

# Monitor

## Chemicals & Plastics

VOLUME

414

**TARIFFS**

## TARIFFS MUDDY THE WATERS

### WHAT IMPACT MIGHT TARIFFS HAVE?

The near-term outlook remains murky while the impact of trade policies continues to emerge

### ELEVATED NATURAL GAS PRICES

Natural gas prices have been higher this year due to robust energy and export demand

### INDUSTRY MARKET PRICES ARE MIXED

Chemical and plastic market price trends varied based on supply/demand dynamics

# In This Issue

MONITOR CHEMICALS & PLASTICS

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OCTOBER 2025

VOLUME 414

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|    |                           |    |                     |
|----|---------------------------|----|---------------------|
| 03 | Trend Tracker - Inventory | 08 | Monitor Information |
| 04 | Overview                  | 09 | Experience          |
| 05 | Feedstocks                | 10 | Meet Our Team       |
| 06 | Chemicals                 | 11 | About GA Group      |
| 07 | 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                       | Mixed      | Mixed                            |
| Sales Trends                | Increasing | Mixed                            |
| Gross Margin                | Increasing | Decreasing                       |
| Inventory                   | Mixed      | Mixed                            |
| Selling Prices              | Consistent | Decreasing                       |
| Market Prices (Three Month) | -          | PP: Decreasing<br>PE: Consistent |

## NOLVS

- **Chemicals:** NOLVs increased or decreased up to two percentage points and were driven by changes in gross margin, the sales mix, and the industry being served.
- **Plastics:** NOLVs increased or decreased up to two percentage points and were impacted by fluctuations in gross margins and the magnitude of sales fluctuations.

## SALES TRENDS

- **Chemicals:** Sales increased from 5% to 25% due to strong demand within certain segments of the chemical market, as well as acquisitions and consolidation.
- **Plastics:** Sales increased or decreased up to 10%, with fluctuations largely dependent on the market served; for instance, companies serving the construction market saw declines, while technology-related businesses reported sales growth.

## GROSS MARGINS

- **Chemicals:** Gross margins increased slightly in certain engagements due primarily to the sales mix.
- **Plastics:** Gross margins decreased one to two percentage points due to market softness and strong competition. Gross margins are also impacted by a company's ability to quickly react to fluctuations in acquisition costs and market prices.

## INVENTORY

- **Chemicals:** Inventory levels increased or decreased by up to 5% due primarily to companies aligning inventory levels with demand within their particular sector of the chemicals market.
- **Plastics:** Inventory levels increased or decreased up to 10%, with fluctuations largely driven by the market being served and sales demand.

## SELLING AND MARKET PRICES

- **Chemicals and plastics:** Chemicals selling prices were flat to slightly down due to generally low commodity input pricing. Plastics selling prices decreased slightly due to market softness and competitive pricing pressures. Pricing can also be influenced by general economic conditions, supply levels, foreign competition, weather patterns or disruptions, and various other factors.

Market prices for polypropylene decreased in recent months due to softening demand, ample supplies, and lower prices for polymer-grade propylene, a key feedstock in polypropylene manufacturing. Market prices for polyethylene were relatively consistent over the past three months.



# Overview

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Despite a relatively healthy start to the year, the near-term outlook for the chemicals and plastics sectors is decidedly uncertain as industry participants grapple with a complex and often confusing mix of new U.S. policies and economic trends that may benefit certain industry players while proving detrimental to others.

One of the most complex issues to unpack is the implementation and impact of new and ever-changing tariffs on international trade partners. In April, the U.S. instituted minimum 10% tariffs on all imports, with a long list of higher tariffs that vary by product and country. In retaliation, many trade partners implemented higher tariffs on goods imported from the U.S.

Tariffs have a multifaceted impact on domestic manufacturers. Some argue that tariffs will support a revitalization of U.S. manufacturing activity by increasing the cost of imported goods and materials, thereby making it more economically viable to produce goods in the U.S. Tariffs can also help certain sectors to compete with international providers that, due to such factors as cheaper labor and lower operating costs in their own countries, may be able to undercut the prices of U.S. goods.

On the other hand, many manufacturers do not have the means to produce goods domestically. As a large portion of U.S. manufacturing has been offshored over the past 50 years, the country simply does not have the infrastructure to produce certain goods and materials, and both the lead time and expense to construct that infrastructure would be considerable. The changeability of the tariffs has also made it difficult for companies to plan ahead and form a concrete path forward. More directly, higher tariffs make goods more expensive, increasing acquisition and production costs, and those costs are often passed along to consumers in the form of higher selling prices, which some experts predict could cause an economic slowdown in the near future. Retaliatory tariffs, in turn, have the potential to reduce – dramatically, in some instances – international demand for U.S. - made products.

Of course, these are only some of the more direct and apparent impacts of tariffs. In reality, the effect of the tariffs will be unique to each company and will likely have a complex impact on both operations and financials.

Despite the confusion of the new tariff policies, the chemicals and plastics sectors have witnessed some positive trends this year. For one, energy and feedstock costs remain relatively low, giving U.S. producers a cost advantage over international competition. Oil prices have been depressed throughout 2025 due to ample supplies and economic uncertainty. Natural gas prices trended higher in 2025 than in 2024 but remain low on a global scale. Inflation has mostly remained in check this year, and the Federal Reserve lowered the prime rate by one quarter of a point in September 2025, making loans and large purchases slightly more affordable.

Demand from major downstream markets has been mixed. For example, new vehicle sales in 2025 are outpacing results from 2024, with sales in the third quarter of 2025 bolstered by very strong demand for electric vehicles (“EV”) ahead of federal tax credits for EVs being discontinued at the end of September. On the other hand, construction spending has been soft due to high interest rates and uncertain economic conditions. Consumer spending has remained healthy despite higher prices.

Due to these and various other factors, the outlook for chemical and plastic industry participants is very uncertain in the near term.



# Feedstocks

## FEEDSTOCKS OVERVIEW

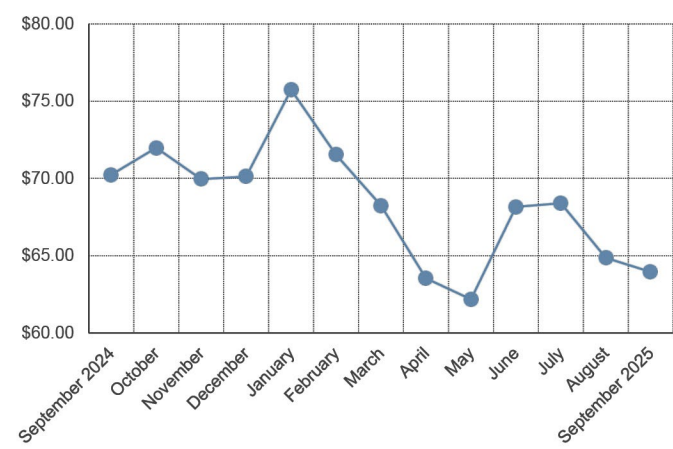
A majority of chemicals and plastics are derived from petroleum or natural gas. Any fluctuations in the prices of these commodities impact the downstream chemicals and plastics sectors.

### PETROLEUM

According to data from the Energy Information Administration (“EIA”), monthly average market prices for West Texas Intermediate (“WTI”) crude oil averaged \$63.96 per barrel in September 2025.

Oil prices have been depressed for most of 2025. The year's low of \$62.17 per barrel in May was the lowest average monthly price for WTI crude oil since early 2021. Recently, oil prices have been kept in check by an uncertain outlook for the global economy, ample supplies, and soft demand in both the U.S. and China. OPEC+ will reportedly increase its oil production in November, which has also contributed to subdued oil pricing.

**1** Crude Oil Cushing, Oklahoma WTI Spot Price Sep. 2024 through Sep. 2025 (\$ per barrel)



According to the EIA, U.S. commercial crude oil inventory for the week ended September 26, 2025 totaled 416.5 million barrels, an increase of 1.8 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.

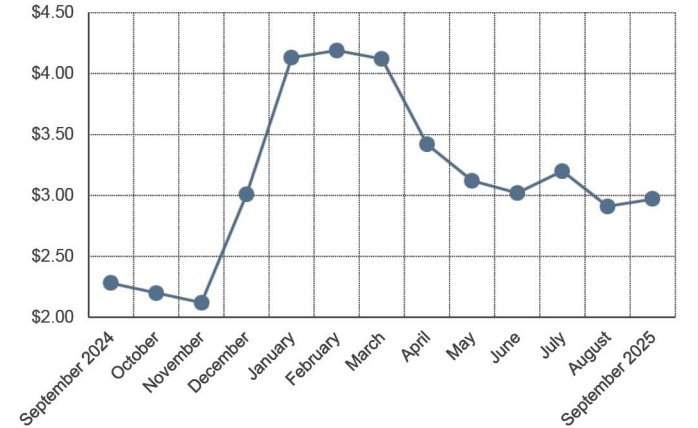
## NATURAL GAS

According to estimates from the EIA, working gas in underground storage totaled 1,760 billion cubic feet (“Bcf”) for the week ended February 28, 2025, which represents a 24.9% decrease from the previous year. The following table illustrates working gas in underground storage in the lower 48 states (units in Bcf):

| Region        | 9/26/25 | 9/26/24 | % Change |
|---------------|---------|---------|----------|
| East          | 832     | 842     | (1.2%)   |
| Midwest       | 972     | 1,009   | (3.7%)   |
| Mountain      | 269     | 282     | (4.6%)   |
| Pacific       | 302     | 293     | 3.1%     |
| South Central | 1,186   | 1,113   | 6.6%     |
| Total         | 3,561   | 3,540   | 0.6%     |

Henry Hub natural gas prices averaged \$2.97 per MBTU in September 2025, a sharp increase from \$2.28 per MBTU in September 2024. Prices have remained well above year-ago levels throughout 2025. The higher pricing has been caused by strong export demand for natural gas and increased energy use in the U.S., as a significant percentage of U.S. power is derived from natural gas. Production has not increased sufficiently to keep pace with the strong demand.

**2** Henry Hub Gulf Coast Natural Gas Spot Price Sep. 2024 through Sep. 2025 (\$ per MBTU)



# Chemicals

## OVERVIEW

According to data from the U.S. Bureau of Labor Statistics, the import price index for the chemical manufacturing industry increased 1.1% in 2024, which is the first increase since 2021. The increase was driven by higher prices for pharmaceutical and medical chemicals, as well as imported petroleum. The export price index increased 1.6% in 2024.

## PROPYLENE

Propylene in the U.S. is derived from the processing of naphtha in ethylene steam crackers, as well as the refinement of petroleum into gasoline. Demand for propylene has also resulted in some purposeful propylene manufacturing operations, as opposed to sourcing the material as a byproduct.

According to the EIA, U.S. propane and propylene stocks (excluding propylene at terminals) totaled 103.4 million barrels for the week ended September 26, 2025. This is an increase from the prior year, when inventories stood at 97.8 million barrels for the week ended September 27, 2024.

After falling in the latter half of 2024, market prices for polymer-grade propylene increased to begin 2025. Manufacturing of the material was impacted by some severe weather that caused outages and constricted supplies.

## 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 have been depressed throughout most of 2025, which industry experts attribute to global trade tensions that have impacted demand.



# Plastic Resins

| Polypropylene Price Trend |              |
|---------------------------|--------------|
| 12-month                  | Decreasing ▼ |
| Three-month               | Decreasing ▼ |

## POLYPROPYLENE

Polypropylene is one of the world’s most commonly-used plastics. Market prices for polypropylene resins decreased through much of 2025, which is due to various factors, including softening demand, ample supplies, and lower prices for polymer-grade propylene, a key feedstock in polypropylene production.

Industry experts do not believe that tariffs will have a material direct impact on polypropylene pricing, as the U.S. is a significant producer of the material. However, tariffs could have a significant impact on end markets that utilize polypropylene in production, such as automotive manufacturing. A decrease in demand for vehicles due to the impact of tariffs or unfavorable economic conditions could adversely impact polypropylene pricing.

| Polyethylene Price Trend |              |
|--------------------------|--------------|
| 12-month                 | Increasing ▲ |
| Three-month              | Consistent — |

## POLYETHYLENE

Polyethylene is another of the world’s most widely used plastic materials. Market prices for polyethylene increased moderately in early 2025, largely due to healthy export demand for the material. Since that point, market prices have exhibited minimal volatility, with exports continuing to support prices despite a somewhat sluggish domestic market.

## POLYETHYLENE TEREPHTHALATE ("PET")

In September, the U.S. removed exemptions on tariffs for imports of both virgin and recycled PET, which is a key material in many packaging applications, such as plastic bottles. The newly-implemented tariffs, which vary by country, are meant to support domestic producers but will likely drive up PET prices in coming months.



# Monitor Information

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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

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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 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.



# Meet Our Team

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# About GA Group

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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](http://www.gagroup.com).



**MONITOR CHEMICALS & PLASTICS**  
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OCTOBER 2025  
**VOLUME 414**

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