



FOR IMMEDIATE RELEASE

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### Current trends in key adhesive raw materials

IVK, the German Adhesive Association, has published current trends in key adhesive raw materials. Despite intensified political uncertainties, the prospects for world economic activity are improving, indicating that business will continue to pick up around the globe.

IVK points out that demand for base chemicals remains high in Asia as well as the USA, where – as a logical consequence of supply and demand mechanisms – the prices for commodities are higher than those that can be obtained on the European market.

The disparity in prices achievable on the Asian and US markets and those to be had on the European markets means that the tonnages imported to Europe are down, partly because commodities are also being exported from Europe to more lucrative markets in other regions.

The availability of adhesive raw materials was and will also be further impacted in Q1 and Q2 2017 by planned overhauls - as well as unplanned stoppages – in cracker plants in Asia as well as in the facilities dedicated to the production of base chemicals.

Taken as a whole, all of these factors combine to restrict the availability of key raw materials in Europe – which will lead to shortages, along with the attendant price rises.

The publication states that during the first quarter, prices for ethylene, propylene, butadiene and styrene rose appreciably worldwide, although the actual availability and price levels varied from region to region. Butadiene prices recorded historic highs in Asia, while ethylene ranked lower on the price scale in the USA than in Asia. When the production restrictions for downstream products (e.g. vinyl acetate) are factored in, costs for adhesive raw materials have been driven up still further around the globe. The impacts are evident in acrylates, vinyl acetate-based raw materials, and more particularly in SBS and SIS polymers, especially as the prices for natural rubber have also been climbing. Also affected are almost all solvents of key importance to the adhesives industry.

Regarding polyurethane systems, availability in Europe is affected not just by rising prices for isocyanates but also by the negative effects of arbitrage.

As a result, formulation costs are rising across the board, affecting virtually all water-based, solvent-based and PUR adhesives as well as primer systems.

The report concludes that restricted availability of commodities coupled with sustained demand has pushed up raw materials prices, with inevitable consequences on the formulation costs for adhesives. Current market bottlenecks can only be expected to ease when the raw material prices on the Asian, US and European markets begin to converge once again.

For more information, see <http://www.klebstoff-presse.com/>

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## **FEICA**

FEICA, the Association of the European Adhesive and Sealant Industry, represents the industry at a European level and works with all relevant stakeholders to create a mutually beneficial economic and legislative environment.

Our industry is a success story that makes many everyday products possible, contributes to the economy, fosters sustainable development, encourages innovation and offers stimulating careers for people with a wide range of skills.

For further information about FEICA, please visit our website [www.feica.eu](http://www.feica.eu).

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