

Chemical Production Expanded In December, 2013 Ended High

American Chemistry Council

WASHINGTON (January 24, 2014) – According to the American Chemistry Council (ACC), the U.S. Chemical Production Regional Index (U.S. CPRI) rose by 0.8 percent in December, following a 0.3 percent gain in November. This gain was driven by increases in the Gulf Coast and Ohio Valley regions. For the second consecutive month, production increased in all seven regions of the U.S. during December. For the year as a whole, the U.S. CPRI was ahead by 1.2%.

On a three-month moving average (3MMA), output of the nation's overall manufacturing sector was 0.6 percent higher in December, following a similar gain November. Within the manufacturing sector, output in several key chemistry end-use markets expanded, including appliances, motor vehicles, construction materials, fabricated metal products, computers, semiconductors, plastic products, structural panels, printing, apparel, and furniture.

Also measured on a 3MMA basis, overall chemical production was again mixed. Gains in the output of chlor-alkali, industrial gases, adhesives, coatings, synthetic rubber, consumer products, organic chemicals, plastic resins, pesticides, manmade fibers, and other specialties were offset by lower production of some inorganic chemicals, acids, fertilizers, and pharmaceuticals.

Compared to December 2012, total chemical production in all regions was ahead by 1.4 percent on a year-over-year basis, following a 1.5 percent gain in November. Chemical production remained ahead in all regions compared to a year ago.

The chemistry industry is one of the largest industries in the United States, a \$770 billion enterprise. The manufacturing sector is the largest consumer of chemical products, and 96 percent of manufactured goods are touched by chemistry.

The U.S. CPRI was developed 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*. The U.S. CPRI 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). Thus, the reading in December reflects production activity during October, November, and December.

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U.S. Chemical Production Regional Index, Percentage Change (Seasonally adjusted, 3-month moving average)

	<i>Current Month</i>	<i>Prior Month</i>	<i>Year/Year</i>	<i>Year- to- Date</i>
	Dec 13/ Nov 13	Nov 13/ Oct 13	Dec 13/ Dec 12	YTD 13/ YTD 12
Gulf Coast	1.4%	0.7%	1.6%	1.9%
Midwest	0.8%	0.4%	0.9%	0.8%
Ohio Valley	1.5%	0.7%	2.6%	3.8%
Mid-Atlantic	0.4%	0.2%	0.1%	0.1%
Southeast	0.8%	0.4%	1.6%	1.4%
Northeast	0.5%	0.2%	0.2%	0.7%
West Coast	0.4%	0.1%	0.5%	-0.1%
U.S. Total	0.8%	0.3%	1.4%	1.2%

Following an upwardly revised 0.7 percent gain in November, chemical production in the **Gulf Coast** region rose by 1.4 percent in December. December production was ahead by 1.6 percent from a year ago and up by 1.9 percent for the year as a whole. The Gulf Coast region is dominated by the production of key building block materials, such as petrochemicals, inorganics, and synthetic materials, advantaged by shale gas development.

In the **Midwest** region, which is influenced by production of agricultural chemicals, plastics, paints, and other chemical products, chemical production gained by 0.8 percent in December, following an upwardly revised 0.4 percent gain in November. Compared to December 2012, Midwest chemical production was up by 0.9 percent, and up 0.8 percent for the year as a whole.

In the **Ohio Valley** region, largely influenced by production of basic chemicals, plastics and synthetic rubber, coatings, and consumer products, chemical production expanded by 1.5 percent in December, following an upwardly revised 0.7 percent gain in November. Compared to December 2012, production in the region was up by 2.6 percent, and was also up 3.8 percent for the year as a whole.

In the **Mid-Atlantic** region, where pharmaceutical manufacturing is prominent, chemical production was higher by 0.4 percent in December, following a 0.2 percent gain in November. Compared to December 2012, Mid-Atlantic chemical production was up by 0.1 percent and was 0.1 percent higher for the year as a whole.

In the **Southeast** region, which is influenced heavily by production of basic chemicals, fibers, agricultural and other chemical products, chemical production edged higher by 0.8 percent in December, following an upwardly revised 0.4

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percent gain during November. Compared to December 2012, Southeast region chemical production was up by 1.6 percent year-over-year and was higher by 1.4 percent for the year as a whole.

In the **Northeast** region, which is influenced by pharmaceutical manufacturing and other specialty chemical manufacturing, chemical production rose by 0.5 percent during December, following a downwardly revised 0.2 percent gain in November. Compared to December 2012, Northeast region chemical production was up by 0.2 percent, and was 0.7 percent higher for the year as a whole.

In the **West Coast** region, chemical production edged higher by 0.4 percent in December, following a 0.1 percent increase in November. Chemical production in the West Coast region was up by 0.5 percent from last year, but remained essentially flat, down by 0.1 percent, for the year as a whole.

The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is a \$770 billion enterprise and a key element of the nation's economy. It is one of the nation's largest exporters, accounting for twelve percent of all U.S. exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation's critical infrastructure.

Source URL (retrieved on 09/20/2014 - 7:32pm):

http://www.chem.info/articles/2014/01/chemical-production-expanded-december-2013-ended-high?qt-most_popular=0