



MARKET RESEARCH FUTURE®



IMPACT OF COVID-19 On CHEMICALS & MATERIALS

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The MRFR team has the supreme objective to provide optimal quality market research and intelligence services to clients. Our market research studies, by products, services, technologies, applications, end users, and market players for global, regional, and country-level market segments, enable our clients to see more, know more, and do more, and help answer all their most important questions.

In order to stay updated with the latest technologies and work process in the industry, MRFR often plans and conducts meetings with industry experts and industrial visits for its research analysts.

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ABOUT US

OVERALL RESEARCH DESIGN

Primary Research

DEMAND-SIDE INFORMATION

Customer Interviews



PRIMARY RESEARCH

Performance

- Segmentation
- Market Shares
- Technology Trends
- Market Trends
- Customer Trends

Performance Diagnosis

- Competitive Structure
- Competitive Trends
- Market Threats
- Market Opportunities

Scenario Analysis

- Current Giants
- Restructuring
- Market Testing

Strategic Intent

Market Projections

Competitive Impact

Expansion Plans

Market Performance

Existing Market Information



Competitor & Channel Interviews

SUPPLY-SIDE INFORMATION

RESEARCH METHODOLOGY

RESEARCH PROCESS



FILTER PARAMETERS

To understand the various factors that can influence the market outlook in terms of preference via:

- Global Production
- Market Drivers
- Price Trends
- Realizations

▪ **Web Search:** Information has been collected from secondary domains, journals, news articles, and published white papers.

▪ **Experts and Consultants:** Industry experts and relevant consultants have been contacted to provide market intelligence information and to validate the findings.

Report Execution

The final report has been prepared based on the analysis of the data collected and interaction with primary experts.



The Worst Is Yet to Come: Coronavirus

With the outbreak of Coronavirus and escalating numbers of infected, city-wide lockdowns and transport network breakdowns are impacting the world indiscriminately, affecting the global economy. The impact on supply chains and manufacturing operations across the world are expected to be felt greatly in the days and weeks to come.

The lockdown of cities and countries have brought transportation to a halt. We estimate thousands of companies have temporarily shut down or on the verge of shutting down. The most impacted companies are those heavily dependent on factories in China for raw materials, parts, or finished goods.

In recent years, to reduce the cost of manufacturing, several companies have implemented supply chain strategies such as lean manufacturing, outsourcing, and offshore production. However, the spread of Coronavirus, especially in China, has resulted in severe disruptions in supply chains. To curb the spread of the virus, the Chinese government has quarantined the key manufacturing states for the past month and a half. This has led to manufactures being in the dark with regard to their risk exposure.

According to the Independent Commodity Intelligence Services (ICIS), the key polyolefin suppliers in China have has cut their production capacities post the Lunar New Year due to logistics restrictions by the authorities.

Authorities ordered all businesses in the Jiangsu, Shandong and Zhejiang provinces to remain shut till 10 February, though the current status is not known. This has impacted several chemical manufacturers. For example:

- Jiangsu Sanmu Group delayed a post-maintenance restart at its 280,000 tonnes/year epoxy resins plant at Yixing.
- “Zhejiang Weitai Rubber Company delayed restart of its 100,000 tons/year styrene butadiene rubber (SBR) plant at Zhejiang.
- “Isopropanol (IPA) production was delayed at the Shandong Dadi Supu Chemical (Super Chemical) 100,000 ton/year plant in Jiangsu.

Automotive giants such as Fiat Chrysler Automobiles NV and Hyundai Motor Company also announced the temporary halting of production due to disruption in the supply of parts caused by the Coronavirus outbreak.

According to the Rubber & Plastics News, The Eastman Chemical Company stopped the production of various materials such as benzoate ester plasticizers, benzoic acid, and sodium benzoate at its Wuhan plant due to the coronavirus outbreak.

As per Bloomberg, China's overall exports reduced by 17.2% and imports fell by 4% by value (USD) in the months of January and February. The country also posted a trade deficit of USD 7.1 billion in the first two months of the year, suggesting that Chinese manufacturers imported raw materials but were unable to complete production and export due to shut down. However, if demand does not increase, which is probably the case due to the global nature of the outbreak, China's imports would further reduce.

The indiscriminate spread of Coronavirus is already impacting the port traffic globally. We estimate the departures from Chinese ports have decreased by 20% in January and February and could drop by 30% in the coming two to three months.

The global economy can go one of two ways now—quick recovery, which is the optimistic view, or a global slowdown and Coronavirus-driven economic recession.

In the case of the optimistic scenario, McKinsey & Company predicts the global GDP for 2020 would fall from a pre-Coronavirus estimate of 2.5% to 2.0%. The biggest factor would be China's GDP falling from a nearly 6% expected growth to 4.7%.

In the pessimistic situation most countries would not be able to control the spread of Coronavirus as effectively as the global GDP for 2020 would reflect a reduction of between 0.5% to 1.5%. This would lead to havoc in the global economy and as worldwide economic depression.

Similarly, according to the Moody's Global Macro Outlook 2020-2021, The base line growth for 2020 for major G-20 economies has been revised. They have forecasted that China GDP will grow at 4.8% instead of 5.2%, for US will grow at 1.5% down from earlier estimates of 1.7%.

According to The National Bureau of Statistics of China for first two months of 2020 the industrial output is down by 13.5%. This represent the highest contraction on record. The China retail sales has down by 20.5% and fixed asset investment fell 24.5% down from 5.4% growth. It indicates the impact of COVID 19 on Chinese economy though the Chinese government is claiming that their economy is under control and soon it will show progressive sign.

We estimate the Coronavirus would have a major effect on the manufacturing sector such as steel, chemicals, agrochemical, textile, paper and automobile industries worldwide for the next five to six months.





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