

CHEMICALS KEYNOTE

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Outlook for the U.S. Economy, End-Use Markets & Chemicals

November 2026

ACC Economics & Data Analytics

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Additional Resources at
https://www.americanchemistry.com/chemistry-in-america/data-industry-statistics

American Chemistry Council



Scan to learn more and download the factsheet

American Chemistry Council

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Driving Safety & Sustainability

U.S. Business of Chemistry By The Numbers

$673 Billion Industry

Supports Nearly **25%** of U.S. GDP

$38.9 Billion in Capital Investment

547,000 Skilled, Good-Paying Jobs

$104,000 Average Annual Pay

Supports **3.2 Million** Jobs in Other Areas

9% of U.S. Goods Exports

$161 Billion in U.S. Goods Exports

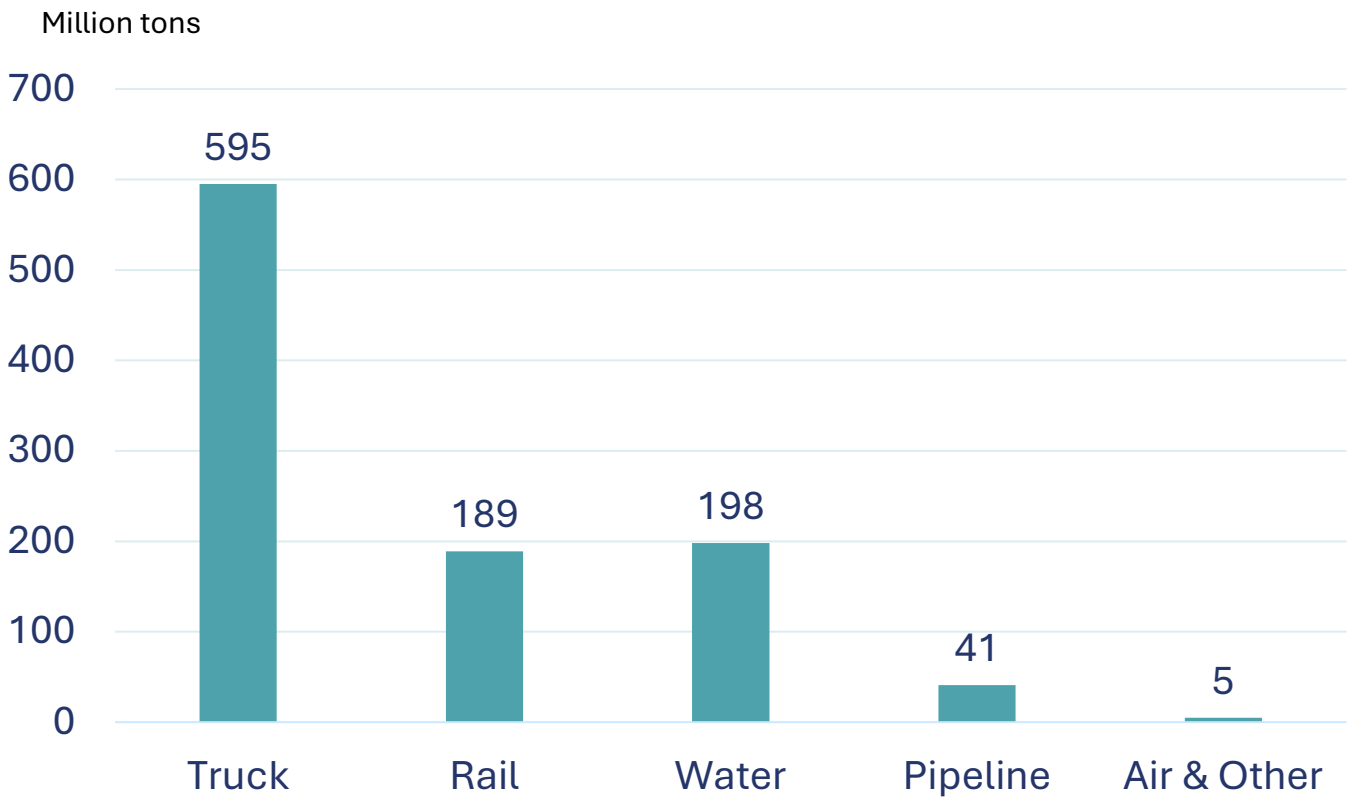
17% of Manufacturing Construction Spending

$14.8 Billion in R&D Spending

1 Billion Tons of Products Transported
One of the Largest U.S. Shippers

World's **2nd** Largest Chemical Producer

Distribution of Chemicals by Mode (2025)





Economic Drivers of U.S. Chemical Demand

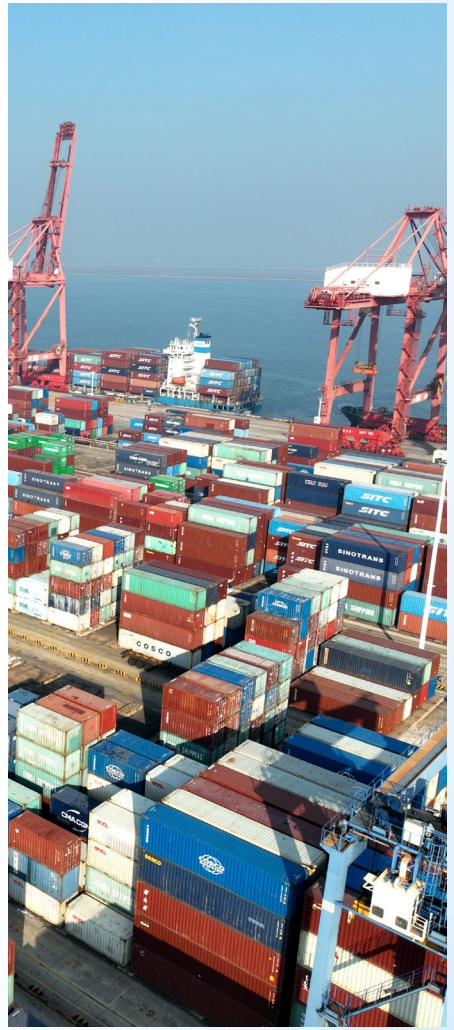
Consumer Spending on Goods



Investment in Structures & Equipment



Exports



Resilience Amid Disruption



Resilient Growth

- Growth in **business investment** continues to be driven largely by AI (& its supply chain) and power and energy infrastructure.
- **Manufacturing on an upswing** for sectors linked to AI investment, defense, energy development and power infrastructure
- **Wealth effects** still powering high-income consumers

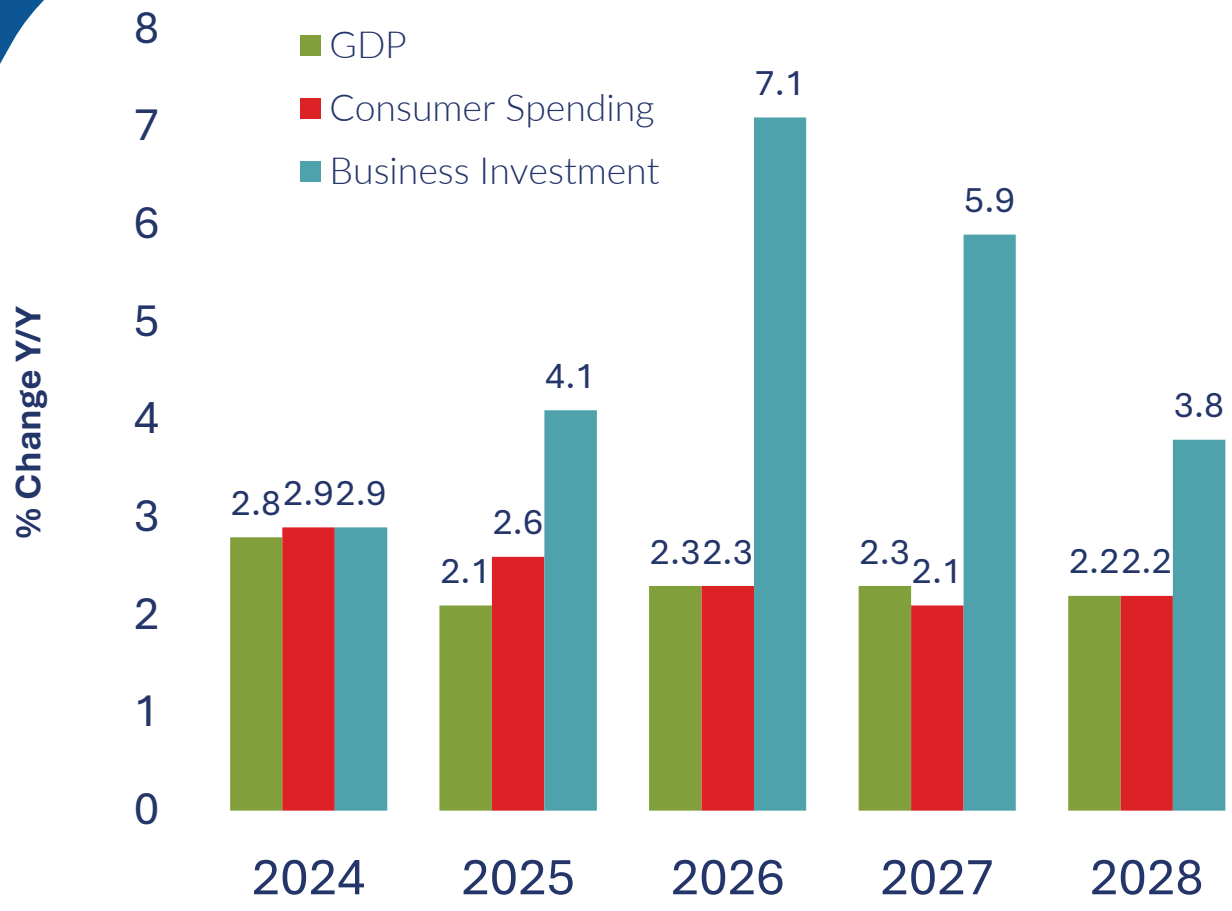
Cautious Consumers

- **Consumer spending** growth slowing for lower- and middle-income consumers struggling with higher prices
- **Job growth** has picked up, but the narrowing gap between wage growth and inflation is pinching real (inflation-adjusted) incomes.
- **Housing** and **vehicles** struggle with affordability and high interest rates

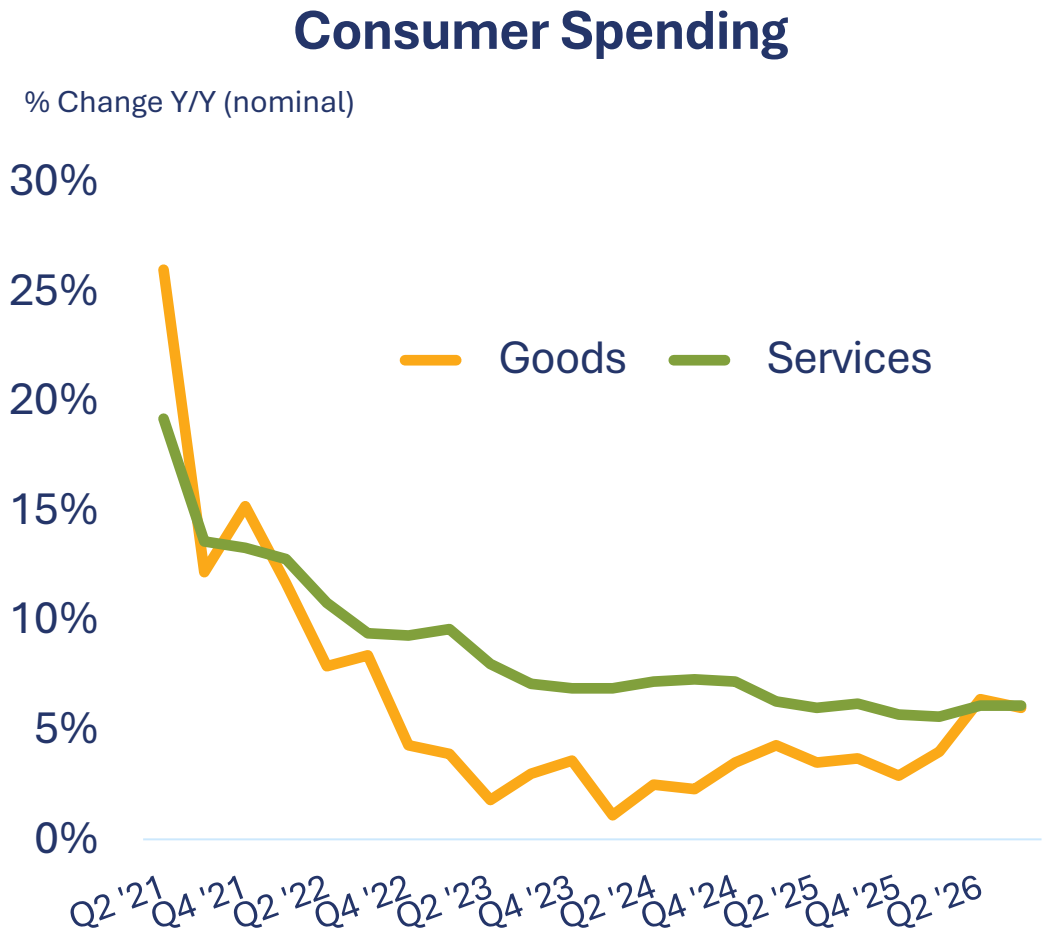
Stubborn Inflation

- **Inflation** running higher; Fed raised rates by 25 basis points in September with one more likely before year-end.
- **Oil markets** remain volatile, geopolitically driven and supply-constrained

Consumer Spending Easing

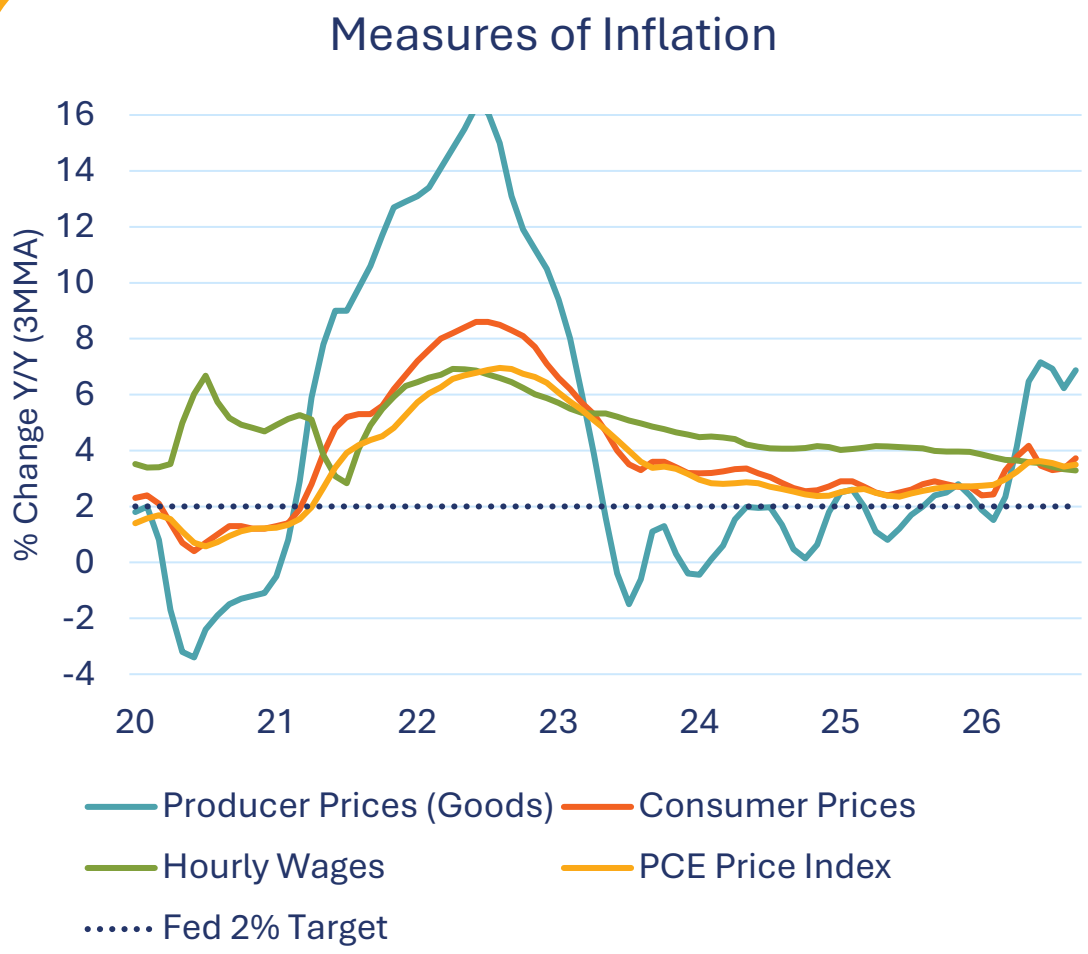


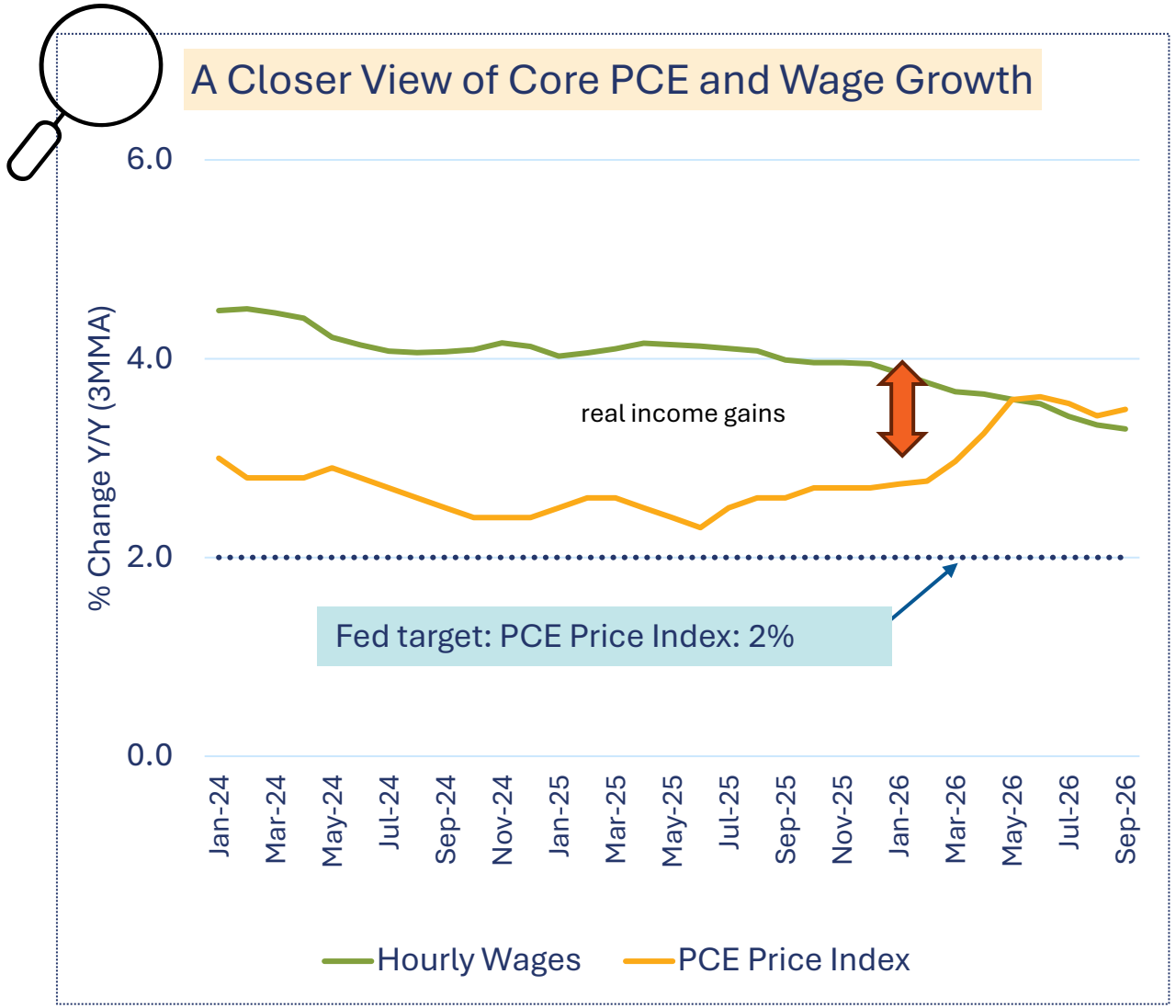
Source: ACC Situation & Outlook (October 2026)



Source: Bureau of Economic Analysis

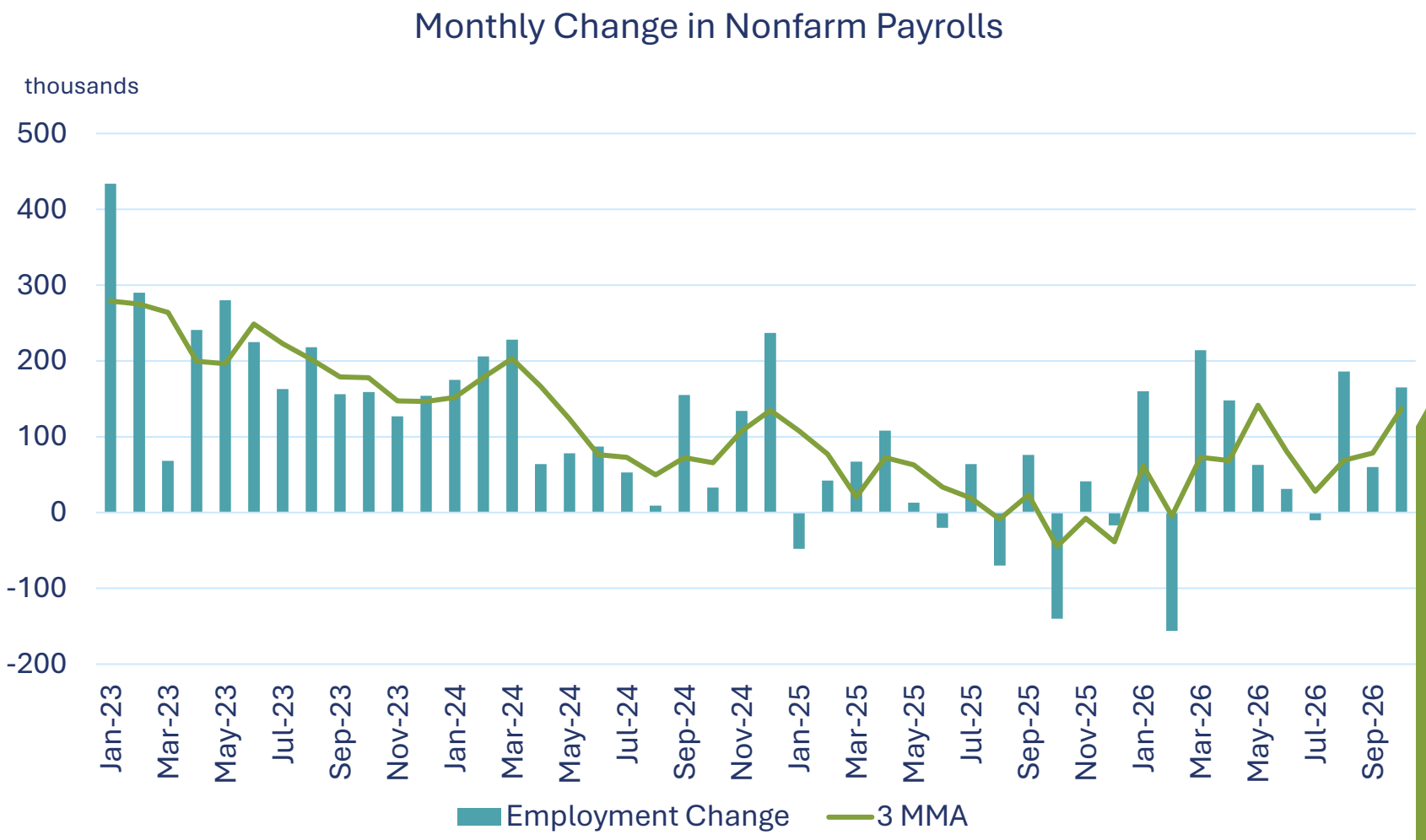
Higher Inflation Erodes Slowing Wage Gains





Source: Bureau of Labor Statistics, Federal Reserve

Job Growth Picking Up



- Job growth picked up at the end of Q3.
- Other than tech, firms are holding on to workers – layoffs down 44% YTD (CGC)
- Labor churn has been subdued.
- Job gains in October across all business sizes (ADP)
- Unemployment rate @4.1%

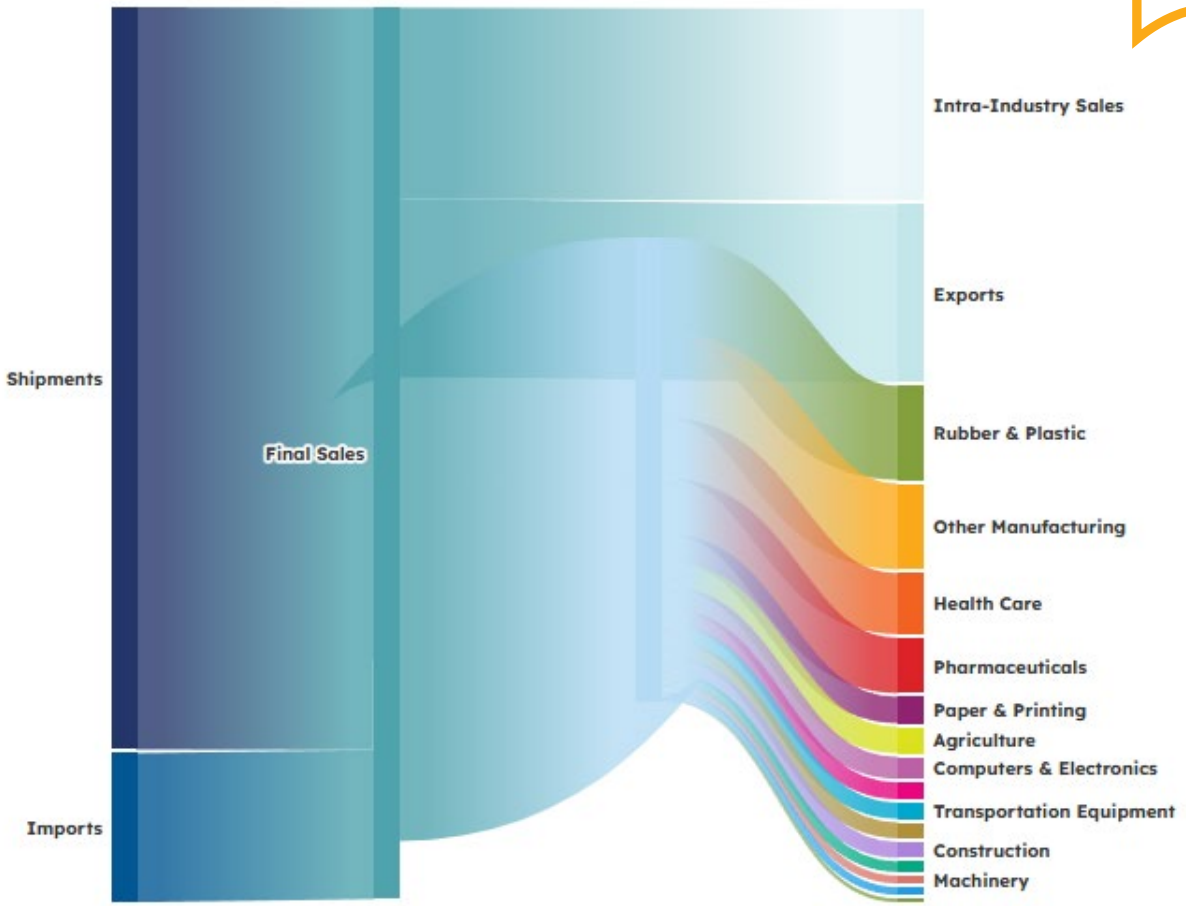
Source: BLS

End-Use Markets

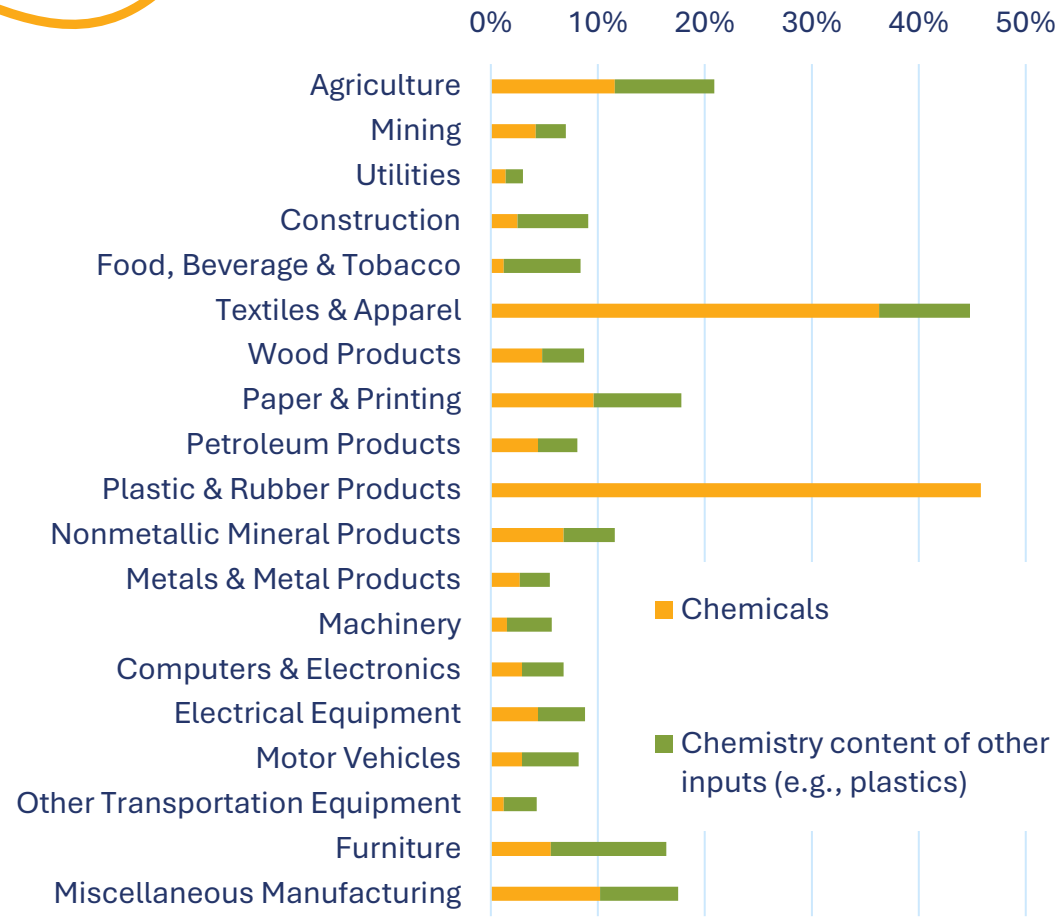
American Chemistry Council

Chemistry is in EVERYTHING

80% of chemicals are purchased directly by the industrial sector

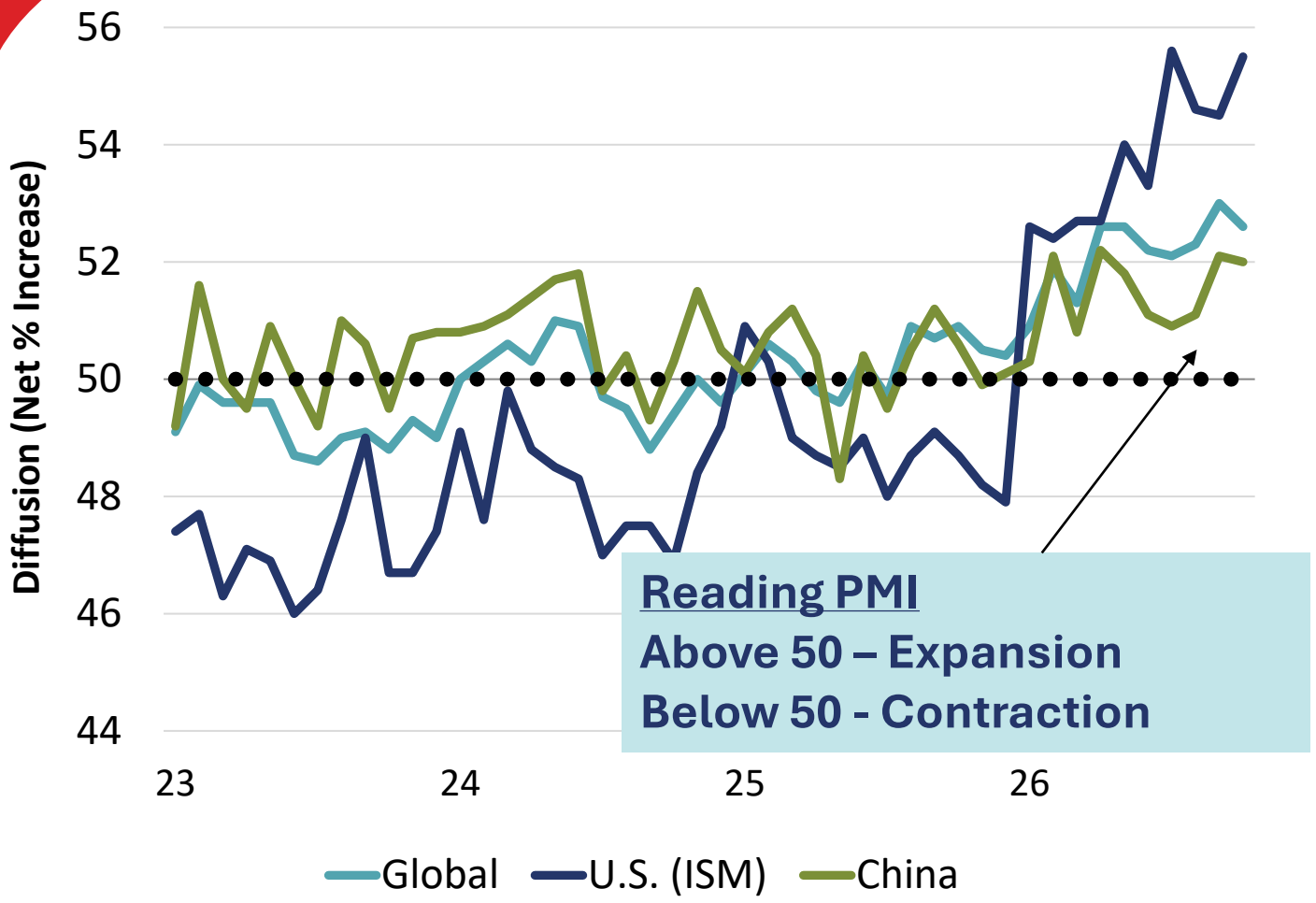


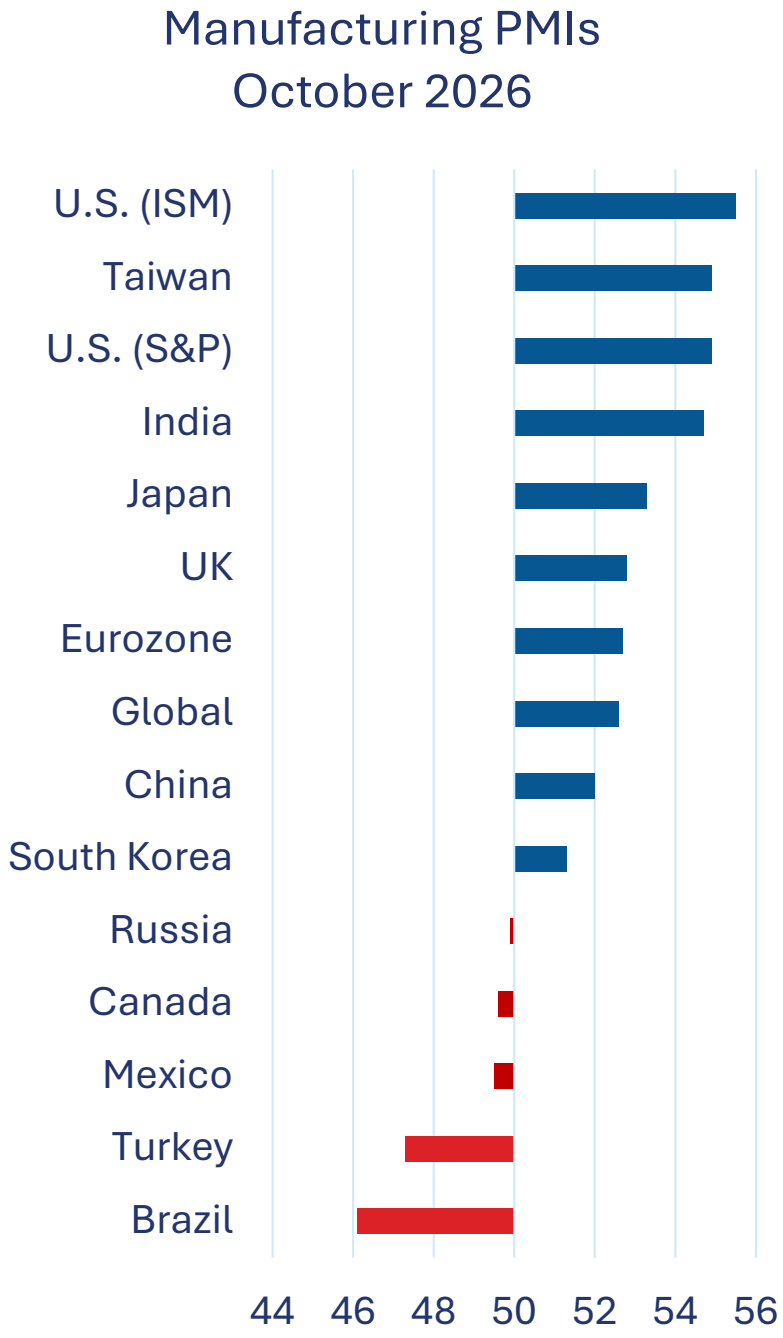
Direct and Indirect Chemistry Content as a % of Intermediate Inputs



Source: ACC analysis of BEA data

Global Maufacturing Continued to Expand



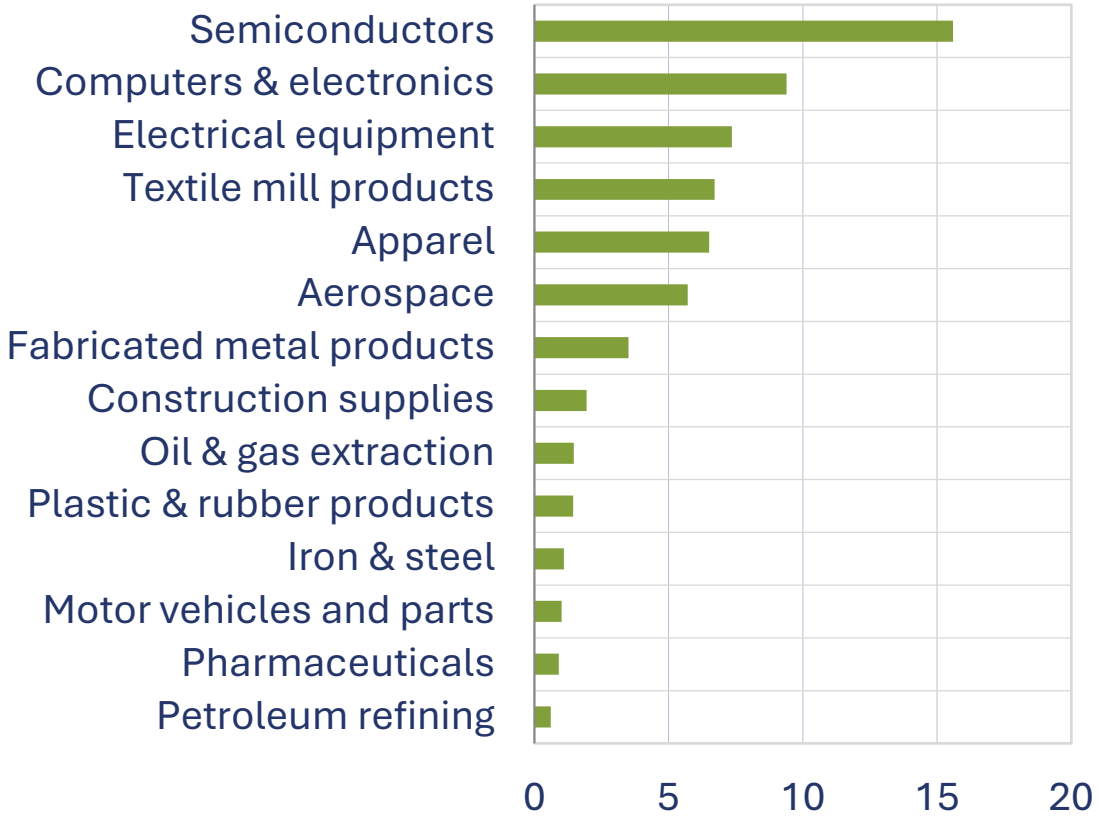


Source: Institute for Supply Management, JP Morgan, S&P Global

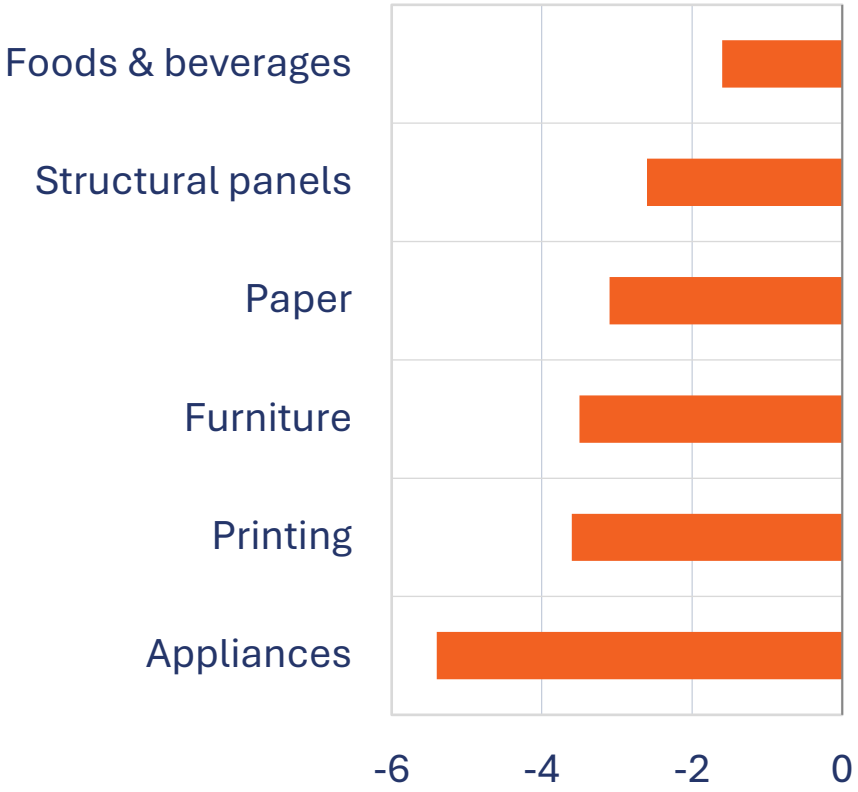
Mixed Performance across sectors

Industrial Production - Key End-Use Markets for Chemicals
% change Y/Y (3MMA), September 2026

Expanding



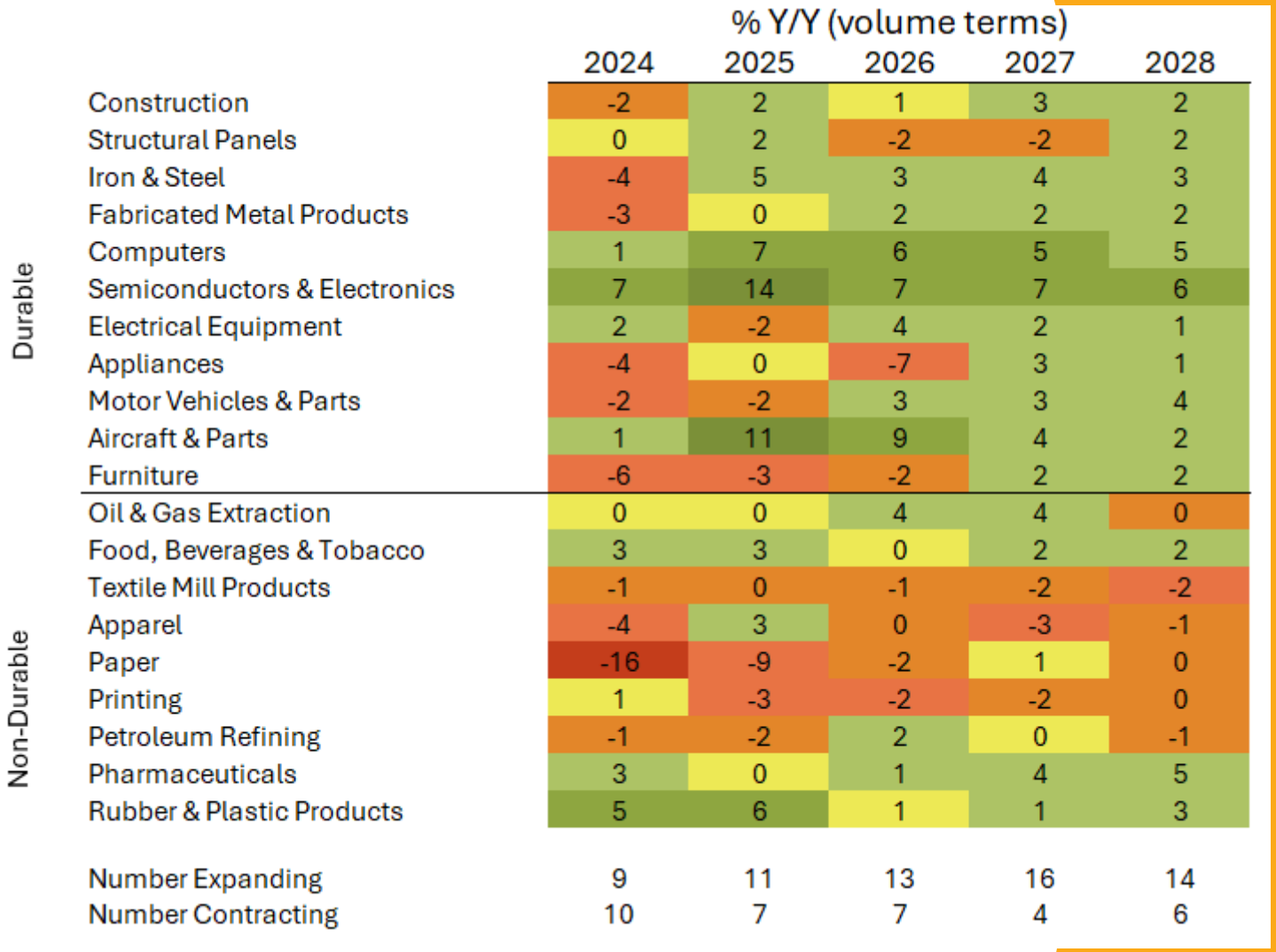
Contracting



14 Key Markets Expanding

Source: Federal Reserve

Outlook for U.S. End-Use Industries

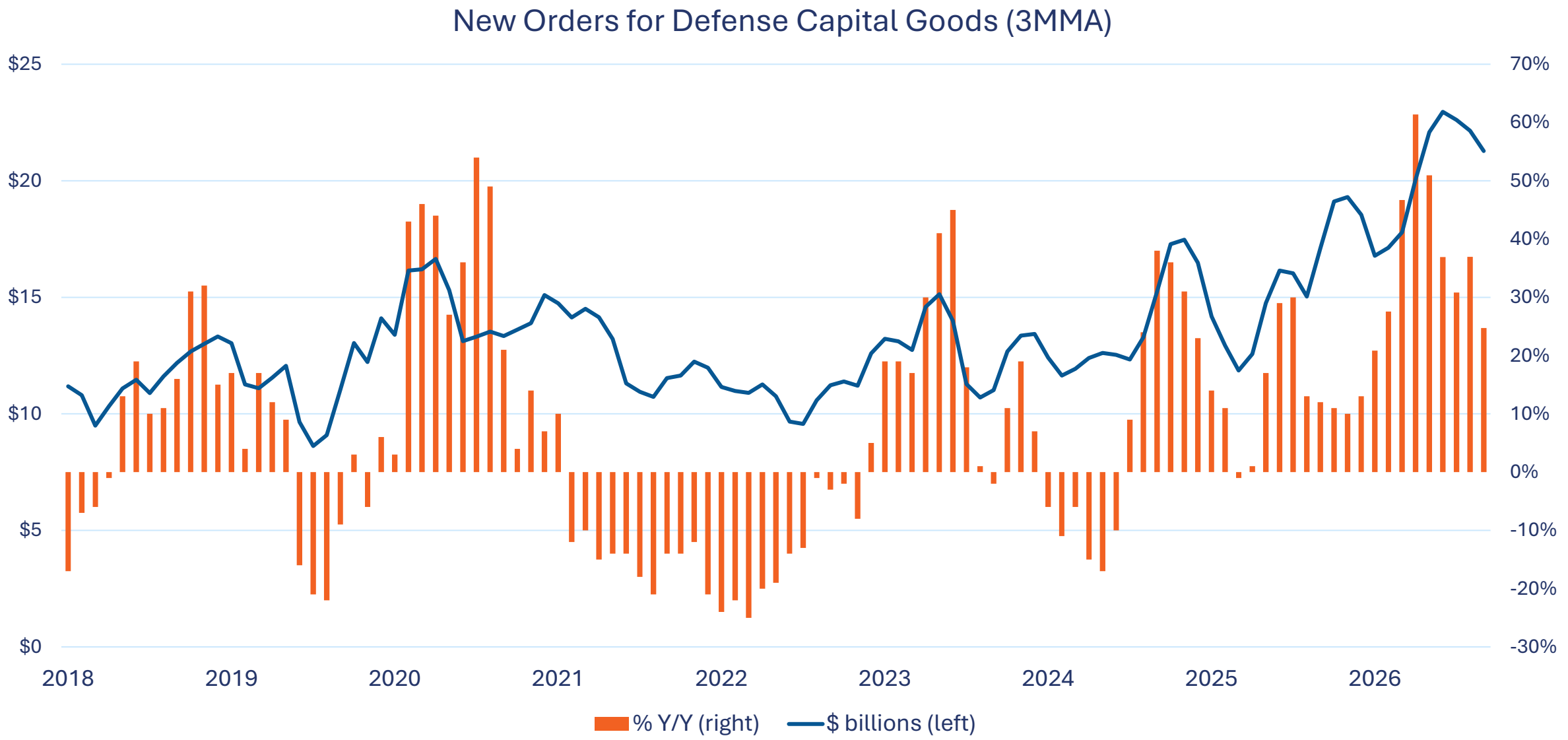


% Y/Y (volume terms)

		2024	2025	2026	2027	2028
Durable	Construction	-2	2	1	3	2
	Structural Panels	0	2	-2	-2	2
	Iron & Steel	-4	5	3	4	3
	Fabricated Metal Products	-3	0	2	2	2
	Computers	1	7	6	5	5
	Semiconductors & Electronics	7	14	7	7	6
	Electrical Equipment	2	-2	4	2	1
	Appliances	-4	0	-7	3	1
	Motor Vehicles & Parts	-2	-2	3	3	4
	Aircraft & Parts	1	11	9	4	2
	Furniture	-6	-3	-2	2	2
Non-Durable	Oil & Gas Extraction	0	0	4	4	0
	Food, Beverages & Tobacco	3	3	0	2	2
	Textile Mill Products	-1	0	-1	-2	-2
	Apparel	-4	3	0	-3	-1
	Paper	-16	-9	-2	1	0
	Printing	1	-3	-2	-2	0
	Petroleum Refining	-1	-2	2	0	-1
	Pharmaceuticals	3	0	1	4	5
	Rubber & Plastic Products	5	6	1	1	3
	Number Expanding	9	11	13	16	14
	Number Contracting	10	7	7	4	6

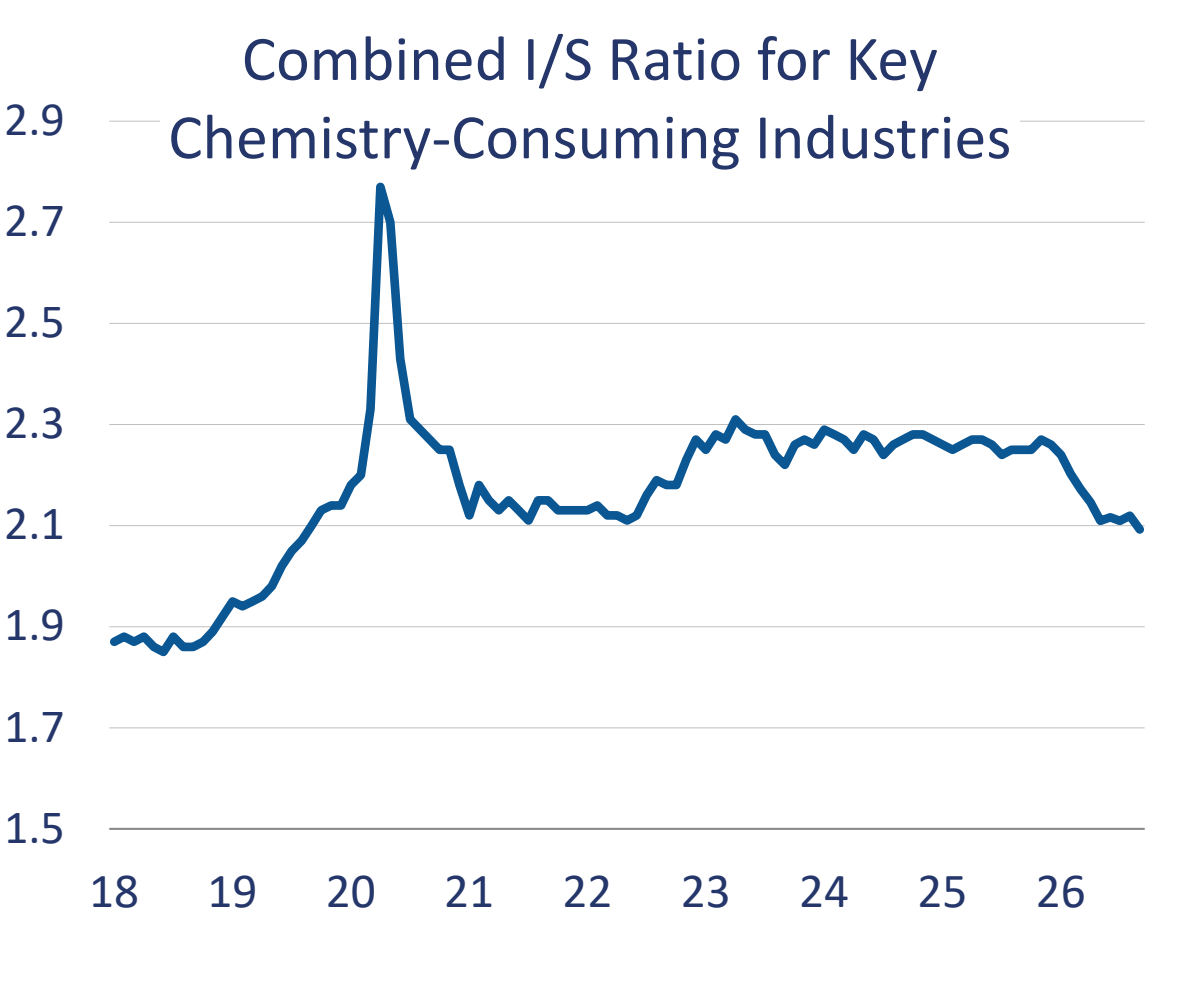
Sources: Federal Reserve, ACC Situation & Outlook (September 2026)

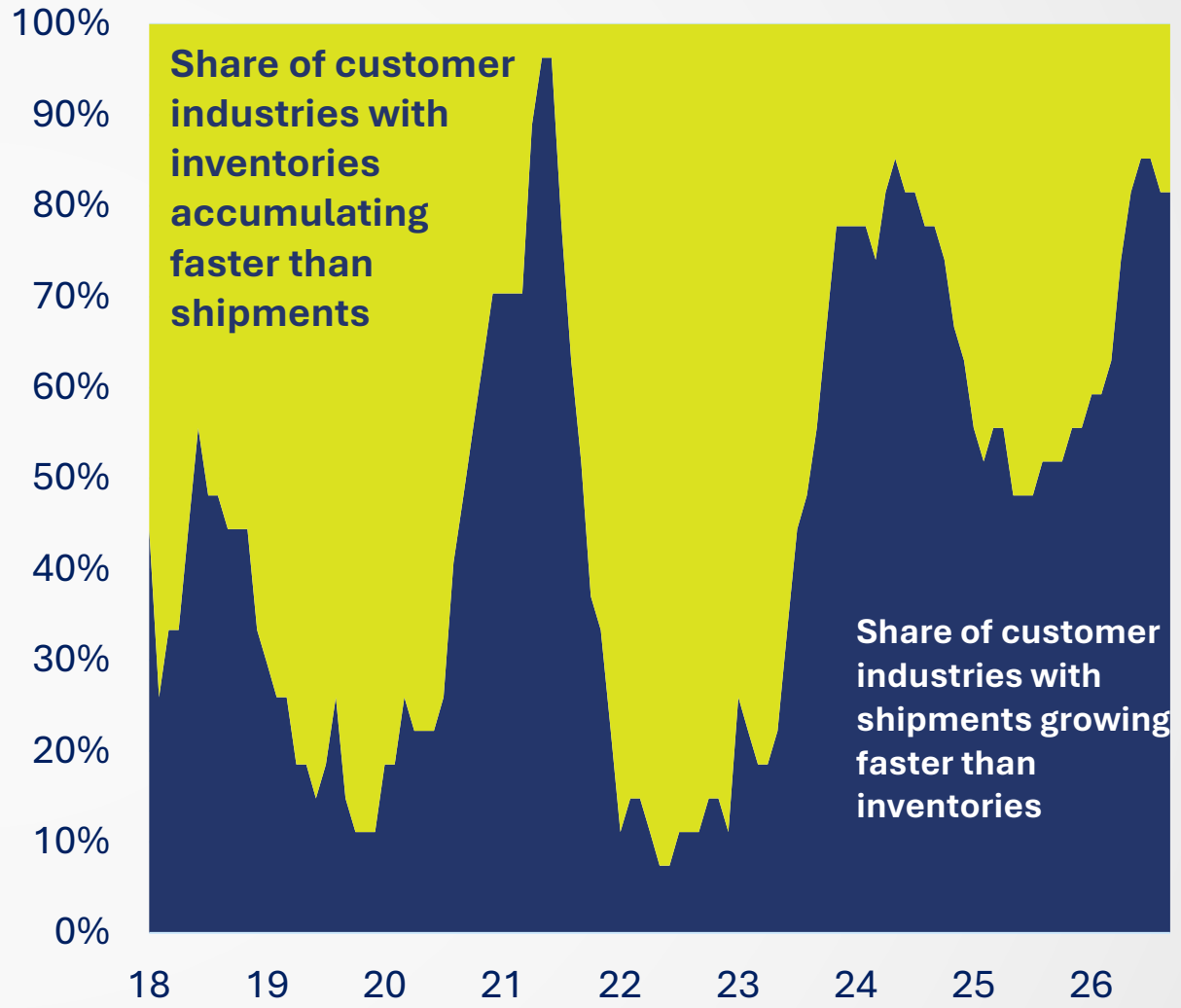
Defense Spending Rising



Source: Census

Customer Industry Inventories Comparatively Lean





Source: Census, ACC analysis

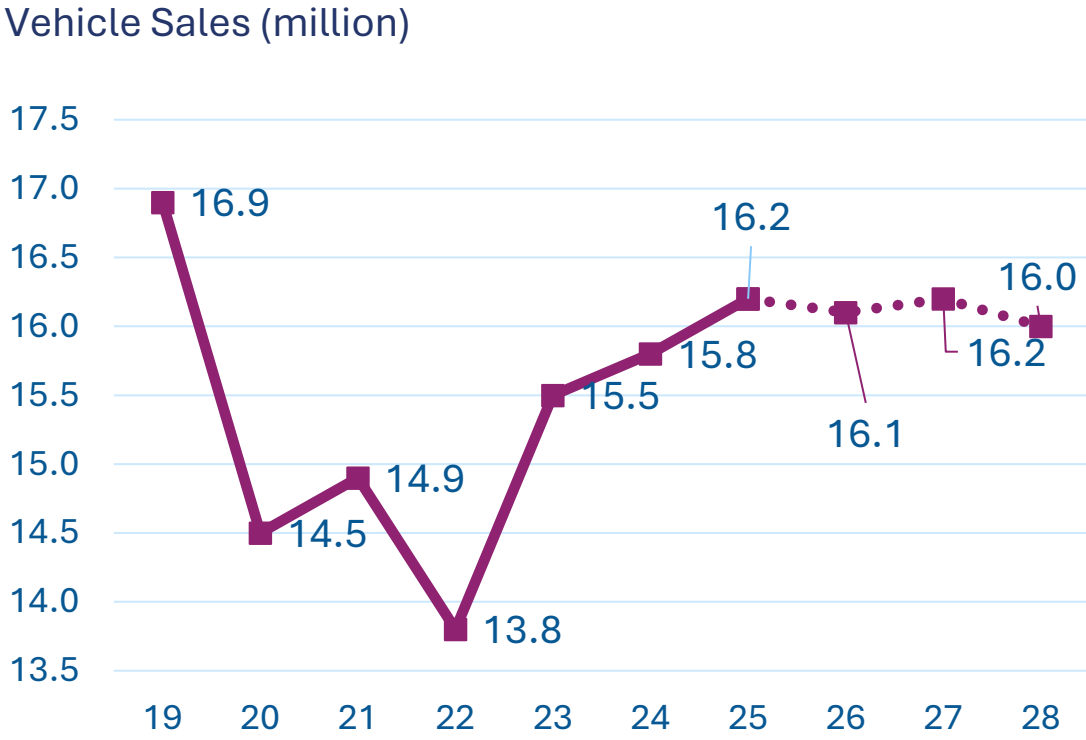
Motor Vehicles Outlook

- Headwinds from **affordability**
  - Average monthly payment up to $823 in September (JD Power)
  - Auto loan rates higher on the 10-year Treasury
  - Total cost of ownership higher, as well
- Replacement demand higher as average vehicle age is above 13 years
- Market Share (YTD through October)
  - Hybrids – 15.7% of vehicles sold
  - BEVs – 6.2% of vehicles sold
- Announced new investments in auto manufacturing



$4,500+ Chemistry in Average Automobile

Outlook for Vehicle Sales

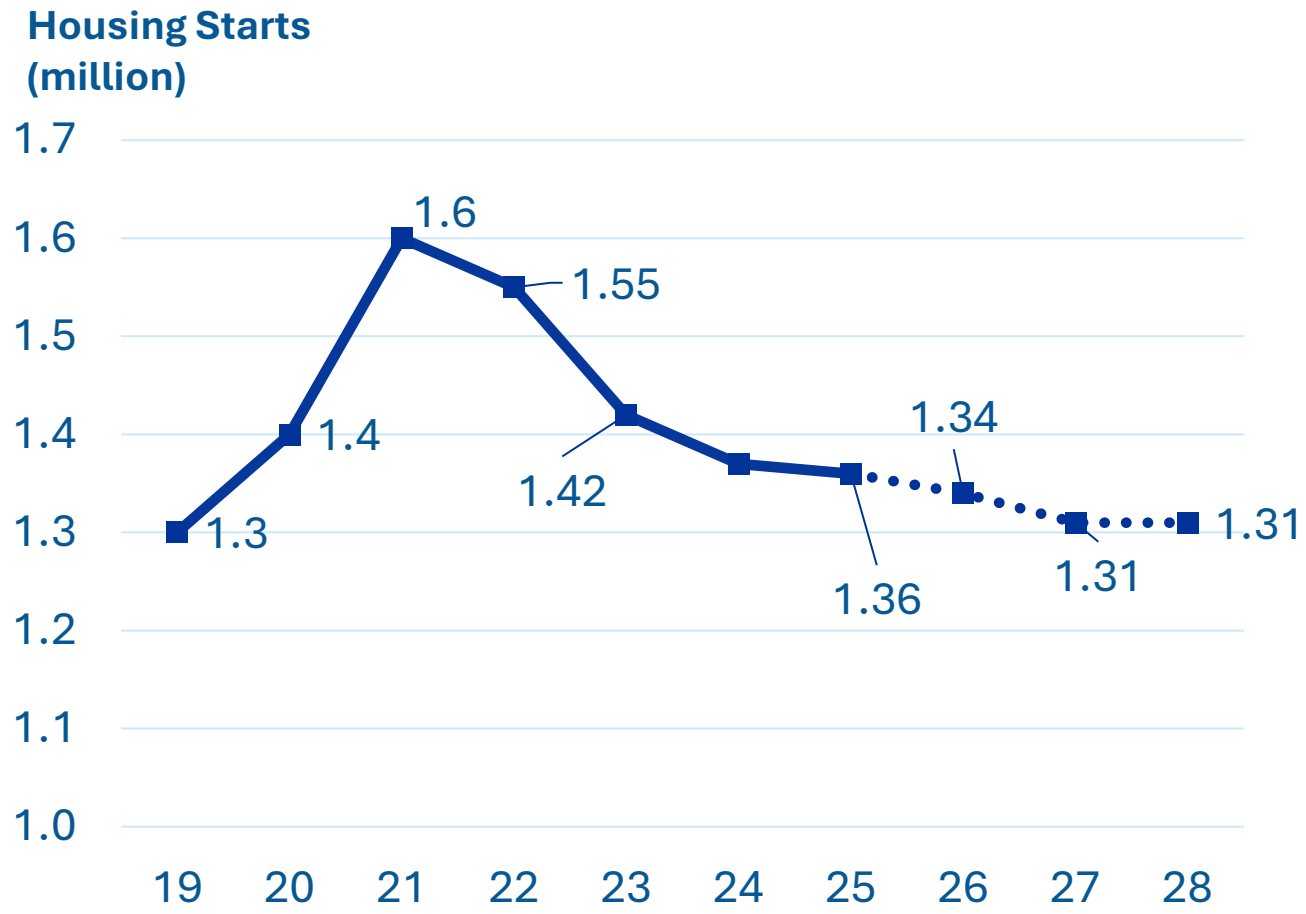


Source: BEA, ACC Situation & Outlook (October 2026)

Outlook for Housing

33,000 pounds of chemistry in single-family home

- Affordability continues to be a headwind
  - Mortgage rates remain elevated
  - Around half of mortgages have rates below 4%, constraining supply of existing home sales (EHS)
- Average home size down nearly 10% from its 2015 peak – fewer materials needed.
- The best policy options are at the state & local level – zoning, permitting, etc.
- Remodeling activity expected to remain weak (tied to EHS activity)
- Household formations slowing

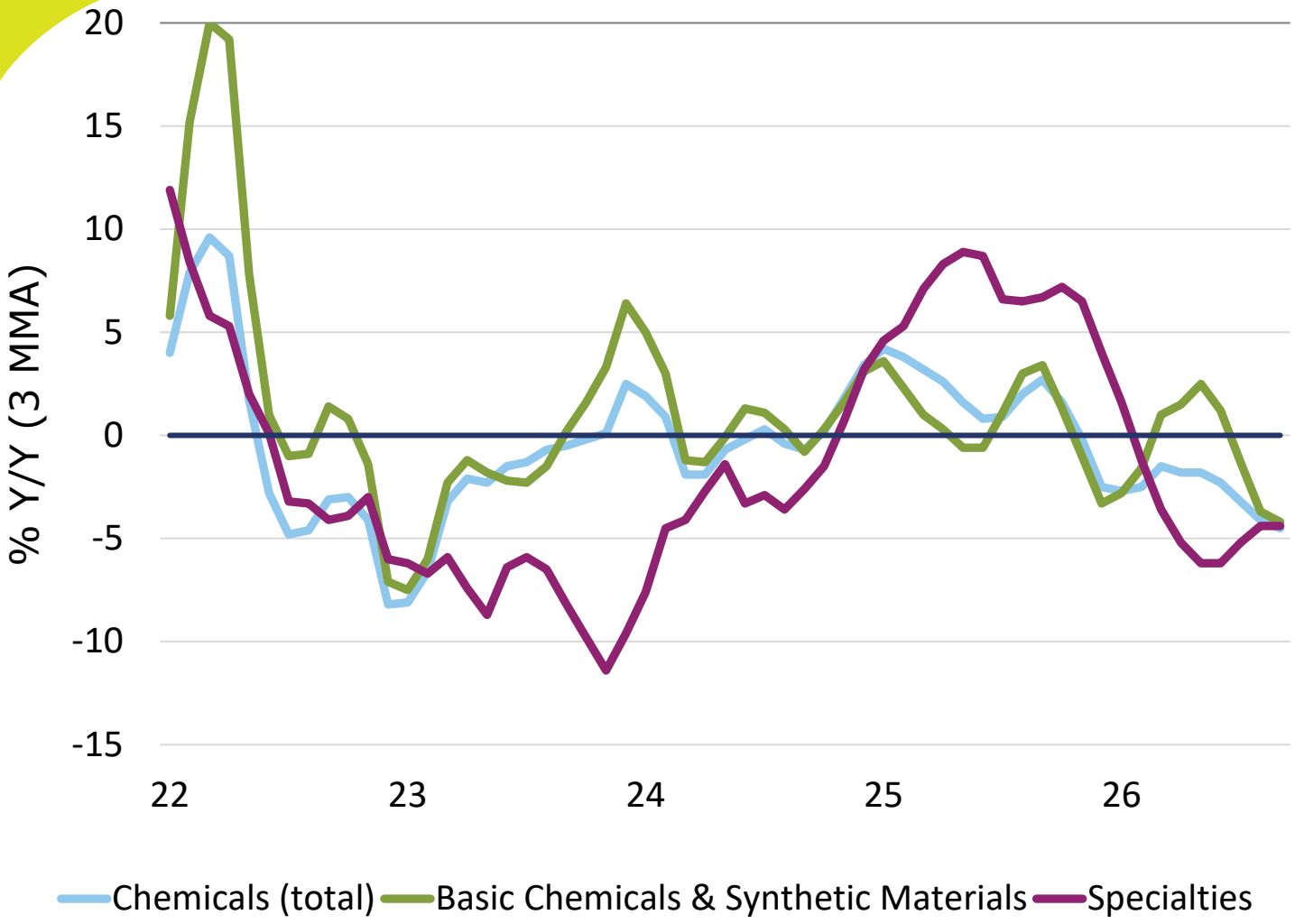


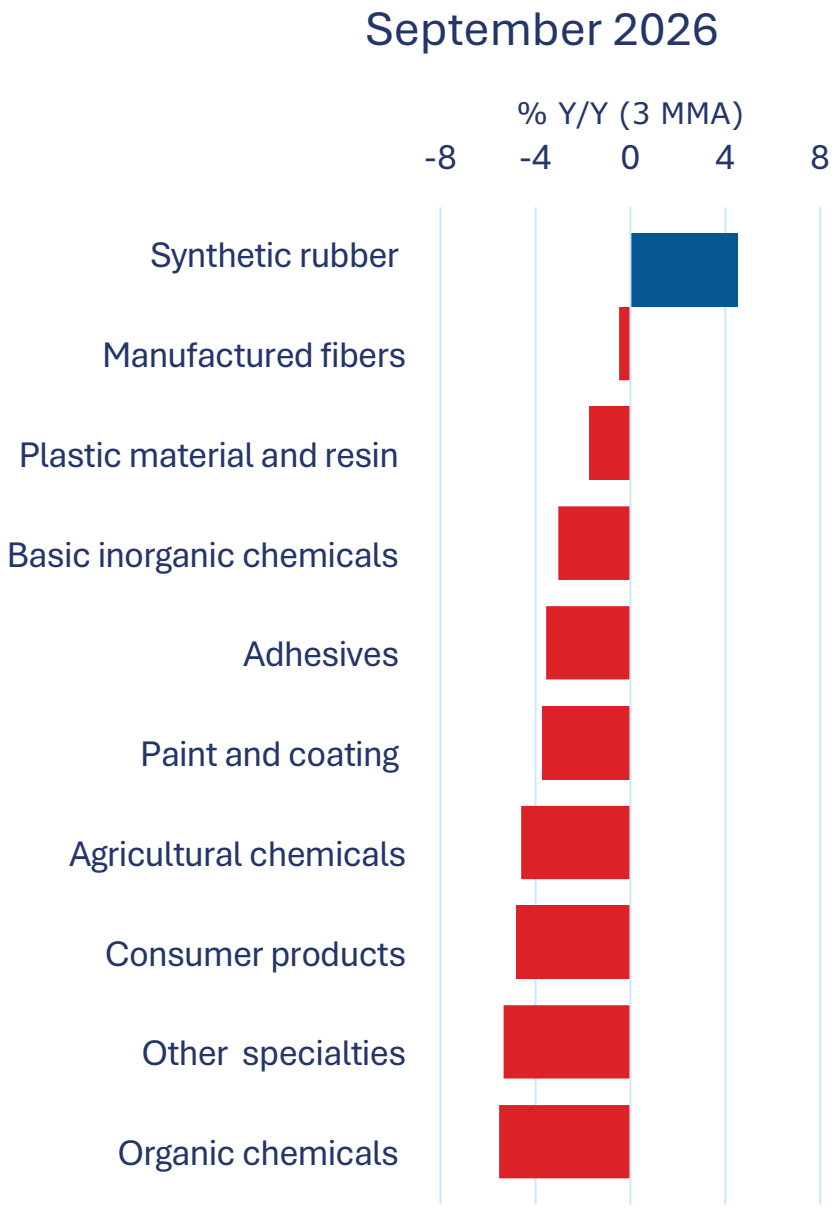
Source: Census Bureau, ACC Situation & Outlook (October 2026)

U.S. Chemical Industry

American Chemistry Council

U.S. Chemicals: Momentum Wanes in Q3





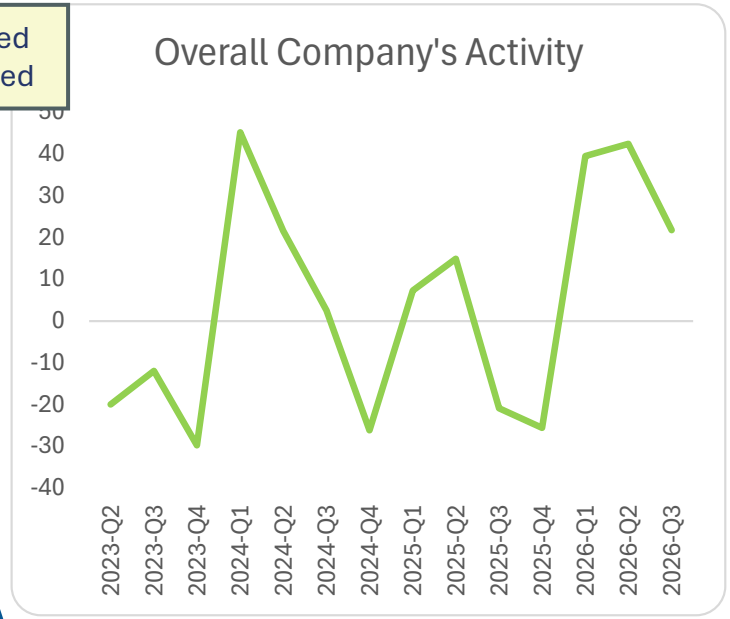
Source: Federal Reserve

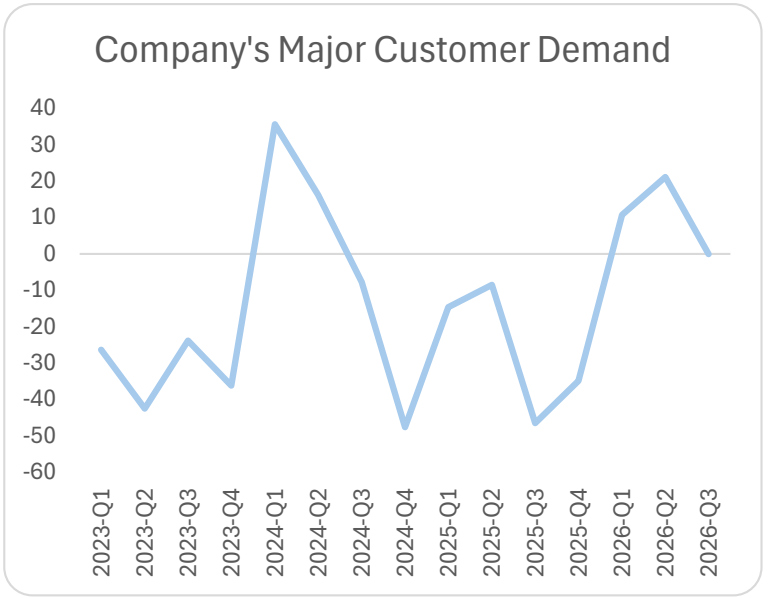
Chemical Manufacturing Economic Sentiment Index (Q3 2026)

Q3/Q2

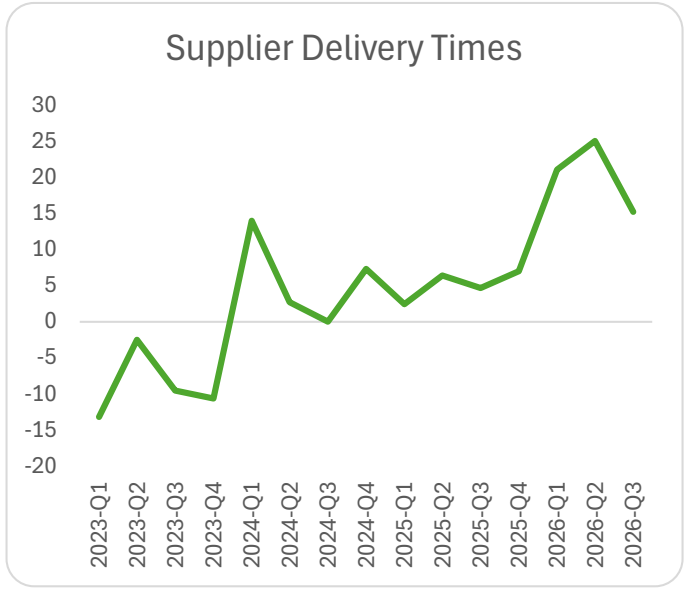
(October 13-30)

>0 = increased
<0 = decreased









https://www.americanchemistry.com

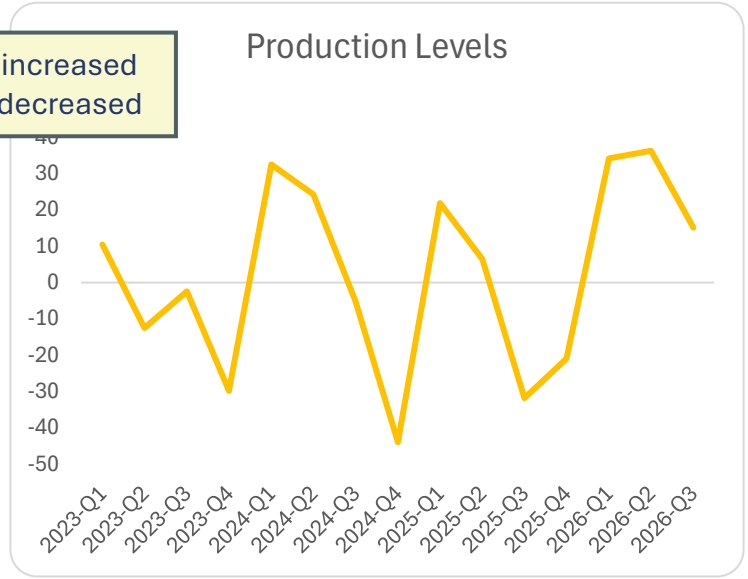
Chemical Manufacturing Economic Sentiment Index (Q3 2026)

Q3/Q2

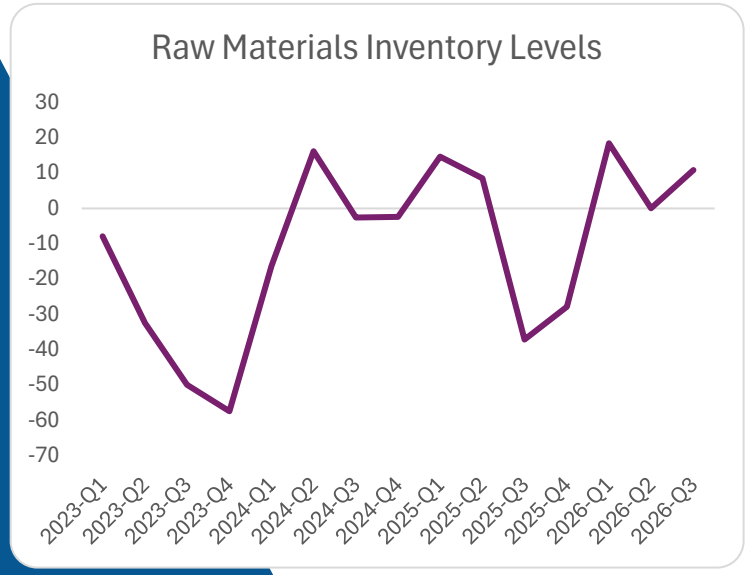
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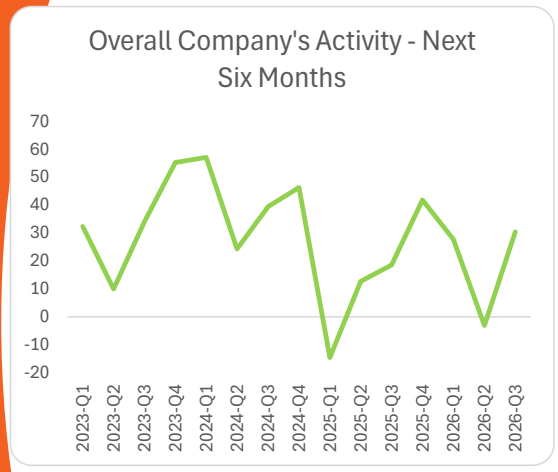


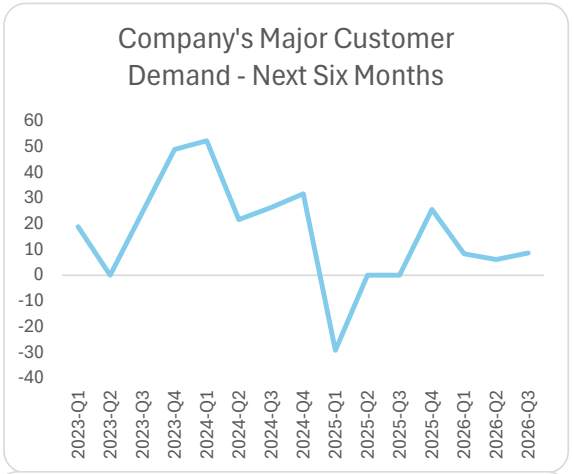
Chemical Manufacturing Economic Sentiment Index (Q3 2026)

6 months ahead

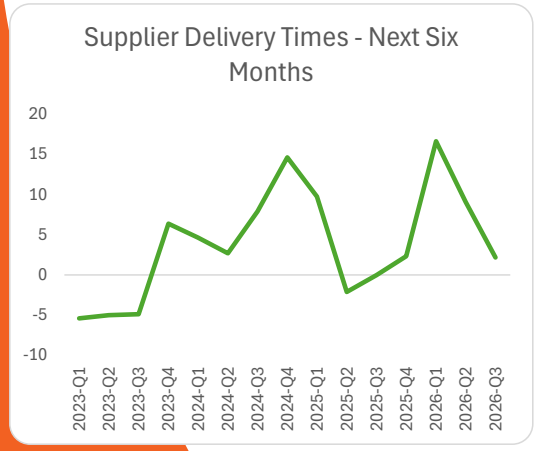
(October 13-30)

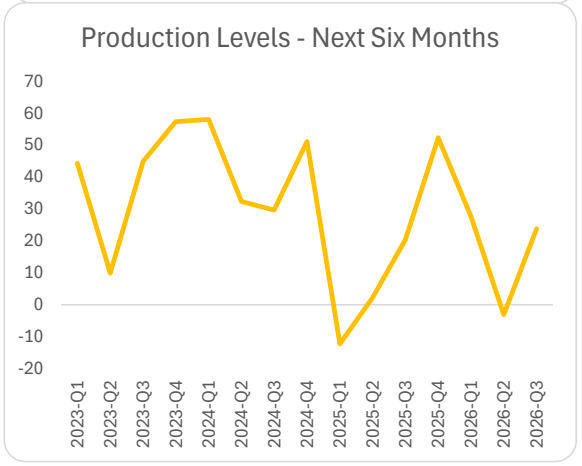
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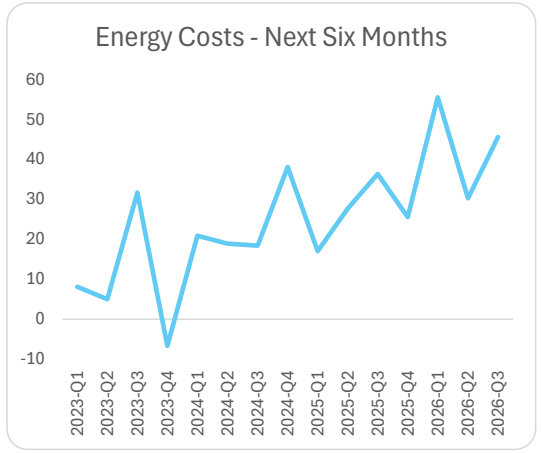






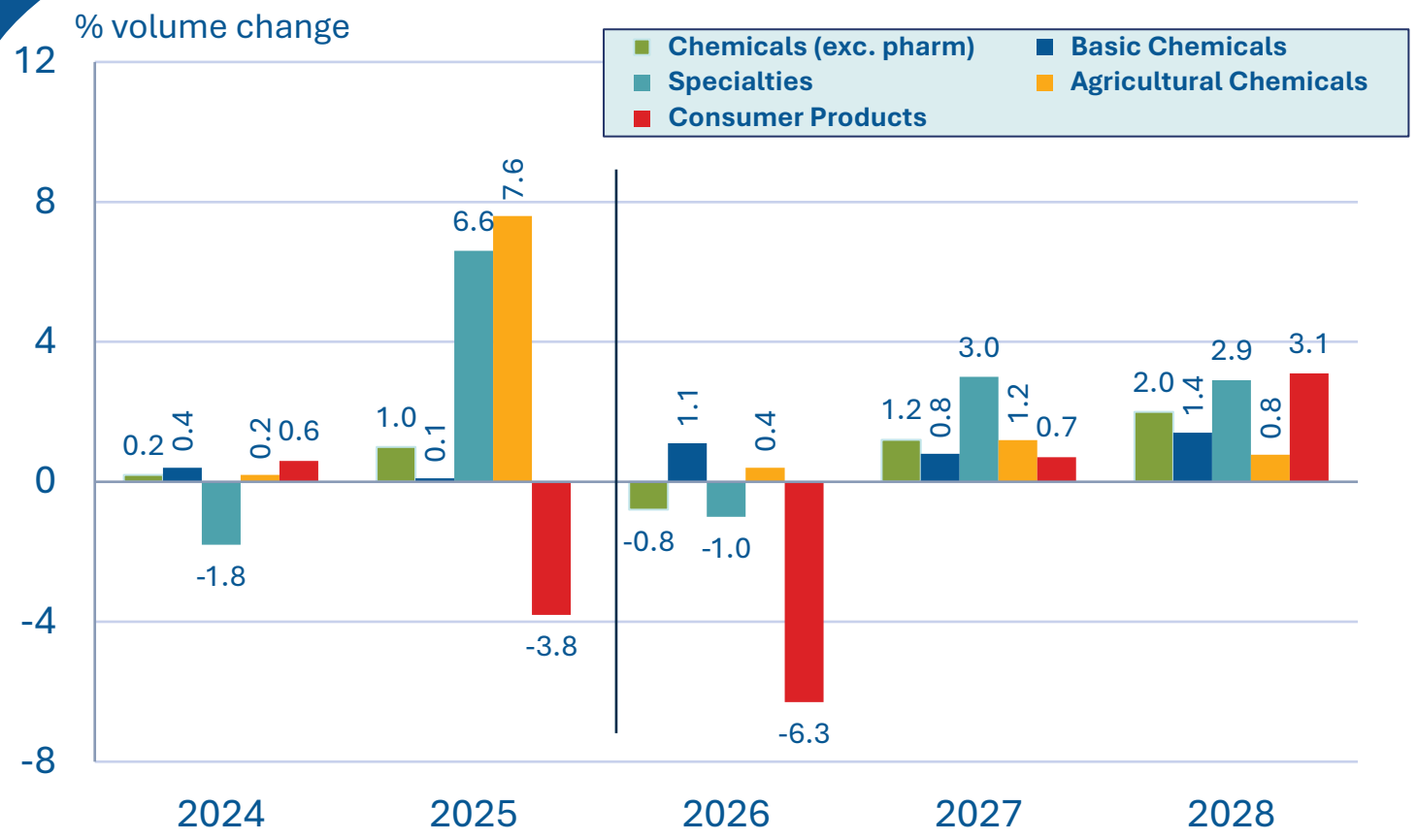








U.S. Chemistry: Mixed Results in 2026



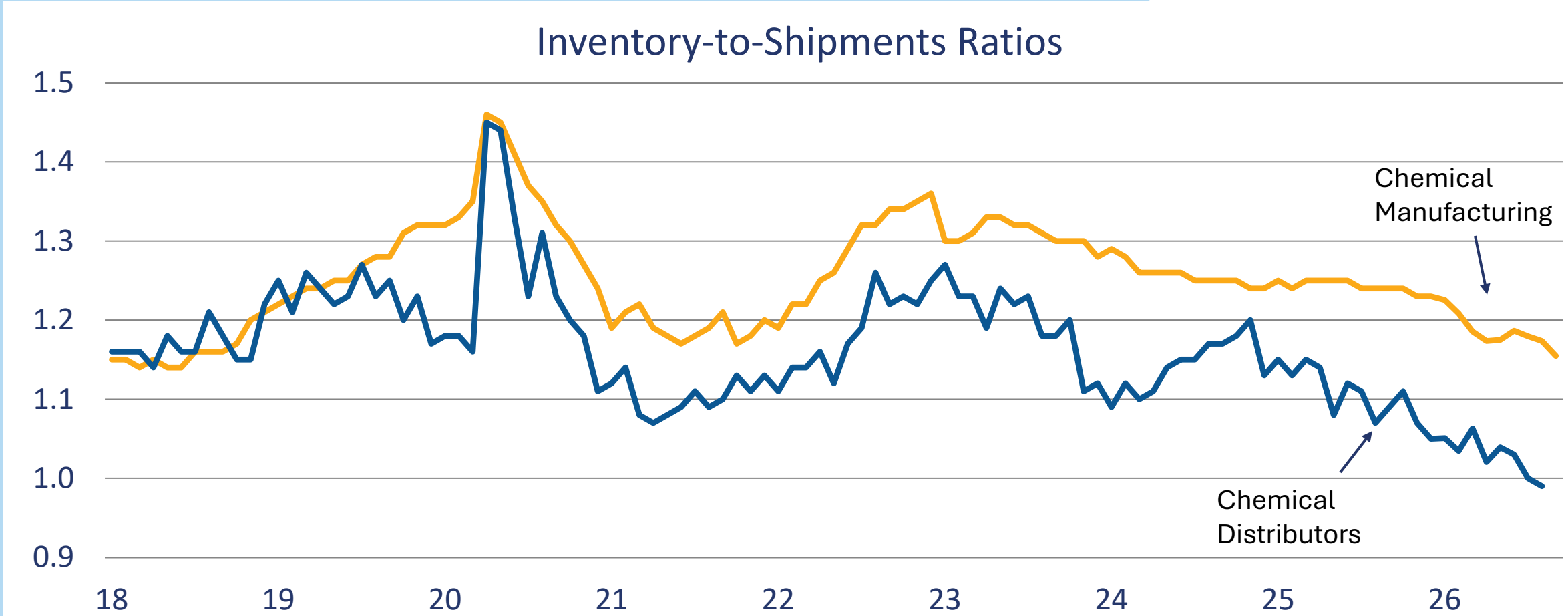
Source: ACC Situation & Outlook (September 2026)
(history based on Federal Reserve industrial production indices)

- Following several years of comparatively weak growth, chemical output in **2026 will be mixed**.
- 2026: Gains in basic chemicals & synthetic materials and agricultural chemicals are expected to be offset by declines in specialty chemicals and consumer products, but considerable *uncertainty* related to the impacts of Iran war.
- **All segments** are expected to grow in 2027 and 2028

Longer term

- Positive **energy fundamentals**
- **Capacity expansions in manufacturing** will boost chemistry demand in the years ahead
- ….but, **unfair import competition** from China looms large

U.S. Chemical Inventories Comparatively Lean



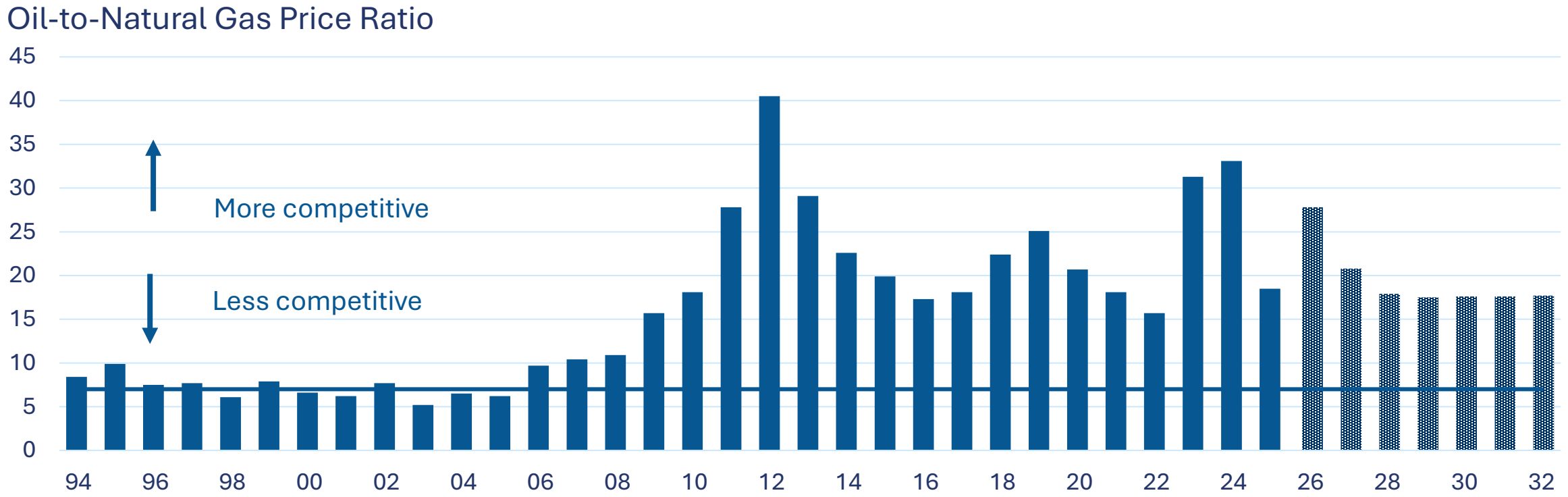
Source: Bureau of the Census

Energy

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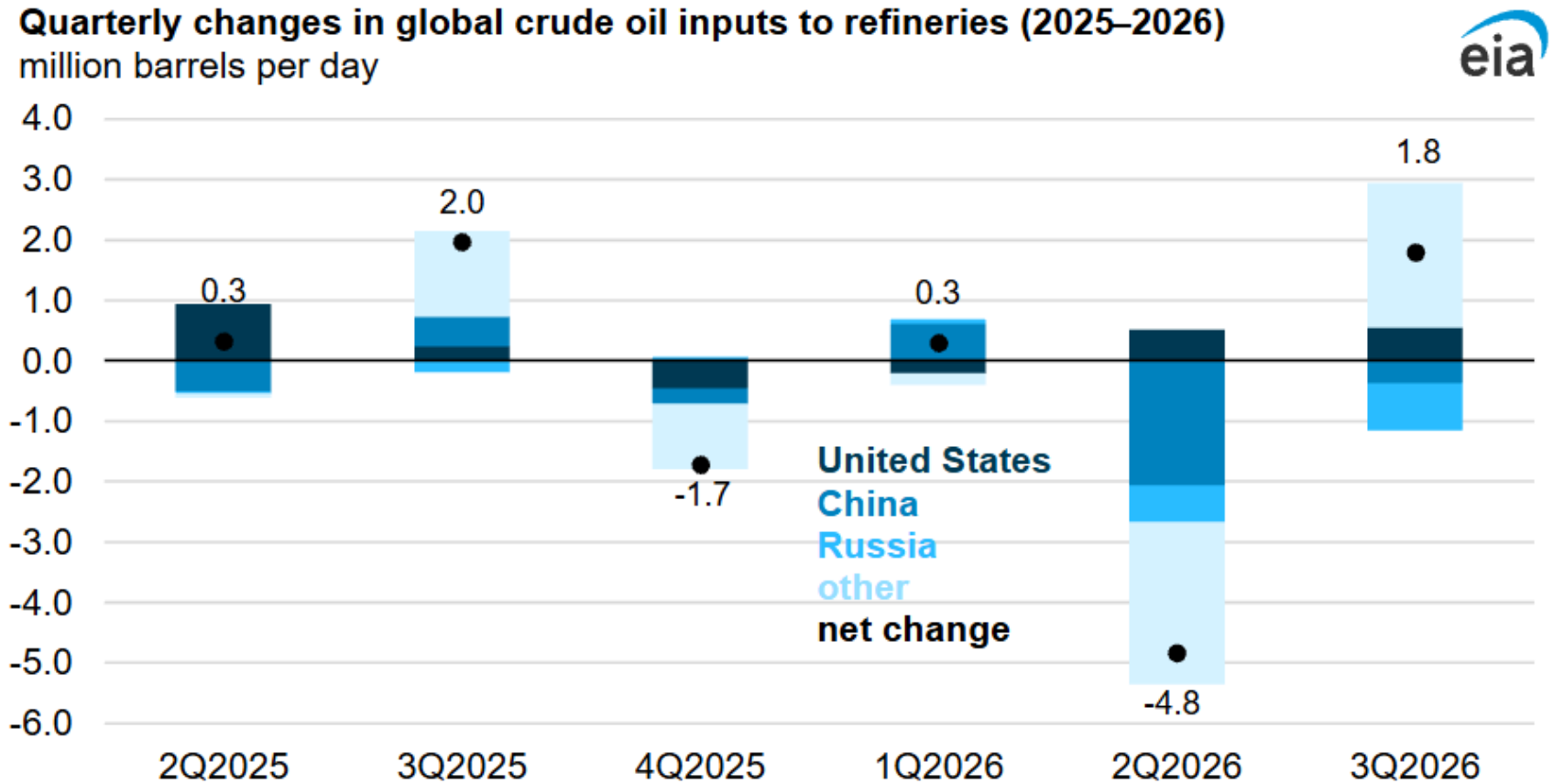
U.S. Natural Gas Based Petrochemicals Remain Competitive

As a rough rule-of-thumb, when the oil-to-natural gas price ratio is above 7, U.S. petrochemicals are relatively advantaged.



Sources: EIA, CME, Wells Fargo, TD, Oxford Economics

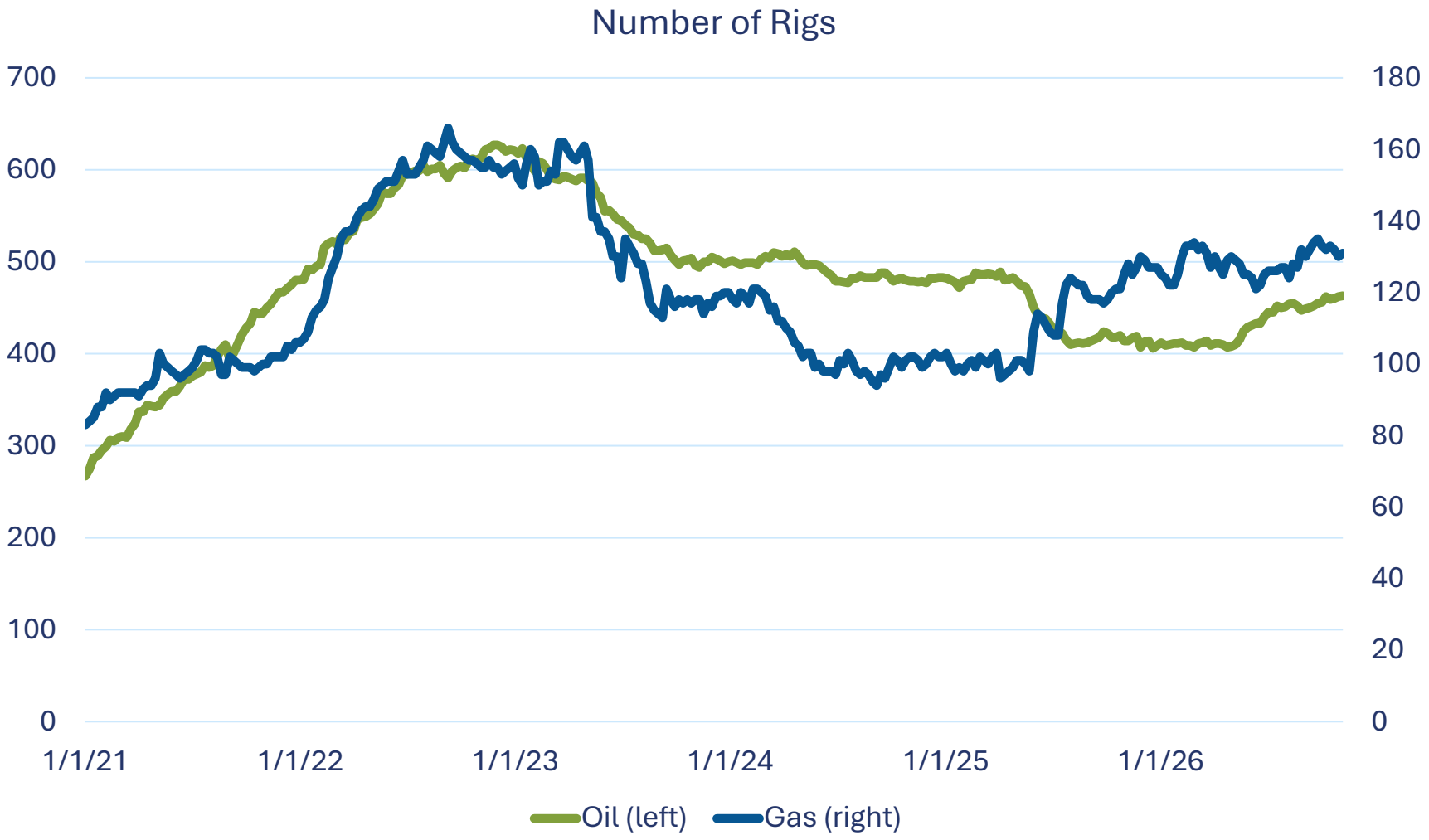
Global refinery inputs fell sharply in the second quarter of 2026 before modest recovery ›



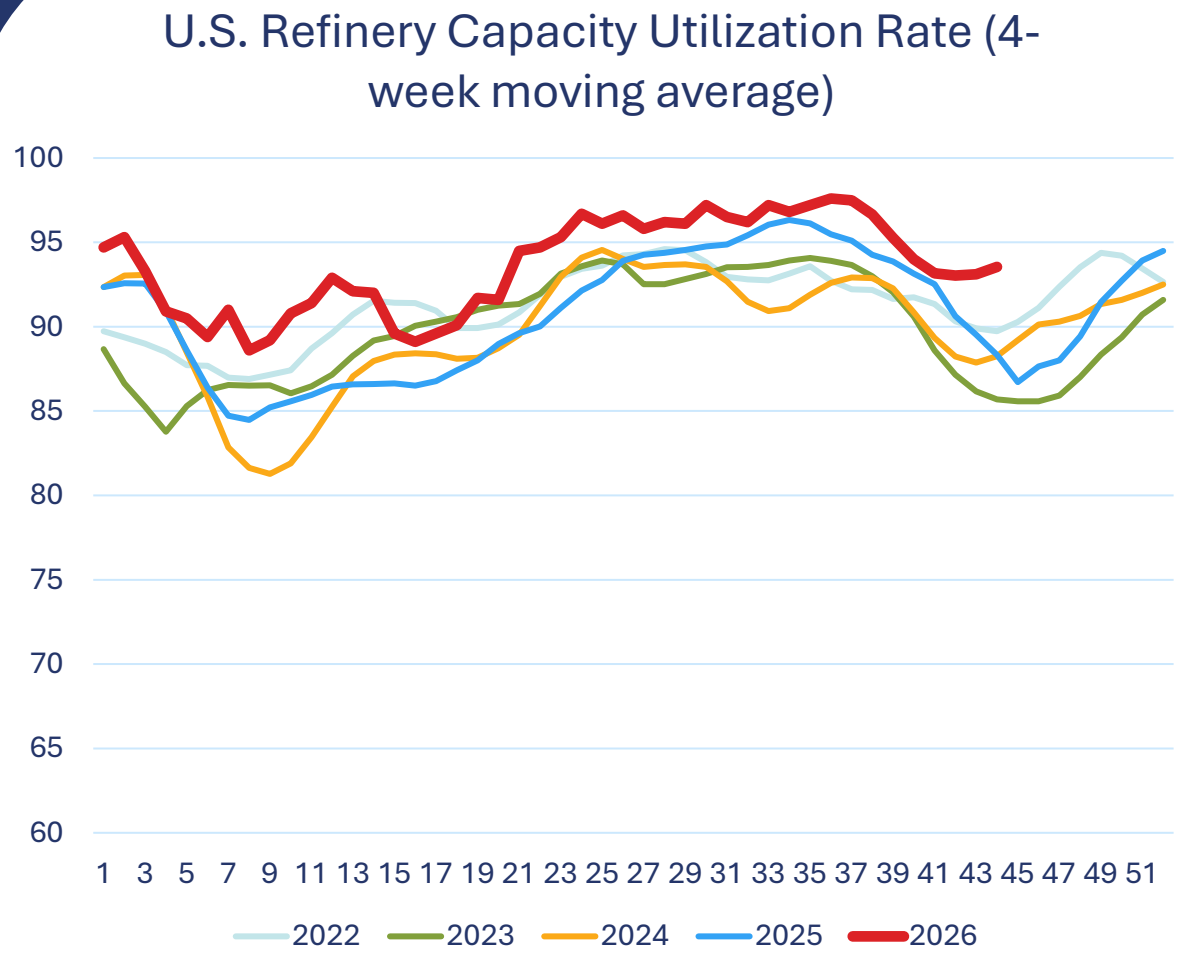
Data source: Kpler
Note: 2Q2025=second quarter of 2025

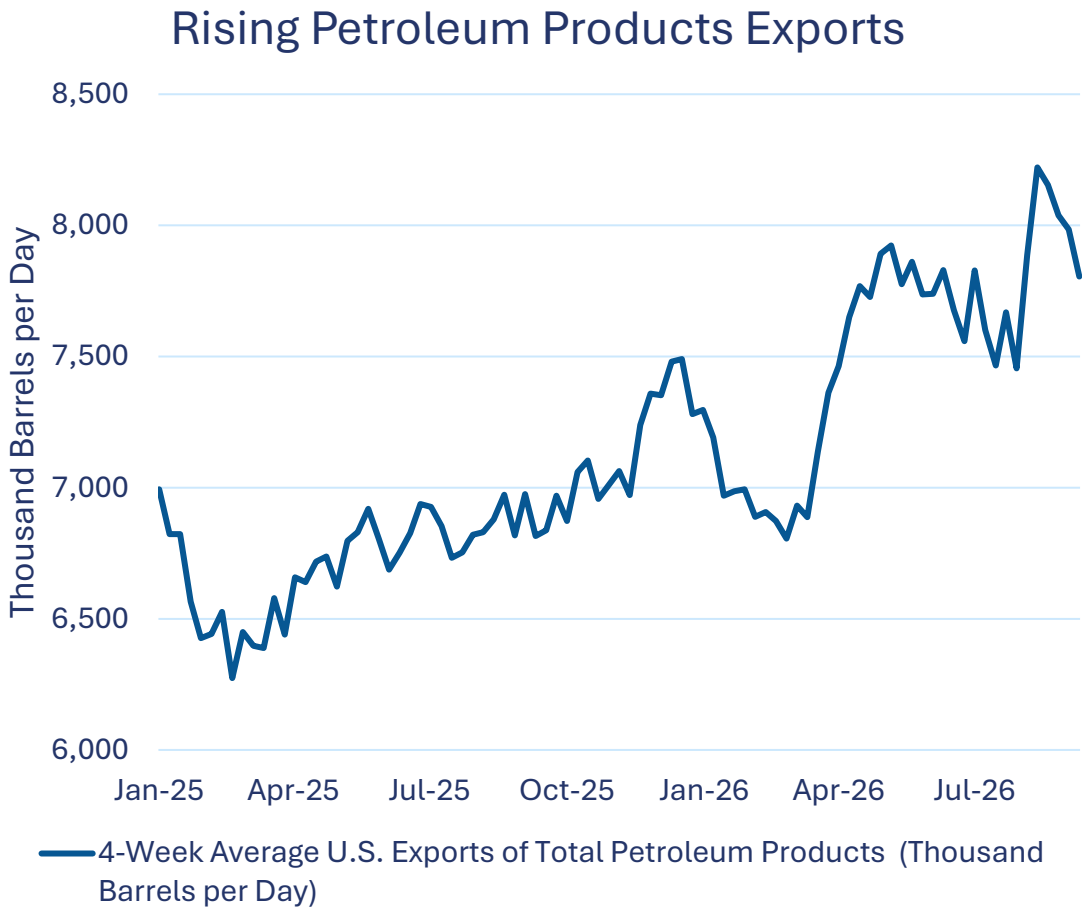
U.S. Rig Count




Number of Rigs
700
600
500
400
300
200
100
0
180
160
140
120
100
80
60
40
20
0
1/1/21
1/1/22
1/1/23
1/1/24
1/1/25
1/1/26
Oil (left)
Gas (right)

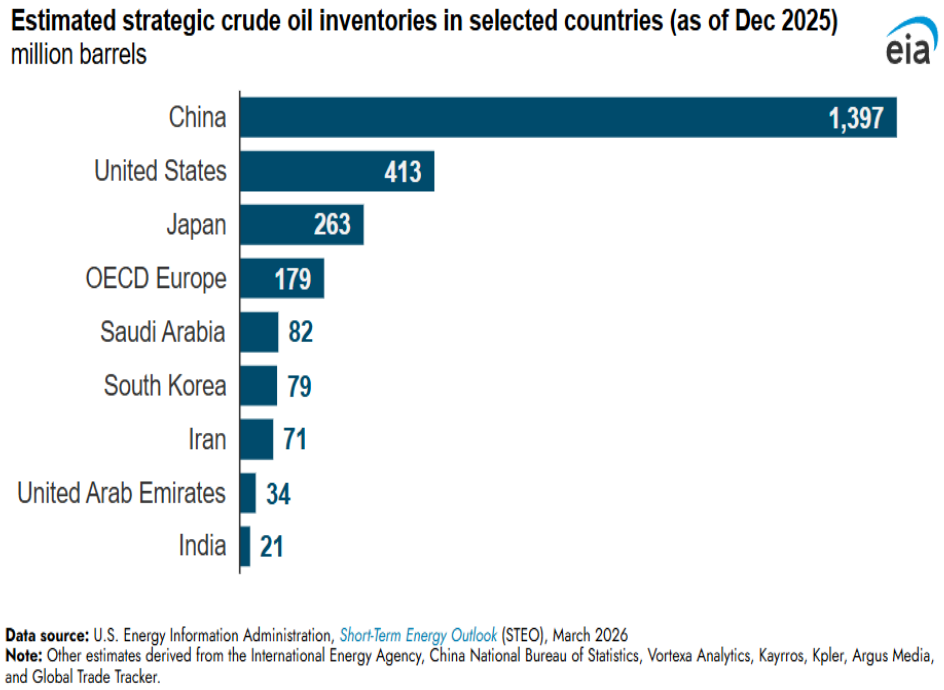
U.S. Refineries Running Hard

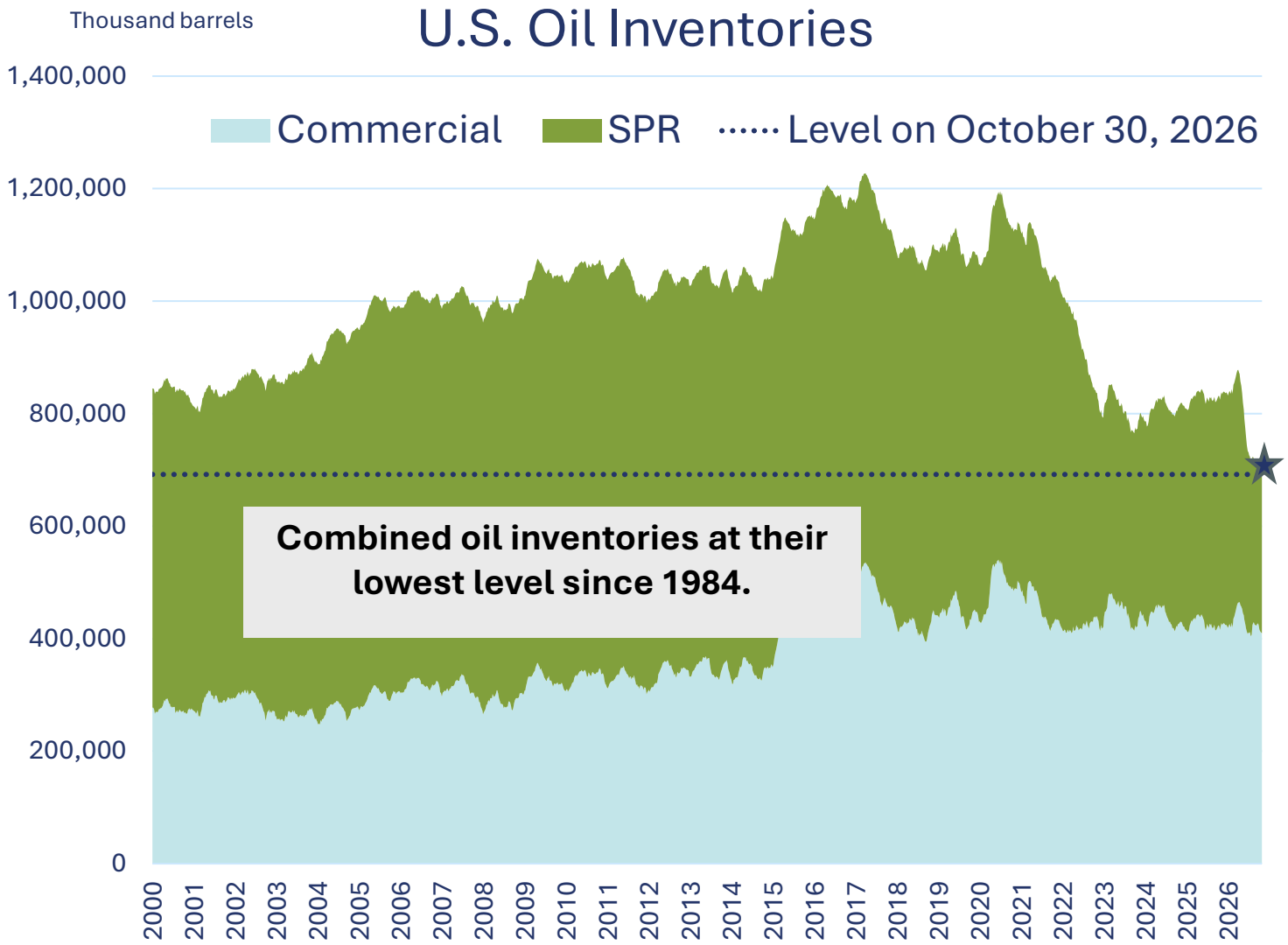




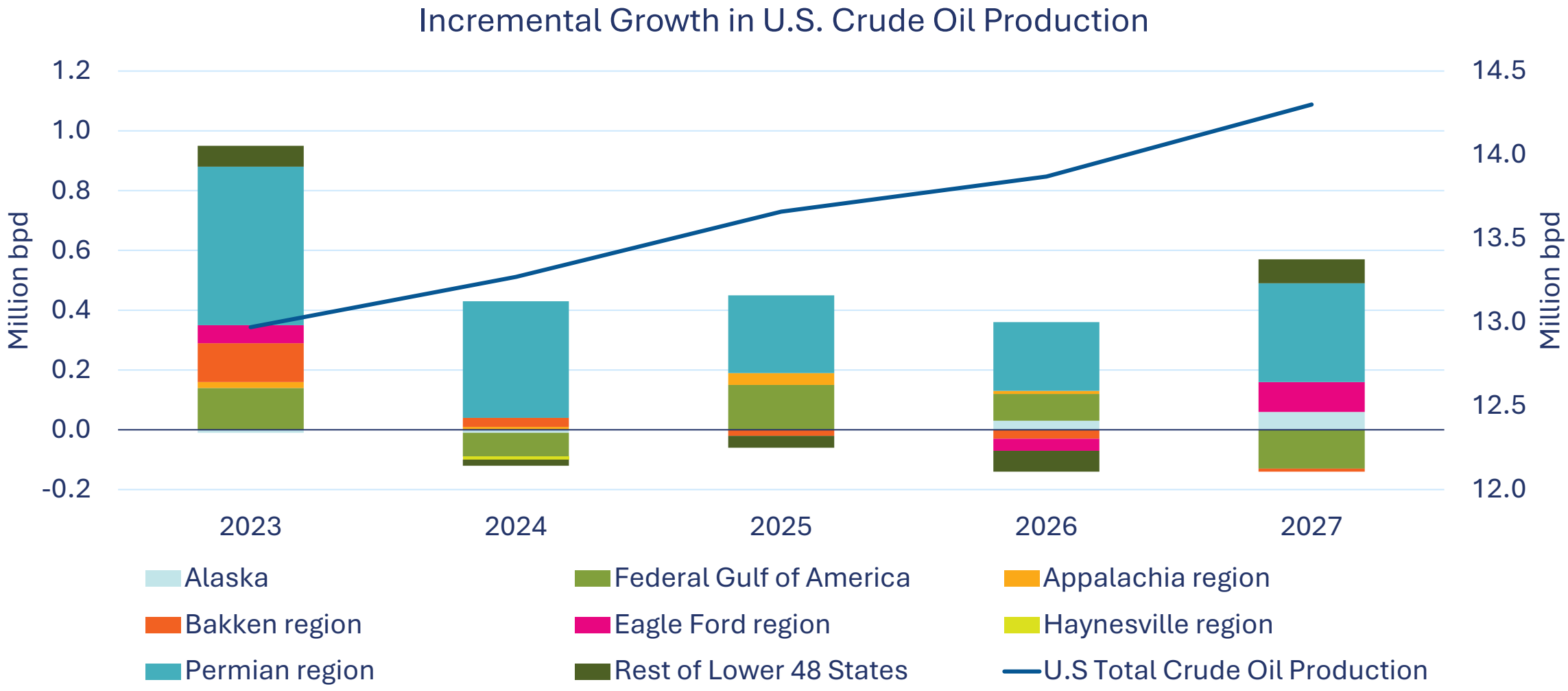
Source: EIA

Oil Inventories



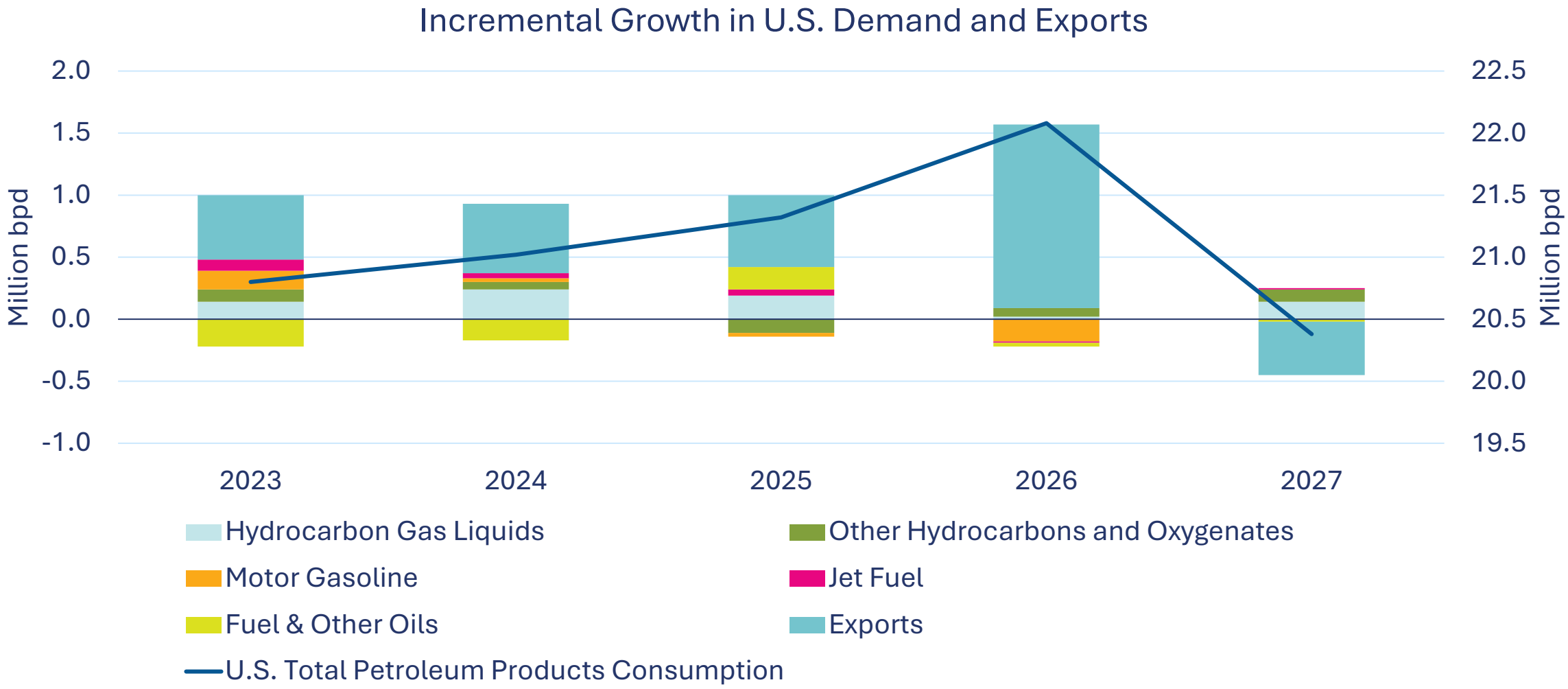


Crude Oil Production Expands



Source: EIA Short-Term Energy Outlook (October 2026)

Demand for Petroleum Products



Source: EIA Short-Term Energy Outlook (October 2026)

American Manufacturers Will Find a Way Forward

- Abundant energy resources
- U.S. has among the highest labor productivity
- Infrastructure – physical and digital
- Advanced manufacturing ecosystem, including a robust chemical industry
- Culture of innovation, deep capital markets, and strong IP protections

➢ Need to preserve these advantages

- Predictable, science-based regulatory environment
- Pro-growth trade and domestic policies to support U.S. manufacturing



Billions of Dollars of Announced Investments in American Manufacturing

(selected companies)



Source: White House & company press releases

Q&A