

## Market Snapshot – December 2015

UK recovered material prices generally declined in value between August and December 2015 with the sharpest falls seen in recovered plastic and metal can markets.

Recovered plastic bottle prices generally fell by around 30%-40% with clear PET and mixed polymer bottle prices now at their lowest level since early 2009. The weakness in recovered plastic prices was mirrored in virgin plastic prices, albeit to a lesser extent. Demand for recovered plastic from China was particularly weak in October (the latest month for which trade data exists), with imports at their lowest level for the time of year since at least 2008.

News & PAM prices have been broadly stable since August, while OCC prices fell 4% and mixed paper and board prices fell 9%. In contrast to plastic, Chinese import demand for recovered paper has remained strong.

Recovered glass prices are broadly unchanged since August. The exception is mixed cullet which has fluctuated between a positive value of £5-£10 per tonne and a gate fee of around £5-£10 per tonne.

Recovered metal can prices fell sharply during the period August to December 2015. Recovered aluminium can prices fell by 28%, steel can prices fell 75% and mixed can prices dropped 61%. The fall metal can prices were much sharper than that observed in virgin metal markets; aluminium being broadly unchanged while steel was down 16% over the same period.

Recovered textile prices fell by £30-£40 per tonne between August and December 2015 and are now some 45%-50% below October 2013 levels. Although overall UK exports remain strong, higher value markets like Poland are less important as a share of total exports.

Wood waste gate fees (low grade) are broadly stable at £55 per tonne. Gate fees have remained high due to a combination of biomass plant maintenance issues, storage restrictions plus low export demand (due to the mild winter).

Taking account of the December 2014 carryover, preliminary packaging compliance data covering the first three quarters of 2015 shows that plastic and aluminium are most at risk of not meeting the 2015 packaging targets. Both plastic and aluminium PRN prices have increased since August to around £60 per tonne in December.

**Table 1: Key recovered material and commodity prices**

£ per tonne	Dec-14	Aug-15	Dec-15	% change	
				Aug-15 to Dec-15	One year
<b>Recovered paper</b>					
OCC	55	73	70	-4%	27%
News & PAMs	85	75	75	0%	-12%
Mixed	40	55	50	-9%	25%
<b>Recovered plastic bottles</b>					
Clear PET	160	140	95	-32%	-41%
Coloured PET	45	55	35	-36%	-22%
Mixed HDPE	142	150	130	-13%	-8%
Mixed polymer	93	89	55	-38%	-41%
Natural HDPE	404	457	325	-29%	-20%
<b>Recovered cans</b>					
Aluminium	857	694	500	-28%	-42%
Steel	125	59	15	-75%	-88%
Mixed	115	90	35	-61%	-70%
<b>Glass</b>					
Clear	18	20	20	0%	11%
Amber	13	13	13	0%	0%
Green	16	5	5	0%	-69%
Mixed	8	-1	-8	n/a	n/a
<b>Textiles</b>					
Banks	260	253	210	-17%	-19%
Charity Shops	330	301	270	-10%	-18%
<b>Virgin commodities</b>					
Pulp (NBSK)	597	547	534	-2%	-11%
PET	795	736	667	-9%	-16%
HDPE	946	975	947	-3%	0%
LDPE	959	995	1009	1%	5%
Cotton	844	890	926	4%	10%
Aluminium (LME)	1217	995	983	-1%	-19%
Steel (NWE HR Coil)	320	274	229	-16%	-28%
<b>Energy</b>					
Oil (Brent, £ per barrel)	40	30	26	-13%	-35%

Sources: WRAP Materials Pricing Report, Thomson Reuters Datastream

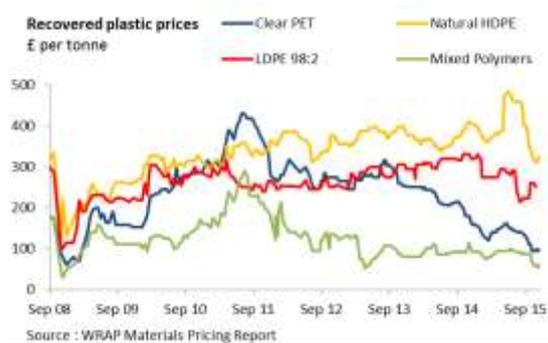
Note: Percentage changes are based on the mid-points of the ranges where applicable.

## RECOVERED MATERIAL MARKETS

### Plastics

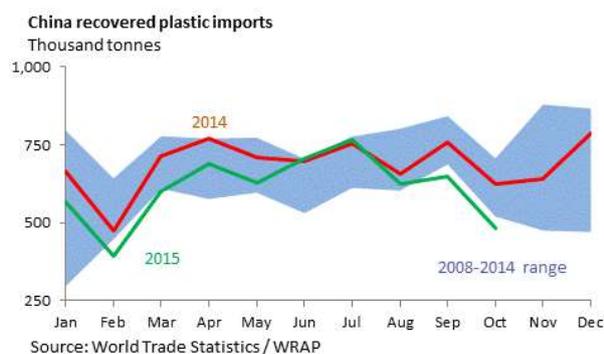
Recovered plastic bottle prices generally fell by around 30%-40% between August and December 2015. Both clear PET and mixed polymer bottle prices are now at their lowest level since early 2009. Mixed HDPE bottle prices saw a much smaller decline, falling from £150 per tonne to £130 per tonne.

The weakness in prices was mirrored in virgin plastic prices, albeit to a lesser extent. Virgin PET prices declined by 9% during this period to around £670 per tonne while virgin HDPE prices fell by 3% to £950 per tonne.



The UK exported 672kt of recovered plastic during the period Jan-Oct 2015, up 3% compared with the same period in 2014. Around two-thirds was exported directly to reprocessors in China/Hong Kong, broadly unchanged compared with the same period in 2014.

In total, China imported 6.1 Mt of recovered plastic (from all countries) during the period Jan-Oct 2015, down 11% compared with the same period in 2014. After nearing record seasonal import levels during mid-2015, import volumes subsequently fell sharply in Oct to below seasonal norms.

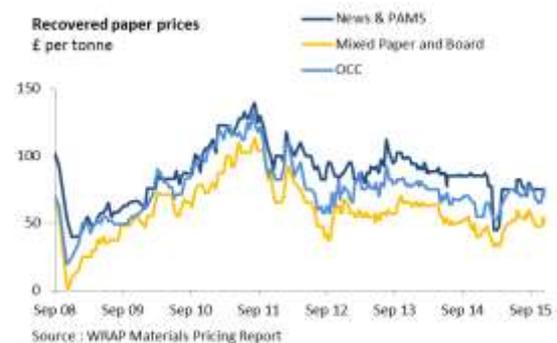


Plastic packaging recycling compliance data shows that 625kt was recycled during the period Jan-Sep 2015, up 1% on year earlier

levels. Including the December 2014 carryover this represents 74% of the amount required to meet the 2015 packaging target. Indicating how difficult meeting the target will be plastic PRN prices increased from £30-£35 per tonne in August to trade in the range £50-£70 per tonne during the final quarter of 2015.

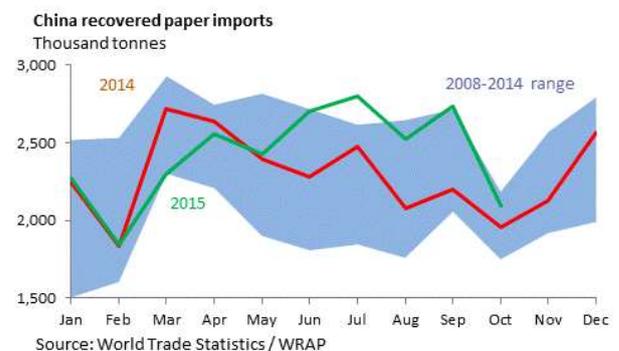
### Paper

News & PAM prices are broadly stable since August at £75 per tonne. OCC prices fell by 4% to £70 per tonne, while mixed paper and board prices fell by 9% to £50 per tonne. Virgin pulp prices (a substitute in the manufacture of paper products) fell slightly during Aug-Dec 2015 to end the year 11% below levels twelve months ago.



The UK exported 4.2 Mt of recovered paper during the period Jan-Oct 2015, up 10% compared with the same period in the previous year. Just over 70% of the UK's exported recovered paper and board was destined for China, unchanged versus year earlier levels.

China imported 24.3 Mt of recovered paper (from all countries) during the period Jan-Oct 2015, up 6% compared with the same period in 2014. The UK's market share of China's recovered paper imports is unchanged at 12%.



Paper PRN prices rose from around £1 per tonne in August to £5 per tonne during Nov/Dec. Although there appears to be little risk that the paper packaging target will be met (including carryover 108% of the 2015 obligation has already been achieved during the period Jan-Sep), the latest Q3 data

indicated that the overall recovery target would be challenging. Paper PRNs can be purchased to cover both the recovery and general PRN requirements of producers and so the paper PRN price doesn't just reflect the risk of failing to meet paper packaging targets.

## Glass

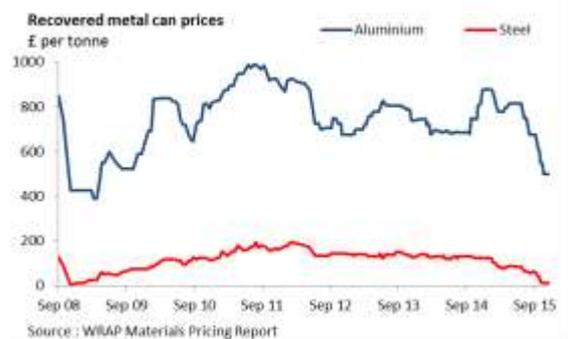
Recovered glass prices are broadly unchanged since August with clear at £20 per tonne, amber around £15 per tonne and green £5 per tonne. Mixed cullet fluctuated between a price of £5-£10 per tonne and a gate fee of around £5-£10 per tonne.



Glass packaging recycling compliance data shows that 1.2 Mt was recycled during the first three quarters of 2015, down 2.6% versus the same period in 2014. Taking account of the December 2014 carryover this represents 80% of the amount required to meet the 2015 packaging target. Glass PRN prices have declined from £10-£15 per tonne in August to £5-£10 per tonne in December as market participants expect sufficient tonnages during Q4 2015 to meet the target.

## Aluminium & steel

Recovered can prices fell sharply during Aug-Dec 2015. Recovered aluminium can prices fell by 28% to £500 per tonne, steel can prices fell by 75% to £15 per tonne and mixed can prices dropped 61% to £35 per tonne. The fall in metal can prices was much sharper than that observed in virgin metal markets; aluminium is broadly unchanged while steel is down 16% over the same period.

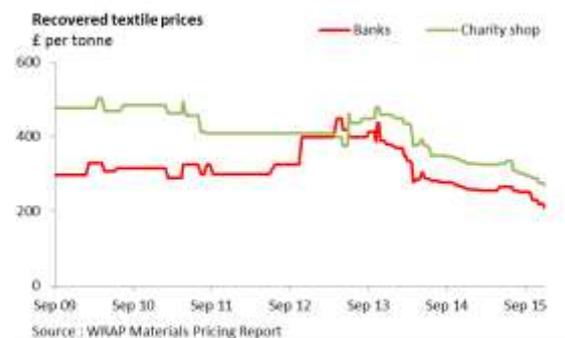


Aluminium packaging recycling compliance data shows that 53kt was recycled in the first three quarters of 2015, down 1.8% versus the same period in 2014. Including the December 2014 carryover this represents 74% of the amount required to meet the 2015 packaging target. Reflecting the reduced likelihood of meeting the 2015 packaging target, aluminium PRN prices increased from £40 per tonne in August to around £60 per tonne in December.

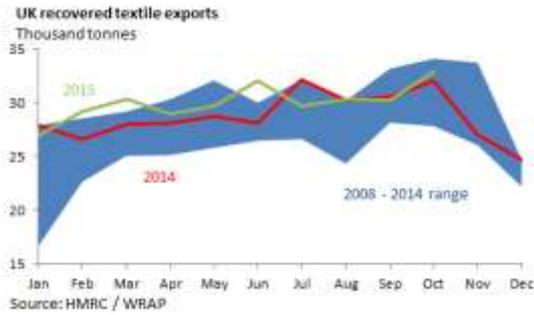
Steel packaging recycling compliance data shows that 277kt was recycled in the period Jan-Sep 2015, a decrease of 1.5% compared with the same period in 2014. Including the December 2014 carryover this represents 82% of the amount required to meet the 2015 packaging target. Despite the apparent comfortable position, steel PRN prices increased from £5-£10 per tonne in August to around £40 per tonne in December. However, there was some evidence of softening in PRN prices later in the December to around £20 per tonne.

## Textiles

Recovered textile prices fell by £30-£40 per tonne between August and December 2015 and are now some 45%-50% below October 2013 levels. Textiles sourced from banks are valued at around £210 per tonne while charity shop textiles (the value that a charity receives for charity shop clothing sold to merchants that collect the garments from the shop) are valued at around £270 per tonne.

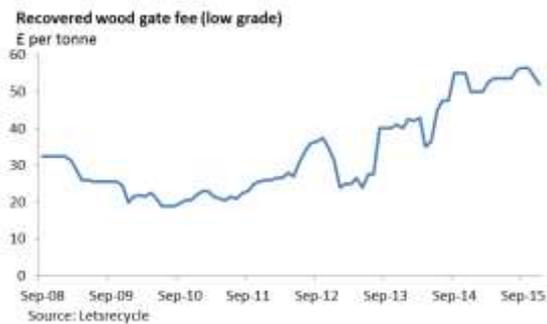


Recovered textile exports totalled 300kt during the period Jan-Oct 2015, up 2% versus the same period in 2014. Despite current low prices, recovered textile exports remain high on a historical basis. Of the top 7 main export destinations (accounting for 60% by weight in 2015) the main change has been a drop in exports to Poland, from 15% to 9% of total exports and to Ukraine, from 10% to 6%.



## Wood

Recovered wood gate fees remain high at around £55 per tonne for low grade material. Maintenance issues at a number of biomass plants, storage restrictions plus low export demand (due to the mild winter) are thought to be behind the continued high gate fees.



## WEEE

An estimated 388kt of WEEE was recovered from UK households during the first three quarters of 2015, up 7% compared with the same period in 2014. Of which small WEEE accounted for 105kt (27% of total collected), up by 10kt compared with the period Jan-Sep 2014.

**WRAP Economics Team**  
**December 2015**

## Glossary

CPI	Confederation of Paper Industries
EA	Environment Agency
HDPE	High density polyethylene
HMRC	Her Majesty's Revenue & Customs
kt	Thousand tonnes
LDPE	Low density polyethylene
Mt	Million tonnes
News & PAMs	Newspapers & magazines
NPWD	National Packaging Waste Database
OCC	Old corrugated cardboard
PET	Polyethylene terephthalate
PRN	Packaging Recovery Note

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