

# Quarterly Report 3.2021

## Cooling of chemical business

Growth trends from the 1st half of the year lasted in the German chemical-pharmaceutical industry also in the 3rd quarter 2021, albeit they weakened somewhat. This emerges from the new quarterly report of the German chemical industry association Verband der Chemischen Industrie (VCI). According to the publication, worldwide shortages of materials and logistics as well as sharply rising energy prices caused production drops in many chemical sectors. Capacity utilisation fell to the lower end of the normal range.

All the same, the industry's overall output went up slightly because of positive developments of pharmaceuticals, reflecting the strong demand for vaccines. Sales also developed positively from July to September. In particular, the continuing rise in chemical prices brought higher revenues. Moreover, many industrial customers – especially from abroad – increased their orders for chemical products, wishing to prevent a scarcity of materials and to further build stocks. However, it was only partly possible to meet this additional demand.

VCI President Christian Kullmann comments the situation of the industry: "Neither the shortage of materials nor the high energy costs are expected to improve soon. These factors are weighing on the economy and will lead to a further cooling of chemical business in the coming winter. Where gas and electricity prices are concerned, the incoming federal government needs to act rapidly and take suitable measures to make up for the price leaps."

### Forecast

For 2021, the VCI continues to assume that chemical and pharmaceutical production will grow by 4.5 percent year-on-year. Prices are likely to rise by 8.5 percent. Thus, annual sales are anticipated to increase by 15.5 percent to 220 billion euros.

### Production

In the period under review, production in the chemical-pharmaceutical industry went up by 0.8 percent against the previous quarter – while plant capacity utilisation fell to 82.3 percent, as many chemical companies cut production due to rising energy prices.

### Producer prices

Chemical prices further climbed from July to September 2021. With high costs for logistics, raw materials and energy, prices of chemical products increased by 2.9 percent against the previous quarter.

### Sales

Attributable to price increases, chemical and pharmaceutical companies saw sales growth of 6.3 percent to 55.3 billion euros in the 3rd quarter 2021. However, the marked year-on-year rise by 26.1 percent is due to a special effect in the pharmaceutical sector.

### Employment

In the period under review, the number of jobs in the industry rose slightly by 0.5 percent over the previous year. The number of staff in chemical and pharmaceutical companies currently totals 466,500 persons.

### Summary

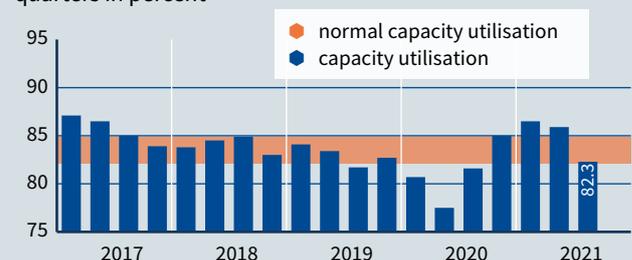
- **Production:** increase by 0.8 percent over the previous quarter, attributable to the pharma sector
- **Producer prices:** rise by 2.9 percent
- **Sales:** increases at home and abroad
- **Forecast:** further cooling of chemical business
- **Please note:** The integral text of the VCI's Quarterly Report 3.2021 (in German language) is available for download in the press section at [www.vci.de](http://www.vci.de)

### Chemical business indicators in Germany 3rd quarter 2021

	change in percent compared to	
	previous quarter	previous year
<b>production</b>	+ 0.8	+ 8.2
excluding pharma	- 0.3	+ 6.8
<b>producer price</b>	+ 2.9	+ 11.7
<b>total sales</b>	+ 6.3	+ 26.1
domestic sales	+ 6.2	+ 27.5
foreign sales	+ 6.3	+ 25.3
<b>capacity utilisation in percent</b>	<b>Quartal 2/2021</b>	<b>Quartal 3/2021</b>
chemicals (incl. pharma)	85.9	82.3

Sources: Destatis, ifo, VCI

### Capacity utilisation in the German chemical and pharmaceutical industry quarters in percent



Sources: ifo, VCI