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SUPPLY OF RAW MATERIALS IN PARTS OF FLEXIBLE POLYURETHANE FOAM SUPPLY CHAIN REMAINS CRITICAL

Following our earlier update on 16th December 2020 on disruptions in the flexible polyurethane foam supply chain, supply issues have continued to affect the industry through the year end. In a context of high demand for flexible polyurethane foam, supply of raw materials is expected to remain tight well into H1 2021.

Regarding polyol supply and pricing, the problems experienced in 2020 have continued into 2021 with some suppliers having continuing issues, causing prices to remain much higher than the average levels of recent years. Prices reached an average of 2690 EUR / tonne in January according to Plastics Information Europe¹ and prices are increasing further in February. While the remaining force majeure at a major supplier could be lifted at the end of February, supply is expected to remain tight for at least the first half of 2021 due to restrictions from maintenance turnarounds and product portfolio shifts. The recent bad weather in Texas is also not helping.

Downstream users of TDI (notably in the mattress and furniture market and to a certain degree for the automotive market) experienced an easing of supply at the year end with a flattening of the pricing curve albeit at a continuing high level. Balanced supply and flat pricing is reported to continue in February. According to Plastics Information Europe, the average price of TDI was EUR 3605 / tonne in January 2021 compared to EUR 2,300 / tonne in June 2020 and EUR 3300 / tonne in mid-November 2020. If demand for foam continues to be high over the next months, supply could become tight again, as two major European suppliers have maintenance turnarounds scheduled during Q2 2021.

Downstream users of MDI (mostly in the automotive market) are also facing supply tightness as one of the major suppliers announced a maintenance programme for the first half of 2021. There also, foam producers have had to tolerate increases in raw material prices. According to Plastics Information Europe prices were around EUR 3080 / tonne for pure MDI and EUR 2735 / tonne for polymeric MDI at the end of January. In both cases, these prices are significantly higher than last year. Prices continue to increase through February.

¹ Source : <https://piweb.plasteurope.com/Default.aspx?pageid=299&docid=246645> (paywall). Latest data available at: <https://piweb.plasteurope.com/Default.aspx?pageid=299&docid=246646> (paywall).

EUROPUR is the European Association of Flexible Polyurethane Foam Blocks Manufacturers, representing slabstock foam producers from 28 countries in Europe. **EURO-MOULDERS** is the European Association of Producers of Moulded Polyurethane Parts for the Automotive Industry.

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