

## Chemical Commodities

What is your first reaction when you hear the terms “chemicals” or “raw materials?” It seems common to hear in discussions words such as “environmental concerns,” “toxic,” or “harmful,” which tag chemicals or raw materials in a negative light. What the average person may not understand is that chemicals surround us and touch us throughout every part of our day – from putting on your rubber-soled shoes, driving your car to work, or opening a can of soup for lunch. Yes, imported raw materials make up your shoe soles, car paint coating, and the lining of your metal soup can. Indeed, chemicals go into everything and anything we use on a daily basis; the industry’s possibilities are endless.

Because chemicals are used in every aspect of our daily routine, they are known as commodities. A commodity is defined as “a class of goods for which there is a demand, but which is supplied without qualitative differentiation across a market”. The chemical industry is not only lucrative, but goes hand in hand with our economy. Suppliers enjoy high demands from manufacturers, which turn into high revenues from end or finished products sold in many industries (including paint and coatings, plastics, adhesives, sealants, composites, construction and graphics arts, to name a few).

Although the chemical market will stick around for a while, it does not mean that this industry will stay or has stayed consistent throughout the years. Tracking market trends is critical and becomes a proactive move when building strategy. It helps to predict where market pricing is heading and what the availability of material might look like in the approaching quarters. As the middle man, distribution companies must incorporate market trends into their forecast for stocking inventory and building confidence with their customers.