

Industrial Trade Report

By GCP Industrial Products

Report Highlights

- Just days remain before the International Longshoremen's Association (ILA) current contract expires and, most likely, a large-scale strike begins as U.S. East and Gulf Coasts ports.
- The estimated impact of a potential port work stoppage is as follows: A 1-day strike could take 6 days to clear the backlog. A 1-week strike could require 1.5 to 2 months for recovery. A 2-week strike could result in a 4-month recovery period.
- Elsewhere raw material prices increased in August for the eighth consecutive month, including companies reporting paying more for plastics & rubber products.
- The Global Manufacturing PMI, declined in August for the second successive month. The rate of decline was very modest, but the steepest since last December. On the bright side, easing inflationary pressures and rate cuts could boost economic output going forward.
- China's producer prices shrank by -1.8% in August. It marked the 23rd straight month of producer deflation.
- Total U.S. trade volume (import + exports) grew by 1.17% month-over-month. By contrast, Canada's trade fell -1.3% compared to the previous period.
- Recent ocean spot rates have stabilized or softened slightly; however, the ocean freight market remains constrained due to labor disputes and supply chain inefficiencies.
- The truckload market continues to operate at the low end of the price spectrum despite stable freight volumes.
- China's Caixin Manufacturing PMI, which focuses on smaller, export-driven firms, improved to 50.4, marking a return to growth powered by an increase in new orders.

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Potential East and Gulf Coast Port Strike

Key Takeaways:

- Just days remain before the International Longshoremen's Association (ILA)current contract expires and, most likely, a large-scale strike begins. The ILA and United States Maritime Alliance (USMX) remain far apart on key issues like wage increases and port automation.
- Multiple shipper associations have reached out to the White House asking it to intervene. The administration so far has stated that it does not intend to end a strike via the Taft-Hartley Act.
- Under the 1947 Taft-Hartley Act, President Biden has the power to step in to avert a strike or stop one once it starts. Most recently, George W. Bush did this in 2002 to avoid a work stoppage at the West Coast ports.
- An ILA strike on the East and Gulf Coast would completely shut down many ports and could effectively paralyze some that employ both ILA and non-union labor, while other hybrid ports will be able to keep some terminals running.
- The economic impact of a port shutdown estimated at several billion dollars per day.
- Many of the major container hubs have extended their gate and terminal hours, including over the final weekend before the strike.
- Ports and rail operators are also setting deadlines for final pick-up and drop-offs, with particular concern for reefer shipments getting moved from the ports or loaded on vessels before the deadline to avoid going unattended on container yards.
- ILA ports account for roughly half of all U.S. container traffic, a prolonged shutdown would likely result in West Coast port congestion and delays, which would contribute to additional upward pressure on rates alongside the recent increase in demand.
- A prolonged strike would also eventually impact vessel and container availability at origin ports in Europe and Asia, which could spread the strike's impact beyond North America causing delays and rate increases for all lanes out of those hubs.
- The strike is set to begin at on October 1st impacting 36 ports along the East and Gulf Coasts of the U.S.

Raw Material Pricing

Institute for Supply Management (IMS®) Price Index					
Month	Prices Higher	Prices Same	Prices Lower	Net	Index
Aug 2024	21.4%	65.2%	13.4%	+8.0	54.0
Jul 2024	22.6%	60.5%	16.9%	+5.7	52.9
Jun 2024	20.2%	63.8%	16.0%	+4.2	52.1
May 2024	25.5%	63.0%	11.5%	+14.0	57.0
Apr 2024	30.8%	60.1%	9.1%	+21.7	60.9
Mar 2024	23.6%	64.4%	12.0%	+11.6	55.8
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
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 August for the eighth month in a row after eight consecutive months of decreases in 2023.
- The IMS® Prices Index indicated expansion in August, at a faster rate compared to the previous month. Commodity prices continue to be volatile, especially oil, natural gas, aluminum, corrugate, freight transportation and plastic resins. Steel prices remain at historical lows.
- Nine industries reported paying increased prices for raw materials: Textile Mills; Furniture & Related Products; **Plastics & Rubber Products**; Petroleum & Coal Products; Miscellaneous Manufacturing; Chemical Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Transportation Equipment.
- Six industries reported paying decreased prices for raw materials: Apparel, Leather & Allied Products; Fabricated Metal Products; Primary Metals; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; and Machinery.
- Three industries reported no change in input prices raw materials: Paper Products; Printing & Related Support Activities; and Wood Products.

Commodity Pricing

IMS® Commodity Price Change	
Prices Up	Prices Down
Aluminum* (9)	Aluminum*
Corrugate (2)	Copper (2)
Corrugated Boxes (2)	Electricity
Electrical Components (4)	Natural Gas (2)
Labor - Temporary	Packaging Products
Maintenance, Repair and	Solvents
Operating (MRO) Supplies	Steel* (4)
Ocean Freight (4)	Steel - Cold Rolled
Paper Products (2)	Steel - Hot Rolled (4)
Plastic Products	Steel Products (3)
Plastic Resins (8)	
Polyethylene Resin	
Polypropylene Resin (2)	
Road Freight	
Steel*	

IMS® Commodities in Short Supply
Electrical Components (47)
Electrical Equipment (2)
Electronic Components (5)
Hydraulic Components (2)
Pigments

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 surged past 200 U.S. cents per kg, following a slew of economic measures unveiled by China. The world’s largest rubber consumer is expected to ramp up purchases due to low existing inventories and declines in domestic production due to Typhoon Yagi.

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.

		Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24
Global	Global												
Americas	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												

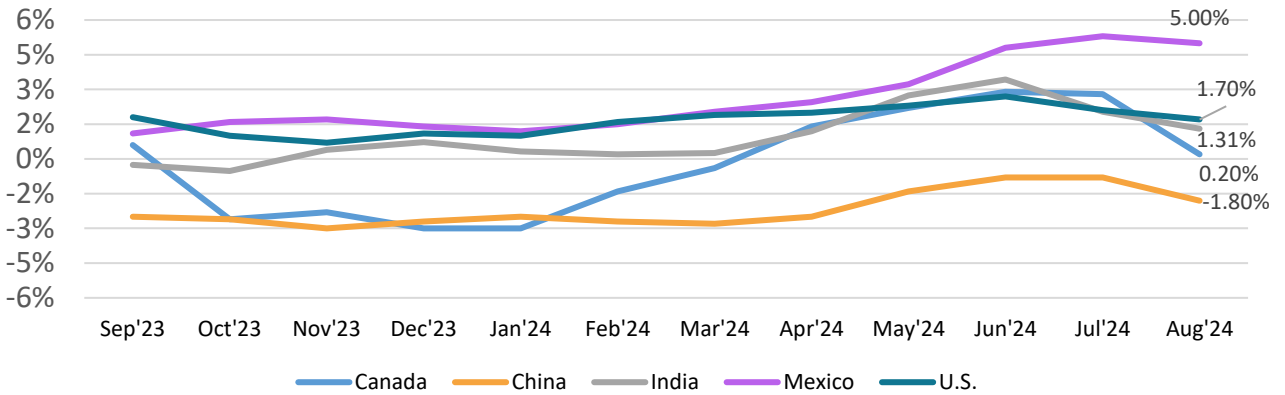
Improving at a faster rate		Deteriorating at a slower rate		At a neutral 50.0 mark	
Improving at a slower rate		Deteriorating at a faster rate			

Key Takeaways:

- Manufacturing output fell fractionally in August. Softening demand, underpinned by deteriorating trade conditions and renewed destocking among goods producers has impacted global production through the third quarter of 2024.
- The Global Manufacturing PMI, declined in August for the second consecutive month. The rate of decline was very modest, but the steepest since last December. On the bright side, easing inflationary pressures and rate cuts could boost economic output going forward.

Producer Prices

Producer Prices by Country
Percent Change Per Month Year Over Year

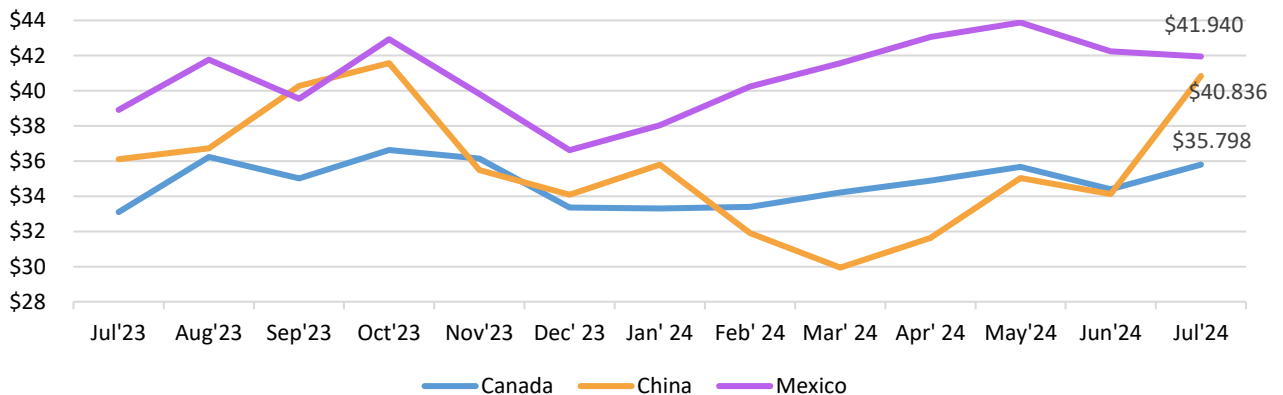


Key Takeaways:

- U.S. Producer prices in the increased 1.7% year-over-year (YOY) in August, the lowest in six months, easing from the downwardly revised 2.1% gain in July. The decline in energy prices played a large role in the slower inflation reading.
- China's producer prices shrank by -1.8% YOY in August. It marked the 23rd straight month of producer deflation and the highest figure since April, due to persistently weak domestic demand and the downward trend of some global commodity prices.
- India's producer prices increased by 1.31% YOY in August. It marked the 10th consecutive period of wholesale inflation but the softest pace since April. Manufacturing rose the least in three months, while fuel prices fell for the first time in five months.

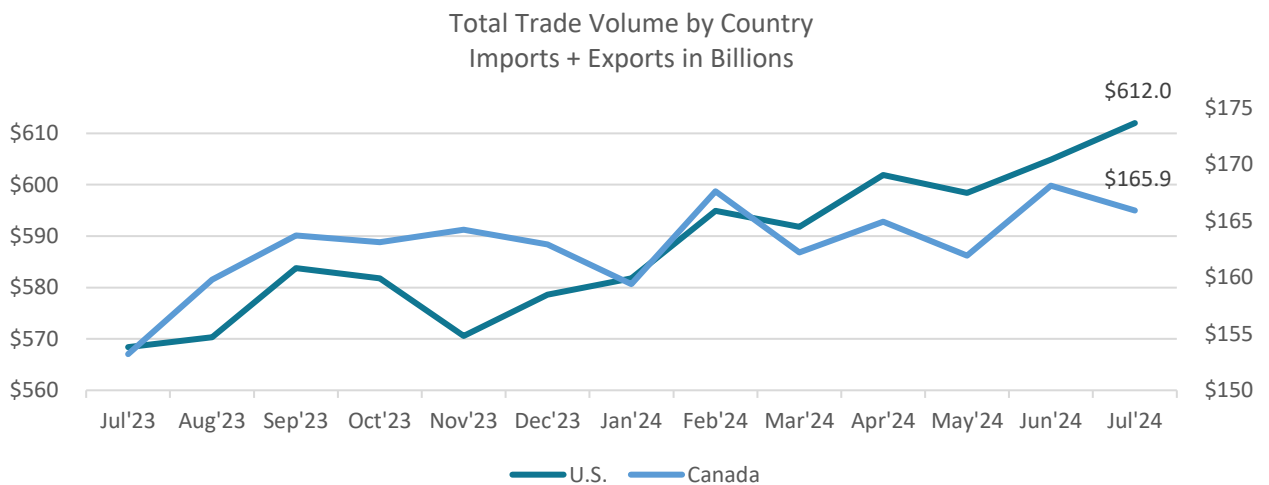
Exports to the United States

Largest Exporters to the United States
By Country in Billions



Key Takeaways:

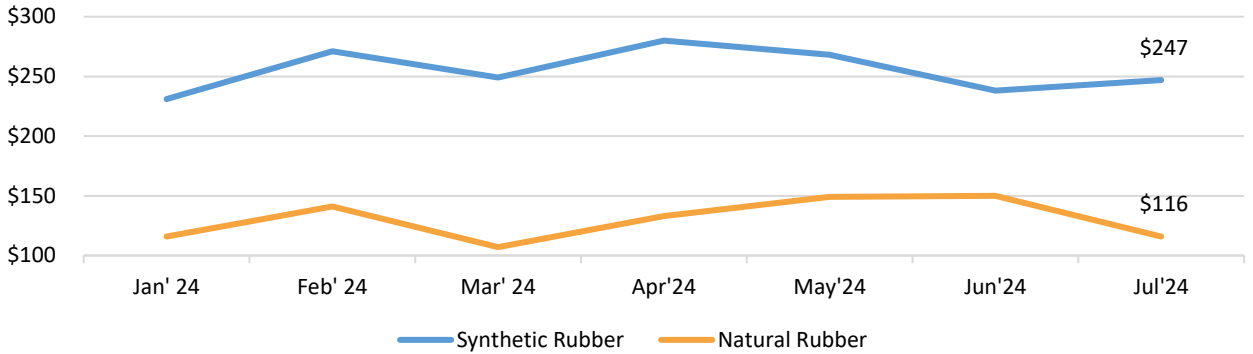
- July was the seventh consecutive month and 17th of the past 18 months where Mexico has been the No. 1 exporter of goods to the U.S. however, this was the second consecutive month-over-month (MOM) decline.
- Canadian exports to the U.S. increased 4.08% MOM after a slight decrease the previous month. Exports have grown in six of the seven months so far in 2024.
- Exports from China to the U.S. increased a substantial 19.7% MOM, to the highest value since October 2023. Exports to the U.S. have now grown in three of the last four months, despite growing trade tensions.

Total Trade Volume**Key Takeaways:**

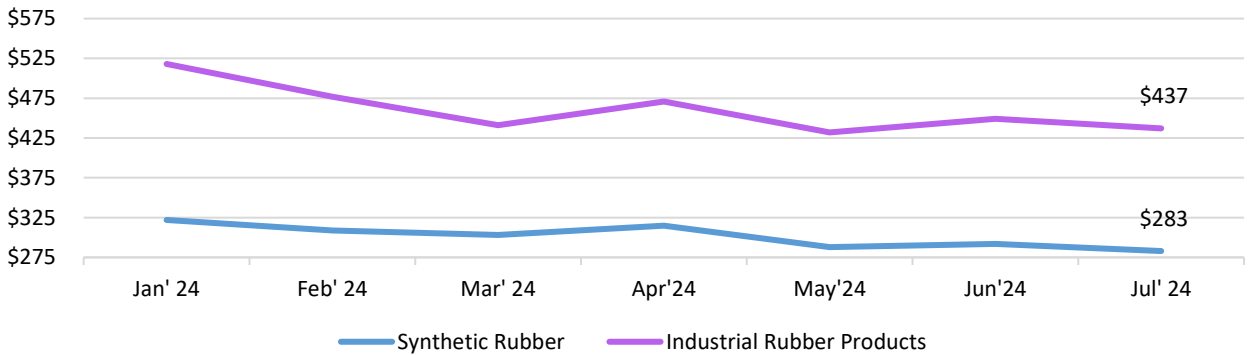
- Combining both imports and exports provides a comprehensive view of a country's total business and consumer interactions beyond its borders. An increase in both exports and imports signifies a flourishing and robust economy.
- For the U.S., overall trade volume grew by 1.17% MOM, with exports increasing \$1.3 billion and imports gaining a sizeable \$7.1 billion. Specifically, the export of industrial supplies and materials increased \$1.7 billion while imports also jumped \$2.8 billion.
- For Canada, there was a decrease in overall trade shrinking -1.3% MOM. Specifically for the industrial chemical, plastic and rubber products sector, exports declined -0.4%, while imports increased by 3.0%.

U.S. Rubber Import & Export Stats

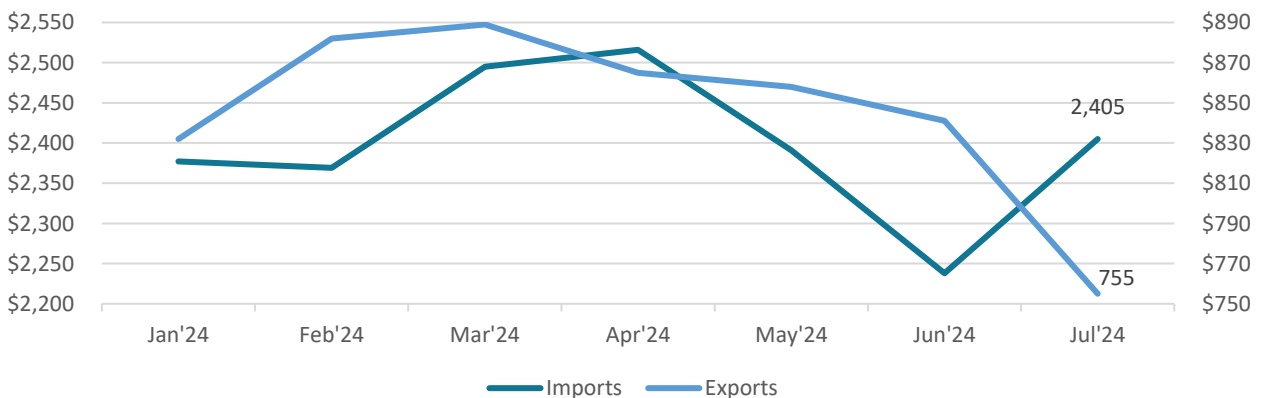
Import of Rubber Products
in Millions



Export of Rubber Products
in Millions



Rubber Manufactured Goods
in Millions



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	11 days
	OAK	3	1 days	5 days
	SEA/TAC	8	0 days	8 days
Canada West Coast	Van	3	2 days	8 days
	PRR	4	1 days	9 days
U.S. East Coast / Gulf Coast	NY/NJ	2	0 day	3 days
	BAL	N/A	N/A	N/A
	NOR	5	1 day	4 days
	CHS	3	1 day	4 days
	SAV	8	2 days	2 days
	HOU	2	4 days	4 days

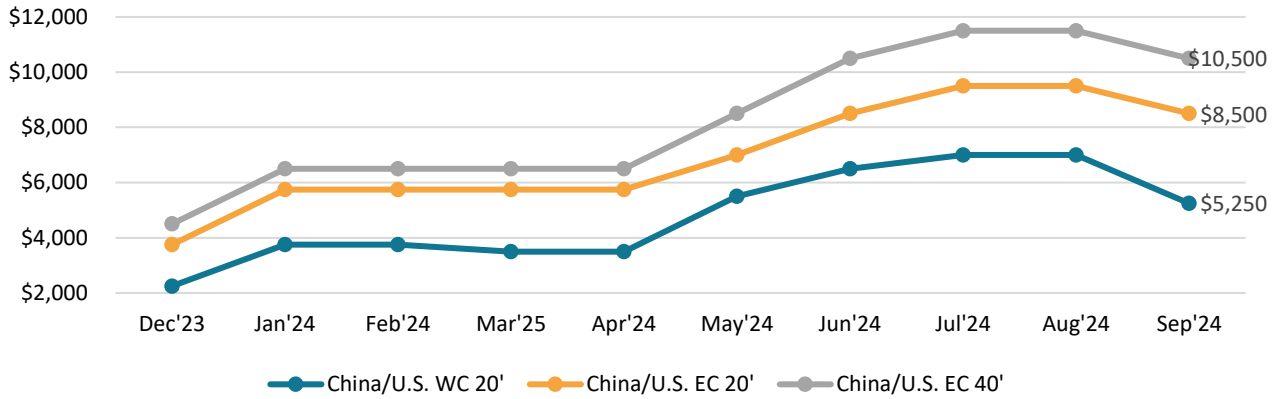
Improving over last month	Consistent over last month	Deteriorating over last month
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Key Takeaways:

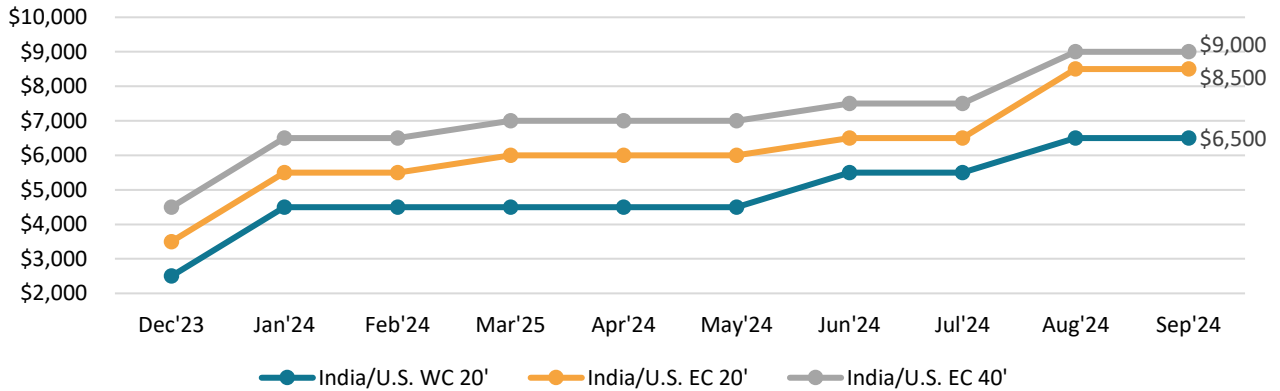
- In anticipation of a potential ILA work stoppage, companies are shifting volumes through the U.S. West Coast ports as a contingency plan.
- The estimated impact of a potential work stoppage is as follows: A 1-day strike could take 6 days to clear the backlog. A 1-week strike could require 1.5 to 2 months for recovery. A 2-week strike could result in a 4-month recovery period.
- Despite the impending strike, the nation's container ports have been busy. U.S. ports handled 2.32 million Twenty-Foot Equivalent Units (TEUs) in July, up 21% YOY, marking the highest July on record. Numbers are not yet finalized for August, but projections call for 2.37 million TEUs, up 20.9% YOY. And September forecasts are for 2.31 million TEUs, up 14% YOY.
- In Asia, container port congestion has reached record levels due to typhoon disruptions at Chinese ports. Over 3 million TEUs on vessels are waiting at anchorages, with Shanghai and Ningbo heavily impacted.
- Hapag-Lloyd had reported early last week that ships were facing delays of 36-60 hours to berth in Shanghai, while Ningbo faced waiting times of 24-48 hours.

Ocean Freight

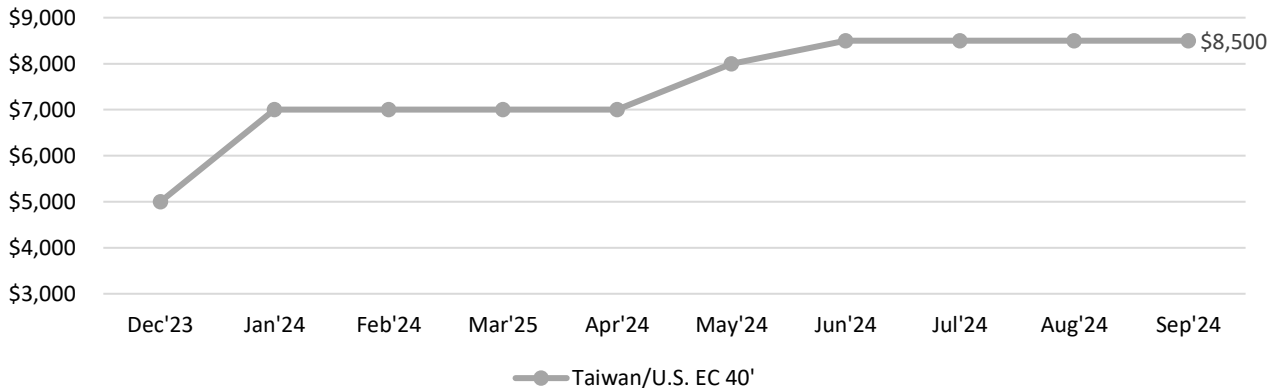
Average GCP/China Container Cost, U.S. Dollars



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



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

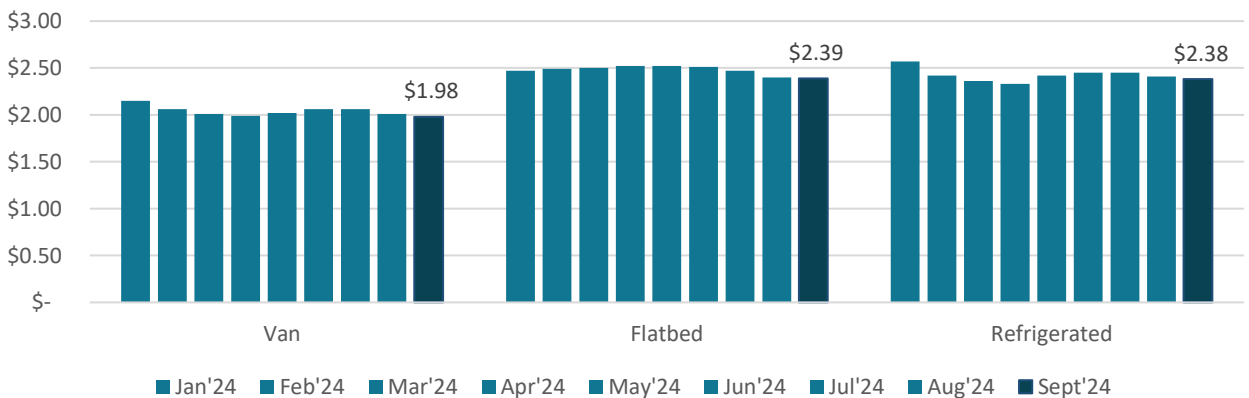


Key Takeaways:

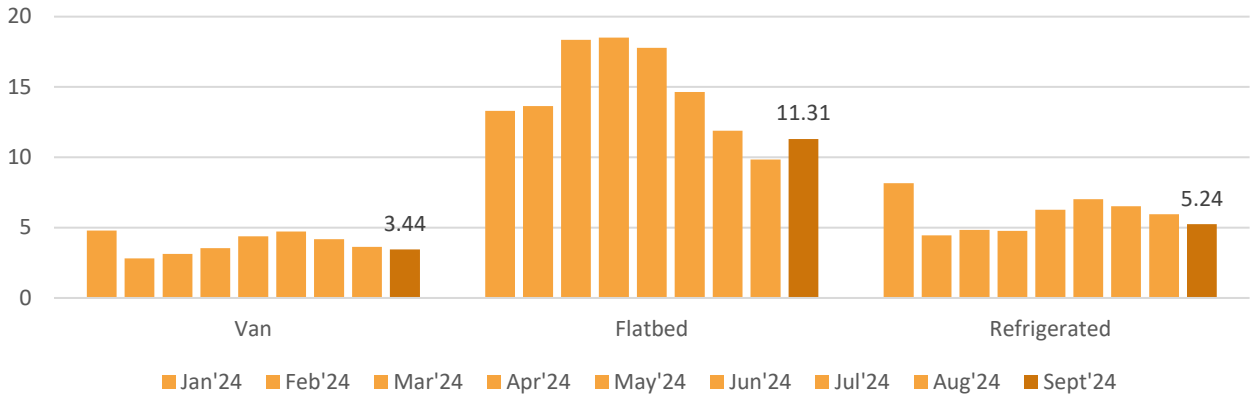
- All rates stated on page 9 are GCP’s port to door rates, fully delivered, inclusive of all fees.
- The ocean freight market remains constrained due to labor disputes and supply chain inefficiencies.
- The threat of a strike at key U.S. ports plus ongoing congestion issues in China has intensified pressure across all lanes.
- Positively, spot rates have stabilized or softened slightly recently, but unfortunately remain significantly above pre-pandemic levels.
- Some shippers have begun to re-route freight via the West Coast. To date, the industry has seen around 5% of historic East Coast volumes be diverted to the West Coast.
- Forward looking data into Los Angeles/Long Beach shows an expected 10–15% increase in volumes during the second half of September.
- The increase in volume into Los Angeles/Long Beach is likely a combination of multiple factors including, diverted East Coast freight (as risk mitigation against a potential strike) pull-forward freight (as a potential tariff mitigation strategy) and normal seasonal volume increases.
- Should the ILA work stoppage materialize, carriers could start to impose surcharges in the form of General Rate Increases (GRIs), Rate Restoration Initiatives (RRIs), or Peak Season Surcharges (PSSs).

Trucking Freight

North American Trucking Rates
Average Spot Rate/Mile, U.S. Dollars



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

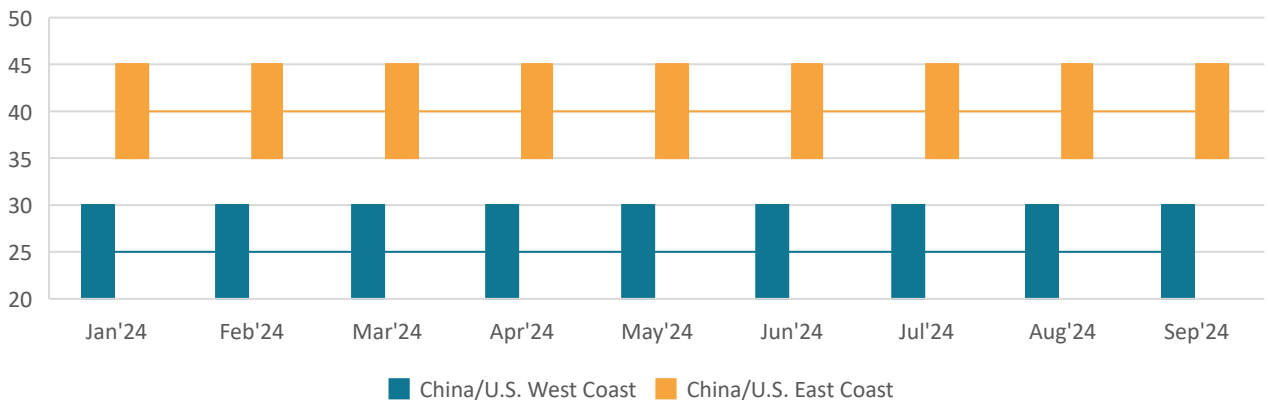


Key Takeaways:

- The market continues to operate at the low end of the price spectrum despite stable freight volumes. Although reductions in supply have reintroduced some seasonality pricing, the lack of significant changes in rates or tender rejections indicates that further capacity reductions are likely needed before prices start to become impacted.
- As the industry moves into Q4 the outlook for transportation conditions remains uncertain. Weak domestic manufacturing continues to be the primary headwind for truckload demand.
- In anticipation of higher freight volumes, via rising imports, industry insiders are speculating the potential strike on East and Gulf Coast ports will create capacity shortages and trigger rate spikes in the West.

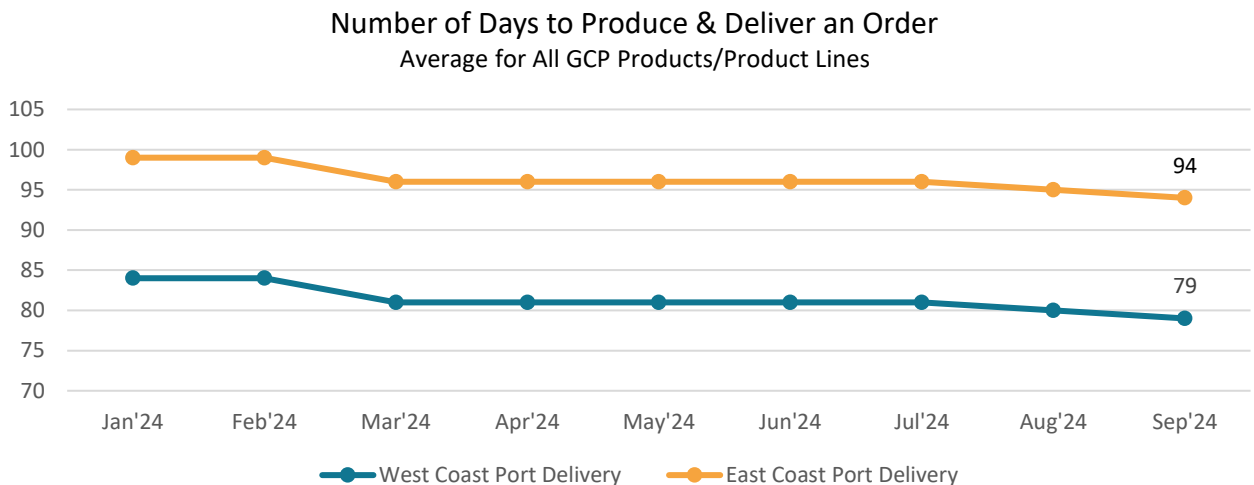
GCP Delivery Times

Port to Door Transit Time
Average Number of Days for All China/U.S. Shipments



Key Takeaways:

- 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, and be delivered to your location.
- The industry average shipping time for a container from ready date in China to the U.S. East Coast (NY/NJ) decreased slightly this month by 0.5 days to 58. China to the U.S. West Coast (L.A./Long Beach) has increased by 2.5 days to 39.

GCP Production Times**Key Takeaways:**

- The chart above is an aggregated measure of the change an average GCP order will take to supply from the time a purchase order is submitted to the time it is delivered. It combines all products from all facilities to create one number. 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.
- China's manufacturing sector presented mixed signals. The latest official Manufacturing PMI for larger, often state-owned enterprises, remained in contraction at 49.5, indicating ongoing challenges for domestically-oriented firms. In contrast, the Caixin Manufacturing PMI, which focuses on smaller, export-driven firms, improved to 50.4, marking a return to growth driven by an increase in new orders.
- This contrast highlights differing dynamics between state and private sectors, reflecting varied responses to external demand pressures and domestic policy efforts.
- For specific production times on each of our product lines and products, please see our September 2024 production report. ([View here](#))

Resources

East Coast Port Strike

- <https://theloadstar.com/usmx-and-ila-in-claims-blame-game-as-strike-deadline-looms>
- <https://www.freightwaves.com/news/apparel-shoe-importers-plead-with-biden-to-intervene-in-dock-strike>
- <https://theloadstar.com/white-house-rejects-plea-to-use-legal-powers-to-prevent-usec-port-strike>
- <https://www.freightwaves.com/news/ila-contract-negotiations-us-supply-chains-brace-for-disruption>
- <https://www.joc.com/article/railroads-set-deadlines-for-accepting-exports-ahead-of-potential-ila-strike-5733966>

Raw Material Prices/Commodity Pricing

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

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-september-2024.html>
- https://cdn.ihsmarkit.com/www/pdf/0924/PMI_monthly_bulletin_2409.pdf

Producer Prices

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- <https://tradingeconomics.com/china/producer-prices-change>
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Exports to the United States

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- <https://www.trade.gov/data-visualization/us-goods-trade-global-partners>
- <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://www150.statcan.gc.ca/n1/daily-quotidien/240904/dq240904a-eng.htm>
- <https://www150.statcan.gc.ca/n1/daily-quotidien/240904/t002a-eng.htm>
- <https://www.bea.gov/news/2024/us-international-trade-goods-and-services-june-2024>
- https://www.census.gov/foreign-trade/Press-Release/current_press_release/ft900.pdf

U.S. Rubber Import & Export Stats

- https://www.census.gov/foreign-trade/Press-Release/current_press_release/ft900.pdf

Port Operations

- <https://www.flexport.com/market-updates/global-logistics-update-September-26-2024/>
- <https://nrf.com/media-center/press-releases/september-import-cargo-remain-elevated-ahead-possible-port-strike>
- <https://mykn.kuehne-nagel.com/news/article/port-operational-update-from-around-the-world-25-Sep-2024>
- <https://www.hapag-lloyd.com/en/services-information/operational-updates/north-america.html>
- <https://www.datamyne.com/knowledge-center/category/trade-data/>

Ocean Freight

- <https://www.maersk.com/news/articles/2024/09/05/north-america-market-update-august>
- <https://www.chrobinson.com/en-us/resources/insights-and-advisories/north-america-freight-insights/september-2024-freight-market-updates/>
- <https://www.dhl.com/content/dam/dhl/global/dhl-global-forwarding/documents/pdf/glo-dgf-ocean-market-update.pdf>
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- <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Trucking Freight

- <https://www.dat.com/trendlines>
- <https://www.ryantrans.com/news/august-2024-industry-update>
- https://www.freightwaves.com/news/labor-day-sadness?oly_enc_id=9029B0672490J7T
- <https://resources.coyote.com/download/freight-market-cheat-sheet>
- <https://www.chrobinson.com/en-us/resources/insights-and-advisories/north-america-freight-insights/september-2024-freight-market-updates/>

Delivery & Production Times

- <https://www.flexport.com/blog/flexport-ocean-timeliness-indicator>
- <https://www.pmi.spglobal.com/Public/Home/PressRelease/e739aa6024814bc5a92d2d1a6ff8534d>
- <https://www.linkedin.com/pulse/edition-september-2024-gcp-industrial-products-wlkyc/>



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