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Dear Valued Customer,

As you know, the raw materials we use to produce many of our water based and hot melt adhesives plus our Adhesive Coated Solutions are in short supply.

We are committed to keeping our customers informed so we are sending frequent communications on the status of key materials affected by shortages.

Here is an executive summary of the situation today compared to last week:

Most North American chemical facilities have restarted production and are producing at near normal levels. Key raw materials are now arriving in larger quantities each week but with stocks across the supply chain still low, it will take time to restore normal service. We have increasing water based adhesive allocations to 100% in May, but unpredictable deliveries, especially for water based raw materials, will mean lead times will be longer than normal until approximately the middle of June.

Our priority remains our existing customers and only when we are to satisfy all of their needs, will we take on substantial new business.

Key Raw Material update

Vinyl Acetate Monomer (VAM) – Rail car supply from our key suppliers is now at near normal levels but, with zero stocks throughout the supply chain and the 2 – 3 week delivery time for rail cars, it will take some weeks to return to normal. We will continue to use our fleet of tank trucks to collect VAM and minimize plant shortages until we have rebuilt our stocks. All VAM manufacturers are still on Force Majeure, with allocations, and we expect these to remain in place for the foreseeable future. The US is a net exporter of VAM and it will take time to rebuild global stocks.

Polyvinyl Alcohol (PVOH) – Supplies are short and on allocation, but we expect to meet our needs.

Acrylates/Methacrylates – Supply is improving but the level of volume available varies by product type with one or two still difficult to obtain, with Methyl Acrylate especially short. We anticipate the market remaining ‘tight’ for the next 2 - 3 weeks but we have secured enough supply for the needs of our customers.

Ethylene Vinyl Acetate (EVA) – key material used in many hot melts. Was already tight before the ‘freeze’ in the Gulf States. We have secured sufficient supply to meet our needs, but we expect the market to remain ‘tight’ for the rest of 2021.

Wax – a key ingredient in most hot melts and it is ‘short’ globally. A key chemical site in Louisiana will implement a maintenance shut down in May which will further tighten supply. We have secured the volume we need to meet forecasted demand, but the market is expected to be ‘tight’ for the foreseeable future.

Polyols – key material used in many reactive adhesives is now short globally and we will be air freighting material to North America to keep key customers supplied.

Packaging and Pallets – supply of cardboard boxes, plastic pails, metal drums and totes is tight. A nationwide shortage of milled wood is also making consistent supply of good quality pallets a challenge.

The costs of these raw materials, plus freight and packaging costs, have all risen dramatically and we expect continued inflation until supply meets demand.

If you need more information, please do not hesitate to contact me, your sales professional or call our customer service department.

Yours sincerely

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