

GLOVE MANUFACTURERS RAMP UP PRODUCTION TO CATER TO DEMAND BEYOND ASIA

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MALAYSIAN glovemakers are ramping up rubber glove production as global demand is expected to jump 7.8% year-on-year to 345 billion pieces, of which Malaysia is expected to produce up to 65% or 225 billion pieces.

The demand is projected to come from the 158 countries affected by Covid-19, a virus that has claimed more than 7,000 lives as at press time.

The Malaysian Rubber Glove Manufacturers Association (MARGMA) said it is the duty of the industry to further increase the output of protective medical gloves for the healthcare industry and individuals seeking to avoid cross-transmission of the virus.

To date, Covid-19 has infected more than 181,556 people worldwide, forcing governments worldwide to impose lockdowns and border restrictions to contain the contagion.

“Going by the daily figures of people getting affected and the countries involved, we are prone to believe that an additional 20 to 30 billion pieces are required in the interim.

“From our estimate, taking H1N1 as an example (where the growth was at 17%), we are expecting demand to surge by about 20% to 25% depending on the spread and tenure of the virus,” MARGMA president Denis Low told The Malaysian Reserve (TMR).

As manufacturers cash in on the pandemic, MARGMA forecast that the industry could hit a revenue of RM21.8 billion this year compared to RM18.7 billion recorded in 2019, said Low.

He added that the rubber glove industry that took an oversold position prior to the widespread outbreak of Covid-19 resulted in new order deliveries of gloves to take between 90 to 120 days.

“In an oversold situation and a panicky atmosphere, the priority of buyers is more skewed towards faster and bigger deliveries rather than pricing.

“This is definitely a plus for the manufacturers which will not only be able to sell more but at better prices too.

“Previous pandemic had shown that manufacturers were able to make more profits not by profiteering, but simply based on higher sell through and at better average selling prices,” he added.

He opined that the lower crude oil prices also work in favour of glove manufacturers as they benefit from cost advantages in sourcing for cheaper raw materials.

“Oil prices coming down means lower logistics cost. This will certainly offset the higher wages to be paid to workers effective from February,” he

said.

Meanwhile, the world's largest glove manufacturer Top Glove Corp Bhd said it's seen sales volume doubling since February this year, as the pandemic continues to strike terror on a global scale.

"Governments from a number of countries have placed large quantities of glove orders to be used in hospitals, laboratories, clinics and other healthcare institutions.

"Top Glove is fortunate to have a huge capacity base and continuous capacity building projects, which enable us to meet the sudden surge in demand at this crucial moment. We are pleased to be in a position to help protect and save lives," said Top Glove executive chairman Tan Sri Dr Lim Wee Chai to TMR in an email correspondence.

Lim noted that Top Glove's lead time is approximately 100 days due to the unprecedented surge in orders.

The glove maker expressed optimism in recording higher growth in exports this year that will reflect on its second quarter earnings that are scheduled to be filed to the stock exchange tomorrow.

"For the last 1½ months, we have seen our orderbook double.

"We expect earnings to be good going forward, following a surge in orders, coupled with a fall in raw material prices as oil prices drop and demand for rubber decreases with the slowdown in economic activity," he said.

The Malaysian Reserve