

## Market Snapshot – June 2013

Recovered material prices (Table 1) were mixed during the first half of 2013. The so called 'green fence' introduced by the Chinese authorities to increase the enforcement of import standards has particularly affected lower grade recovered plastic bottle prices. Mixed polymer and mixed HDPE prices are down 30%-50% since the start of the year. Concern over the impact of the 'green fence' may also have been a factor supporting the recent increase in plastic PRN prices. In contrast to plastic, the impact on UK recovered paper prices from the 'green fence' has been limited with UK prices broadly stable. Recovered glass container prices have declined slightly since the start of 2013 but remain near historically high levels. Cullet prices have remained high reflecting increased demand for recovered glass in order to meet the 2013 packaging compliance targets. Steel and aluminium can prices both increased during the first half of the year while primary metal prices fell sharply. Higher recovered can prices may reflect packaging compliance concerns.

**Table 1: Key recovered material and commodity prices<sup>1</sup>**

£ per tonne	Jun-12	Jan-13	Jun-13	% change	
				Jan-13 - Jun-13	One year
<b>Recovered paper</b>					
OCC	65-85	65-70	75-85	18%	7%
News & PAMs	85-115	90-100	90-95	-2%	-7%
Mixed	55-75	55-60	50-65	0%	-11%
<b>Recovered plastic bottles</b>					
Clear PET	250-350	240-290	265-300	7%	-6%
Coloured PET	70-80	50-60	45-55	-9%	-33%
Mixed HDPE	200-230	150-160	105-115	-29%	-49%
Mixed polymer	85-200	90-170	40-100	-46%	-51%
Natural HDPE	360-370	330-380	375-415	11%	8%
<b>Recovered cans</b>					
Aluminium	650-800	650-700	745-840	17%	9%
Steel	110-160	110-160	130-158	7%	7%
Mixed	125-150	110-150	100-140	-8%	-13%
<b>Glass</b>					
Clear	25-35	35-45	35-40	-5%	27%
Amber	18-25	25-40	20-35	-15%	27%
Green	10-20	15-30	15-22	-17%	27%
Mixed	0-15	5-25	10-25	20%	125%
<b>Textiles</b>					
Banks	300-350	350-450	350-450	0%	23%
Mixed rags	300-520	300-520	400-475	7%	7%
<b>Virgin commodities</b>					
Pulp (NBSK) <sup>3</sup>	536	509	552	8%	3%
PET <sup>2</sup>	1183	1231	1223	-1%	3%
HDPE <sup>2</sup>	1271	1235	1193	-3%	-6%
LDPE <sup>2</sup>	1243	1206	1193	-1%	-4%
Cotton (£ per lb) <sup>3</sup>	0.445	0.467	0.536	15%	20%
Aluminium <sup>3</sup>	1195	1260	1133	-10%	-5%
Steel <sup>3</sup>	240	185	80	-57%	-67%
<b>Energy</b>					
Oil (Brent, £ per barrel) <sup>3</sup>	60	70	67	-4%	12%

Sources: WRAP Materials Pricing Report, Thomson/Reuters, PIEWEB

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

1. June 2013 MPR data relate to w/c 3 June.

2. Monthly average; latest data May 2013

3. Latest data are 20th June 2013.

## RECOVERED MATERIAL MARKETS

### Paper

Since the start of the year the Chinese authorities have taken steps to increase the enforcement of recovered material import standards under the so called 'green fence'. Market contacts suggest the measures are likely to continue until at least the end of 2013 (although it is unclear exactly what form they will take).

The latest data from the Confederation of Paper Industries (CPI) show that UK paper mills used 1.26Mt of recovered paper in the period Jan-Apr 2013, down 0.7% from the same period in 2012. Over the same period, domestic OCC use fell by 2.7% to 517kt and news & PAM usage increased by 2.6% to 497kt. Mixed paper usage rose by 33% to 92kt, the highest level seen since 2010Q2.

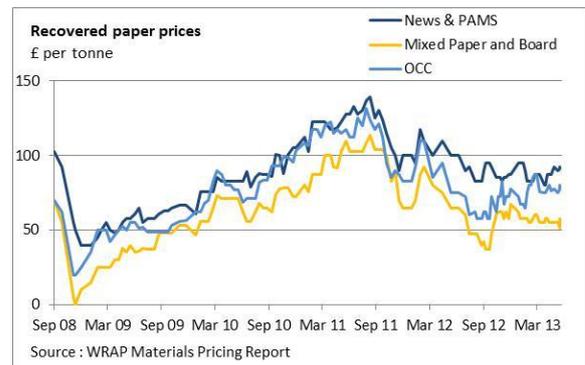
China imported just under 10Mt of recovered paper in the first four months of 2013, broadly unchanged from the same period in 2012. Imports of mixed and high grade paper rose by 22%, OCC fell by 2% and news & PAMs declined by 11%.

UK exports of recovered paper fell to 1.1Mt in 2013Q1 down 14% compared with 2012Q1 as demand from China fell. Over this period OCC exports fell by 11%, news & PAM exports declined by 38% while mixed paper exports actually rose by 8%.

The impact on UK recovered paper prices of the Chinese 'green fence' continues to be limited. Recovered paper and board prices (both domestic and export grades) have been broadly stable since the start of 2013.

Export prices for mixed paper (the grade most likely to be affected by Chinese import restrictions) have traded around £85-£95 per tonne since January, with domestic grades typically £10-£15 per tonne lower. The 33% increase in domestic mixed paper usage seen over the past year may have helped support domestic prices.

Meanwhile pulp prices (NBSK), a key component in paper manufacture rose by 8% since the start of the year to £550 per tonne, slightly higher than year earlier levels.

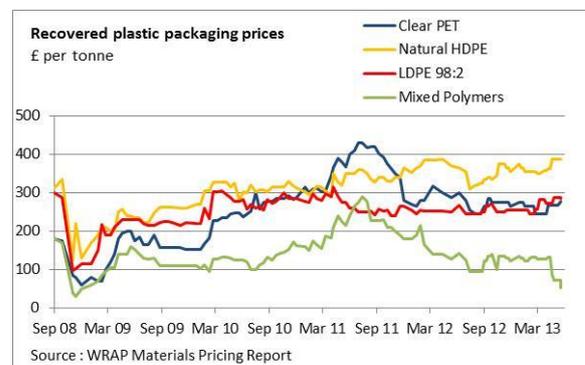


Container freight rates from Rotterdam to Shanghai are currently around \$950 (£615) per 40ft container, down from around \$1,100 earlier in the second quarter.

### Plastics

The 'green fence' introduced by Chinese authorities to reduce import contamination has had a significant impact on mixed polymer prices. Mixed polymer bottle prices fell from £130 per tonne in March to £50 per tonne in May before rebounding to £70 per tonne in June. The measures have also affected coloured PET and mixed HDPE prices, down 10% and 30% respectively since January.

In contrast, higher value bottle grades including clear PET and natural HDPE are both up by around 10% year to date. The strength seen in these grades may reflect the relative stability seen in oil and virgin polymer prices. Oil prices are down by around 4% since January (in sterling terms) to around £67 per barrel (Brent crude). Virgin plastic prices are also down by around 3%.



China imported 2.4Mt of recovered plastics during Jan-Apr 2013, down 5% on the same period in 2012. During the first quarter the UK exported 182kt of recovered plastic, down 9% compared with 2012Q1. Over the same period

exports to China/HK fell by 19%. There is some evidence that exports to other destinations rose during the first quarter, such as Indonesia but from very low levels.

Plastic PRN prices rose from around £15 per tonne in early 2013 to £65 per tonne in April, reflecting concerns that the Chinese 'green fence' could be an additional obstacle to meeting the 2013 target for plastic packaging recycling. Plastic packaging compliance data shows the amount recycled in 2013Q1 at 156kt, up 6% on the same period in 2012.

## Glass

Recovered glass container prices have generally declined since the start of 2013, although prices rebounded slightly in May/June. Clear, amber and green cullet prices are around 30% higher than June 2012 while mixed cullet prices rose from £8 per tonne to £18 per tonne. Cullet prices have remained high reflecting increased demand for recovered glass in order to meet the 2013 packaging compliance targets.



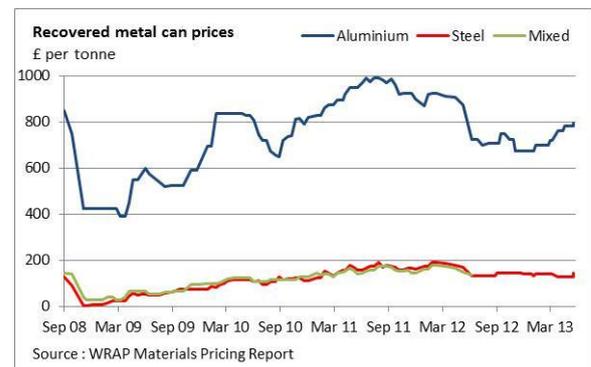
Reflecting concerns over the 2013 packaging compliance target glass PRN prices rose by £5-£10 per tonne between January and June 2013. Glass remelt PRN prices are currently around £65 per tonne with glass aggregate PRN prices around £50 per tonne. Packaging compliance data for 2013Q1 shows that 336kt of glass packaging was recycled, down almost 7% compared with 2012Q1.

## Aluminium & steel

Recovered aluminium can prices increased by 13% during 2013 to almost £800 per tonne, despite primary aluminium prices (LME spot) falling by around 10% over the same period. Aluminium can prices are now at their highest level since May 2012.

Steel can prices also exhibit diverging trends between recovered and primary steel prices. Steel can prices rose by 7% since the start of the year while primary steel prices (LME spot) fell by 57%.

Higher recovered can prices may reflect increased packaging compliance concerns, although both materials are expected to meet their 2013 packaging compliance target.



Aluminium PRN prices rose £5 per tonne to £10 per tonne since January while steel PRN prices are broadly stable near £15 per tonne. Packaging compliance data show aluminium and steel packaging recycling in 2013Q1 at 17kt (up 5% versus 2012Q1) and 108kt (up 15%) respectively with both materials likely to meet their 2013 packaging compliance targets.

## Textiles

Recovered textile prices have remained broadly stable since January in the range of £350-£500 per tonne, depending on location and quality etc.

**Market Economics Team**  
**June 2013**

## Glossary

EA	Environment Agency
HDPE	High density polyethylene
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
WEEE	Waste Electrical and Electronic Equipment

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