



# GLOVE MARKET

## OCTOBER 2021 UPDATE

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2301 Lunt Avenue, Elk Grove Village, IL 60007 | [www.FoodHandler.com](http://www.FoodHandler.com) | 800.338.4433

# DEMAND UPDATE

## LOGISTIC COMPLICATIONS ON THE RISE

Logistics continue to be the unknown factor in Supply & Demand; many backlogs overseas and even within the United States are being worked through for operations to fully return to normalcy.

Regardless of the best efforts by many to return to full capacity and normal operation, the arrival of new inventory is still being affected by COVID-19 and logistic issues.

## GLOVE COLOR DEMANDS

The demand for black gloves, specifically black nitrile gloves, remains high despite decreased raw material availability and longer lead times. Alternate materials are available. Please speak with your FoodHandler Representative for specific details.



# SUPPLY UPDATE

## NITRILE

- Factories are currently running at full capacity with new lines beginning to produce product to meet increasing demands.
- Although new production is beginning, power rationing and ongoing logistics issues will be slowing the stability of the Nitrile glove market.

## LATEX

- Natural rubber latex continues to be in short supply due to COVID and logistics issues.

## VINYL/NITRILE BLEND

- Vinyl/Nitrile Blend manufacturing capacity is stable and ample supply available.
- Pricing has stabilized but due to power rationing and ongoing logistics issues, pricing instability is projected in the coming months.

## VINYL

- Vinyl glove manufacturing plants have been ramping up due to new orders.
- Pricing has stabilized but due to power rationing and ongoing logistics issues, pricing instability is projected in the coming months.

## POLY

- Poly resin (HDPE, LDPE and LLDPE) pricing is closely tied to oil prices. Oil prices remain unstable and may continue to see increases in pricing.
- Current supply in poly bags and gloves remains stable but due to power rationing and ongoing logistics issues, pricing instability is projected in the coming months.





# MARKET COMMENTARY

## PRODUCTION ISSUES & POWER CRISIS

China is facing significant production issues due to power rationing.

Port congestion being driven by peak season container volumes has 92 container ships in the Long Beach / LA ports.

Coal prices are at an all time high amid its tight supply. Left short on coal for their utilities, power rations are being enforced for factories in many Chinese provinces. This power shortage will cause crimping in the supply chain, stopping production and causing even further delays.

FoodHandler anticipates shipment delays which may create inventory shortages on products coming from Asia due to these issues. We also anticipate price increases on goods from Asia due to the rising costs of raw materials, electricity, logistic and labor.

## COVID VACCINATIONS & IMPACT

The "Food and Drug Administration's full approval of the Pfizer-BioNtech coronavirus vaccine<sup>1</sup>" was announced in late August, prompting a "17% increase in.. Americans getting vaccinated with their first dose<sup>1</sup>" rounding out Q3 with an approximately 56% fully vaccinated population in the United States.

Despite half of the U.S. being fully vaccinated, the Delta Variant has caused a "decline of in-person dining<sup>2</sup>" which may also be partially "due to the pull back in travel plans... [and] delayed return-to-office plans. Monthly employment in the food services industry dropped for the first time since December. Restaurants and bars lost 41,500 jobs in August<sup>2</sup>" leaving unemployment still well below pre-pandemic levels. Many QSR's have "closed their dining rooms... due to worker shortages and rising COVID-19 cases<sup>2</sup>".

## 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!



<sup>1</sup> Arielle Mitropoulos, "More Americans getting vaccinated following full FDA approval of Pfizer COVID vaccine – ABC News. <https://abcnews.go.com/Health/americans-vaccinated-full-fda-approval-pfizer-covid-vaccine/story?id=79750505>. August, 31, 2021.

<sup>2</sup> Michelle Cheng, "What the delta variant is doing to the US restaurant industry – Quartz. <https://qz.com/2058419/what-the-delta-variant-is-doing-to-the-us-restaurant-industry/>. September, 13, 2021.



# TIMELINE & PRICE PROJECTIONS

## Q1 & Q2 2021

- COVID-19 resurgence in Asia and some areas of the U.S. have slowed down recovery efforts
- Severe weather conditions impacted multiple vessels causing several containers to go overboard
- Exponential increases in demand contributed to raw material shortages
- Port congestion, container, equipment and labor shortages have added strain and stress to the complete logistics landscape

## Q3 & Q4 2021

- 56% of the U.S. population is fully vaccinated as of Q4; States progress towards a level of normalcy reflective of pre-pandemic times
- Chassis shortages and national logistics backlogs add to strain of lack of drivers and staffing at ports, terminals and warehouses
- Restaurant recovery is hampered by staff shortages across the United States; Many QSR's are operating with limited staff and abbreviated hours
- Coal shortages in China and India are forcing many factories in Chinese Provinces to face power rationing

## 2022 OUTLOOK

- Supply chain disruptions and delays forecast to continue through Q1 2022
- Output from China will be hampered because of the Delta Variant, EPA quotas, National Day Holiday, Chinese New Year and 2022 Beijing Olympics
- Price increases on goods from Asia are anticipated as a result of coal shortages and power rations in China as well as continued price increases due to limited transport capacity
- A projected normalization of the market remains unlikely before mid-2022

FoodHandler will announce pricing adjustments based upon raw material, packaging, labor and pricing throughout the supply chain.

FoodHandler has removed all products from allocation; products will continue to be monitored and evaluated based on availability.

Please speak with your FoodHandler Sales Director about additional product availability.

# CAPACITY UPDATE

## CONGESTION FUELING MORE CONGESTION

With shipping container rates at an all time high (329% higher than this time last year) and the collective delays from shipping to port to final destination, space is more valuable than ever.

Data shows China to the United States end-to-end ocean shipments took an average of 73 days, 83% longer than in September of 2019, due to:

- Port delays and back ups (Septemer 2021 his a record of 92 container ships in the Long Beach / LA ports)
- Chassis shortages from containers not being picked up or unloaded
- Driver shortages
- Demand for outbound truck capacity fueling new record high spot truck load rates
- Labor shortages due to COVID outbreaks or preventative measures at ports

Warehouses are at full capacity with overstock product and panic bought purchases, minimizing space available for new inventory coming in, creating further back logs and congestion down the line such as railroad congestion and longer dwell times.

With tightened capacity and the Delta Variant continuing to wreak havoc in Asia, more supply chain disruptions may lie ahead with no relief expected until after Chinese New Year (February 1–15, 2022) and the 2022 Winter Olympics, held in Beijing (February 4–20, 2022).







# KEY TAKEAWAYS

## CONGESTION & SHORTAGES YIELD FURTHER DELAYS

One delay feeding another – lack of raw materials and coal for power, shortages on equipment and labor, peak season, holidays and the Olympics indicate supply chain disruptions with no relief expected until mid-late Q1 2022.

## PRICING INSTABILITY

Price instability is expected Q4 2021 into Q1 2022 on goods from Asia.

## FOODSERVICE INDUSTRY SLOWS DOWN

The foodservice industry is struggling to fully attain pre-pandemic operations. Still seeing rising COVID cases across the United States, many restaurants have closed their dining rooms and limited their hours of operation due to worker shortages.

## COVID VACCINATIONS

Over half of the U.S. population is fully vaccinated. Boosters are now available and are also being administered to keep the Delta Variant at bay and progress the United States towards pre-pandemic operation. Outbreaks, resurgences and variants of the virus remain a challenge across the globe.