

Industrial Trade Report

By GCP Industrial Products

Report Highlights

- Average raw material prices rose considerably in October, moving 6.5 points higher compared to the previous months reading.
- Global manufacturing output rose fractionally after falling last month. Improvements in business optimism across sectors hinted at further expansions for the coming months.
- U.S. and India producer prices are up 2.4% and 2.36% year-over-year respectfully. China's fell by 2.9%, marking the 25th straight month of producer deflation.
- U.S. President-elect Donald Trump has recently pledged a 25% tariff on all products from Mexico and Canada from his first day in office, and an additional 10% tariff on goods from China.
- Overall U.S. trade volume rose by 1% month-over-month, with the export of goods shrinking - \$3.2 billion while imports surged \$10.9 billion.
- Import volumes at the nation's primary container ports are on the rise, with U.S. West Coast ports seeing an increase of about 16-20% compared to the same period in 2023.
- Ocean rates have decreased over the past three months from their peak in July, but they are still higher compared to the same period last year.
- The current truckload freight market is not improving; however, it's not getting any worse either. This situation is likely to remain for the short-term due to recent disruptions from natural disasters experienced in the fall.
- Operating conditions in China's manufacturing sector have improved lately. Higher new work inflows led to an acceleration in production growth. Firms also raised their purchasing activity and inventory holdings as confidence about future output heightened.

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Raw Material Pricing

Institute for Supply Management (IMS®) Price Index					
Month	Prices Higher	Prices Same	Prices Lower	Net	Index
Oct 2024	19.8%	69.9%	10.3%	+9.5	54.8
Sept 2024	12.9 %	70.7 %	16.4 %	-3.5	48.3
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
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:

- October saw raw material prices rise considerably registering 54.8%, a notable 6.5 points higher compared to September's reading.
- The rise in October was driven mainly by higher energy and transportation costs. While crude oil and natural gas prices saw moderate increases, this was partially offset by a weakness in steel markets.
- 11 industries that reported paying increased prices for raw materials, in order, are: Textile Mills; Petroleum & Coal Products; Paper Products; Electrical Equipment, Appliances & Components; Wood Products; Miscellaneous Manufacturing; Transportation Equipment; Fabricated Metal Products; Food, Beverage & Tobacco Products; Machinery; and Computer & Electronic Products.
- Three industries reported paying decreased prices for raw materials: **Plastics & Rubber Products**; Nonmetallic Mineral Products; and Primary Metals.
- Four industries reported no change in input prices raw materials: Apparel, Leather & Allied Products; Chemical Products; Furniture & Related Products; Printing & Related Support Activities.

Commodity Pricing

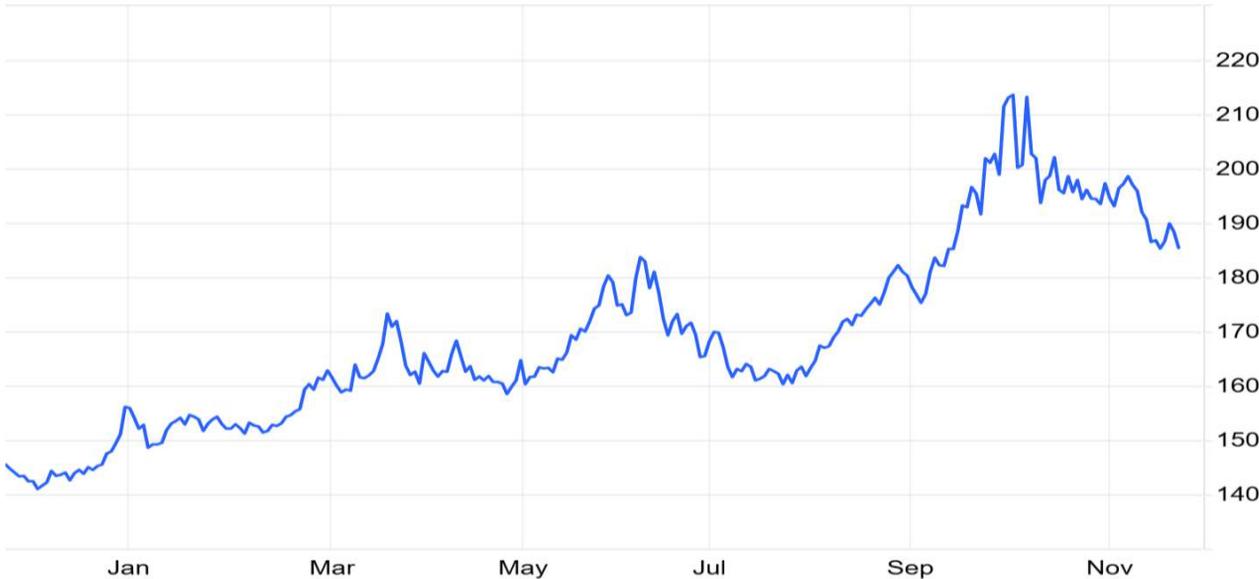
IMS® Commodity Price Change	
Prices Up	Prices Down
Aluminum (11)	Polypropylene
Copper	Steel
Corrugated Boxes (4)	
Crude Oil	
Natural Gas	
Paper	
Printed Circuit Boards	
Road Freight	
Sulfuric Acid	

IMS® Commodities in Short Supply
Electrical Components (49)
Electronic Components (7)

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. Natural Rubber Pricing (cents/kg)



Key Takeaways:

- The natural rubber demand outlook remains uncertain due to the potential escalation of trade tensions between the U.S. and China under the new Trump administration, further complicated by inadequate stimulus measures from Beijing.
- On the supply side, ongoing issues in Southeast Asia, particularly in Thailand, continue, as adverse weather conditions, including flooding and heavy rainfall, disrupt production. Thailand, which produces about one-third of the world’s rubber, is expected to experience a 10%-15% decline in output this year.

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.

		Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sept 24	Oct 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												

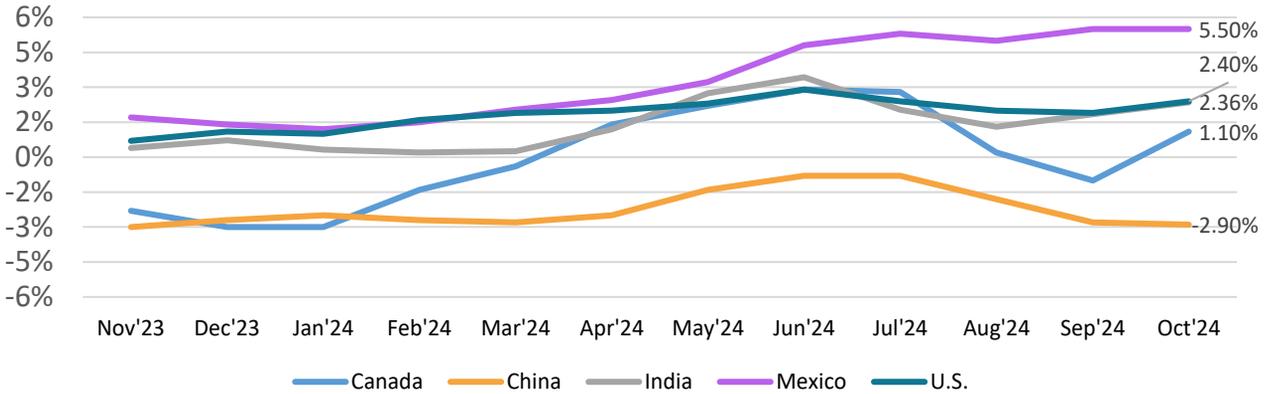
Improving at a faster rate		Deteriorating at a slower rate		At a neutral 50.0 mark	
Improving at a slower rate		Deteriorating at a faster rate			

Key Takeaways:

- October's data showed the average price for goods increased at the slowest pace since October 2020, dipping slightly below the long-term average. This slowdown was primarily driven by a reduction in manufacturing output price inflation, which was one of the weakest reported this year.
- Manufacturing output rose fractionally after falling for the first time last month. Improvements in business optimism across sectors hinted at further expansions for the coming months.

Producer Prices

Producer Prices by Country
Percent Change Per Month Year Over Year

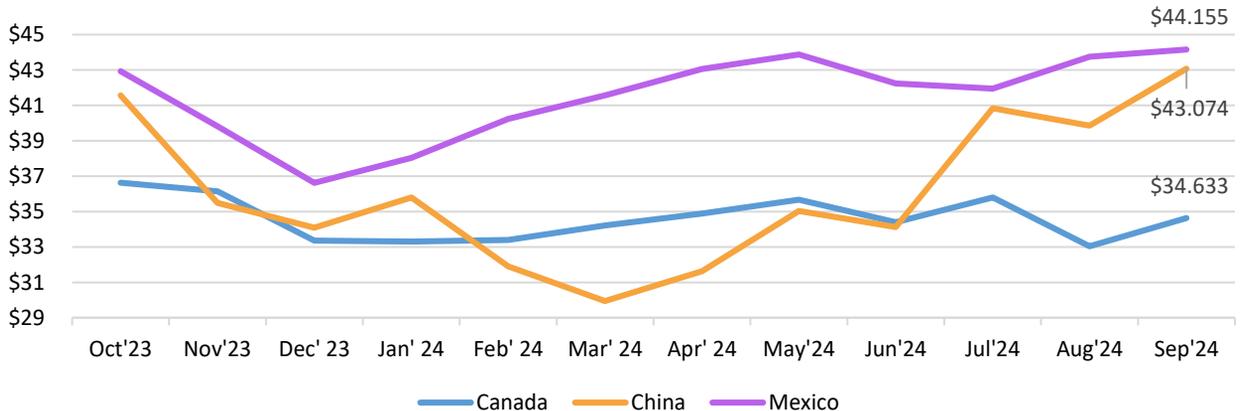


Key Takeaways:

- U.S. producer prices are up 2.4% year-over-year (YOY), despite declines in food and energy prices. Further back in the supply chain, prices are up 0.5% for intermediate demand processed goods and 4.1% for unprocessed goods. “Core” producer prices are up 3.1% in the past year.
- China's producer prices fell by 2.9% YOY, marking the 25th consecutive month of producer deflation and the sharpest contraction since November 2023. The cost of production materials continued to decrease -3.3%, dragged by further declines in mining -5.1%, raw materials -4.0%, and processing -2.9%.
- India’s wholesale prices rose by 2.36% YOY, marking the 12th consecutive month of wholesale inflation and the fastest pace since June, driven by a three-month high in manufacturing prices.

Exports to the United States

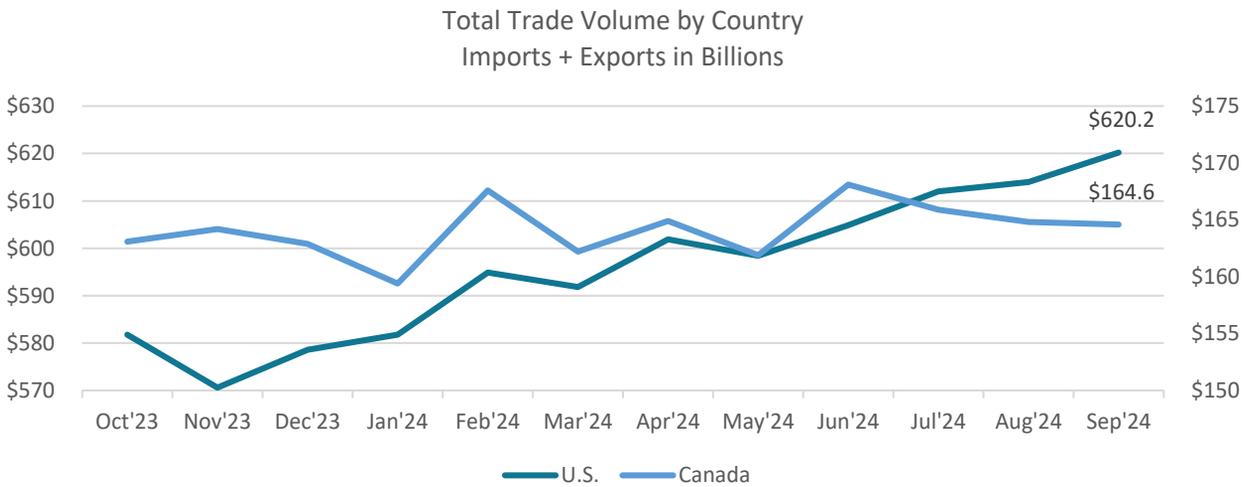
Largest Exporters to the United States
By Country in Billions



Key Takeaways:

- U.S. President-elect Donald Trump has recently pledged a 25% tariff on all products from Mexico and Canada from his first day in office, and an additional 10% tariff on goods from China.
- “On January 20th, as one of my many first Executive Orders, I will sign all necessary documents to charge Mexico and Canada a 25% Tariff on ALL products coming into the United States and an additional 10% Tariff, above any additional Tariffs, on China.” Trump said in a social media post.
- The tariffs, if implemented, could dramatically raise prices on everything from gas to automobiles to agricultural products. The U.S. is the largest importer of goods in the world, with Mexico, China and Canada its top three suppliers. More than 83% of exports from Mexico went to the U.S. in 2023 and 75% of Canadian exports go to the U.S.

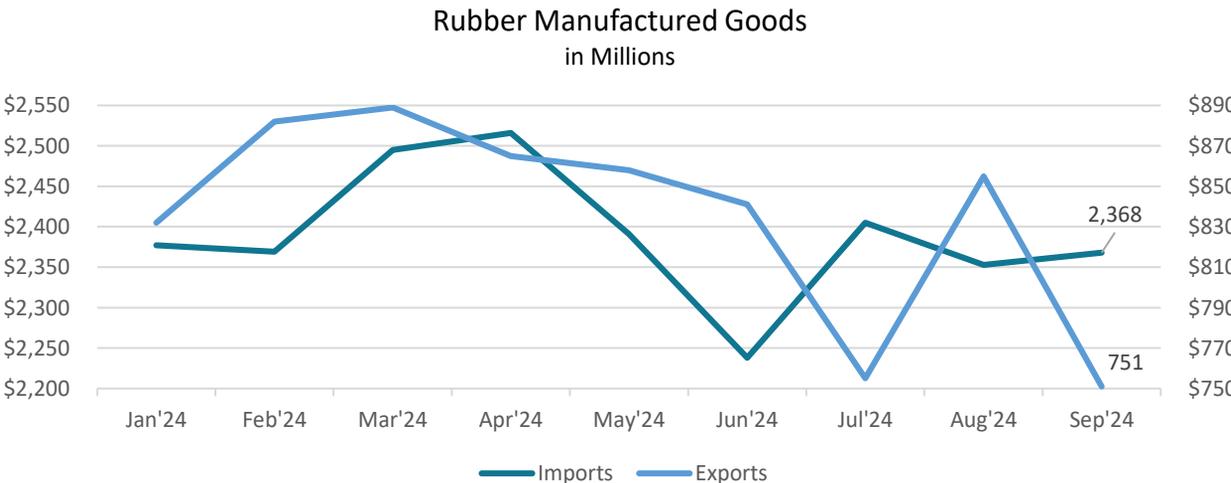
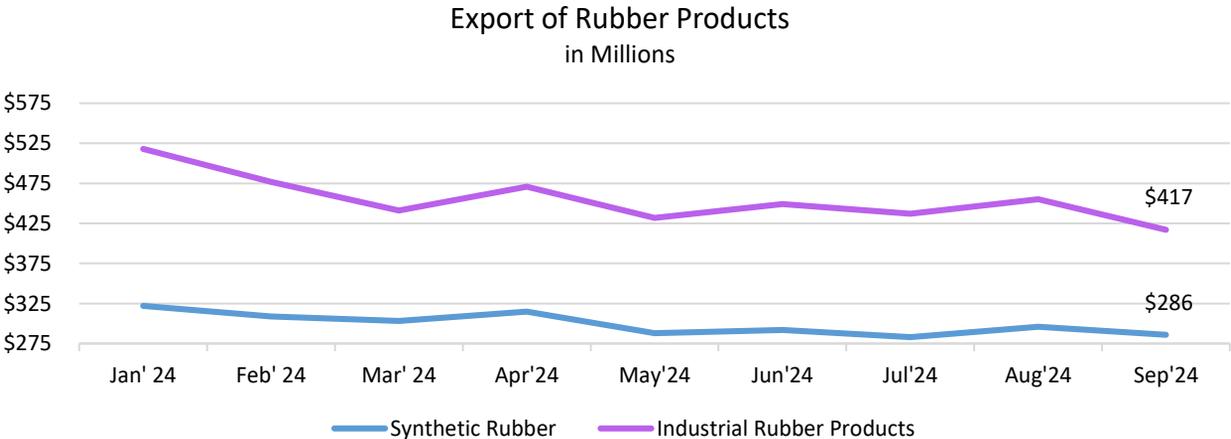
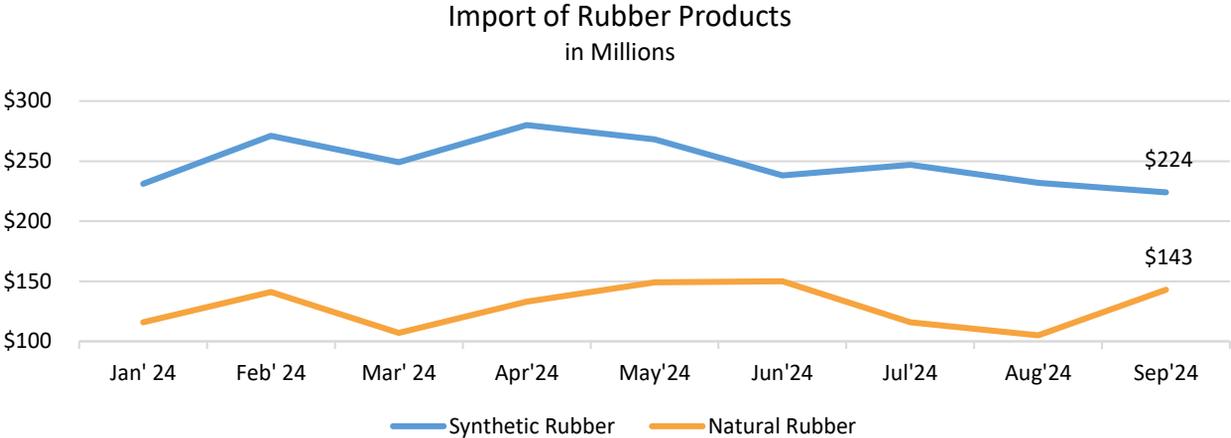
Total Trade Volume



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 rose by 1% month-over-month (MOM), with the export of goods shrinking -\$3.2 billion while imports surged \$10.9 billion. Notably, the export of industrial supplies and materials decreased by -\$1.4 billion, while imports increased by \$2.2 billion.
- For Canada, there was a slight decrease in overall trade for the third month in a row, shrinking -0.12% MOM. Specifically for the industrial chemical, plastic and rubber products sector, exports fell -0.9%, while imports also decreased by -0.2%.

U.S. Rubber Import & Export Stats



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	6	0 days	10 days
	OAK	7	3 days	5 days
	SEA/TAC	9	0 days	7 days
Canada West Coast	Van	11	9 days	7 days
	PRR	3	1 day	9 days
U.S. East Coast / Gulf Coast	NY/NJ	2	2 days	4 days
	BAL	N/A	N/A	N/A
	NOR	6	1 day	4 days
	CHS	2	2 days	10 days
	SAV	8	3 days	2 days
	HOU	0	3 days	7 days

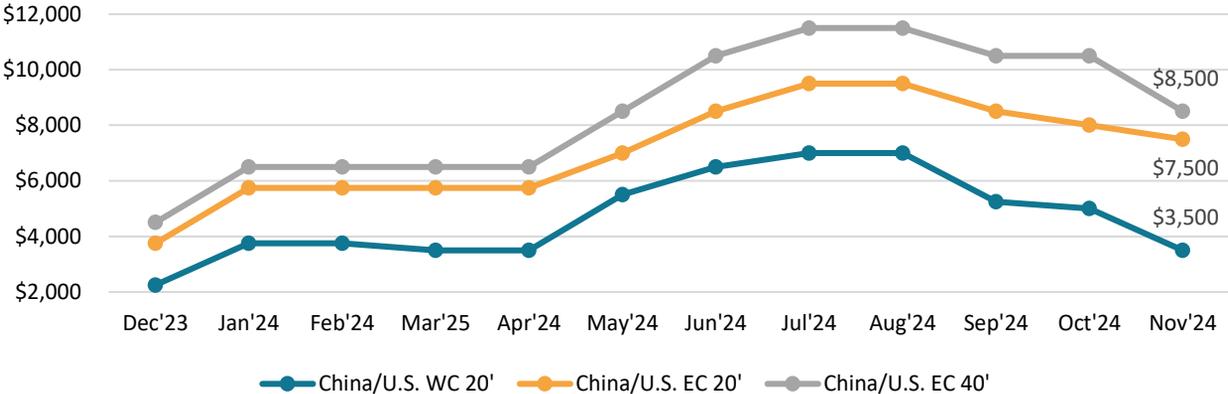
Improving over last month	Consistent over last month	Deteriorating over last month
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Key Takeaways:

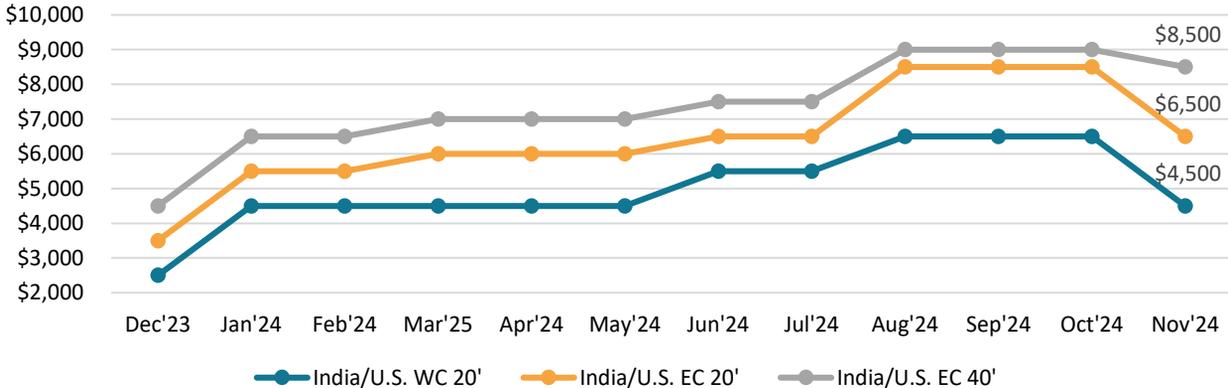
- Recent strikes at Canadian ports have caused a backlog of vessels in Vancouver and Prince Rupert. Carriers report delays of up to two weeks in Vancouver.
- On the positive side, railcar supply on the Canadian West Coast remains strong, supporting recovery efforts. Clearing the backlog of vessels is anticipated to take an additional 2-3 weeks.
- Talks between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) have broken down over the key issue of automation bringing the threat of a renewed strike at U.S. East Coast ports closer. The ILA has previously stated a renewed strike would be a tool of last resort. The ILA retained the right to strike if issues are not resolved by January 15, 2025, and a new collective bargaining agreement is reached.
- Import volumes at the nation's major container ports continue to tend higher as retailers face another potential East Coast/Gulf Coast port strike and potential tariff increases.
- Numbers are not yet finalized for October, but projections are for 2.13 million Twenty-Foot Equivalent Units (TEU) processed, up 3.7% YOY. November is forecasted at 2.15 million TEU, which would be up 13.6% YOY.

Ocean Freight

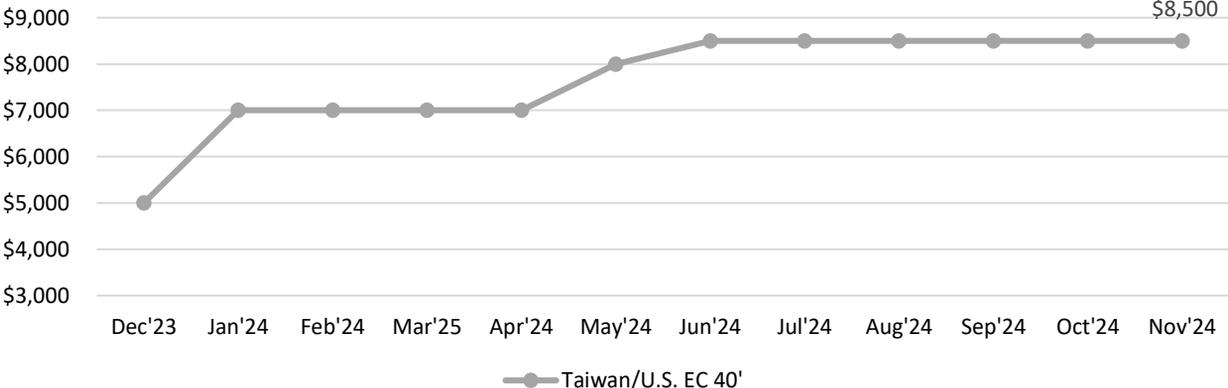
Average GCP/China Container Cost, U.S. Dollars



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



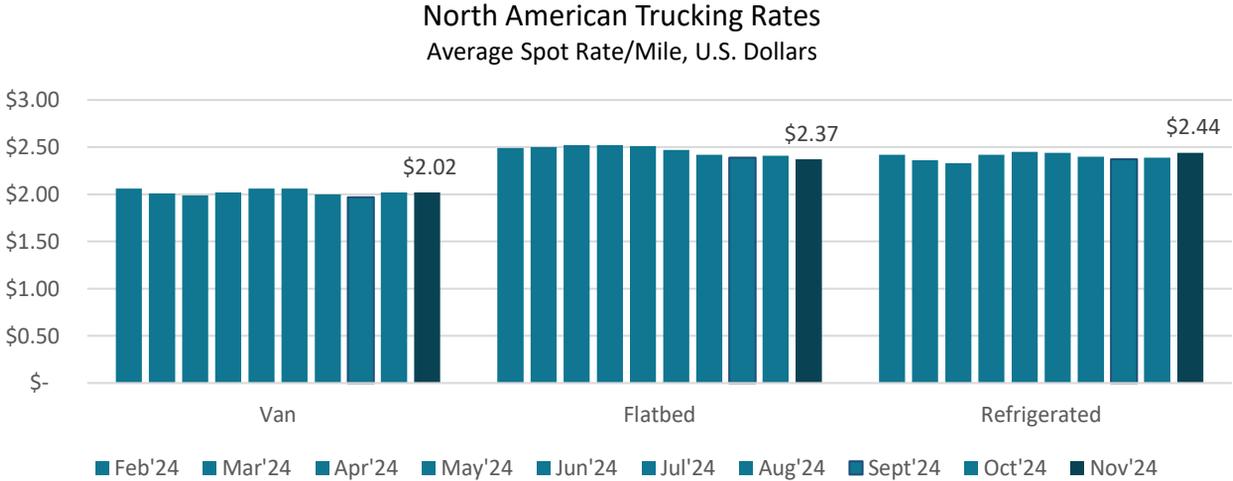
Average GCP/Taiwan Container Cost, U.S. Dollars



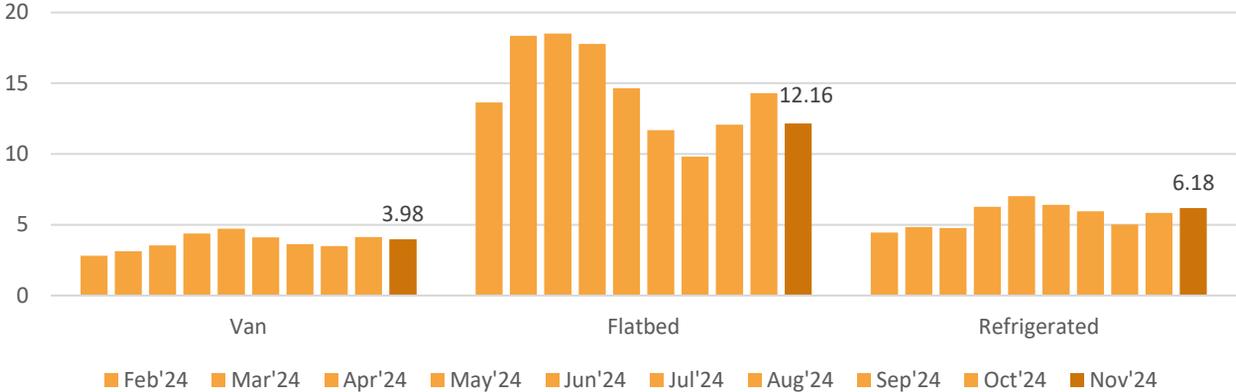
Key Takeaways:

- All rates stated on page 9 are GCP’s port to door rates, fully delivered, inclusive of all fees.
- We have entered the slack season after China’s Golden Week holiday, and carriers have not announced any winter deployments that would reduce capacity. Instead, November shows an 8% capacity increase to both the U.S. West Coast (USWC) and U.S. East Coast (USEC) compared to October.
- Due to vessel diversions from the Suez Canal situation, adverse weather in Asia and Latin America, and an early peak season, severe congestion is cropping up at major ports.
- In Asia ports like Shanghai, Ningbo, and Singapore are experiencing delays of 14–21 days. In North America, congestion is starting to build as well, especially at ports like Los Angeles and Long Beach.
- This congestion is impacting carriers’ ability to maintain their standards of schedule reliability. Based on the latest statistics compiled by Sea Intelligence, schedule reliability slipped 10% year over year (y/y) compared with 2023.
- Due to extended transit times through the Cape of Good Hope and cargo diversion from the recent at USEC posts, volumes at USWC ports have risen by approximately 16-20% YOY compared to 2023.
- Ocean rates have decreased over the past three months from their peak in July, but they are still higher compared to the same period last year.

Trucking Freight



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

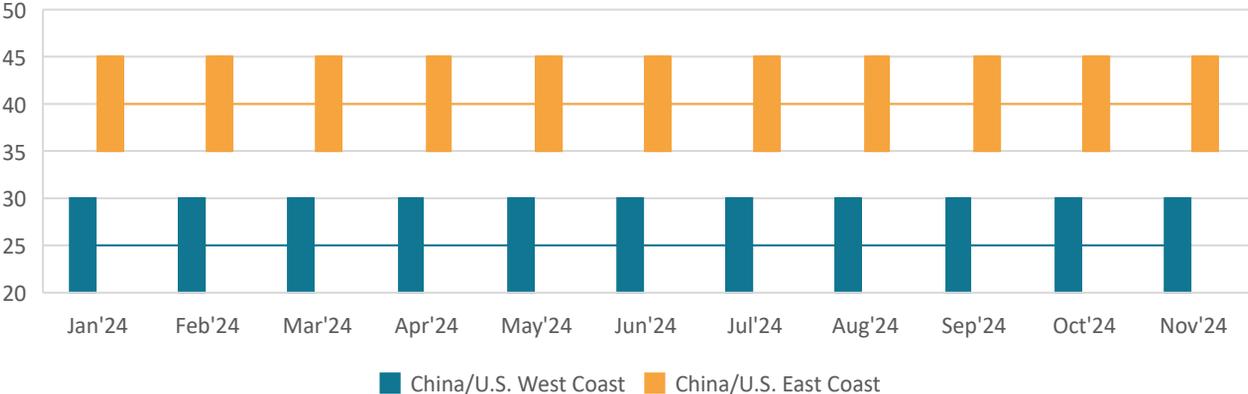


Key Takeaways:

- The current sentiment is that the freight market is not improving; however, it’s not getting any worse either. This situation is likely to remain for short-term due to recent disruptions from natural disasters experienced in the fall.
- The market is showing signs of price stabilization, although volumes still indicate a weak demand environment.
- Average spot rates rose in October and outpaced smaller gains in the contract market, dropping the contract-to-spot rate spread back within the pre-pandemic average range.
- Contract volumes were down slightly in October but in-line with seasonal expectations, while spot market activity surged in the wake of Hurricanes Helene and Milton.

GCP Delivery Times

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

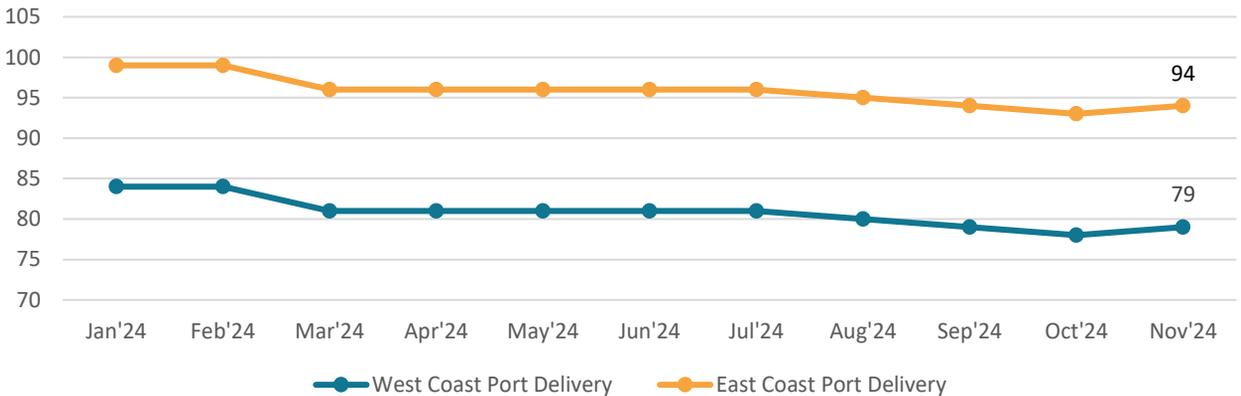


Key Takeaways:

- 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) increased this month by 3.5 days to 63. China to the U.S. West Coast (L.A./Long Beach) has increased marginally by 0.5 days to 38.

GCP Production Times

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



Key Takeaways:

- The chart above represents the aggregated time it takes for an average GCP order to be fulfilled, from the submission of the purchase order to the delivery of the product. It consolidates data from all facilities into a single figure, including the time required to book a container—currently averaging 10.5 days—along with ocean shipping and all other transit times.
- Operating conditions in China's manufacturing sector improved to start the final quarter of the year. Higher new work inflows led to an acceleration in production growth. Firms also raised their purchasing activity and inventory holdings as confidence about future output heightened.
- Central to the latest advancement in manufacturing sector was renewed new business growth. Incoming new orders placed with Chinese manufacturers increased at the quickest pace in four months. Export orders remained in decline but saw the rate of reduction ease in the latest survey period.
- For specific production times on each of our product lines and products, please see our November 2024 production report. ([View here](#))

Resources

Raw Material Prices/Commodity Pricing

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U.S. Rubber Pricing

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Global PMI Manufacturing

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Producer Prices

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Trade Volume

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U.S. Rubber Import & Export Stats

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

Port Operations

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Ocean Freight

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Trucking Freight

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- <https://www.ryantrans.com/news/november-2024-industry-update>
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Delivery & Production Times

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- <https://www.pmi.spglobal.com/Public/Home/PressRelease/8e198acf76954fbf8943ed46eaa2fa4c>
- <https://www.linkedin.com/pulse/edition-november-2024-gcp-industrial-products-hwnqc/>



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