

Recycling Markets: Real and Alternative Facts

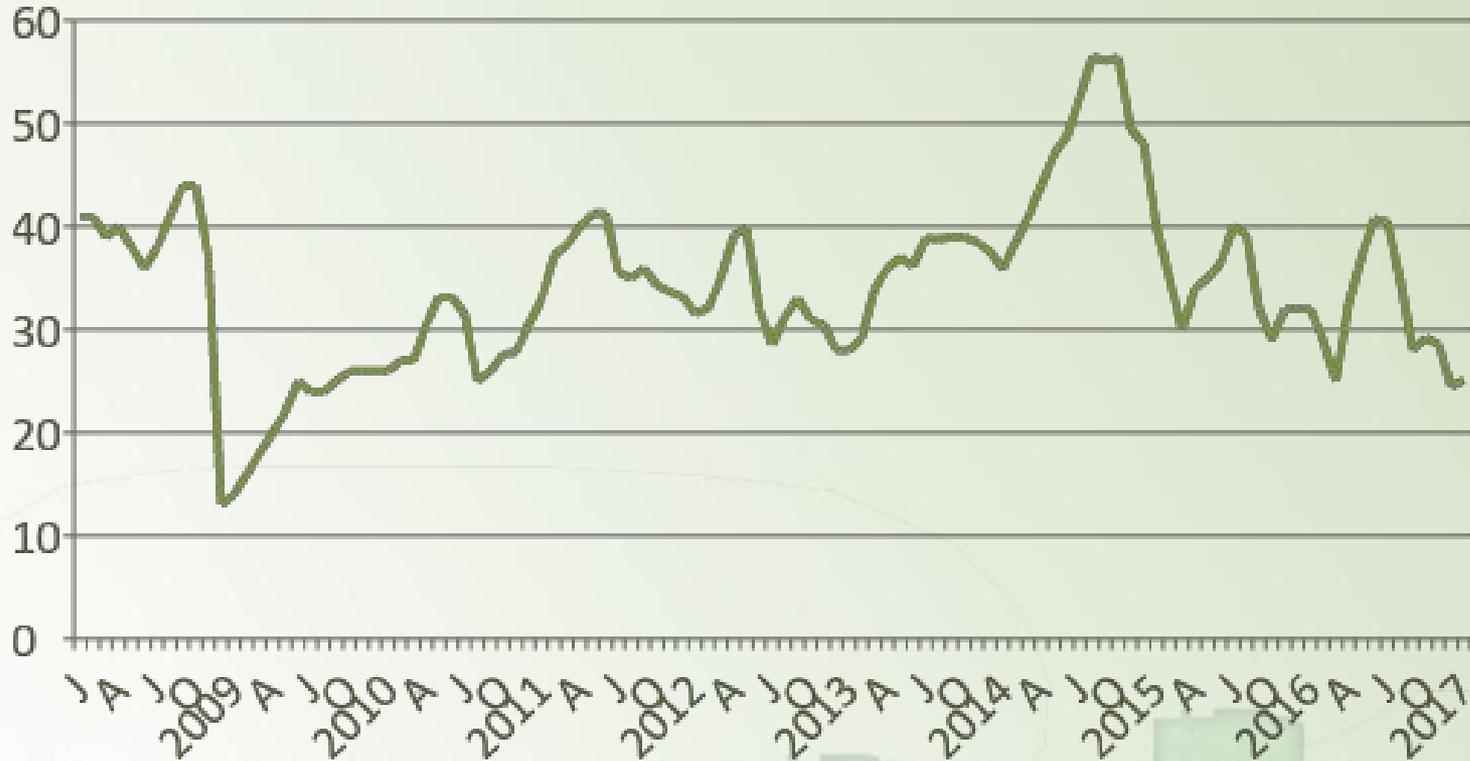
Jerry Powell

Resource Recycling

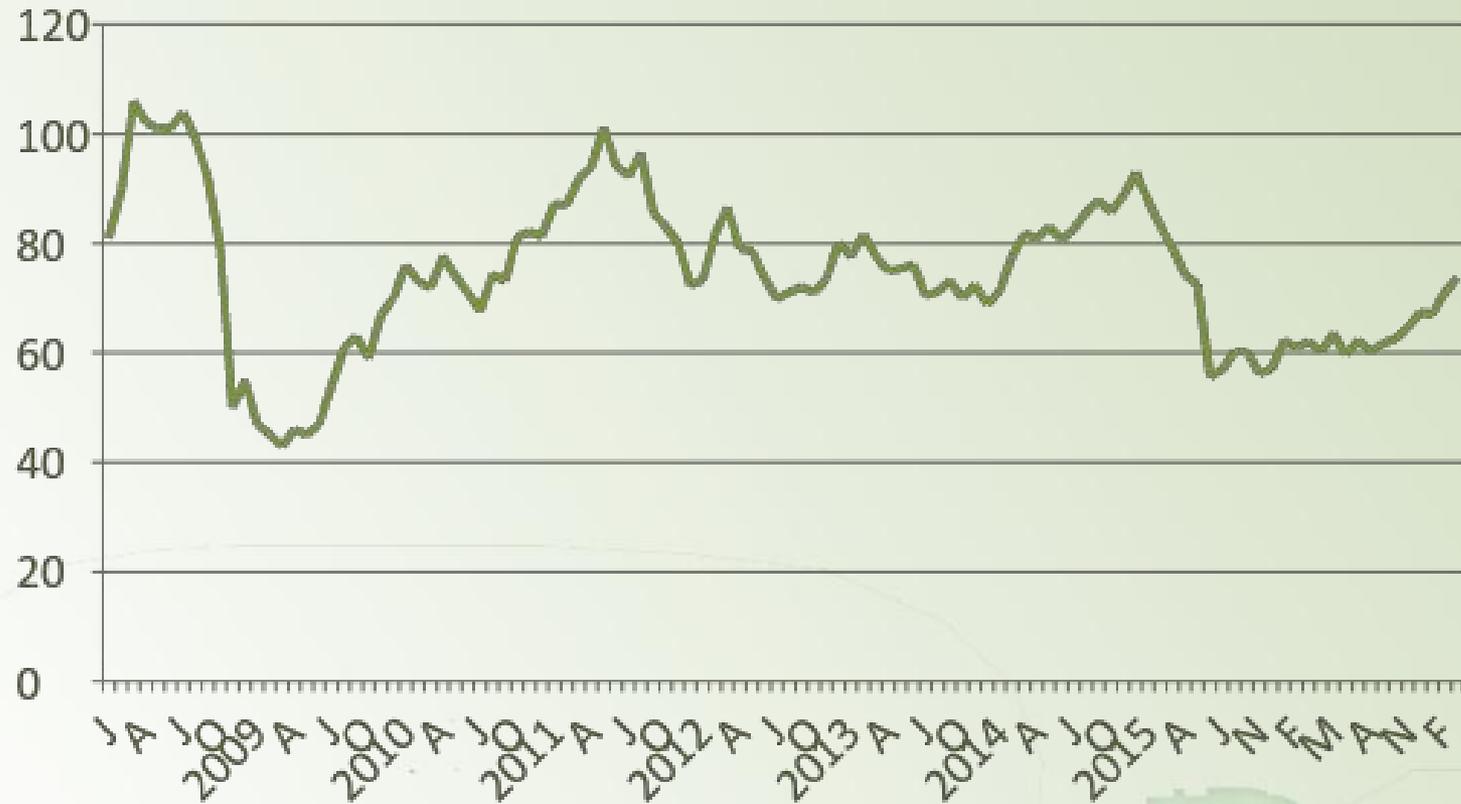
Portland, Oregon

www.resource-recycling.com

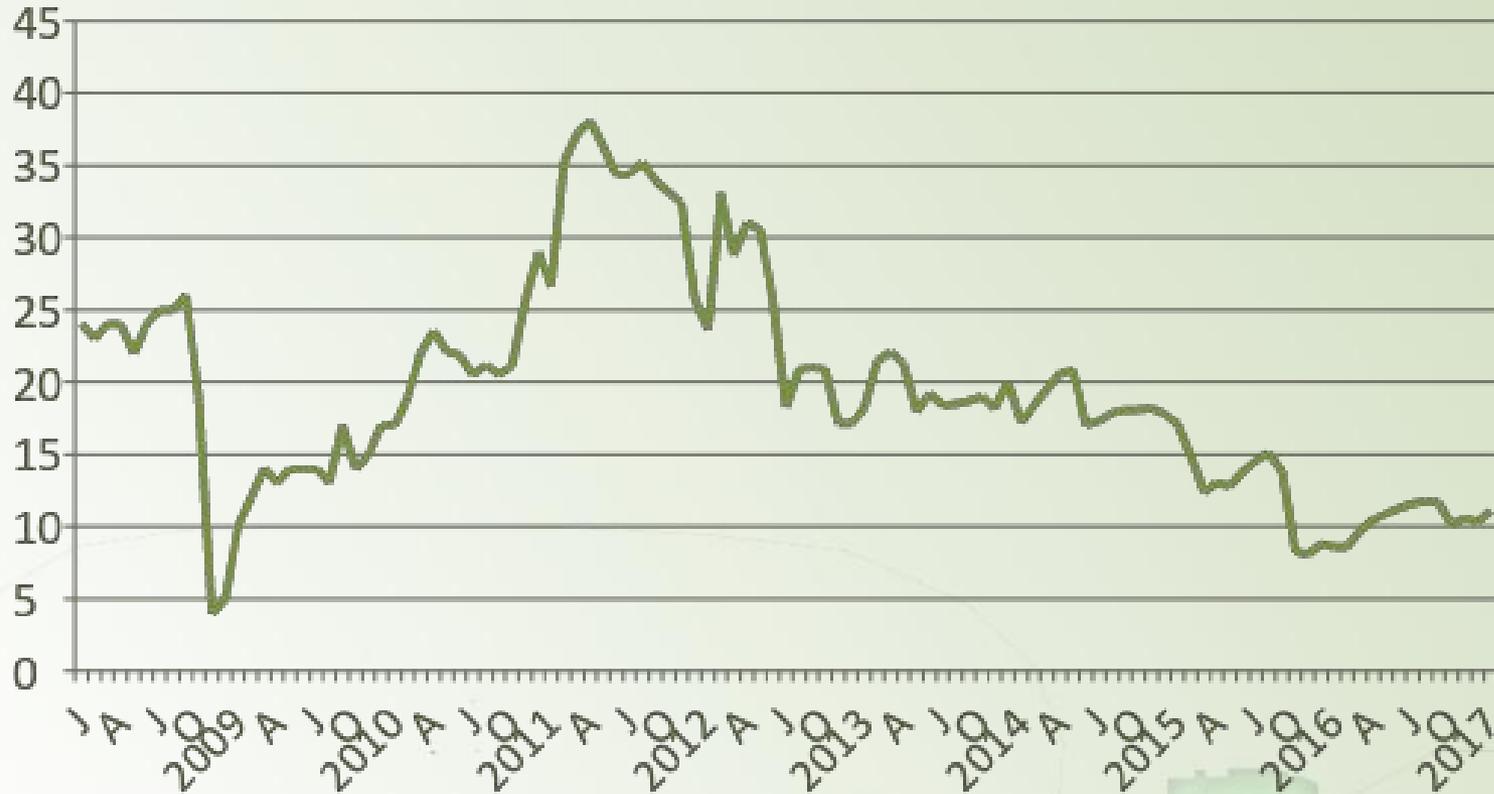
HDPE milk jug bale prices



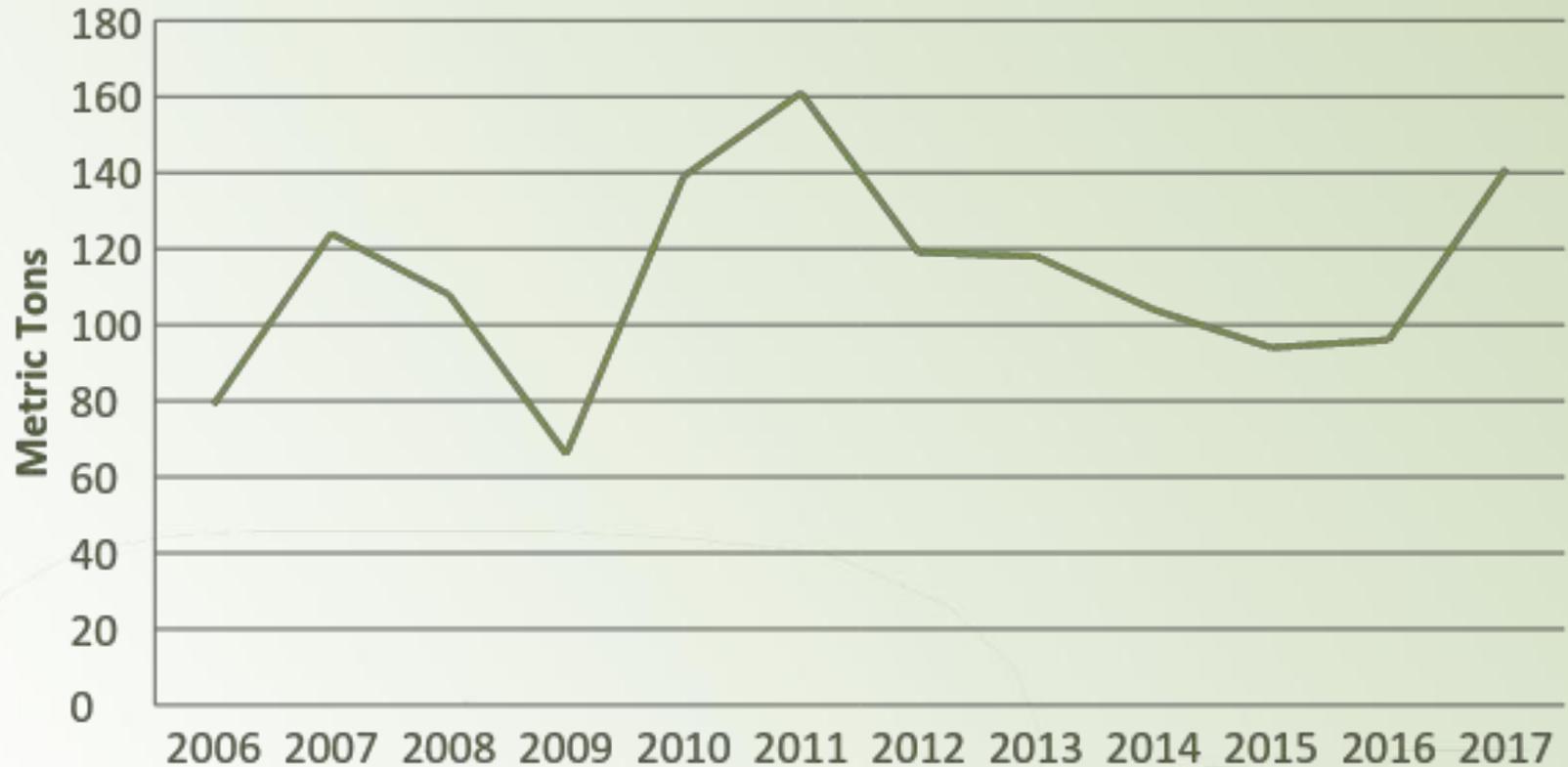
Aluminum can prices



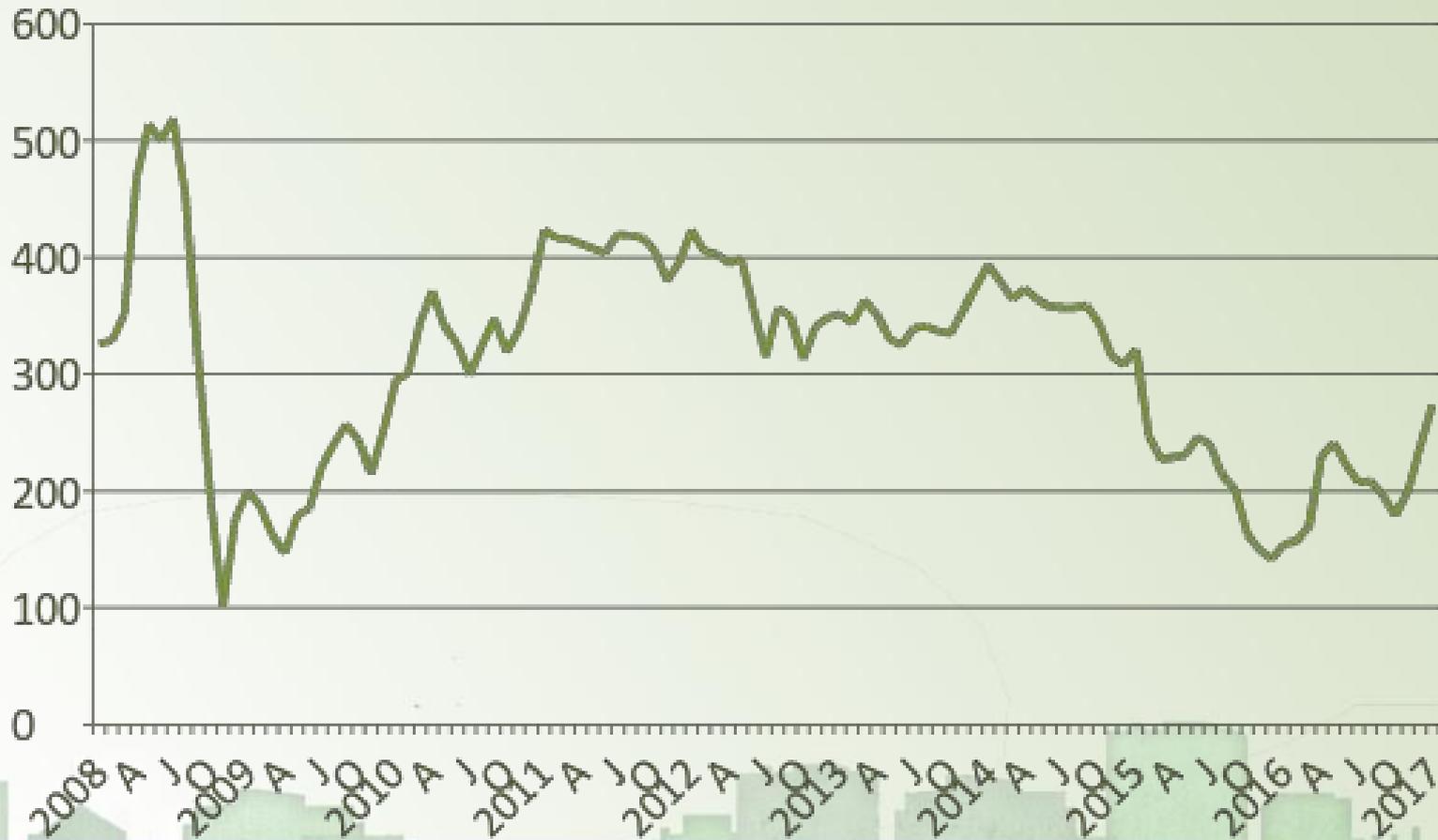
PET bale prices



Old corrugated container price



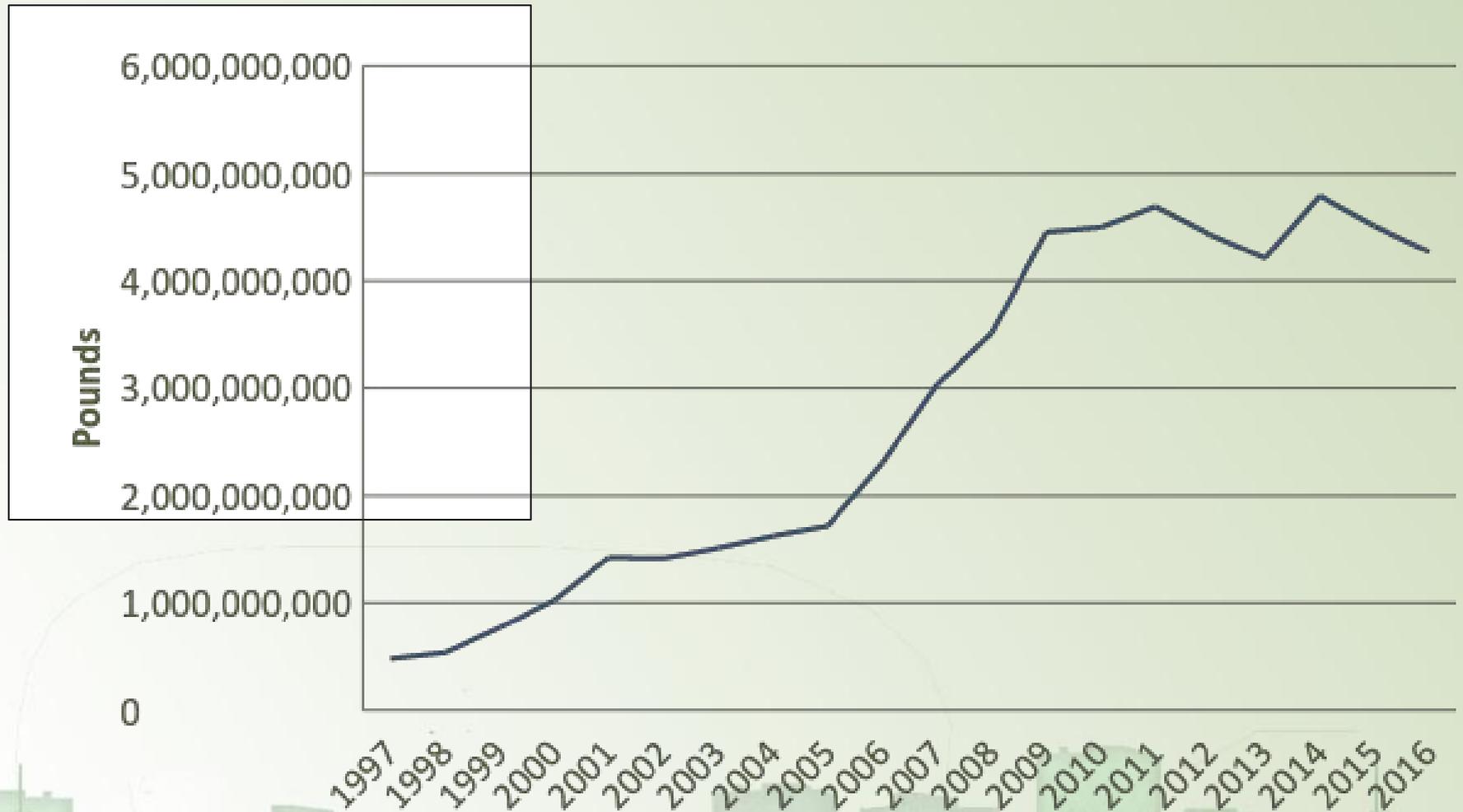
Ferrous scrap prices (No. 1 heavy melting steel)



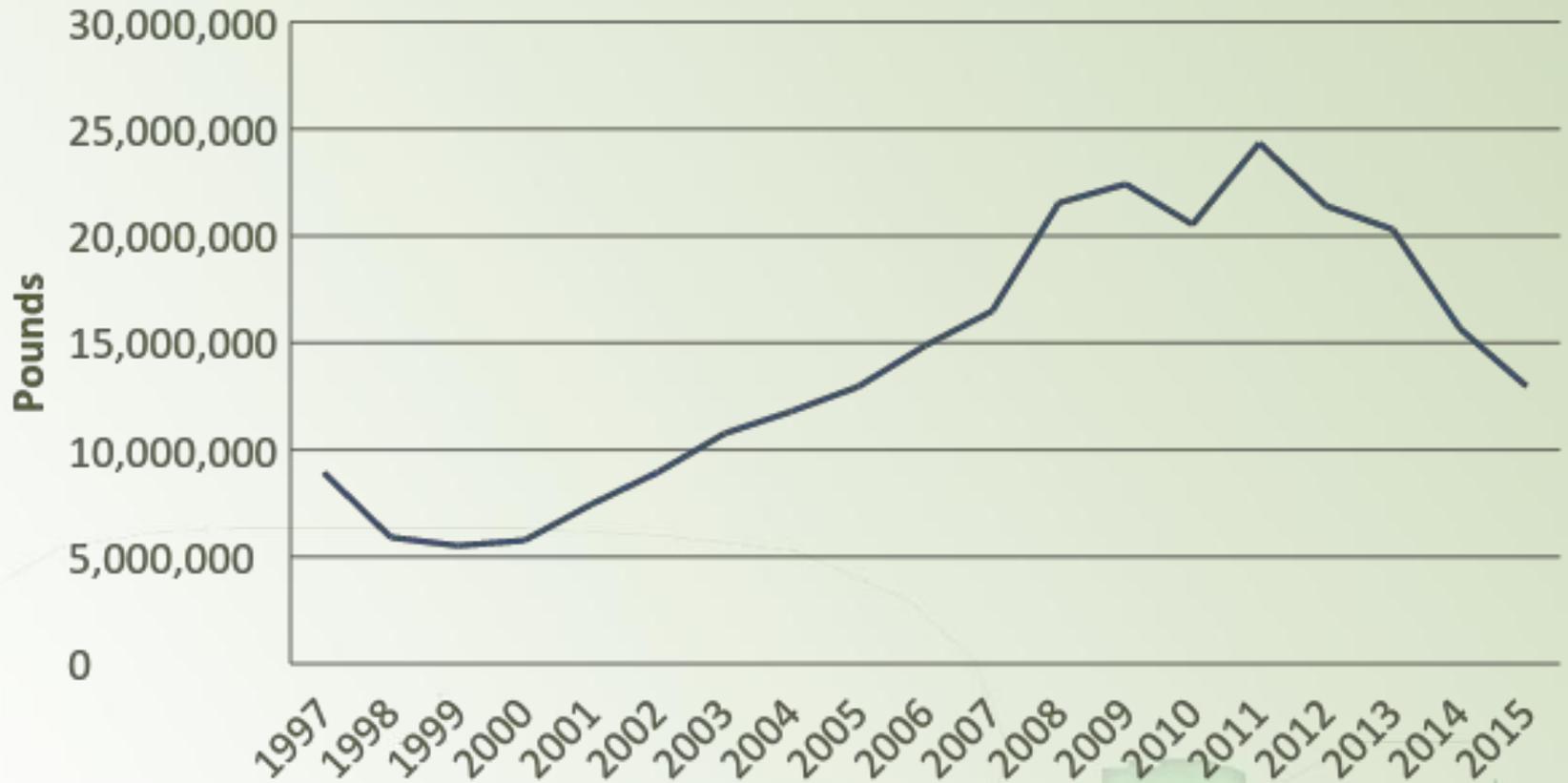
Why the volatility?

First, China has reduced its role in the marketplace, and that's bad news for California recycling processors.

Plastics exports



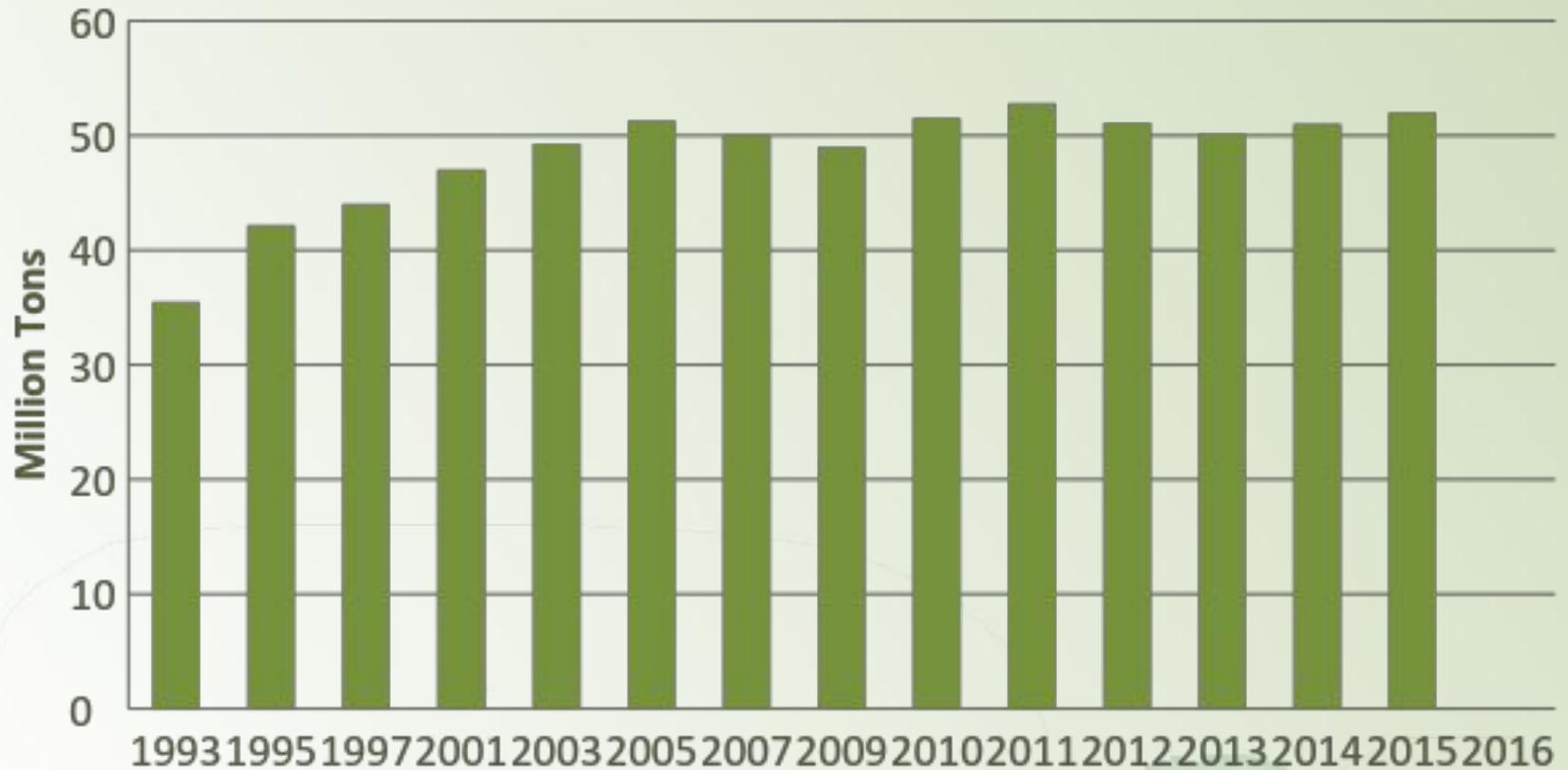
Ferrous scrap exports



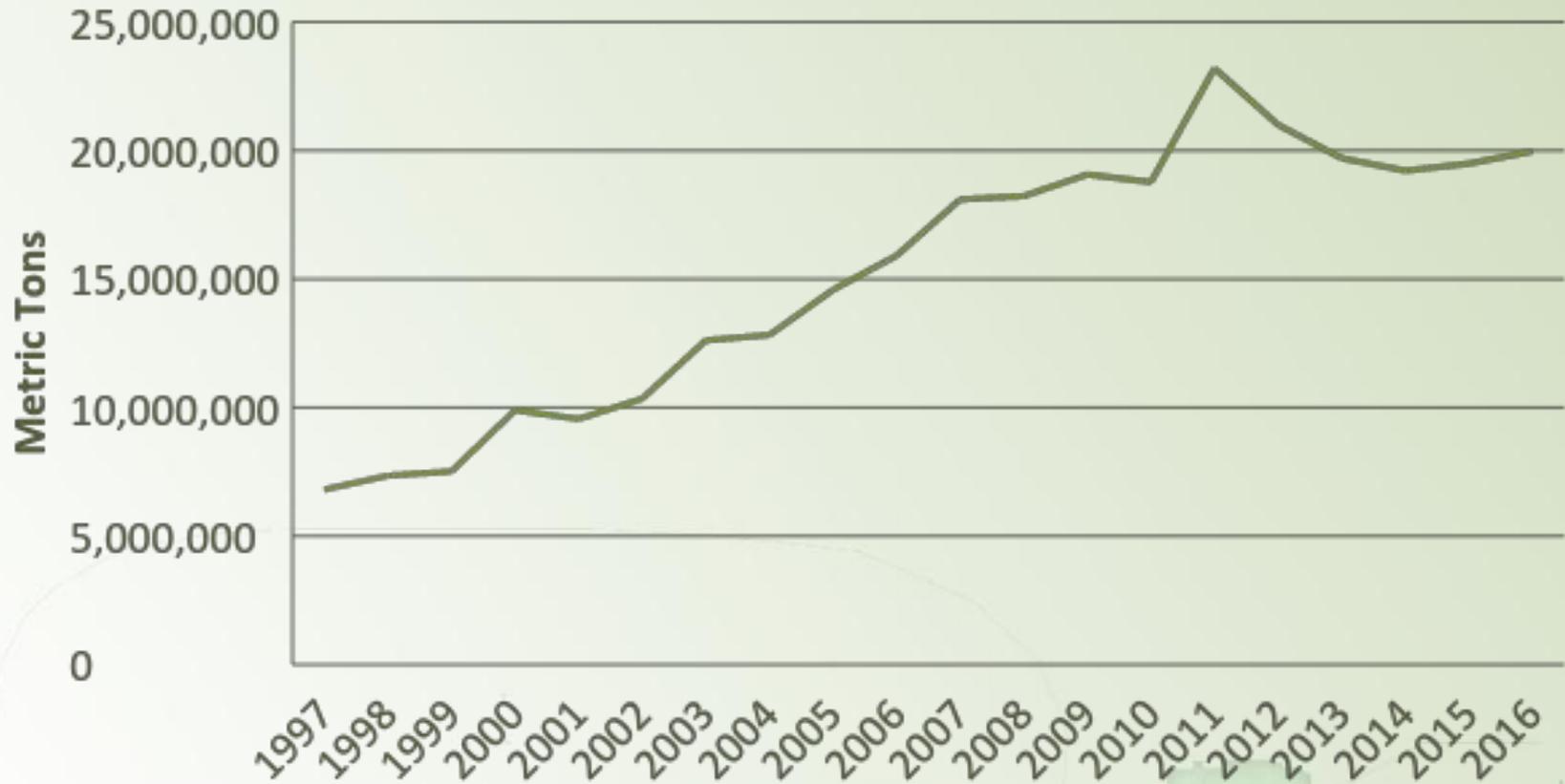
Why the volatility?

Second, some domestic recycling industries are not faring well.

Paper collections continue



Recovered paper exports



2015 recovered paper market

	Million Tons	Versus 2014	2015 Marketplace
Domestic	31	+1.2%	60%
Exports	21	+2.5%	40%
Total	52	+1.8%	

Newsprint: a serious problem

North American shipments in million metric tons:

2000:	15.8
2005:	12.7
2010:	7.8
2011:	7.3
2012:	6.7
2013:	6.4
2014:	6.5
2015:	5.7
2016:	5.4

This is a loss of 55 percent over five years.

Paper recycling markets: Bankruptcies

AbitibiBowater

Newsprint

Caraustar

Paperboard

Newark Group

Paperboard

Smurfit-Stone

Paperboard

SP Newsprint

Newsprint

Paper mill closures

Blue Heron

Oregon City, OR

Caraustar

Chattanooga, TN

Caraustar

Richmond, VA

Caraustar

Charlotte, NC

Franklin Boxboard

Franklin, OH

International Paper

Albany, OR

Smurfit-Stone

Missoula, MT

Sonoco

Rockton, IL

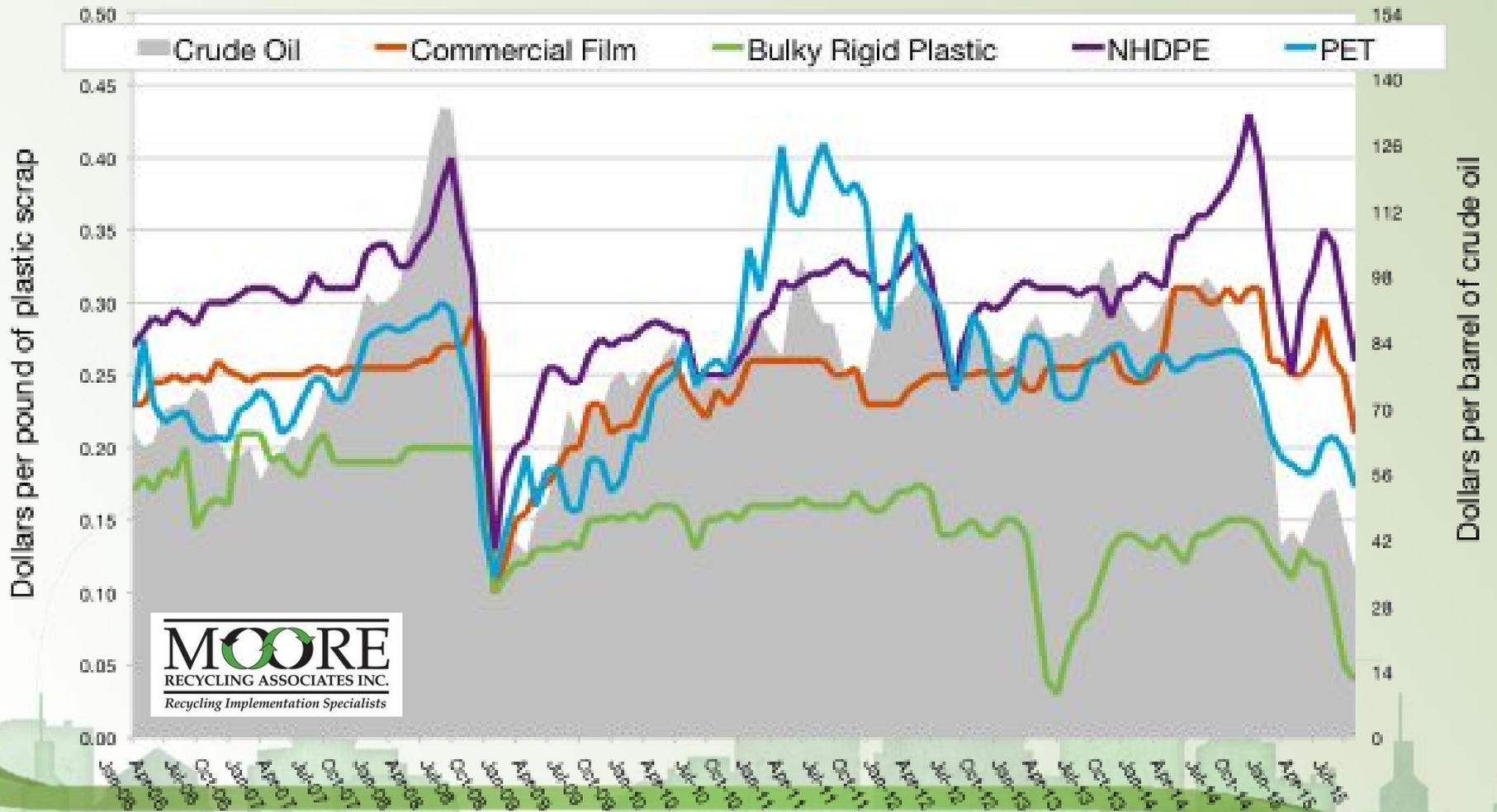
Sonoco

Lancaster, OH

Another trouble spot

While plastics recycling continues to grow, reclaimers will continue to be affected by having to compete against low-cost virgin resin made from cheap oil or natural gas.

The value of oil versus recovered plastics (2006-2015)



What can we expect?

Global economic growth will be the primary determinant, especially in Asia.

A strong dollar will continue to be an impediment to recycling market prices.

What can we expect?

The new economy will change recycling markets. The “Amazon effect” on recovered paper markets is receiving extensive attention, and all the news isn’t good.

What can we expect?

Cheap hydrocarbon pricing, especially from shale oil and gas production, will reduce the overall energy savings benefits of using secondary materials.

What can we expect?

China may no longer be the world's factory:

- rising wages
- increasing labor actions
- growing environmental concerns
- high literacy
- role of social media

What can we expect?

We're again seeing import restrictions by China, because they no longer want to be the world's dumping ground. Recycling practices of the past no longer suffice.



RESOURCE
RECYCLING





What can we expect?

The lack of attention in the U.S. toward an industrial policy will hurt recycling. As volumes of recyclables climb while Chinese demand slows, states will be urged to, once again, launch recycling market development programs.

How can I monitor markets?

The absolute best metric is capacity utilization. This metric displays the actual relationship between supply and demand.

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Drop me a line

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