

Market Snapshot – November 2013

The 'Green Fence' introduced by the Chinese authorities in March 2013 to increase the enforcement of import standards for recovered materials continue to affect UK recovered plastic market. Exports of recovered plastic in Jan-Sep 2013 are down by around one-quarter compared with the same period in 2012. Despite the fall the UK looks more likely to meet its 2013 plastic packaging target as exports to countries other than Hong Kong/China increase with the plastic PRN price falling by around £15 per tonne to reflect the increased likelihood. The UK paper sector has been less affected by the Green Fence. Although UK exports have declined slightly the UK has maintained its market share of Chinese imports while the UK's mixed paper prices have been broadly stable since the scheme's introduction. Recovered glass container prices are broadly stable. Glass PRN prices continue to rise as the market anticipates that the chances of meeting the 2013 glass packaging target are slim. Aluminium can prices fell recently following primary aluminium prices. In contrast, despite a 50% increase in primary steel prices since August (caused by stronger manufacturing growth in China and higher iron ore prices) steel can prices have declined slightly. Recovered textile prices are stable.

Table 1: Key recovered material and commodity prices¹

£ per tonne	Nov-12	Aug-13	Nov-13	% change	
				Aug-13 to Nov-13	One year
Recovered paper					
OCC	80-85	80-85	75-84	-4%	-4%
News & PAMs	80-85	95-100	94-102	0%	18%
Mixed	60-65	55-60	63-70	16%	6%
Recovered plastic bottles					
Clear PET	240-310	285-320	250-270	-14%	-5%
Coloured PET	60-70	50-60	50-55	-4%	-18%
Mixed HDPE	170-180	95-105	110-120	15%	-34%
Mixed polymer	100-170	70-145	70-105	-18%	-35%
Natural HDPE	350-400	320-420	370-420	7%	5%
Recovered cans					
Aluminium	650-700	770-840	780-800	-2%	17%
Steel	120-170	140-160	130-145	-8%	-5%
Mixed	130-155	110-130	120-135	7%	-10%
Glass					
Clear	25-35	30-40	33-38	3%	20%
Amber	20-30	30-35	30-34	-3%	28%
Green	10-20	20-30	22-27	0%	67%
Mixed	0-20	25-45	20-37	-17%	190%
Textiles					
Banks	350-450	375-410	350-430	-6%	-3%
Charity Shops	300-520	400-520	420-500	2%	12%
Virgin commodities					
Pulp (NBSK) ³	499	554	557	1%	12%
PET ²	1231	1207	1174	-3%	-5%
HDPE ²	1255	1233	1259	2%	0%
LDPE ²	1235	1272	1297	2%	5%
Cotton (£ per lb) ³	0.447	0.525	0.463	-12%	4%
Aluminium ³	1224	1154	1085	-6%	-11%
Steel ³	195	94	143	52%	-27%
Energy					
Oil (Brent, £ per barrel) ³	70	77	67	-13%	-4%

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

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

1. November 2013 MPR data relate to w/c 8 November.

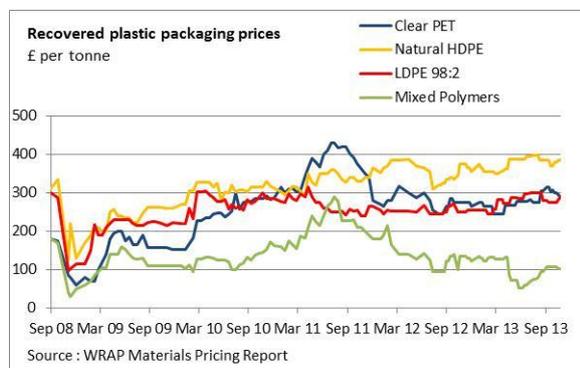
2. Monthly average; latest data October 2013

3. Latest data are 14th November 2013.

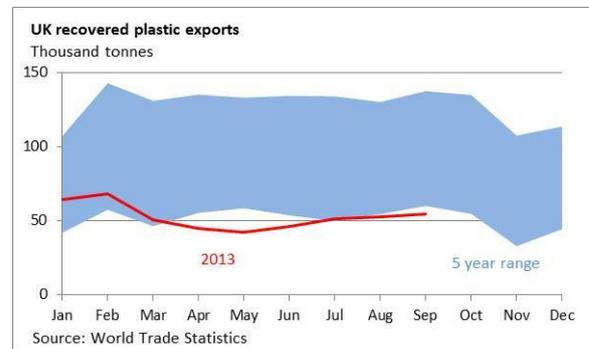
RECOVERED MATERIAL MARKETS

Plastics

Clear and coloured PET polymer bottle prices fell by up to 15% since August, following recent falls in virgin PET prices. In contrast mixed HDPE and natural HDPE bottle prices both rose by up to 15% despite stable virgin HDPE prices. Mixed polymer bottle prices fell to a low of £50-£55 per tonne in May following the introduction of the 'Green Fence' by the Chinese authorities in March to reduce import contamination. Prices subsequently rebounded to around £105 per tonne in August on signs that UK exporters were carrying out additional sorting to improve the quality of the material exported. Prices have since declined by about £20 per tonne to £85-£90 per tonne, and are down one-third from year earlier levels.



China imported 5.6mt of recovered plastics during Jan-Sep 2013, down 806kt (13%) on the same period in 2012 with imports of recovered plastic the weakest for over five years. UK exports of recovered plastic fell by 145kt to 477k tonnes (down 23%) in the same period due to the impact of Chinese 'Green Fence'. Despite the response of UK plastics exporters the UK has lost market share in China and the proportion of UK recovered plastic exported to China/Hong Kong has declined from 81% in January 2013 to 54% in September with countries such as Malaysia and Turkey accepting higher volumes from the UK. In the case of Malaysia WRAP understands that much of the recovered plastic imported into the country is first sorted and then undergoes a preliminary level processing before it is transhipped to China.



Plastic packaging compliance data shows that 197kt was recycled in 2013Q3, up 12% on 2012Q3. The increase supported by a rise in plastic packaging exported for recycling to 123kt - a record quarterly export tonnage, despite the impact of the Chinese 'Green Fence'. Accounting for carry over the plastic recycling sector now needs to recycle (UK processing and export) around 140kt in 2013Q4 in order to meet the 2013 target.

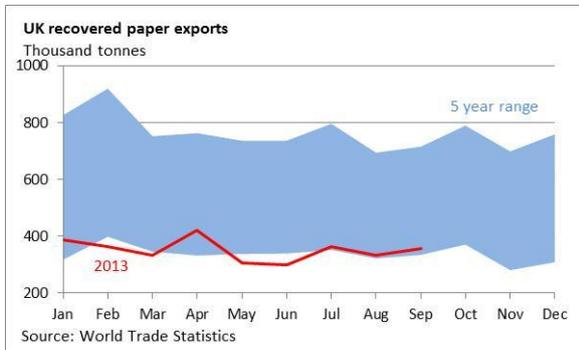
Plastic PRN prices fell from £60-£65 per tonne in August to around £45-£50 per tonne in November, although prices are still around £35 per tonne higher than at the start of 2013. Plastic PRN prices declined as 2013Q3 packaging recycling tonnages showed that the plastic recycling sector was looking more likely to meet its overall 2013 target of 700kt.

Paper

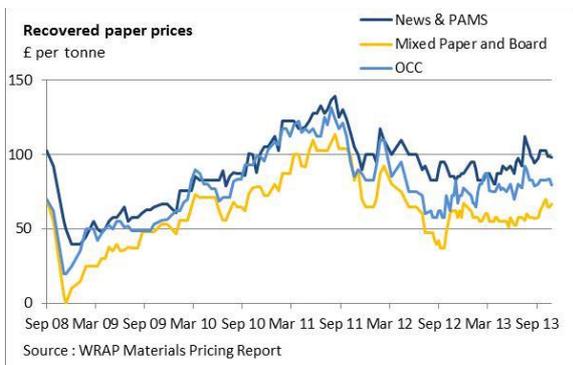
The latest data from the Confederation of Paper Industries (CPI) show that UK paper mills used 1.54mt of recovered paper in the period Jan-Aug 2013, down 1.5% from the same period in 2012. Over the same period, domestic OCC use fell by 6.7% to 1mt and news & PAM usage increased by 2.4% to 1mt. Mixed paper usage rose by 54% to 215kt.

China imported 22.2mt of recovered paper in the period Jan-Sep 2013, down 2% from the same period in 2012. Imports of OCC and news & PAMs declined by around 3%, mixed grades rose by 1% and high grade increased by 7%.

UK exports of recovered paper fell by 6% to 3.2mt in the period Jan-Sep 2013 compared to the same period in 2012 remaining near 5-year lows. Over this period OCC exports were unchanged, news & PAM exports declined by 40% while mixed paper exports rose by 16%. Exports to China fell by 5% during this period to 2.2mt although the UK's market share remains stable at around 10%.

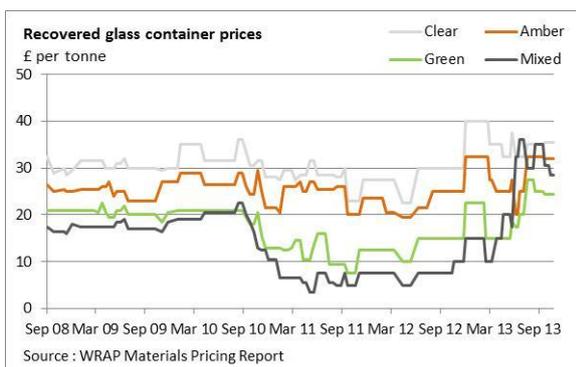


News & PAM and OCC prices have been broadly stable since August at £100 per tonne and £80 per tonne respectively. Mixed paper and board prices (both domestic and export grades) are up by around 15% over the same period to £70-£80 per tonne. All other recovered paper prices are broadly stable. Pulp prices (NBSK), a key raw material in virgin paper manufacture are also broadly stable at around £550-£560 per tonne.



Glass

Recovered glass container prices are broadly stable between August and November 2013.



Packaging compliance data for 2013Q3 shows that 417kt of glass packaging was recycled, up 19% compared with 2012Q3 and up 3% from 2013Q2. Accounting for carry over the glass sector needs to recycle around 450kt during 2013Q4 in order to meet the full-year 2013 target for glass packaging. To put this in context glass recycling averaged 355kt during the first nine months of 2012 before rising to 561kt in 2012Q4.

Glass PRN prices continue to increase with re-melt PRN prices rising to £70-£75 per tonne and aggregate PRN's to £50-£55 per tonne reflecting market concern over meeting the 2013 targets.

Aluminium & steel

Recovered aluminium can prices, which were broadly stable at £800 per tonne for much of 2013 started to decline slightly during November, reflecting lower primary aluminium prices.

Steel can prices fell by around £10 per tonne since August to £140 per tonne. In contrast primary steel prices increased by 50% over the same period due to increased manufacturing activity in China and higher iron ore costs.



Aluminium and steel PRN prices are currently around £5-£10 per tonne reflecting confidence among market participants that the 2013 packaging compliance targets will be met.

Textiles

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

Market Economics Team November 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

While steps have been taken to ensure its accuracy, WRAP cannot accept responsibility or be held liable to any person for any loss or damage arising out of or in connection with this information being inaccurate, incomplete or misleading. For more detail, please refer to our Terms & Conditions on our website: www.wrap.org.uk.

**Waste & Resources
Action Programme**

The Old Academy
21 Horse Fair
Banbury, Oxon
OX16 0AH

Tel: 01295 819 900
Fax: 01295 819 911
E-mail: info@wrap.org.uk

Helpline freephone
0808 100 2040

www.wrap.org.uk/marketinformation