

Monitor

Chemicals & Plastics

VOLUME

421



SLOW SALES IN CHALLENGING TIMES

INDUSTRY PARTICIPANTS NAVIGATE CHANGE

Chemicals and plastics companies faced tariffs, geopolitical tensions, and more

NATURAL GAS PRICES SPIKE IN JANUARY

Extreme cold in the U.S. caused natural gas prices to skyrocket at the start of the new year

NEW POLYETHYLENE CAPACITY

Golden Triangle Polymers is expected to begin operations at some point in 2026

In This Issue

MONITOR CHEMICALS & PLASTICS

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03	Trend Tracker - Inventory	09	Plastic Processing Equipment
04	Trend Tracker - M&E	10	Monitor Information
05	Overview	11	Experience
06	Feedstocks	12	Meet Our Team
07	Chemicals	13	About GA Group
08	Plastic Resins		



Deals are a moving target with a constantly shifting mix of people, numbers and timing. We are here to simplify this process for you. Our associates are experts at analyzing situations and quantifying values you need on the most complex deals, so you can leverage our extensive industry knowledge to close the deal.

Trend Tracker - Inventory

	Chemicals	Plastics
NOLVs	Decreasing ▼	Decreasing ▼
Sales Trends	Mixed ⬆️	Decreasing ▼
Gross Margin	Decreasing ▼	Decreasing ▼
Inventory	Mixed ⬆️	Mixed ⬆️
Selling Prices	Mixed ⬆️	Decreasing ▼
Market Prices (Recent Month)	-	PP: Increasing ▲ / PE: Increasing ▲

NOLVS

- **Chemicals:** NOLVs decreased by up to four percentage points, with declines driven largely by lower gross margins but also impacted by the particular industry being served and changes in sales mix.
- **Plastics:** NOLVs decreased by up to three percentage points due primarily to falling gross margins and changes in the sales mix.

SALES TRENDS

- **Chemicals:** Sales trends for chemicals companies were mixed, increasing or decreasing up to 5%, with fluctuations driven by the particular industry being served, product mix, production efficiencies, and various other factors.
- **Plastics:** Sales trends for plastics companies decreased as a result of general market softness, though trends varied by company and the particular industry being served.

GROSS MARGINS

- **Chemicals:** Gross margins for chemicals companies decreased by up to three percentage points due to shifts in the sales mix, higher costs, and issues with production efficiencies.
- **Plastics:** Gross margins for plastics companies decreased by up to three percentage points due to market softness and rising acquisition costs, as well as significant pricing competition. Gross margins were also impacted by how quickly a particular company was able to pass along any fluctuations in its acquisition costs.

INVENTORY

- **Chemicals:** Inventory levels fluctuated significantly by company, with the swings being driven by rising or falling demand in the industry being served, product launches, new or lost customers, and production issues.
- **Plastics:** Inventory levels for plastics companies were mixed based on the particular customers and markets being served.

SELLING AND MARKET PRICES

- **Chemicals and plastics:** Selling prices within the chemicals industry were mixed due to changes in various commodity prices across different products and industries. Pricing in the chemicals industry is also tied to a mix of factors, including general economic conditions, fluctuations in supply, demand trends, and foreign competition. Selling prices for plastics decreased slightly due to market softness and strong competitive pressures on pricing.

After months of being depressed, market prices for both polypropylene and polyethylene resins showed some upward momentum in the early weeks of 2026. Pricing increases were driven by improvements in demand, higher feedstock costs, and tighter supplies.



Trend Tracker - Machinery and Equipment

Plastics	
Used Trade Movement	Decreasing ▼
Used Pricing	Decreasing ▼
OEM Pricing	Increasing ▲
Technology Advancement	Increasing ▲
Auction Activity	Increasing ▲

USED TRADE MOVEMENT

Due to surplus production capacity, demand for used plastics equipment has been decreasing. Used equipment dealers are finding a reduced ratio of quotes to purchases. The availability of used equipment for sale has increased over the last several months.

USED PRICING

Pricing for used plastics processing equipment has been decreasing in recent history as surplus production capacity has led to buyer hesitation. Lead times for new equipment are coming down, and there is currently ample supply of new equipment from China on the market. Older equipment has depreciated rapidly as used equipment levels increased.

OEM PRICING

Plastics equipment OEMs have seen an increase in their costs. As a result, list prices have increased, but OEMs have also increased the discounts being offered to buyers. OEM's have also seen a slowdown in quote requests for new equipment and a reduction in orders. Demand for plastics is increasing, but there is adequate capacity to handle the current rate of increase.

TECHNOLOGY ADVANCEMENT

Plastics processors continue to seek out automation as a means of insulating themselves from the loss of skilled labor. Due to the lack of a sufficient workforce, many manufacturers have been unable to fill orders, resulting in a turn toward automation technology. Electric drive injection molding machines have continued to make headway in the marketplace due to their efficiency and reduced maintenance needs. Plastics machinery manufacturers are also beginning to introduce some AI capabilities into their products.

AUCTION ACTIVITY

GA Group has observed an increase in plastics industry auction activity in recent months. Companies struggling to find workers, battling inflationary costs, and competing for work are either shutting down or reducing output. Furthermore, many companies continue to operate with surplus capacity.



Overview

While results varied by market and product type, demand for chemicals and plastics was generally soft in 2025 as industry participants and their customers faced significant levels of uncertainty, much of which derived from geopolitical tensions, shifting trade maps, and fluctuating U.S. tariff policies.

Chemicals and plastics, with their countless applications, touch nearly all aspects of modern life. From fertilizers to car parts, industrial chemicals to cosmetics, nearly all industries use plastics and/or chemicals in some form. As a result, broad economic indicators, such as GDP and industrial production, offer a general snapshot of industry performance. The performance of major downstream sectors, such as the automotive and construction sectors, is also a good indicator of chemicals and plastics demand.

Although GDP contracted in the first quarter of 2025, it then expanded in both the second and third quarters, according to the U.S. Bureau of Economic Analysis, indicating growth in the U.S. economy. The growth was largely driven by strong consumer spending, despite persistent inflation and elevated prices for many consumer goods, as well as significant investment in AI technologies and data centers.

According to the Federal Reserve, the industrial production index climbed to a reading of 102.3% in December 2025, which is an increase of 0.4 percentage points from the prior month and an increase of 2.0 percentage points from December 2024. The index measures the output of the U.S. manufacturing, mining, and electric and gas utility sectors, using 2017 as the reference year. Capacity utilization, a measure of output based on total capacity within the aforementioned sectors, stood at 76.3% in December 2025, increasing 1.5 percentage points from the prior year. According to the Federal Reserve, this is 3.2 percentage points below the long-term utilization average.

New vehicle sales in the U.S. totaled approximately 16.2 million to 16.3 million units in 2025, an increase of about 2% as compared to the prior year. The growth came despite numerous hurdles, including uncertain economic conditions, the elimination of tax credits on electric vehicles, and affordability concerns as car prices continued to climb. Industry experts have a somewhat pessimistic outlook for 2026, with early forecasts predicting a slight decline from 2025 figures as consumers grapple with inflation and less disposable income.

Although full-year data is not yet available, the U.S. Census Bureau reports that construction spending through the first 10 months of 2025 totaled \$1.83 trillion, which is a 1.4% decrease from the comparable period in 2024. While certain segments of the construction sector saw growth, the industry as a whole was slowed by ongoing economic uncertainty, high interest rates, labor shortages, and elevated material costs.

Sentiments within the chemicals and plastics sector appear to match many of the aforementioned trends, with 2025 characterized as a year of sluggish growth. The chemicals and plastics markets are often seen as cyclical, with demand tracking in line with broad economic conditions, and 2025 appears to have been a down cycle year. The coming year is marked by further uncertainty as chemicals and plastics companies navigate the full impact of tariff policies implemented by the U.S. government in 2025, an ever-shifting global trade landscape, and adjustments to environmental and other regulations and policies.



Feedstocks

FEEDSTOCKS OVERVIEW

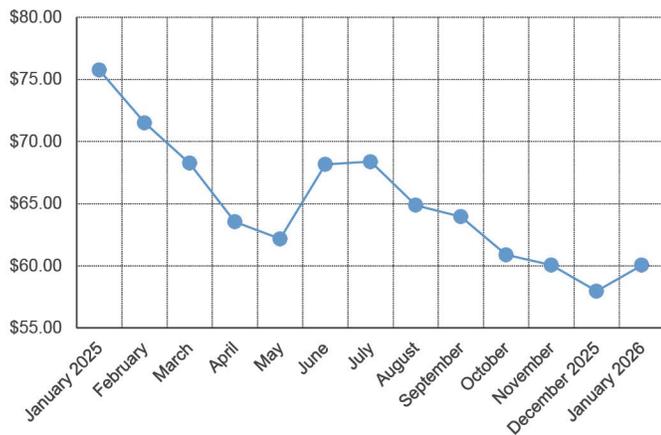
A majority of chemicals and plastics are derived from petroleum or natural gas. Any fluctuations in the prices of these commodities impact the downstream chemicals and plastics sectors.

PETROLEUM

According to data from the Energy Information Administration (“EIA”), market prices for West Texas Intermediate (“WTI”) crude oil averaged \$60.04 per barrel in January 2026.

Oil prices remained depressed through most of 2025. The year's low of \$57.97 per barrel in December was the lowest average monthly price for WTI crude oil since early 2021. The EIA reports that the subdued pricing in the second half of 2025 was primarily due to supply exceeding demand. The impact was somewhat softened by China beginning to stockpile oil, which helped to offset strong production by the U.S. and OPEC+.

1 Crude Oil Cushing, Oklahoma WTI Spot Price Jan. 2025 through Jan. 2026 (\$ per barrel)



According to the EIA, U.S. commercial crude oil inventory for the week ended January 30, 2026 totaled 420.3 million barrels, a decrease of 3.5 million barrels from the previous week. The EIA notes that inventory levels are about 4% below the five-year average for this time of year.

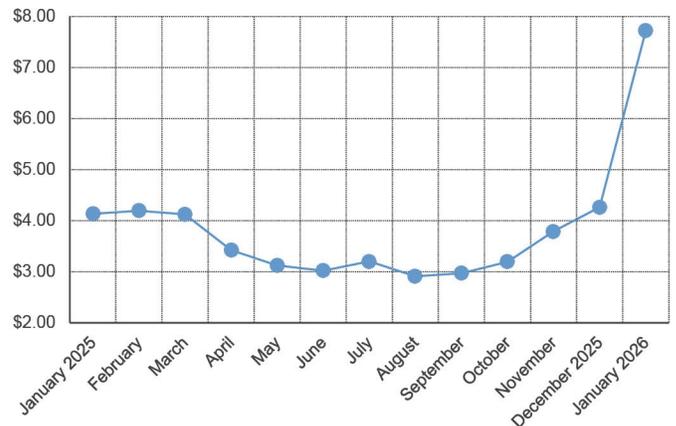
NATURAL GAS

According to estimates from the EIA, working gas in underground storage totaled 2,463 billion cubic feet (“Bcf”) for the week ended January 30, 2026, which represents a 1.7% increase from the previous year. The following table illustrates working gas in underground storage in the lower 48 states (units in Bcf):

Region	1/30/26	1/30/25	% Change
East	502	513	(2.1%)
Midwest	584	613	(4.7%)
Mountain	213	202	5.4%
Pacific	272	232	17.2%
South Central	891	861	3.5%
Total	2,463	2,422	1.7%

Henry Hub natural gas prices spiked dramatically to average \$7.72 per MBTU in January 2026, a sharp increase from \$4.26 per MBTU in the prior month and \$4.13 per MBTU in January 2025. Prices remained well above year-ago levels throughout 2025, which was caused by strong export demand for natural gas and increased energy use in the U.S. The spike in January 2026 was due to extreme cold across the country that resulted in elevated heating demand.

2 Henry Hub Gulf Coast Natural Gas Spot Price Jan. 2025 through Jan. 2026 (\$ per MBTU)



Chemicals

OVERVIEW

The U.S. chemicals sector experienced a general slowdown in 2025 as chemical companies dealt with a number of hurdles, including uncertain economic conditions, the complex impacts of tariffs on trade and profitability, and geopolitical tensions causing general shifts in global trade dynamics. While most industry experts report that chemical production increased in 2025, the estimates of growth are generally in the low single digits.

PROPYLENE

According to the EIA, U.S. propane and propylene stocks (excluding propylene at terminals) totaled 82.7 million barrels for the week ended January 30, 2026. This is an increase from the prior year, when inventories stood at 61.4 million barrels for the week ended January 31, 2025.

Propylene prices exhibited a downward trend for much of the second half of 2025 due to an oversupply on the market and soft demand. In early 2026, however, prices exhibited some upward movement as demand for downstream polypropylene resin began to improve.

ETHYLENE

Ethylene is produced in the steam cracking of ethane, as well as the cracking of naphtha. One of the largest downstream uses is the production of polyethylene resin, which is one of the most commonly used plastics across the globe.

Ethylene prices were depressed throughout most of 2025. The low pricing was a result of excess global capacity, as well as the very low cost to produce ethylene in the U.S. due to the abundance of shale gas and advancements in fracking technology to harvest that gas.



Plastic Resins

Polyethylene Price Trend	
12-month	Increasing ▲
Three-month	Increasing ▲

POLYETHYLENE

Market prices for polyethylene resins increased moderately in early 2025, largely due to healthy export demand for the material, and then remained relatively consistent through the rest of the year, with exports supporting prices despite a somewhat sluggish domestic market.

Polyethylene market prices ticked up slightly in the early weeks of 2026. The higher pricing was driven by some production outages that resulted in tightening supplies, as well as improvements in demand.

Golden Triangle Polymers, a joint venture between Chevron Phillips and QatarEnergy, is expected to go online at some point in 2026. The facility will have two high-density polyethylene units with a combined annual capacity of two million tons of polyethylene. The additional production capacity will likely serve to keep polyethylene prices low.

Polypropylene Price Trend	
12-month	Decreasing ▼
Three-month	Increasing ▲

POLYPROPYLENE

Market prices for polypropylene resins decreased in the second half of 2025. The depressed pricing was caused by a number of factors, including relatively soft demand, ample supplies, and lower prices for polymer-grade propylene, a key feedstock in polypropylene production.

However, market prices showed signs of life and increased slightly in the early weeks of 2026. The increased pricing was due to an uptick in the cost of upstream polymer-grade propylene, as well as some improvements in demand. Despite these recent gains, prices remain below year-ago levels.



Plastic Processing Equipment

Demand for plastics is driven by a wide variety of downstream markets – from food packaging to auto manufacturing to toys and beyond – and activity in the plastic processing space is therefore dependent upon broad economic trends impacting those downstream sectors. On a more granular level, plastics processors are also subject to general shifts in demand as consumer tastes and spending change. Companies that position themselves to serve the most in-demand markets have continued to perform well, while those that are less nimble in their capabilities have struggled in times of change.

A primary concern for plastic product manufacturers is a lack of skilled labor, as the skilled labor force in the industry is relatively small and increasingly challenging to attract and retain. Many companies have found themselves in the difficult position of not being able to afford highly-skilled employees but also struggling to operate efficiently without them. This trend has driven increased adoption of and dependence upon automation and robotics in production. Certain OEMs have also been working to integrate AI capabilities into newer equipment lines; this new technology is able to assist with troubleshooting and data reporting, increasing overall efficiency.

Sales of plastic extrusion machinery in North America were sluggish in 2025 as tariffs and changes to various trade policies impacted the industry. While extrusion equipment manufacturers anticipate modest growth in 2026, the recycling industry has seen declines as the price of virgin resin remains low. Orders of new injection molding machinery slowed in 2025 due to tariff uncertainty; many injection molders appeared to be waiting to understand the full implication of tariffs on the industry before committing to a purchase. Sales of plastic processing equipment were also impacted by a slowing reshoring trend in 2025.

Pricing for older machinery and equipment continues to deteriorate as many manufacturers are turning to later-model machines for increased output. There is a surplus of new equipment available for purchase, making older machines less desirable and decreasing their value.

Injection molding machines older than 20 years are selling at near scrap prices, and machines older than 10 years are also in a tight market. The timeframes are even tighter for machinery and equipment produced in China, as buyers typically perceive Chinese-made equipment to be of lesser quality than that produced by U.S. or European manufacturers, negatively impacting its value on the used market.

Plastic recycling continues to have a notable presence in legislature, the media, and large corporations, with states such as California leading the way on plastic legislation. The media regularly covers topics such as bio-resins, chemical recycling, and plastic bans, such as California's recent banning of plastic carryout bags. In response, many companies have set or increased recycled content targets for their products, which has driven a need for plastic recyclers and recycling equipment. However, the low price of virgin plastic resin has affected profitability within the recycled plastic market, as virgin resin is often less expensive or competitive with recycled material pricing. Despite all of the attention drawn to the need for recycling, individual players are finding it difficult to remain profitable, with several notable closures occurring within the last year.

While chemical recycling boasts possibilities for limitless recycling of certain materials, the challenges – such as high startup costs and communities unwilling to house chemical recycling plants in their areas – are significant.

In order to remain competitive in the current marketplace, U.S. plastics manufacturers must monitor and react to legislation, trade policies, and market trends impacting their businesses. Important areas to watch include interest rates and inflation (and particularly their impacts on major downstream markets, such as housing and construction); tariffs; surplus used inventory; labor shortages; repatriation of critical supply chain elements; plastic and chemical legislation; artificial intelligence in production; bans on specific plastics products; chemical recycling; and the adoption of bio-resins.

Monitor Information

The *Chemicals and Plastics Monitor* relates information covering many chemicals and plastics, including industry trends, market pricing, and their relation to our valuation process. Due to the commodity nature of certain chemicals and plastic resins, timely reporting is necessary to understand an ever-changing marketplace. In addition, pricing trends are impacted by a number of macroeconomic indicators that should be monitored, and GA Group strives to contextualize these indicators in order to provide a more in-depth perspective of the market as a whole. Please feel free to utilize our contact information shown in this and all *Chemicals & Plastics Monitor* issues.

The information contained herein is based on a composite of GA's industry expertise, contact with industry personnel, liquidation and appraisal experience, and data compiled from a variety of well-respected sources believed to be reliable. We do not guarantee the completeness of such information or make any representation as to its accuracy. GA Group does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this issue. Neither GA Group nor any of its representatives shall be liable for use of any of the information in this issue or any errors therein or omissions therefrom.



Experience

GA Group has worked with and appraised numerous companies within the chemicals and plastics industries. While our clients remain confidential, they include well-known and significant global, national, and regional producers and distributors of commodity and specialty chemicals, chemical intermediates, plastics, and resins for uses throughout the construction, automotive, oil and gas, food and beverage, manufacturing, and agricultural industries.

GA Group has appraised companies such as the following:

- A global manufacturer of chemicals and plastics, a refiner of crude oil, and a significant manufacturer of fuel products, with annual sales of nearly \$20 billion;
- One of the largest global manufacturers and distributors of high-performance polymer resins and resin-based products, with locations throughout the world and sales exceeding \$3.5 billion annually;
- A manufacturer and distributor of plastic packaging such as containers, closures, tubes, and bottles, with revenue of \$3.5 billion annually;
- Two of the world's largest producers of integrated fibers and polymers, with annual sales of \$1.4 billion and \$3 billion, respectively;
- One of the nation's leading specialty chemical producers, with annual revenue of over \$1.5 billion;
- A distributor of crop input products to customers in the mid-southern regions of the U.S., including herbicides, various agricultural chemicals, insecticides, defoliant, surfactant, fertilizer, seed, and similar goods;
- One of Europe's leading specialty chemical producers; and
- A producer of specialty chemicals derived from renewable resources serving the pharmaceutical, rubber production, and agricultural markets, among other industries.

GA Group also maintains extensive appraisal experience with a variety of plastic bottle and plastic container manufacturers, as well as foam and foam product manufacturers. GA Group has also appraised a variety of small and middle market commodity and specialty chemical manufacturers and distributors.

GA Group has been involved in the asset disposition and valuation of many plastics processing facilities involving injection molding, blow molding, extrusion, thermoforming, and more. Recent transactions include: Cincinnati Milacron, Collins & Aikman, Essel Propack America, Fortis Plastics, Home Products International, Hunjan Group, ILPEA Industries, Interbath, Jodee Plastics, Kamco Plastics, MedPlast, Mullinix Packages, Packaging Plus, Rantoul Products, Royal Dynamics, Thomas Plastics, and United Plastics Group.

Given our experience in both the valuation and disposition of chemicals and plastics processing equipment, GA Group is uniquely qualified to not only render value opinions, but to also serve your liquidity needs through the sales of surplus and/or idle chemicals and plastics processing assets. In addition to our vast liquidation and appraisal experience, GA Group maintains contacts within the chemicals/plastics industry that we utilize for insight and perspective on recovery values.



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About GA Group

GA Group is a privately held financial services company offering a comprehensive set of tailored solutions to meet our clients' diverse needs. Our experts value, monetize, lend against, or acquire assets across a broad range of sectors from both healthy and distressed companies.

GA Group and its predecessors are celebrating 50 years of customer service, and the company's leadership has over 100 years of collective experience in the industry. GA Group is majority-owned by funds managed by Oaktree Capital Management, L.P. To learn more, visit www.gagroup.com.



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