

Quarterly Report 2.2024

Headwind for Chemistry and Pharma

The German chemical-pharmaceutical industry keeps struggling in a difficult environment. The recovery lost in momentum in the 2nd quarter 2024. The reason: German overall industry cut back on production in the past three months and was reserved about orders for chemicals. The demand from abroad was down too. Due to the persistent lack of orders, many chemical plants continued to be underutilised below profitable levels. Moreover, energy and raw material prices went up again most recently. Speaking in metaphors, first cracks are also materialising in the foundations of the pharma business. Foreign sales of pharmaceutical products declined lately. Negative figures were recorded in production as well.

VCI Director-General Wolfgang Große Entrup comments on the industry's business situation: "Once more, the mood in our industry has been cooling down noticeably, because the global economy failed to gain in speed as had been hoped for. Thus, there are no signs of a sustained upturn in demand up until now. At the same time, competitive pressure is getting stronger. Also, the structural problems at the location Germany remain unsolved. In fact, the announced growth initiative is a step in the right direction. However, the announcement alone has not yet brought about any change in sentiment. Meanwhile, four out of ten industrial companies are thinking about further production cuts, or they are even considering relocations abroad. It is high time to consistently tackle the structural problems in this country at long last. Where the Pharma Strategy is concerned, we still see room for improvement too."

For the whole year 2024, the VCI maintains its forecast of a production rise by 3.5 percent. Irrespective of falling prices, the industry's sales are anticipated to grow by 1.5 percent in the present year.

Production

Production increased by 0.8 percent over the previous quarter so that it was 3.7 percent higher than one year earlier. At 75.1 percent, capacity utilisation in the industry continued to be unprofitable.

Producer Prices

Producer prices went up by 0.8 percent over the previous three months due to rising costs. However, chemical and pharmaceutical products were still 2.4 percent less expensive than one year ago.

Sales

Seasonally adjusted, total sales in the chemical-pharmaceutical industry dropped by 0.7 percent to altogether 53.8 billion euros. The previous year's level was slightly missed too.

Employment

With some 479,500 staff, employment in the chemical-pharmaceutical industry was kept at a high level only thanks to growth in pharmaceuticals.

Summary

- ◆ Minor production increase
- ◆ Slight rise in producer prices
- ◆ Drop in sales against previous quarter
- ◆ Outlook: Lack of orders continues

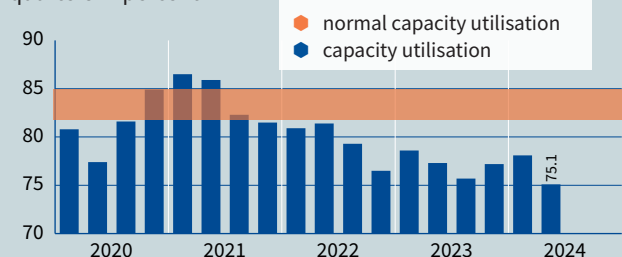
Please note:

The integral text of the VCI's Quarterly Report 2.2024 (in German language) is available for download in the press section at www.vci.de

Chemical business indicators in Germany 2nd quarter 2024	changes in percent against	
	previous quarter	previous year
Production	+ 0.8	+ 3.7
excluding pharma	+ 3.6	+ 8.4
Producer prices	+ 0.8	- 2.4
Sales	- 0.7	- 0.6
domestic sales	+ 0.9	- 1.2
foreign sales	- 1.6	- 0.2
capacity utilisation in percent	quarter 1/2024	quarter 2/2024
chemicals (incl. Pharma)	+ 78.1	+ 75.1

sources: Destatis, ifo, VCI

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



sources: ifo, VCI