



February 26, 2021

To Our Valued Customers:

We wanted to follow up on our December 2020 letter with the current information available post Chinese New Year (CNY). The trajectory has not changed. We are sharing the information we have gathered to help you plan for your business.

For the majority of factories, they have returned to production without a quarantine period following CNY. Even with factories returning to production quicker than expected, lead times are already delayed due to shortages. The rise in demand has exceeded the supply, and a decline in the exchange rate has increased the unit price. Some contributing factors to these delays are an approximate increase of 30% in raw materials such as copper, aluminum, plastic, and electrical components. As well as a nearly 8% drop in the exchange rate. Several factories feel this will carry well into Q2-2021; others see no sign of decline.

Once product is produced, getting it on the water is still an incredible challenge. There is a global container shortage which has many contributing factors beyond the demand. For example, possession of containers has been extended by importers due to lack of productivity in the warehouse. Many warehouses are short staffed from layoffs or quarantines. Quotes on containers are offered at premium rates which are double what we saw this time last year.

Trickling further down, there are domestic freight increases with LTL companies reporting increases of 6-8%. Legacy product is increasing as well, as most of this is being manufactured in China. Sylvania is reporting 10-15% increases and will not take backorders at this time.

All this being said, our plan and our advice from December has not changed. Please review your stock levels and order what you can now, whether it be Commercial LED, major brand legacy products, or another vendor. At this point we can confidently say prices will be going up and there will be shortages with suppliers.

Our objective is to keep you informed so you can make the best decision for your business. We will continue to provide updates as the information becomes available. We appreciate your support, and we will continue to do everything we can to help you navigate the difficulties that lie ahead.

Best Regards,

Dave Dodich
CEO & Owner | JD International Lighting