bvse market report on plastics, October 2018

0 The general economic situation for plastics

The mood in German boardrooms is still very good. Even though the business climate index fell slightly from 103.9 points in August to 103.7 points in September, the high level is still maintained. Assessments of the current situation have deteriorated only minimally. Expectations were also slightly adjusted downwards. The German economy is proving to be stable, even if insecurity is growing. In the processing industry the index fell once again. This was due to a markedly worse current assessment of the situation. Nevertheless, the situation index continues to be well above its long-term average. However, expectations have risen to the highest level since February 2018. Companies are planning to expand production in the next few months.

PlasticsEurope concludes from the developments in European economic data for the period from 2010 to 2018 that the local peak reached in 2018 has been exceeded. Even though economic growth is going to deteriorate in the next few months, it will continue to remain at a high level. According to reports by PlasticsEurope on European plastics manufacturers for the second quarter of 2018, the manufacture of plastics in primary form fell by 3.0 % compared to the previous year and by 2.8 % compared to the preceding three months. However, the prices of plastics in primary form rose by 3.0 % compared to the previous year and by 1.5 % compared to the preceding quarter.

1 The primary plastics market - with a focus on standard plastics

In September 2018, standard plastics reached slightly higher average prices (1349 €/t) than in the preceding month, when they were listed at 1341 €/t, cf. Table 1. Nevertheless, the price rise in standard plastics is due to PS only, whose price increased by 60 €/t. The quotes for LDPE and LLDPE even fell by 20 €/t. The average listing for September 2018 (1349 €/t) is almost equivalent to that for September 2017 (1340 €/t). Packaging PET was quoted at an average 1480 €/t in September 2018 and thus 30 €/t higher than in the previous month. As a result, the PET price has reached a five-year high! Demand for standard plastics continues to be high, but there are no special impulses, as was the case in previous months.

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

Prices in €/t	Sept. 2018	August 2018	July 2018	June 2018	May 2018
LDPE film grade	1260- 1370	1280- 1390	1290- 1400	1310- 1460	1260- 1400
LLDPE film grade	1240- 1360	1260- 1380	1270- 1390	1290- 1440	1240- 1380
HDPE injection moulding	1310- 1360	1310- 1360	1310- 1360	1330- 1380	1270- 1320
HDPE blow moulding	1330- 1380	1330- 1380	1330- 1380	1350- 1400	1290- 1340
PS crystal clear	1570- 1650	1520- 1580	1500- 1560	1550- 1610	1490- 1550
PS high impact	1670- 1750	1620- 1680	1600- 1660	1650- 1710	1590- 1650
PP homopolymer	1420- 1470	1420- 1470	1420- 1470	1420- 1470	1360- 1410
PP copolymer	1470- 1520	1470- 1520	1470- 1520	1470- 1520	1410- 1460
PVC tube grade	910- 970	910- 970	910- 970	910- 970	890- 950
PVC film/cables	960- 1010	960- 1010	960- 1010	960- 1010	940- 990
Average Price	**1349 ± 240**	**1341 ± 223**	**1339 ± 219**	**1357 ± 232**	**1310 ± 217**

2 The secondary plastics market according to 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 October 2018. These listings thus merely reflect an interim situation that will not become definitive until the beginning of November, cf. the left-hand columns in Tables 2 and 3.

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2.1 Standard plastics:

In September standard plastics (535 €/t) were listed an average 6 €/t higher than in the preceding month, when they reached 529 €/t, cf. Table 2. The average price for September 2018 (535 €/t) was 8 €/t below that of the previous year (543 €/t). Only the PVC_P price has changed more considerably, i.e. by + 50 €/t. PS regranulates have reached a long-term high at 1130 €/t. PP bale goods continue to be quoted at the relatively low price of 140 €/t. The September price index indicates sufficient demand for plastics compared to the previous month.

The preview of the October listings shows the average price, listed at 547 €/t, to be 12 €/t higher than in the previous month, when it reached 535 €/t. To date, the October price index of 16 October 2018 shows considerable demand for plastics.

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

	Oct.[6] 18	Sept. 18	Aug. 18	July 18	June 18	Sept. 17
HDPE regrind[1]	580	590	570	580	560	600
HDPE regranulatest[5]	900	860	850	930	880	930
LDPE bale goods[2]	230	210	190	200	180*	230
LDPE regrind[1]	580	580	550*	550	640	670
LDPE regranulates[5]	780	780	770	800	770	770
PP bale goods[3]	130	140*	150*	140*	180	200
PP regrind[1]	560	590	600	540	640	530
PP regranulates[5]	810	800	840	890	850	790
PS regrind[4]	670	630	640	640	640	630
PS regranulates[5]	1030	1130	1110	1020	950	840
PVC_P regrind[1]	380	330*	280*	300*	470*	410
PVC_U regrind[1]	440	400*	410*	470	490*	500
PET bale goods	180*	110*	120*	180	160*	170
PET regrind coloured	390	340	330	340	320	330
Average Price	**(547)**	**535**	**529**	**541**	**552**	**543**

*: 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 that may be amended by additional quotes

2.2 Technical plastics:

According to plasticker, the average price of technical plastics listed in September (1243 €/t) did not change compared to the preceding month, when it was quoted at 1243 €/t, cf. Table 3. A comparison of the average price for August (1243 €/t) with that of the previous year (1248 €/t) shows the current price to be similar. The September price index shows demand for technical plastics to be restrained.

The preview of the October listings of 16 October 2018 shows the average price, which has reached 1293 €/t, to be 50 €/t higher than last month. To date, the October price index indicates considerable demand for plastics.

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

	Oct.[6] 18	Sept. 18	Aug. 18	July 18	June 18	Sept. 2017
ABS regrind	620	640	630	700	710	650
ABS regranulates[5]	1470	1380	1370	1280	1390	1380
PC regrind	850	930	1000	970	980	930
PC regranulates[5]	2320	2010	1990	2070	1950	2150
PBT regrind	460	460	450	450	490	410
PBT regranulates	1770	1700	1640	1590	1750	1620

PA 6 regrind	870	840	830	850	890	830
PA 6 regranulates[5]	1940	1780	1780	1850	1880	1780
PA 6.6 regrind	800	910	890	890	910	840
PA 6.6 regranulates[5]	1960	1950	2010	2000	2320	1690
POM regrind	650	640	660	600*	610	700
POM regranulates[5]	1810	1680	1660	1710	1630	2000
Average Price	**(1293)**	**1243**	**1243**	**1247**	**1293**	**1248**

[5]: equivalent to the quality grade 'regranulates, black; [6]: preview that may be amended by additional quotes.

3 Evaluation of the secondary plastics markets

A comparison of the information provided by EUWID and plasticker for September 2018 shows that the film grade prices listed in the EUWID Price Watch as a whole (PE, PP) have risen by an average 11 €/t compared to the preceding month. The post-industrial HDPE price has increased markedly by an average 6 €/t, while PS has risen by an average 12 €/t. The listings in plasticker have remained more or less unchanged. According to plasticker, demand for waste plastics was low in September. EUWID provides reports on slight market fluctuations. Demand for recyclates is assessed as considerable in both publications.

3.1 Waste plastics:

Germany, along with the Netherlands, has become the central hub for waste plastics from Europe. There are some indications that waste plastic disposal is becoming more difficult and, above and beyond this, more expensive in Germany. The previous routes towards waste plastic disposal have been exhausted. The packaging plastics exported to other countries up to now are remaining in Germany.

It is currently hardly possible to shift waste plastics abroad. EUWID Kunststoff indicates current waste plastic exports in its issue 39 of 2018, page 5. 51,000 tonnes of used plastics per month were exported to China from January to June 2017 - compared to no more than 6,700 tonnes per month during the first half of 2018. Neither within the EU nor in the Far East is it possible to sell large quantities of used plastics.

Waste incineration plants are using the summer break for plant inspections, meaning that the quantities of used plastics reaching waste incineration have fallen markedly. The use of secondary fuels in German cement factories has reached highs that can hardly be exceeded. Above and beyond this, an increasing amount of used plastics from the manufacturing and industrial sectors are being screened out and are reaching the markets. In addition, plastics from WEEE and ELV are trying to find their sales channels.

In its Price Watch for used plastics for September 2018, EUWID indicates that film grade plastics are gaining in value. The price rises in post-user PE film grade amount to an average 12 €/t. And this compensates for the price falls that occurred in the previous month. There is considerable demand for used PS. Post-industrial PS is listed an average 12 €/t higher. Plastic recyclers often achieve price cuts in post-user film grade. There is considerable demand for high-quality post-industrial waste, i.e. for both film grade and PVC_U. The waste plastic prices listed in the indices only apply so long as quantities and quantities really meet an acceptable standard.

3.2 Recyclates:

In September, there were no market impulses - neither in the primary nor in the secondary market. To date, demand in October has been very strong. Germany's markets are replete with high-quality waste plastics. Plastic recyclers are only accepting used plastics of the highest quality. There is considerable global demand for plastic recyclates. The prices listed in the price indices for used plastics only apply so long as quantities and qualities really meet an acceptable standard.

Plastic recyclers are achieving extraordinary results: they are pushing their plants to the limits of their capacity and are thus contributing to a reduction in waste plastic quantities. As the input has been improved, plastic recyclers can process a larger quantity of used plastics accordingly. At last, the recycling plants can be used to full capacity because there is a sufficient amount of used plastics. The proportion of non-plastic materials that have had to be processed along with the waste plastics up to now is falling further.

The autumn, which is still very warm, has ensured a continually high number of beverage bottles. The recyclers' warehouses are replete with beverage bottles. From the end of October, the amount of beverage bottles is expected to be down to normal. The currently high number of beverage bottles is leading to waste bottle prices falling further. The September listings for used and returnable PET beverage bottles have changed as follows compared to the previous month: PET transparent (95/5 to 100) -10 €/t, mixed PET (70/30 to 90/10) -15 €/t and mixed coloured PET (< 70/30) have remained unchanged.

4 Explanatory information on the price listings

For a detailed analysis including information on price indices for virgin materials, used plastics and precursors, please go to EUWID Recycling und Entsorgung (Recycling and Waste Management), cf. www.euwid.de, or EUWID Plastics, www.euwid-kunststoff.de. EUWID: 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 tonnes.

The monthly quotes for **secondary plastics**, which are updated on an hourly basis, can be calculated using the price lists derived from the quotations published in the raw material exchange **plasticker** (www.plasticker.de). The prices listed in this index are quoted with reservation - as the majority of the quotes submitted are not necessarily equivalent to the sales prices. 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. 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, Thursday 25 October 2018 Dr. Thomas Probst, bvse