

Rubber Glove Industry: Update and Outlook for 2025

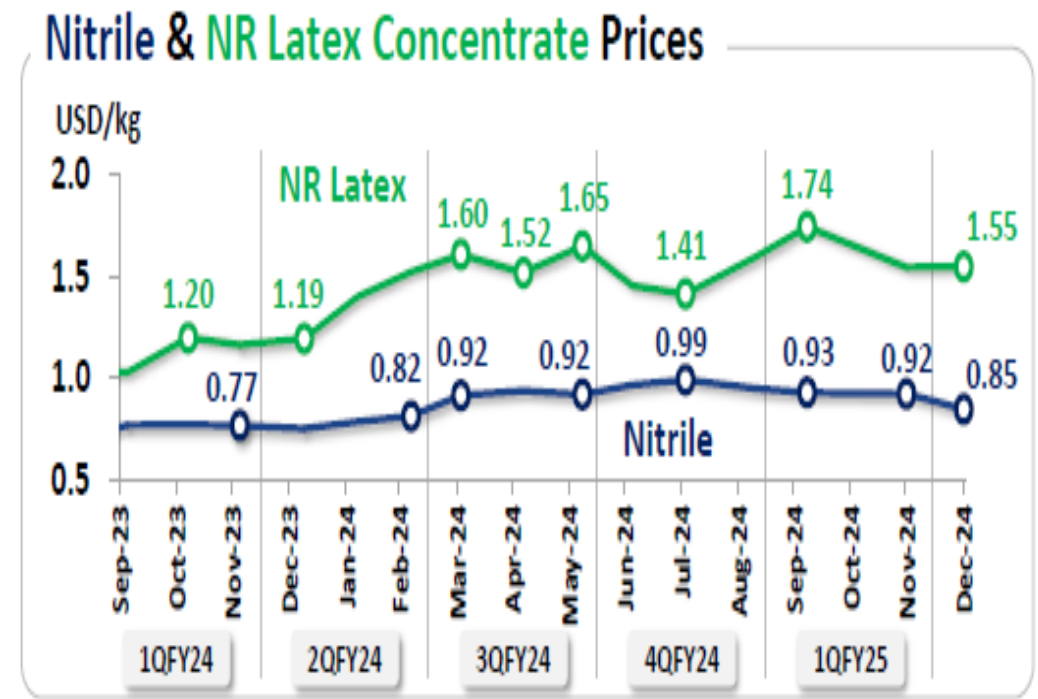
Current Market Overview (2024)

The rubber glove industry has experienced significant fluctuations over recent years, driven by the COVID-19 pandemic and subsequent market normalization. Here are the key highlights for 2024:

Post-Pandemic Normalization: Following the COVID-19-induced surge in demand, glove consumption has returned to more sustainable levels. The oversupply and inventory buildup observed in 2022 and 2023 have led to price corrections.

Global Demand Stabilization: The global demand for rubber gloves is stabilizing at, with modest growth attributed to increased healthcare awareness and hygiene practices. Global demand for glove stood at 212 billion pieces in the 8M2024, fall short from the peak level of 384 billion pieces. However, the annualized 8M2024 stands at 318 billion pieces which is higher than 2019 level of 284 billion pieces.

ASP (Average Selling Prices) have bottomed: ASPs have stabilized in 2023, as industry players successfully passed on rising raw material and labor costs to customers. Additionally, improved plant utilization rates have enhanced efficiencies and productivity, resulting in notable cost savings.



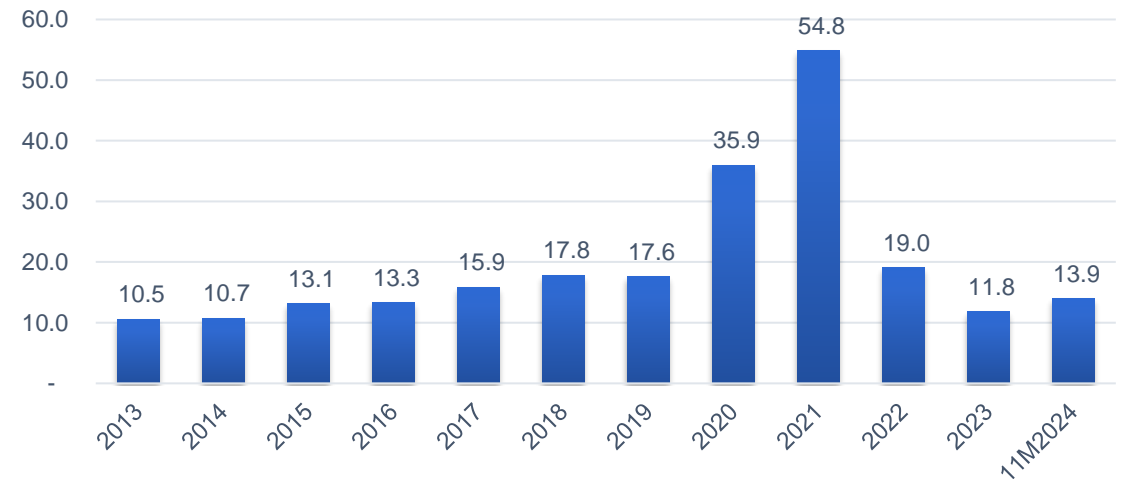
Source: Top Glove Corporation Berhad Result Briefing on 20 December 2024

Restocking activities have emerged

Rubber Gloves Production (pairs in billion unit)



Rubber gloves exports in RM billion

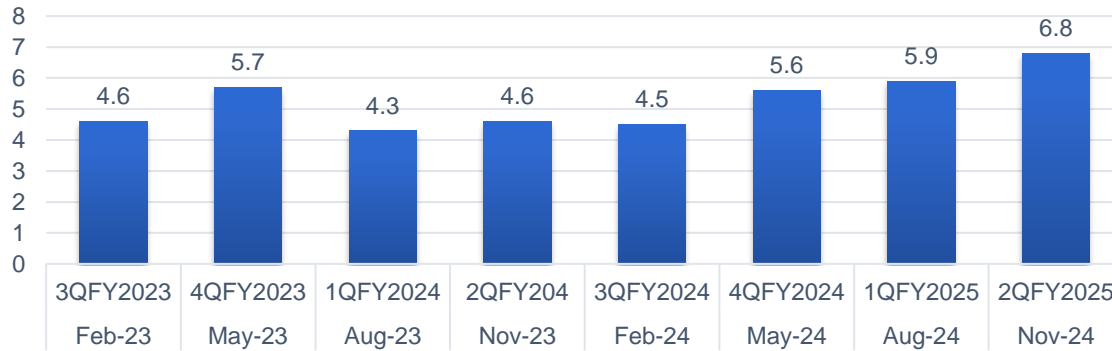


Sources: DOSM & CEIC

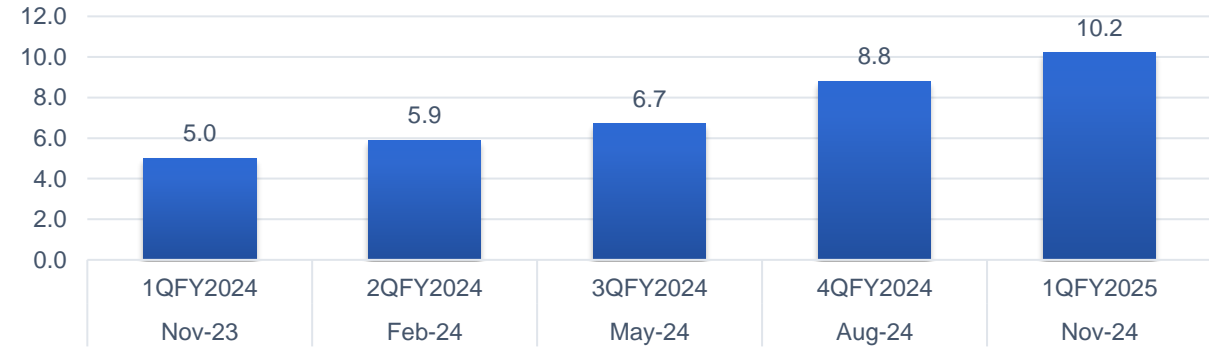
The rubber glove industry's total production gradually improved in 2024, following a significant surge in 2020 and 2021 driven by pandemic-induced demand. From January to November 2024, total rubber glove production reached 68.7 billion pairs, marking a 10.2% increase compared to the same period in 2023 (11M2023: 62.3 billion pairs). Similarly, rubber glove exports showed robust growth, rising by 27.8% in the first eleven months of 2024 to RM13.9 billion, up from RM10.9 billion during the same period in 2023. This improvement indicates that production activities have normalized, as pandemic stockpiles are depleting and restocking activities gain momentum.

The main players have gained good traction

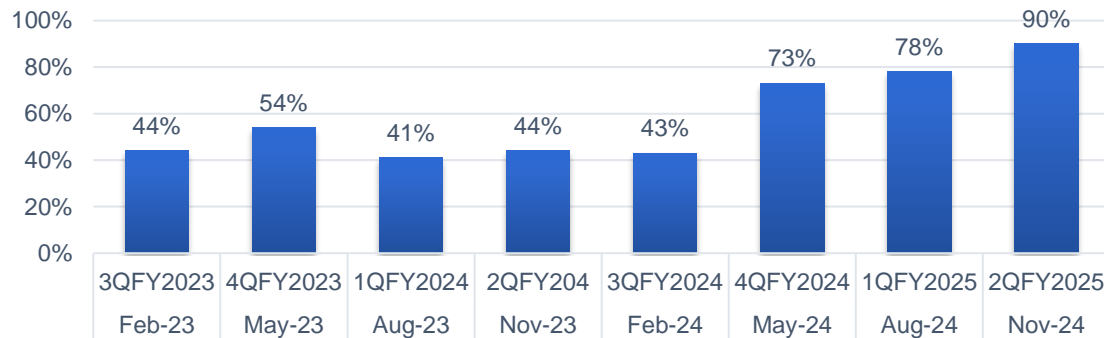
Hartalega - sales volume in billion pieces



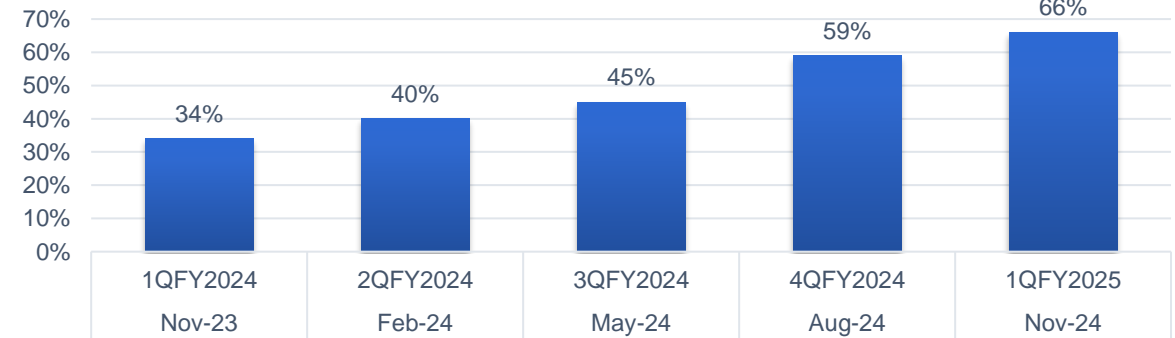
Top Glove - sales volume in billion pieces



Hartalega - utilisation rate



Top Glove - utilisation rate



Sources: Hartalega & Top Glove

Sales volumes for Hartalega and Top Glove increased to 6.8 billion and 10.2 billion pieces, respectively, during 2QFY2025 (ending November 2024) and 1QFY2025 (ending November 2024). Correspondingly, their plant utilization rates improved to 90% and 66% for the reviewed quarter, indicating growing productivity as more unused capacity is being brought online.

Outlook for 2025 - looks favorable

Demand Projections

Global glove demand has grown at a robust 10-year compound annual growth rate (CAGR) of 5.4% per year between 2013 and 2023. Assuming this growth trend continues, global glove demand is projected to reach 356 billion pieces by 2027. This projection appears reasonable, as industry players have been actively expanding production capacity, with some even reopening previously closed factories to meet the rising demand from customers.

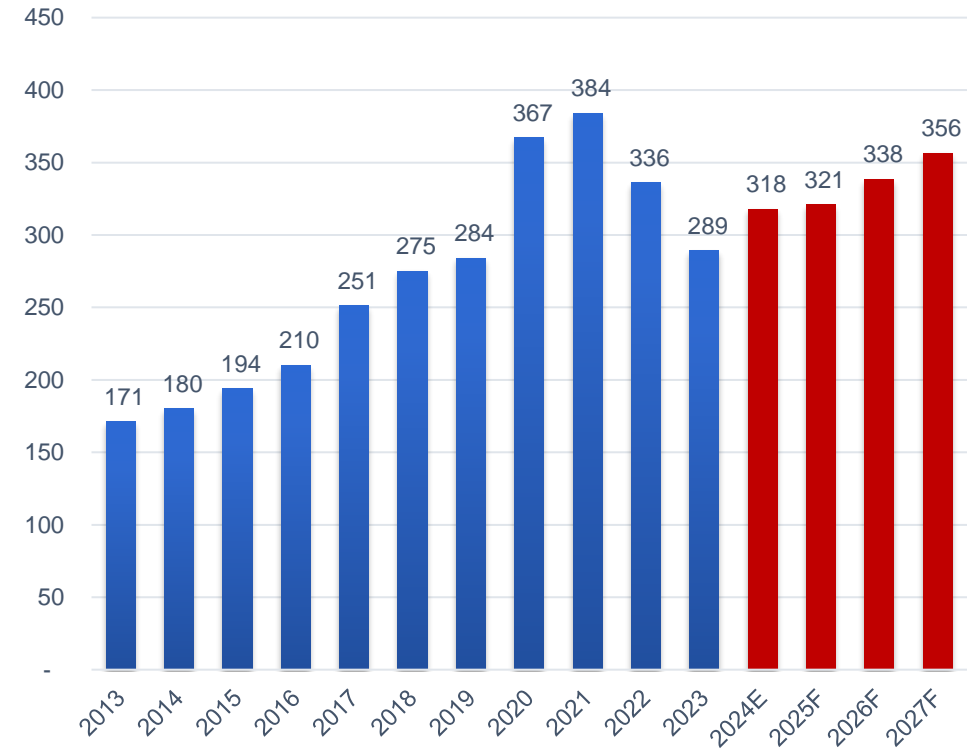
Price Recovery

ASPs are expected to recover gradually as the market adjusts to excess capacity, though a return to pandemic-level pricing is unlikely. A balance between supply and demand is anticipated by late 2025, driven by rationalized production from major players. Furthermore, capacity optimization and the withdrawal of newer entrants are likely to ease oversupply pressures.

Competition from China will continue

Although the US government has imposed a 50% import tariff on Chinese glove players in 2025, rising to 100% in 2026, it is unlikely to diminish their status as formidable competitors. Their cost leadership, supported by strong government policies such as subsidies, grants, and other incentives, enables them to maintain competitive pricing. This is particularly relevant as Chinese glove manufacturers seek to diversify their markets, targeting regions like Africa, Latin America, and other Asian economies.

Global glove demand (billion pieces)



Source: BMMB Economics & Market Analysis