berlin PACKAGING

INDUSTRY UPDATE
Q2 2025

- Domestic Transport
- Ocean Freight
- Resins & Raw Materials
- Economic Indicators

DOMESTIC TRANSPORT

QUARTER 2
2025

Although freight demand is down, transportation costs in North America are inching upward. In May, freight shipments fell 4% YOY and slipped 0.4% MOM, while freight expenditures rose 0.8% YOY and 1.4% MOM, according to the Cass Transportation Indexes. The decline in shipments partially reflects the destocking of pre-tariff inventory buildup. A shift from less-than-truckload to a truckload mix contributed to the expenditure increase.

The May Logistics Managers' Index report marked two months of cost expansion, driven by increasing inventory costs. Imported goods rushed into the U.S. ahead of tariffs are now static, and holding them in inventory is expensive. Consequently, warehousing capacity is tight, and warehousing prices are rising.

Berlin Packaging's Logistics Team bridges the gap between sales, procurement, suppliers, and operations, ensuring seamless shipment execution tailored to customer needs.

TRUCKLOAD RATES & SHIPMENTS

In early June, line-haul costs per mile for the dry van spot market averaged $2.02, about 5 cents higher than rates 12 months ago, according to data from Uber Freight. Following typical seasonal patterns, costs increased in May ahead of the Memorial Day Holiday. In early June, spot rates averaged 20 cents less per mile than contracted rates.

Van load-to-truck ratios, which serve as a measure of demand (the number of loads) and capacity (the number of available trucks to carry those loads), are higher this year compared to 2024 and 2023. The higher ratios indicate tighter capacity and potential line-haul rate increases for shippers like Berlin. So far, favorable fuel costs have helped offset marginal increases in line-haul costs. However, if fuel costs rise, total freight rates will increase.

DIESEL FUEL PRICES DROP TO 4-YEAR LOW

In early June, U.S. diesel fuel prices stood at $3.45 per gallon, their lowest rate since September 2021 and 27 cents lower than 12 months ago. However, in mid-June, the Israel-Iran conflict triggered a jump in diesel fuel prices to $3.77 per gallon, the biggest increase since January. Diesel fuel prices have ranged from $3.45 to $3.77 per gallon during the second quarter of 2025. Higher global crude oil output, lower crude oil prices, and lower-than-average diesel demand in the U.S. have kept a lid on fuel prices.

Despite the stability in fuel prices, parcel carriers like FedEx and UPS have increased their fuel surcharge calculations over the past year. In addition, these parcel shippers have added more zip codes to their surcharges and levied additional fees on larger package sizes in a bid to boost profitability.

$3.45	$3.77
June 2, 2025	June 23, 2025

Average Price for Diesel Fuel (Per Gallon)

CONTINUED SOFTNESS IN U.S. MANUFACTURING

Economic activity in the U.S. manufacturing sector contracted in May for the third consecutive month, following a two-month expansion, according to the May Manufacturing ISM Report On Business.

The Manufacturing Purchasing Managers Index (PMI) decreased to its lowest reading (48.5%) since November, when it registered 48.4%. Four of the five indexes that directly factor into the Manufacturing PMI were in contraction territory, including Purchase Orders, Production (output), Employment, and Inventories. Only one index (Supplier Deliveries) was in expansion territory, down from two in April.

Haggling over who pays the tariffs and delays in materials processing at ports of entry led to slower supplier deliveries. These shipments slowed or stopped after tariffs became effective, leading to a drawdown of manufacturing inventories. Although the Employment and New Orders indexes both improved for the second consecutive month, they remained in contraction.

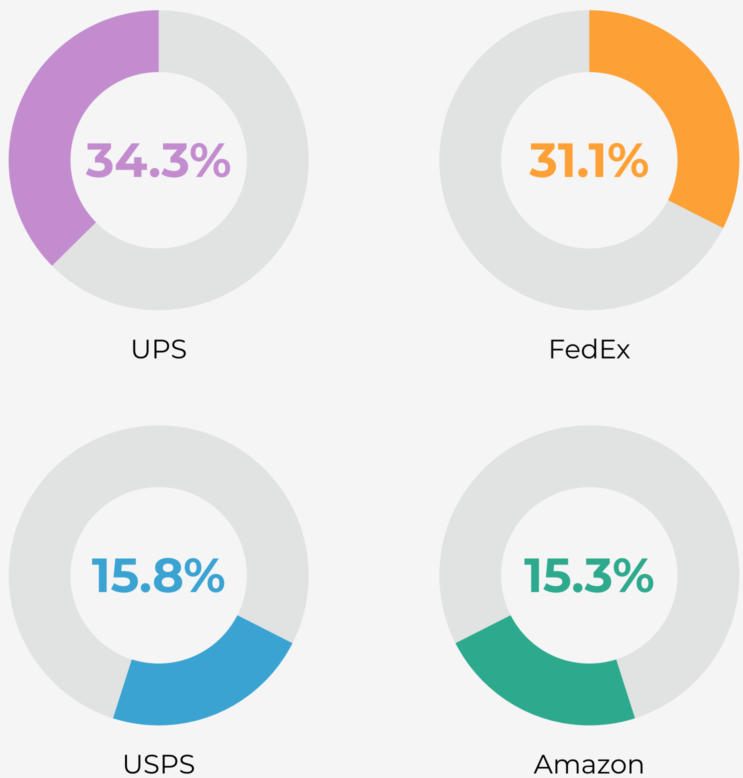
Strong local carrier partnerships enable Berlin Packaging to provide top-tier service and competitive costs for our customers.

E-COMMERCE SALES JUMPED 6% YOY IN Q1

According to recent government data, U.S. retail e-commerce sales reached $300.2 billion in the first quarter of 2025, virtually unchanged from the fourth quarter of 2024 and a 6.1% leap from the first quarter of 2024. Retail e-commerce sales in Q1 accounted for 16.2% of total retail sales.

U.S. parcel volume increased 3.4% last year to reach 22.4 billion parcels, according to the Pitney Bowes annual U.S. Parcel Shipping Index. However, parcel revenue did not keep pace with volume, growing by just 2.7% to $203.2 billion in 2024. Competitive pricing from alternative carriers resulted in a slight 0.6% decline in revenue per parcel.

The USPS generated the highest parcel volume last year, reaching 6.9 billion units. Its volume was up 3.2% from the prior year. In 2024, Amazon handled 6.3 billion parcels, a 7.3% jump YOY. Amazon anticipates overtaking USPS in volume by 2028. UPS parcel volume rose 1.7% to 4.7 billion parcels. FedEx volume declined 3.6% to 3.7 billion parcels in 2024.



By revenue, UPS leads the pack with a 34.3% market share, followed by FedEx (31.1%), USPS (15.8%), Amazon (15.3%), and alternative carriers (3.4%), notes the index.

Berlin Packaging is proud to be a member of the U.S. EPA SmartWay Transport Partnership, a program that helps companies advance supply chain sustainability by measuring, benchmarking, and improving freight transportation efficiency.

OCEAN FREIGHT

QUARTER 2
2025

U.S. policy shifts on tariffs are taking ocean freight shipment volumes and spot rates on a wild rollercoaster ride in 2025. To beat the implementation of the tariffs, importers brought in goods ahead of schedule, causing volumes and spot rates to spike. Once the tariffs took effect, ocean freight shipments plummeted. Then, the pause in tariffs prompted shippers to fast-track the importation of goods during a small window of opportunity, creating an early and hectic peak season.

In May, the pause in the U.S.-China trade war and the prospect of a lasting trade agreement between the two economic powerhouses encouraged ocean carriers to reposition and increase capacity on the Asia-North America lanes. Carriers stripped capacity in these lanes in March and April in anticipation of the increased tariffs.

According to Sea-Intelligence, shipping lines plan to increase their capacity by 12.8% MOM in June and by 18% YOY in June and July from Asia to the North American West Coast. Some of the YOY increase may be inflated due to blank sailings last year. Minor container space constraints are expected through August, pending any additional tariff changes.

The global schedule reliability of ocean carriers has improved steadily this year, reports Sea-Intelligence. In April, schedule reliability increased by 1.7% MOM to 58.7%, the highest level since November 2023. The April increase marked three consecutive months of schedule reliability improvement.

As volatility persists in many global trade lanes, Berlin Packaging proactively provides alternate routings and real-time visibility of the international freight market to help our customers minimize any disruptions to their supply chains. Our long-standing carrier partnerships with dynamic pricing and adaptable agreements mitigate market fluctuations.

TARIFFS INFLUENCE IMPORT VOLUMES

In April, stacked U.S. tariffs on specific goods from China reached 145%, significantly impacting import volumes into the U.S. According to Descartes' June Global Shipping Report, May container import volumes dropped by 9.7% from April and by 7.2% YOY. May imports from China plunged 20.8% from April, the steepest monthly decline since March 2020, when the pandemic struck. China's share of total U.S. containerized imports fell to 29.3% in May, its lowest level in over two years.

In contrast to May's volume falloff, April U.S. container import volumes increased 1.2% MOM and 9.2% YOY, while March volumes swelled 6.3% MOM and 11% YOY, reports Descartes. April imports from China increased 5.4% MOM and 6.2% YOY, accounting for more than one-third of total U.S. inbound container volume.

The National Retail Federation (NRF) expects import cargo at America's major container ports to surge this summer as retailers take advantage of a 90-day reduction in tariffs on goods from China to stock up for back-to-school season and end-of-year holiday spending. The NRF predicts June import volumes will increase by 5% from May, and July import volumes will expand nearly 6% compared to June.

PORT ACTIVITY

In April, container volumes surged by 6% YOY at the Port of New York and New Jersey. For the first third of the year, the port handled 9% more containers during the same period last year.

The Port of Savannah broke records for container volumes in February, March, and April. For its current fiscal year to date (July 2024 through April 2025), the Georgia port handled 11% more containers compared to the same period in the previous fiscal year.

After 10 straight months of year-over-year growth at the Port of Los Angeles, overall cargo volume slowed in May due to the impact of tariffs on both imports and exports. "May marked our lowest monthly cargo output in over two years," stated Port of Los Angeles Executive Director Gene Seroka. While May volume is typically stronger than April as we approach our traditional peak season, our May imports dropped 19% compared to last month and 9% year-over-year, noted Seroka.

Following a four-day strike in mid-May, Mexico's Port Manzanillo faced delays and container backlogs for several weeks. Located on the Pacific Coast between Puerto Vallarta and Acapulco, Manzanillo is Mexico's largest port, handling around 45% of the country's container imports.

HEADWINDS CURTAIL AIR CARGO GROWTH

The headwinds of U.S. tariffs and the elimination of the de minimis exemption for parcel goods less than $800 from China and Hong Kong are grounding air cargo activities. The International Air Transport Association (IATA), which predicted air cargo volume growth of 5.8% this year in December 2024, has downgraded its projection to only 0.7% YOY growth. Last year, air cargo volume grew by nearly 12% YOY.

In December, the IATA projected air cargo revenues of $157 billion for 2025. The revised forecast now envisions revenues of $142 billion, a 4.7% decline from 2024.

As a Customs-Trade Partnership Against Terrorism (C-TPAT) certified importer, Berlin Packaging and our customers reap multiple benefits, such as reductions in customs freight examinations, "front of the line" status during inspections/exams, and streamlined processes to prevent delays.

RESINS & RAW MATERIALS

QUARTER 2
2025

Prices for key packaging raw materials moved in opposite directions during the second quarter. The cost of some plastic resins declined due to moderate demand, lower feedstock prices, and sufficient inventory. Meanwhile, the prices of tin plate steel and aluminum for metal packaging soared with U.S. tariff adjustments to 50%.

Berlin Packaging maintains a best-in-class approach to sourcing packaging materials and manufacturing platforms. We are not bound to a specific material, technology, tool, or country of origin, affording us tremendous flexibility to find the most cost-effective packaging solutions for our customers.

PLASTIC RESINS

The May U.S. Producer Price Index (PPI) for intermediate demand plastic resins decreased by 1.3%, following a 0.2% drop in April and a 0.8% advance in March. The May index for intermediate demand plastic packaging products increased by 0.1%, following a 0.1% rise in April and a 0.2% climb in March. Over the past 12 months, the index for intermediate demand plastic resins increased by 1.3%, and the index for intermediate demand plastic packaging products rose by 0.8%.

Here are the current market conditions for various resins:

1

PET (Polyethylene Terephthalate): Weak bottle-grade demand due to cooler-than-normal temperatures in parts of the U.S. suppressed PET prices for a while. However, recent volatility in feedstocks buoyed PET prices.

2

HDPE/MDPE/LDPE (Polyethylene): Following a period of high inventories and low feedstock costs, production cutbacks and a strong export market have prompted a price increase for PE resins.

3

PVC (Polyvinyl Chloride): With construction accounting for 60% of PVC demand, sluggish construction activity and weak housing starts are dampening PVC prices.

5

PP (Polypropylene): Resin production outpaced demand, bolstering inventory, and leading to a decrease in PP prices.

6

PS (Polystyrene): Subdued resin demand, lower feedstock costs, and ample supplies restrain PS prices.

Post-consumer recycled (PCR): Recycled HDPE pellet prices dropped slightly in the second quarter amid building inventories and soft demand. Although May is typically the beginning of peak season for beverage consumption, demand for recycled bottle-grade PET resin remains flat, stabilizing prices. However, the recent 50% tariff on aluminum may prompt some soft drink brands to switch from aluminum cans to PET bottles, increasing the demand for PET and rPET resins.

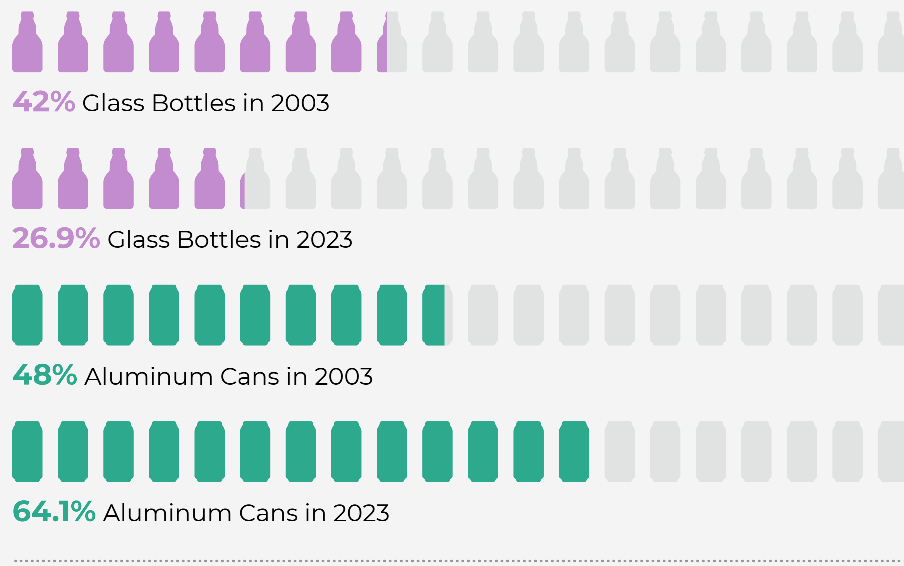
WHOLESALE PRICES

The U.S. PPI for final demand goods (e.g., CPG products, raw materials) and services (e.g., transportation, warehousing) rose 0.1% in May after dropping 0.2% in April and 0.1% in March. The PPI reflects wholesale prices and is a leading indicator of future inflation at the retail level.

Final demand goods increased by 0.2% in May, marking seven out of the last eight months with gains. The May index for transportation and warehousing of personal consumption goods advanced 0.1%, following a 0.7% increase in April and a 0.9% drop in March. Over the past 12 months, this service index expanded by 2.2%.

GLASS

Historically, glass containers carry a 25% to 30% cost premium over aluminum cans and bottles. With the recent 50% tariff on aluminum, glass may become more cost-competitive. This new cost structure may alter the mix of beer packaging, which has favored aluminum cans.



Beer Packaging Market Share (Data from the Beer Institute)

In 2023, aluminum cans accounted for 64.1% of U.S. beer packaging, while glass bottles captured a 26.9% share, reports the Beer Institute. Twenty years ago, glass bottles claimed nearly 42% of the beer packaging market. Aluminum cans held a 48% share.

METAL

In June, the Trump Administration increased tariffs on imported steel and aluminum from 25% to 50%, impacting prices in the U.S. metal packaging sector.

The Can Manufacturers Institute (CMI) strongly opposes the tariff increase. Doubling the steel tariff will further increase the cost of canned goods at the grocery store, according to CMI. With a 50% tariff on steel, prices for products packed in steel cans could rise 9% to 15%, notes the Consumer Brands Association. The average steel can in the U.S. is made from nearly 80% imported steel.

In May, Emirates Global Aluminum, the world's largest producer of premium aluminum, and the Oklahoma Dept. of Commerce announced plans to construct a primary aluminum production facility in Inola, OK. The $4 billion project, which will be the first new aluminum smelter in the U.S. in 45 years, will nearly double the volume of domestic aluminum production.

PULP & PAPER

With U.S. restaurant traffic, including pizza chains, down for eight consecutive quarters, the demand for corrugated pizza boxes also dropped, according to a report from Rabobank. Pizza restaurants use 3 billion pizza boxes, or 600,000 tons of corrugated paper, annually, according to the American Forest & Paper Association. These boxes contribute to the old corrugated container (OCC) market, which recycles fiber-based materials to produce new containerboard and boxboard.

In 2024, the global folding carton market surpassed 50 million tons, worth an estimated $180 billion, according to a report from Smithers. The market grew nearly 5% by volume. The folding carton packaging sector is highly concentrated, with the top 5 biggest producers accounting for over 25% of the volume and the top 10 garnering nearly 40%.

Although Berlin Packaging cannot control the price of raw materials, we offer multiple value-added services and income-boosting solutions to help our customers Package More Profit®. Over the past few years, Berlin Packaging has added more than $200 million in profit to our customers as a unique benefit of doing business with us.

ECONOMIC INDICATORS

QUARTER 2
2025

As the second quarter draws to a close, the effects of U.S. trade policies and other factors may be eroding consumer spending, which drives the U.S. economy and constitutes over two-thirds of GDP. Here's a snapshot of recent economic activity, data, and news influencing the consumer packaged goods (CPG) market and the packaging industry in North America.

- U.S. consumer spending declined 0.9% in May, following a 0.1% dip in April.
- Consumer sentiment jumped by 16% in June, marking the first improvement in six months.
- On an annual basis, U.S. and Canadian inflation are 2.4% and 1.7%, respectively.
- In Q1, U.S. GDP sank to -0.2%, while Canada's GDP increased by 2.2%.
- Sustainability-marketed CPG products grew 2.3X faster than conventionally marketed products.

Berlin Packaging's mission is to improve our customers' net income through our packaging products and services. We help to increase their sales, reduce costs, and/or improve productivity. Along with having a positive impact on their income, we are committed to providing accurate and timely information and products.

CONSUMER SPENDING AND SENTIMENT

U.S. consumer spending and retail sales declined by 0.9% month-over-month (MOM) in May, following a 0.1% dip in April. Vehicle and auto parts sales combined with lower gasoline prices led to the May decline. Excluding them, the May retail drop was only 0.1%. Other sectors contributed to the pullback in May sales.

Food and beverage store sales decreased by 0.7% in May and were flat in April. Food services and drinking places sales fell by 0.9% in May after a 0.8% gain in April. Health and personal care store sales declined by 0.1% in May, following a 0.3% drop in April. Building materials and garden supplies stores recorded a 2.7% sales dip in May after a 0.3% advance in April.

On the positive side in May, sporting goods, hobby, and bookstore sales rose by 1.3%, general merchandise store sales expanded by 0.1%, clothing store sales gained 0.8%, and non-store and online sales increased by 0.9%.

In Canada, consumer spending and retail sales expanded by 0.8% in March, according to the data from Statistics Canada. Retail sales increased by 1.2% in the first quarter. Statistics Canada projects retail sales to increase by 0.5% in April.

Consumer sentiment — a measure of how U.S. consumers view their finances and the economy — rebounded in June with a 16% jump, the first improvement in six months, according to the University of Michigan consumer sentiment survey. Year-ahead inflation expectations fell to 5.1% in June from 6.6% in May.

While consumers appear to have settled somewhat from the shock of the high tariffs announced in April, they remain guarded and concerned about the trajectory of the economy. Even with the June gains, consumer sentiment is roughly 20% below where it stood in December 2024, when optimism briefly spiked following the November elections.

INFLATION REMAINS MUTED

The U.S. consumer price index (CPI) rose 0.1% MOM in May after increasing by 0.2% in April, according to the Bureau of Labor Statistics. Both indexes for food-at-home and food-away-from-home increased by 0.3% in May, while falling gasoline prices contributed to a 1.0% decline in the energy index. On an annual basis, the CPI rose 2.4% for the 12 months ending in May.

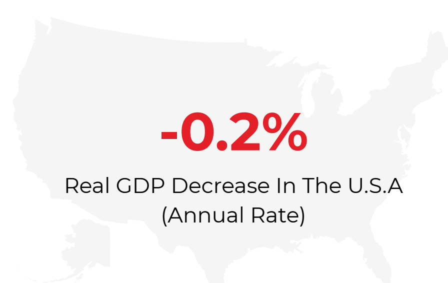
The annual inflation rate in Canada fell to 1.7% in April, down from 2.3% in March, according to Statistics Canada. The CPI fell 0.1% MOM in April, following a 0.3% gain in March. Lower energy prices contributed to the CPI decline in April.

At its June meeting, the U.S. Federal Reserve held interest rates steady at 4.25% – 4.50% for the fourth time. The U.S. central bank boosted its annual inflation outlook for 2025 from 2.7% to 3.0% and trimmed its projection for real GDP growth from 1.7% to 1.4%. However, it still expects to implement two rate cuts totaling 50 basis points in 2025.

In Canada, the Bank of Canada has held its benchmark interest rate at 2.75% since March.

U.S. GDP SANK TO -0.2% IN Q1

In the first quarter, U.S. real gross domestic product (GDP) decreased at an annual rate of 0.2%, reflecting a significant upturn in imports, a deceleration in consumer spending, and a downturn in government spending. Businesses accelerated their import volumes to avoid potential tariffs.



In Canada, real GDP increased by 2.2% on an annualized basis in the first quarter. The growth was driven by increased exports and inventory accumulation, with businesses pulling forward orders in anticipation of potential U.S. tariffs.

SUSTAINABILITY SELLS

Branded CPG products with sustainable attributes marketed on the package enjoyed a 23.8% market share last year in the U.S., up 2.6 percentage points versus the prior year, according to the 2024 Sustainable Market Share Index from the NYU Stern Center for Sustainable Business with help from Circana.

The market share of sustainable products has increased 9.2 percentage points since 2013. Products positioned as sustainable achieved a five-year CAGR of 12.4% versus 6.8% for the total CPG market and just 5.4% for conventionally marketed products. **In the past five years, sustainability-marketed products grew 2.3X faster than conventionally marketed products.**

Products marketed as sustainable enjoy a 26.6% price premium over their conventional counterparts. The top 10 sustainability-marketed product categories with the highest price premiums are carbonated beverages, bottled juices, pet food, dinner entrees, paper towels, cups & plates, crackers, toothpaste, pet treats, and chocolate.

As the world's largest Hybrid Packaging Supplier®, Berlin Packaging continually tracks consumer behavior, product trends, macroeconomics, geopolitical events, global trade policies, and packaging innovation to fully understand what is happening in the market so we can best help our customers succeed.

OUR MISSION
To increase your net income through packaging products & services.

HOW DO WE DO IT?
We increase your sales, reduce your costs & improve your productivity.

We Believe
ANYTHING IS POSSIBLE®

We Are The World's Largest **Hybrid Packaging Supplier®**

MANUFACTURING SERVICES
Large scale and broad scope deliver low cost and flexibility.

VALUE-ADDED SPECIALTY SERVICES
Our compelling suite of solutions addresses your needs and unlocks profit.

DISTRIBUTION SERVICES
Vast, capable network makes us reliable and close to you.

- Custom Design & Innovation
- Inventory Management Services
- Sustainable Packaging Solutions
- Quality Services Management
- Global Sourcing & Services
- Berlin Financial Services
- Customer Portal & Omni-channel Efficiency

What We Offer

We offer 50,000+ SKUs of plastic, glass, and metal containers, closures, and dispensing systems across all markets for customers just like you. We also create hundreds of custom primary and secondary packages from concept to commercialization each year.

Our Global Reach

With 100+ business operations on four continents, 2,000+ employees, and a network of suppliers around the world, we leverage our global scale and capabilities to further our mission.

Quantifiable Results

$240MM Net income our customers earned over the last 3 years as a unique benefit of working with Berlin Packaging.

- INCREASE YOUR SALES
- DECREASE YOUR COSTS
- IMPROVE YOUR PRODUCTIVITY

Our P.OK.E.R. Mentality

We are industry leaders in customer loyalty. Our team plays POKER to thrill our customers. We are consistently Proactive, On-time, Knowledgeable, Easy & Responsive!

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