



GLOVE MARKET

JANUARY 2022 UPDATE

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DEMAND UPDATE

MANUFACTURING STABILIZATION VS LOGISTICS

Despite manufacturers being able to produce products needed for inventory, COVID outbreaks have plagued production movement in China, Malaysia, and Vietnam. With ocean freight costs still high and climbing, logistics continues to be the unknown factor in pricing stabilization, supply, and demand.

Significant backlogs across the United States are adding severe strain to the final mile and receiving product to warehouses for final distribution of goods to customers. These backlogs are forecast to last until 2023.

HOLIDAYS & EVENTS

Overlapping Chinese New Year holiday and the Beijing Winter Olympics is likely to reduce production output and impact supply availability.

THE SIZE OF GLOVE DEMANDS

Current inventory is experiencing an imbalance in size availability across all materials. Small and Medium remains in plentiful supply while Extra Large becomes increasingly more difficult to stock. FoodHandler anticipates this inventory imbalance to persist through the first quarter of 2022. 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, and pricing is expected to remain stable into Q1 2022.

LATEX

- Natural rubber latex will have adequate capacity; however, pricing will fluctuate due to the rainy season in southeast Asia.
- Availability has been impacted due to COVID and blank sailings in this region.

VINYL

- Supply on PVC is adequate, with most vendors running at less than capacity for now.
- Beijing Winter Olympics will require all Vinyl factories to shut down, or run at limited capacity, for the duration of the event.
- With demand decrease and adequate supply on raw material, Vinyl glove pricing will likely remain stable through end of Q1 2022.

POLY

- Resin costs are softening but remains at historically high levels.
- It is anticipated that most suppliers will not lower pricing on poly gloves, aprons and bags.
- With softening demand on Poly products and crude oil cost dropping, resin costs may offer additional relief after Chinese New Year.



MARKET COMMENTARY

A NEW OUTLOOK FOR THE HOLIDAYS

Despite "numerous challenges such as raw material shortages, power blackouts in China and shutdowns for COVID¹", manufacturers have still been able to keep up with orders for importers. With manufacturing of product(s) now stabilized, it is the transportation of products to final destination that remains the biggest factor:

"One of the biggest challenges facing logistics companies and importers is the length of time it takes for containers to leave the ports on rails and trucks.¹"

FoodHandler anticipates shipment delays which may create inventory shortages on products coming from Asia due to these issues. We also anticipate cost increases on goods from Asia due to ocean freight and domestic transports.

OMICRON IMPACTS FOODSERVICE INDUSTRY

The new COVID variant, Omicron, has Americans changing their dining habits. According to OpenTable, "reservations have plummeted [up to] 48 percent" when "compared to the same timeframe in 2019²." Factors for decreased dining numbers include vaccine mandates and required proof of vaccination for both employees and customers in many cities and venues along with "higher food and packaging costs.²" A recent National Restaurant Association survey revealed "95 percent of restaurants are experiencing significant supply delays or shortages of key food items²" resulting in forced menu changes and raised menu pricing.

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 Lori Ann LaRocco, "Halloween Costumes Are Still Coming Through the Ports" – American Shipper. <https://www.freightwaves.com/news/halloween-costumes-are-still-coming-through-the-ports>. December 14, 2021.

² Christine Blank, "Omicron Variant, Vaccine Mandates Hurting US Foodservice Industry" – SeafoodSource. <https://www.seafoodsource.com/news/foodservice-retail/omicron-variant-vaccine-mandates-hurting-us-foodservice-industry>. December 8, 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

- Severe supply chain disruptions and delays forecast to continue through mid-2022
- Choked ports and shipping backlogs in Asia and North America attribute to worsening delivery date accuracy and is expected to continue through 2022 with no relief to climbing freight costs
- Cost increases on goods from Asia are anticipated as a result of limited transport capacity, driver shortages, and higher fuel prices

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

CHASSIS REMAIN IN SHORT SUPPLY

Port congestion continues to add strain to the final mile delivery of product. Many factors are adding into the continued congestion, the most significant impact coming from chassis and drivers being in short supply.

Drayage carriers have no way to return empty containers creating back ups in getting chassis back into rotation. With nowhere and no way to return the emptied containers, there is added potential for extra surcharges being applied to dwelling containers.

As of December 2021, the current average anchorage time is 20.2 days with a total of 104 vessels anchored in the Long Beach / Los Angeles ports –

- 40 container ships waiting for berth within 40 miles
- 56 additional slow steamers and/or anchored further out
- 31 container ships being berthed

Other factors include increased fuel costs, labor shortages, and extremely long wait times in ports and rail yards.



MONROE SEES SUPPLY CHAIN SQUEEZE 'THROUGH MOST OF 2022'

"We've got a new normal that we haven't understood and still don't understand."

WATCH VIDEO



³ Greg Miller, "DSC Chat: Monroe Sees Supply Chain Squeeze 'Through Most of 2022'" – American Shipper. <https://www.freightwaves.com/news/dsc-chat-monroe-sees-supply-chain-squeeze-through-most-of-2022?p=382084>. December 15, 2021.



KEY TAKEAWAYS

CHASSIS SHORTAGES SPUR CONGESTION

Available chassis within rotation remain in short supply. With nowhere to return emptied containers and the inability to move through containers that need to be off-loaded, relief is not expected through 2022.

OMICRON: NEW COVID VARIANT

The Omicron variant has restaurant dining reservation numbers down 48% from 2019 and has made it exponentially more difficult to maintain normal menu items and pricing. To mitigate further spread and outbreaks within the United States, many larger cities are requiring vaccination proof for entry into not only restaurants, but "fitness, entertainment and performance venues²" as well.

HOLIDAYS & EVENTS

Overlapping Chinese New Year holiday and the Beijing Winter Olympics is likely to reduce production output and impact supply availability.

² Christine Blank, "Omicron Variant, Vaccine Mandates Hurting US Foodservice Industry" – SeafoodSource. <https://www.seafoodsource.com/news/foodservice-retail/omicron-variant-vaccine-mandates-hurting-us-foodservice-industry>. December 8, 2021.