



Q4 Disposable Glove Market Update

October 2024



The Right Glove for The Job™

The disposable glove market continues to have several unique cost drivers impacting the industry. Factories have reduced the number of production lines from pandemic highs, increasing utilization rates and reducing excess supply. Raw materials, from chemicals to synthetic rubber, are rising in cost. Other cost drivers, such as labor supply in Southeast Asia, packaging material increases, logistics, and a weakening U.S. dollar, are also playing a role.

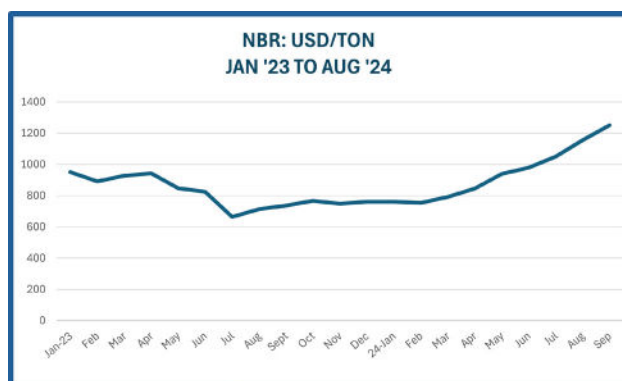
As we look toward the rest of 2024 and next year, increased factory utilization rates, raw materials costs, potential tariffs on China, and other factors are likely to push nitrile prices upward. Most of the world's disposable gloves are produced half a world away, in Southeast Asia—there is no North American production to speak of on any scale.

Plus, tariffs on exam nitrile glove imports from China are scheduled to increase to 50% in 2025 and 100% in 2026, which will impact nitrile disposable glove pricing.

The good news is that the global disposable glove market is [poised for continued growth](#)—as the market continues to need disposable gloves, and the global focus on the health, hygiene, and safety is ongoing.

MULTIPLE COST DRIVERS IMPACTING THE DISPOSABLE GLOVE MARKET

After a couple of years of declining prices for disposable gloves, rising costs for everything from raw materials to logistics are starting to push nitrile prices higher.



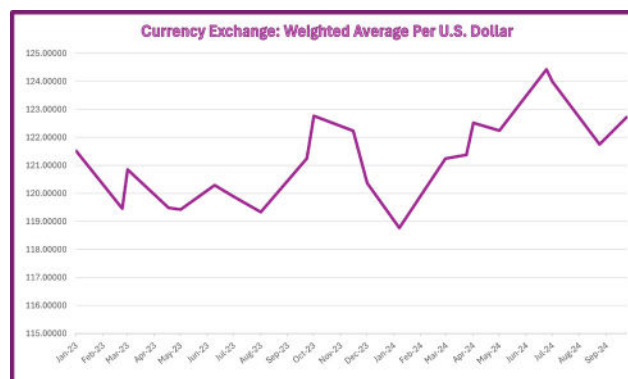
Heading into Q4 of 2024, [costs for nitrile butadiene rubber](#) (NBR), the primary raw material in manufacturing nitrile gloves, continue to inch up monthly; in the summer of '24, costs have risen approximately 20%. Conversely, costs for [natural rubber latex](#) and [polyvinyl chloride](#) are on the way down. Considering that nitrile is far and away the most popular material for single-use gloves, buyers should be prepared for nitrile gloves to cost more in Q1 of 2025.

Also looming large for disposable glove manufacturers is the trinity of labor, operational, and logistics costs. A good deal of the workforce for SE Asia factories is transient labor imported to Malaysia and other nations.

Another post-pandemic reality has involved factory utilization. As excess inventory grew in the wake of the pandemic, demand for gloves cooled. Producers who had made record profits during 2020-21 found themselves struggling to achieve 50% utilization in 2022-24, a threshold needed to ensure profitability. Now that a substantial portion of that inventory has been reduced, manufacturers can once again concentrate on more normal production schedules.

The U.S. dollar [has weakened](#) to its lowest level this year. U.S. inflation has been nearing the Fed's 2% target and officials have expressed growing concerns over a slowing labor market, which could be a harbinger of interest rate cuts. Lower interest rates in the U.S. would be likely to weaken the dollar even further.

Logistics such as container ocean shipping and domestic transport also factor into overall costs. Global trade has been under pressure since the Israeli-Hamas war broke out in October 2023. The conflict has caused transit [to be rerouted](#) around Africa's Cape of Good Hope, increasing sailing times and driving up both fuel and insurance costs. Adverse weather conditions notorious around the Cape are expected to cause further delays and capacity challenges to U.S. East Coast ports.



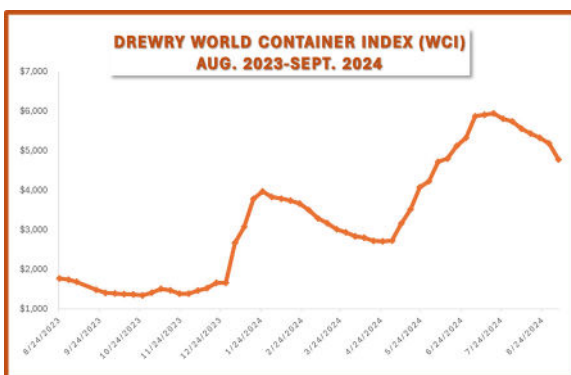
Departures from Asia [have remained strong](#), helped by extra ship loader capacity to alleviate the backlog from the summer's cargo rush. With clients reporting healthy inventory levels, however, demand may soften in the weeks ahead.

These events have forced some cargo normally bound for the U.S. East Coast to head instead for the West Coast, which creates congestion in Los Angeles and Asian ports and increases transport costs for truck or rail shipping across the U.S.

[Spot/floating rates](#) for full-size shipping containers have in recent weeks seem to be leveling off. This is at least partially driven by an ocean container shortage and congestion; ocean carriers have been skipping ports or decreasing their time at port and not picking up empty containers to keep vessels on track for delivery. They are continuing to adjust schedules in anticipation for the upcoming holiday/Chinese New Year seasons.

Everyone along every step of the supply chain is managing for efficiency. With the peak holiday season looming in North America, shipping companies are especially careful about how to manage capacity, the pressure to keep costs low while boosting utilization on the factory level—without substantially increasing capacity—is becoming more intense, and the need for long-range planning by vendors has never been greater.

As we have noted before, [China has taken](#) a larger role in the disposable glove market. While factories in other SE Asia nations such as Malaysia struggled to overcome utilization challenges, China offered lower pricing and ran their factories at close to full capacity.



There will be further changes ahead with upcoming U.S. tariffs on Chinese disposable glove imports. The U.S. trade representative recently announced that tariffs on medical and surgical gloves from China will rise to 50% in 2025 and 100% in 2026. This will likely push all nitrile prices higher

ADJUSTING TO MARKET CONDITIONS

As 2024 winds down, it's becoming increasingly challenging to establish consistent and predictable supply, especially at volume, while keeping costs in check. Along with reliable supply, the emphasis on quality, compliance, and [sustainability](#) has continued to become more important in the market.

AMMEX is making significant progress with cost-reduction initiatives while still maintaining [98%-plus fill rates](#), [high levels of personalized service](#), and top-tier [quality](#), [compliance](#), and sustainability standards.

Our outstanding fill rates enable our customers to consistently maintain flexibility and reduce costs. This is especially important at a time when everyone is under pressure to optimize inventory increase service levels in an increasingly competitive market.

AMMEX is committed to helping clients manage inventory and costs. By carrying ample inventory and consistently providing 98%+ fill rates, AMMEX stands ready to offer a predictable supply and help clients reduce inventory costs. We are focused on helping our clients manage risk while maintaining high service levels.

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