bvse market report: plastics, August 2019

1 General economy with reference to the plastics industry

The assessment that the mood in the plastics industry in German-speaking countries is darkening is shaped by the 37th six-monthly survey on economic development in KI Dialog, see www.kiweb.de.

Pessimism for the second half of the year is spreading in the plastics sector. In the forthcoming half of 2019, 35 % of those questioned are expecting negative business development. Nevertheless, 23 % are expecting an improvement. The KI expectation index for the next six months fell to a value of 82.8 points - it has only been in this range twice in the last ten years: during the crises in 2009 and 2012.

Suppliers to the automotive industry are most affected by the declines. When asked about the effects on the automotive industry, 77 % of the those questioned stated that they had been affected by weak sales. And this is worrying because the automotive industry is of central importance to the plastics sector.

Only the recyclers are experiencing a boom phase and they are enjoying the importance of their part of the sector. Just under a third recorded better business in the first half of 2019 than in the previous half-year period. The use of recyclates to manufacture new products must increase if the EU circular economy is to function as planned. The political pressure is certainly being felt here: 21 % of companies have already amended their production accordingly (previous year: 14 %), another 40 % are currently working on solution (previous year: 25 %). Companies in the areas of packaging and consumer goods in particular benefit from the recycling boom.

2 The primary plastics market - standard plastics

In July, the standard plastics price index had average quotes of 1172 €/t, see Table 1. And the standard plastics are thus falling by an average 82 €/t! The KI polymer price index for standard plastics, Plastixx, recorded a price low for July 2019, the lowest since March 2016. In a year-on-year comparison of the EUWID standard plastics price index, it can be seen that the average quotes from July 2019 (1172 €/t) were 167 €/t lower than those of the previous year (1339 €/t).

Since September 2018, the price for packaging PET, then at 1,480 €/t, has fallen continuously to the current 1,160 €/t. And packaging PET is thus quoted 35 €/t lower than in the previous month. The price falls that were forecast for August in July have been realised.

In the holiday seasons, the demand for plastics from processes is much lower. In the summer break the plastics processes finally get round to carrying out thorough maintenance on their production units. Now is when the innovations and adaptations to machinery and plant engineering are possible that cannot be carried out in the boom times. However, the low demand for plastic is also due to the weakening automotive sector.

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

Prices in €/t	July 2019	June 2019	May 2019	April 2019	March 2019
LDPE film grade	1050- 1120	1170- 1270	1170- 1270	1170- 1270	1150- 1250
LLDPE film grade	1060- 1150	1160- 1270	1160- 1270	1160- 1270	1140- 1250
HDPE injection moulding	1180- 1240	1260- 1320	1260- 1320	1260- 1320	1230- 1290
HDPE blow moulding	1180- 1240	1260- 1320	1260- 1320	1260- 1320	1230- 1290
PS crystal clear	1250- 1310	1340- 1400	1450- 1510	1450- 1510	1350- 1410

PS high impact	1350- 1410	1440- 1500	1550- 1610	1550- 1610	1450- 1510
PP homopolymer	1290- 1360	1370- 1440	1370- 1440	1370- 1440	1350- 1420
PP copolymer	1340- 1410	1420- 1490	1420- 1490	1420- 1490	1400- 1470
PVC tube grade	830- 880	860- 920	860- 920	860- 920	850- 910
PVC film/cables	870- 920	910- 960	910- 960	910- 960	900- 950
Average Price	**1172 ± 184**	**1254 ± 199**	**1276 ± 222**	**1276 ± 222**	**1240 ± 201**

3 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 August 2019; they will not become definitive until early September. The two quotes stated for August 2019 below indicate only an interim situation, see the left-hand column in Table 2 and Table 3.

3.1 plasticker: Standard plastics

Stable plastics prices from June to August: in June 2019 the standard plastics were quoted at 537 €/t and thus almost the same as the previous month (530 €/t), see Table 2. The average price for July 2019 (537 €/t) was more or less the same as that of the previous year (541 €/t). The following price changed were more than ± 40 €/t: PVC_U +90 €/t and PVC_P +50 €/t. At 620 €/t, HDPE regrind is at a two-year high. LDPE regranulate has been unchanged at 700 €/t for three months. The July price index records lower demand for plastic in comparison with the previous month, which is due to holidays.

At 539 €/t, the preview of the August quotes shows an average price that is roughly the same as in the previous month (537 €/t). The August price index, 20.08.2019, shows satisfactory demand for plastic to date. In the trend shown here, PP bale goods reached a high at 350 €/t, whereas PS regranulates reached a low of 770 €/t.

Table 2: Standard plastics price according to plasticker; listed in €/t.

	Aug.[6] 19	**July 19**	**June 19**	**May 19**	**April 19**	**July 18**
HDPE regrind[1]	600	620	600	580	570	580
HDPE regranulates[5]	880	850	860	890	870	930
LDPE bale goods[2]	250*	200	230	250	210*	200
LDPE regrind[1]	530	540*	520	580	550*	550
LDPE regranulates[5]	700	700	700	700	720	800
PP bale goods[3]	350	240*	280*	220	160*	140*
PP regrind[1]	580	580	600	600	590	540
PP regranulates[5]	880	870	830	800	870	890
PS regrind[4]	630	630	610	600	620	640
PS regranulates[5]	770	910	930	1020	1080	1020
PVC_P regrind[1]	330*	390*	300	350*	370*	300*
PVC_U regrind[1]	530*	480*	430*	490	480*	470
PET bale goods	200	180*	200*	200*	170*	180
PET regrind mixed colours	320	330	350	360	360	340
Average Price	**(539)**	**537**	**530**	**548**	**544**	**541**

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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)

3.2 plasticker: Technical plastics

In July 2019 the average price for technical plastics in plasticker is 1252 €/t and thus almost unchanged in comparison to the previous month (1256 €/t), see. Table 3. A comparison of the average prices from July 2019 (1252 €/t) with those of the previous year (1247€/t) shows a current price that has hardly changed. The July price index shows a continued subdued demand for plastic. The following price changes were more than ± 70 €/t: ABS regranulates - 80 €/t, PBT regranulates +110 €/t and PA 6 regranulates -170 €/t. ABS regranulates are at an all-time low at 1070 €/t. And at 590 €/t, POM regrind recorded its lowest quote in 20 months.

At 1253 €/t, the preview of the August quotes shows an average price that is almost identical to the price of the previous month. The August price index shows a slightly improved demand for plastics.

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

	Aug.[6] 19	July 19	June 19	May 19	April 19	July 18
ABS regrind	690	670	690	700	680	700
ABS regranulates[5]	1120	1070	1150	1150	1230	1280*
PC regrind	910	930	880	780	790	970
PC regranulates[5]	2000	1890	1880	1870	1700	2070
PBT regrind	500	500	490	490	460	450
PBT regranulates	1760	1820	1710	1600	1700	1590
PA 6 regrind	790	810	830	840	840	850
PA 6 regranulates[5]	1780	1820	1990	1920	1830	1850
PA 6.6 regrind	870	870	850	880	950	890
PA 6.6 regranulates[5]	2190	2270	2260	2240	2470	2000
POM regrind	560	590	600*	640	630	600*
POM regranulates[5]	1860	1780	1740	1650	1900	1710
Average Price	**(1253)**	**1252**	**1256**	**1230**	**1265**	**1247**

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

4 Evaluation of the secondary plastic markets

4.1 Standard plastics

In July and August, the demand for plastic waste was assessed as subdued by EUWID and plasticker. The prices for plastic waste are stable at a low level. The prices falls for virgin grades are reflected in the prices for recyclates only to a limited extent.

In the export sector, there is hardly any demand in the summer months. The export routes for plastic waste to the Far East are blocked. Sales to Turkey are falling strongly. And the opportunity to sell plastic recyclates as products in the People's Republic of China is now greatly restricted by the customs authorities. The best recyclates still find their way to purchasers in China.

There is hardly any demand for film waste among recyclers. Film waste can mostly be sold only with high additional payments. EUWID reported slightly falling prices by an average of 10 €/t for PE post user film waste. In the price index for waste plastics, July 2019, EUWID reported a price fall of 20 €/t for PVC post-industrial plasticised mixed colours in the upper segment and of 50 €/t for tube grade mixed colours. There were slight price corrections of 10 €/t for PVC window frames. Some PS post-industrial, in this case standard crystal clear and standard white, were quoted at an average 15 €/t lower.

There is continuing strong demand for commodities, for regranulates in particular (HDPE, PP). The strong demand for commodities is far from being met. Whereas the prices for virgin grade are falling, the prices for standard palstic recyclates are remaining relatively stable.

4.2 PET Recycling

The price falls for virgin grades are being felt in PET recycling. The demand for PET recyclates remains strong. In addition to the demand from the food sector, i.e. trays and beverage bottles, strips, film and fibre, use of non-food bottles is also gaining in importance.

In the summer months, the supply of used beverage bottles is pleasingly high. For this reason, price falls for the beverage bottles have mainly been implemented. The July quotes for used PET returnable bottles were 25 €/t lower in comparison to the previous month for PET clear, for PET mixed 30 €/t lower and unchanged for PET coloured, see EUWID RE, 32. 2019, p. 18..

5 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 tons.

The quotes for secondary prices, 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, 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

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