

## Market Snapshot – September 2015

Developments in UK recovered material markets have been mixed since April 2015 with recovered paper and board prices generally rising. In contrast, metal can prices in particular have seen sharp declines.

Natural HDPE bottle prices rose 20% to around £460 per tonne between April and August, supported by high virgin HDPE polymer prices in Europe. Clear PET bottle and mixed polymer bottle prices fell 5%. News & PAM prices are broadly stable around £75 per tonne. Domestic OCC and mixed paper and board prices have increased by 12% and 38% respectively since April. Recovered paper and plastic import demand from China was particularly strong during June and July. At the present time it is unclear to what extent imports slowed during August and September due to developments in its equity markets and the depreciation in its currency.

Aluminium and steel can prices are down 13% and 31% respectively since April. Virgin aluminium and steel prices have also shown sharp falls over the same time period. Clear and green cullet prices are stable with mixed glass prices continuing to attract at small gate fee. Amber cullet prices are down 13% since April.

Recovered textile prices are broadly stable with material sourced from banks are valued at £255 per tonne while charity shop textiles are valued near £300 per tonne. Wood waste gate fees (low grade) are stable at £55 per tonne.

Taking account of the December 2014 carryover, preliminary packaging compliance data for 2015Q1 and Q2 shows that plastic, aluminium and glass are most at risk of not meeting the 2015 packaging targets. Both plastic and aluminium PRN prices have increased since July to around £40 per tonne. In contrast, glass PRN prices are stable around £10-£15 per tonne.

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

£ per tonne	Aug-14	Apr-15	Aug-15	% change	
				Apr-15 to Aug-15	One year
<b>Recovered paper</b>					
OCC	67	65	73	12%	9%
News & PAMs	85	75	75	0%	-12%
Mixed	50	40	55	38%	10%
<b>Recovered plastic bottles</b>					
Clear PET	209	145	140	-3%	-33%
Coloured PET	45	49	55	12%	22%
Mixed HDPE	121	139	150	8%	24%
Mixed polymer	90	94	89	-5%	-1%
Natural HDPE	359	381	457	20%	27%
<b>Recovered cans</b>					
Aluminium	685	800	694	-13%	1%
Steel	130	85	59	-31%	-55%
Mixed	123	115	90	-22%	-27%
<b>Glass</b>					
Clear	28	20	20	0%	-29%
Amber	24	15	13	-13%	-46%
Green	15	5	5	0%	-67%
Mixed	15	-5	-1	n/a	n/a
<b>Textiles</b>					
Banks	278	255	253	-1%	-9%
Charity Shops	350	325	301	-7%	-14%
<b>Virgin commodities</b>					
Pulp (NBSK)	555	575	547	-5%	-1%
PET	1013	902	835	-7%	-18%
HDPE	1156	1068	1193	12%	3%
LDPE	1228	1093	1185	8%	-4%
Cotton	874	938	890	-5%	2%
Aluminium (LME)	1217	1213	995	-18%	-18%
Steel (NWE HR Coil)	333	290	274	-6%	-18%
<b>Energy</b>					
Oil (Brent, £ per barrel)	61	39	30	-23%	-51%

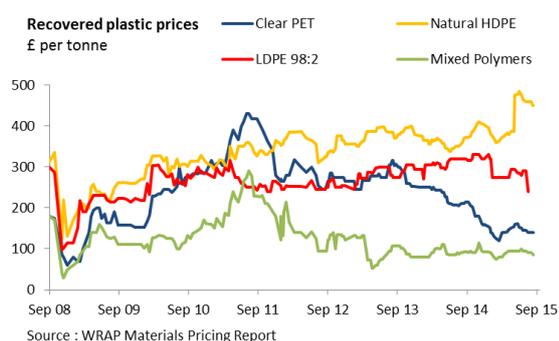
Sources: WRAP Materials Pricing Report, Thomson Reuters Datastream, PIEWEB

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

## RECOVERED MATERIAL MARKETS

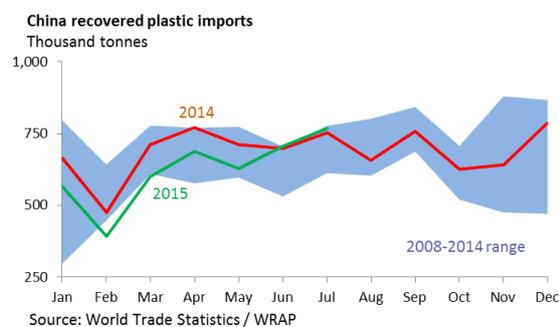
### Plastics

Recovered plastic bottle price trends between April and August were mixed. Natural HDPE bottle prices rose 20% to around £460 per tonne with the strength of virgin HDPE polymer prices in Europe likely to be the main driver. Mixed HDPE bottle prices are up 8% over the same period. In contrast clear PET bottle prices and mixed polymer prices fell 5%. Finally, LDPE 98:2 film prices fell almost 15% to £240 per tonne by the end of August.



The UK exported 439kt of recovered plastic during the first half of 2015 with around 70% exported directly to reprocessors in China/Hong Kong, up from 64% in the same period in 2014.

In total, China imported 3.6 Mt of recovered plastic (from all countries) during the first half of 2015, down 11% compared with the same period in 2014. During June and July, recovered plastic imports were close to record levels for the time of year. The UK's market share of China's recovered plastic imports is currently 9%, up from 6% in the same period a year ago.



Plastic packaging recycling compliance data shows that 424kt was recycled during first half of 2015, up 6% on year earlier levels. Including the December 2014 carryover this represents 51.1% of the amount required to meet the 2015 packaging target. Despite data

indicating that the UK is on track to meet this year's target plastic PRN prices have increased from £20-£25 per tonne to around £35-£45 per tonne in Aug/Sep 2015. Market anecdote points to concern over the outlook for Chinese demand for recovered plastic packaging as the cause for higher plastic PRN prices.

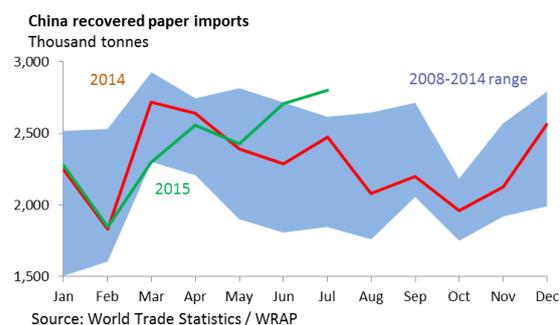
### Paper

News & PAM prices are broadly stable since April at £75 per tonne. OCC prices rose 12% to almost £75 per tonne while mixed paper and board prices increased by 38% to £55 per tonne.



The UK exported 2.6 Mt of recovered paper during the first half of 2015 (69% of which went to China), down from 2.3 Mt in the same period in 2014.

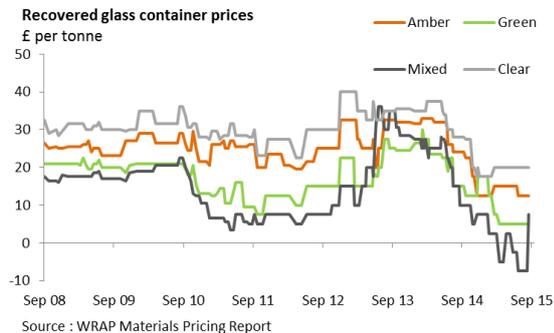
China imported 14.1 Mt of recovered paper (from all countries) during Q1 and Q2 2015, unchanged compared with the same period in 2014. As with plastic, Chinese imports of recovered paper during June and July reached record levels for the time of year. The UK's market share of China's recovered paper imports is currently 13%, up from 12% in the same period in 2014.



UK trade data show that the closure of the Aylesford newsprint mill in late February initially resulted in an increase in news & PAM exports by 70kt between February and March to 100kt. Since then news & PAM exports have gradually declined to pre-Aylesford closure levels of around 50kt per month. Mixed paper and board exports have been stable at just over 100kt per month.

## Glass

Recovered glass prices are broadly unchanged since April with clear at £20 per tonne, amber around £15 per tonne and green £5 per tonne. Mixed cullet continues to attract a gate fee of around £5 per tonne.



Glass packaging recycling compliance data shows that 750kt was recycled during first half of 2015, down 6% versus the same period in 2014. Taking account of the December 2014 carryover this represents 50.8% of the amount required to meet the 2015 packaging target. Despite only just meeting the 2015 target on present trends glass PRN prices have remained stable at around £10-£15 per tonne as market participants expect sufficient tonnages during Q3 and Q4 2015 to meet the target.

## Aluminium & steel

Recovered aluminium can prices fell by 13% since April to around £700 per tonne. Steel can prices fell by 31% to £60 per tonne and mixed can prices dropped 22% to £90 per tonne. The fall in steel can prices mirrors the recent fall in ferrous scrap metal prices, which in turn have responded to lower iron ore prices.



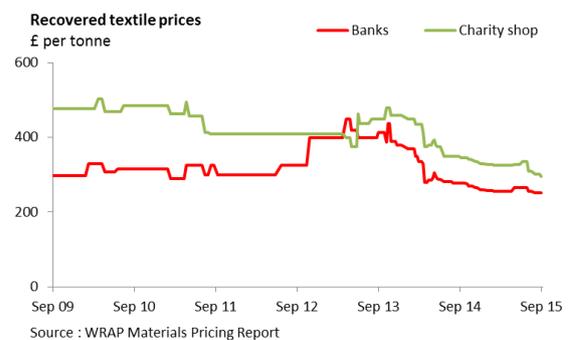
Aluminium packaging recycling compliance data shows that 30kt was recycled in the first half of 2015, down 12% versus the same period in 2014. Including the December 2014 carryover this represents 42% of the amount required to meet the 2015 packaging target. Reflecting the likelihood of meeting the 2015 packaging target, aluminium PRN prices

increased from £15 per tonne in April to around £40 per tonne in August.

Steel packaging recycling compliance data shows that 194kt was recycled in during the first half of 2015, an increase of 6% compared with the same period in 2014. Including the December 2014 carryover this represents 57.7% of the amount required to meet the 2015 packaging target. Steel PRN prices fell from £10-£15 per tonne in April to £5-£10 per tonne in August.

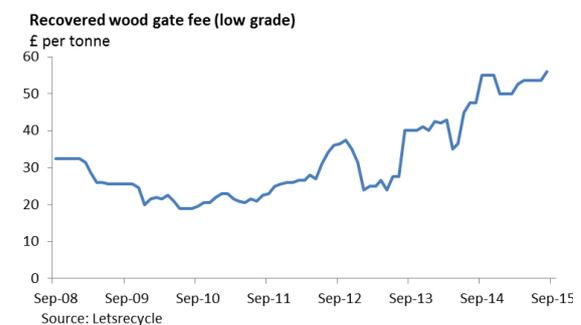
## Textiles

Recovered textile prices fell marginally between April and August 2015 with textiles sourced from banks valued at around £250 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) valued at around £300 per tonne.



## Wood

Recovered wood gate fees remain high at around £55 per tonne for low grade material. Low biomass demand in southern England, partly due to recent paper mill closures combined with low export demand are thought to be behind the high gate fees.



## 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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