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General economy with reference to the plastics industry

Concerns are growing in German boardrooms. The ifo business climate index, see www.cesifo-group.de, fell to 101.0 points in December, following on from 102.0 points in November. Once again, companies were not very satisfied with their current business situation. And their expectations were even more negative. This year was not very bountiful for the German economy.

The index has fallen markedly in the manufacturing sector. The main reason for this was the companies' expectations. They are negative for the first time since May 2016. Companies have made downwards corrections to their manufacturing plans accordingly. In the construction industry, the business climate remained at the very high level of the previous month. The construction companies once again assessed their current position to be somewhat better. By contrast, expectations fell slightly.

As far as plastics are concerned, the new report "Plastics – the Facts 2017", published in December 2018 by PlasticsEurope, gives a good overview of the European plastics industry, with data up to 2017, see www.plasticseurope.org/de/newsroom/press-releases. In 2017, more than 1.5 million people worked here in around 60,000 companies and earned turnover of around 350 billion euros. In 2016, worldwide plastics production was 335 million tonnes, around 60 million tonnes of which was accounted for by Europe, corresponding to a slight rise of 2 million tonnes in comparison to the previous year. On an international scale, just under a fifth of plastics manufacture is in Europe, which is thus the second biggest manufacturing location behind China (29 %) and just ahead of the NAFTA countries (18 %).

And Europe is increasingly understanding that plastic is much too good to throw away at the end of its life. In the ten years between 2006 and 2016, the recycling of plastic waste rose by almost 80%. Now, 27.1 million tonnes of plastic waste is collected, 8.4 million tonnes of which is recycled (31.1 %), 11.3 million tonnes used for energy (41.6%) and 7.4 million tonnes (27.3 %) is sent to landfill.

1 The primary plastics market

1.1 Standard plastics:

The standard plastics price index, December 2018, has average quotes of 1,230 €/t. And the average quote has therefore fallen by 67 €/t in comparison to the previous month, see Table 1. The price fall in standard plastics is due to falling quotes of precursor products, on the one hand, and slow demand on the other. Experts are expecting a further price reduction for all standard plastics, including PET. In a year-on-year comparison, it can be seen that the average quotes from December 2018 (1230 €/t) were as much as 80 €/t lower than those of the previous year (1310 €/t).

The price falls for the individual plastics are as follows: LDPE (-70 €/t), LLDPE (-60 €/t), HDPE (-60 €/t), PS (-110 €/t), PP (-60 €/t), and PVC (-40 €/t). It is surprising that the price of PS has fallen markedly for the third time. The price falls for PS were 70 €/t from September to October, 130 €/t from October to November and 110 €/t from November to December! The price reduction has greatly increased the demand for PS. Packaging PET was quoted at an average price of 1325 €/t in November 2018, thus 45 €/t lower than in the previous month.

Table 1: Standard plastics prices according to EUWID over the past five months, listed in €/t.

Prices in €/t	Dec. 2018	Nov. 2018	Oct. 2018	Sept. 2018	Aug. 2018
LDPE film grade	1150- 1260	1220- 1330	1240- 1350	1260- 1370	1280- 1390
LLDPE film grade	1140- 1260	1200- 1320	1220- 1340	1240- 1360	1260- 1380
HDPE injection moulding	1240- 1300	1300- 1360	1310- 1360	1310- 1360	1310- 1360
HDPE blow mould-ing	126- 1320	1320- 1380	1330- 1380	1330- 1380	1330- 1380
PS crystal clear	1270- 1330	1380- 1440	1500- 1580	1570- 1650	1520- 1580
PS high impact	1370- 1430	1480- 1540	1600- 1680	1670- 1750	1620- 1680
PP homopolymer	1350- 1410	1410- 1470	1420- 1470	1420- 1470	1420- 1470
PP copolymer	1400- 1460	1460- 1520	1470- 1520	1470- 1520	1470- 1520
PVC tube grade	860- 920	900- 960	910- 970	910- 970	910- 970
PVC film/cables	910- 960	950- 1000	960- 1010	960- 1010	960- 1010
Average Price	**1230 ± 183**	**1297 ± 198**	**1331 ± 222**	**1349 ± 240**	**1341 ± 223**

1.2 Technical plastics:

In December 2018 technical plastics (2917 €/t) were 127 €/t lower than in October 2018 (3044 €/t), see Table 2. The average price in December 2018 (2917 €/t) was 131 €/t higher than that of December in the previous year (2786 €/t). The absolute peak of technical plastics, which did last for 12 months after all, is thus over.

In December 2018, price development was uneven for technical plastics. PMMA was quoted lower on average by 50 €/t, ABS by 188 €/t, PC by 375 €/t, POM by 50 €/t and PA 6 by 100 €/t. But PA 66 recorded an average price rise of 71 €/t. Demand for technical plastics was subdued in December. This is mainly due to the falling demand in the automotive sector.

Table 2: EUWID quotes for technical prices, which are published every two months, over the last six months; prices in €/t.

Prices in €/t	December 2018	October 2018	August 2018	June 2018
PMMA crystal clear	3400 – 3600	3450 – 3650	3450 – 3650	3450 – 3650
ABS natural	1670 – 1720	1920 – 1970	1920 – 1970	1950 – 2000
ABS w/b	1770 – 1820	2020 – 2070	2020 – 2070	2050 – 2100
ABS coloured	2370 – 2520	2620 – 2770	2620 – 2770	2650 – 2800
PC crystal clear	3250 – 3500	3650 – 3900	3650 – 3850	3650 – 3850
PC GF-reinforced	3450 – 3700	3850 – 4100	3850 – 4050	3850 – 4050
POM natural	2050 – 2150	2050 – 2150	2100 – 2200	2100 – 2200
PA 6 natural/black	2400 – 2600	2500 – 2700	2500 – 2700	2500 – 2700
PA 6 GF-reinforced	2500 – 2550	2600 – 2650	2600 – 2650	2600 – 2650
PA 66 natural	4200 – 4400	4000 – 4200	4000 – 4200	3800 – 4000
PA 66 GF-reinforced	4250 – 4300	4050 – 4100	4050 – 4100	3850 – 4050
Average Price	**2917**	**3044**	**3044**	**3023**

2 Secondary plastics markets in the plasticker price index

The plasticker internet platform, see 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 January 2019; they will not become definitive until early February. The two quotes stated for January 2019 below only an interim situation, see the left-hand column in Table 3 and Table 4.

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2.1 Standard plastics:

In December the standard plastics were quoted at 554 €/t and thus 10 €/t higher than in the previous month, see Table 3. The average price for December 2018 (554 €/t) was still 30 €/t above that of the previous year (524 €/t). The following price changes were more than ± 40 €/t: LDPE regranulate -50 €/t, PP regranulate +70 €/t, PS regranulate +100 €/t, PVC_U +70 €/t and PVC_P -60 €/t. The quote for PS regranulate at 1090 €/t is not completely reliable for December because too few, reliable prices were posted in plasticker for this. The December price index records static demand for plastic in comparison with the previous month.

At 531 €/t, the preview of the January quotes shows an average price that is 23 €/t lower than in the previous month (554 €/t). The January price index, 14.01.2019, shows satisfactory demand for plastic to date.

Table 3: Standard plastics price according to plasticker; listed in €/t.

	Jan.[6] 19	**Dec. 18**	**Nov. 18**	**Oct. 18**	**Sept. 18**	**Dec. 17**
HDPE regrind[1]	540	590	570	570	590	550
HDPE regranulates[5]	870	800	840	890	860	840
LDPE bale goods[2]	140	230*	230	240	210	250
LDPE regrind[1]	620	590	600	580	580	570
LDPE regranulates[5]	690	700	750	770	780	800
PP bale goods[3]	200	200	170	150	140*	180
PP regrind[1]	550	550	550	540	590	530
PP regranulates[5]	790	960	890	810	800	820
PS regrind[4]	630	660	640	670	630	560
PS regranulates[5]	990	1090*	990	980	1130	790
PVC_P regrind[1]	410*	400*	330*	390	330*	450
PVC_U regrind[1]	420*	390*	450*	450	400*	450
PET bale goods	190	200*	240*	180*	110*	150
PET regrind mixed colours	390	400	370	410	340	390
Average Price	**(531)**	**554**	**544**	**545**	**535**	**524**

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*: 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)

2.2 Technical plastics:

Roll over in December! Since September, the prices of technical plastics have been rising markedly. In December 2018 the average price for technical plastics in plasticker is 1404 €/t and thus 39 €/t higher than in the previous month (1365 €/t), see Table 4. A comparison of the average prices from December 2018 (1404 €/t) with those of the previous year (1164 €/t) shows a current price that is 240 €/t higher.

The December price index shows more subdued demand for technical plastics. The following price changes were more than ± 70 €/t: ABS regranulates +90 €/t, PC regranulates -120 €/t, PBT regrind +100 €/t, PBT regranulates +100 €/t and POM regranulates +270 €/t. The last time a higher price was paid for PBT regrind, which is quoted at 590 €/t, was March 2016. PBT regranulates, which are quoted at 1940 €/t, have reached their highest level. PA regranulates are reaching highest levels: the last time a higher price was paid for PA 6 regranulates (2000 €/t) was June 2014. And in December (2420 €/t) PA 6.6 regranulates maintained their highest level from the previous month. The last time POM regranulates were higher was May 2017.

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The peak prices for technical plastics have seemingly been exceeded. At 1334 €/t, the preview of the January quotes shows an average price that is 70 €/t lower than in the previous month. The January price index to date records subdued demand for plastic.

Table 4: Technical plastics price according to plasticker; listed in €/t.

	Jan.[6] 19	**Dec. 18**	**Nov. 18**	**Oct. 18**	**Sept. 18**	**Dec. 17**
ABS regrind	620	700	670	620	640	620
ABS regranulates[5]	1330	1460	1350	1440	1380	1380
PC regrind	880	960	930	840	930	950
PC regranulates[5]	1830	2100	2220	2370	2010	2010
PBT regrind	620	590	490	460	460	480
PBT regranulates	1860	1940	1840	1790	1700	1560
PA 6 regrind	860	880	920	880	840	820
PA 6 regranulates[5]	2030	2000	1970	1920	1780	1510
PA 6.6 regrind	870	990	960	870	910	840
PA 6.6 regranulates[5]	2300	2420	2460	1980	1950	1640
POM regrind	720	660*	690	650	640	690
POM regranulates[5]	2090	2150	1880	1790	1680	1470
Average Price	**(1334)**	**1404**	**1364**	**1301**	**1243**	**1164**

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

3 Evaluation of the secondary plastic markets

Recycling plants have been operating at full tilt for the whole of 2018. The capacity utilisation at the processing and recycling plants was very high. The plastic recyclers were looking forward to the winter break so that they could finally carry out maintenance on their plants. Among PET recyclers in particular it can be seen that major reviews and capacity expansions are now being conducted.

When comparing the information from EUWID and plasticker, December 2018 shows that although plasticker is recording a price rise of an average 10 €/t, but this is less reliable because only a few, reliable price details were entered for PS regranulates and PVC regrind. Adjusted by these values, there was a price stabilisation in plasticker. Low price falls, which can also be seen as price stabilisation, were recorded at EUWID. Here, there are price falls for the regrinds of PP by an average 7.50 €/t, PVC window frame by 6.70 €/t and post-industrial PS by 5.80 €/t. Demand for plastic waste was assessed as subdued in both quotes.

3.1 Plastic wastes:

Markets in Germany and the Netherlands are full of plastic waste. Although the majority of the waste is made up of lower collecting grades, the plastic recyclers have sufficient opportunities to select suitable processing input.

All efforts to divert plastic waste to the Far East, in particular the People’s Republic of China, are failing. China’s ban on the import of waste remains in place. The avoidance movements to Vietnam, Indonesia or Malaysia are no longer effective. Most import ports in Asia are now barred to the import of waste. However, China is reporting an immediate shortage of 4 million tonnes of plastic waste, in spite of the increased import of recyclates.

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In December 2018, EUWID did not report any changes for bale goods in its price index for waste plastic. The quotes for plastic wastes are unchanged, according to EUWID. In the practice of plastic recycling, however, it can be seen that post-user film waste can only be sold with supplementary payments of up to 160 €/t. The prices invoked for plastic waste are only valid if recyclers offer adequate quantities and good grades.

The PET recyclers are using the winter break to maintain their plants. The PET recyclers can still ensure an adequate supply of input. The prices in the December quotes for use PET returnable bottles remain unchanged in comparison to the previous month. There is still strong demand for PET recyclates. The prices for PET recyclates held their own in December.

3.2 Recyclates:

Towards the end of the year, the recyclate markets became much quieter than in the previous months. In December, there was still very high demand for plastic recyclates that replace virgin grades. The demand for these recyclates greatly exceeds supply. And as a result, the recyclate prices are holding their own on the markets. Although price falls for virgin grades are expected in January, both for standard plastics and technical plastics, the extent to which this will affect recyclate prices remains to be seen. The quality of the recyclates that replace the virgin grades is the most important thing.

Recyclates from standard plastics: Mixed plastic waste takes on a key role for recycling according to the German Packaging Act. The recyclers of mixed plastic waste are profiting from the ample supple of good plastic waste. The grades of mixed plastic waste and films used for processing are continuously improving. And, as a result, the mixed plastic recyclers can finally use their upstream processing plants to capacity with suitable plastic waste instead of water, dirt and residues.

There was a roll over for technical plastics in December. Bottlenecks are causing marked price rises for the regranulates of ABS, PBT and POM. As far as technical plastics are concerned, the price fall of the virgin grades are not yet coming through to the recyclate prices.

4 Explanation on the price quotes

A detailed discussion with information of price indices for virgin grades and waste plastics as well as precursor products can be found in EUWID Recycling and Disposal see www.euwid.de, or in EUWID Plastics www.euwid-kunststoff.de. EUWID: No guarantee for any of the prices; prices ex station. As a rule, the prices quoted refer to quantities in excess of 20 tonnes.

The quotes for secondary prices, which are updated on an hourly basis, are calculated using the price lists that are derived from the quotations published in plasticker, see 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. Plasticker offers the quality grades regrind and regranulates both as virgin materials and as secondary goods. 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, Tuesday, 26. February 2019 Dr Thomas Probst, bvse