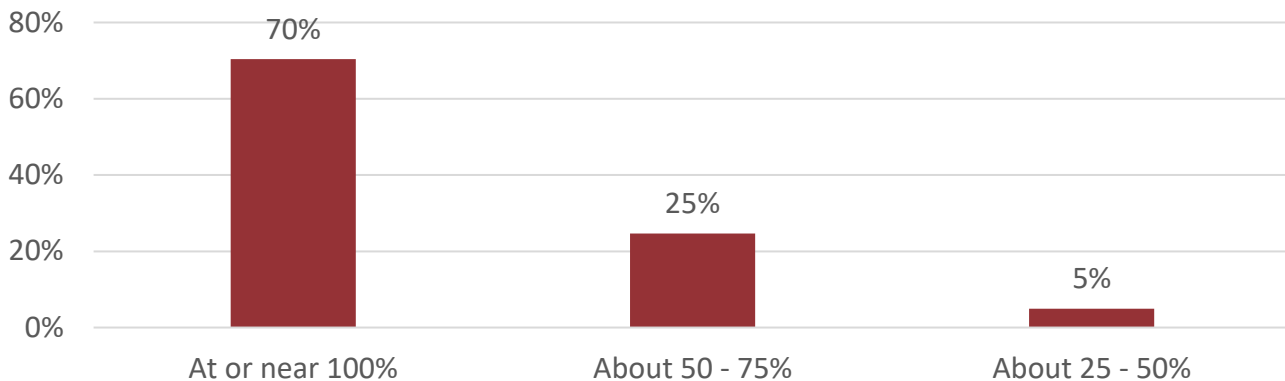


To better understand the current and future state of the rubber products manufacturing industry, ARPM is conducting a quarterly Rubber Industry Pulse Survey. This survey takes only a few minutes to complete but gives insights into how the rubber industry is faring - and what executives anticipate for the future. Throughout the rest of this analysis, this report will use the 2021 State of the Rubber Industry as a baseline of comparison, as well as previous ARPM Pulse Surveys from last year where applicable. As ARPM collects information every quarter, we will continue to trend and make predictions based on the inputs given by rubber industry leaders.

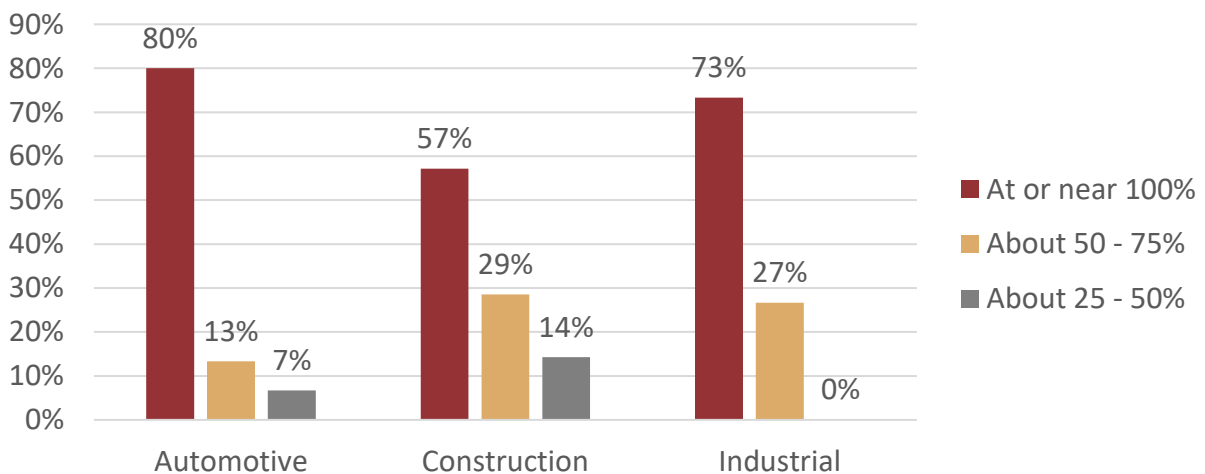
This dataset was provided by 81 different submissions spread over two weeks. Participating companies serve 18 different primary industry segments. The most common primary industries typically served by respondents include industrial, automotive, and construction. Each of these primary industries will have its data highlighted throughout this report.

Current Level of Operations

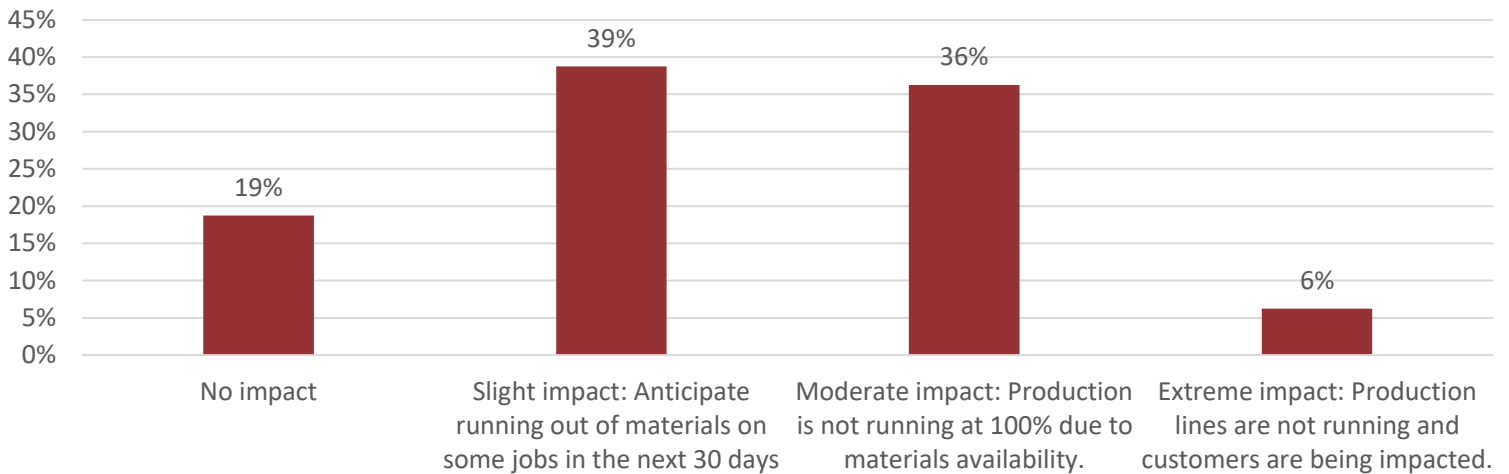


The rubber industry looks very strong with the majority (70%) of executives reporting at or near 100% operating capacity. Another 25% are between 50 and 75% and the remaining few (5%) are between 25 and 50%. These operating levels are very consistent with the ARPM December Pulse Survey with only one significant change: there were no respondents in April 2021 operating at less than 25% capacity.

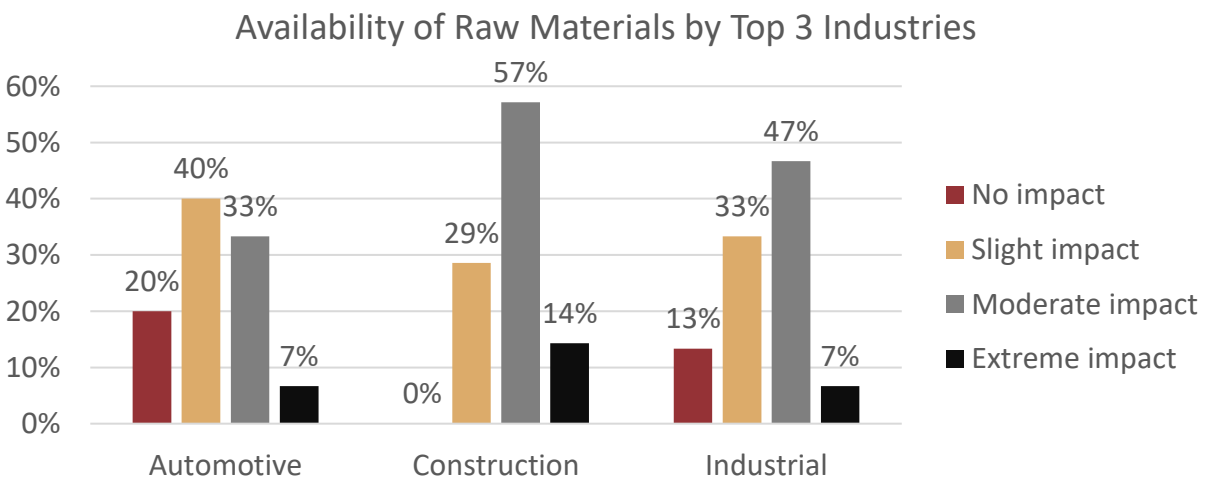
Level of Operations by Top 3 Industries



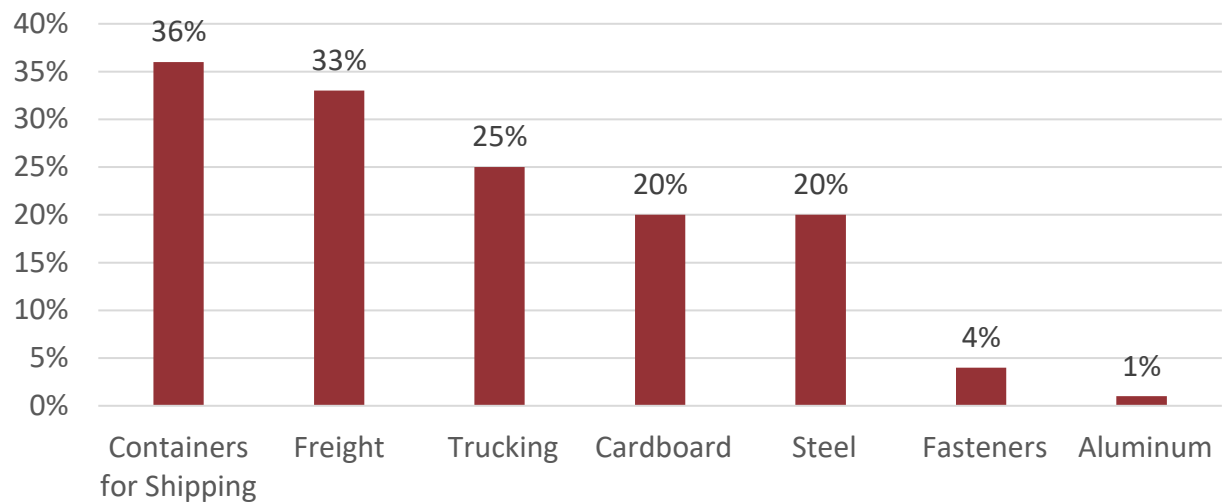
Impact of the Availability of Raw Materials



Over 80% of rubber processors are being negatively impacted by the availability of raw materials in the rubber industry, with 42% of respondents decreasing production and potentially missing deadlines with customers. In the State of the Rubber Industry Report, nearly half (46%) of processors reported decreasing inventory levels. At the time, this data was seen as a positive trend toward increasing operating levels and increased sales. However, with a shortage of raw materials caused by a variety of factors, processors are experiencing decreased inventory levels to the point of a significant negative impact on their business.



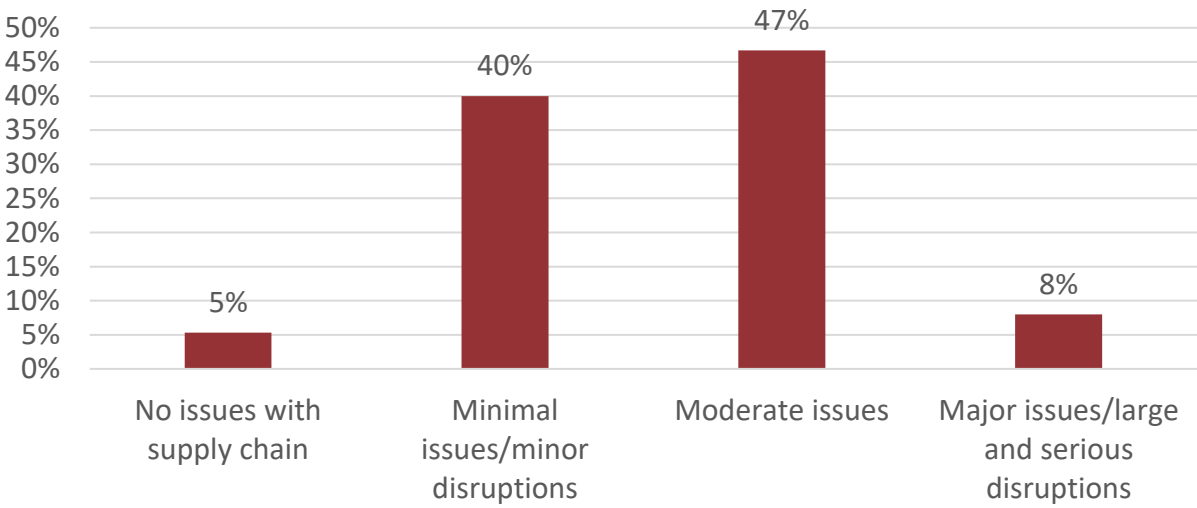
Other Supply Chain Issues



The factors affecting the availability and production of raw materials have also impacted other areas in the supply chain. Rubber executives were asked to identify these other areas within the supply chain where they are experiencing issues.

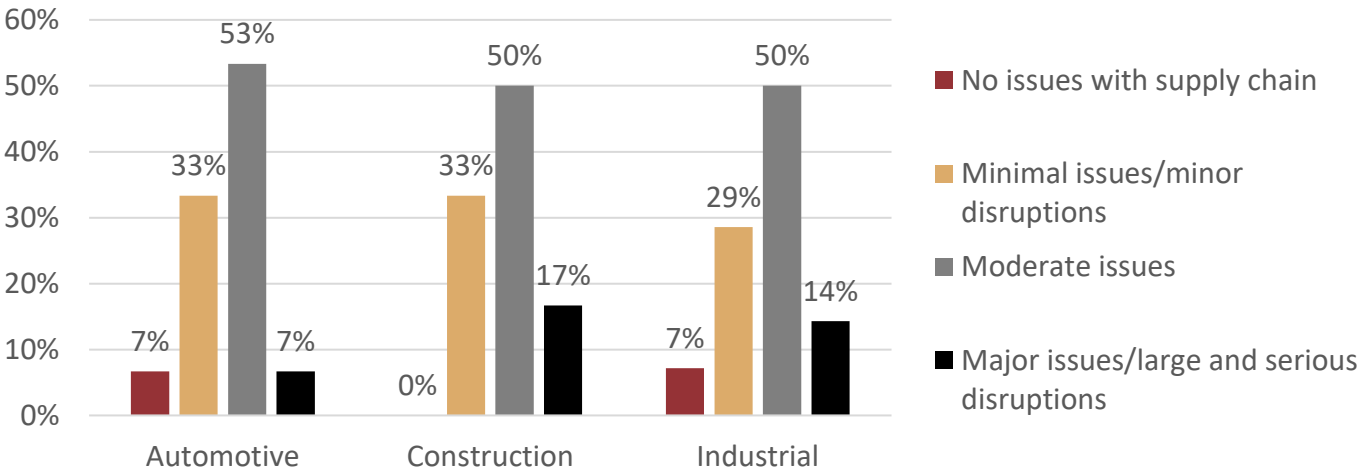
One in three respondents is currently having trouble with both containers for shipping and freight. One in four executives is struggling with trucking, and one in five is seeing issues with cardboard and steel. Executives also identified chemical additives, silicone, increased prices across the board, and certain imported supplies.

Current Status of Supply Chain

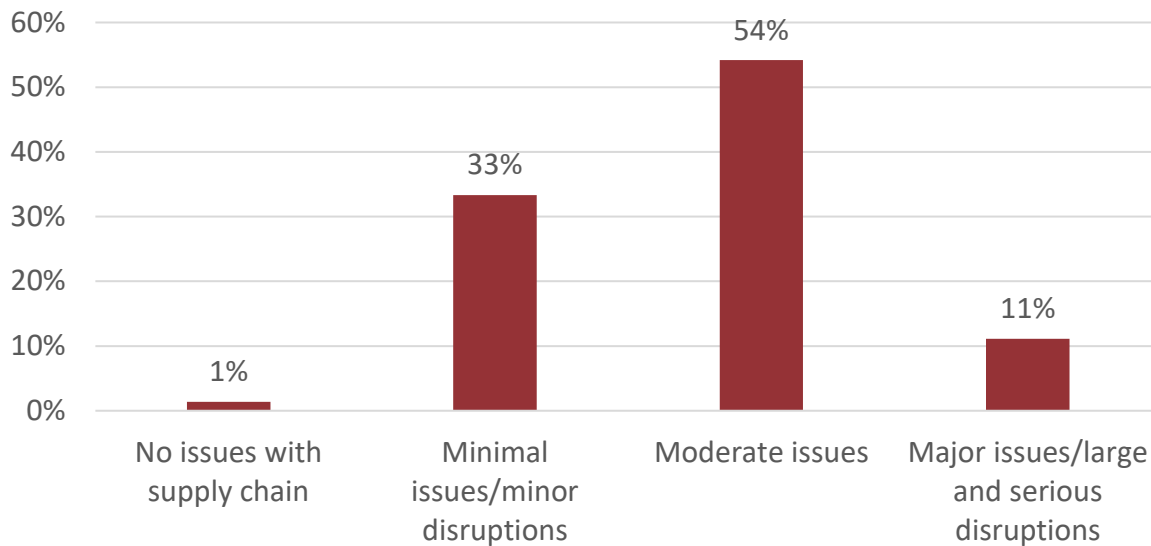


Examining the entire supply chain, processors are painting a grim picture, worse than the state of raw materials alone. Only 5% of respondents are experiencing no issues in their supply chain, less than those that are experiencing major issues. The majority are experiencing moderate issues, followed by those experiencing minimal issues or minor disruptions.

Current Status of Supply Chain by Top 3 Industries

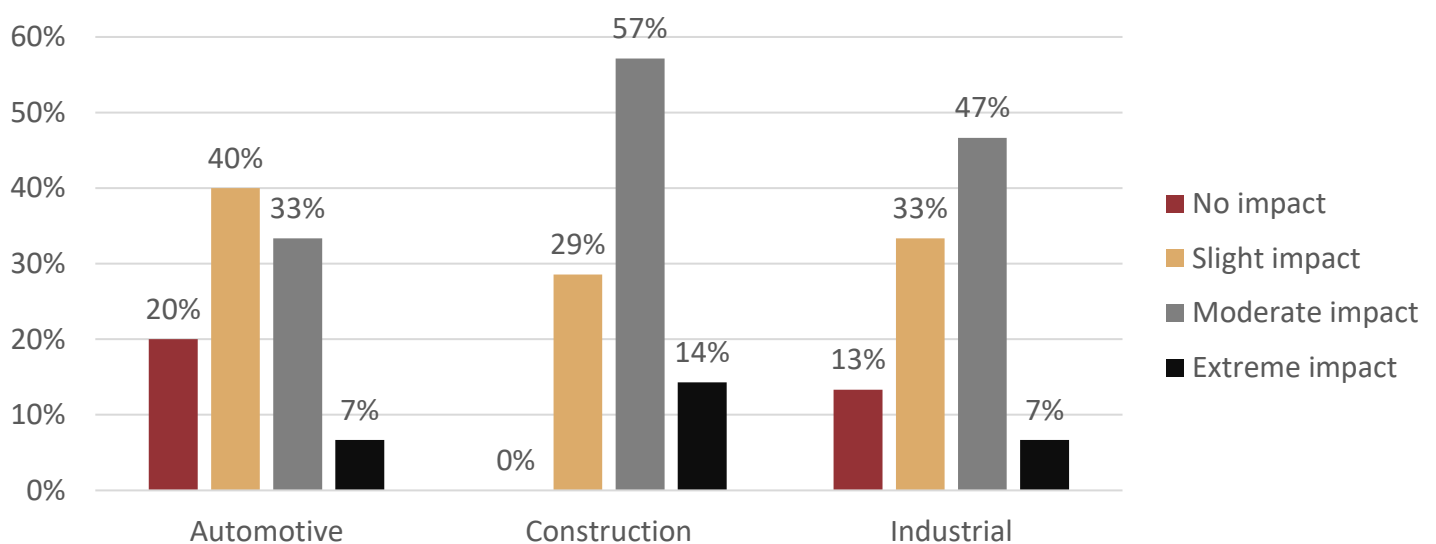


Anticipated Future Status of Supply Chain (Next 1-3 months)

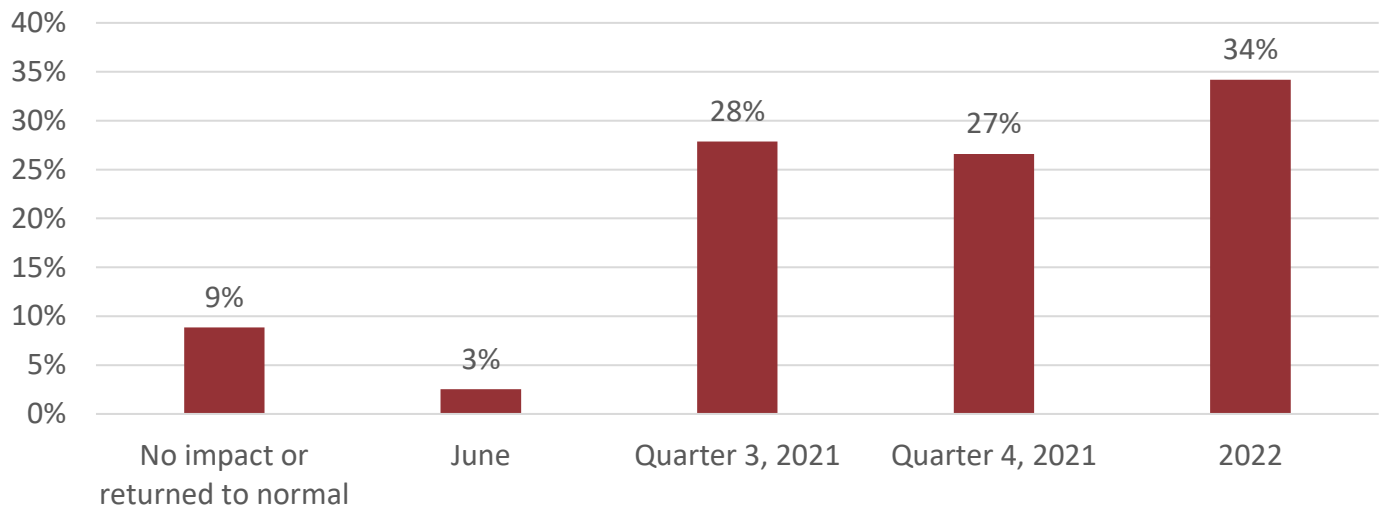


Looking at the anticipated status of the supply chain over the next few months, processors are expecting an even worse situation. Almost no processors expect to get through the coming months with no supply chain issues, whereas the number of processors with moderate issues is expected to jump to 54%.

Anticipated Status of Supply Chain by Top 3 Industries

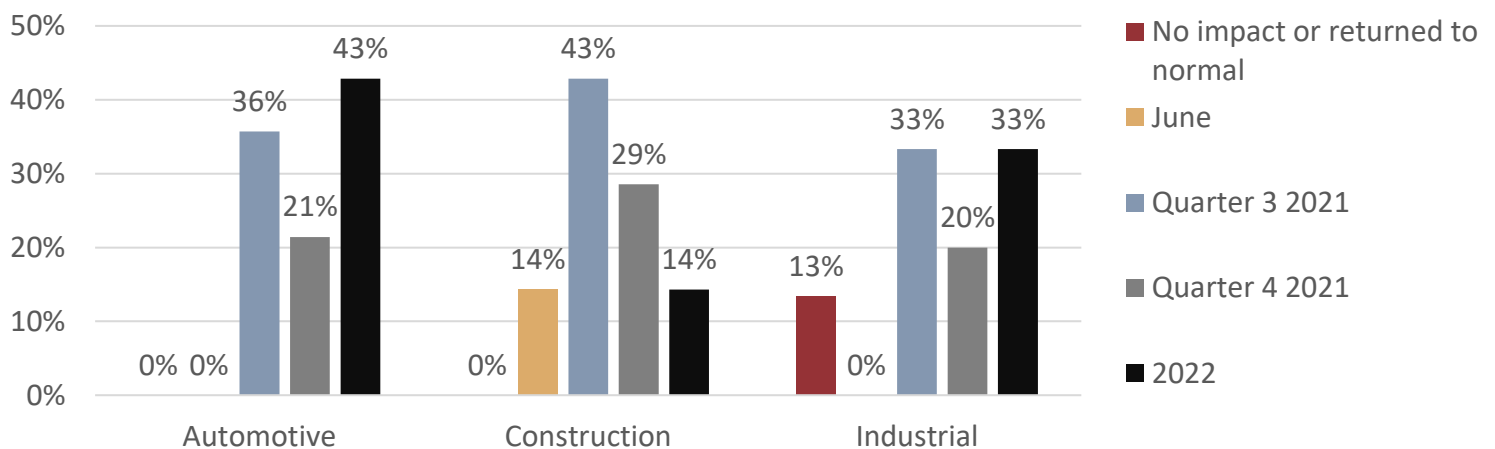


Anticipated Supply Chain Return to “Normal”

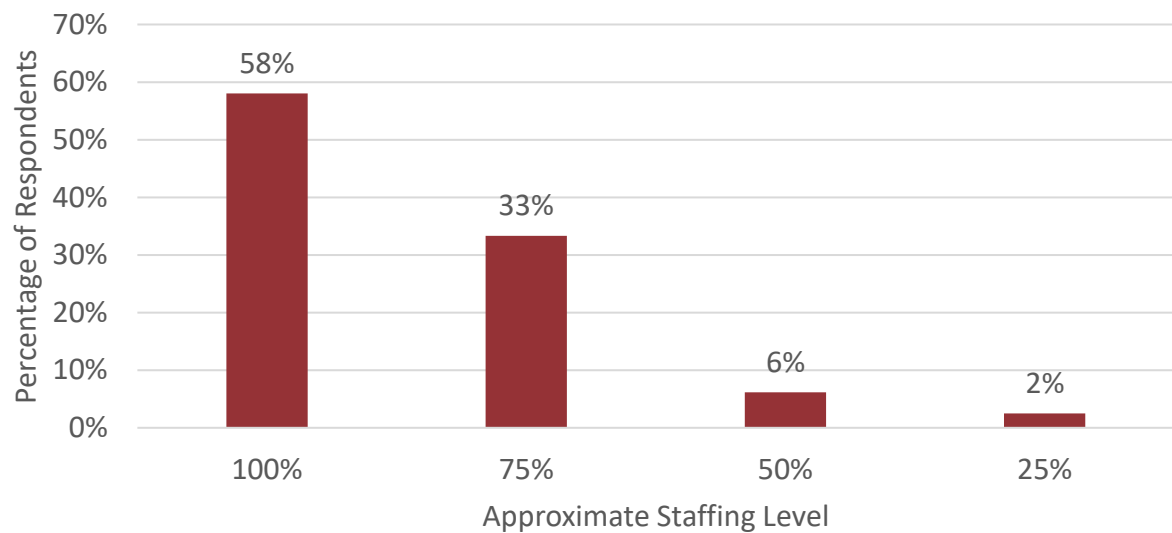


When asked when they think the supply chain will return to normal, one-third of rubber executives do not expect a return to normalcy until next year. 28% of respondents expect a return to normal in quarter three of 2021 and another 27% do not expect a return until quarter four of 2021.

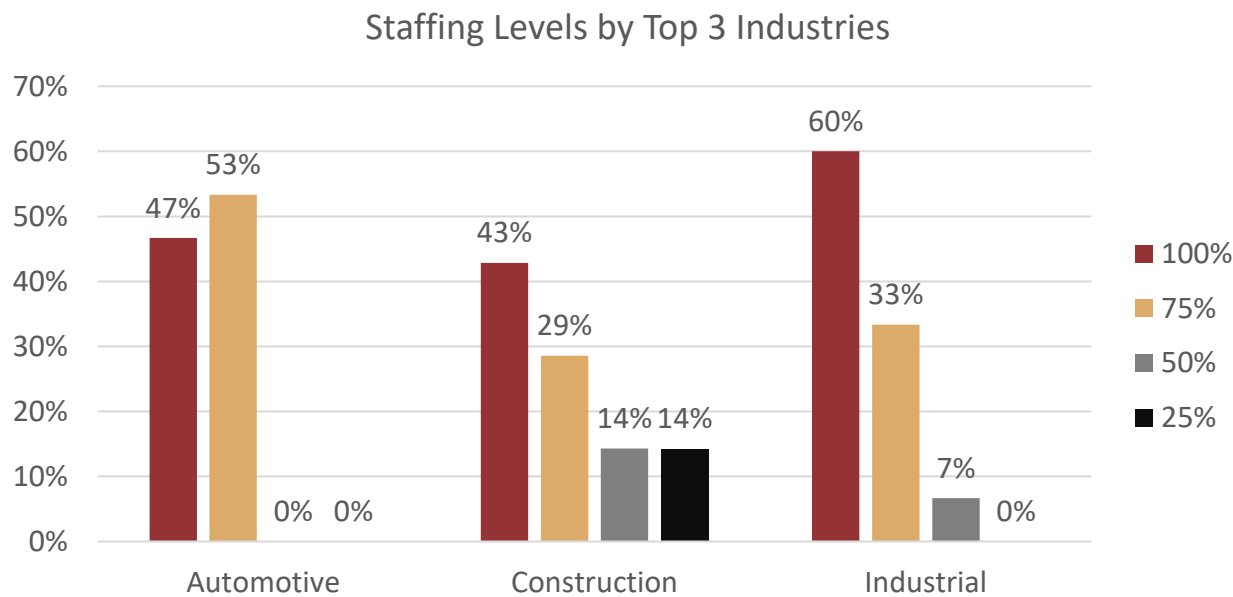
Anticipated Return to Normal by Top 3 Industries



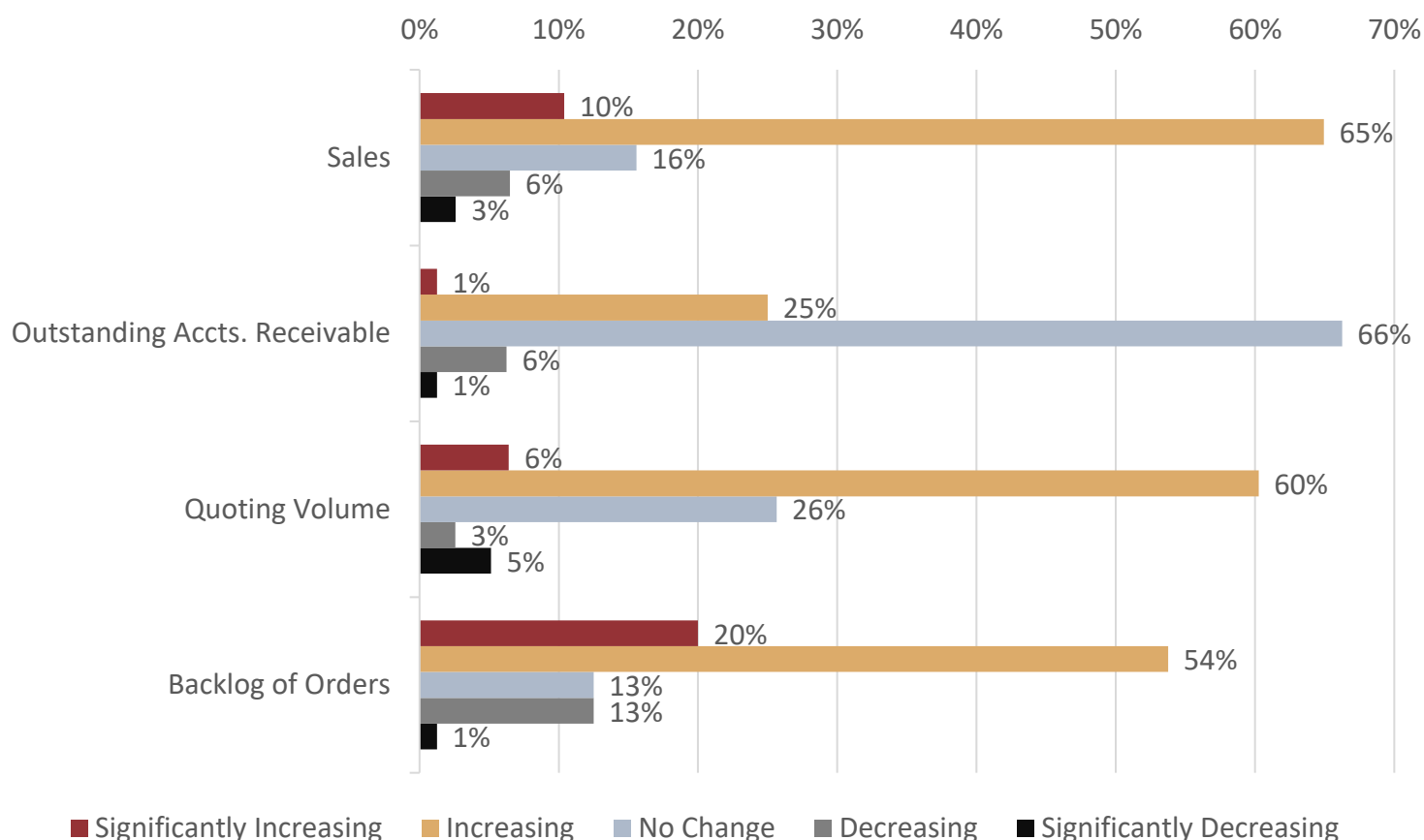
Current Approximate Staffing Levels



In the State of the Rubber Industry Report, 52% of rubber executives expected their employment levels to increase. When comparing the current data to the ARPM December Pulse Survey, staffing levels decreased over the first quarter of 2021. Respondents with employment levels at 100% dropped from 77% to 58%.



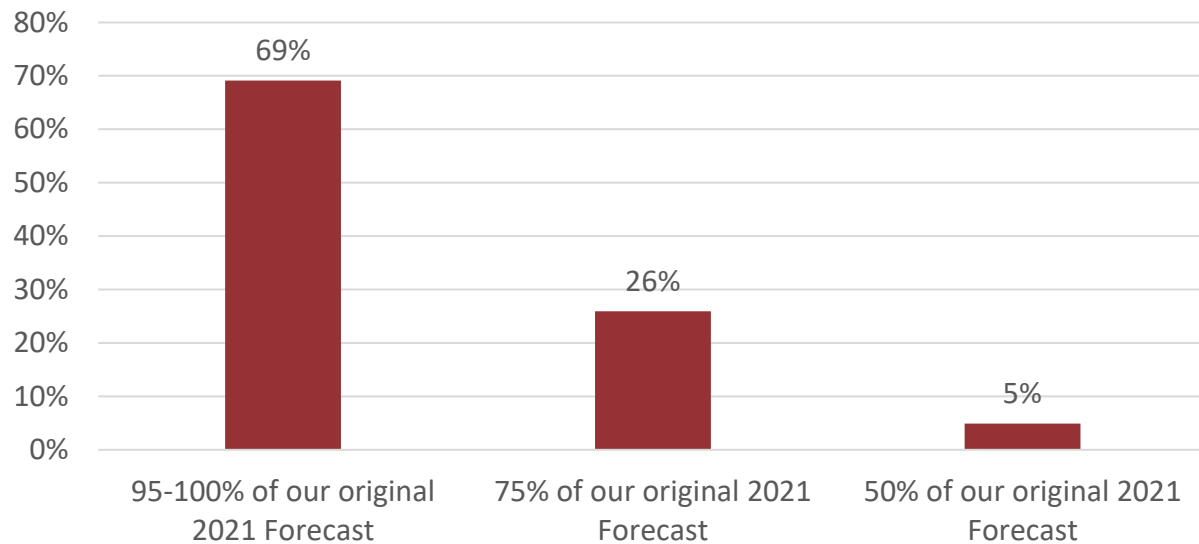
Current Status of Major Performance Indicators



The 2021 State of the Rubber Industry Report showed that 45% of rubber processors experienced increased sales, whereas 75% of processors reported increased sales in April. Only 9% had a decrease in sales, compared to 30% in the fourth quarter of 2020.

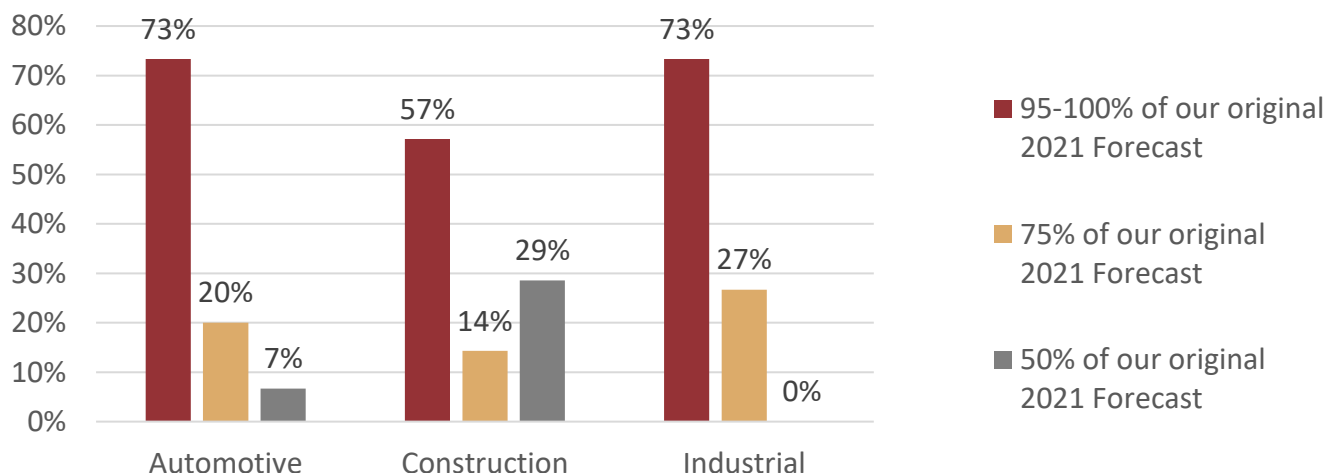
Quoting activity shows a similar improvement, where 40% of processors had increased quoting in the fourth quarter of last year, but 66% are experiencing increased quoting now. Backlog, however, showed the most improvement, nearly doubling from 38% in the State of the Rubber Industry Report to 74% in this Pulse Survey.

2021 Forecasted Revenue

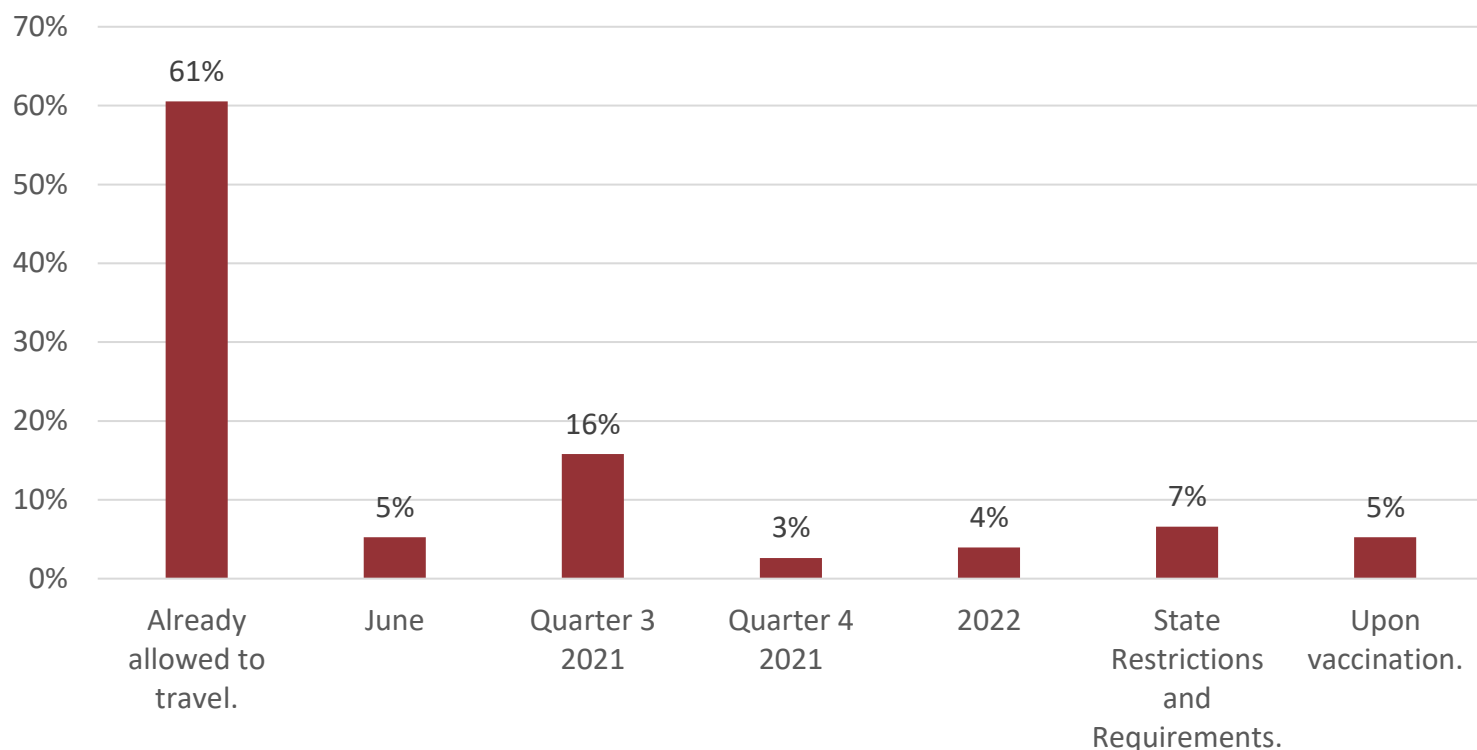


While the industry is changing rapidly, executives were asked how they are currently forecasting revenue through the end of 2021. 69% of respondents indicated a strong revenue forecast, whereas only 5% reported a forecast of 50%. Looking back at the ARPM December Pulse Survey, only 34% were at 95-100% of their forecast. As issues within the industry continue to improve, processors will hopefully experience a rise in revenue and be more successful in hitting their goals.

2021 Forecasted Revenue by Top 3 Industries



Employee Travel Restrictions



Most rubber products manufacturers (61%) are already allowing their employees to travel. Another 16% will be allowing employees to travel sometime during the third quarter. 7% are waiting for state restrictions and requirements to allow for travel and 5% are allowing their employees to travel upon receiving the vaccine.

Remember to check ARPM's website for an update in July and in October. If you have suggestions for questions to be added or changed, please e-mail ARPM's Managing Director, Letha Keslar, at lkeslar@arpminc.org.