+ 6.7	+ 5.3	+ 2.7	+ 0.5
fabricated metals	+ 7.2	+ 6.1	+ 4.9	+ 2.8
chemicals	**+ 9.1**	**+ 7.9**	**+ 7.7**	**+ 2.2**
pharmaceuticals	**+ 3.0**	**+ 2.4**	**+ 6.9**	**+ 2.5**
rubber and plastic products	+ 8.6	+ 5.6	+ 6.3	+ 2.9
automotive	+ 9.1	+ 11.5	+ 5.6	– 3.1
machinery	+ 3.2	+ 6.2	+ 7.1	+ 2.1
electrical equipment	+ 5.2	+ 9.3	+ 7.0	+ 3.6
computer, electronic, optical products	+ 11.8	+ 10.4	+ 11.6	+ 3.1
food and beverages	+ 3.1	+ 5.5	+ 6.8	+ 4.2
textiles	+ 5.1	+ 3.1	+ 2.6	+ 1.0
furniture products	+ 1.3	– 6.3	– 6.1	+ 1.5
paper products	+ 8.3	+ 2.9	+ 3.4	+ 1.2
printing products	+ 3.2	+ 0.5	+ 7.3	+ 10.1
glass/ceramics	– 1.3	– 0.8	– 1.0	– 0.1

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

OUTLOOK: SLOWDOWN EXPECTED

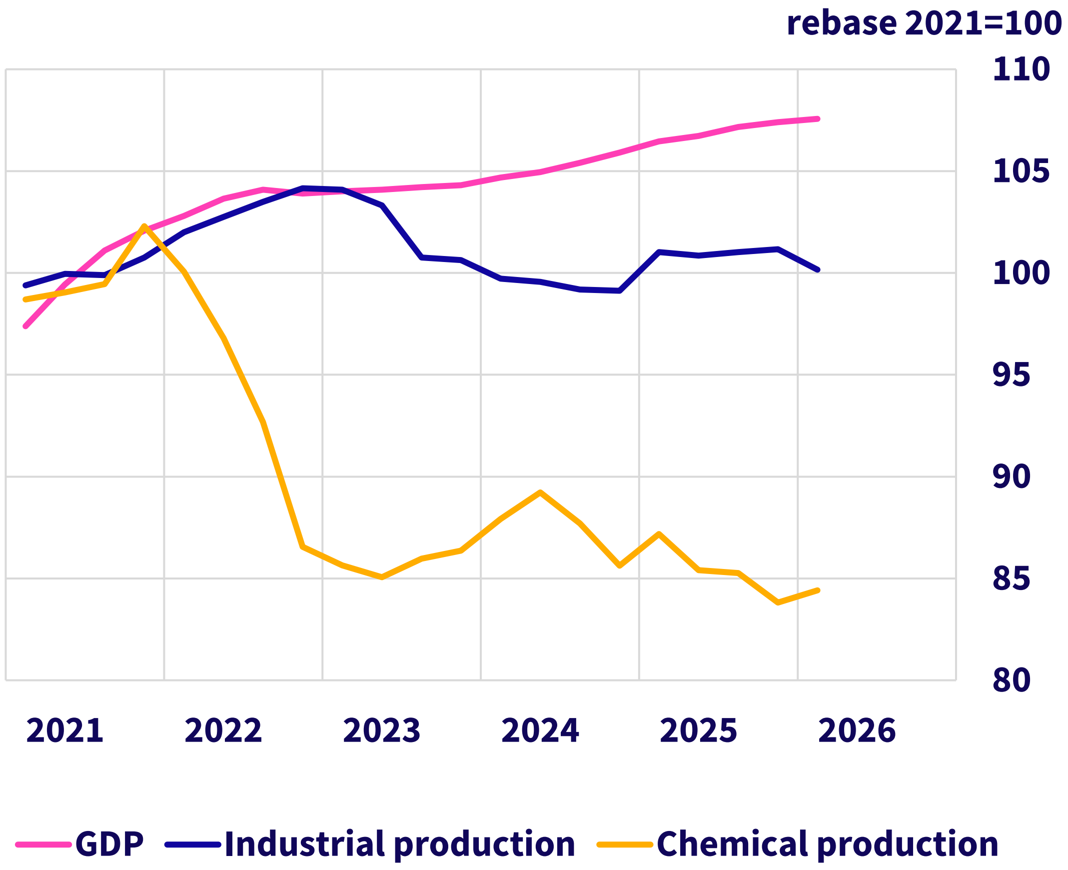


Sources: Macrobond, Chemdata International, VCI
Image: © g0d4ather/Fotolia.com

- **Macroeconomics**
  Despite structural problems, China remains on course for growth. However, the outlook is clouded: the trade conflict with the US has merely been put on hold, and the Iran conflict has weighed heavily on the Asian market.
- **Industry/Chemicals**
  Structural problems, external trade conflicts and weak external demand are holding back the development of the industrial and chemical sectors. The sector intends to respond by phasing out inefficient plants and consolidating production. This suggests that growth in Chinese chemical production will lose momentum in future.
- **Risks: trade conflicts, low domestic demand, demographics, structural problems, weak domestic demand**
- **Opportunities: market dominance and size, openness to technology, energy supply, new focus on efficiency and sustainability**

CURRENT SITUATION: SLIGHT DECLINE IN INDUSTRY, CHEMICALS SECTOR TAKES A BREATHER

EU: GDP, industry, chemicals



Sources: Macrobond, Chemdata International, VCI
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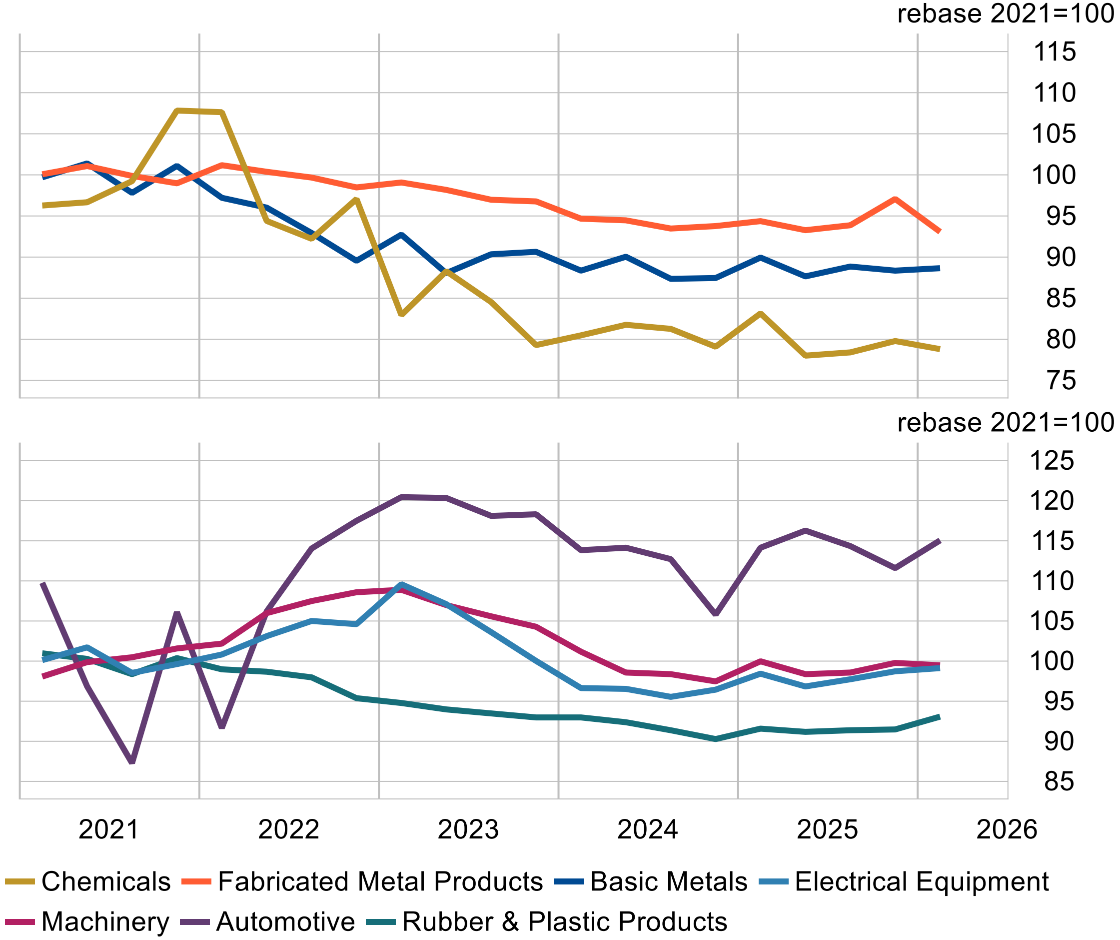
Overall economic growth slows
Economic momentum in the European Union slowed in the first quarter. The energy price shock resulting from the Iran conflict, as well as supply chain problems, have also spread to Europe. Higher inflation in the EU is dampening consumer spending. Additional tariffs are hampering foreign trade.

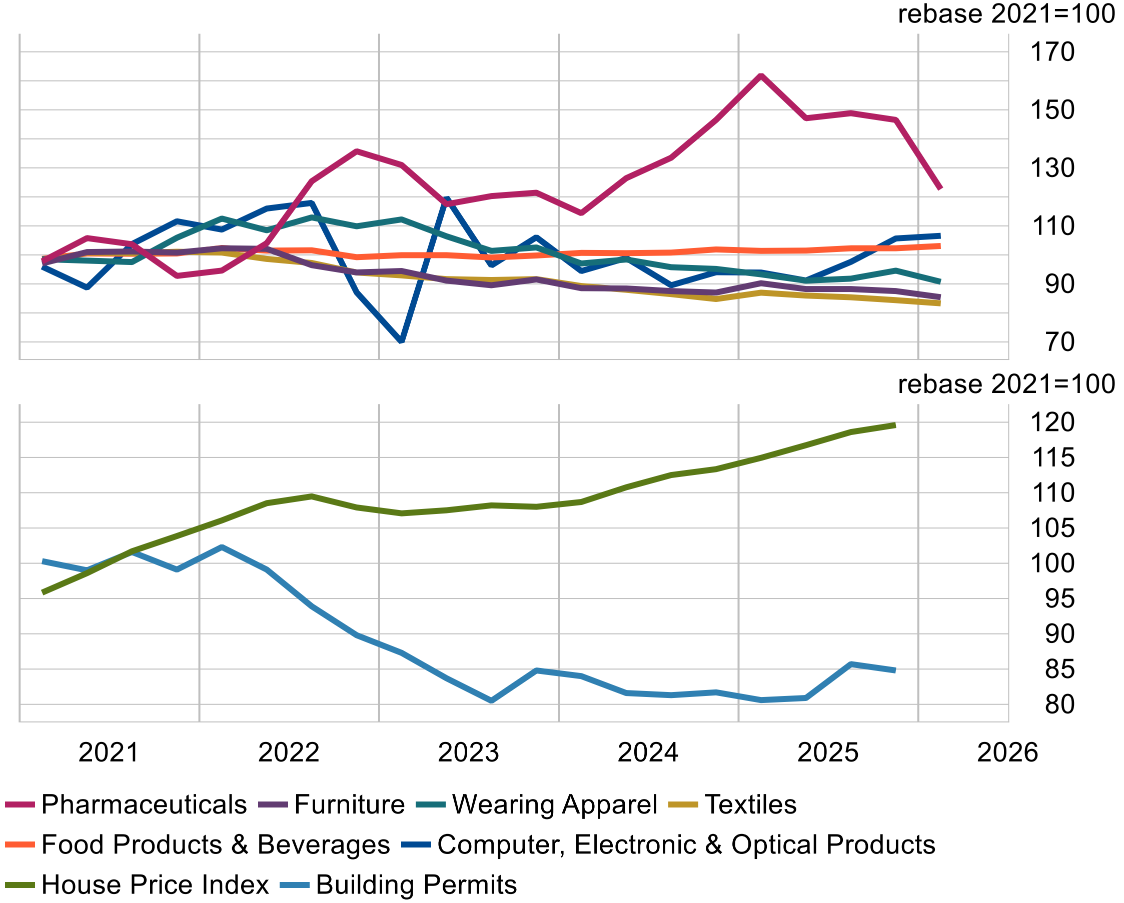
Setback in the chemicals sector
Structural problems within the EU continued to weigh on economic development and led to a decline in industrial production. As the majority of industrial sectors reduced their output in the first quarter, the hoped-for recovery in demand for chemicals failed to materialise. Consequently, chemical production continued its downward trend. The recent slight rise in order intake in the chemicals sector is therefore likely to be primarily attributable to customers building up stock in the wake of the Iran conflict. Consequently, this moderate increase should not be interpreted as a sign of a sustained revival in demand or even a turnaround in the trend.

STAGNATION IN MANY SECTORS

Industrial Production Index: intermediate and capital goods



Industrial Production Index: consumer goods
Construction permits and prices



Sources: Macrobond, Chemdata International, VCI
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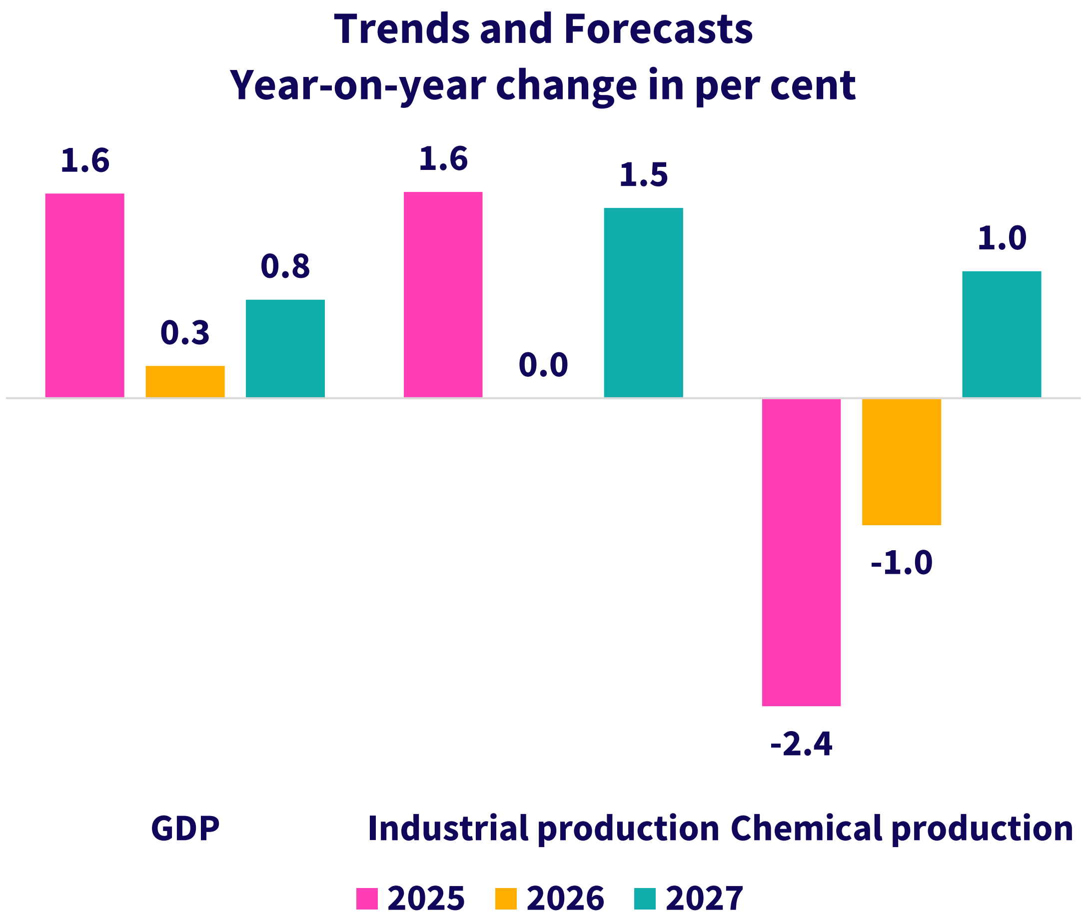
PRODUCTION FIGURES IN DETAIL: SIDEWAYS MOVEMENT; BASE EFFECTS IN PHARMA

industry sectors productions index growth rates	2024 yoy	2025 yoy	1st quarter 2026 yoy	 qoq
manufacturing industry	**– 2.7**	**+ 1.7**	**– 1.3**	→ **– 0.8**
basic metals	– 1.9	+ 0.5	– 1.1	→ – 0.3
fabricated metals	– 4.0	+ 0.0	– 1.1	↓ – 3.2
chemicals	**+ 2.2**	**– 2.4**	**– 3.5**	→ **+ 0.5**
pharmaceuticals	**+ 3.6**	**+ 15.3**	**– 14.0**	↓ **– 11.0**
rubber and plastic products	– 2.3	– 0.3	+ 0.1	→ + 0.2
automotive	– 8.4	– 1.4	– 1.5	→ + 0.5
machinery	– 6.9	– 0.2	+ 1.2	→ – 0.5
electrical equipment	– 9.0	+ 0.8	+ 1.4	→ – 0.6
computer, electronic, optical products	– 6.0	+ 3.8	+ 8.5	→ + 0.8
food and beverages	+ 1.7	+ 0.9	+ 0.3	→ + 0.7
textiles	– 5.0	– 1.5	– 4.0	↓ – 2.5
furniture products	– 3.8	+ 0.5	– 3.5	→ – 1.8
paper products	+ 2.9	– 0.6	– 1.6	→ + 0.7
printing products	– 4.2	– 2.3	– 3.8	→ + 0.2
glass/ceramics	– 3.4	– 0.2	– 1.7	→ – 1.6
construction	**– 1.8**	**+ 2.2**	**– 1.9**	→ **– 0.5**

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

OUTLOOK: SHORT-TERM ECONOMIC SLOWDOWN; ONLY A MODERATE RECOVERY IN THE LONG TERM



Sources: Macrobond, Chemdata International, VCI
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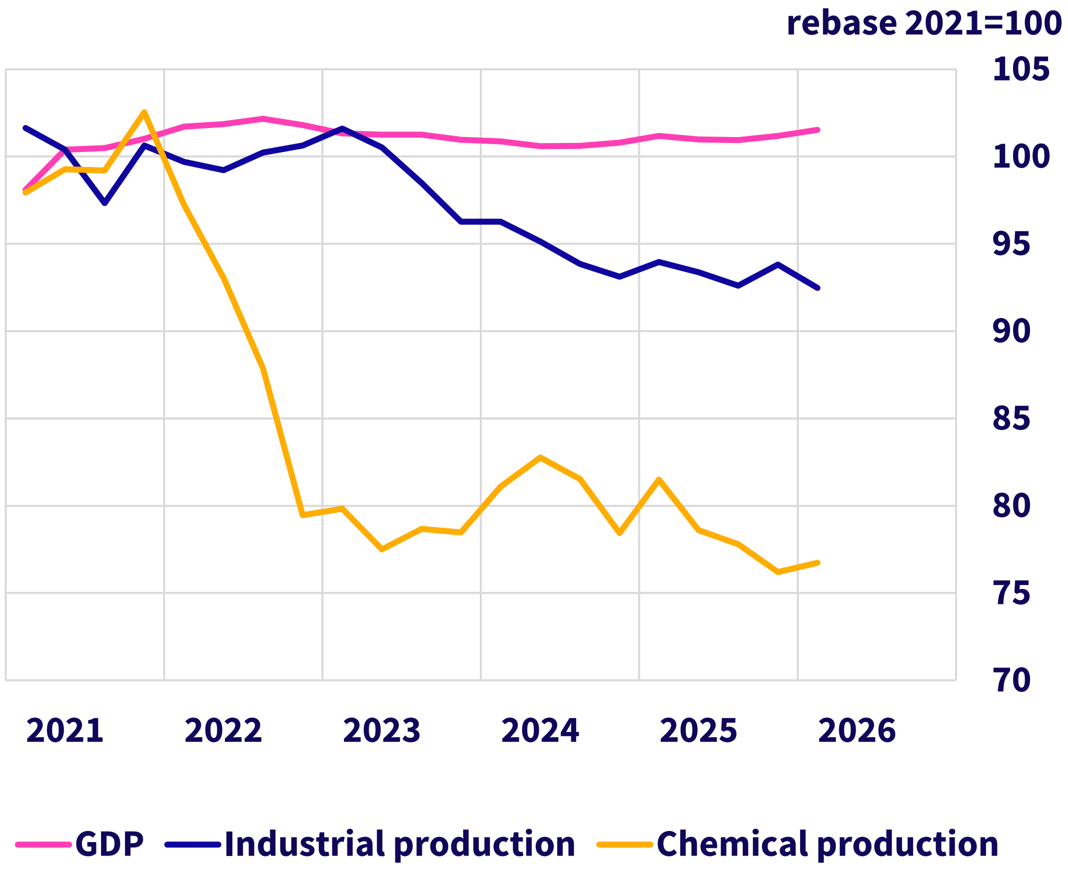
- **Macroeconomy**
  Private consumption and the services sector underpinned the economy, but were only able to partially offset the pressures from foreign trade. Additional uncertainty caused by the Iran conflict slowed the economic recovery. Whilst the tariff deal with the US (the Turnberry Deal) provided some relief, unresolved trade issues with the US and China are weighing on momentum.
- **Industry/Chemicals**
  Structural problems are weighing on competitiveness; investment remains weak, and the industrial sector is recovering only slowly.
- **Risks: high political uncertainty, failure to resolve structural problems, shortage of skilled labour, trade conflicts, high import pressure, dependence on energy and raw materials**
- **Opportunities: focus on innovation, a shift in political thinking, strengthening the domestic market, bolstering foreign trade through free trade agreements**

WEAK GDP – DECLINE IN INDUSTRY

Germany: GDP, industry, chemicals



Sources: Macrobond, Chemdata International, VCI
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- **Economic stagnation**
  The German economy remains on a low growth trajectory. Despite fiscal stimulus from the special funds, the economic outlook has clouded over once again. Additional pressures are arising from the energy price shock and ongoing uncertainties in supply chains. The rise in consumption in the first quarter of 2026 compared with the previous quarter was driven solely by government spending. Investment in equipment and construction declined. Foreign trade continued to provide no stimulating impetus.

- **Setback in industry and the chemical sector**
  Growth in the majority of industrial sectors in Germany is facing headwinds. This is another reason why demand for chemicals remains weak. Order intake is often attributable to stockpiling and precautionary orders as a result of the Iran conflict. Although chemical production rose slightly in the first quarter, it remains well below the previous year's level. Capacity utilisation remains at an unprofitable level of 75.1 per cent.

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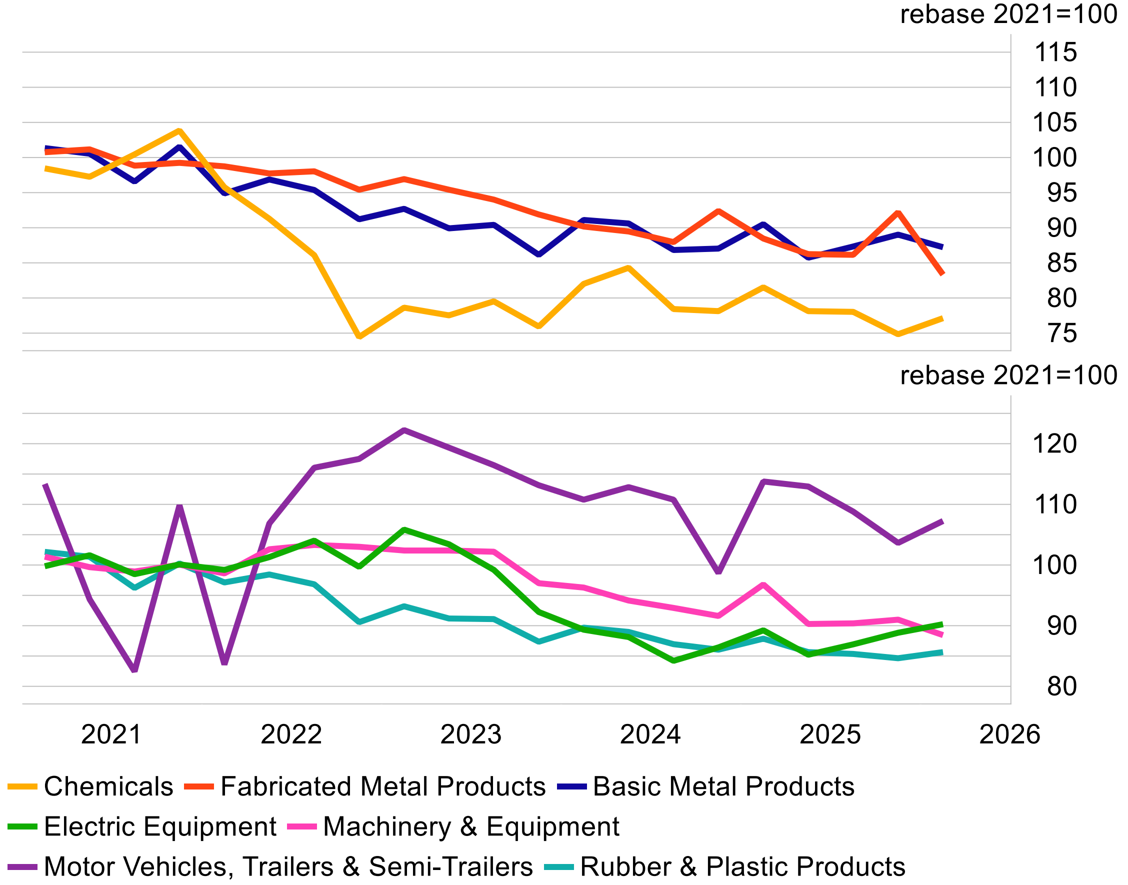
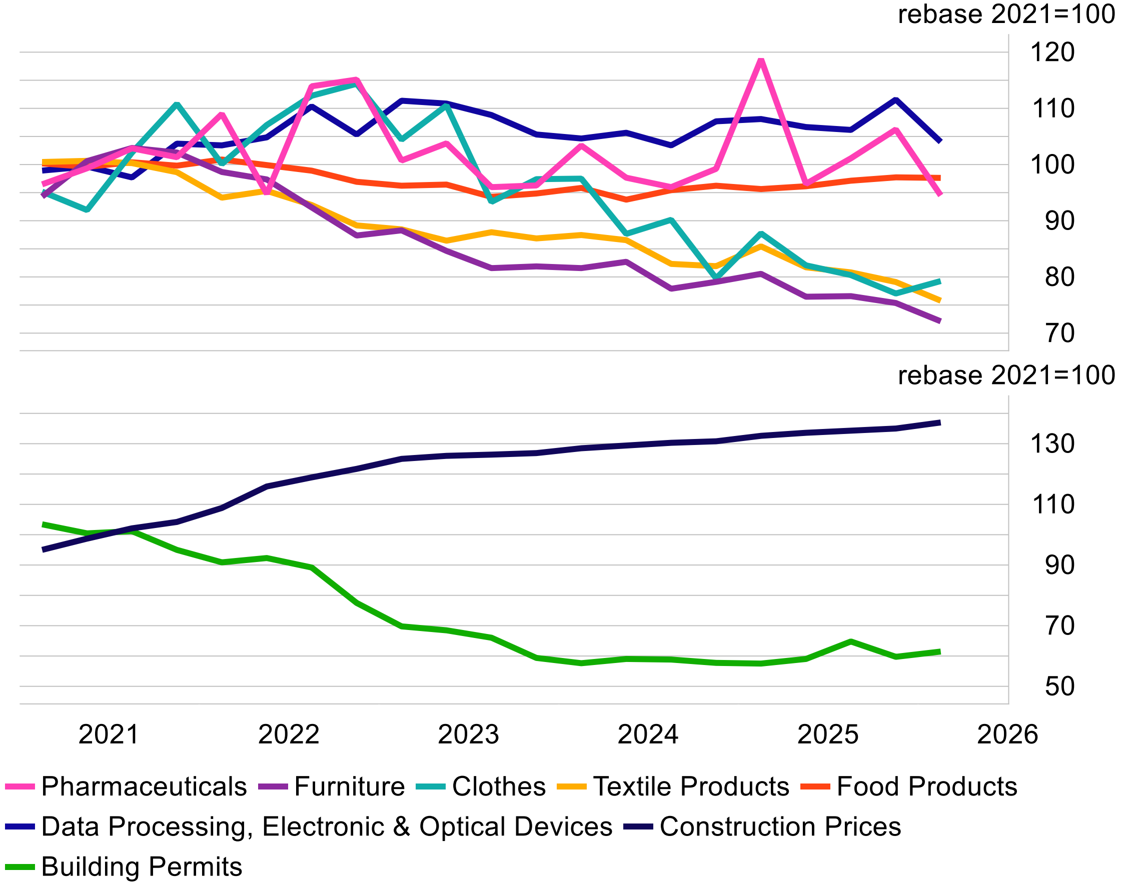
FURTHER CUTBACKS IN PRODUCTION IN MANY INDUSTRIAL SECTORS

Industrial Production Index: intermediate and capital goods



Industrial Production Index: consumer goods
Construction permits and prices



Sources: Macrobond, Chemdata International, VCI

PRODUCTION FIGURES IN DETAIL: SECTORS DOWN, SHORT-TERM GAINS FOR CHEMICALS

industry sectors productions index growth rates	2023	2024	1st quarter 2026	
	yoy		yoy	qoq
manufacturing industry	**– 4.6**	**– 0.9**	**– 2.6**	**– 1.0**
basic metals	– 1.6	– 1.8	– 0.2	– 1.2
fabricated metals	– 6.4	– 2.2	– 3.1	– 5.1
chemicals	**+ 3.0**	**– 3.0**	**– 5.8**	**+ 0.7**
pharmaceuticals	**– 2.4**	**+ 4.3**	**– 7.1**	**– 6.7**
rubber and plastic products	– 4.1	– 2.0	– 2.0	– 0.4
automotive	– 7.5	– 0.9	– 4.8	+ 0.2
machinery	– 7.7	– 1.5	– 3.2	– 2.1
electrical equipment	– 14.9	– 0.1	+ 1.9	+ 1.1
computer, electronic, optical products	– 3.3	+ 0.5	– 3.7	– 4.2
food and beverages	+ 1.0	+ 0.1	+ 1.1	+ 2.3
textiles	– 3.1	– 3.4	– 9.6	– 4.8
furniture products	– 7.2	– 3.7	– 6.0	– 3.6
paper products	+ 0.2	– 2.4	– 3.8	– 0.6
printing products	– 5.5	– 4.4	– 6.7	– 2.1
glass/ceramics	– 4.4	– 2.3	– 3.1	– 1.4
construction	**– 3.3**	**– 1.8**	**– 2.9**	**– 0.3**

Sources: Macrobond, Chemdata International, VCI
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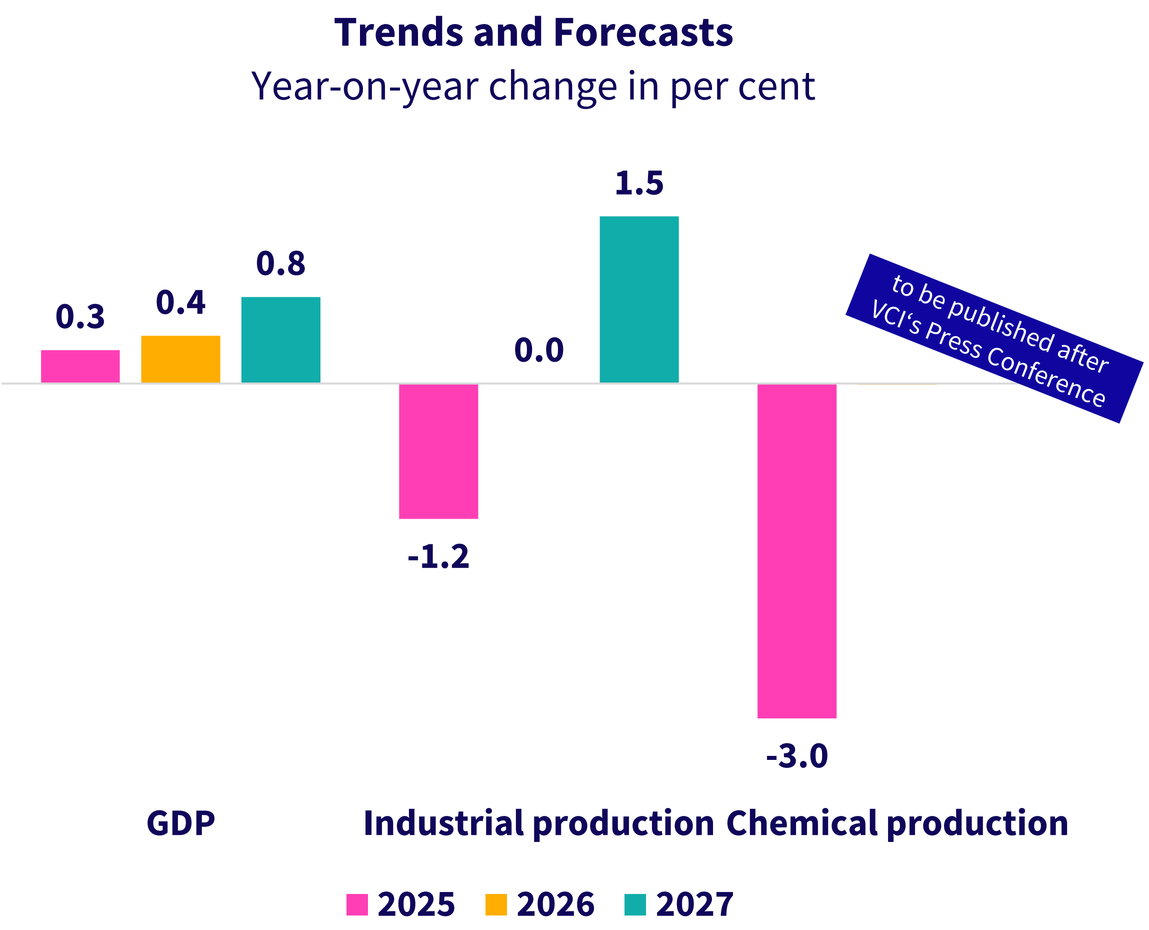
OUTLOOK: RECOVERY POSTPONED ONCE AGAIN



Sources: Macrobond, Chemdata International, VCI
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- **Macroeconomics**
  The outlook has not improved. Rising energy, raw material and transport costs resulting from the Middle East conflict are putting pressure on businesses and consumers. Despite the fiscal stimulus provided by the special funds, there are many indications that economic growth will be significantly weaker. Without structural reforms to improve competitiveness, there is a risk that the German economy's growth potential will not be realised.
- **Industry/Chemicals**
  Structural problems are weighing on competitiveness. The order book remains poor. The consequences are reduced production, weak turnover and low investment.
- **Risks: political uncertainty; failure to resolve structural problems (lack of reforms); shortage of skilled workers; trade conflicts**
- **Opportunities: focus on innovation, a rethink in economic policy, improvements to business conditions (Germany and the EU)**