

# Industrial Trade Report

By GCP Industrial Products

## Report Highlights

- Raw material prices decreased in December for the eighth consecutive month. Pricing has been in contraction (or “decreasing”) territory since May, and a lower reading compared to November indicated a faster rate of price decreases.
- Import prices for a KG of natural rubber into the U.S. remained relatively stable in 2023, with a price of around \$2.90. In 2024, the price is expected to increase slightly to around \$3.10.
- Global manufacturing price pressures, while subdued compared to 2022’s peak, remain elevated compared to historical standards. Amid risks of supply chain conditions worsening into 2024, the impact on prices and therefore demand will be worth watching.
- China's producer prices have decreased for 15 straight months, while U.S. producer prices averaged a 2.06% rise in 2023.
- For the U.S. there was a significant pulled back in trade for November, falling \$11 billion from the pervious month. Specifically, the export of industrial supplies and materials decreased \$3.6 billion while imports fell \$0.8 billion.
- Projections for the number of container processed at U.S. ports in 2023 is set at 22.3 million, which would be a decrease of 12.8% from 2022.
- Entering 2024, ocean rates have spiked across Asia lanes as Houthi attacks continue in the Red Sea and shipping lane diversions are pushing up costs while tying up capacity.
- Large truckload carrier capacity continues to contract as demand for trucking services remains low. Capacity sits right around the same level it was at during the second quarter in 2020.

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## Raw Material Prices

Institute for Supply Management (IMS®) Price Index					
Month	Prices % Higher	Prices % Same	Prices % Lower	Net	Index
Dec 2023	14.4%	61.1%	23.9%	-9.7	45.2
Nov 2023	16.0%	67.7%	16.3%	-0.3	49.9
Oct 2023	11.0%	68.1%	20.9%	-9.9	45.1
Sept 2023	12.9%	61.7%	25.4%	-12.5	43.8
Aug 2023	16.4%	63.9%	19.7%	-3.3	48.4
July 2023	13.9%	57.4%	28.7%	-14.8	42.6
June 2023	11.2%	61.1%	27.7%	-16.5	41.8
May 2023	15.4%	57.5%	27.1%	-11.7	44.2
April 2023	26.3%	53.7%	20%	+6.3	53.2
March 2023	21.4%	55.6%	23.0%	-1.6	49.2
Feb 2023	24.7%	53.2%	22.1%	+2.6	51.3
Jan 2023	18.2%	52.5%	29.3%	-11.1%	44.5
2022 Index Average Jan.-Dec.					64.7
2021 Index Average May-Dec.					82.8

Price index under 50 means prices are decreasing	
Price index above 50 means prices are Increasing	

### Key Takeaways:

- Raw material prices decreased in December for the eighth consecutive month. The index has been in contraction (or “decreasing”) territory since May, and a lower reading compared to November indicated a faster rate of price decreases.
- Commodity markets remain highly volatile. Recent decreases in energy markets are being offset by increases in the steel markets.
- Four industries reported paying increased prices for raw materials: Fabricated Metal Products; Machinery; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing.
- Eight industries reported paying decreased prices for raw materials: Petroleum & Coal Products; Food, Beverage & Tobacco Products; Primary Metals; Paper Products; Furniture & Related Products; Transportation Equipment; Computer & Electronic Products; and Chemical Products.
- Six industries reported no change in input prices raw materials: Printing & Related Support Activities; Apparel, Leather & Allied Products; **Plastics & Rubber Products**; Nonmetallic Mineral Products; Textile Mills; Wood Products;

## Commodity Pricing

IMS® Commodity Price Change	
Prices Up	Prices Down
Aluminum*	Aluminum* (7)
Electrical Components (2)	Copper Products
Electronic Components (4)	Corrugate
Fasteners	Corrugated Boxes (5)
Labor - Temporary (4)	Crude Oil (2)
Polypropylene (3)	Diesel (2)
Steel (6)	Natural Gas
Steel - Cold Rolled (2)	Packaging Materials
Steel - Hot Rolled (2)	Pallets
Steel - Scrap	Plastic Resins
Steel Products*	Stainless Steel Products
	Steel Products* (7)

IMS® Commodities in Short Supply
Electrical Components (39)
Electronic Components (37)
Labor - Skilled/Technical
Semiconductors (2)

*The number in brackets after each item indicates the number of consecutive months the commodity has been listed up or down.*

*\* Indicates those commodities both up and down in price.*

## U.S. Rubber Pricing (Cents/kg)

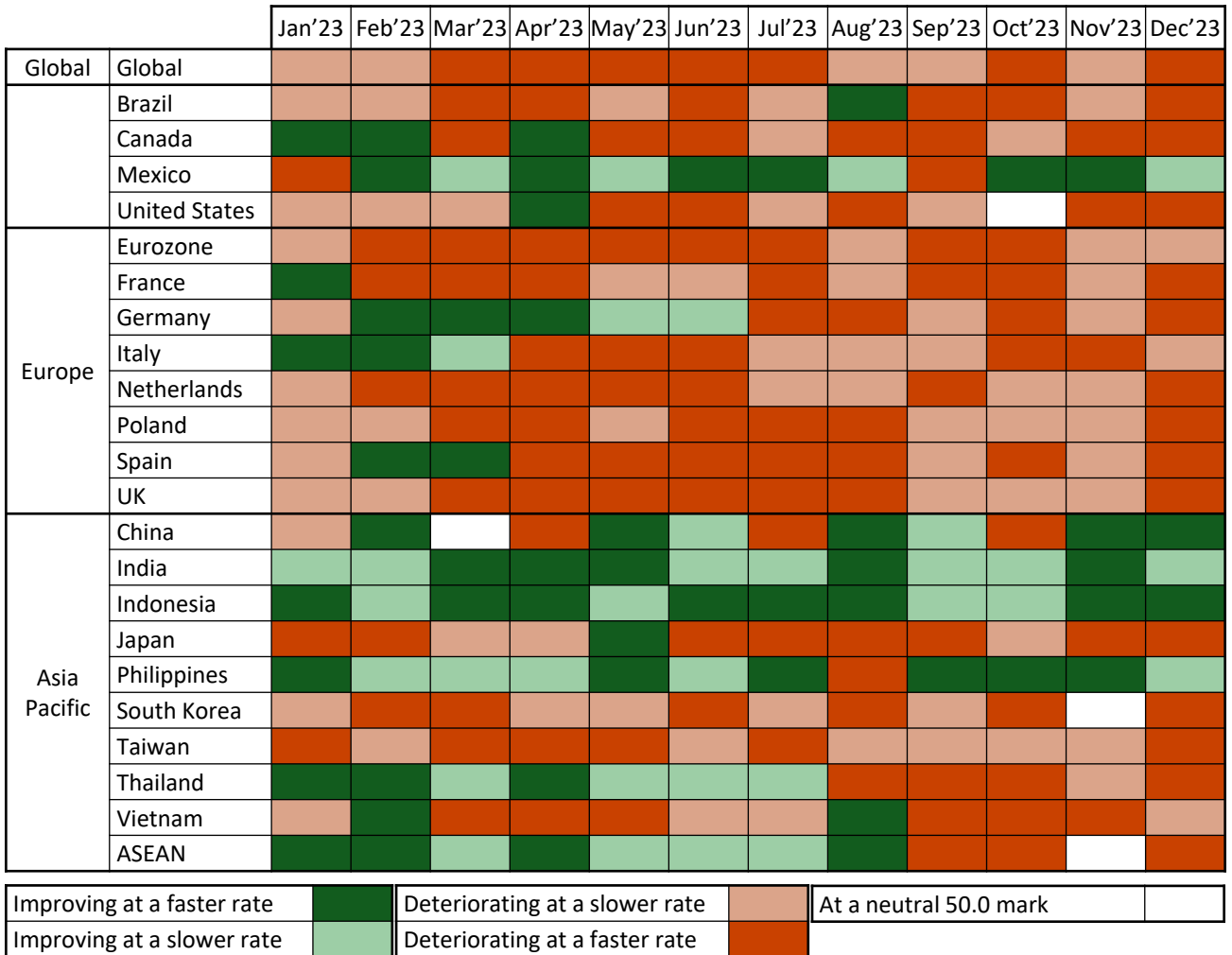


### Key Takeaways:

- The retail price range for U.S. natural rubber is between US\$ 0.96 and US\$ 2.88 per/kg. Wholesale price range is between US\$ 0.67 and US\$ 2.01 per/kg.
- Import prices for natural rubber into the U.S. remained relatively stable in 2023, with a price of around \$2.90. In 2024, the price is expected to increase slightly to around \$3.10.

## Global PMI Manufacturing Heatmap

Included components for calculating the manufacturing conditions of each country are; Production output, new orders, new export orders, backlogs of work, employment, input prices, output prices, future expectations, quantity of purchases, suppliers' delivery times, stocks of purchases, stocks of finished goods.

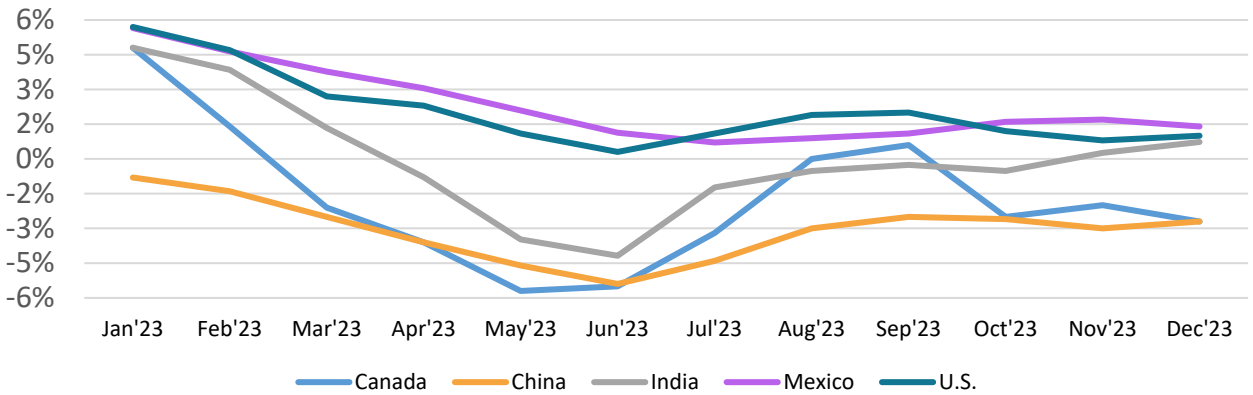


### Key Takeaways:

- Improvements in global growth were observed at the end of 2023, though signs of divergences highlight the uneven recovery.
- Price pressures, while subdued compared to the 2022 peak, remain elevated compared to historical standards. Amid risks of supply chain conditions worsening into 2024, the impact on prices and therefore demand will be worth watching.

## Producer Prices

Producer Prices by Country  
Percent Change Per Month Year Over Year

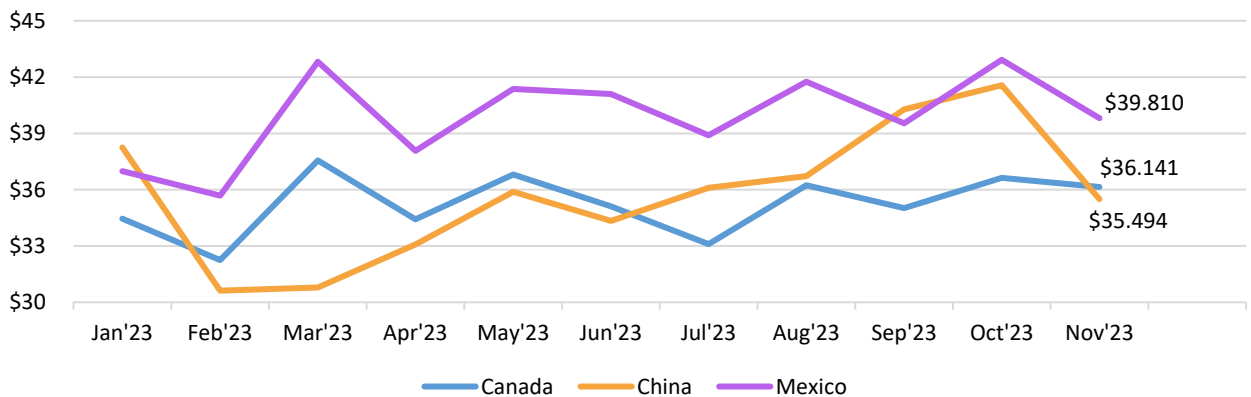


### Key Takeaways:

- China's producer prices shrank by 2.7% year-over-year in December 2023, it was the 15th straight month of producer deflation, highlighting the persistence of deflationary forces in the economy.
- Producer prices in the U.S. rose 1% year-over-year in December and averaged a 2.06% rise for the year which is below the long-term average of 3.08% dating back to 1950.

## Exports to the United States

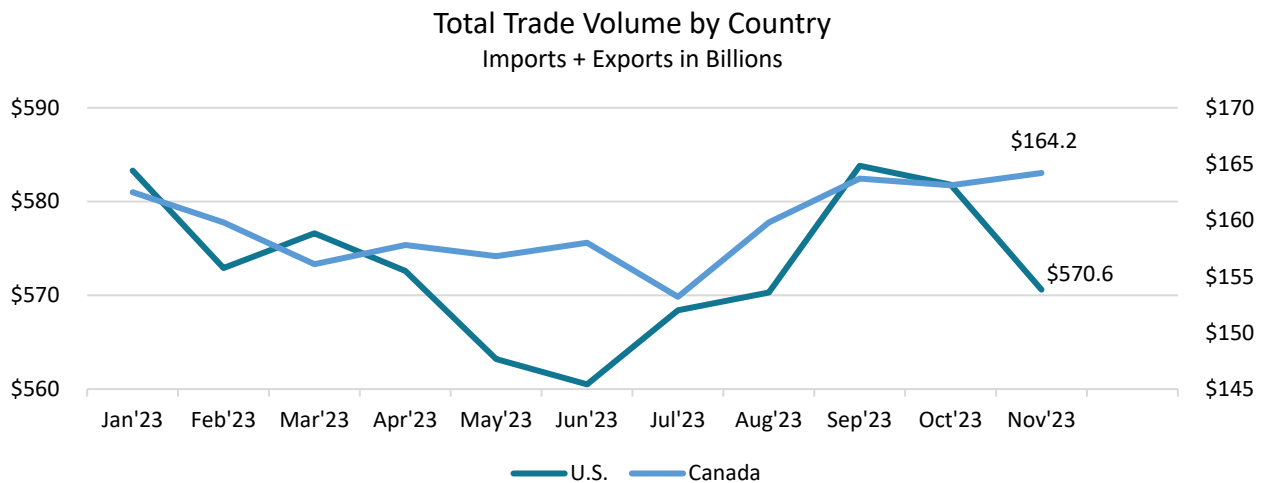
Largest Exporters to the United States  
By Country in Billions



### Key Takeaways:

- A shift is occurring in the U.S. trade landscape. In 2023, Mexico surpassed China as the largest exporter to the U.S. after approximately 15 years of China holding that position.
- The total volume of China exports to the U.S. since the start of January 2023 declined by 7.2%, while exports from Mexico have increased of 7.6% during that same period.
- China has dropped to third place trailing Canada which marks the first time China has been in this position since 2002.

### Total Trade Volume



### Key Takeaways:

- Combining both imports and exports provides a comprehensive view of a country's total business and consumer interactions beyond its borders. An increase in both exports and imports signifies a flourishing and robust economy.
- For the U.S. there was a significant pullback in trade for November, falling \$11 billion from the previous month. Specifically, the export of industrial supplies and materials decreased \$3.6 billion while imports fell \$0.8 billion.
- For Canada there was a uptick in trade from October to November rising \$1 billion. Specifically for the industrial chemical, plastic and rubber products sector, exports increased \$41 million, while imports also gained \$9 million for the period.

## Port Operations

Current North America Vessel Dwell Times				
Region	Port	Vessels Waiting	Average Wait for Birth	Rail Dwell Times
U.S. West Coast	LA/LB	9	4 days	7 days
	OAK	3	3 days	4 days
	SEA/TAC	7	3 days	5 days
Canada West Coast	Van	0	3 days	7 days
	PRR	3	1 day	4 days
U.S. East Coast / Gulf Coast	NY/NJ	2	2 days	3 days
	BAL	5	1 day	N/A
	NOR	13	1 day	3 days
	CHS	6	1 day	3 days
	SAV	6	2 days	3 days
	HOU	6	6 days	N/A

Improving over last month	Consistent over last month	Deteriorating over last month
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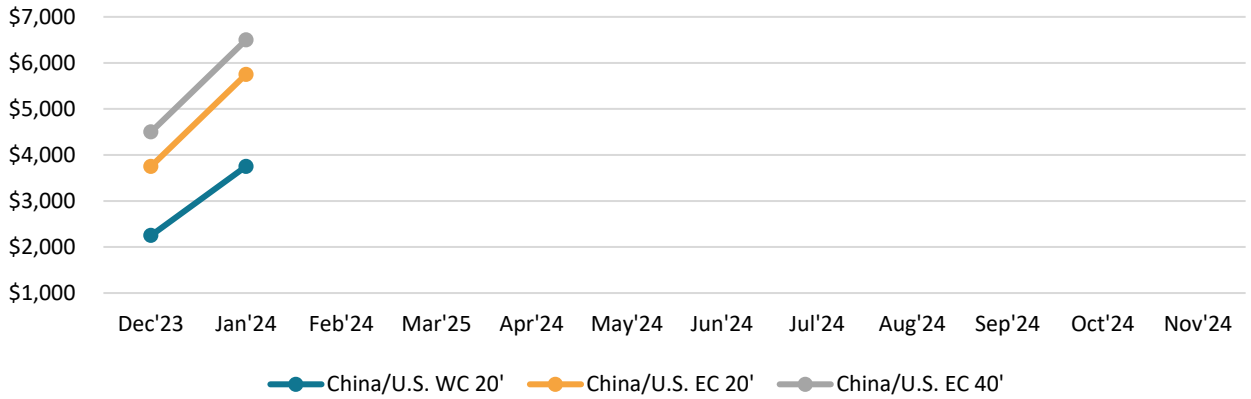
### Key Takeaways:

- With the holiday season over, inbound cargo volume at the major container ports should gradually slow during the first quarter of 2024 before beginning to build again in the spring. But there are always a new challenge on the horizon.
- Attacks on cargo ships in the Red Sea are forcing carriers to go around the Cape of Good Hope to avoid the attacks. This is adding five or six days to the month-long trip from China to U.S. East Coast ports via the Suez Canal. Although some are reporting delays of as long as two weeks.
- U.S. ports handled 1.89 million Twenty-Foot Equivalent Units (TEU) in November, the latest month for which final numbers are available. That was down 8% from October, which was the busiest month of the year, but up 6.6% from November 2022.
- Numbers are not yet finalized for December, but projections for the month stand at 1.89 million TEU as well, which would be up 9% year over year.
- Those numbers would bring 2023 to 22.3 million TEU, down 12.8% from 2022.

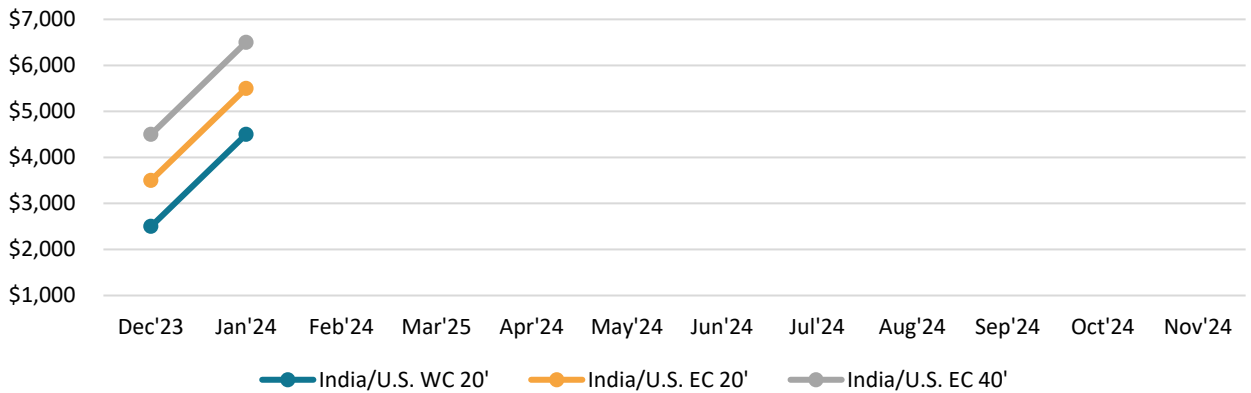


## Ocean Freight

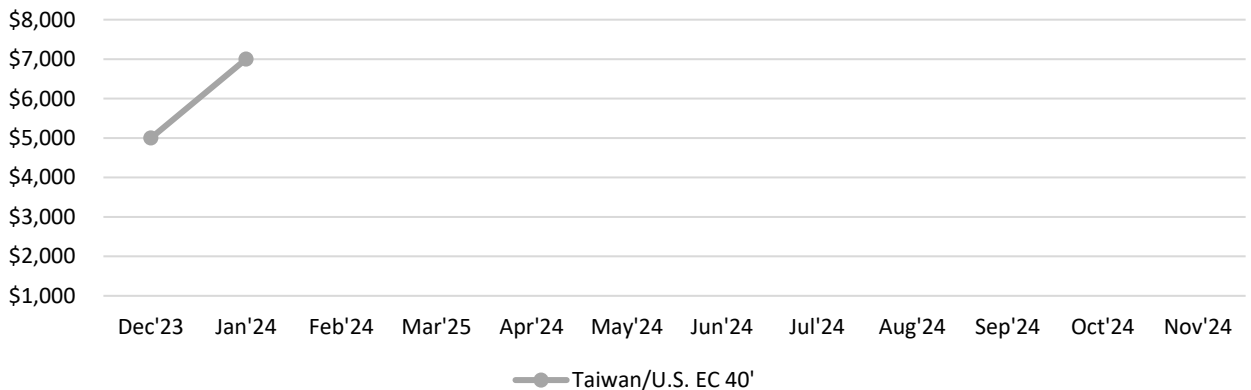
Average GCP/China Container Cost, U.S. Dollars



Average GCP/India Container Cost, U.S. Dollars



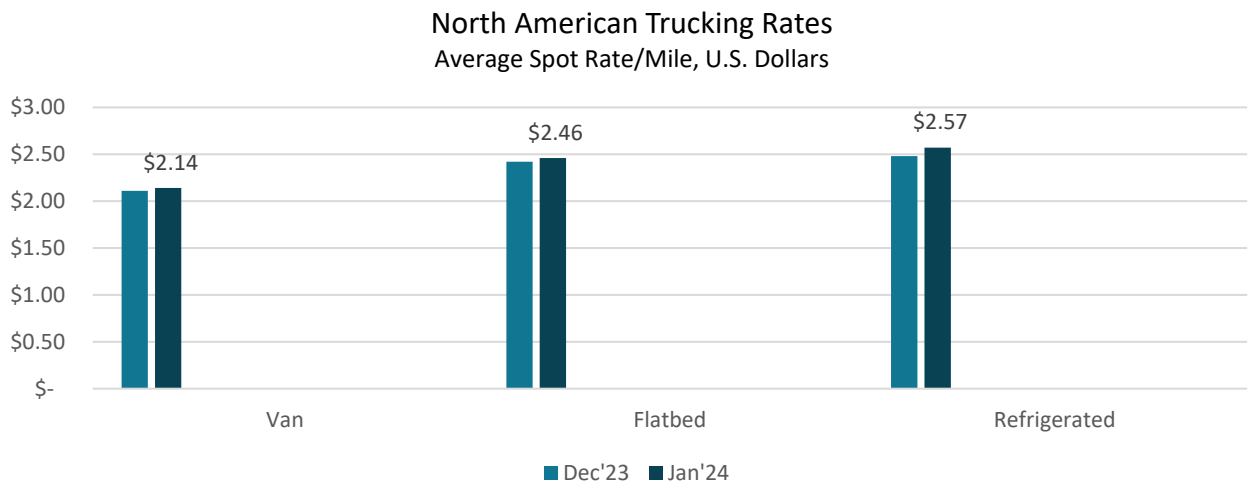
Average GCP/Taiwan Container Cost, U.S. Dollars



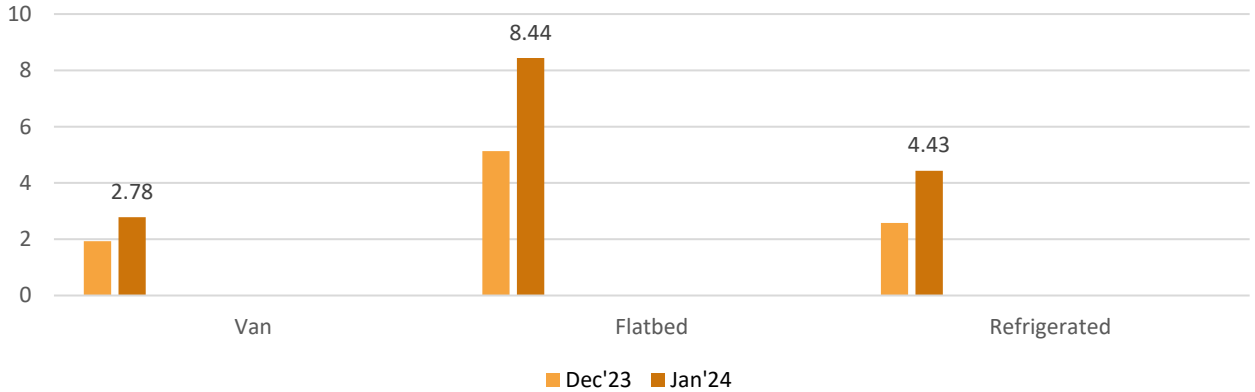
## Key Takeaways:

- All rates stated on page 9 are GCP's port to door rates, fully delivered, inclusive of all fees.
- Entering 2024, ocean rates have spiked across Asia lanes as Houthi attacks continue in the Red Sea and shipping lane diversions are pushing up costs while tying up capacity.
- Affects from the Red Sea attacks will most likely come at the expense of cargo headed to U.S. East Coast ports. Most cargo headed to the East Coast from Asia comes across the Pacific and through the Panama Canal (which is having its own issues). But some comes through the Red Sea before crossing the Atlantic.
- Carriers are responding with increased rates and surcharges. Analysis also suggests carriers are keeping rates up (above 2019 levels) through an increase of rejections despite reports that vessels are sailing at only 80% of capacity.
- Rates for China to North America's West Coast shipments are rising quickly, with door-to-door delivered costs jumping to \$3,500-\$4,000 per TEU and \$4,000-\$5000 for Forty-Foot Equivalent Units (FEU) as of mid-month.
- Similar trends are seen in transatlantic routes from China, with door-to-door rates moving to \$5,000-\$6,500 for TEU and \$6,000-\$7,000 for FEU.
- The industry anticipates capacity shortages and congestion in the coming weeks, potentially easing only as demand softens towards late January into China's New Year shutdowns.

## Trucking



**North American Load-to-Truck Ratio**  
Average Number of Loads Posted for Every Truck Posted



**Key Takeaways:**

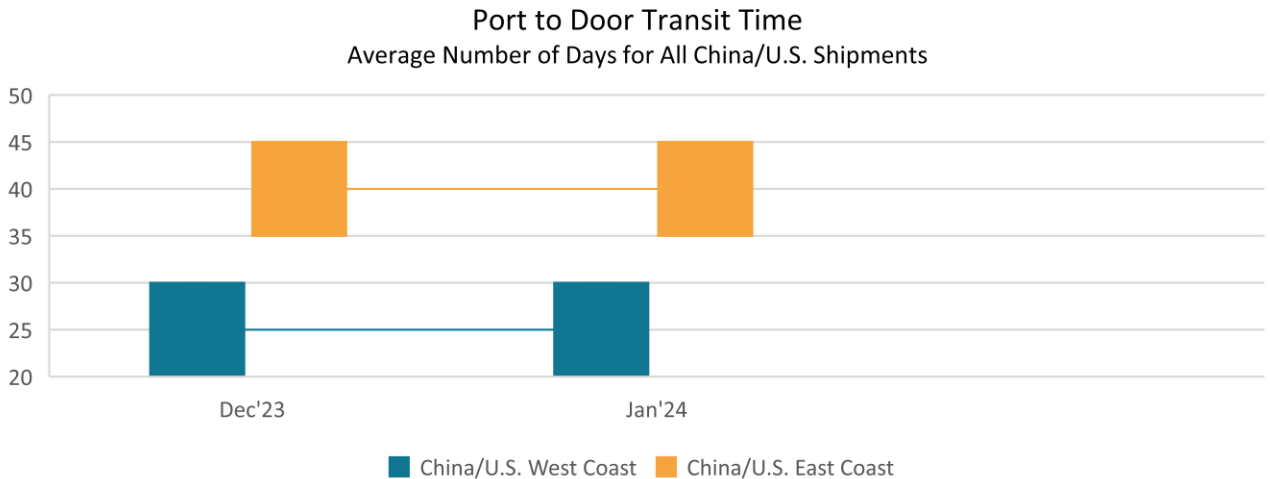
- Large truckload carrier capacity continues to contract as demand for trucking services remains low. Capacity sits right around the same level it was at during the second quarter in 2020, immediately after the pandemic upended the economy and depressed demand.
- Q1 every year is a very quiet time in the transportation industry. It is expected a good amount of capacity will leave the trucking industry between Q1 and Q2 of 2024. Spurred (in no small part) by the continued pressure of low demand, depressed rates and high operating expenses.
- When the market turns, there'll be fewer trucks and drivers to handle more loads; the big question is, will this occur in 2024 and how will rates respond?

**Production & Delivery Times**

**Number of Days to Produce & Deliver an Order**  
Average for All GCP Products/Product Lines



The chart above measures the change an average GCP order will take to supply from the time a purchase order is submitted to the time it is delivered (all facilities, all products). This includes the time it takes to book a container, which currently stands at an average of 10.5 days, as well as ocean shipping and all other transit times.



Our port-to-door transit time tracks the change in days an average GCP order will take to cross the ocean, including all other intermodal shipping.

#### Key Takeaways:

- Contributing to the increased production times is the forthcoming Chinese New Year celebrations, which begins in February. Another factor is continued weakened demand impacting factory operations, by way of staff reductions and capacity shutdowns to save costs.
- 2024 is a critical juncture for the world's second largest economy, which is grappling with a structural slowdown marked by weak demand, rising unemployment and battered business confidence.
- For specific production times on each of our product lines and products, please see our January 2024 production report. ([View here](#))

## Resources

### Raw Material Prices/Commodity Pricing

- <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/december/>

### U.S. Rubber Pricing

- <https://www.selinawamucii.com/insights/prices/united-states-of-america/natural-rubber/>
- <https://tradingeconomics.com/commodity/rubber>

### Global PMI Manufacturing

- <https://www.spglobal.com/marketintelligence/en/mi/research-analysis/monthly-pmi-bulletin-january-2024.html>
- [https://cdn.ihsmarkit.com/www/pdf/4764736\\_4764729\\_0.1.pdf](https://cdn.ihsmarkit.com/www/pdf/4764736_4764729_0.1.pdf)

### Producer Prices

- <https://tradingeconomics.com/country-list/producer-prices-change>
- <https://tradingeconomics.com/canada/producer-prices-change>
- <https://tradingeconomics.com/china/producer-prices-change>
- <https://tradingeconomics.com/india/producer-prices-change>
- <https://tradingeconomics.com/mexico/producer-prices-change>
- <https://tradingeconomics.com/united-states/producer-prices-change>

### Exports to the United States

- <https://www.ceicdata.com/en/country/united-states>
- <https://www.ceicdata.com/en/united-states/imports-by-country-census-basis/imports-customs-canada>
- <https://www.ceicdata.com/en/united-states/imports-by-country-census-basis/imports-customs-mexico>
- <https://www.ceicdata.com/en/united-states/imports-by-country-census-basis/imports-1digit-china-cn>

### Trade Volume

- <https://www.bea.gov/news/2024/us-international-trade-goods-and-services-november-2023>
- <https://publications.gc.ca/site/eng/9.894830/publication.html>
- <https://www150.statcan.gc.ca/n1/daily-quotidien/240109/t002a-eng.htm>

### Port Operations

- <https://www.flexport.com/market-updates/freight-market-update-january-17-2024/>
- <https://nrf.com/media-center/press-releases/import-cargo-enters-winter-lull-red-sea-disruptions-continue>
- <https://www.hapag-lloyd.com/en/services-information/operational-updates/north-america.html>

### Ocean Freight

- <https://www.cNBC.com/2024/01/10/global-shipping-rates-set-to-surge-as-carriers-avoid-red-sea.html>
- <https://theloadstar.com/shippers-facing-huge-wave-of-rocketing-ocean-rates-and-new-surcharges/>
- <https://www.freightos.com/january-24-2024-update/>
- <https://www.freightos.com/freight-blog/shipping-delays-and-cost-increases/>
- <https://www.sea-intelligence.com/press-room/245-red-sea-major-short-term-capacity-impact>

### Trucking

- <https://www.dat.com/trendlines>
- <https://www.dat.com/blog/dry-van-report-more-drivers-needed-in-2024>
- <https://www.atsinc.com/blog/truckload-transportation-industry-forecast-2024>
- <https://www.freightwaves.com/news/truckload-linehaul-rates-stabilizing-cass-report-shows>

### Production & Delivery Times

- <https://www.gcpindustrial.com/january-2024-production-times/>



678 Belmont Ave W #202  
Kitchener | Ontario | Canada | N2M 1N6  
Toll: 888-893-5427 | Phone: 519-893-8207  
Fax: 866-527-1983  
Web: [www.gcpindustrial.com](http://www.gcpindustrial.com)

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