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The Paint Industry is affected by continuously rising raw materials prices.

For all companies of the paint industry, costs have been rising massively over the last months and especially raw materials prices did change a lot. Experts do not see any improvement on that situation and predict, that the trend of negative announcements with huge impact on practically all raw materials, will further continue. That's reason enough to take a behind-the-scenes look at the problem.

Commodities costs are very important for paint manufacturers, because more than 50% of operating costs are allotted to raw materials. Commodity price increases thus impact the product's final price more severely than other positions in the business calculation. Since more than 12 months, **prices for all key-commodities have increased dramatically.**

Basic chemicals such as solvents, monomers for resins, acrylic monomers, resins and other raw materials are strongly affected. Aceton and Butylacetat so far unbelievably increased by 100%, Xylol and Toluol are 20% more expensive than 12 months ago, Methylmethacrylate did rise by 30%, epoxy, polyester and polyurethane resins did increase in the two-digit percentage range – the list goes on and on. But one of the strongest pressure is on titanium dioxide, an essential component of most paint formulations, which was faced with several huge price increases during the past year and this development will continue also in 2017.

The chemical industry has to expect even more price increases on raw materials, further uncertainties and fluctuations also on other fields. The metal industry is for example also facing high steel prices, which already show first **impacts on prices of metal packagings.**

Reasons for the negative development

The availabilities of raw materials have been reduced year by year due to alliances of companies and vendors, competition is reduced and the customers alternatives are narrowed. Unexpected chemical accidents did cause Force Majeurs in the 4th Quarter of 2016, which additionally did deteriorate the situation. And, the increases of crude oil prices tightened the availability of many raw materials, which did also push prices up. Unfortunately the situation is not going to improve, several accidents that happend recently and production stops are making the situation even more difficult.

The entire paint industry is facing these turbulences every day. And still, most European paint manufacturers are still clearly committed to quality and innovation. To be able to maintain this standard and constantly further adopt it to the advantage of ever-changing industry requirements, the industry will have to face up to the commodity market's price developments.