

Contact:

Dr Moncef HADHRI, Economic Affairs, mha@cefic.be
Press contact, Maria LINKOVA-NIJS, mln@cefic.be

2022 chemicals output still above the 2021 level, but the energy price shock and economic uncertainty lead to falling demand in key end-use sectors

Key findings:

- **Economic Sentiment takes a hit in the EU and Employment Expectations ease**
In March 2022, the Economic Sentiment Indicator (ESI) dropped substantially the EU (-5.3 points to 107.5), mainly due to plummeting consumer confidence. After reaching record high levels in February, business managers' Employment Expectations Indicator (EEI) also eased. The decline in the ESI in March was mostly due to plummeting consumer confidence, accompanied by marked losses also in retail trade and industry confidence; by contrast, confidence improved slightly in services and remained broadly unchanged in construction. Amongst the largest EU economies, the ESI fell sharply in France, Spain, Germany and, to a lesser extent, in Poland and Italy, while it brightened slightly in the Netherlands. (Source: EU Business and Consumer Survey)
- **The European Commission's Economic Uncertainty Indicator (EUI) rose abruptly in March, driven by growing uncertainty about the impact of the war in Ukraine on the future economic situation of consumers and businesses.** While uncertainty has risen most sharply among consumers, reaching its highest level on record, the increases across all business sectors testify to the potential fall-out of adverse future scenarios also on sectors where confidence itself has not yet diminished (services, building). (Source: EU Business and Consumer Survey)
- **EU27 chemical output declined by 0.7% in 2022 (Jan-Feb) compared to 2021 (Nov-Dec).**
In the EU27 area, chemicals production declined by 0.7% in January-February 2022 compared to November-December 2021. The dip was broad-based, with most subsectors showing weaknesses as compared to the last two months of 2021. Petrochemicals (4.2%) and Plastics (2.1%) showed more pronounced dip compared to the other subsectors. On a positive note, output in the EU27 chemicals sector still 2.3% above 2021's levels (Jan-Feb-2021). (Source Oxford Economics and Eurostat)
- **EU27 producers are under significant cost pressure.**
According to European Commission survey data, overall confidence in the chemicals sector plummeted in March on a sharp decline in production expectations for the months ahead. The energy price shock which followed Russia's war against Ukraine has put European producers under significant pressure and falling demand in key end-use sectors will limit producers' ability to pass on cost increases. (Source Oxford Economics and Eurostat)
- **Producer prices in chemicals reached their highest reading in February 2022.**
Higher prices are still the key challenges facing businesses. Prices in the EU27 petrochemicals sector increased by 38% in 2022 compared to 2021's level (Jan-Feb). Prices in fertilizers nearly doubled during

the first two months of 2022 compared to the same period of 2021. All in all, chemical producer prices increased by 32.9% in 2022. Chemical prices reached in February 2022 their highest reading. The long-term outlook remains uncertain. High consumer price inflation and surging energy and feedstock prices are a risk for growth in consumer and industrial demand. (Source Eurostat)