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European aluminium foil rollers see continuing weak demand in Q1 2024

Figures for European aluminium foil deliveries in the first three months of 2024 indicate that weak demand continue to have a negative impact on volumes. Total shipments reached 217.800 tonnes, a decline of 6,2% compared with the same period in 2023, according to the figures just released by the European Aluminium Foil Association (EAFA).

European demand fell 3% in the first period of 2024, while exports plunged 26,6%, continuing the difficult overseas market conditions seen throughout 2023, where sales were down 22% year on year.

While overall inflation is now under control, continuing high interest rates and the ongoing effect of higher prices for consumers has led to very fragile demand in some sectors where foil is used. In addition, supply chain issues, particularly for raw materials, has led to a slowdown in deliveries to traditional markets such as construction and automotive.

Thinner gauges, used mainly for flexible packaging and household foils, which is generally seen as a more resilient sector, saw sales down by 7,7% compared with Q1 2023. Inside Europe the decrease was 4,1% and overseas markets saw demand drop by more than 30%.

Deliveries of thicker gauges, used for semi-rigid containers, technical or other applications, fell by 3,6% in the three months to end of March. While domestic deliveries were marginally lower, by 1%, exports were down just over 20%. However, it must be remembered that this category of products makes up a smaller volume of the total production, therefore its impact on overall output figures is less.

One bright spot is that the volumes for Q1 2024 were over 10% higher than the final quarter of 2023, which saw deliveries well under 200.000 tonnes. This at least reflects some improvement in demand, even if the figures compared to the same period of that year declined somewhat. Normally Q1 is a stronger quarter as companies restock. But with the continuing very cautious outlook there is little sentiment from customers to buy foil ahead of an anticipated increase in demand.

“This is now a familiar picture,” remarked Guido Aufdemkamp, Executive Director of EAFA. “Until we see a sustained upturn in economic activity and consumer confidence the industry will continue to struggle with lower demand. The current geopolitical situation continue to have a negative impact on all markets.”

“But there are some signs that the depressed market conditions are bottoming out in Europe. There cannot be much more destocking to be done and interest rates are finally on a downward trajectory. The export scenario remains challenging. European foil rollers have become adept at dealing with volatile market conditions and will continue to respond to challenges and opportunities,” he added.

The European Aluminium Foil Association (EAFA) is the main trade association, specifically representing companies engaged in the rolling and rewinding of aluminium foil and the manufacturing of semi-rigid alufoil containers and household foil in Europe. With its more than 40 members, the organisation represents the total aluminium foil rolling market in Europe. www.alufoil.org

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