

Raw Materials Update

Q4 2017

Macro-Economic Overview

The global and U.S. economies are expanding at their quickest pace since 2014. Stronger consumer demand, driven by confidence and employment, is pressuring supply base capacity and prices in most industries. Manufacturing sites and transportation networks are adjusting to this new pace. We continue to work with our supplier partners through this growth cycle to support the needs of our customers.

Adhesives & Chemicals

Many chemical plants in China have been targeted for temporary or permanent shut down under new environmental controls. The regulations have curtailed global supply of various types of materials, driving prices higher.

Acrylic Adhesives: Supply/demand economics continue to move prices up. The cost of crude and propane feedstocks are rising. U.S. propane prices, for example, are at three year highs. Propylene is up 28% in the last six months.

Hot Melt Adhesives: Butadiene, isoprene and tackifier prices are stable.

Silicones: Silicone pricing continues to trend upward due to demand growth and some reduction in siloxane capacity. The price of platinum continues to be volatile - currently at a low point trading at or near its cost of production.



Film

Polypropylene

Polypropylene is rising with the cost of propylene. Demand in 2017 was down versus the prior year. 2018 is expected to return growth in demand. Prices may remain elevated as there is no new capacity on the horizon.

Polyester

Pricing has increased following global resin and film capacity disruptions. Short-term pricing volatility is expected to continue into Q1 of 2018 with more stable markets expected mid-year.

Polyethylene

Pricing remains elevated from an increase in crude pricing accompanying post-Hurricane Harvey inventory replenishment. New capacity expected over the next six months may bring stability.

PVC

PVC prices increased in October but are now retreating with the end of the construction season. Resin supply is adequate to meet demand and restock inventories. The cost of TiO₂ remains elevated driving the cost of PVC white film.

Paper

Pulp prices reached a record high in December due to global demand, unplanned downtime and China's tightening environmental regulations. Marketplace conditions are predicted to ease during the first part of 2018.