



PROBE ECONOMICS

CHEMICAL OUTLOOK

• ENERGY, ECONOMIC AND SOCIETAL IMPACTS ON CHEMICAL PROSPECTS •

June 2009

GREEN SHOOTS?

OVERVIEW

Recession eases its icy grip.
(Page 1)

Western Europe is iced in as
bad as we are. (Page 2)

Russia seizes the advantage.
(Page 3)

Rest of world thaws out a
little. (Page 3)

Oil bounces back, gas does
not. (Page 3)

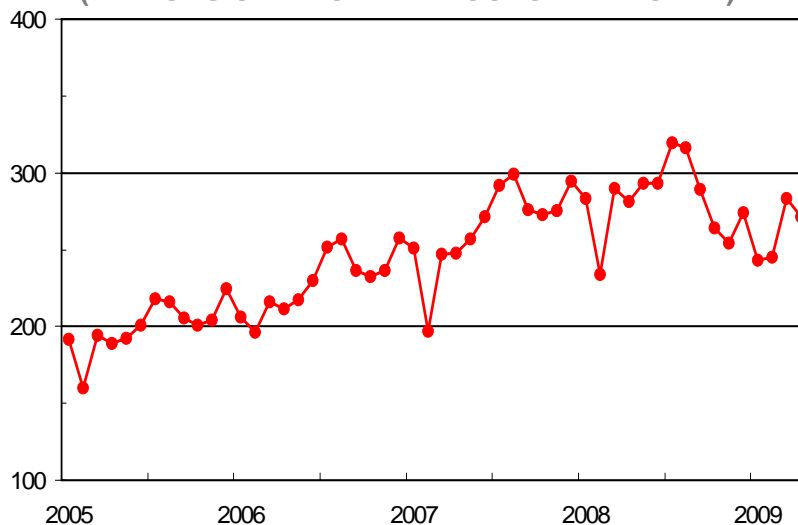
Not much chemical volume
bounce-back yet. (Page 4)

Chemical prices rebound, but
chlor-alkali suffers. (Page 4)

The signs of economic improvement are proliferating, or at least economies are not getting worse as rapidly as before. This is particularly true for the U.S. and China. Adding to what was reported in our last issue, the stock market, U.S. Consumer Confidence and Purchasing Managers Index have continued to rise.

China's exports have taken a big hit, which has reduced output. This can be seen by the lower consumption of electric power. To offset this, China has initiated massive stimulus efforts, boosting infrastructure spending and personal consumption. Real estate and autos are up. Retail sales of consumer goods were up 15 percent during the first four months of 2009, compared with the same period in 2008 (nominal yuan, not corrected for inflation).

CHINESE ELECTRICITY PRODUCTION
(BILLIONS OF KILOWATT-HOURS PER MONTH)



Source: Nation Bureau of Statistics, China

Chinese credit terms have eased, and the government is offering direct incentives to buy things rather than save extra money. The U.S. is doing something like that, on a much smaller scale, for first time homeowners. The U.S. has no equivalent program for the purchase of consumer durables, like cars. Our government could say, for example, "Here is a coupon for \$5,000, which you must use in the next six months to buy a new U.S.-made car."