Chemical Production Increased in January

According to the American Chemistry Council (ACC), the U.S. Chemical Production Regional Index rose by 0.4 percent in January, following a revised 0.2 percent gain in December. Following several months of mixed results, chemical production rose in all seven key regions during January.

A $720 billion industry, the business of chemistry is one of the largest sectors of the American economy. More than 96 percent of all manufactured goods are directly touched by chemistry.

Output of the nation’s overall manufacturing sector rose by 0.7 percent in January, according to a three-month moving average of Federal Reserve data. This followed 0.6 percent gain in December 2011. Within the manufacturing sector, output in several key chemistry end-use markets increased, including motor vehicles, construction supplies, computers, plastic products, paper, structural panels, machinery, printing, apparel and furniture.

Gains in production of organic chemicals, industrial gases, inorganic chemicals, plastic resins, pesticides and adhesives were also seen using the three-month moving average. These gains were offset by declines in the production of consumer products, synthetic rubber, fertilizers and pharmaceuticals.

Compared to January 2011, total chemical production in all regions was up 1.2 percent and remained ahead year-over-year in all regions except the Mid-Atlantic

and West Coast which were off from a year ago. Year-ago comparisons continue to weaken for the U.S. as a whole with all regions trending downward on a Y/Y basis.

The U.S. CPRI was developed by Moore Economics to track chemical production activity in seven regions of the United States. It is comparable to the U.S. industrial production index for chemicals published by the Federal Reserve, and is based on information from the Federal Reserve. To smooth month-to-month fluctuations, the U.S. CPRI is measured using a three-month moving average (3MMA). January's reading reflects production activity during November, December, and January.

Following a 0.1 percent gain in December, chemical production in the Gulf Coast region rose by 0.8 percent in January. Compared to a year ago, production was up 1.3 percent. The Gulf Coast region is dominated by the production of key building block materials, such as petrochemicals, inorganics, and synthetic materials.

In the Midwest region, which is influenced by production of agricultural chemicals, plastics, paints, and other chemical products, chemical production rose 0.4 percent during January, following a 0.2 percent increase in December. Compared to January 2011, Midwest chemical production was up 0.3 percent year-over-year.

In the Ohio Valley region, which is largely influenced by production of basic chemicals, plastics and synthetic rubber, coatings, and consumer products, chemical production rose by 0.8 percent in January, following flat growth in December. Compared to January 2011, production in the region was up by 2.7 percent.

In the Mid-Atlantic region, where pharmaceutical manufacturing is prominent, chemical production rose by 0.2 percent in January, following a revised 0.2 percent gain in December. Mid-Atlantic chemical production was off 0.1 percent compared to January 2011.

In the Southeast region, which is influenced heavily by production of basic chemicals, fibers, agricultural and other chemical products, chemical production rose by 0.5 percent in January, following a 0.2 percent gain during December. Southeast region chemical production was up 1.4 percent year-over-year.

In the Northeast region, which is influenced by pharmaceutical manufacturing and other specialty chemical manufacturing, chemical production rose 0.2 percent in January, following a 0.2 percent gain during December. Compared to January 2011, Northeast region chemical production was up 1.1 percent.

In the West Coast region, chemical production was up 0.1 percent in January, following a revised 0.3 percent gain in December. Chemical production in the West Coast region was off 0.4 percent from last year.

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