

CHEMICAL SECTOR MONTHLY UPDATE:

DATA: JUNE 2024

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Introduction

Important datasets were released since the last Monthly Report which now cover the period up to the end of June. A more detailed Quarterly Report will follow soon.

The trends emerging from the latest datasets were in summary;

- **Confidence levels** in the chemical sector **deteriorated** in Q2 of 2024 (with less than 50% of respondents being optimistic). The actual numbers for production (+2,7%), sales (+1%) and the trade balance (+8,6%) at the end of June were mixed, though.
- The **production performance** during June was just 1% better compared to May, but did not alter the continuation of the recovery trend (+2,9% over 6 months, and +4,5% over the 12 months' up to June 2024).
- The **sales** performance in June was much better (+6,1%) than the production trend, bringing the 6 months improvement to near 9% for the half year. The upward trend continued at +11% for 12 months and near 9% when inflation is taken into account.
- The **international trade balance** deteriorated further (22%) in June but imports declined by near 16%, much more than exports at -3%. The trade deficit remained at -R 334 billion with 64% consisting of petroleum imports.

General Business Confidence in the Chemical Sector; Q2, 2024

In our previous report we stated that the Bureau for Economic Research's manufacturing survey showed that confidence levels in the chemical sector deteriorated in Q2 of 2024 (with less than 50% of respondents being optimistic). The actual performances of the metrics were quite mixed as stated above, but the slight recovery in the sector continued,

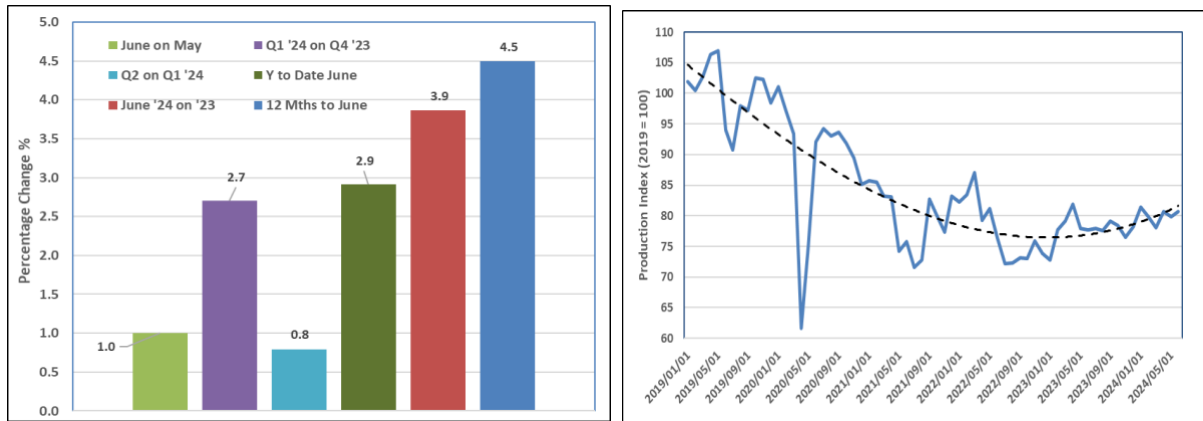
Production Trends

Chemical sector production grew by near 3% over the first 6 months of 2024, compared to the same period in 2023.

The quarter-on-quarter performance slowed down from near 3% (Q1 '24 on Q4 '23) to just above 1% during the second quarter. The June number was nearly 4% better than in 2023, and the 12 months' performance remain at 4,5% The fluctuations around the trend line on the graph below are still a matter of concern.

'Rubber', and to a lesser extend 'plastics', seem to be retreating the most, over most comparative periods.

Production Index Seasonally Adjusted	June on May '24	Year to June '24	June '24 on '23	Q1 '24 on Q4 '23	Q2 '24 on Q1 '24	12 Mths to June '24
Total	1.0	2.9	3.9	2.7	0.8	4.5
Coke, petrol & nucl	3.9	7.9	10.2	2.2	2.7	15.3
Basic chemicals	- 2.2	2.4	2.4	- 0.7	0.8	1.1
Other chemicals	1.2	- 1.7	- 0.2	6.1	- 1.4	- 3.1
Rubber	- 4.3	- 4.7	- 10.7	- 0.2	- 6.4	- 2.0
Plastic	- 3.8	3.1	1.3	1.3	3.0	1.9



Source: Statistics SA, Manufacturing Production & Sales, p3041.2

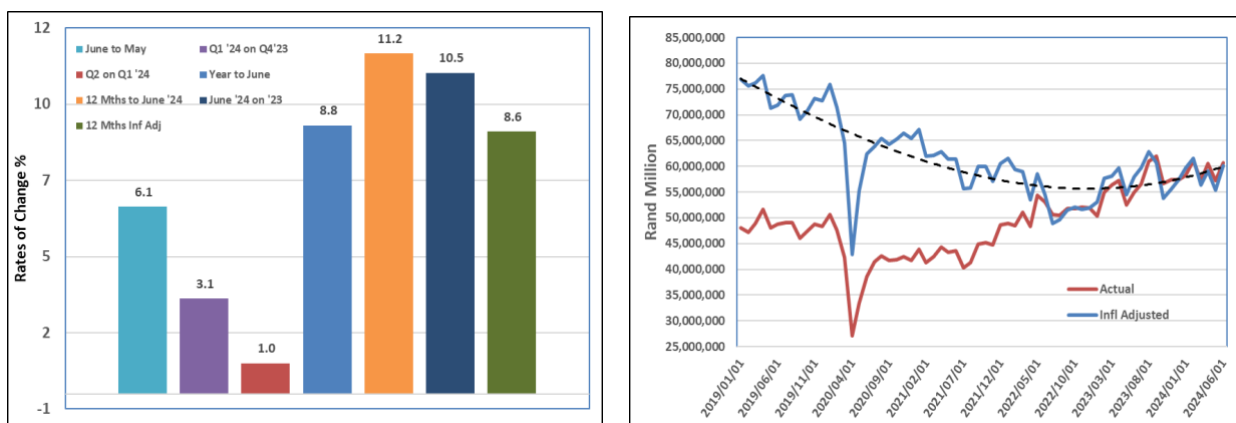
Sales Trends

The sales performances were generally more robust/positive than production trends. This is true for all comparative periods except, again for the 'rubber' sub-sector.

Inflation adjusted sales numbers are all above 3%, except for a slow(er) second quarter, mainly due to the fairly substantial decline in petroleum product sales.

Sales Values Seasonally Adjusted	June on May '24	Year to June '24	June '24 on '23	Q1 '24 on Q4 '23	Q2 '24 on Q1 '24	12 Mths to June '24
Total	6.1	8.8	10.5	3.1	1.0	11.2
Coke, petrol & nucl	- 0.1	21.1	10.4	- 3.1	- 4.3	33.9
Basic chemicals	27.6	4.6	21.8	13.6	8.4	- 0.1
Other chemicals	4.1	- 0.1	4.5	6.9	2.3	1.2
Rubber	- 2.1	- 2.8	- 4.6	3.3	- 1.6	0.9
Plastic	0.3	5.9	10.0	2.1	3.7	0.4
Total Inflation Adjusted	8.5	3.3	3.6	6.7	- 3.3	8.6

Source: Statistics SA, Manufacturing Production & Sales, p3041.2



Source: Statistics SA, Manufacturing Production & Sales, p3041.2

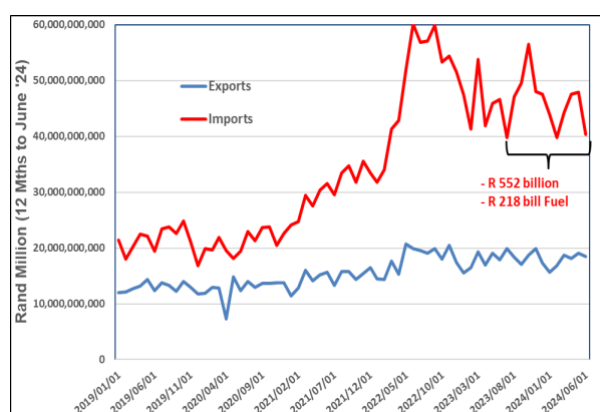
The short-term variations in sales performance (similar to production) do not negate the fact that the trend is clearly upward; nearly 9% by June 2024 against +7% at the end of Q1, 2024.

International Trade

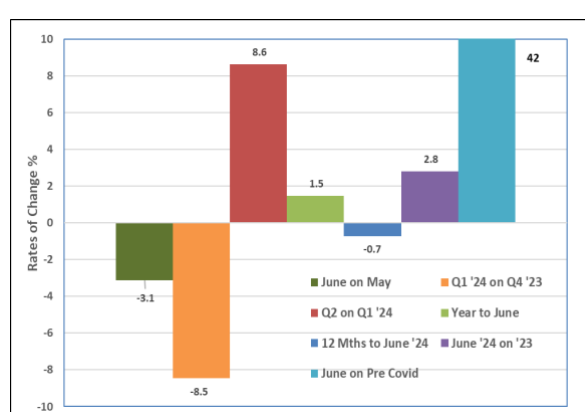
	Month-on-Month June on May '24	Year to date June '24 on '23	12 Months to June '24	June '24 on '23	Trade Balance 12 Mths Billion
Exports	%	%	%		
Total	3.1	1.5	0.7	2.8	334,304
Coke products	82.6	32.8	20.6	80.9	4,053
Petroleum ref	7.6	15.5	14.6	9.2	216,366
Nuclear fuel	55.1	52.2	36.5	4.9	264
Basic chemicals	2.7	8.0	13.5	5.4	22,300
Other chemical	1.0	0.2	1.4	1.1	62,282
Man-made fib	7.8	4.4	0.4	14.3	1,834
Rubber	3.5	0.8	0.2	0.7	13,334
Plastics	6.1	3.0	0.4	6.3	13,870
Imports					
Total	15.7	4.8	9.5	13.4	
Coke products	2.2	37.0	32.8	30.2	
Petroleum ref	14.1	11.6	14.2	19.9	
Nuclear fuel	99.3	57.9	56.2	22.5	
Basic chemicals	3.4	4.4	11.2	13.0	
Other chemical	15.4	2.7	0.7	12.6	
Man-made fib	14.8	16.8	14.1	17.4	
Rubber	13.7	4.5	4.4	28.4	
Plastics	12.8	7.4	5.0	5.3	

Source: SARS Export/Import data

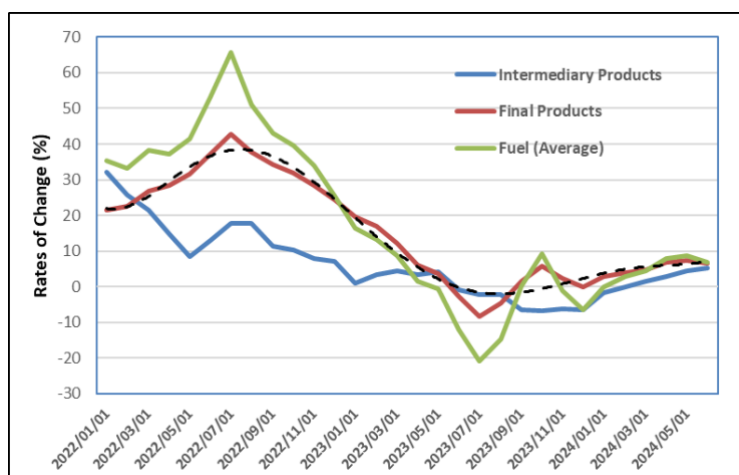
The chemical sector **trade balance** (exports minus imports) declined further towards the end of June 2024. Overall **exports** (graph to the right) slowed down (-0,7%), less than total **imports** (-9,5%) over 12 months.



Source: SARS Export/Import data



Chemical Sector Price trends



Source : Statistics SA, Production Price Indices, P0142.1, Quantec.

Production price inflation for the chemical sector as a whole seems to have stabilised in a band below 10%. Average monthly final product price inflation crept up slightly from about 1,5% to 2,3% on a 12-month basis up to June 2024. This is in contrast to average monthly intermediary product price deflation of 1,6% over the same 12-month period.

The conventional inflation metric (current month on same month 1 year ago), however, seemed to have reached a lower turning point in the second quarter of 2023. The June final product inflation was 6,7% and the intermediary product number 5,2%.

Production Price Indices	Intermediary Prices							
	Year to date	Prev Y to date	Change	12 Mths to date	Prev 12 mths	Change	M-o-M	Y-o-Y
	June '24	June '23		June '24	June '23	12 mths	June on May	June '24 on '23
(Dec '23 = 100)	Index	Index	%	Index	%	%	%	%
Total	103.7	101.7	2.0	102.1	103.8	- 1.6	0.2	5.2
Basic & Other Chem	104.3	102.1	2.1	102.6	104.4	- 1.7	0.5	5.9
Plastics	103.0	100.4	2.6	101.3	103.2	- 1.8	0.3	4.1
Rubber	98.7	101.0	- 2.3	98.5	97.6	0.9	-	0.2
Final Products								
Total	100.8	95.7	5.4	100.6	98.3	2.3	2.1	6.7
Coal & Petroleum	100.8	95.1	6.0	100.8	99.8	1.1	3.8	7.5
Petrol	104.9	98.8	6.1	104.7	103.0	1.6	5.6	5.8
Diesel	99.1	95.2	4.1	100.8	104.1	- 3.2	5.2	7.9
Other	97.5	91.4	6.8	96.7	92.1	4.9	1.0	7.8
Chemical Products	100.2	96.8	3.5	99.8	95.8	4.2	0.3	3.5
Rubber & Plastics	103.2	96.3	7.1	101.6	96.2	5.6	0.2	9.4