



## Product Pricing – Unprecedented Times

Brexit, pandemic, currency declines and even a ship stranded in the Suez Canal - You are no doubt aware of the unprecedented increases in the cost of raw materials and the volatility of supply chains around the globe, from which none of are immune.

At Mustoo Brand our priority remains providing the very best service and value to our customers and as part of a national buying group of independent office products resellers we have the joint purchasing power to obtain cost prices that compete with multi-national companies, but as with every other business, factors have aligned to make price increases inevitable.

We are not alone in this, any supplier involved in our product sector will be looking at price increases as the following factors have led to significant rises in cost:

### Raw Materials

**Paper** prices have risen by more than 31% already this year. This is driven by reduced capacity and volatile pulp availability because of the increased demand for cardboard to cope with the huge rise in online shopping. Average **rubber** prices have increased by over 15% because of reductions in output from COVID-hit producing countries at a time when China and US are increasing demand; **steel** and **polythene** have also seen demand vastly outstrip supply. Plastic has not escaped the increase with evidence of raw materials (PVC, ABS, Polyprop) increasing anything between 20-140%.

### Freight & Shipping

Until recently there had been very little variation in the cost of worldwide freight, prices were stable, operations smooth. As trade has been interrupted and disturbed by COVID, global shipping effectively stalled and containers stopped circulating, creating shortages. This shortage of containers has meant pricing increased sharply through the end of 2020 and the first half of 2021 – port to port **container costs increasing by more than 600%**. On top of COVID and Brexit, the Suez blockage and subsequent impact to availability has meant landed product costs continuing to remain unstable.

### Currency

Many of our products originate in the Far East, particularly China as the manufacturing engine room of the world economy, with the key exchange rate for Chinese manufacturers being the Dollar vs Yuan (this turns the export trading currency into local currency). While recent Pound vs Dollar improvements have helped, the steady decline in this Dollar vs Yuan rate continues to place pressure on the factory gate cost of products.

### Our Commitment to You

In all our years we have never experienced such disruption to supply and rapid increase in costs, amidst a global pandemic it has become impossible for us to guarantee the price of the products we supply to you for any reasonable period of time.

While we may not be able to guarantee stable pricing, or indeed supply of the exact product you asked for at times in the weeks and months ahead, one thing we can guarantee to you is that we will leave no stone unturned to get you the products that you need to make sure that the impact and disruption on your business of all the above is minimized.