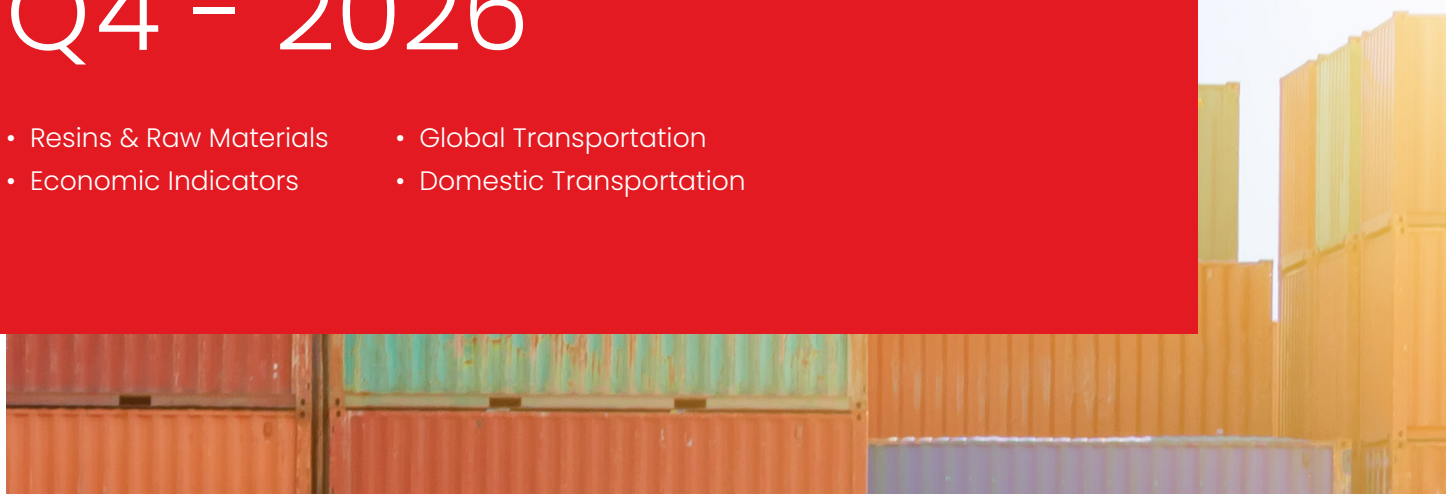


INDUSTRY UPDATE

Q4 - 2026

- Resins & Raw Materials
- Economic Indicators
- Global Transportation
- Domestic Transportation





RESINS AND RAW MATERIALS

QUARTER 4
2026

Record diesel fuel prices, higher freight costs, geopolitical conflicts, rising input expenses, and tariffs continue to raise the costs of packaging raw materials and finished products. While packaging raw material costs may fluctuate from month to month, the overall market direction points to higher prices over the long term.

The September Producer Price Index (PPI) exemplifies this market trend. Over the past 12 months (September 2025 to September 2026), the PPI for plastic resins rose by 6.5%, aluminum mill shapes (including sheet products used to make cans) climbed by 25.2%, steel mill products increased by 27.6%, paperboard rose by 7%, and recyclable paper increased by 13.9%.

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 following summarizes current market conditions for key plastic resins:

- **PET (Polyethylene Terephthalate):** PET bottle resin prices rose in September due to higher feedstock and import costs amid generally adequate supply. The short-term outlook reflects opposing pressures from rising feedstock costs and softer seasonal demand.
- **HDPE/MDPE/LDPE (Polyethylene):** Strengthening domestic and export demand, tighter supplies, and higher feedstock costs are adding some upward pressure on PE prices domestically. Oversupply in the EU is restraining prices.
- **PVC (Polyvinyl Chloride):** While PVC demand is down in the sluggish housing market, the growth of AI data centers and related infrastructure has created a new and booming market for PVC products, pushing up total PVC demand.
- **PP (Polypropylene):** Higher feedstock costs and scheduled production outages suggest flat-to-firmer PP prices in the near term.
- **PS (Polystyrene):** The biggest driver of PS pricing is benzene (an upstream feedstock) costs, which have fluctuated sharply this year. In August, benzene costs rose; in September, they fell; and in October, they increased. The November outlook is uncertain.
- **Post-consumer recycled (PCR):** Recycled HDPE **(rHDPE)** pellet prices are under pressure due to subdued demand and competitive virgin resin pricing. Food-grade rHDPE demand remained stable while non-food-grade rHDPE demand softened. Recycled PET **(rPET)** pricing remains broadly stable across the value chain. Market sentiment continues to reflect virgin PET price movements, elevated freight rates, and uncertainty surrounding potential future tariffs. Higher virgin PET values could push up rPET pellet pricing.



GLASS

Recent research from the Glass Packaging Institute shows that consumers increasingly expect packaging to reflect a product's health and quality claims. A survey of 4,046 U.S. adults conducted from May through June 2026 found that 64% want more foods and beverages available in glass jars and bottles, while 72% of organic food buyers share that preference. Additionally, 72% believe products with healthier ingredients should use packaging materials they consider healthier, and 60% expect natural and organic brands to use glass packaging.

The findings also highlight how packaging influences consumer trust and purchasing decisions. Nearly 60% of respondents trust glass as the only packaging material that eliminates concerns about chemicals, and 54% have changed their purchases to avoid packaging that might introduce unwanted chemicals into food and beverages. Nearly 70% of millennials and 63% of Gen Z consumers expect brands that promote healthy ingredients to use glass packaging. **These findings underscore an opportunity for brands to align packaging choices with consumer expectations for health, quality, and trust.**



METAL

In August, nearly 60 U.S. House members asked the Department of Commerce to investigate potential pricing irregularities in the domestic aluminum market. The lawmakers argue that the Midwest Premium, a regional benchmark that factors into U.S. aluminum prices, incorporates the Trump administration's 50% Section 232 aluminum tariffs regardless of the metal's origin. As a result, manufacturers that use domestically sourced and recycled aluminum may face higher costs despite the exemption of those materials from the tariffs.

The issue carries significant implications for beverage and consumer packaged goods manufacturers. The U.S. beverage industry uses more than 70% recycled aluminum in its cans, yet lawmakers and industry groups argue that the Midwest Premium increases costs for manufacturers and consumers. Global aluminum supply constraints and Middle East production and transportation disruptions have added further pressure. The proposed investigation would examine the premium's calculation formula, pricing methodology, and impact on recycled aluminum use and domestic manufacturing costs.

PULP & PAPER

Last year, the U.S. recycled about 45 million tons of paper, reaching a 61%–65% recycling rate, according to the American Forest & Paper Association. The U.S. also recycled more than 33 million tons of cardboard, achieving a 70%–75% recycling rate. U.S. mills used more than 31 million tons of recycled paper in 2025 to manufacture new products. Nearly 45% of the recycled fiber (i.e., 20 million tons) went into containerboard for corrugated boxes, while about 29% was exported and 12% went into boxboard for folding cartons.

The Carton Council has launched a free, open-source image library to help AI-powered recycling systems more reliably identify liquid food and beverage cartons. The database features real-world images of brick-style, multilayer cartons that appear flattened, torn, dirty, or discolored in material recovery facilities (MRFs), giving AI recognition and sorting systems more representative training data than pristine product photos.

The initiative builds on the council's support for near-infrared optical sorting and other recovery technologies. By improving carton identification, the initiative aims to increase carton recovery, reduce contamination, and enhance the quality of recycled materials.



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 for our customers as a unique benefit of doing business with us.



ECONOMIC INDICATORS

QUARTER 4
2026

As we move into the holiday retail season, resilient consumer spending and a strong labor market continue to drive economic growth despite sticky inflation, energy price shocks, and rising fuel prices. 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. retail sales increased by 0.8% MoM in September.**
- **Consumer sentiment hit a 5-month low in October.**
- **Holiday retail sales expected to grow 4+% YoY.**
- **U.S. annual inflation accelerated to 3.7% in September.**
- **In Q3, U.S. GDP rose 3.4%, Canada forecasts 0.3% GDP growth.**

Berlin Packaging's mission is to improve our customers' profitability through our packaging products and services. We help increase their sales, reduce costs, and improve productivity. We also provide accurate, timely information and products that can positively affect their income.

CONSUMER SPENDING RISES, SENTIMENT DECLINES

U.S. consumer spending and retail sales rose 0.8% MoM in September, after increasing 1.3% in August, according to the Commerce Department. With record-high gas prices, gasoline stations led all retailers, posting a 6.4% MoM increase in September. Other retail categories also recorded monthly gains, including health & personal care stores (0.7%), food & beverage stores (0.4%), and online retailers (0.3%). **Over the past 12 months ending in September, U.S. retail sales rose 6.3%.**

In Canada, consumer spending and retail sales expanded 1.2% in August, driven by gains in all nine subsectors, according to Statistics Canada. The August advance followed a revised decline in July. Retail sales increased 2.2% in the second quarter in both dollar value and sales volume. Statistics Canada projects that retail sales will increase 0.7% in September.

Consumer sentiment — a measure of how U.S. consumers view their finances and the economy — fell slightly in October, hitting a five-month low, according to the University of Michigan consumer sentiment survey. Consumers remain concerned about their purchasing power, rising prices, and the affordability of big-ticket purchases. **Persistent inflation and higher interest rates continue to weigh on consumer confidence and spending decisions.**



HOLIDAY RETAIL SPENDING: CHEERY OR DREARY?

Several signs point to a cheery holiday retail season, with consumer spending increasing over last year. According to Bain & Company's 2026 Holiday Shopping Outlook, U.S. retail sales will grow 4.5% YoY during the November–December holiday shopping season and top $1 trillion for the first time. However, half the growth will come from higher inflation.

The National Retail Federation echoes Bain's forecast, predicting holiday retail sales in November and December will grow 4.2% YoY to $1.01 trillion. By comparison, last year's holiday sales rose 3.1% over 2024, totaling $972 billion.

According to Deloitte's annual holiday retail forecast, Gen Z and millennials are expected to account for 50% of holiday spending for the first time in the survey's history. Nearly 40% of shoppers qualify as holiday value seekers who hunt for promotions, redeem rewards, and look to private label and other value alternatives to stretch their budgets. While prudent, these value seekers will spend 12% more than average shoppers.

Food, beverages, and beauty & personal care products are emerging as top holiday gifts. According to PwC's 2026 Holiday Outlook survey, consumables now rank among the top five most-purchased adult gifts, with 34% of shoppers buying them for family, 50% for friends, and 35% treating themselves.

Bain forecasts the strongest holiday sales growth in online retail. The analysis projects that non-store retailers will increase sales by 9% YoY, outpacing last year's growth rate and accounting for 60% of total sales growth, up from 50% last year.

Adobe forecasts that U.S. consumers will spend $275.1 billion on e-commerce purchases during the 2026 holiday season (Nov. 1 to Dec. 31), a 6.7% increase YoY. The company expects Cyber Week, the five-day period between Thanksgiving and Cyber Monday, to generate $47.5 billion in online sales, up 7.4% YoY and



U.S. ANNUAL INFLATION ACCELERATES TO 3.7%

The U.S. Consumer Price Index (CPI) rose 0.6% MoM in September, following a 0.4% increase in August, according to the Bureau of Labor Statistics. Annual inflation accelerated to 3.7% for the 12 months ending in September, up from 3.4% in August. Energy prices drove much of the monthly increase, with the energy index rising 5.2% and gasoline prices climbing 9.1%. Food purchased for home consumption declined 0.1%, while food away from home increased 0.2%.

Canada's CPI increased 0.1% MoM in September, following a 0.1% decline in August, according to Statistics Canada. **Annual inflation reached 3.1% in September, up from 3.0% in August, largely because gasoline prices increased 27.8% YoY.** Grocery-store food prices increased 1.7% YoY, down from 2.8% in August and marking the smallest annual increase since May 2024.

For CPG brand owners, the latest inflation data highlight continued pressure on household purchasing power, particularly from rising energy and transportation costs. Brands may have limited opportunities to pass additional price increases on to cost-conscious consumers without dampening demand.



Q3 GDP: U.S. GREW 3.4%, CANADA ESTIMATES 0.3% EXPANSION

U.S. real gross domestic product (GDP) grew at an annual rate of 3.4% in the third quarter of 2026, according to the U.S. Bureau of Economic Analysis. Investment, consumer spending, and government spending drove the expansion, while declining exports partly offset those gains. Imports also increased.

In Canada, preliminary estimates indicate that real GDP expanded 0.3% in the third quarter, according to Statistics Canada. Economic activity remained essentially unchanged in August and declined an estimated 0.1% in September. Manufacturing and mining, quarrying, and oil and gas extraction all contributed to September's decline.

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.



GLOBAL TRANSPORTATION

QUARTER 4
2026

North American shippers continue to navigate rising transportation costs as limited capacity, port congestion, supply chain disruptions, higher fuel expenses, and geopolitical tensions affect global freight operations. Typhoons, vessel delays, blank sailings, and instability in the Middle East are disrupting shipping schedules, reducing reliability, and sustaining elevated freight rates across major trade lanes.

Persistent port congestion and carrier capacity management continue to tighten vessel availability and undermine schedule reliability. Congestion at major Chinese ports has tied up approximately 8.5% of global vessel capacity, according to Sea-Intelligence. **Ocean carrier schedule reliability has fallen below 50%, the lowest level since the pandemic (2022),** reports Sea-Intelligence. Typhoons, geopolitical disruptions, port congestion, blank sailings, and vessel bunching continue to cause delays and make arrival dates less predictable.

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

STRONG IMPORT VOLUMES EXTEND PEAK SEASON

Tariff uncertainty and geopolitical disruption have extended the ocean freight peak season, keeping cargo volumes and transportation rates elevated. Although the National Retail Federation (NRF) reports that peak season is winding down, September and October import volumes remain more than 8% higher year over year (YoY). Global container volumes increased nearly 5% YoY through the first eight months of the year, reflecting continued strength in worldwide shipping activity, according to Container Trade Statistics.

U.S. container imports have moderated after a stronger-than-expected summer, but elevated volumes continue to strain port operations. At the ports of Los Angeles and Long Beach, September was the busiest month on record, with total container throughput exceeding two million units. Vessels are taking up to a week to discharge cargo, while truck and rail dwell times across the Southern California gateway remain near an 18-month high. The Port of Savannah also reported record September container activity as imports increased.

Asia-to-North America ocean freight spot rates remain near their 2026 highs. Far East congestion, vessel cancellations, and high fuel costs continue to support these elevated rates despite expectations that seasonal demand will ease. Capacity is expected to remain limited through November.

The NRF projects November import arrivals to decline 11% month over month as peak season winds down. However, shippers should expect continued capacity constraints and schedule disruptions through the end of the year. Typhoon-related backlogs, blank sailings, and geopolitical uncertainty will continue to pressure transit times and freight rates, even as import volumes moderate.

Import volume is expected to increase in January as shippers place orders ahead of the Chinese Lunar New Year Holiday. Although the holiday falls on Feb. 6, Asian manufacturing operations will shut down or curtail activity from late January through late February. Blank sailings will also occur during this time.



PANAMA CANAL RESTRICTIONS CHALLENGE SHIPPERS

The Panama Canal Authority continues to enforce draft restrictions that can delay some services by two to three weeks or longer. Improved rainfall and water levels have allowed the authority to increase the maximum allowable draft and permit additional daily vessel transit.

However, weight restrictions still limit cargo moving from Asia to the U.S. East Coast and Gulf Coast. Carriers limit container weights to 5,500 kilograms for 20-foot containers and 11,000 kilograms for 40-foot containers. These restrictions require shippers to manage cargo loads carefully and can reduce the freight volume vessels carry through the canal.

Although improved water levels have eased some constraints, the canal remains vulnerable to renewed drought conditions associated with El Niño. The authority may introduce additional restrictions if rainfall declines and water levels fall. Meanwhile, congestion and operational delays continue to increase transit-time risks, reduce schedule reliability, and raise transportation costs for U.S.-bound cargo.



SUEZ CANAL ROUTINGS MAY IMPROVE TRANSIT TIMES AND CAPACITY

More vessels returning to the Suez Canal are beginning to reshape global shipping routes. Approximately 50% of freight traffic has returned to the canal, adding capacity to the Asia-Europe trade lane. Carriers can reduce transit times by approximately 10 to 14 days by using the Suez route instead of diverting vessels around the Cape of Good Hope (southern coast of Africa). Additional capacity on Asia-Europe services could eventually benefit the U.S. market in 2027.

However, ongoing Middle East conflicts continue to create uncertainty and volatile pricing. Carriers transiting the Red Sea and Suez Canal are adding war and insurance surcharges to ocean freight rates, increasing shipment costs. If security conditions deteriorate, these ships may return to longer routes, adding transit time and disrupting schedules. The shift back to Suez routings has also contributed to vessel bunching and congestion at European ports as vessels arriving after longer Cape diversions overlap with ships returning to the shorter route.

AIR FREIGHT RATES SOAR

North American shippers continue to face elevated air freight rates as strong global demand, geopolitical disruptions, and higher fuel costs pressure the market. Global air cargo tonnage increased 9% YoY in September, while average worldwide freight rates rose by 25% compared with September 2025, according to WorldACD market data. North American air freight rates also increased 18% YoY.

Higher jet fuel prices continue to drive up air freight costs. Jet fuel prices increased more than 100% YoY in October. Looking ahead, air freight rates will likely remain elevated as fuel costs, geopolitical instability, and capacity imbalances continue to affect the market.



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 and exams, and streamlined processes that help prevent delays.



DOMESTIC TRANSPORTATION

QUARTER 4
2026

North American transportation costs continue to climb, reaching their highest levels since the pandemic sparked demand for consumer and durable goods and disrupted supply chains. Limited freight availability, surging diesel prices, rising fuel surcharges, higher carrier operating expenses, and firming demand against shrinking capacity have all contributed to the current increase. Recent court rulings have added regulatory requirements, liability exposure, and insurance costs, further driving up fleet operating expenses.

Several years of carrier bankruptcies and closures have shrunk available capacity, while stringent government regulations have narrowed the pool of qualified drivers. Stricter enforcement of English-language proficiency rules is removing about 2,700 drivers from service each month, and a new federal rule limiting commercial driver's licenses for drivers who are not domiciled in the U.S. could affect up to 194,000 drivers over time, according to *FreightWaves*. Higher insurance costs and tighter lending have also made it harder for new carriers to enter the market and stay in business.

As a result, shippers face greater rate volatility and longer lead times when securing capacity on certain routes and in specific regions. Shippers should expect further cost pressures and tighter capacity during the holiday-driven peak shipping season from November through early January.

Brokerage consolidation is also reshaping the domestic freight market. Echo Global Logistics completed its acquisition of ITS Logistics in March 2026, and C.H. Robinson announced its acquisition of RXO in October. **These acquisitions leave shippers with fewer, larger brokers and limit their options for securing competitive rates and finding alternative carriers when capacity tightens.**

While transportation conditions remain challenging, Berlin Packaging continues to actively manage freight and secure competitive rates through our established carrier network, market intelligence, and experienced logistics team.



TRUCKLOAD COSTS RISE 50% YOY

Truckload capacity remains tight across North America. About 10 shipments compete for every available truck, compared with nearly six shipments per truck one year ago. As of late October, market benchmarks show that combined line-haul and diesel fuel costs have increased by about 50% YoY across the domestic truckload network.

Spot truckload line-haul rates have eased from their summer peak, a normal seasonal pattern, but remain nearly 40% above last year, and higher diesel prices have offset much of that decline. Line-haul rates typically climb again during the winter peak season, from November through year-end.

Less-than-truckload (LTL) costs hit record highs this year. AFS Logistics and TD Cowen project that LTL rates per pound will reach an all-time high in Q4, marking the third straight record quarter. LTL fuel surcharges were also up 79% YoY in September.

Manufacturing growth supports freight demand. U.S. manufacturing activity expanded for the ninth consecutive month in September, according to the September ISM Manufacturing PMI Report. Three of the four demand indicators — the New Orders, Backlog of Orders, and New Export Orders indexes — remained in expansion in September.

The Production Index expanded for the 11th month in a row, and the Prices Index jumped 6.8 percentage points from August to September, reaching its highest level since the start of the Iran war. The Customers' Inventories Index remained in "too low" territory at 41.6%, which is usually a positive sign for future production activity.



DIESEL FUEL PRICES HIT ALL-TIME HIGH

Soaring diesel fuel prices rank as the trucking industry's No. 1 concern this year, according to research from the American Transportation Research Institute (ATRI). Notably, fuel prices ranked 18th on ATRI's list of the industry's critical concerns last year. Drivers are also a leading concern, with driver shortages (No. 5), driver compensation (No. 9), and driver retention (No. 10) making the list.

In September, U.S. diesel prices hit a record high of $6.53 per gallon — an increase of $2.78 from a year earlier. Prices pulled back to $6.18 per gallon on Oct. 12 before climbing again to $6.35 on Oct. 26.

Diesel prices will likely remain elevated through year-end as strong holiday freight demand, high crude oil prices, market volatility, and below-normal distillate inventories continue to pressure the market. Ongoing conflicts in the Middle East and Ukraine add further uncertainty to the fuel outlook.

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

PARCEL SHIPPING COSTS APPROACH RECORD HIGH

Surging rates, rising fuel surcharges, holiday shipping premiums, and extra fees are pushing parcel shipping prices to their highest level ever in Q4, according to a report from AFS Logistics and TD Cowen. Carriers increasingly use fuel surcharges to generate revenue while offsetting diesel and jet fuel costs for ground and express parcel services. As a result, shippers may not see significant surcharge reductions even if crude oil prices stabilize and fuel costs decline.

While holiday shipping surcharges typically end in late December or early January, shippers are unlikely to see any significant price relief. FedEx announced a 5.9% general rate increase (GRI) effective Jan. 4, 2027. UPS also announced a 5.9% GRI, effective Dec. 21, 2026.



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.

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50,000+ SKUs across plastic, glass, metal, closures, and dispensing systems, plus custom packaging solutions from concept to commercialization.

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Our Mission
Increase your profitability through packaging products & services.

Our Approach
Increase your sales, reduce your costs & improve your productivity.

Our Philosophy
At Berlin Packaging, we believe that Anything Is Possible®.

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

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

SPECIALTY SERVICES
Our suite of solutions addresses your needs and unlocks profit.

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

- Design & Innovation
- Inventory Management
- Sustainable Solutions
- Quality Advocacy
- Global Sourcing
- Financial Services
- Customer Portal

Global Reach
100+ business operations on four continents, 2,000+ employees, and a network of suppliers around the world.

Quantifiable Results
Our customers earned $240mm over the last 3 years as a unique benefit of working with Berlin Packaging.

P.O.K.E.R. Mentality
Our team plays POKER to thrill our customers. We are consistently Proactive, On-time, Knowledgeable, Easy & Responsive.