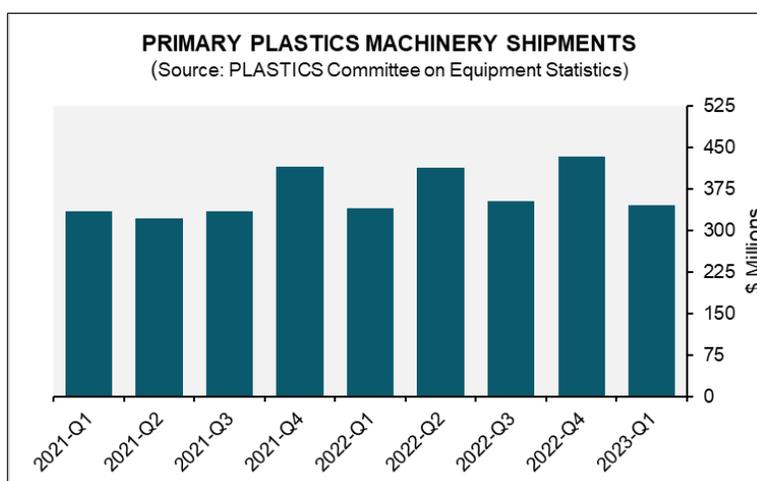


Plastics Machinery Shipment Trends: Q2 2023 Analysis and Outlook

The Plastics Industry Association's Committee on Equipment Statistics (CES) has disclosed the shipment data for primary plastics machinery (including injection molding and extrusion) in North America for the second quarter. The initial estimate for the second quarter of 2023 indicates a shipment value of \$331.6 million, reflecting a decrease of 4.1% in comparison to the previous quarter. In contrast, when juxtaposed with the corresponding period from the prior year, the value of shipments demonstrates a decline of 19.8%.

Among the primary types of plastics machinery, the shipments of single-screw extruders demonstrated a notable surge of 39.3% in a quarter-over-quarter (Q/Q) analysis and exhibited an even more remarkable increase of 40.9% year-over-year (Y/Y). In contrast, shipments of twin-screw extruders experienced significant declines of 15.0% Q/Q and 11.2% Y/Y. Moreover, the shipments of injection molding machinery, which encountered a decline of 6.1% Q/Q, underwent an even more substantial decrease of 23.6% when observed on a year-over-year (Y/Y) basis.



"The manufacturing sector is the main customer of the plastics industry. Although the U.S. economy exhibited resilience in the first half of 2023, the decline in plastics machinery shipments signifies a subdued manufacturing landscape. Notably, the upswing in personal consumption expenditures (PCE) that followed the conclusion of the COVID-19 recession reached its peak in the first quarter of 2021, subsequently maintaining a consistent trajectory. Interestingly, PCE on services commenced its recovery at a slower pace post-COVID-19 recession, and this upward trend has persevered, playing a pivotal role in driving the economic expansion in the first half of the year," noted Dr. Perc Pineda, Chief Economist at PLASTICS.

In the most recent quarterly survey conducted by CES among plastics machinery suppliers to gauge their outlook on market conditions and equipment expectations, the results indicated a rise in participants anticipating an improvement in market conditions over the next twelve months compared to the previous year. The percentage of those expecting conditions to either remain the same or improve rose to 46.0%.

During the second quarter, U.S. exports of plastics machinery saw a notable uptick of 10.2%, reaching a total value of \$252.8 million. The prime export destinations for U.S. plastics machinery, Mexico, and Canada, continued to hold their positions, collectively receiving exports worth \$126.4 million. This accounts for fifty percent of the entire U.S. plastics machinery export value. Conversely, imports

experienced a decline of 10.5%, valued at \$458.6 million. As a result, the trade deficit in plastics equipment shrank by 32.0%, now standing at \$205.8 million.

"As the economy readjusts, the shift between goods and services consumption is underway. However, sustaining a robust economic expansion, given a 5.5% benchmark interest rate or possibly higher in 2023, appears unlikely. The reliance on household debt for consumption raises concerns, particularly with the resurgence of student loan payments in September. This has the potential to adversely affect consumer spending and subsequently impact the plastics industry. Global economic conditions and structural limitations in the U.S., such as labor supply, also play pivotal roles. Pineda pointed out that the German recession, European Union slowdown, and China's economic deceleration are poised to influence the U.S. economy's output, including the plastics sector."