bvse market report on plastics, April 2016

1 The primary plastics market

The mood in the German economy remains positive, cf. www.cesifo-group.de. The ifo Business Climate Index for the industrial sector dropped from 106.7 points in March to 106.6 points in April. Even though companies were slightly less satisfied with their current business situation, their expectations brightened. The German economy is still subject to a moderate upswing. In the processing industry the business climate has once again improved. Having revised their assessments of the current situation to a slight extent, industrial companies are now taking a slightly more optimistic view of the next few months once again. The production quantities planned have been considerably increased. On the other hand, capacity utilisation has fallen by 0.7 percentage points, reaching 84.4 per cent. In total, utilisation remains one percentage point above the long-term average.

Standard plastics: In March the average price of standard plastics more or less remained unchanged compared to the previous month, reaching 1238 €/t. Standard plastics held their own, only the price of PS increased by an average 80 €/t. Demand for standard plastics is assessed as sufficient to satisfactory. The supply situation is described as positive, with the exception of PS. As a result of the price rises in crude oil, some precursor prices have risen. Packaging PET is listed at an average 1,095 €/t and has thus risen by 50 €/t compared to the previous month. Beverage bottle PET is quoted at 925 €/t on average.

For a detailed analysis including information on price indices for virgin materials and used plastics, please refer to EUWID Recycling und Entsorgung (EUWID Recycling and Waste Management), see www.euwid .de, or to EUWID Kunststoff (EWUID Plastics), see www. euwid-kunststoff.de, as well as KI-Kunststoffinformation, see www.kiweb.de.

Table 1: EUWID listings for standard plastics over the past five months; prices in €/t.

Prices in €/t	March 2016	Feb. 2016	Jan. 2016	Dec. 2015	Nov. 2015
LDPE film grade	1330- 1420	1330- 1420	1420- 1490	1450- 1540	1400- 1510
LLDPE film grade	1320- 1410	1340- 1430	1440- 1510	1470- 1560	1420- 1530
HDPE injection moulding	1350- 1400	1350- 1420	1420- 1520	1450- 1520	1410- 1480
HDPE blow moulding	1330- 1380	1330- 1400	1400- 1450	1450- 1520	1410- 1480
PS crystal clear	1350- 1420	1270- 1340	1320- 1390	1320- 1390	1280- 1360
PS high impact	1440- 1520	1360- 1440	1410- 1490	1410- 1490	1370- 1450
PP homopolymer	1100- 1200	1100- 1220	1190- 1250	1230- 1290	1200- 1270
PP copolymer	1150- 1250	1150- 1270	1240- 1300	1280- 1340	1250- 1320
PVC tube grade	800- 850	810- 860	850- 900	870- 920	870- 920
PVC film/cables	840- 900	850- 910	890- 950	910- 970	910- 970
Average Price	**1238 ± 218**	**1230 ± 211**	**1289 ± 220**	**1319 ± 255**	**1290 ± 211**

2 The secondary plastics market

The first four months are decisive for plastics recyclers when it comes to assessing market behaviour. Hence, this month’s and next month’s estimates for April are particularly important for the 2016 plastics year.

In its March price index, plasticker reports on prices falling by an average 12 €/t. The purchase bids and quotes listed by plasticker in March indicate satisfactory demand for standard plastics. In April, demand for standard plastics has been restrained until now. Technical plastics prices have fallen considerably in March and April.

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The EUWID Price Watch shows slight price rises in post-consumer plastics. As regards post-industrial waste, only PS prices have changed noticeably, rising by an average 15 €/t. All other post-industrial plastics listings have held their own. Overall, EUWID reports on sufficient demand for used plastics. PS shortages have led to considerable demand for used PS and PS recyclates. The purchase prices of used PET beverage bottles have continued to fall: PET transparent is listed at 80-90 €/t and PET coloured at 0-5 €/t.

2.1 Waste plastics:

The outflow of waste plastics to the Far East, including the People's Republic of China and India in particular, is still faltering. India is implementing its ban on imports of used plastics. Above and beyond this, the rise in incineration prices has once again led to an increase in the quantities of used plastics being sorted out and processed. This situation might even be aggravated if waste incineration plants implement the spring revision announced, and that even though the supply situation is good – not only in Germany, but all across Europe. Or to put it another way, the times during which standard plastics were available only to a limited extent are over.

Poor sorting grades have come to sell badly. Some sorting companies are adapting to the changing market requirements, while other sorting plants are still offering the plastics grades whose throughput has been improved. Poor sorting grades are still being produced in abundance. Thus, there is still a considerable quantity of standard plastics, even though the sorting grades offered in Germany are still extremely poor quality.

However, the previous mechanisms in place to shift sorted goods abroad are no longer working. Plastics recyclers can finally demand the quality grades they wish for, yet poor quality grades are only selling at markedly lower prices. German plastics recyclers are still purchasing used plastics from other European member states in order to preserve their independence from national structures.

The price indices for March show stable to slightly falling waste plastics prices. However, the prices listed only apply as long as the corresponding quality standards are maintained. Otherwise, prices have, in part, been cut drastically in the waste market.

2.2 Recyclates:

Plastics recyclate sales are stable. The recyclates reduce processors' dependence on virgin material volatilities. Thus, recyclates provide advantageous supplements to plastics markets, even in times of considerable supply. Above and beyond this, neither the further development in virgin material prices nor the supply quantities available can be estimated with certainty. Furthermore, there may be shortages in the supply of primary goods, cf. polystyrene.

In March recyclate prices were under higher pressure from the falling virgin material prices than in the previous months. However, it should be noted that virgin material prices stabilised in March for the time being. The plastics recyclers' incoming goods warehouses are replete with stocks. There are sufficient processing goods in the market. Recyclers only purchase goods if the quality of the grades offered is good enough.

3 The Plasticker Price Index

The **plasticker** internet platform, cf. http://plasticker.de, publishes quotes on an hourly basis. The present market report indicates the final monthly prices. It is only possible to represent the preliminary prices for April 2016. These listings thus merely reflect an interim situation that does not become definitive until May 2016. Plasticker offers the quality grades regrind and regranulates both as virgin materials and as secondary materials. The term 'bale goods' refers to waste plastics only.

3.1 Standard plastics: In March 2016 the average price of standard plastics in plasticker was listed 12 €/t lower than in the previous month. Thus, the average quotes have been falling in increments since November 2016, when they were listed at 595 €/t, reaching 561 €/t in March. The listings for March 2106 are 14 €/t lower than those for March 2015.

The individual quality grades have changed considerably in April 2016: HDPE regranulates -100 €/t and PP regrind -50 €/t. Interesting price leaps are discernible with respect to LDPE bale goods: in March these tended to bottom out at 230 €/t, and in April they are likely to rise by 100 €/t. Demand for standard plastics has been stable to satisfactory this April. Overall, the listings for standard plastics tend to remain in the lower price range. PP regrind, PP regranulates and PS regrind have reached very low levels in March and April.
The first preview of the April listings, which cannot be definitively reported until the beginning of May, shows the prospective average price to be 564 €/t. In April, standard plastics markets have been restrained.

Table 2: Listings for standard plastics in plasticker; prices in €/t.

	April 16[6]	March 16	Feb. 16	Jan. 16	Dec. 15	Nov. 15	March 15
HDPE regrind[1]	610	590	600	630	610	630	600
HDPE regranulates[5]	870	870	970	920	910	910	850
LDPE bale goods[2]	330	230	270	290	230	240	280
LDPE regrind[1]	550*	570*	570*	570*	570*	650*	450
LDPE regranulates[5]	820	800	770	780	710	740	860
PP bale goods[3]	240	210	200	190	260	320	290
PP regrind[1]	540	550	600	630	600	610	600
PP regranulates[5]	860	880	890	860	960	950	910
PS regrind[4]	630	630	620	650	650	640	660
PS regranulates[5]	1010	980	1010	1060	1050	1050	1010
PVC_P regrind[1]	410	420	440	430	430	450	400
PVC_U regrind[1]	450	440	410	430	440	440	440
PET bale goods	180	260	230*	230	240	240	240
PET regrind, mixed colours	390	420	440	430	450	460	460
Average Price	**(564)**	**561**	**573***	**579***	**579**	**595**	**575**

*: Supply figure too low to attain statistical significance; [1]: equivalent to the grade 'post-industrial, mixed colours'; [2]: equivalent to K49; [3]: equivalent to K59; [4]: equivalent to 'standard, mixed colours'; [5]: equivalent to the grade 'regranulates, black'; [6]: preview (may be amended by additional quotes)

3.2 Technical plastics: In March technical plastics were listed at average 1178 €/t in plasticker. Thus, the average price was 40 €/t lower than in the previous month. A comparison between the average prices of March 2016 (1178 €/t) and March 2015 (1316 €/t) shows that the current price is 138 €/t lower. The prices listed changed markedly in March 2016 for the following goods: PC regrind -100 €/t and PC regranulates -140 €/t. Demand for technical plastics was satisfactory in March.

The first preview of the April listings, which cannot be definitively reported until the beginning of May, shows that prices have fallen further, this time by only 1064 €/t. Until 15 April 2016 the plasticker internet platform showed restrained demand for technical plastics. Technical plastics prices continue to fall, reaching very low levels.

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Table 3: Listings for standard plastics in plasticker; prices in €/t.

	April 16[6]	March 16	Feb. 16	Jan. 16	Dec. 15	Nov. 15	March 15
ABS regrind	700	740	740	720	710	750	710
ABS regranulates[5]	1270	1290	1350	1470	1470	1410	1370
PC regrind	880	920	1020	1020	920	890	950
PC regranulates[5]	1760	1720	1860	1810	1880	1930	1960
PBT regrind	440	450	490	510	490	510	520
PBT regranulates	1710	1640	1660	1850	1670	1640	1800
PA 6 regrind	950	910	930	990	1080	1070	1060
PA 6 regranulates[5]	170	1720	1750	1790	1760	1800	1820
PA 6.6 regrind	960	970	1040	1060	1070	1100	1150
PA 6.6 regranulates[5]	1690	1790	1780	1820	1740	1830	2000
POM regrind	600	570	550	550	570	610	720
POM regranulates[5]	1640	1420	1440	1340	1510	1520	1730
Average Price	**1064**	**1178**	**1218**	**1244**	**1239**	**1255**	**1316**

[5]: equivalent to the grade "regranulates, black"; [6]: preview (may be amended by additional quotes)

No guarantee for any of the prices. All EUWID prices are quoted ex works. As a rule, the prices quoted refer to quantities in excess of 20 tons. The monthly quotes for **secondary plastics**, which are updated on an hourly basis, can be calculated using the price lists that are derived from the quotations published in the raw material exchange **plasticker** (www.plasticker.de). The prices listed in this index are quoted without reservation - as the majority of the quotes submitted are not necessarily equivalent to the sales prices. Furthermore, plasticker does not distinguish between the following grades: transparent, mixed colours or colour-separated. Therefore, the information provided by plasticker may indicate different market behaviour than the prices quoted by EUWID

Bonn, Tuesday 26 April 2016 Dr. Thomas Probst, bvse