



Q3 Disposable Glove Market Update

July 2022



As we head into Q3 of 2022, several key topics continue to dominate discussion around the disposable glove marketplace. Logistics, inventory, pricing, and economic conditions in North America will play important roles in both the short and long term.

SHIPPING, FREIGHT, AND PORTS POSE SUPPLY CHAIN CHALLENGES

The most immediate challenge facing all global commerce is shipping traffic. Starting in July, companies gear up for the holiday season. All the fall holidays, from back-to-school to Christmas, cause enormous strain for suppliers and shippers.

China's [zero-COVID policy](#) is also impacting shipping. It has led to long lockdowns in major cities and suspended operations in factories, businesses, and schools. Due to the lockdowns, [higher levels](#) of congestion and shipping delays are present at ports in Shanghai and elsewhere in China. Coupled with crowded ports around the world as well as low backhaul rates—a shortage of empty containers returning to Asia to be used again—demand for containers is far greater than capacity, which substantially drives up costs.

Port and terminal congestion [will continue](#) to impact the operations of the major container carriers throughout 2022. While there are signs of improvement, data from research and analysis firm Sea-Intelligence continues to show persistent scheduled delays, with as many as 1-in-10 container ships unavailable due to supply chain delays.

INFLATIONARY PRESSURES: FUEL COSTS AND LABOR COSTS

Another universal [pain point](#) is rising fuel costs. Diesel fuel, used at every step of the supply chain from port equipment to ocean shipping to trucking, is the most expensive it has been in the U.S. since the government began tracking it. Increased demand [for diesel and gasoline](#) in Europe and the United States, driven by a cutoff in Russian supply, has sent prices for some types of physical crude oil to all-time records.

Labor issues at ports continue to hang over the head of cargo movers. Long Beach and Los Angeles, the U.S.'s largest ports, moved [record amounts](#) of cargo amid pandemic-induced supply-chain bottlenecks—thanks to union dockworkers. But the expiration of labor contracts, with more than 22,000 West Coast port workers affected this summer, could throw a wrench into the recovery plans of those crucial ports, which handle about 42% of all U.S. containerized trade with East Asia.

One change in the 2022 labor situation is that glove manufacturers in Malaysia and Thailand are not facing the same disruption from coronavirus outbreaks that had become commonplace in the last two years—but employment levels are still [way below optimum](#). While worker shortages are not impacting the disposable glove market today, there could be issues ahead.

HIGH PRODUCT INVENTORY LEVELS

During the early days of the pandemic, the U.S. was crippled by waves of shortages. Scenes of empty shelves in grocery and big-box stores were commonplace, and such commodities as paper towels, toilet paper, dog and cat food—and, yes, gloves—were in short supply.



Two years later, Target's [inventories have increased](#) 43%, while Walmart's are up 32%. Retailers across the country have warned that they had [too much inventory](#) as a result of shifting consumer demand and supply chain issues, which had a significant impact on their bottom lines. Supply chains are experiencing a "[bullwhip effect](#)"—a scenario in which temporary surges in retail demand are magnified and exaggerated by upstream manufacturers and suppliers, who rapidly increase production well beyond the limit that can be supported by consumers.

When it comes to disposable gloves, certain channels that primarily use thinner gloves—retail outlets and hospitals—have an abundance of inventory. Even thicker nitrile industrial gloves have increased in availability. However, we see that opportunities for distributors are available in premium gloves, such as Gloveworks with Raised Diamond Texture, to secure reliable recurring revenue and consistent orders from customers who expect dependable brands and top-quality performance.

ECONOMY, INFLATION, AND IMPACT ON DISPOSABLE GLOVES

[Inflation is pounding](#) consumers' wallets. The [Consumer Price Index](#) is up 8.3% over the last 12 months, while the [Producer Price Index](#)—the selling prices domestic producers receive—is up 11%. All the while, interest rates are on the rise.

Retail sales are falling [as consumers faced](#) higher prices for gasoline and food. Chinese manufacturing orders also [declined by 20% to 30%](#) as consumers are moving from purchasing goods to buying services, prompting importers to balance order flow with sales expectations. Businesses and consumers are likely to further cut back on spending. Rising costs and fears of a souring economy are starting to take a toll.

Historically, disposable gloves have done well during recessions—spending on health and safety is a priority for most businesses and consumers. Gloves are less susceptible to recessions than many other products. Disposable glove production and use are expected to remain above pre-pandemic levels, due to new outlets, [especially for industrial use](#), and greater awareness.

COVID NO LONGER SIGNIFICANTLY IMPACTING DISPOSABLE GLOVE MARKET

The coronavirus has seen its global grip weakened substantially since 2020. It is far from a thing of the past, but the disposable glove market has healthy levels of capacity, inventory, and has reached price stability.

The greater awareness of PPE—including gloves—remains, and demand is expected to continue to grow at the consistent rates seen before the pandemic. If your customers are working in automotive, industrial, jan/san, or food-related environments, the demand for disposable gloves remains strong.

While some customers are still stuck in a cycle of pandemic-induced buying and selling—driven by product shortages and higher costs—AMMEX has moved well past that stage. We are working with our clients about growth and selling, not taking a reactionary approach to the



marketplace. If you want a proactive supplier with on-target insight on growing your glove sales, AMMEX is the right choice.

AMMEX HELPS PARTNERS NAVIGATE UNPREDICTABLE MARKET CONDITIONS

The future of the disposable glove market continues to be unpredictable. Pressure from logistics, inflation, and labor costs will keep disposable glove prices elevated in the next few months. These costs will be very difficult to remove in the long term.

Glove manufacturers have capacity they have built up during the pandemic, but nitrile butadiene rubber prices are likely to feel the impact of high oil prices. Coincidentally, natural rubber latex prices are exceptionally high due to impact on farmers.

For the foreseeable future, any decline in factory prices for disposable gloves is likely to be offset by higher costs in the supply chain. The volatility of the supply chain translates into unpredictable pricing, as distributors account for the increased cost and volatility in their businesses.

The nature of the disposable glove market highlights the importance of working with a reliable partner. Because of the extended supply chain, inventory levels must be planned out 9 to 12 months in advance and require redundant operations and significant capital risk.

AMMEX invests heavily in global logistics and operations to help clients avoid risks in the disposable glove market. We are committed to supplying our customers with clear and accurate information on market conditions, product availability, and pricing. We are dedicated to supporting our partners, and thankful for your business.