

Market Snapshot – July 2014

UK recovered material prices generally declined during the first half of 2014. Recovered paper and plastic prices have been impacted by the increase in container freight rates introduced in April and the strength of the pound which has negatively affected export demand. In addition lower primary commodity prices (pulp, virgin plastic and industrial metals) have also weighed on prices. Finally recovered textile prices declined by 20% between January and April 2014 due to geopolitical tensions between Ukraine and Russia and weak export demand from many African end markets.

Table 1: Key recovered material and commodity prices¹

£ per tonne	Jun-13	Jan-14	Jun-14	% change	
				Jan-14 to Jun-14	One year
Recovered paper					
OCC	75-85	75-85	65-73	-14%	-14%
News & PAMs	90-95	90-98	85-90	-6%	-5%
Mixed	50-65	63-69	50-55	-20%	-9%
Recovered plastic bottles					
Clear PET	265-300	240-260	190-230	-16%	-26%
Coloured PET	45-55	45-50	25-35	-38%	-40%
Mixed HDPE	105-115	110-120	90-105	-15%	-11%
Mixed polymer	40-100	50-110	50-120	6%	21%
Natural HDPE	375-415	360-390	335-345	-9%	-14%
Recovered cans					
Aluminium	745-840	720-770	670-710	-7%	-13%
Steel	130-158	130-150	115-130	-12%	-15%
Mixed	100-140	120-135	110-130	-6%	0%
Glass					
Clear	35-40	30-40	29-39	-3%	-11%
Amber	20-35	28-35	27-37	0%	14%
Green	15-22	20-33	20-25	-15%	21%
Mixed	10-25	17-38	25-30	0%	56%
Textiles					
Banks	350-450	320-420	245-325	-23%	-29%
Charity Shops	400-475	420-480	330-400	-19%	-17%
Virgin commodities					
Pulp (NBSK) ³	552	553	543	-2%	-2%
PET ²	1223	1116	1011	-9%	-17%
HDPE ²	1193	1232	1154	-6%	-3%
LDPE ²	1193	1290	1211	-6%	2%
Cotton (£ per lb) ³	0.536	0.52	0.47	-10%	-12%
Aluminium (LME) ³	1133	1083	1085	0%	-4%
Steel (NWE HR Coil) ³	364	369	336	-9%	-8%
Energy					
Oil (Brent, £ per barrel) ³	67	67	68	1%	1%

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

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

1. June 2014 MPR data relate to w/c 9th June.

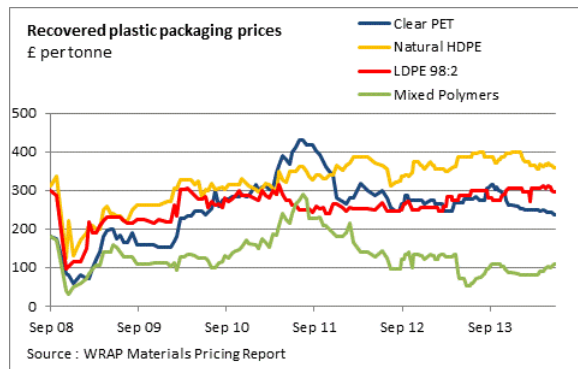
2. Monthly average; latest data May 2014

3. Latest data are 19th June 2014.

RECOVERED MATERIAL MARKETS

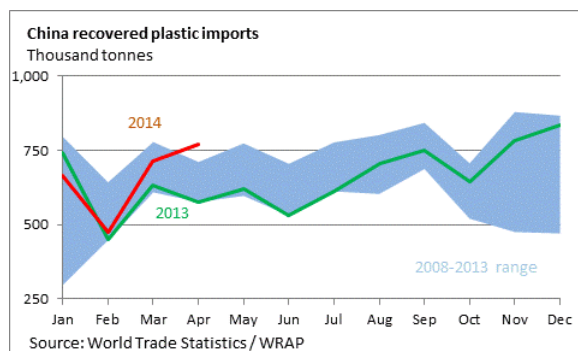
Plastics

Recovered plastic bottle prices have generally declined during the first half of 2014. Higher container freight rates (introduced in April) and the strength of the pound (which has made UK exports more expensive) as well as lower virgin plastic prices have weighed on UK recovered plastic prices.



Virgin HDPE and LDPE polymer prices fell by around 5% since the start of 2014 with virgin PET prices down almost 10%. It remains to be seen whether the recent increase in oil prices (due to concern over oil supply from Iraq due to recent instability) will be reflected in virgin polymer prices moving forward.

The UK exported 248kt of recovered plastic during Jan-Apr 2014, up 8% from the same period in 2013. Despite reports of pressure on prices due to higher freight rates and the strength of the pound UK exports remain strong. UK exports of recovered plastic have gradually increased from a low of 43kt in May 2013, set following the introduction of China's Green Fence in March 2013. China imported 2.6Mt of recovered plastics during 2014Q1, up from 2.4Mt in the same period in 2013 while imports in April rose to their highest level since at least 2008.

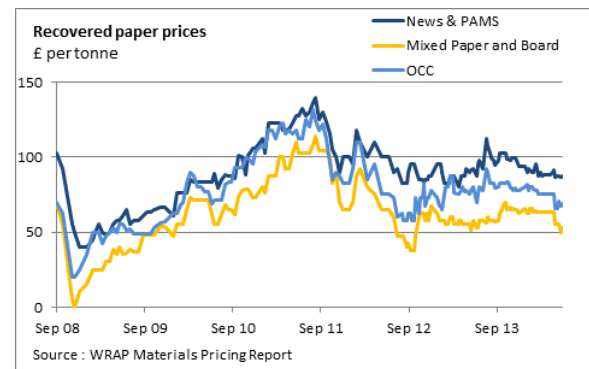


Plastic packaging compliance data shows that 201kt was recycled in 2014Q1, up 5% on 2013Q4 and 27% higher than 2013Q1. Exports

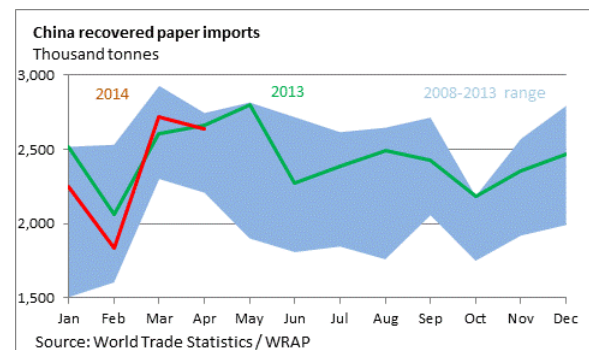
of plastic packaging have been broadly stable since 2013Q4 at 115kt, while the amount recycled in the UK continues to rise to record levels, totalling 86kt in 2014Q1. Plastic PRN prices are broadly unchanged since the start of 2014 at £35-£40 per tonne.

Paper

News & PAM prices fell by 6% since the start of 2014 to around £90 per tonne. Meanwhile domestic OCC and mixed paper and board prices fell by 15%-20% over the period to £70 per tonne and £55 per tonne respectively. As with plastics, recovered paper prices are being affected by the recent increase in container freight rates and the strength of the pound. Virgin pulp prices have also declined since the start of the year, down 2% to about £540 per tonne.

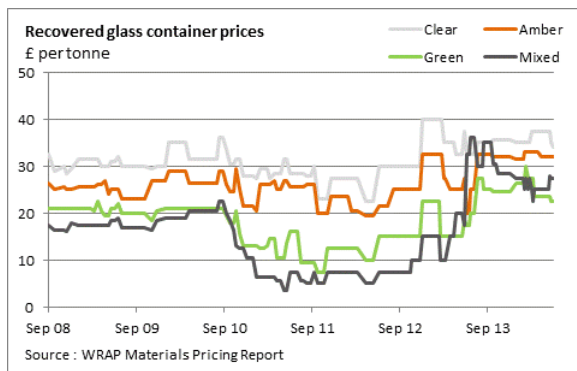


The UK exported 1.6Mt of recovered paper in Jan-Apr 2014, up 3% compared with the same period in 2013. China imported 9.4Mt of recovered paper during this period, down 4% compared with Jan-Apr 2013. Chinese demand for recovered paper and board appears strong however with imports in April near the highest level since 2008.



Glass

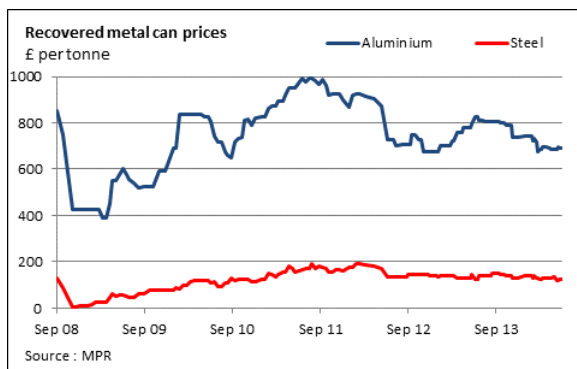
Recovered glass container prices are generally unchanged during the first half of 2014. The main exception was green cullet prices which fell by 15% to £23 per tonne.



Packaging compliance data for 2014Q1 shows that 360kt of glass packaging was recycled, down 24% compared with 2013Q4 but up 7% compared with 2013Q1. Re-melt glass PRN prices fell from around £60 per tonne at the start of 2014 to £40 per tonne in June. Similarly, aggregate PRN's declined by around £20-£25 per tonne to £25 per tonne in June.

Aluminium & steel

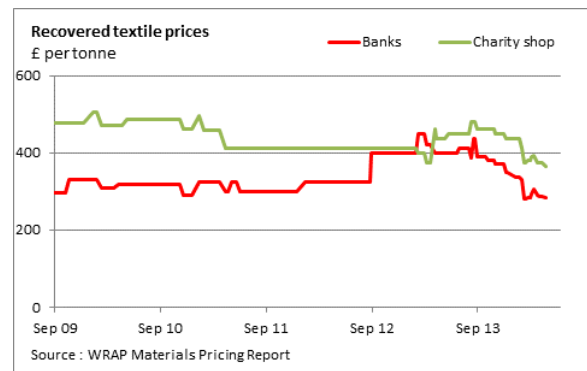
Recovered aluminium can prices fell by 7% since the start of 2014 to around £690 per tonne in June while primary aluminium prices are unchanged over the same period. Steel can prices fell by 12% over the same period to around £125 per tonne. Primary steel prices have declined by 10% since January due to continued over-production in China and lower iron ore prices reducing production costs.



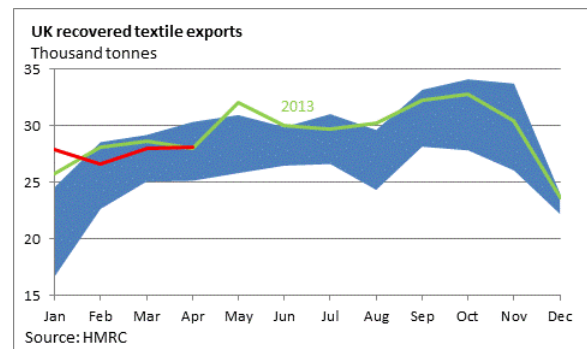
Packaging compliance data shows that 16kt of aluminium packaging was reprocessed in 2014Q1, down 6% compared with 2013Q1. Steel packaging reprocessing totalled 79kt in 2014Q1, down 27% compared with 2013Q1. PRN prices have increased from £5 per tonne in January 2014 to £10 per tonne in June.

Textiles

Recovered textile prices have declined by around 20% since the start of 2014. Textiles sourced from banks are valued at around £290 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 £365 per tonne.



Geopolitical tensions between Ukraine and Russia (key end markets for Europe's recovered textiles) as well as weak demand in many African end markets are affecting demand for European textiles, keeping UK prices low. The UK exported 111kt of recovered textiles in Jan-Apr 2014, unchanged from 2013 levels and apparently unaffected by unrest in Ukraine, the UK's fourth largest textile export market.



**Market Economics Team
June 2014**

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

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