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- Our global estimate is that the paint and coatings market will decline by 0.4% volume and grow 3.5% value this year with decorative declining by 0.4% volume and growing 3% value and non-decorative industrial coatings volume declining by 0.5% and value increasing by 4.0%.
- In 2024, our current forecast is that the global market will be up 2.6% in volume and 3.2% in value with decorative being up an estimated 2.8% in volume and value while non-decorative industrial coatings being up 2.5% in volume and 3.5% in value.
- In North America, the markets are continuing in the same path as discussed in previous newsletters. The higher interest rates resulting in lower home sales. Existing home sales are down 23% YTD and housing starts are down 13%. Industrial production is down 1.5%. Automotive and aerospace continue to be positive but other segments are mostly down. We expect overall North America volume to be down 4.7% and value up 2.0%.
- Europe continues to struggle with volume estimated to be down 4.8% and value up 2.9%. Non-automotive manufacturing continues to contract as does construction activity. Much of this is driven by the European Central Bank's interest rate increases. We do expect a pause in interest rate increases in Europe and thus think that we may be nearing a bottom. Of the larger paint & coatings markets, Germany is contracting the most with Italy and Spain doing better. Our estimate for 2024 is that European overall volume will increase by 1.2% and value by 2.2%.
- In China, the year over year comparisons should be less challenging and we expect some growth on a year-over-year basis in the second half of the year. According to the Purchasing Managers Index, factory activity expanded for the first time in September since March. The real estate markets continue to be challenging.
- India continues to be the fastest growing market. This year we expect South Asia to grow by 7% volume and 8.5% value. Next year, we expect India to grow by 8% in both volume and value terms.
- Across the rest of Asia, we expect Central Asia to grow by 2.9% volume and 7% value and Southeast Asia to grow by 0.7% volume and 3.9% value this year. We expect volume to grow in the 3-4% range and value to grow in the 5-6% range in both Central and Southeast Asia in 2024.
- Within Latin America, we expect the market to be up 0.2% and 6.1% in value this year and up 3.1% in volume and 4.6% in value next year. By country, we expect most segments in Brazil to be flat to slightly down with Mexico being flat to slightly up this year. So the two largest Latin American markets offsetting each other. Next year, we expect both markets to be up 3%.
- Outside of India, Middle East is the fastest growing market. Saudi Arabia and UAE are growing fast due to infrastructure investments and expansion in the oil & gas industry.

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2023 and 2024 Growth Rates:

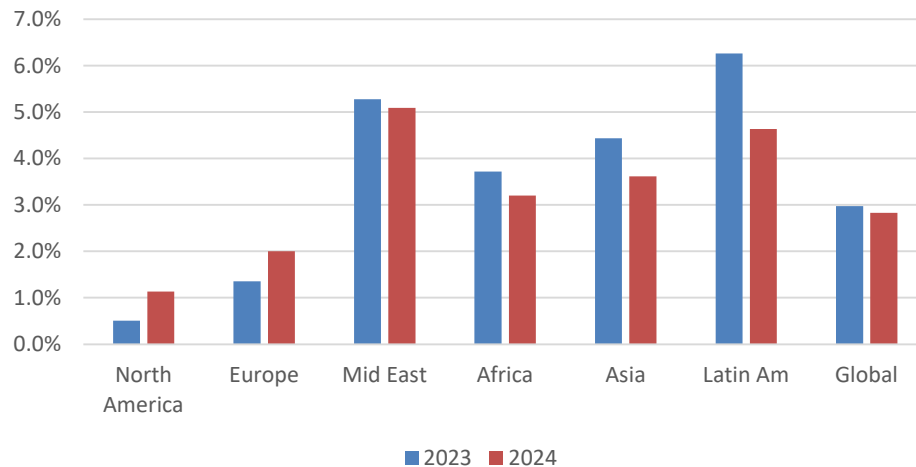
Growth rates by segment and region are given below.

2023 Global Coatings Market														
	North America		Europe		Middle East		Africa		Asia		Latin America		Global	
	Liters	Value	Liters	Value	Liters	Value	Liters	Value	Liters	Value	Liters	Value	Liters	Value
Deco	-6.2%	0.5%	-5.9%	1.4%	2.9%	5.3%	1.1%	3.7%	2.5%	4.4%	0.0%	6.3%	-0.4%	3.0%
Auto OEM	5.0%	9.1%	6.7%	12.7%	0.1%	0.2%	3.9%	5.9%	4.3%	7.9%	3.6%	10.7%	4.6%	9.2%
Auto Refinish	0.5%	5.6%	0.4%	6.4%	3.9%	5.9%	1.3%	4.4%	1.1%	5.8%	-0.3%	6.3%	0.7%	5.9%
Med & Heavy Duty Truck & Bus	2.0%	7.0%	0.5%	6.1%	3.9%	5.9%	3.0%	5.3%	0.9%	4.6%	1.8%	6.3%	1.3%	5.8%
Motorcycle	2.0%	7.0%	0.5%	6.0%	3.9%	5.9%	3.1%	5.3%	2.3%	5.6%	2.0%	6.5%	2.2%	5.8%
Rail	2.0%	7.1%	0.5%	6.1%	3.9%	5.9%	2.5%	4.9%	1.4%	4.2%	-2.3%	1.8%	1.2%	5.3%
Trailer	2.0%	7.0%	0.5%	6.0%	3.9%	5.9%	2.5%	4.9%	1.2%	4.2%	1.9%	6.3%	1.3%	5.4%
Aerospace	6.0%	11.1%	3.8%	9.9%	4.9%	6.9%	3.5%	5.9%	4.4%	8.5%	4.1%	8.6%	4.6%	9.7%
Powder	-1.4%	2.1%	-4.7%	2.3%	4.8%	6.8%	1.5%	4.2%	2.0%	4.4%	-0.6%	4.0%	1.2%	3.8%
Wood	-8.4%	-3.4%	-5.0%	1.2%	4.9%	6.9%	1.5%	4.3%	-9.2%	-4.6%	1.5%	6.5%	-7.2%	-2.4%
Coil	-7.9%	-2.8%	-5.2%	1.2%	3.0%	5.0%	1.1%	3.5%	-1.3%	2.5%	-1.4%	2.8%	-2.8%	0.7%
Rigid Can Packaging	-4.0%	1.0%	-2.4%	3.7%	1.5%	3.5%	0.1%	2.1%	-0.5%	3.2%	3.0%	8.5%	-1.7%	3.2%
Flexible Packaging	0.0%	5.0%	-0.5%	5.7%	5.4%	7.4%	2.4%	4.8%	1.2%	5.1%	1.7%	6.2%	0.9%	5.3%
GI	-2.4%	3.1%	-5.5%	1.7%	3.3%	5.3%	1.4%	3.8%	0.0%	3.4%	0.3%	4.7%	-1.2%	3.1%
IM and PC	1.7%	6.7%	0.6%	6.5%	3.5%	5.5%	3.1%	5.0%	1.8%	4.4%	0.6%	5.3%	1.7%	5.1%
Marine	0.5%	5.0%	1.4%	7.3%	2.4%	4.4%	2.2%	4.7%	2.9%	6.8%	0.9%	5.4%	2.4%	6.5%
Total	-4.7%	2.0%	-4.8%	2.9%	3.1%	5.4%	1.3%	4.1%	1.3%	3.9%	0.2%	6.1%	-0.4%	3.5%

2024 Global Coatings Market														
	North America		Europe		Middle East		Africa		Asia		Latin America		Global	
	Liters	Value	Liters	Value	Liters	Value	Liters	Value	Liters	Value	Liters	Value	Liters	Value
Deco	0.0%	1.1%	1.0%	2.0%	4.2%	5.1%	2.2%	3.2%	3.9%	3.6%	3.1%	4.6%	2.8%	2.8%
Auto OEM	3.0%	4.1%	4.0%	5.0%	0.1%	0.2%	4.9%	5.9%	3.4%	4.5%	4.1%	5.6%	3.4%	4.6%
Auto Refinish	0.5%	1.6%	0.5%	1.5%	4.0%	5.0%	2.8%	3.5%	2.6%	3.2%	2.1%	3.7%	1.8%	2.3%
Med & HD Truck & Bus	0.5%	1.5%	1.1%	2.0%	4.0%	5.0%	4.0%	5.0%	2.7%	3.7%	4.1%	5.6%	2.4%	3.1%
Motorcycle	1.5%	2.5%	1.5%	2.5%	3.9%	4.9%	4.1%	5.1%	3.7%	4.9%	4.2%	5.7%	3.6%	4.7%
Rail	1.5%	2.5%	1.5%	2.5%	3.9%	4.9%	3.6%	4.6%	2.8%	3.3%	4.1%	5.6%	2.4%	3.0%
Trailer	1.5%	2.5%	1.5%	2.5%	3.9%	4.9%	3.6%	4.6%	2.4%	3.1%	4.1%	5.6%	2.4%	3.0%
Aerospace	1.5%	2.5%	1.5%	2.5%	3.8%	4.8%	4.8%	6.0%	2.9%	3.9%	4.1%	5.6%	2.4%	3.2%
Powder	1.1%	2.0%	3.2%	4.1%	4.7%	5.8%	2.4%	3.4%	2.3%	5.2%	3.8%	5.3%	2.4%	4.6%
Wood	1.2%	2.1%	0.5%	1.4%	3.0%	4.0%	1.6%	2.6%	2.7%	3.7%	3.2%	4.6%	2.1%	3.0%
Coil	0.5%	1.5%	0.3%	1.2%	3.0%	4.0%	2.2%	3.0%	2.1%	3.1%	3.2%	4.7%	1.6%	2.3%
Rigid Can Pkg	1.0%	3.0%	1.6%	2.6%	3.7%	4.7%	3.4%	4.1%	3.8%	3.7%	3.8%	5.3%	2.4%	3.4%
Flexible Pkg	1.5%	2.5%	2.2%	3.1%	5.8%	6.8%	3.6%	4.3%	4.1%	4.7%	3.1%	4.6%	3.4%	4.1%
GI	1.0%	3.0%	0.8%	1.8%	3.2%	4.1%	2.6%	3.2%	2.8%	3.6%	3.1%	4.7%	2.3%	3.2%
IM and PC	2.1%	3.1%	0.5%	1.7%	3.1%	4.1%	4.2%	5.1%	3.4%	4.1%	2.2%	3.6%	3.0%	3.8%
Marine	2.0%	3.0%	1.4%	2.5%	2.1%	3.1%	3.3%	4.3%	3.1%	4.1%	2.1%	3.6%	2.7%	3.6%
Total	0.5%	1.8%	1.2%	2.2%	3.9%	4.7%	2.4%	3.7%	3.3%	3.9%	3.1%	4.6%	2.6%	3.2%

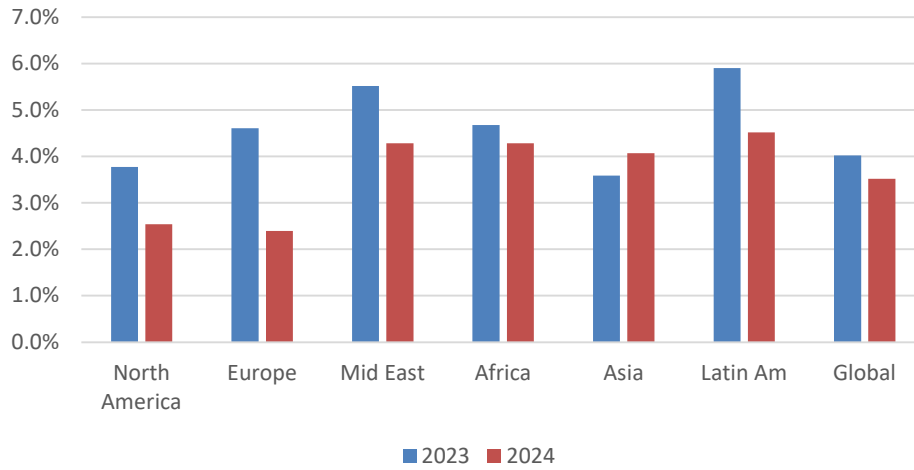
The value forecasts by region for decorative and non-decorative coatings are given below.

Decorative Value Growth Rates

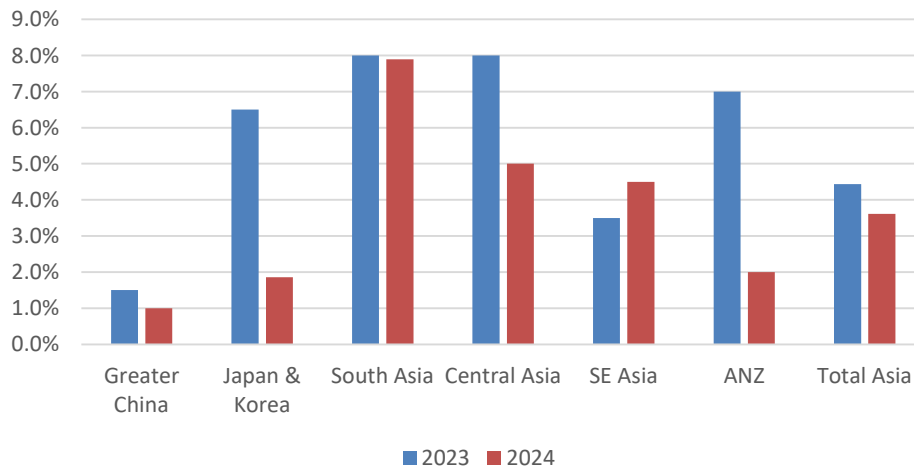


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Non-Deco Industrial Value Growth Rates

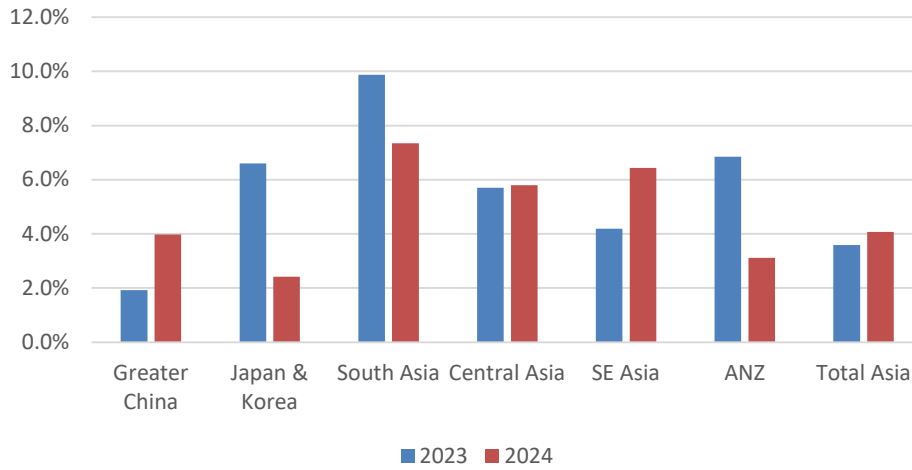


Decorative Value Growth Rates



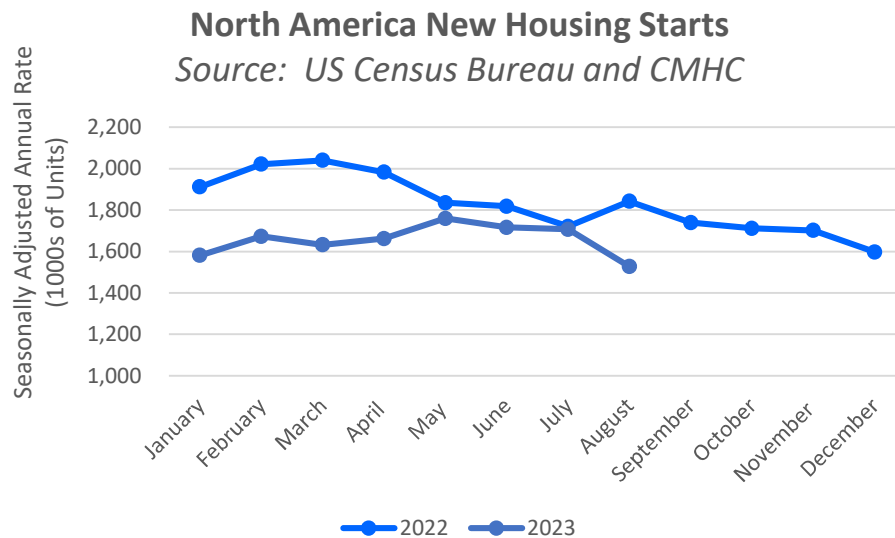
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Non-Deco Industrial Value Growth Rates

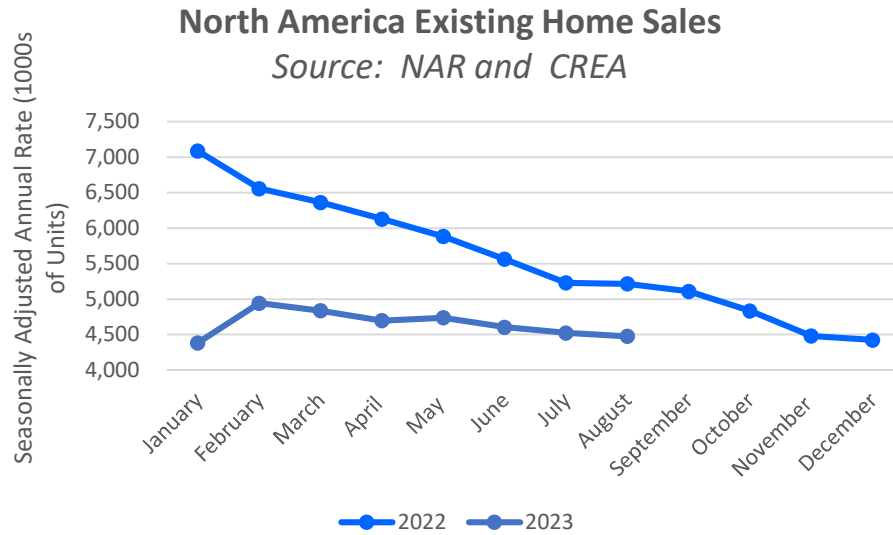


North America Review:

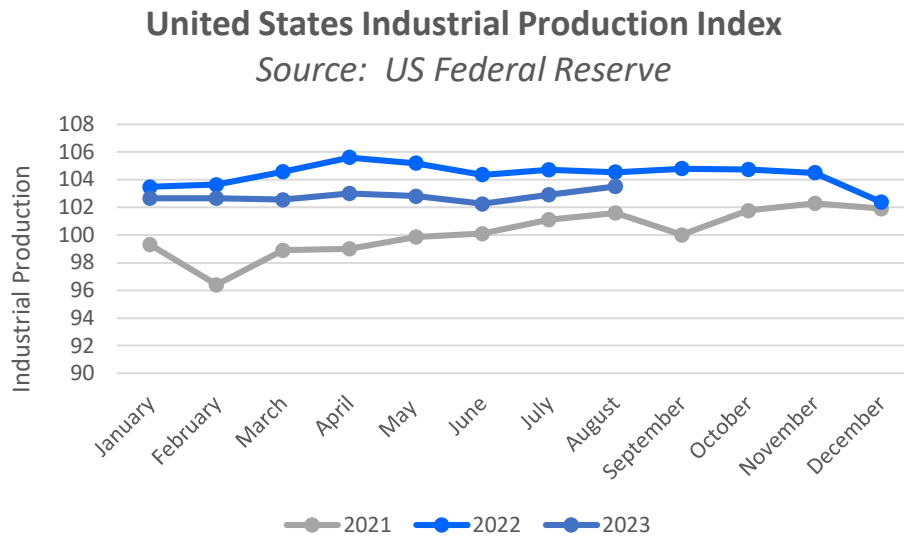
As noted above, the North America markets continue to proceed as previously discussed. The interest rate increase have resulted in slowing housing activity. Both housing starts and existing home sales are down significantly.



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Non-automotive manufacturing continues to be down versus 2022. YTD industrial production is down 1.5%. We do not expect it to decline further but expect it to stay at the current level through this year and into early next year.



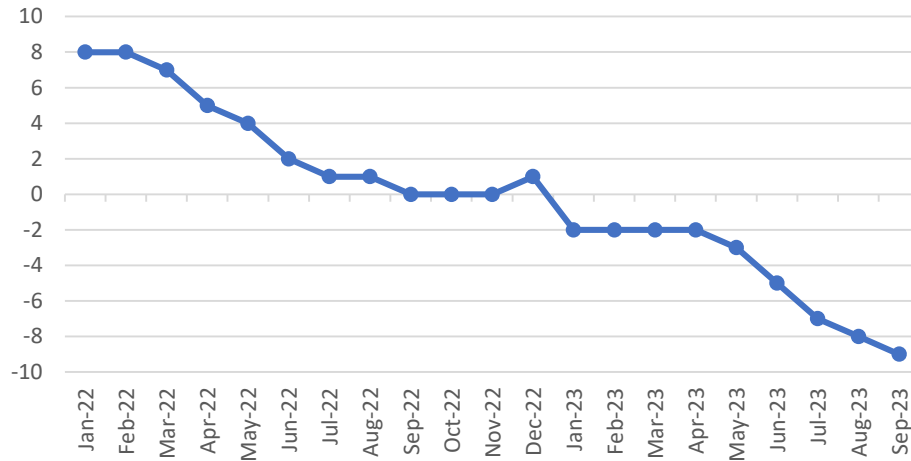
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Europe:

Europe continues to show declines; Germany is declining the most with Italy and Spain doing better. As the graphs below show, construction and industrial activity have declined nearly every month since February 2022.

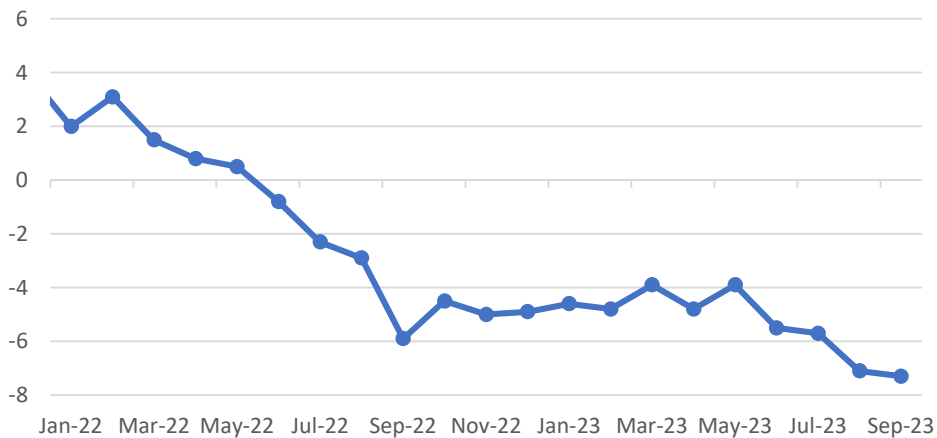
Euro Business Climate Construction Index

Source: The European Commission



EU Business Climate Industrial Index

Source: The European Commission



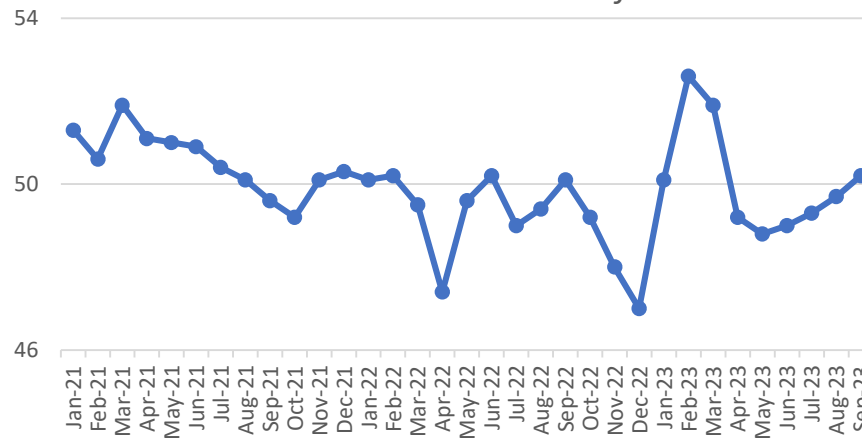
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Asia:

As discussed in previous newsletters, the recovery from the China Covid lockdowns has been less than previously thought. But the second half of the year comparisons should be less challenging. Also there has been some uptick in manufacturing in China with the PMI being above 50 and indicating expansion for the first time since March. The PMI has been increasing every month since May.

China Manufacturing Purchasing Managers Index

Source: China National Bureau of Statistics

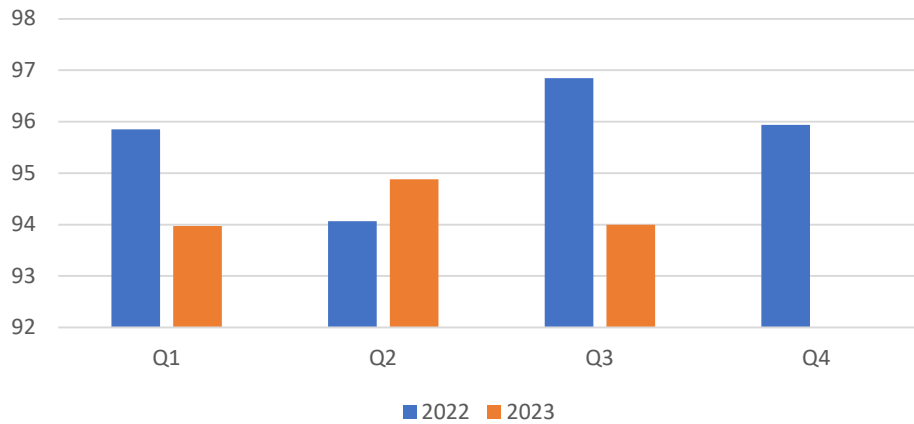


Elsewhere in Asia, the market in Japan is expected to be flat to down. The overall economy is growing at an annual rate of less than 1% with manufacturing activity being down 1.5% YTD.

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Japan Industrial Production

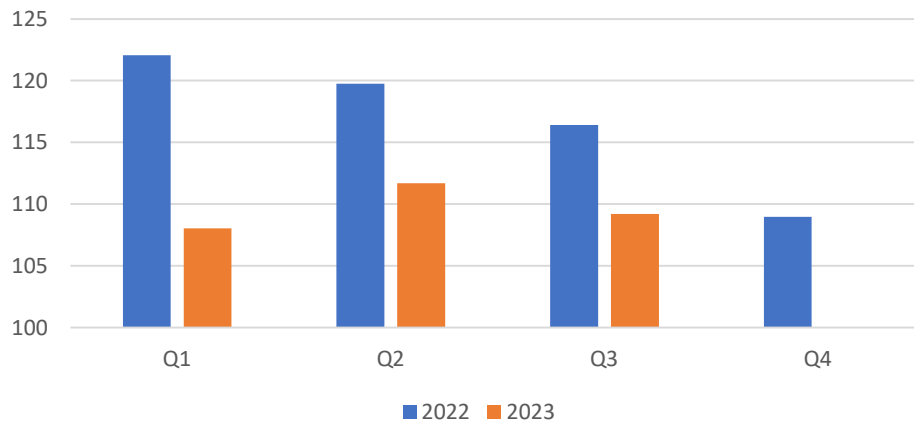
Source: OECD



Manufacturing in Korea is also struggling being down 6%.

South Korea Industrial Production

Source: OECD



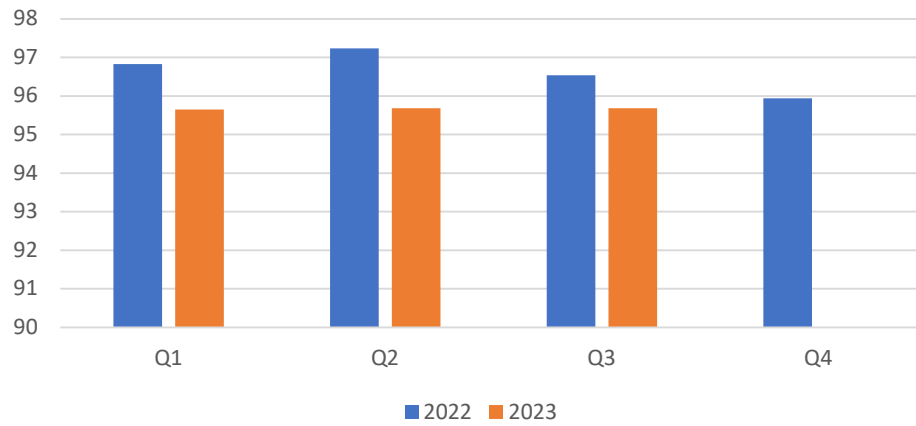
Latin America Update

Within Latin America, we expect the total markets to be close to flat in volume terms. Industrial Production in Brazil is struggling so will be down this year. While in Mexico the economy is slightly stronger and industrial production is up 2%. These two countries comprise an estimated 58% of the Latin America market.

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Brazil Industrial Production

Source: OECD



Mexico Industrial Production

Source: OECD

