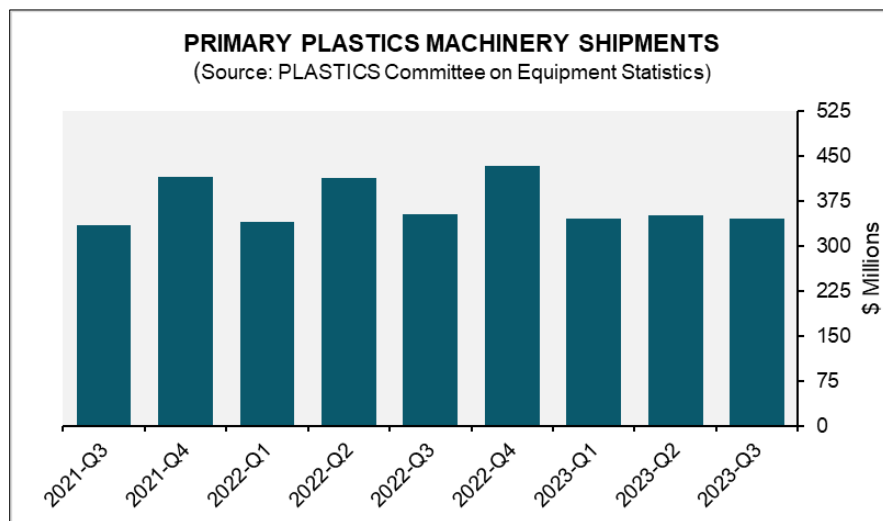


## Plastics Machinery: Third Quarter Update and Outlook

The Committee on Equipment Statistics (CES) of the Plastics Industry Association has just released the third-quarter shipment data for primary plastics machinery, encompassing injection molding and extrusion, in North America. According to the initial estimates for the third quarter of 2023, the shipment value stands at \$345.8 million, marking a 1.5% decrease from the revised figure of \$351.0 million in the previous quarter. In comparison to the same period last year, there's been a 2.3% decrease in the value of shipments.

Within the realm of primary plastics machinery types, single-screw extruders have seen a notable surge, with a 30.5% increase in quarter-over-quarter (Q/Q) analysis and an even more substantial 75.3% increase year-over-year (Y/Y). Twin-screw extruders also demonstrated a robust 30.3% Q/Q increase, though with a more moderate 2.9% Y/Y increment. On the other hand, injection molding continued its decline in shipments, experiencing a 2.3% decrease Q/Q and an 8.0% decrease Y/Y, marking the third consecutive quarter of decline.



"At the start of this year, there was a double-digit decline in primary plastics machinery shipments. Following a 1.5% gain in shipments during the second quarter, there was a reversal, resulting in a 1.5% loss in the third quarter," observed Dr. Perc Pineda, Chief Economist at PLASTICS. "The decline in shipments seems to have moderated on both a quarterly and year-over-year basis, aligning with the rising economic output from the first to the third quarter of this year."

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 56.1%.

In Q3 2023, U.S. exports of plastics equipment surged impressively by 7.2% from the previous quarter, marking a substantial 36.3% increase from a year earlier, totaling \$270.9 million. More than half of these exports (55.4%) were directed to Mexico and Canada, totaling \$150.1 million. Meanwhile, imports saw a

decrease of 16.5% from the previous quarter and 9.5% from a year earlier, resulting in a total of \$383.0 million. This shift led to a significant 45.5% decrease in the plastics equipment trade deficit, which reached \$112.1 million.

In the foreseeable future, the trajectory of plastics machinery will continue to be influenced by the prevailing high-interest rate environment, especially the inversion of interest rates. Despite the resilience displayed by the U.S. economic output, primarily propelled by robust consumer engagement, the economy's transition toward a consistent output growth and a stable inflation rate has been somewhat delayed. While the demand for plastics is anticipated to remain steady, fluctuations in manufacturing could impact business investment decisions," remarked Pineda.