



Q3 Disposable Glove Market Update

July 2023

When it comes to the disposable glove market, demand planning (pricing and inventory) is the focus of most conversations. We understand why: Clients want to know when we will return to a predictable state, similar to four or five years ago.

The disposable glove market was consistent for almost a decade, with stable prices and predictable growth, leading up to 2020. The key variables that shape it—production, logistics, distribution, etc.—had been well-optimized.

When trying to forecast the glove market, many factors come into play. What’s important is that every market stage has faced volatility over the past three years. Plus, with global inflation, logistics uncertainties, and labor costs, we may never go back to the pre-pandemic “normal” and instead head for a “new normal.”

So, what is shaping the current glove market? Besides the standard supply and demand variables, let’s look at the specific dynamics. Free-market forces are always changing. Many supply and demand variables from disparate sources come together to determine a price and an outcome at a specific moment.

Controlled by free-market forces, the glove market is driven by many data inputs—and is a work in progress. Let’s look at the dynamics impacting the disposable glove market. Prices are trending down and supply is consistent, but many variables are still at play.

CURRENT MARKET CONDITIONS

Inventory continues to be a challenge. The entire supply chain, from OEM to major suppliers to end users, overbought during the pandemic and are slowly working through excess inventory. Plus, nobody was precise about the type of products or the size ratios when they needed gloves quickly, which created inventory “overhangs” on various SKUs. Excess inventory is coming down, but every company does this on its timeline. The good news is that by all indications, people are using more gloves than before the pandemic, so the opportunities in the market are as plentiful as ever.

Also, many companies shifted glove suppliers during the pandemic and are working to streamline vendor relationships and product lines. Supply optimizations present opportunities for the most effective and efficient vendors to keep the relationships they gained during the pandemic.

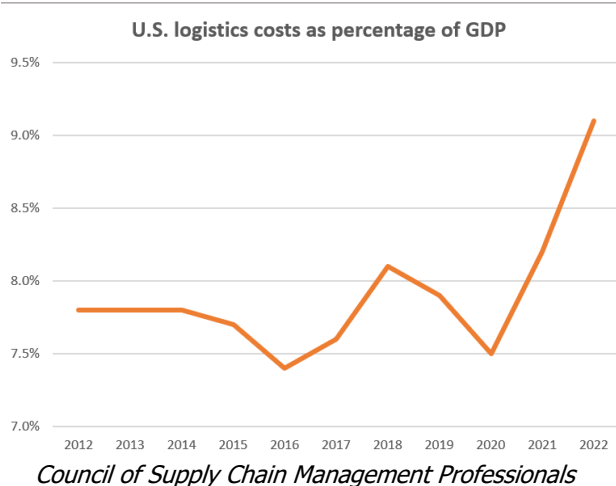
Price is important, but using it alone can leave you in a risky position—there is always someone cheaper. However, it is essential to point out that glove suppliers failed to serve many customers during the pandemic, and core supplier capabilities such as reliability, high fill rates, high-quality service, and even sustainability are returning to the forefront for anyone purchasing significant volumes of disposable gloves.

Supply is ample—in fact, it’s to the point where some glove producers struggle to make money because they have overbuilt capacity and overestimated demand. But they won’t function in the red forever. They are improving utilization rates by cutting capacity and shifting their product lines to profitable items. Some smaller manufacturers will no longer exist, but the big suppliers will get back to profitability.

LOGISTICS UPS AND DOWNS

Regardless of the market changes post-pandemic, one thing that has stayed the same is that most gloves are sourced from across the world, specifically SE Asia and China. Myriad issues can influence cost and availability, from manufacturing to ocean shipping to domestic transport.

While acute supply chain dysfunction and disruption has largely been resolved in many places around the globe, recent developments in the market point to more choppy waters ahead. There are still challenges in achieving superior fill rates due to supply chain and inventory forecasting constraints. Rising warehouse costs. Energy costs in SE Asia continue to be a concern.



Conversely, ocean shipping costs have dropped. The truck and rail operations have stabilized. Sure, most shipping companies have made significant profits over the past few years but have spent it on expansion, payroll, and returning cash to shareholders. With profit margins declining, they are not planning to lose money in the long run and will do everything possible for any declines to be temporary.

LABOR UNCERTAINTY

Due to both inflation and the number of capable workers, the cost of labor is rising globally. The issue is especially acute in the U.S.—the largest disposable glove market—where there are more jobs than job seekers.

If your company imports products into the U.S., you got good news recently. After a year of contract negotiations that resulted in numerous delays and a decline in cargo movement at West Coast ports, union dockworkers and port operators in June reached a tentative deal set to last six years. Fears of a strike had been a constant worry.

The International Longshore and Warehouse Union and the Pacific Maritime Association announced an agreement on a new contract that covers 22,000 workers at 29 ports from San Diego to Seattle, some of the busiest in the world.

On the other hand, negotiations between United Parcel Service and 340,000 members of the Teamsters could have challenging economic consequences. Overseas, the pandemic increased labor shortages, [specifically in Malaysia](#).



U.S. Census Bureau

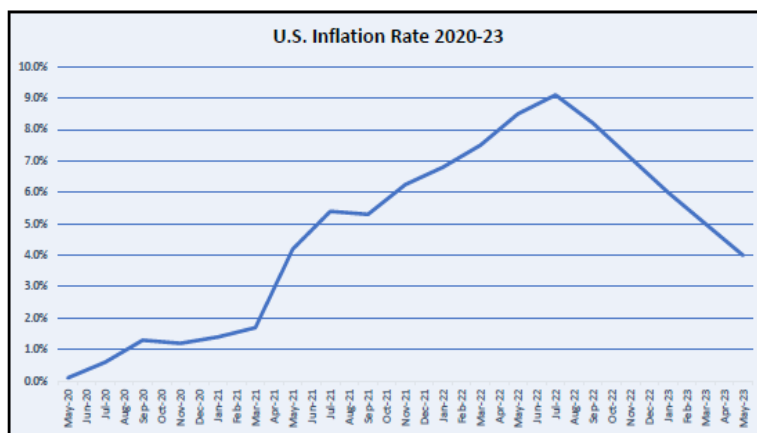


ECONOMIC VOLATILITY AND INFLATION

Disposable gloves, like any market, love economic stability and predictability. Economic uncertainty leads distributors, sellers, and end users to plan for the worse when it comes to pricing.

The first half of 2023 has been a volatile time for markets. Investors have had to contend with the possibility of [a recession](#), a banking crisis, interest [rate hikes](#) (and [pauses](#)), [sticky inflation](#), and a [softening U.S. economy](#).

Americans' income and spending rose [as recently as April](#), a sign of economic resilience amid rising prices. This positive news along with recent jobs reports—with nonfarm payrolls increasing by 339,000 in May, much higher than anticipated, and 209,000 in June—show an economy disregarding predictions to remain strong despite higher prices.



U.S. Bureau of Labor

Overall, the economy is doing a splendid job of defying numerous expectations. Over the past three years, inflation has impacted commodities and disposable glove market pricing economically. From labor to warehousing to domestic transportation, costs have increased and have impacted distribution pricing on several levels.

OPPORTUNITY FOR DISTRIBUTORS

Several tactics are helping distributors succeed in this market. First, distributors who focus on a specific market segment appear to progress better. Focus means selecting a profitable niche. As an old saying goes, [“Volume is for vanity, profit is for sanity.”](#)

Nitrile is truly the glove of the present—and the future. With demand for gloves continually increasing and the rising awareness of the importance of hand protection, end users are looking for a be-all, end-all glove that can service all their needs. With its superior chemical resistance, puncture resistance, and durability, nitrile has become the most popular choice across numerous industries, including health care, food service, food processing, automotive, and manufacturing.

Last but not least, select the right product lineup. For example, AMMEX sells 24 nitrile, latex, vinyl, and poly gloves. Do you need to carry that many? Of course not. Simplifying a catalog with a good-better-best strategy helps distributors sell. For example, start with a 3-mil nitrile (we recommend [BX3](#), in black), a 5-mil nitrile ([GPNB](#), also black), and an 8-mil nitrile with Raised Diamond Texture (for heavy-duty use, like automotive; choose between high-visibility orange, [GWON](#), and green, [GWGN](#)).

WHAT LIES AHEAD?

The last three years since the pandemic spread globally have followed a long and often difficult road. The variables outlined in this report have had an outsized impact on the disposable glove market. While gloves are a simple product, the market's volatility has impacted prices greatly.

Despite our 35 years in the disposable glove business, we continue diving deeper to uncover, analyze, and track every aspect of the market. We do not pretend to be prediction experts, but our experience allows us to provide our customers with reliable information, clear insights, and outstanding support.

In addition, we help our customers navigate the market through our commitment to quality control, compliance, reliability, and overall speed in our responses to market conditions.

We are committed to helping our customers buy the right glove for the job and workplace safety through disposable hand protection. Thank you for your partnership, and we are pleased to continue that relationship moving forward.