

# Supply chain trends keep prices elevated

Shipping might see some relief while interest rate hikes could counter inflation.

## Market conditions

Several factors continue to exacerbate supply chain constraints, pushing prices higher, with some glimmers of hope in stabilizing market prices. For complete details, [view the full PowerPoint presentation](#).

**Metals:** The Russian invasion of Ukraine has further strained the metals market expected to be tight long-term. Many manufacturers are trying to terminate contracts and won't sign new ones with Russia. Affected metals include steel, nickel and aluminum. Ukraine is a major supplier of iron ore and alumina, while both supply significant steel feedstock and steelmaking raw materials.

**Freight:** While some expect shipping will maintain escalated pricing and delays through 2022 and possibly into 2023 because of demand and depleted inventories, others see prices collapsing, with FreightWaves predicting another "trucking bloodbath," in the boom-and-bust industry that last collapsed three years ago.

**Interest rates:** To counter inflation and stabilize the economy, the Federal Reserve increased interest rates by 0.25% as expected in March – the first increase in more than three years of rates at 0.0% during the pandemic. Seven increases are expected totaling 1.9% in 2022 and possibly three more increases in 2023.

**China COVID-19 lockdowns:** Raw material processing factories and many manufacturing plants have shut down or slowed operations in several large cities in China, including 26 million in the vital port city of Shanghai.

**Semiconductor shortages:** Both China's lockdowns and the Russian war in Ukraine have impacted the semiconductor shortages, while manufacturers and governments are investing billions to increase capacity that will be short through 2022.

**Food prices:** Food prices continue to escalate, with all-time highs for vegetable oils, cereals, various meats and other categories. The avian influenza and California drought will also likely put pressure on future prices.

## Updates by category

- **Medical, surgical and integrated logistics:** The market remains constrained for pre-filled syringes, I.V. solutions and tubing, surgical gloves, chest drainage, tracheostomy tubes, diagnostic procedure trays, chest drainage, suction canisters, suction tips/tubing, sharps containers, and reusable textiles. *Some segments like durable medical equipment, suction canisters and sharps containers could recover by yearend.*
- **Medical devices and physician preference items:** Olympus supply constraints with VC-10 Vacuum Curettage System Disposables.
- **Laboratory products:** COVID-19 trends continue with unprecedented demand and supply chain challenges with little improvement in the blood collection tubes market, and the needle supply is increasingly constrained. *Good news: The Greiner new warehouse is open and expected to alleviate shipping constraints.*
- **Diagnostic imaging:** GE Healthcare is experiencing a temporary supply disruption of Omnipaque (iohexol), a radiographic contrast medium used before X-ray imaging tests due to the COVID-19 lockdown in China. Temporary disruptions expected through June.
- **Pediatric products:** Infant formula (Abbott Elecare and Similac PM 60/40) remains constrained.
- **Pharmacy:** Shortages continue for dextrose 25%/50%, and fill rates are generally up as follows: sedatives class at 69%, analgesics class at 89%, NMBs class at 86%, hydralazine class at 85% and pantoprazole at 83%. New:
  - **New shortages:** TNP Compounders: Exactamix2400 valve set, fosphenytoin injection, iron dextran injection, cortisone tablets, dalfopristin/quinupristin injection, phenobarbital injection
  - **Injections now available:** Busulfan, diphenhydramine, atropine, furosemide, ropivacaine, sodium phosphate
- **Worsening shortages:** Dopamine injection, ketamine injection, ondansetron injection, pantoprazole injection, potassium phosphate injection, rocuronium injection, vecuronium injection, chloroprocaine injection, clotrimazole lozenges, 50% dextrose injection, flumazenil injection [learn](#), 14.6% sodium chloride injection



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