

Robust Demand Expected For Rubber Gloves This Year, Says OSK

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KUALA LUMPUR, Jan 14 (Bernama) -- Rubber glove makers such as Top Glove Corporation, Supermax Corporation and Kossan Rubber Industries are set to gain from the **robust demand for medical rubber gloves this year, due to scarce supply owing to minimal capacity expansion undertaken in 2009**, OSK Research said on Thursday.

Global demand is set to grow to by about 10 billion pieces annually to 150 billion on growing hygiene awareness following the H1N1 pandemic, the company said in a research update on the rubber gloves sector.

Demand was also outpacing supply given the minimal capacity expansion last year where only about five billion pieces were made versus the demand of 10 billion.

OSK said there were also **constraints to new capacity expansion** since **no new natural gas supply was being made available for the industry** in Malaysia.

According to OSK, the alternative in using biomass to generate power entails taking 12-15 months to get a biomass boiler ready for use.

"Consequently, we estimate a scarcity in gloves in the first half of the year before new capacity starts to kick in later in the second," the research house said.

It also stated that developing countries were the target growth markets due to growing hygiene awareness, citing Brazil as a good example, where demand surged after the government tightened regulations on rubber gloves entering the country.

The exceptionally strong demand from Brazil has mainly benefited Top Glove and Supermax.

Both are believed to command a market share of about 40 per cent and 30 per cent respectively, of the entire Brazilian market.

"Going forward, we believe developing countries will be the growth market for rubber gloves makers, who will now be refocussing on basic natural rubber gloves as part of their expansion," OSK highlighted.

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