

Monitor

Chemicals & Plastics



VOLUME
431

UNCERTAINTY (AGAIN)

RESIN PRICE VOLATILITY

Market prices for major plastic resins increased significantly in mid-2026 as a result of the conflict in Iran

SHIFTING DYNAMICS

Global trade policies, climbing energy costs, and persistent inflation have impacted the chemicals and plastics sectors

OIL PRICES SKYROCKET

Crude oil prices climbed above the \$100 per barrel mark this year due to the ongoing conflict in Iran

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MONITOR CHEMICALS & PLASTICS

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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
NOLV	Increasing ▲	Mixed ◆
Sales Trends	Decreasing ▼	Decreasing ▼
Gross Margin	Increasing ▲	Mixed ◆
Inventory	Decreasing ▼	Decreasing ▼
Selling Prices	Increasing ▲	Mixed ◆
Market Prices (Three Months)	-	PP: Decreasing ▼ / PE: Decreasing ▼

NOLV

- **Chemicals:** NOLVs increased up to four percentage points, with increases primarily driven by improved margins. Results varied by the particular industry being served and changes in each company's inventory and sales mix. Generally speaking, companies have been working to align inventory levels with demand and are focused on keeping costs low.
- **Plastics:** NOLVs increased or decreased by up to two percentage points based on fluctuations in gross margins, the magnitude of sales fluctuations, and other company-specific trends.

SALES TRENDS

- **Chemicals:** Sales decreased from 5% to 10% due to softer demand in many markets, though some companies have shown sales improvements more recently due to higher acquisition and selling prices, particularly for oil-based goods.
- **Plastics:** Sales decreased modestly due to general market softness in certain industries. Sales results varied between companies based on sales mix and customers being gained or lost.

GROSS MARGIN

- **Chemicals:** Gross margins increased due to a focus by many companies to raise prices to pass along increased material and freight costs to customers.

- **Plastics:** Gross margins were mixed. Some companies struggled to pass along higher costs, resulting in margin compression. Others saw margin improvements due to favorable changes in the sales mix.

INVENTORY

- **Chemicals:** Inventory levels decreased as many companies reduced inventory to align with demand while focusing on managing working capital.
- **Plastics:** Inventory levels decreased as many companies intentionally reduced inventory levels to align with softer demand. In more recent engagements, however, inventory levels have increased in some instances due to higher acquisition costs versus the prior year.

SELLING AND MARKET PRICES

- **Chemicals and plastics:** Selling prices for chemicals increased as companies passed along higher raw material and freight costs. Selling prices for plastics were mixed, with prices generally remaining stable in 2025 but increasing in 2026 due to rising acquisition costs, particularly in the late spring and early summer.

Market prices for both polypropylene and polyethylene increased in the late spring and early summer of 2026. For both types of resin, the increase was largely the result of the conflict in Iran, which increased energy costs and disrupted global resin supplies. Prices decreased in subsequent months as supplies rebounded and demand softened, but market pricing remains above year-ago levels.



Overview

Through the first nine months of 2026, the chemicals and plastics markets were again characterized by broad uncertainty, with industry participants navigating shifts in global tariff policies and trade, high interest rates, and skyrocketing energy costs as a result of the conflict in Iran.

Within the U.S., inflation rates have crept back up this year. According to a recent report by the Bureau of Labor Statistics, the Consumer Price Index – which is a general gauge of inflation – increased 3.4% in August 2026 versus the prior year, while July had also exhibited a 3.4% year-over-year increase.

Higher inflation rates in recent months were partially caused by significant increases in energy costs, particularly for gasoline and fuel oil, due to the conflicts in Iran and Ukraine, which have disrupted global energy supply. Inflation has also increased on the back of resilient consumer spending, which many experts say is driven by high-income households, while middle- and low-income households are showing more restraint.

In an effort to calm the persistently high inflation rates, the Federal Reserve raised its benchmark rate in September 2026 by one quarter of a point to a target range of 3.75% to 4.0%. The increase in the federal interest rate influences borrowing costs for consumers, resulting in higher interest rates for mortgages, auto loans, and credit cards. At the same time, some savings vehicles, such as CDs and savings accounts, pay higher interest rates, making it more attractive to save money. The Federal Reserve believes that these factors will rein in consumer spending and help to subdue inflation.

The high interest rates have weakened activity in many of the key downstream markets for the chemicals and plastics sectors. Housing sales have been sluggish in 2026, residential construction activity has decreased, and auto sales through the first nine months of the year lagged behind 2025.

Certain bright spots, such as data center construction, helped to offset the broader slowdowns, but the general impact has been softness in demand for many chemical and plastic products.

Chemicals and plastics manufacturers have also contended with elevated input costs this year. According to data from the U.S. Energy Information Administration (“EIA”), the average monthly market price for benchmark West Texas Intermediate (“WTI”) crude oil climbed sharply to \$91.38 per barrel in March 2026 following the start of U.S. involvement in Iran in late February. Prices crested above the \$100 per barrel mark in subsequent months and remained elevated through September.

With crude oil being a key input for many chemical and plastic products, the elevated market prices can have a material impact on margins and typically result in higher pricing for downstream buyers. Market prices for major plastic resins, such as polyethylene and polypropylene, increased significantly in the late spring and early summer of 2026, which was largely due to higher energy costs and supply disruptions caused by the conflict in Iran.

Despite these headwinds, experts forecast modest growth in demand for chemicals and plastics products this year, though performance can vary dramatically depending upon a particular company’s market niche and positioning. A number of factors bear monitoring in the coming months, including developments surrounding the conflicts in Iran and Ukraine; shifts in U.S. trade policy; the Federal Reserve’s decisions on further rate hikes; and the upcoming U.S. midterm elections.

Feedstocks

FEEDSTOCKS OVERVIEW

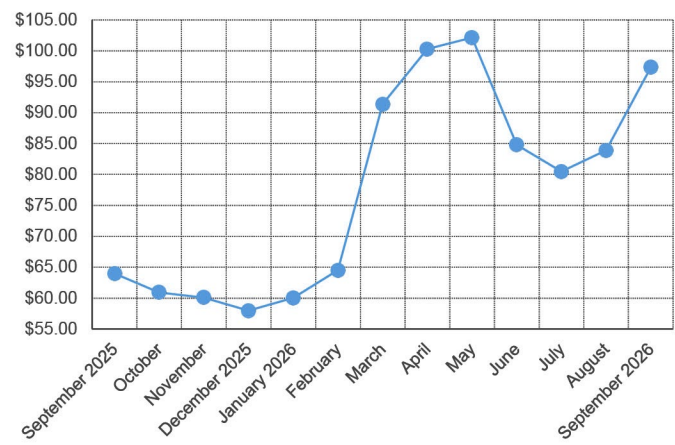
A majority of chemicals and plastics are derived from petroleum or natural gas. Any fluctuations in the prices of these commodities impact the downstream chemicals and plastics sectors.

PETROLEUM

According to data from the EIA, market prices for WTI crude oil - which is the benchmark grade of crude oil in the U.S. - averaged \$97.31 per barrel in September 2026, a sharp increase from \$63.96 per barrel in the prior year.

Crude oil prices started the year in the \$60 per barrel range, hovering around the lowest prices since 2021. Prices then skyrocketed in March 2026 following the start of the conflict in Iran. Prices topped \$100 per barrel in April and May before easing somewhat during the summer. In September, prices crept back toward the \$100 mark due to escalations in the war and unsafe conditions in the Strait of Hormuz that limited the passage of oil tankers.

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



According to the EIA, U.S. commercial crude oil inventory for the week ended October 2, 2026 totaled 424.1 million barrels, a decrease of 3.2 million barrels from the previous week. The EIA notes that inventory levels are about 1% above the five-year average for this time of year.

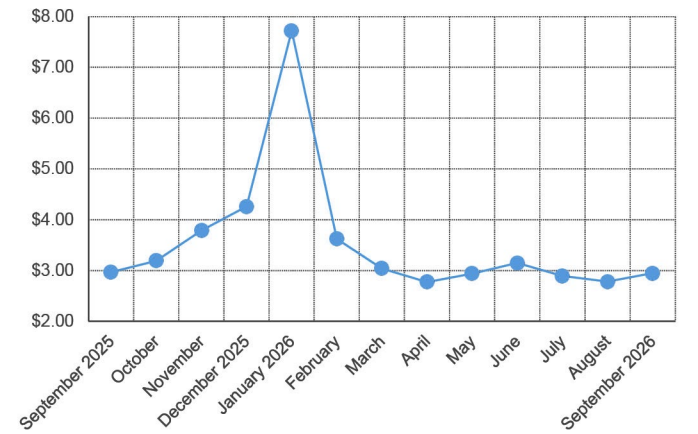
NATURAL GAS

According to estimates from the EIA, working gas in underground storage totaled 3,415 billion cubic feet ("Bcf") for the week ended September 25, 2026, which represents a 3.9% decrease from the previous year. The following table illustrates working gas in underground storage in the lower 48 states (units in Bcf):

Region	9/25/26	9/25/25	% Change
East	840	828	1.4%
Midwest	984	968	1.7%
Mountain	248	269	(7.8%)
Pacific	295	302	(2.3%)
South Central	1,048	1,187	(11.7%)
Total	3,415	3,553	(3.9%)

Henry Hub natural gas prices spiked dramatically to average \$7.72 per million BTU in January 2026, which was a result of extreme cold across the country that resulted in elevated heating demand. Prices fell back into normal ranges in the following months and were fairly consistent into September, hovering around \$3.00 per million BTU. The EIA reports that natural gas production in the U.S. reached an all-time high in July 2026.

2 Henry Hub Gulf Coast Natural Gas Spot Price Sep. 2025 through Sep. 2026 (\$ per million BTU)



Chemicals

OVERVIEW

The U.S. chemicals sector has faced difficult conditions in 2026, the most significant of which has been the ongoing conflict in Iran, which disrupted global trade, materially impacted oil prices, and unsettled the U.S. economy. Industry experts anticipate modest growth for the chemical sector this year, including a decline in export activity, though some note that recent governmental policies have supported domestic producers and reduced chemical imports.

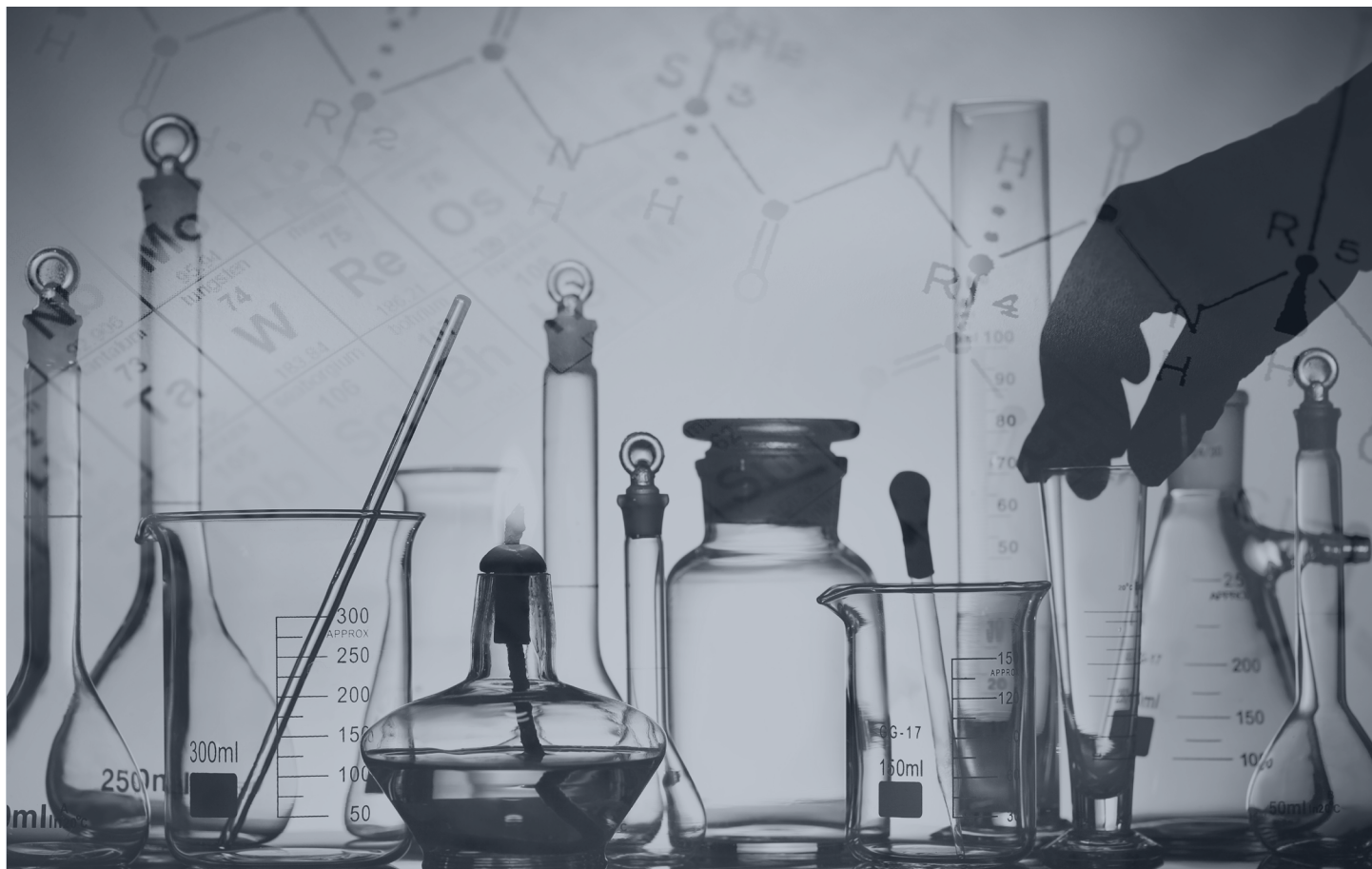
PROPYLENE

According to the EIA, U.S. propane and propylene stocks (excluding propylene at terminals) totaled 109.6 million barrels for the week ended September 25, 2026. This is an increase from the prior year, when inventories stood at 103.4 million barrels for the week ended September 26, 2025.

Propylene prices increased in the first half of 2026, driven primarily by supply shortages, which were caused in part by unplanned plant outages. Supply levels improved in the third quarter of the year. While this contributed to stabilization, prices remained elevated due to the high cost of crude oil.

ETHYLENE

In the U.S., most ethylene is produced in the steam cracking of ethane, which is derived from natural gas. Due to the abundance of natural gas in the U.S. and the growth of advanced fracking techniques, ethane and ethylene prices are typically low as compared to global pricing. Prices ticked upward in August due to tightening supplies, which resulted from plant outages and strong demand from certain downstream sectors. Prices eased in September as supplies came back in line with demand.



Plastic Resins

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

POLYETHYLENE

Market prices for polyethylene resins increased significantly in the late spring and early summer of 2026. The sharp increase in pricing was primarily the result of the conflict in Iran, which caused major disruptions to the flow of polyethylene resins out of the Middle East (a major global supply region). Although feedstock costs were not materially impacted for U.S. manufacturers, who still had access to low-cost domestic ethylene, they were able to raise their prices significantly due to the global supply shortage and strong export demand.

In the following months, market prices retreated from the early summer highs due to softening demand and an increased supply of polyethylene in the market. Nevertheless, the ongoing conflict in Iran and general uncertainty have kept prices above those seen throughout 2025 and early 2026.

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

POLYPROPYLENE

Market prices for polypropylene resins also increased in the late spring and early summer of 2026. The increase was partially driven by the higher cost of feedstock polymer grade propylene as a result of some plant outages and constricted supply. The price hike was then bolstered by the conflict in Iran. Domestic manufacturers were able to increase pricing to take advantage of the global supply disruptions and strong export demand caused by unsafe conditions for shipping vessels in the Strait of Hormuz, which limited the flow of resin out of the Middle East.

In the following months, polypropylene pricing decreased as a result of weaker demand and moderation in the cost of polymer grade propylene. Heading into the fall, prices remained elevated as compared to 2025 but were down from the mid-year highs.



Monitor Information

The *Chemicals & 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 Group'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, defoliants, surfactants, 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 not only to render value opinions but also to 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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