

Raw Materials Update

Q2 2016

Macro-Economic Overview

Most economic reports reflect slow but positive growth in the United States. Employment and consumer confidence are optimistic, dampened by some uncertainty in Europe and emerging markets. Crude oil is beginning to rise gradually as global supply adjusts to pace demand. Many global commodities are coming off cyclical lows and manufacturers are rebuilding margins to cover fixed costs. We expect most aspects of the world economy to either hold steady or improve slightly for the rest of 2016.

Adhesives & Silicones

Prices for acrylic monomers were flat from Q4 through Q1. Propylene is projected to be flat for the rest of 2016. We expect more reductions in ethane cracking capacity to be announced throughout the year. We are closely watching prices and availability for specialty chemical derivatives as capacity is reduced. Solvents and hot melt components remain stable at low levels. Tackifier prices are trending up again. Silicon metal and platinum are near cyclical lows with a recovery expected soon.



Paper

NBSK pulp continues below \$1000/ton. Global demand for coated papers, particularly those for variable information, is increasing sharply with the growth in e-commerce and small package shipping. Growing demand for specialty coatings continues to drive price. Paper supply is constrained for some grades in Europe. We are working closely with suppliers to ensure all necessary production and shipments continue.

Film

Polypropylene

Polypropylene is up double digits from 2015 as robust demand continues to push intentionally constrained supply.

Polyethylene

Polyethylene prices have been following crude, with volatility over the last 60 days.

Polyester

Polyester increased slightly in Q1. The upward trend for PET will continue as seasonal demand accelerates over the summer.

PVC

PVC is expected to move up by June because of higher export prices and a recent disruption at a major producer.