BASF Takes the Lead on the DAX - Demand Situation Brightens Up

LONDON, UK, July 28, 2023 /EINPresswire.com/ -- BASF Takes the Lead on the DAX - Demand Situation Brightens Up

Investors welcomed the statements made by BASF management regarding customer inventory reduction and the demand situation at the chemical company on Friday. It was emphasized that the company intends to proceed with the IPO or sale of its subsidiary, Wintershall Dea.

BASF owns 72.7% of Wintershall Dea with remainder is held by Russian investors Mikhail Fridman, Petr Aven and German Khan.

After a slightly weaker start to trading, the company's stock turned positive and rose to the top of the DAX, gaining 2.3 percent to reach 48.99 euros in early afternoon trading. This marks the highest level since the end of April. Throughout the year, the stock has experienced significant fluctuations. After reaching a peak of around 54 euros in early February, it dropped to just below 42 euros by the end of June. Since then, it has been on a recovery path, currently up by 5.5 percent since the beginning of 2023. In the same period, the DAX itself has risen by 18 percent.

Market participants particularly focused on statements made during the later morning analyst conference call. The management reportedly made it clear that the bottom had been reached and that no further deterioration in demand was expected in the second half of the year, according to a trader. "Although this has been said before, BASF probably managed to convince this time."

Analyst Sebastian Satz from the British bank Barclays mentioned that the detailed figures released on this day contained both positive and negative aspects. He highlighted the increased free cash flow and reduced investment forecast. Above all, there was hope that inventory reduction would soon come to an end, as inventory levels in the manufacturing industry in the US and Europe had fallen significantly in the meantime, he emphasized.

Satz also reminded that just over two weeks ago, BASF presented key figures and lowered its annual targets. This aligned them with several other chemical companies that had already issued profit warnings for 2023. Companies like Lanxess, Evonik, Croda, or Clariant had already revised their forecasts.

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Shamir Atif
DI PR
+44 20 7454 5111
email us here
