

# Quarterly Report 3.2024

## Mood at a low point

In the 3rd quarter 2024, the German chemical-pharmaceutical industry suffered a major setback. The hoped-for recovery in the demand for chemical products did not materialise, neither in Germany nor abroad. Many industrial customers cut production, causing a drop in demand for chemicals. Moreover, the pharmaceutical business was weak on foreign markets. In response, the German chemical industry association VCI adapted its growth forecast for the total year 2024. Instead of a minor increase, the association is now expecting a decline by 2 percent in the industry's sales. Overall, the German economy continues to stagnate, the federal political landscape is largely occupied with itself, and the mood in the companies could hardly be worse. In this setting, the outlook for the coming months offers little hope.

VCI director-general Wolfgang Große Entrup comments on the industry's business situation: "Our industry is in a severe recession. The demand for chemical products is falling further, and the pharmaceutical business is weakening too. Capacity utilisation in the industry's plants is getting lower and lower. Let us be clear about this - the crisis is largely home-grown. We have immense structural problems in Germany which are turning into ever heavier burdens on our industry and our country. This is because a strong economy is immensely important for prosperity, safety and security and political stability. Speaking in metaphors, I would compare the industry location Germany with a house whose foundations are still good. But the paint is coming off in many places so that there is corrosion. Paint is no longer enough to cover this up; we must get through to the substance. Therefore, our industry needs very soon low energy prices, a competitive tax system, faster licensing as well as less bureaucracy and regulation from Brussels. Also as regards the USA, the next federal government must urgently see to better framework conditions."

### Forecast

For the year 2024 in total, the VCI is now expecting production growth by only 2 percent. The industry's sales should drop by 2 percent in the current year. Both domestic sales and foreign business are on the decline.

### Production

Production fell by 2.7 percent against the previous quarter and thus only reached its low level of the previous year. Capacity utilisation declined further too, amounting to 74.8 percent most recently and remaining below the profitability threshold.

### Producer Prices

In Q3 2024, the weak demand and falling raw material costs caused producer prices to drop by 0.2 percent compared with the previous three months. This means that chemical and pharmaceutical products were 0.3 percent less costly than one year earlier.

### Sales

Seasonally adjusted, total sales of the chemical and pharmaceutical industry declined significantly by 2.5 percent to 51.1 billion euros altogether. With a decrease by 1.8 percent, also the previous year's level was clearly missed.

### Employment

The number of jobs in the chemical and pharmaceutical industry remained at a high and stable level with around 479,500 staff due to growth in the pharmaceutical sector.

### Summary

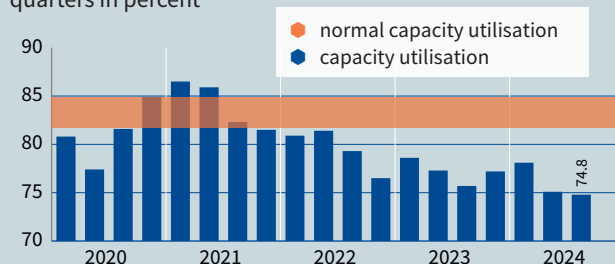
- ◆ **Production:** setback
- ◆ **Producer prices:** slight minus
- ◆ **Total sales:** decline
- ◆ **Outlook:** no improvement in sight
- ◆ **Please note:** The integral text of the VCI's Quarterly Report 3.2024 (in German language) is available for download in the press section at [www.vci.de](http://www.vci.de)

### Chemical business indicators in Germany 3rd quarter 2024

	changes in percent against	
	previous quarter	previous year
<b>Production</b>	- 2.7	+ 0.1
excluding pharma	- 2.5	+ 3.3
<b>Producer prices</b>	- 0.2	- 0.3
<b>Sales</b>	- 2.5	- 1.8
domestic sales	- 1.8	- 1.4
foreign sales	- 2.9	- 1.9
<b>capacity utilisation in percent</b>	quarter 2/2024	quarter 3/2024
chemicals (incl. Pharma)	+ 75.1	+ 74.8

sources: Destatis, ifo, VCI

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



sources: ifo, VCI