



# **GLOVE MARKET**

## JANUARY 2021 UPDATE

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# DEMAND UPDATE

## GLOVE DEMAND VS SUPPLY

There is a projected 25% growth in global rubber glove demand to 358 billion pieces this year (300% sharp increase in the short period of March-June 2020). The growth in 2020 is much higher than the annual organic growth rate of 8.0 - 9.0%.

YEAR	GLOVE DEMAND*	GLOVE SUPPLY
2020	358 billion pieces	Well below demand
2021	430 billion pieces	Expected to meet demand†
2022	490 billion pieces	Expected to be above demand

\*Demand is based upon factory expert opinion

† Except on nitrile products

## LEAD TIME

The demand and supply imbalances of the glove industry has a significant impact on delivery times of normal orders. Many traditional manufacturers' capacity of disposable nitrile gloves are fully occupied until 2021.

- Reserved Capacity: Based on your agreement reached
- New Nitrile Glove Suppliers: Q1 or Q2 2021 and onwards
- Nitrile Glove Spot Order: March or April 2021 and onwards

LEAD TIME PRIOR TO COVID-19
AVERAGE LEAD TIME
30-40 days

CURRENT LEAD TIME		
NITRILE GLOVES	LATEX GLOVES	VINYL GLOVES
480+ days	360+ days	120+ days



# SUPPLY UPDATE



## NITRILE

- Nitrile raw material has increased rapidly. Due to a supply shortage, glove vendors are needing to buy at spot pricing. The constricted supply of raw material is expected to remain tight even though additional production lines are being added.
- Disposable Nitrile Non-Medical gloves from China may lose their List 3 exclusion and may be subject to an additional 25% trade war duty on January 1, 2021. Disposable Nitrile Exam gloves from China may also lose their List 4A exclusion and be subject to an additional 7.5% trade war duty on January 1, 2021.
- It is expected that demand and pricing for nitrile gloves will remain unstable in the foreseeable future. FoodHandler has placed all allocated orders for nitrile gloves through 2021.

## LATEX

- Latex raw material pricing has increased significantly over the last several months.
- Disposable Latex Non-Medical gloves from China may lose their List 3 exclusion and may be subject to an additional 25% trade war duty on January 1, 2021. Disposable Latex Exam gloves from China may also lose their List 4A exclusion and be subject to an additional 7.5% trade war duty on January 1, 2021.

## VINYL

- Vinyl raw material costs have increased drastically since the COVID-19 outbreak. Due to strong demand, raw materials cost will continue to increase.
- Many factories have added new lines and we expect additional capacity after January 2021. It is expected that the vinyl glove market will begin to stabilize at the end of Q1 2021.

## POLY

- Poly resin (LDPE, HDPE and LLDPE) has increased significantly in the last quarter. Further increases on poly items are expected.
- Poly glove manufacturing is at capacity, but product availability from FoodHandler should remain stable.





# MARKET COMMENTARY

## COVID-19 AND THE FOODSERVICE INDUSTRY

The foodservice industry is notoriously competitive and can be tough on many operators to be successful. 2020 introduced an entirely new set of challenges to the industry putting even the most successful and stable operations to the test.

In the early stages of COVID, “40% of America’s restaurants” had been shut down leaving “8 million employees out of work – three times the job losses seen by any other industry<sup>1</sup>”. While many restaurants were able to rely on pick up, carry out or delivery to remain in operation (reopening guidance was released in May / June 2020 to support dine-in operation), the National Restaurant Association still “projected an industry revenue shortfall of \$240 billion<sup>1</sup>” to finish out 2020.

Restaurants able to successfully reopen needed to ensure they follow the most up to date and proper CDC guidance and local government mandates. Mandates included, but were not limited to, significantly lowered maximum dine-in capacities with social distancing protocols, mask protection, separators where applicable, and sanitizing stations. Even with all mandates and precautions, the restaurant industry faced yet another obstacle: the public’s desire to overcome fear and return to dine-in eating once again.

## FOODHANDLER RESOURCES

FoodHandler is dedicated to keeping you, your operation and your customers safe. Get access to resources, information, documents and signage as well as an informative FAQ available for free on our website at [www.FoodHandler.com](http://www.FoodHandler.com). Can’t find what you are looking for? Ask our Industry Experts!

## QUALITY & OTHER CONCERNS

Counterfeit products remain in the market. Fraud attempts continue to rise as glove supply tightens. Buyers BEWARE. Only purchase from trusted sources.

<sup>1</sup> Michael S. Kaufman, Lena G. Goldberg, and Jill Avery. HBS Working Knowledge. Restaurant Revolution: How the Industry is Fighting to Stay Alive. Aug 10, 2020. <https://www.forbes.com/sites/hbsworkingknowledge/2020/08/10/restaurant-revolution-how-the-industry-is-fighting-to-stay-alive/?sh=25bd915df1eb>





# TIMELINE & PRICE PROJECTIONS

## 2020 SUMMARY

- Coronavirus Pandemic spread globally and shut down economies with shelter in place orders throughout the year
- Product demands saw exponential growth and resulted in material shortages and significant price increases
- Container and equipment shortages plagued ocean freight capacity causing significant delays and will continue into 2021

## PRESENT

- Prices remain above historical levels
- Shipping lines are expecting the strong demand to continue until the Lunar New Year of February 2021
- Container manufacturers are at maximums in Q1 with factories being sold out through Q2
- Second and "third" waves of COVID-19 increase demand of PPE, medical supplies, sanitizing products and basic necessities

## 2021 OUTLOOK

- Elevated demand will continue as waves of the pandemic occur
- Factories and carriers look to stabilize supply chain and recover between waves
- Lack of new capacity being added to satisfy new normalized demand
- Forecast contract trade rates will be 46% higher than 2019-20 rates
- Vinyl glove supply and pricing is expected to stabilize in 2021, while nitrile glove supply and pricing is expected to remain unstable

FoodHandler has announced market increases January 2021 on nitrile and latex gloves. Any further adjustments will be based upon raw material, packaging, labor and pricing throughout the supply chain.

Some product allocations will begin to loosen as supply recovers. Please speak with your FoodHandler Sales Director about additional product availability.



# CAPACITY UPDATE

## TRANSPORTATION COMPLEXITIES

Continued container and equipment shortages have strong armed factories and carriers, causing significant delays in receiving product to the US and the return of containers back to their origin to send out additional freight.

- Shortage of 40' and 45' ocean freight container equipment and chassis shortages remain at critical levels in major port terminals and now also affect inland rail ramps.
- Many drayage companies have implemented congestion surcharges and peak season increases to cope with demand.

Ocean freight operations are seeing bottlenecks within the supply chain as they attempt to keep up with demand. Despite their efforts, ocean carriers service reliability has fallen to new lows for Asia to US trade, seeing its lowest in October 2020 (data collection began in 2011), as carriers rapidly expanded their capacity to meet growing cargo demand.

- Vessel on-time performance in the Asia-North American trade plunged more than 14% from September 2020 (32.1% to West Coast, 34.5% to East Coast).
- Carrier on-time performance also reached a record low in October 2020, 52.4% globally, down 3.6% from September and down 26.7% from October 2019.
- Late vessel arrivals in Southern California have added to the congestion problems seen in June 2020. The Southern California supply chain continues to suffer from congested marine terminals, excessive container dwell times, lengthy truck wait times at gates, chassis shortages and distribution warehouses filled above capacity.

Ocean carriers are expected to have stronger pricing power during the 2021-22 transpacific contract season, leading to potential conflict and a difficulty transitioning into a new normal. Current trends show that space is the largest factor over pricing, however, customers are willing to pay more to secure space. Cargo rollovers have maxed out ocean capacity as carriers struggle with the return of empty containers to Asia. The global fleet of containers are at a near complete active use, leaving carriers struggling to boost capacity by adding more vessels.

US Federal Maritime Commission (FMC) has intensified monitoring of major global shipping alliances and are now requiring carrier-specific trade data to be provided monthly.





# KEY TAKEAWAYS

## STABILIZATION AND RECOVERY

New production lines are opening to alleviate capacity issues and assist with stabilization and recovery on some glove materials in early 2021.

## e-COMMERCE

Continued rises in e-Commerce holiday shopping are expected to increase between 12-15% from the 2019 holiday season.

## TARIFF IMPLEMENTATIONS

Disposable Nitrile and Latex Non-Medical gloves and Disposable Nitrile and Latex Exam gloves may lose their exclusions and may also be subject to an additional trade war duty percentage from China beginning January 1, 2021.

## OCEAN FREIGHT STRUGGLES

In addition to continued container shortages and congestion, severe weather has created significant obstacles for carriers and shippers resulting in damaged and missing containers.

## PRODUCT SCAMS CONTINUE

Counterfeit products continue to circulate the market – only purchase from trusted sources!