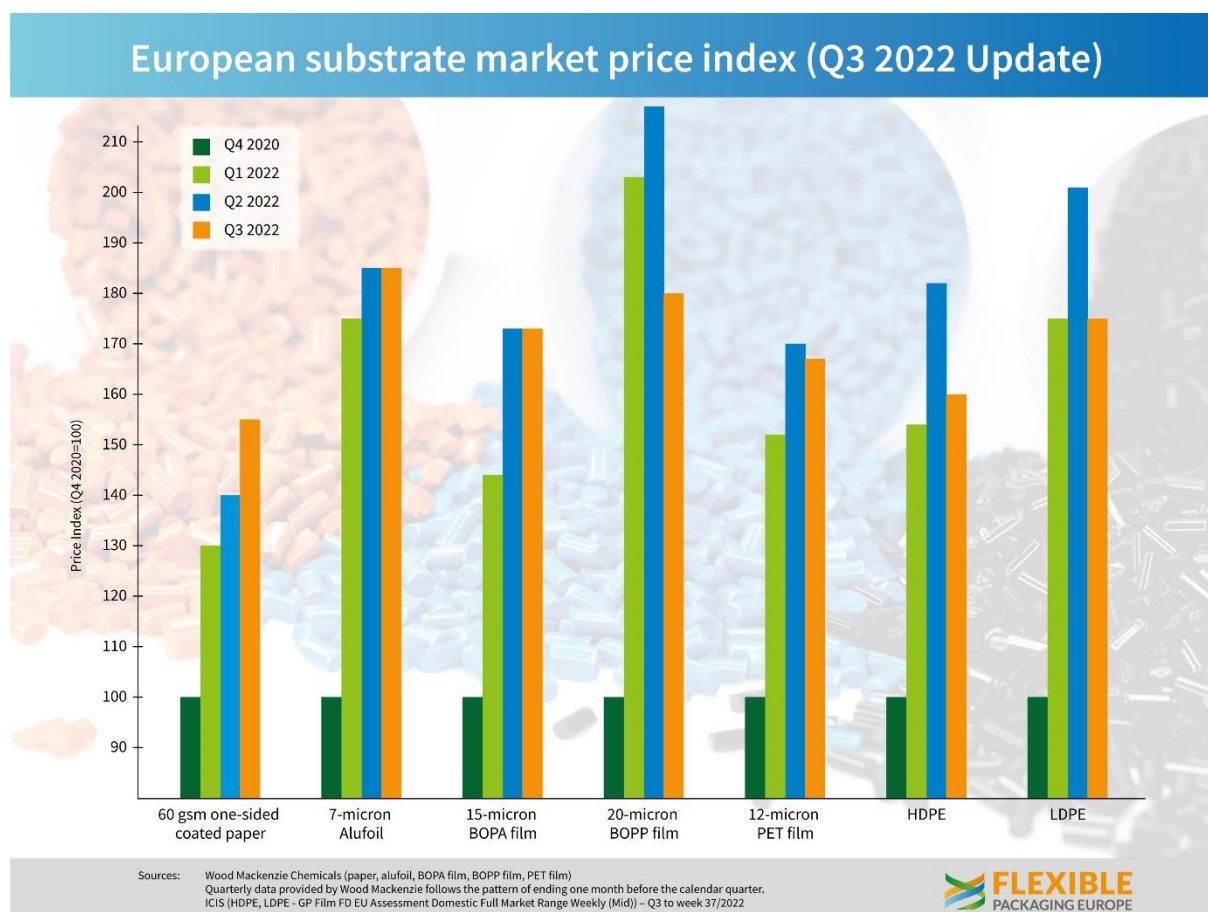


October 2022

## Raw Material prices for flexible packaging in Q3 remain high with energy prices increasing significantly

Following two quarters of surging prices in the first half of 2022, flexible packaging raw material prices stabilised in Q3, although energy prices have increased significantly across the region. According to Flexible Packaging Europe (FPE) growing economic uncertainty has affected demand from both converters and end users as consumers are being more cautious due to high inflationary pressures across a range of packaged goods.

The price for 60gsm one-sided coated paper climbed (up 11%), while 7-micron aluminium foil and 15-micron BOPA held steady at their Q2 price. 20-micron BOPP film, which dropped 17% compared to the previous quarter is still up by 10% vs. Q3 2021. Both LDPE and HDPE price increases are currently stabilizing vs. last year and experience double-digit declines of 13% and 12% vs. Q2 2022 respectively. PET film price was down by 2%, a modest fall vs. Q2 2022.



This stabilisation is only a temporary relief for both converters and brand owners who have experienced seven successive quarters of surging prices for most flexible packaging materials, stretching back to the final quarter of 2020. David Buckby of Wood Mackenzie, which collects the data, explained, “For the most part, European substrate prices peaked in Q2 then broadly stabilized in Q3. Paper pricing grew on average by around 10% in both Q2 and Q3, while BOPP pricing slumped by almost 20% in Q3. Price

hikes in Q2 were largely driven by escalating raw material and energy costs, exacerbated by Russia's invasion of Ukraine."

"Towards the end of Q2 and into Q3, substrate demand growth slowed primarily due to economic uncertainty. Several converters and major brands reported negative volume growth in Q2, although stronger results were noted by some depending on segment exposure. Flat or declining raw materials pricing also supported the broadly stable substrate pricing environment in Q3, although any declines were far outweighed by rising energy prices. The main risks to the outlook in Q4 appear to be worsening economic conditions and energy pricing and supply," he continued.

With demand for oil slackening and the barrel price now off the peaks seen in the early part of 2022, there is some expectation that the supply shortages of raw materials seen in the first six months of the year may be improving. However, as winter arrives in the northern hemisphere and continued disruption of energy supplies occur due to the continuing conflict in Ukraine gas and electric prices have seen significant increases and could spike further.

Guido Aufdemkamp FPE's Executive Director commented, "While this material price stability in Q3 is welcome, it is only one part of the equation. The outlook remains uncertain as converters are experiencing, not only higher energy bills, but also high inflation across a range of categories. Similarly, consumers are seeing inflation in prices of everyday food products, which are usually packed in flexible materials. Of course, many of these goods are essentials and so demand will hold up much more than for discretionary items. A return to more normal supply chains will also help our members respond quickly to changes in demand in order to meet their customers' needs."

#### **Further information:**

**Patrick Altenstrasser, Manager Communications** ([altenstrasser@flexpack-europe.org](mailto:altenstrasser@flexpack-europe.org))

#### ***About Flexible Packaging Europe***

*Flexible Packaging Europe (FPE) is the industry association representing the interests of more than 80 small, medium-sized companies, and multinational manufacturers. Those operate with workforce of 57,000+ people at more than 350 sites all over Europe. The member companies account for more than 85% of European sales of flexible packaging made of different materials, mainly plastics, aluminium, and paper. More than half of all food products sold on the European retail markets are packed with flexible packaging. More info at [www.flexpack-europe.org](http://www.flexpack-europe.org)*