



Quarterly Report Q1/2022

European plastics manufacturers (EU 27)

JULY 2022

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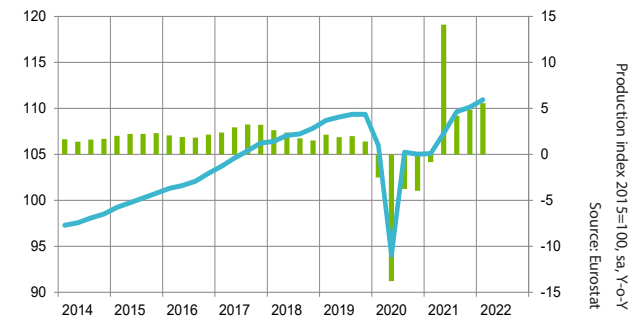
Overall economy and industrial production continued to increase – worldwide and in the EU27

Global and European economy continued to grow in the first quarter 2022 compared to previous one. While the growth rate for the EU27 was slightly higher than last quarter, dynamics of the global economy weakened. Worldwide gross domestic product (GDP) grew only by 0.5 percent compared to the previous quarter and was 4 percent higher than last year.

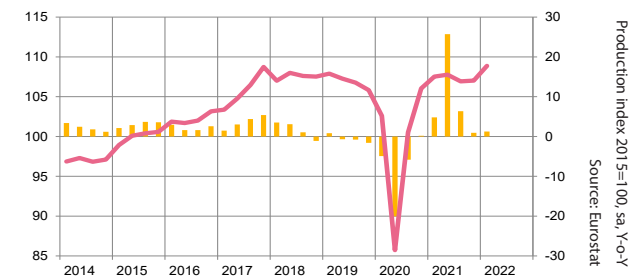
Less corona containment measures improved the economic situation in many fields - especially in the service sector. By contrast, supply bottlenecks and high energy and raw material prices slowed growth in industry and construction. The war in Ukraine aggravated these problems - especially in Europe. High inflation rates in many countries had an increasingly negative impact on consumption and investment.

Global and European industrial production continued to grow in the first quarter 2022 compared to previous one. Especially global industry production grew strongly in early 2022. Production expanded significantly in the USA and in large parts of Asia, while industrial production in the EU27 already slowed down by the start of the war in Ukraine. Especially high prices for oil and gas and concerns about supply bottlenecks of gas from Russia burdened the European industry. However, high prices for primary products, material shortages as well as disrupted supply chains have been still a worldwide problem. A significant improvement of the situation is not yet in sight.

GDP development EU27



Manufacture development EU27



Source: Eurostat, Chemdata

GDP & manufacture (seasonal adjustment)

	2021		Q1/22	
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
GDP world	5,7	4,0	0,5	4,0
GDP EU27	5,3	5,6	0,7	5,6
Manufacture world	9,5	4,7	4,9	4,7
Manufacture EU27	8,7	1,2	1,7	1,2

High energy prices dampened chemical production

Production of chemicals and of automotives decreased by 0.7 percent in the first quarter compared to previous one. While the automotive industry missed also last year's production level very clearly, production of chemicals grew compared to last year.

The sharp rise in prices for oil and gas were a challenge for the energy-intensive chemical industry. A profit-oriented production was partly no longer possible.

The war in Ukraine has shown again how important functioning supply chains are. Due

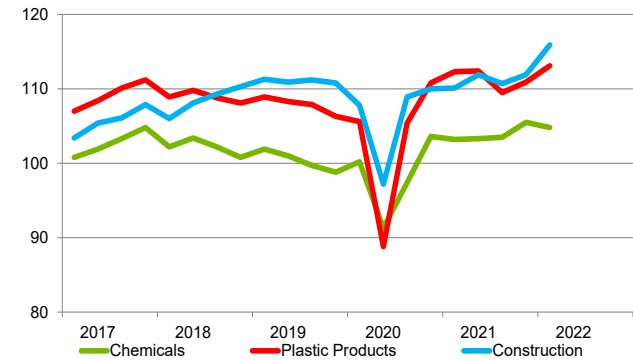
to the lack of harnesses from Ukraine, the European automotive industry came to a standstill in some cases. Also, the shortage of semiconductors has been still present for the European automotive industry.

Production of the remaining shown customer industries grew compared to last quarter. The highest growth rate recorded construction, followed by manufacturing of food.

Customer industries EU27 (seasonal adjustment)				
Customer industry	2021		Q1/22	
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
Food and beverage	3,7	6,5	3,1	6,5
Automotive	-0,4	-12,1	-0,7	-12,1
E&E	19,3	-13,2	1,8	-13,2
Plastics products	8,4	0,7	2,0	0,7
Chemicals	5,9	1,6	-0,7	1,6
Construction	4,9	5,3	3,6	5,3

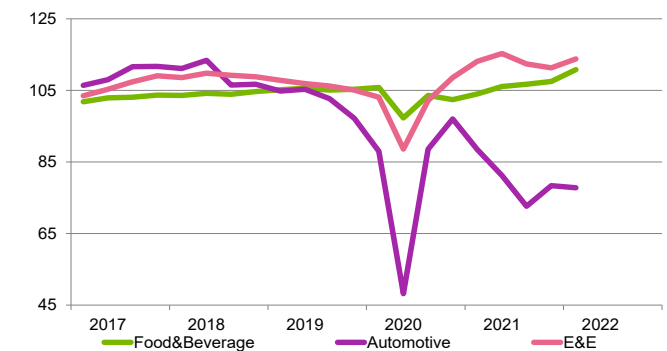
Source: Eurostat, Chemdata

Customer industries EU27



Production index 2015=100, sa
Source: Eurostat, Chemdata

Customer industries EU27



Production index 2015=100, sa
Source: Eurostat, Chemdata

Declining production

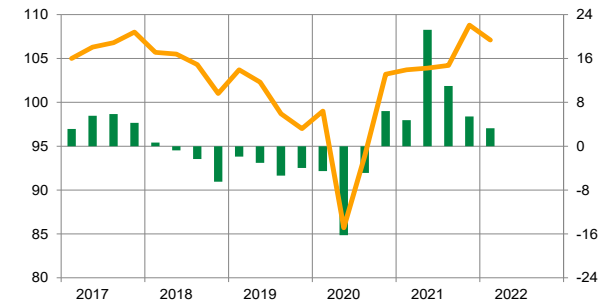
Production of plastics in primary forms decreased by 1.6 percent in the first quarter 2022 compared to previous one. The high production level at the end of the year 2021 could not be maintained. But compared to last year, production increased strongly by 3.3 percent. Recently, European industrial production increased at a lower rate than worldwide. Consequently, demand of plastics from European customer industries was lower. However, the remaining high demand for plastics in primary forms outside of Europe had a positive impact on production.

Production costs increased significantly

Producer prices of plastics in primary forms

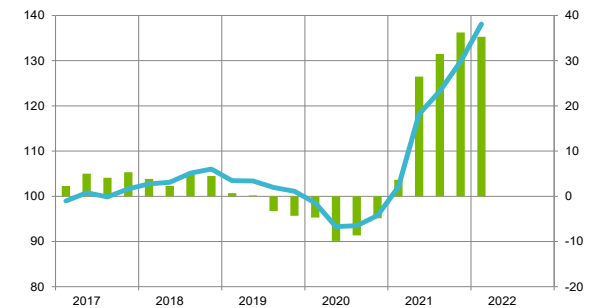
continued to rise in the first quarter 2022, the seventh quarter in a row. They grew by 6.3 percent compared to last quarter and were 35.3 percent higher than last year. Main reason for the price increase were significantly higher prices for Naphtha, an important feedstock for plastics manufacturers. The average prices of European Naphtha were more than 23 percent higher in the first quarter compared to previous one and accounted for 785 euro per ton.

Production of primary plastics EU27



Production index 2015=100, sa, Y-o-Y
Source: Eurostat

Price of primary plastics EU27



Production index 2015=100, sa, Y-o-Y
Source: Eurostat

Production and price of plastics in primary forms EU27 (seasonal adjustment)

	2021		Q1/22	
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
Production	10,2	3,3	-1,6	3,3
Producer prices	24,2	35,3	6,3	35,3

Source: Eurostat, Chemdata

The value of ex- and imports continued to rise

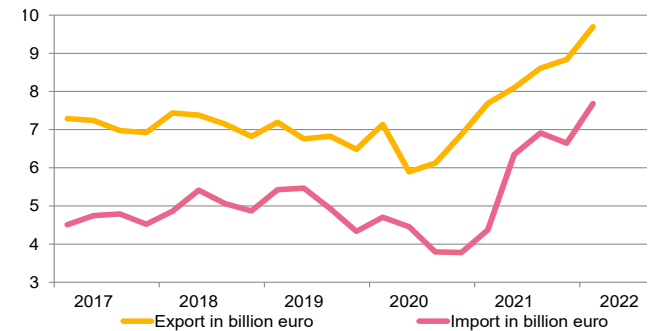
The value of exports of plastics in primary forms continued to grow in the EU27. Exports amounted to 9.7 billion euro, a plus of almost 10 percent compared to previous quarter. Exports to all regions showed a positive development compared to previous quarter. 45 percent of all exports went to the rest of Europe, followed by Asia with a share of 28 percent.

The value of imports of plastics in primary forms to the EU27 increased as well, by 16 percent compared to last quarter and amounted to almost 7.7 billion euro. Im-

ports decreased only from South America compared to previous quarter.

Both exports and imports showed a strong growth in the first quarter 2022. Due to the higher exports, plastics manufacturers in the EU27 achieved a strong trade surplus of 2 billion euro.

Exports and imports of primary plastics EU27

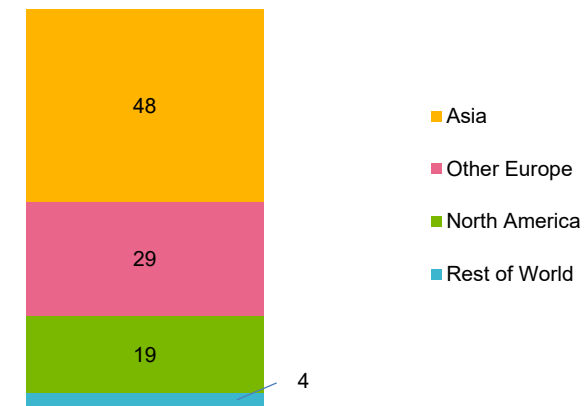


Export and imports in billion euro
Source: Eurostat, Chemdata

Regions	Exports of plastics in primary forms EU27		Imports of plastics in primary forms EU27	
	Q1/22		Q1/22	
	% to prev. year	% to prev. quarter	% to prev. year	% to prev. quarter
Extra EU27	26,1	9,7	75,7	15,6
Asia	17,6	14,5	96,7	13,3
Other Europe	30,4	7,8	66,3	23,2
North America	32,5	7,6	44,3	11,2

Source: Eurostat, Chemdata

Import regions of primary plastics Q1/2022



Import per region in percent
Source: Eurostat, Chemdata

High energy prices and gas supply remain relevant topics in Europe

Growth prospects have dimmed for different reasons. The war in Ukraine and tensions with the Kremlin are main topics in Europe. The war in Ukraine aggravated supply bottlenecks and high energy and raw material prices in Europe. In addition to the high prices, the security of supply of gas is essential for many European countries. A shortcut in gas would lead to a recession in Europe. High energy and commodity prices are additionally driving up inflation, which is already high in many countries, also in Europe. This leads to real wage losses and declining purchasing power, thus dampening consumption. Moreover, the central banks are raising key interest rates and thus slowing down investment. Another challenge, especially for commodity trading and supply chains is the zero-covid-strategy of the Chinese government. Entire metropolises or ports were put into lockdown in China. This had negative effects on consumption, production, and transportation in China. More metropolises may be affected in the future.

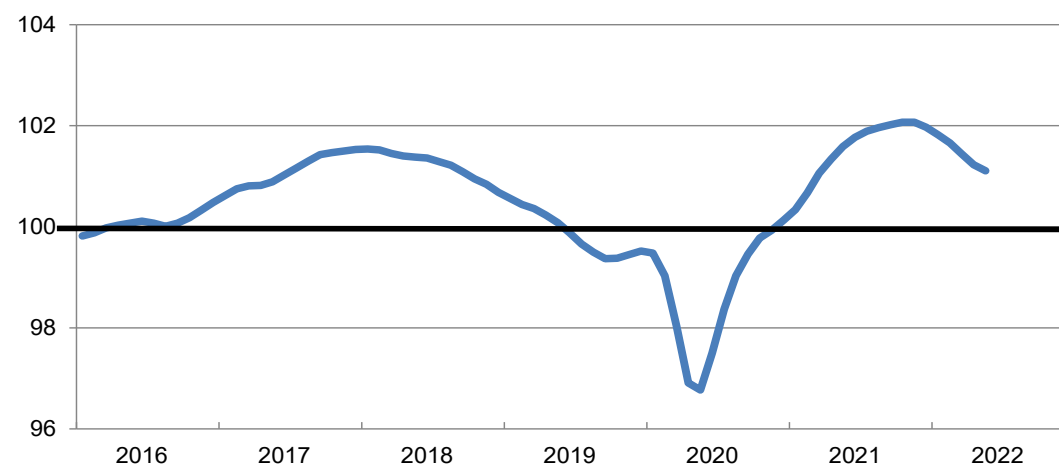
But next to the challenges there are also positive signs for further growth. Next to the zero-covid-strategy the effects of the coronavirus on the European economy should be small. Strict lockdowns are currently very unlikely in Europe. Also, demand for many products remained on a high level. As soon as material shortages and problems in supply chains improve, production can

increase dynamically. If gas supply is secured in Europe, the outlook for the economic development is cautiously optimistic.

The business confidence indicator (BCI) by the OECD provides information on future developments, based upon opinion surveys on developments in production, orders and stocks of finished goods in the industry sector. It can be used to monitor output growth and to anticipate turning points in economic activity. Numbers


above 100 suggest an increased confidence in near future business performance, and numbers below 100 indicate pessimism towards future performance. In May 2022 the BCI declined compared to last month but was with a value of 101.1 well above the benchmark of 100.

Business Confidence Index (BCI)




Source: OECD (2022), Business Confidence Index (BCI)

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