



Quarterly Report Q4/2017

European plastics manufacturers (EU 28)

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Strong 4th quarter 2017

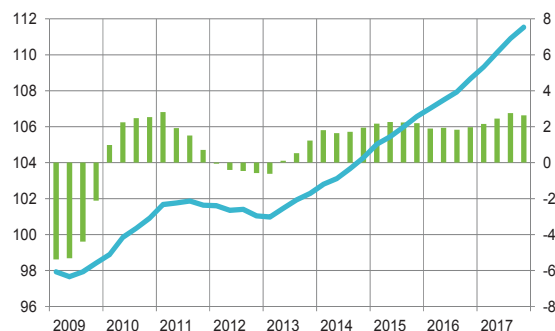
Global upswing continued

The global upswing continued in the 4th quarter 2017. The global gross domestic product (GDP) grew by 0.7 percent against the previous quarter, exceeding the previous year by 3.2 percent. Strong dynamics in industrial nations and robust growth in China supported this development. The economic momentum remained intact in emerging markets too. The upswing became even broader. Generally, in 2017 no major national economy was still in recession.

In the 4th quarter 2017, as in the whole course of the year, the European economy was resistant to numerous political uncertainties. The basis for growth is broad and solid for the European Union. The EU's growth totalled 2.5 percent in the overall year 2017. This is the highest annual growth rate for the past 10 years. Growth was supported by a stronger demand, both inside the EU and from abroad. All growth components pointed upward: Private and public consumption increased, investments were dynamic, and exports were booming.

The positive development of global industrial production accelerated in the 4th quarter 2017. Production exceeded the previous quarter by 1.3 percent and was almost 5 percent higher than in the previous year. Trends were particularly dynamic in industrial nations, while they were disappointing for industrial production in South Korea and Russia which was below both the previous quarter and the previous year's level.

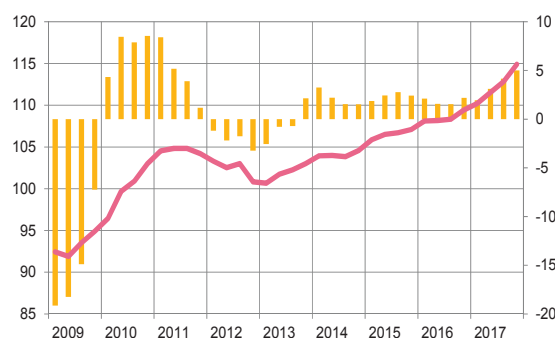
GDP Development EU28



Index 2010=100, sa, Y-o-Y

Source: Eurostat

Manufacture Development EU28



Production index 2010=100, sa, Y-o-Y

Source: Eurostat

GDP & manufacture (seasonal-adjustment)

	2016	Q4/17		Q1/17.- Q4/17
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
GDP world	2,3	3,2	0,7	3,0
GDP EU28	1,9	2,6	0,5	2,3
Manufacture world	3,0	4,8	1,3	4,4
Manufacture EU28	1,8	5,0	1,8	3,6

Source: Eurostat, Chemdata

Industrial production

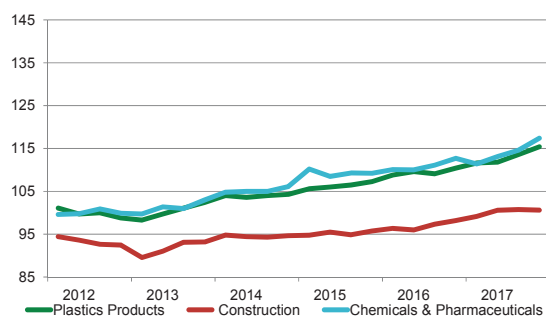
Industrial production went up again, resulting in a rising demand for plastics

The European Union continues to be the most important market for the European plastics industry. Therefore, the performance of European industry is of extraordinary importance.

Unlike at the beginning of 2017, growth has a broad basis. Production increased in all sectors compared

with the previous quarter. The previous year's level was clearly exceeded by all sectors too. But not only industry developed positively in 2017; there was also growth in construction. Construction grew by 3.4 percent in 2017, besides low dynamics in the last two quarters. Overall, all customer industries were able to realize growth in 2017, with growth rates of between 1.7 and 5.0 percent. As a result, the demand for plastics went up.

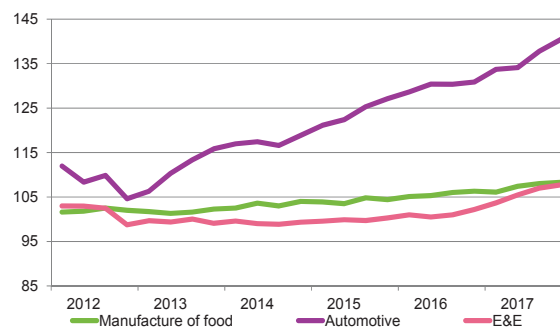
Customer industries EU28



Production index 2010=100, sa

Source: Eurostat, Chemdata

Customer industries EU28



Production index 2010=100, sa

Source: Eurostat, Chemdata

Customer Industries EU28
(seasonal-adjustment)

Customer industry	2016		Q4/17	
	% to prev. year	% to prev. year	% to prev. quarter	Q1/17.- Q4/17
Manufacture of food	1.5	1.9	0.4	1.7
Automotive	4.8	7.6	1.8	4.9
E&E	1.2	6.8	2.5	6.3
Plastics products	2.9	4.5	1.4	3.3
Chemicals/Pharma.	0.3	4.3	1.3	3.6
Construction	1.9	2.5	-0.1	3.4

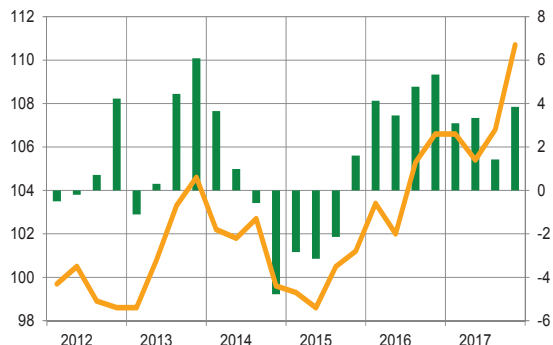
Source: Eurostat, Chemdata

Plastics in primary form

Plastics manufacturing was in full swing

In the 4th quarter 2017, the plastics manufacturing industry achieved one of the strongest growth in recent years. Total growth was 2.9 percent in 2017.

Production of Primary Plastics EU



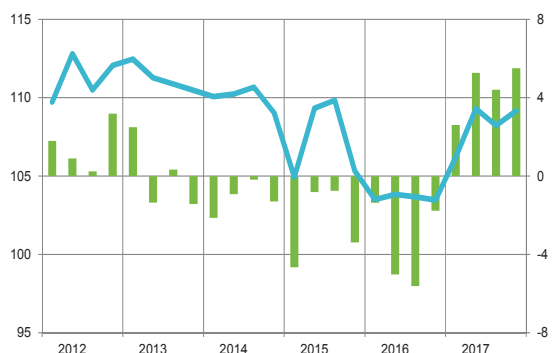
Production index 2010=100, sa, Y-o-Y

Source: Eurostat

Prices picked up again

Prices rose 0.9 percent in the 4th quarter, outperforming the prior-year quarter by 5.5 percent. The price increase in 2017 followed the price development in the commodities market. In the last quarter 2017, the price of naphtha was €67 per tonne more expensive than in the same quarter last year.

Price of Primary Plastics EU



Price index 2010=100, sa, Y-o-Y

Source: Eurostat

Production & Price of Plastics in Primary Forms EU28 (seasonal-adjustment)

	2016	2016	Q4/17	Q4/17
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
Production	4,6	3,8	3,7	2,9
Price	-3,5	5,5	0,9	4,4

Source: Eurostat

Further stimulation of global demand

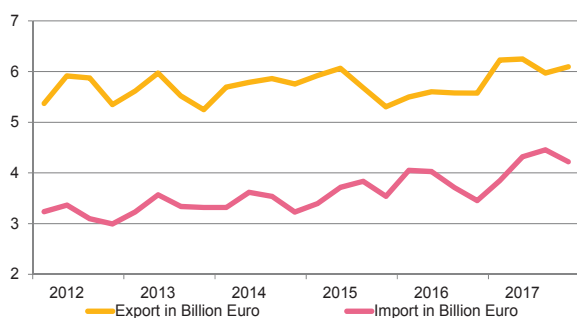
Foreign business developed positively

The strong increase in demand from industrial customers and a further upturn in consumer demand worldwide promoted the plastics manufacturing business. The European companies profited from the global expansion of plastics demand. Exports rose by 2.1

percent. Compared to the previous year, this corresponded to an increase of more than 9 percent. Exports to all regions significantly exceeded the prior-year quarter, with the exception of Africa.

Although imports declined in the fourth quarter, they clearly exceeded the previous year. Only imports from the Middle East declined.

Import and export of primary plastics*

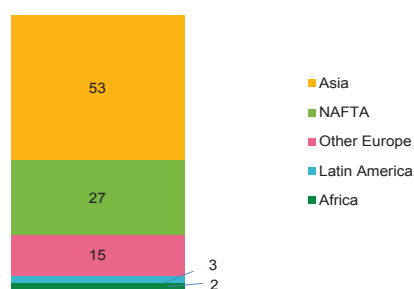


Export and Import in Billion Euro

Source: Eurostat, Chemdata

*preliminary data

Import regions of primary plastics Q4/2017*



Import per region in %,

Source: Eurostat, Chemdata

*preliminary data

Regions	Export of Plastics in Primary Forms EU28		Import of Plastics in Primary Forms EU28	
	Q4/17*		Q4/17*	
	% to prev. year	% to prev. quarter	% to prev. year	% to prev. quarter
Extra EU-28	9.3	2.1	22.2	-5.3
Other Europe	10.3	1.4	25.8	-1.1
NAFTA	25.2	-4.4	22.7	-4.8
Latin America	7.4	-1.2	1.1	-16.3
Asia	4.5	6.4	20.5	-6.0
Middle East	14.5	3.1	-8.3	-12.2
Africa	0.0	2.9	64.3	-9.2

*estimated; Source: Eurostat, Chemdata

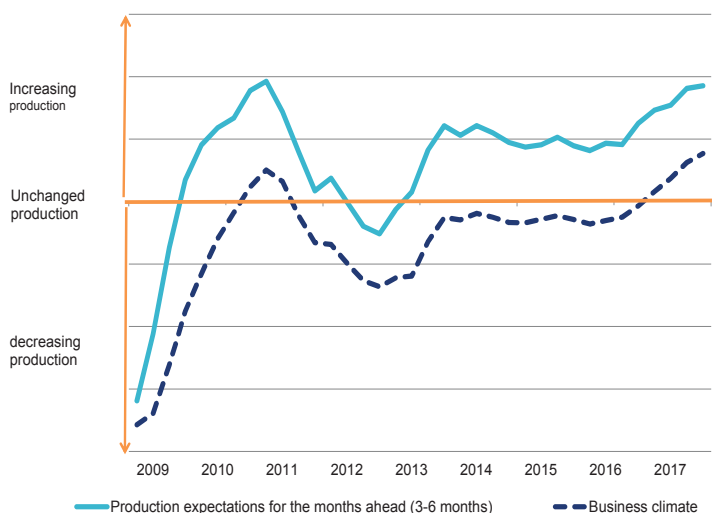
Outlook: with a tailwind to the year 2018

Upswing should last irrespective of all risks

Generally, 2017 was a good year for the plastics manufacturing industry. The global upturn should continue in the coming months. However, in the overall year 2018 dynamics should be somewhat weaker than in 2017. The expansion of global trade is anticipated to slow down in 2018, but dynamics will remain noticeably higher than in the previous years. The production increase will barely lose in speed in the industrial nations. Growth is supported by an only slow tightening of the

expansive monetary policy, more stimulus from the financial policy and a once more strongly rising demand from emerging markets. In the latter, the upswing is encouraged by higher raw material prices and the robust foreign business situation. In particular, the production in raw material exporting countries is thought to pick up considerably. But risks persist for the further development: These are mainly the political risks of a hard Brexit, increasing protectionism and geopolitical regions of crisis.

Manufacture Outlook and Business Climate in EU28



Balance of positive and negative answers, in %

Source: European Commission

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