



GLOVE MARKET

JULY 2021 UPDATE

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DEMAND UPDATE

GLOVE MATERIALS FINALLY AVAILABLE

All products are readily available, with no restrictions. While ample inventory is available at the factories, many are still battling COVID-19 outbreaks.

Logistics are the current 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.



SUPPLY UPDATE



NITRILE

- Trends and added capacity in Q3 are projecting the aid needed to reverse shortages and backlogs.
- Product availability and new stability are allowing for ease in pricing.

LATEX

- Decreases in natural rubber latex are expected to continue to decrease into Q3 which will reflect in pricing.

VINYL/NITRILE BLEND

- Vinyl/Nitrile Blend manufacturing capacity is stable and ample supply available.
- Pricing is projected to see softening as supply in the Vinyl and Nitrile markets are seeing stabilization.

VINYL

- Additional capacity at Vinyl glove manufacturing plants have come on line resulting in additional supply across the United States.
- Pricing for Vinyl is seeing softening with stable supply and lowered manufacturing demand. Pricing will continue to reflect demand and is expected to continue to soften through Q3.

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 with a hopeful forecast of pricing stability in the near future.



MARKET COMMENTARY

COVID-19 VACCINATIONS & IMPACT

Continued distribution of COVID-19 vaccinations have reached across the globe, allowing more cities and states to fully re-open and return to pre-pandemic operations.

Although many areas are seeing a lowered number of cases, areas of Asia are still experiencing resurgences of COVID-19, causing factory and port closures once again. New product manufacturing delays and port congestion have been affecting logistics on a wide scale. Despite these challenges, carriers have been able to seek alternative solutions to avoid further disruption to an already strained supply chain and spread of the virus to alleviate further strain.

The foodservice industry is slowly returning to normal operations, however, with a significantly fewer jobs being reported. Employment rates being reported remains 1.5 million jobs below pre-pandemic levels with Fullservice Restaurants only at 86% recovery¹. Despite employment being 86% in FSRs, Seated Diners are approaching 2019 levels¹ with projections showing more and more patrons eating food away from home than ever before. By year end, the industry is projected to see an estimated 16% increase in sales compared to 2020 (only 15% down from 2019)¹.

As vaccination rates continue to climb and foodservice operations return to normal, FoodHandler will continue to work through the anticipated of surges in orders for gloves, masks, aprons, bags, etc.,. We recommend distributors work closely with their Sales Director to communicate any increased demands to ensure appropriate support of business needs.

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 Frosty Acres – Foodservice Industry 2021, Supplier Advisory Meeting, June, 15, 2021.



TIMELINE & PRICE PROJECTIONS

Q1 2021

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

Q2 2021

- Exponential increases in demand continue to drive raw material shortages
- Factories aggressively raise prices and selling out capacity to highest bidder; New market participants enter, further driving up prices
- Prepayment requirements and long lead times (12 months)
- Preparations for projected Q3 wave of the virus drive continued demand

PRESENT

- Vaccinations are projected to reach approximately half the U.S. population by end of Q3
- States are returning to a level of normal reflective of pre-pandemic times
- Chassis shortages and national logistics backlogs
- Recovery hampered by staff shortages across the United States

2022 OUTLOOK

- North America import gains are forecasted to slow going into 2022 with a potential capacity ceiling reached
- A projected normalization of the market is now unlikely to be seen before 2022
- Delta Variant could lead to new and additional disruptions

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

BATTLING CRISES

A Suez Canal blockage, damaged gantry cranes, limited capacity and more COVID-19 outbreaks in Asia only begin to scratch the surface of strain seen in the industry over the course of the past quarter.

Though the backlog of vessels in Yantian was quickly worked through once operations turned to full capacity, ocean shipping experts anticipate a cascade of released freight from Yantian to soon add to port congestion and vessel delays at major ports around the world, including the United States.

In mid-June Nair said. On average, "about 15% to 20% of containers are getting rolled over to a future vessel sailing because carriers are overbooked and are prioritizing freight based on profitability or operational considerations, with an estimated backlog of 160,000 containers²".

As shipping containers and space become severely more limited, extreme measures are being seen to ensure secured capacity – including historically high container rates. With tightened capacity and the new Delta Variant wreaking new havoc in Asia, more supply chain disruptions may lie ahead with no relief expected this year.

CONTAINERS SHIFT TO ALLOW OPERATION

Despite efforts to move freight smarter, recent events has built cargo congestion back up again in South California ports causing excessive rail container dwells. As an aid, many of these ports are utilizing Pier S for temporary storage as they work through container congestion towards normal operation once again.



² Greg Knowler, Senior Europe Editor. The Journal of Commerce online. Tight Space Across Modes Limits Shenzhen Export Options. Jun 09, 2021. https://www.joc.com/port-news/tight-space-across-modes-limits-shenzhen-export-options_20210609.html



PRODUCT STABILIZATION

New production lines have alleviated capacity issues; we are seeing stabilization and recovery on glove materials. As supply continues on the road to recovery, pricing will continue to reflect such stabilization.

RECOVERY HINDERED BY STAFF SHORTAGES

The foodservice industry is approaching pre-pandemic operations, however, restaurants are hindered by staff shortages, reporting a significant loss on employment compared to February 2020 (reporting 1.5 million fewer jobs in May 2021).

COVID VACCINATIONS

Vaccinations are available and are being administered, however, the slow roll-out and ability to reach mass audiences, outbreaks, resurgences and variants of the virus remain a challenge across the globe.

CAPACITY LIMITATIONS

Extreme strategies and measures are being taken across the industry to secure capacity of ocean freight. While backlogs of containers and congestion is worked through, forecasts show no slow up in consumer spending as peak season rolls around the corner.

CONTAINER SHIFTS FOR CONGESTION RECOVERY

Congestion and dwell times have been on the rise again, however, with the aid of overflow facility Pier S, South California terminals are able to temporarily store containers to ease processing of cargo at port.