

## February 2018 Price Increase

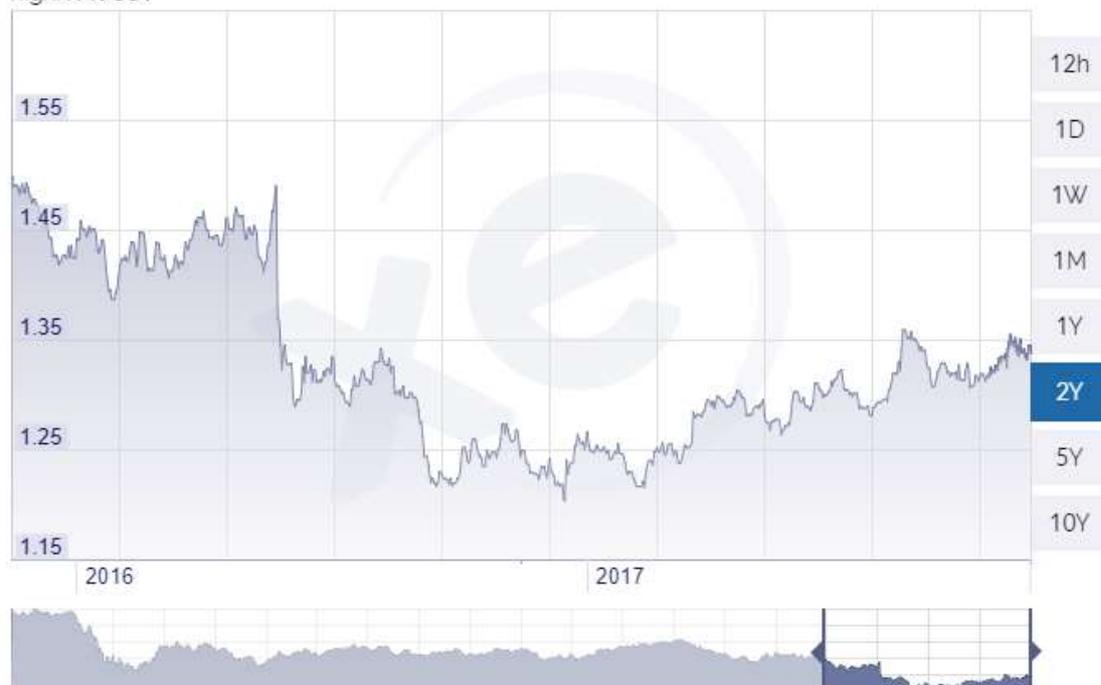
We have summarized the global economic reasons for price increases to our product range below. If you require details for a specific product range, please speak to your account contact for further details

### Foreign exchange rates

Sterling exchange rates have changed significantly since the Brexit vote in 2016, and we do not envisage the Pound v's US Dollar or Euro rate recovering further in the short term. The graphs below illustrate the effect since the Brexit vote. As many fixings and fasteners are imported, this has a direct effect on the purchasing costs of these items.

#### GBP to USD Chart

16 Dec 2015 00:00 UTC - 15 Dec 2017 13:10 UTC **GBP/USD** close: **1.33738** low: **1.20230** high: **1.49881**



↔  →

## GBP to EUR Chart

16 Dec 2015 00:00 UTC - 15 Dec 2017 13:10 UTC **GBP/EUR** close:1.13316 low:1.07964 high:1.37580



### New environmental regulations

As environmental concerns rise to the top of political agendas, Governments in the Far East have implemented initiatives to improve the environment and imposed compulsory measures on manufacturers to limit pollution which are resulting in cuts in production capacity. Compliance with these regulations requires considerable expenditure and factories that don't comply are being closed down by the government.

### International shipping costs

Fuel and packaging costs have been impacted by both environmental initiatives and costs of oil. Oil hit a 2-year high of \$65 a barrel on Tuesday 12<sup>th</sup> December, the highest level since June 2015. Oil supply disruptions, an improving global economy and potential OPEC production cuts prompted traders to send oil prices up.

### Rises in manufacturing costs

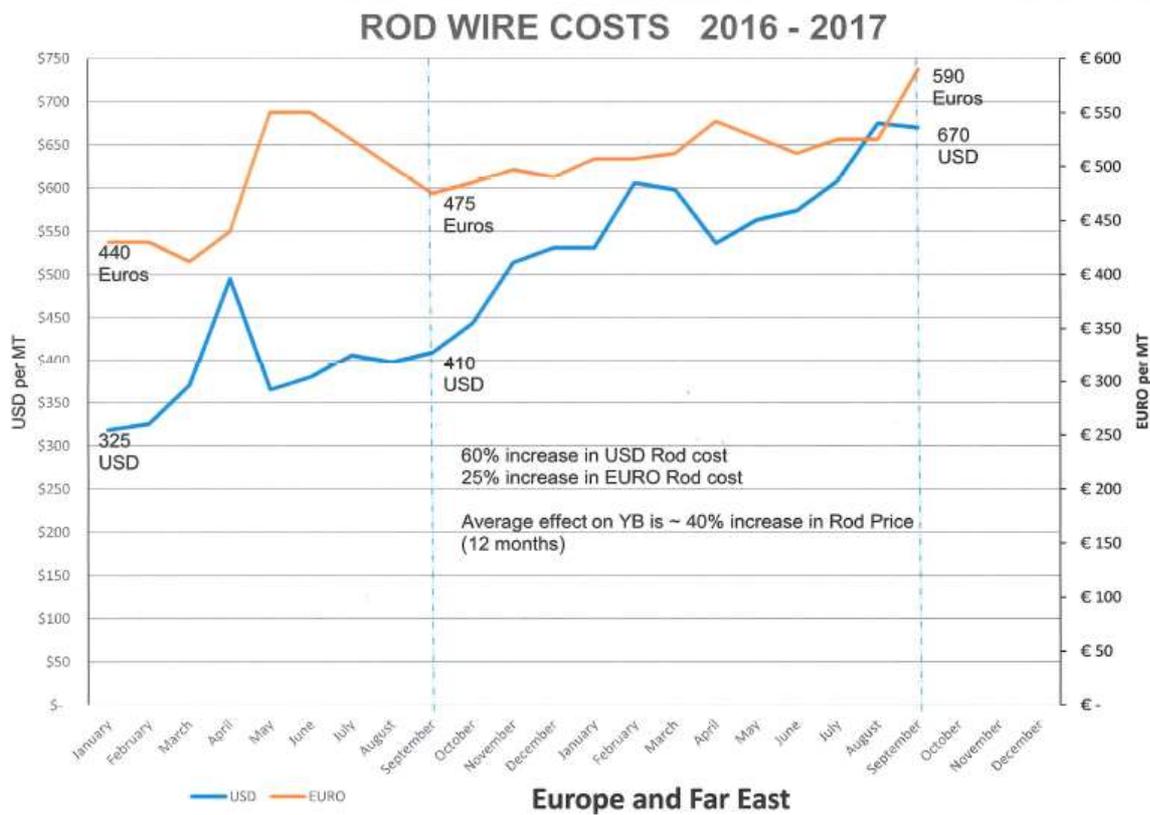
Manufacturing costs have risen due to labour issues, far eastern wage agreements, energy costs, coating, and hardening processes all putting pressure on pricing.

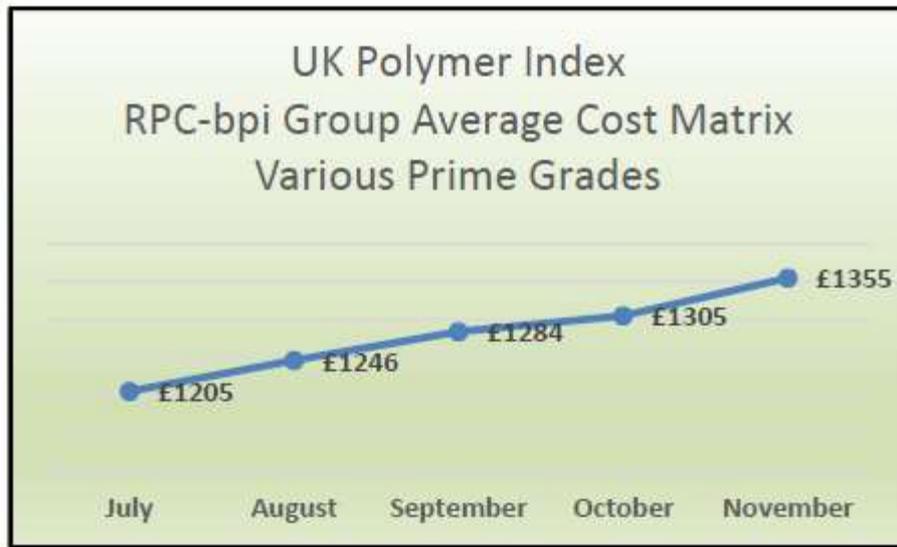
## UK inflation

The UK's inflation rate rose to 3.1% in November, according to the Office for National Statistics, the highest rate in nearly six years. This is having a knock-on effect on many day to day commodities.

## The price of raw materials

Steel, aluminium, abrasive grain, component chemicals for Resin fixings and nylon products have all seen significant price increases in the last 12 months. Zinc, used to coat many common fasteners has also continued to rise leading to increases from galvanisers and coating providers. Polymer prices have gradually increased throughout 2017 and have now increased by over 12.4% (see graph below) which affects various polythene products, sealants and damp proof products. Market shortages on raw materials used to create all expanding foams led to serious supply issues earlier in the year and, while these are now resolved the ongoing price base has risen around 15%. The cost of wire rod used as the base material for staples, nails, screws, bolts etc. has risen 40% in the last 12 months as illustrated on the graph below.





We have taken several steps to mitigate the effect of the cost increases to our customers and have absorbed many increases that we have received through 2016/7. We have now been notified of further price increases being applied from many of our manufacturers early in 2018.

For us to continue to serve you, we have been left with no option but to pass on some of the cost increases to our customers and will be implementing price increases on many products from 1st February 2018. We will strive to continue and improve the level of service we deliver to our customers and to invest in our products, customer experience and brand throughout 2018.

If you have any questions regarding this or would like to discuss it more specifically please contact our Sales Team who will be able to help you further.