

Quarterly Report

The business situation of the German chemical industry in the 3rd quarter 2018
Executive Summary

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VERBAND DER CHEMISCHEN INDUSTRIE e.V.
WIR GESTALTEN ZUKUNFT.



Chemical industry continues to lose momentum

The chemical-pharmaceutical industry hardly grew in the 3rd quarter 2018. When excluding the booming pharma production, Germany's third largest industry even had to cut back on output – according to the most recent quarterly report published by the German chemical industry association VCI. The weakening situation of industry overall in Germany and Europe made itself felt in the various sectors of chemistry. Some major customer industries, e.g. carmakers and plastics processors, clearly reduced manufacture in the period under review. But with rising prices, sales increased in almost all chemical sectors so that most chemical companies remained satisfied with their current business. However, expectations for the future are becoming less favourable.

VCI President Hans Van Bylen on the situation of the chemical-pharmaceutical industry: "An ever stronger slowdown becomes visible in the German and European economy. Customer demand for chemical products is getting weaker. Increasing risks, such as the escalation of the trade dispute between the USA and China as well as the Brexit, are causing yet more uncertainty."

FORECAST

For the year 2018 as a whole, the VCI maintains its forecast of 3.5 percent growth in German chemical production. Prices of chemicals are anticipated to rise by 1.5 percent. This results in an improvement of the industry's sales by 4.5 percent to 204 billion euros.

PRODUCTION

In the 3rd quarter 2018, chemical production went up by 0.3 percent against the previous quarter and by 2.4 percent against the previous year. At just under 85 percent, capacity utilisation of chemical plants remained good from July to September 2018.

PRODUCER PRICES

In the period under review, rising raw material costs brought an increase in producer prices by 1.1 percent compared with the previous three months. In a comparison with the previous year, the increase amounted to 2.6 percent.

SALES

The price development for chemical products led to higher sales for the industry also in the 3rd quarter 2018. Sales improved by 1.7 percent over the previous quarter and by 3.4 percent over the previous year. Foreign business grew stronger than domestic sales.

EMPLOYMENT

The 3rd quarter 2018 saw a rise in employment in the German chemical industry. At present, the industry has 459,700 staff; this is an increase by 1.5 percent over the previous year.

CHEMICAL BUSINESS INDICATORS IN GERMANY

3rd quarter 2018

	change in percent compared	
	to previous quarter	to previous year
production	+ 0.3	+ 2.4
excluding pharma	- 0.6	- 1.2
producer prices	+ 1.1	+ 2.6
total sales	+ 1.7	+ 3.4
domestic sales	+ 0.7	+ 2.1
foreign sales	+ 2.4	+ 4.2

Sources: Destatis, VCI

PRODUCTION DEVELOPMENT IN THE GERMAN CHEMICAL INDUSTRY

without pharma, seasonally adjusted, changes against previous year in percent



Sources: Destatis, VCI