



GLOVE MARKET

APRIL 2022 UPDATE

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DEMAND UPDATE

LOCK DOWNS & OUTCOMES

Many national lock downs have been lifted, though some local restrictions are still in play. COVID cases in Southeast Asia remain high causing continued labor shortages. Despite these persistent challenges and manufacturers not able to operate at 100%, production is able to remain ahead of demand.

Temporary lock downs and subsequent factory shut downs (due to COVID-19, Chinese New Year, and the Beijing Winter Olympics), US ports were able to work through some freight congestion. As a result of operations coming back online, a resurgence of congestion is anticipated. West Coast ports are receiving aide via rerouted ships to East Coast ports, allowing all ports to work through as much of the congestion, before a new wave of ocean freight arrives.

EFFECTS OF WAR

It is not currently projected that the Russia-Ukraine war will directly impact the supply chain, however, duration may drive pricing as gas and oil reserves are affected.

INVENTORY IMBALANCES

Current inventory levels are experiencing an imbalance in availability on certain products and may require cross-shipping or substitutions. Please speak with your FoodHandler Representative for specific details.



SUPPLY UPDATE

NITRILE

- China has expanded Nitrile capacity lines, with almost all Vinyl glove suppliers now able to run industrial grade Nitrile.
- Nitrile supply is adequate, however raw materials are increasing.
- Minimum wage implementation effective May 1st in Malaysia may cause price increases Q2/Q3 2022.

LATEX

- Natural rubber latex will have adequate capacity.
- Minimum wage implementation effective May 1st in Malaysia may cause price increases Q2/Q3 2022.

VINYL

- Raw material has been increasing since CNY.
- Lockdowns are causing production delays.
- Pricing expected to be unstable in Q2/Q3 2022.

POLY

- Resin costs remain at historically high levels with the Russia-Ukraine war impacting crude oil pricing.
- Trade war duty exclusions expired late Q4 2021 on poly aprons.
- Poly pricing is expected to be unstable Q2/Q3 2022.



MARKET COMMENTARY

MASS COVID TESTING

Mass testing in Shanghai has been mandated amid a surge in COVID cases. The Shanghai government is locking down the eastern and western halves of the city (in a two-phased approach) until testing is complete and a "green" health code status has been achieved"¹. During testing, the area in lockdown will be prohibited from "leaving their homes, only essential workers will be permitted to leave for work. Public transportation will also be suspended"¹.

These lockdowns for mass testing have been projected to be "worse than [the] initial COVID lockdowns"² and may be "more severe"² with many factory workers and truck drivers locked in their homes"².

COSTS, DISRUPTIONS & RAILWAY MELTDOWN

Higher costs and disruption to the supply chain are being seen now as a result of the Shanghai lockdowns. Inland logistics costs are being driven up by the lack of available drivers and "disrupted shipping schedules"³ have caused significant delays in addition to "blank sailings for Shanghai"³.

Railway difficulties in handling more containers has caused a rail meltdown, as it struggles to find more man power. Marine terminals and drayage providers say rail backlog is getting worse.

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. Can't find what you are looking for? Ask our Industry Experts!



¹ Reuters, "Shanghai Disney Closes as City Sees Record Surge in COVID Cases". <https://www.cnn.com/2022/03/21/business/shanghai-disney-closes-covid/index.html>. Monday March 21, 2022.

² Daily Update Reports – Barb Hall. March 30, 2022.

³ Daily Update Reports – Barb Hall. April 1, 2022.



TIMELINE & PRICE PROJECTIONS

2021 RECAP

- COVID-19 resurgence in Asia and some areas of the U.S. have slowed down recovery efforts
- Chassis shortages and national logistics backlogs added strain to lack of drivers and staffing at ports, terminals and warehouses
- Coal shortages in China and India forced many factories in Chinese Provinces to face power rationing
- Choked ports and shipping backlogs in Asia and North America attribute to worsening delivery date accuracy

Q1 2022

- Cost increases on goods from Asia as a result of limited transport capacity, driver shortages, and higher fuel prices
- US West Coast port congestion gets relief from lockdowns in Asia, lessened number of sailed ships to port, and East Coast reroutes
- End of Q1 – Omicron has spread quickly across China causing inter-city transportation to be affected – Shanghai now under lockdown is experiencing limited transportation; pricing from Shanghai ports will be greatly effected until further notice

Q2 2022 OUTLOOK

- Severe supply chain disruptions and delays forecast to continue through 2022
- Port congestion projected to worsen again upon lockdown and mass testing completion with factories back in full swing production and shipping containers regularly
- Railway will struggle to move containers from West Coast to Midwest customers
- Due to effects of war, oil and gas prices will cause instability in raw material costs

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 RELIEF, AT A COST

With the shutdowns due to COVID in Asia, ships are unable to sail with many areas either restricting container movement, or factories are simply locked down and unable to operate. Temporary lockdowns are providing much needed aid to West Coast congestion, with ships also being diverted to the East Coast for even faster relief. However, it is anticipated that once lockdowns are lifted and Asia is in full production, a surge of incoming ships to both the West Coast and East Coast, will again congest US ports.

Cargo owners shipping through Shanghai face disruption to ocean shipments until at least mid-May, according to scheduled data from carriers and forwarders that reveal dozens of blank sailings.

As of March 2022, the current average anchorage time is significantly lower than the conclusion of Q4 2021 with the average now at 3.0 days, and a total of 60* vessels due into the Long Beach, Los Angeles, and Oakland ports.

* Total incorporates the new container vessel queuing process for LA/LB and Oakland.





KEY TAKEAWAYS

CONGESTION RELIEF

With Shanghai mass testing and lockdowns, West Coast ports have been able to work through port congestion and diverting containers to the East Coast for additional relief.

SHANGHAI LOCKDOWN

An influx of containers are expected to hit both west and east coast ports once Shanghai lockdowns are lifted and operations resume normal function, which will likely result in congestion on both coasts.

COST INCREASES: WAR & DISRUPTIONS

Duration of the Russia-Ukraine war is a driving factor in gas and oil reserves, along with Shanghai lockdowns creating labor shortages and blank sailings. Cost increases are expected in the coming weeks and months.