

# Industrial Trade Report

By GCP Industrial Products

## Report Highlights

- Raw material prices increased in February for the second straight month after eight consecutive months of decline.
- The retail price range for U.S. natural rubber is hovering between \$0.43 USD and \$1.30 USD per pound or \$0.96 USD and \$2.88 USD per/kg.
- Global economic expansion accelerated for a fourth consecutive month in February. Manufacturing output notably rose for a second straight month as well.
- U.S. producer prices rose 0.6% in February, coming in well above the consensus expected +0.3%. Producer prices are up 1.6% versus a year ago.
- With the average tariff from China around 18%, Mexico continues to be the major beneficiary of trade with the U.S.. Imports from Mexico increased 3.8% from the pervious month.
- Total U.S. trade rose in February, increasing \$3.2 billion from the pervious month. Specifically, the export of industrial supplies and materials decreased \$1.7 billion while imports also decreased \$1.3 billion.
- Inbound cargo volume at Nort American container ports remain on track to show year-over-year increases through the first half of 2024.
- It is expected ocean freight rates will remain above normal levels while diversions continue, as carriers are facing higher costs, and the longer routes soak up capacity.
- Even though loads posted per truck rates are rising, the truckload market is still in a state of over-supply resulting in persistent soft market.

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## Raw Material Pricing

Institute for Supply Management (IMS®) Price Index					
Month	Prices % Higher	Prices % Same	Prices % Lower	Net	Index
Feb 2024	18.3%	68.3%	13.4%	+4.9	52.5
Jan 2024	19.5%	66.7%	13.8%	+5.7	52.9
Dec 2023	14.4%	61.9%	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
2023 Index Average Jan.-Dec.					46.6
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 increased in February for the second month in a row after eight consecutive months of decreases.
- The moderate expansion is reflective of new pricing agreements being implemented and commodity prices continuing their volatility.
- 11 industries reported paying increased prices for raw materials: Textile Mills; Printing & Related Support Activities; **Plastics & Rubber Products**; Miscellaneous Manufacturing; Furniture & Related Products; Paper Products; Nonmetallic Mineral Products; Transportation Equipment; Chemical Products; Computer & Electronic Products; and Electrical Equipment, Appliances & Components.
- Four industries reported paying decreased prices for raw materials, they are: Primary Metals; Petroleum & Coal Products; Machinery; and Fabricated Metal Products.
- Four industries reported no change in input prices raw materials: Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Wood Products; Transportation Equipment.

## Commodity Pricing

IMS® Commodity Price Change	
Prices Up	Prices Down
Aluminum* (3)	Aluminum* (9)
Electrical Components	Corrugated Boxes (7)
Maintenance, Repair, and Operations (MRO) Supplies	Natural Gas (3)
Ocean Freight (2)	Packaging Materials (3)
Plastic Resins (2)	Pallets
Polyethylene	Steel
Polypropylene (5)	Steel Products
Steel (8)	
Steel - Carbon (2)	
Steel - Hot Rolled (4)	
Steel Products (3)	

IMS® Commodities in Short Supply
Coatings and Adhesives
Electrical Equipment
Electrical Components (41)
Electronic Components (39)

*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:

- Rubber futures rose beyond 170 USD cents/kg, their highest since 2022, driven by persistent supply concerns. Leading natural rubber-producing countries in South Asia, including Thailand, Malaysia, and Indonesia, grapple with dwindling raw material output due to adverse weather.
- Meanwhile, the retail price range for U.S. natural rubber is hovering between \$0.43 USD and \$1.30 USD per pound or \$0.96 USD and \$2.88 USD per/kg.

## 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.

		Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24
Global	Global												
	Brazil												
	Canada												
	Mexico												
	United States												
Europe	Eurozone												
	France												
	Germany												
	Italy												
	Netherlands												
	Poland												
	Spain												
	UK												
Asia Pacific	China												
	India												
	Indonesia												
	Japan												
	Philippines												
	South Korea												
	Taiwan												
	Thailand												
	Vietnam												
	ASEAN												

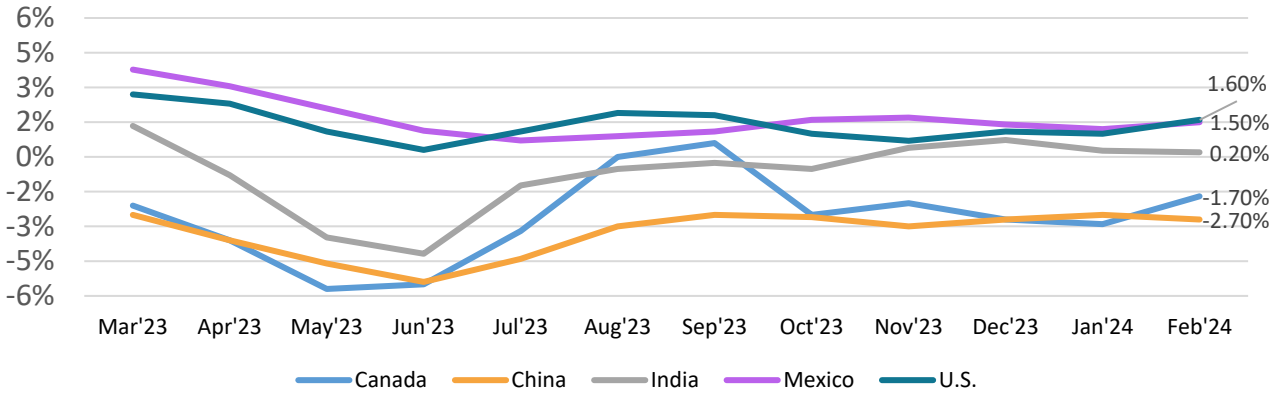
Improving at a faster rate		Deteriorating at a slower rate		At a neutral 50.0 mark	
Improving at a slower rate		Deteriorating at a faster rate			

### Key Takeaways:

- Global economic expansion accelerated for a fourth straight month in February. Manufacturing output also rose for a second straight month, with a revival in demand, an easing of the recent destocking trend and further inventory building observed as key reasons driving the improvement.
- In terms of overall trade, the rate of contraction in February was the weakest seen in months, reflecting an easing of the downturn midway into the first quarter.

## Producer Prices

Producer Prices by Country  
Percent Change Per Month Year Over Year

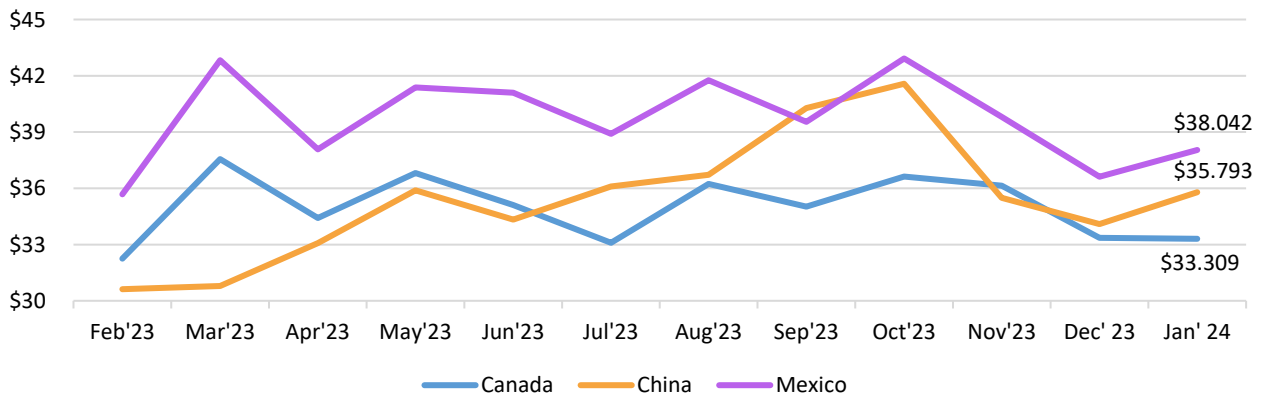


### Key Takeaways:

- U.S. producer prices rose 0.6% in February, coming in well above the consensus expected +0.3%. Producer prices are up 1.6% versus a year ago.
- China's producer prices fell by 2.7% year-over-year in February. It was the 17th straight month of contraction in factory gate prices, underscoring the economy continues to struggle with numerous headwinds even as various support measures from Beijing are being enacted to speed up the recovery.

## Exports to the United States

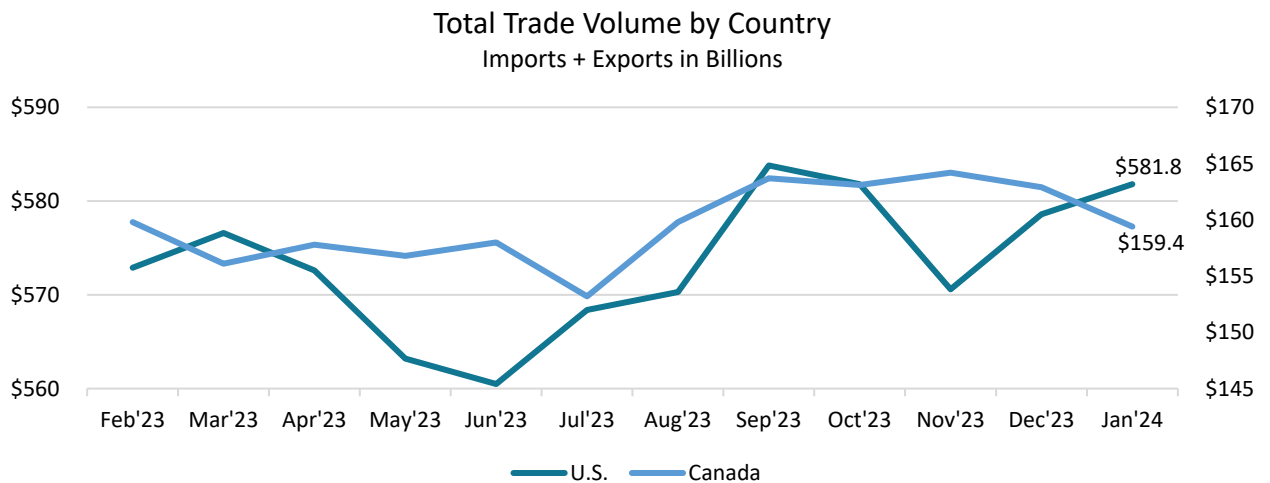
Largest Exporters to the United States  
By Country in Billions



## Key Takeaways:

- With the average tariff from China around 18%, Mexico continues to be the major beneficiary of trade with the U.S.. Imports from Mexico increased 3.8% from the pervious month.
- The top three imports from Mexico to the U.S. in 2023 were passenger vehicles (\$44.7 billion) auto parts (\$34.9 billion) and computer chips (\$12 billion), according to Census Bureau data.
- The first time Mexico and the U.S. were top trading partners for the year was 2019, when commerce totaled \$612.8 billion, in 2023 trade between the two countries totaled \$798 billion.

## Total Trade Volume



## Key Takeaways:

- Combining both imports and exports provides a comprehensive view of a countries 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. overall trade continued to climb, rising \$3.2 billion from the pervious month. Specifically, the export of industrial supplies and materials decreased \$1.7 billion while imports also decreased \$1.3 billion.
- For Canada there was a decrease in trade for the second month in a row, falling \$3.5 billion. Specifically for the industrial chemical, plastic and rubber products sector, exports fell 2.4%, while imports also shrank 3.5% for the same 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	1	0 days	9 days
	OAK	0	1 day	6 days
	SEA/TAC	0	1 day	4 days
Canada West Coast	Van	6	10 days	11 days
	PRR	4	2 day	5 days
U.S. East Coast / Gulf Coast	NY/NJ	2	1 day	4 days
	BAL	0	1 day	N/A
	NOR	0	1 day	3 days
	CHS	5	2 days	3 days
	SAV	4	2 days	2 days
	HOU	2	3 days	6 Days

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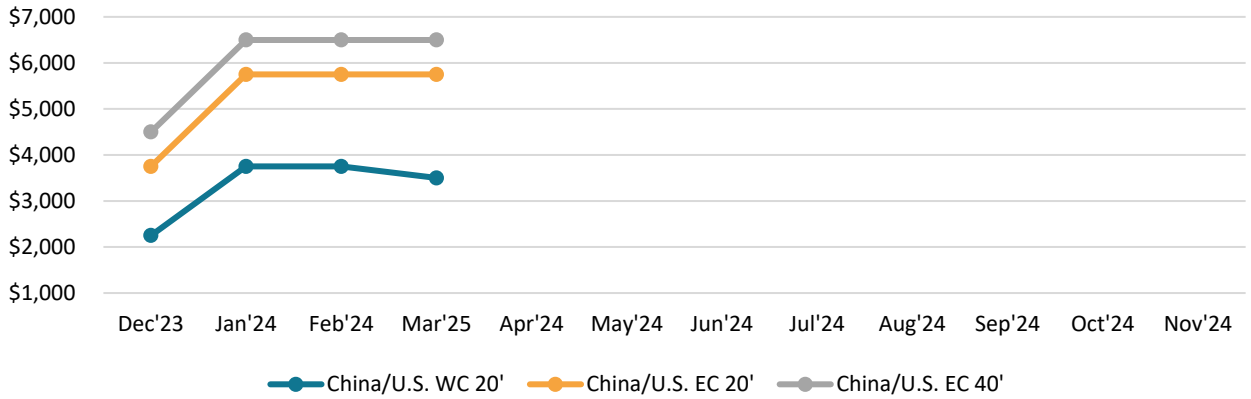
### Key Takeaways:

- With supply chains adjusting to ongoing Houthi rebel attacks on commercial vessels in the Red Sea, inbound cargo volumes at North American major container ports remain on track to show year-over-year increases through the first half of 2024.
- Some cargo that previously traveled from Asia via the Red Sea and Suez Canal across the Atlantic to the U.S. East Coast is now going around the Cape of Good Hope instead.
- There has also been an uptick in cargo shipped across the Pacific to the West Coast. And some ships are traveling across the Pacific and through the Panama Canal to reach the East Coast.
- Despite the shipping disruptions in the Red Sea, the global trade of consumer goods, industrial materials and bulk commodities continues to flow relatively smoothly.
- U.S. ports handled 1.96 million Twenty-Foot Equivalent Units (TEUs) in January 2024, that was up 4.7% from December and up 8.6% year over year. February's numbers are not yet finalized but are projected to be 1.9 million TEUs, up 22.7% year over year.

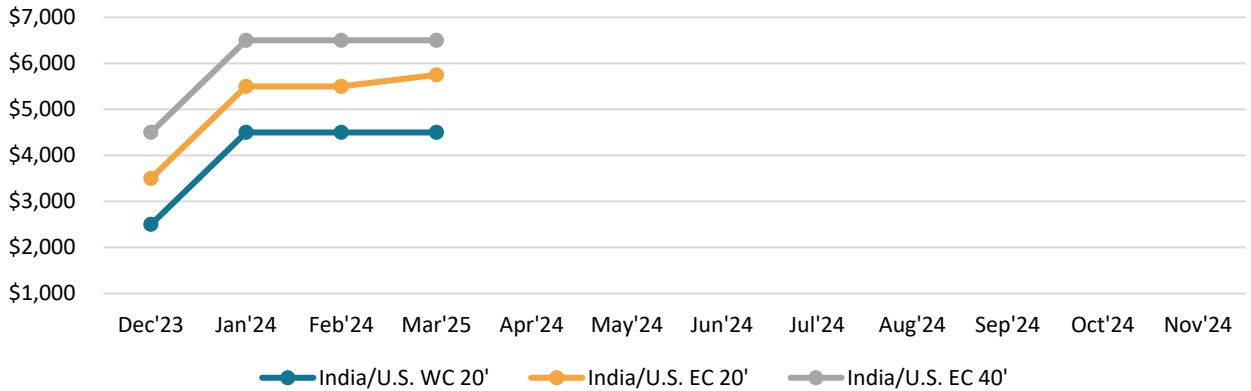


## Ocean Freight

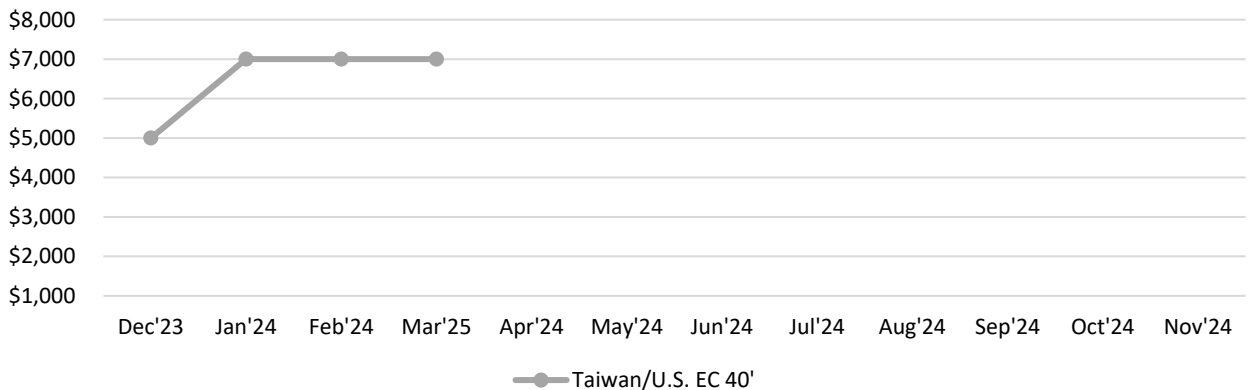
Average GCP/China Container Cost, U.S. Dollars



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



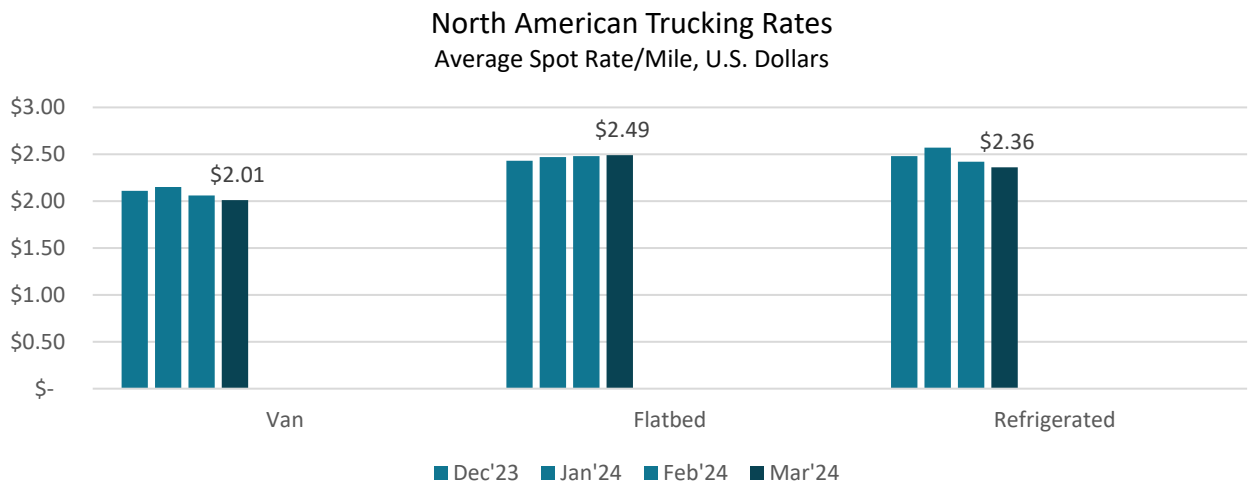
Average GCP/Taiwan Container Cost, U.S. Dollars



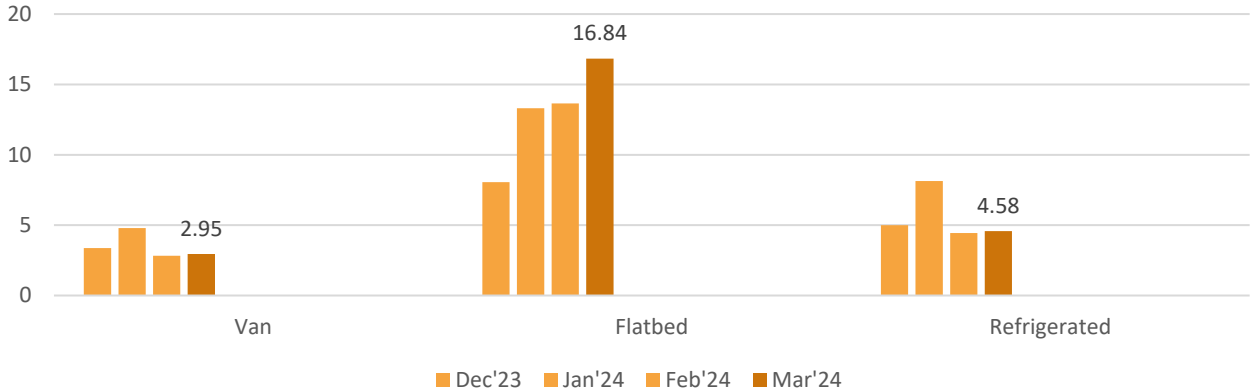
## Key Takeaways:

- All rates stated on page 9 are GCP's port to door rates, fully delivered, inclusive of all fees.
- In the latest development in the Red Sea crisis, Houthis recently announced threats to expand their attacks to Indian Ocean traffic, aimed at disrupting vessel flows already diverting away from the Red Sea toward the Cape of Good Hope.
- With most container traffic already avoiding the Suez Canal, demand easing, and operations stabilizing, ocean rates are holding steady across the major trade lanes.
- Most observers expect rates to remain above normal levels while diversions continue, as carriers are facing higher costs, and the longer routes soak up capacity. Still, current rates are around 2.5 times their levels in 2019, suggesting there may be further to fall before prices settle at a new, elevated floor.
- North American demand projections could also help keep rates above normal, with carriers reportedly adding capacity for the coming months in anticipation of improved volumes.
- A positive development in Panama, with the Panama Canal Authority (ACP) announcing an increase in the number of daily transit slots available. The measures come in response to the current and anticipated rising water levels of Gatun Lake.
- Starting March 18, two more slots will be available, which will increase the daily transits to 27. When operating at full capacity, 36 daily transits spots are typically available.

## Trucking



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



**Key Takeaways:**

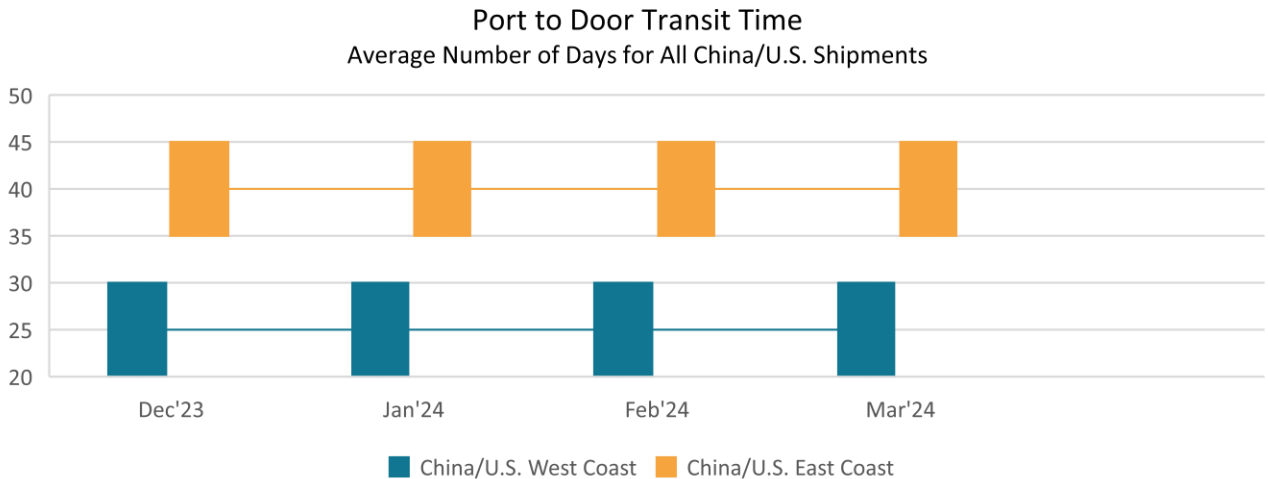
- Van and reefer rates continue to fall nationally, while the national average flatbed rate is now 6 cents higher per mile than where it was at the end of 2023.
- Even though loads posted per truck rates are rising, the market is still in a state of over-supply, as there are more carriers available than demand for their services. This is due to a large overbuild of carriers that entered the market to capitalize on the high demand of freight moving during the Covid period.
- As far as demand goes, the industry consensus is that we will start to see modest volume increases starting in the second half of the year. Given the state of over-supply, any incremental increase will likely be absorbed by the current carrier base resulting in a persistent soft market.

**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:

- Following the conclusion of the Chinese New Year holiday we've have seen a nice reduction to our overall production times. This is mostly due to our facilities having a smaller order backlogs and their ability to get workers back quickly following the holiday.
- The decrease in production time can also be attributed to the ramp-up in activities, as China's export sector posted their biggest gain in more than a year. Figures released early March showed shipments abroad rose 7.1% in January and February from a year earlier.
- For specific production times on each of our product lines and products, please see our March 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/february/>

### U.S. Rubber Pricing

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

### Global PMI Manufacturing

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### Producer Prices

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### Exports to the United States

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### Trade Volume

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- <https://publications.gc.ca/site/eng/9.894830/publication.html>
- [https://publications.gc.ca/collections/collection\\_2024/amc-gac/FR3-2-2024-1-eng.pdf](https://publications.gc.ca/collections/collection_2024/amc-gac/FR3-2-2024-1-eng.pdf)
- <https://www150.statcan.gc.ca/n1/daily-quotidien/240307/t002a-eng.htm>

### Port Operations

- <https://www.flexport.com/market-updates/freight-market-update-march-21-2024/>
- <https://nrf.com/media-center/press-releases/import-cargo-returning-normal-after-red-sea-disruptions>
- [https://www.freightwaves.com/news/dot-confirms-boost-in-west-coast-container-imports?oly\\_enc\\_id=9029B0672490J7T](https://www.freightwaves.com/news/dot-confirms-boost-in-west-coast-container-imports?oly_enc_id=9029B0672490J7T)
- <https://www.hapag-lloyd.com/en/services-information/operational-updates/north-america.html>

### Ocean Freight

- <https://splash247.com/houthis-vow-to-extend-attacks-deeper-into-the-indian-ocean/>
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- <https://www.freightwaves.com/news/jobs-report-truck-transportation-employment-flat-warehouse-jobs-drop-again>
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### Production & Delivery Times

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- <https://www.reuters.com/markets/asia/chinas-jan-feb-trade-beats-forecasts-signals-global-trade-rebound-2024-03-07/>



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GCP Elastomeric Inc. cannot foresee all circumstances under which this information and our products in conjunction with other manufactures products may be used. Physical properties are typical values obtained from sample testing at Akron laboratories or GCP Approved Manufacturer™ laboratories. Actual production values may vary. It is the users' responsibility to ensure the products are appropriate for their application. We accept no responsibility for results obtained by the application of the information or the safety and suitability of our products, either alone or in combination with other products.