Press Release

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Cost situation for printing inks in and from Europe: Raw material costs increase despite low oil prices!

Crucial raw materials for printing inks have become more expensive for European based ink manufacturers due to currency exchange effects.

The reduction in purchasing power of the Euro is the critical driver behind the increased costs of almost all raw materials, with the US Dollar, the global currency for trade, gaining more than 15% over the Euro in the last year.

The prevailing low price of crude oil can only compensate for part of these exchange rate losses. In fact many ink formulations have only a limited direct relationship to oil, whereas increasingly higher prices are now being paid for other raw materials. Some of these, such as gum rosin and nitrocellulose have increased significantly in USD terms over the past twelve months. In EUR-terms the impact is even more dramatic leading to higher cost for vegetable oils as well.

The latest drop in crude oil prices has no significant impact on pigment production either. One might suppose that the oil price would influence the price of primary raw materials used in pigment manufacture. However, the direct crude oil cost component in pigments is relatively low, with speciality chemicals, environmental costs, increasing labour costs in China and India and unfavourable currency exchange rates as key cost drivers. Furthermore the market for titanium dioxide is becoming smaller as suppliers consolidate and take out capacity.

Therefore, in the context of persistent upward trends of the majority of their costs, compensation for this squeeze on margins is becoming increasingly difficult for the European ink manufacturers.

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