bvse market report: plastics, June 2020

1 General economy with reference to the plastics industry

In April, the Plastics Information Europe journal, see www.kiweb.de, launched a flash survey on the coronavirus crisis. The evaluation of the results shows that 85 % of those surveyed have experienced marked drops in revenue. Almost half of the companies are compensating for lost orders with short-time working. Many are accelerating process optimisations, maintenance work and development projects. There is uncertainty about when the bottom will be reached. Machine manufacturers, users, distributors and recyclers are disproportionately affected by the drops.

Many companies in the plastics processing industry have been severely affected by the consequences of the coronavirus pandemic. The plastics processing industry association [Gesamtverband Kunststoffverarbeitende Industrie e. V. (GKV)] is therefore demanding additional support for SME industrial firms, see https://www.gkv.de/de/service/presse/corona-krise-mittelstaendische-industrie-jetzt-entlaste.html. For example, the abolition or suspension of the levy under the Renewable Energies Act [Erneuerbare-Energien-Gesetz (EEG)], which has been in force for twenty years, could help to relieve the costs.

2 The primary plastics market - standard plastics

Coronavirus is still having an impact: the prices for standard plastics are tracking the raw materials quotes. In spite of increased demand for standard plastics for packagings for foods, medical products and pharmaceuticals, the prices for standard plastics are falling again. However, there are still drastic collapses in demand in car manufacture and the construction sector.

In May 2020, the standard plastics were quoted in EUWID, see www.euwid-recycling.de, at only 882 €/t and thus an average 34 €/t lower than in the previous month (916 €/t), see Table 1. In a year-on-year comparison, it can be seen that the average quotes from May 2020 (882 €/t) were 394 €/t lower than those of the previous year (1,276 €/t). In April, the prices for the standard plastics PE, PP, PVC fell: LDPE -40 €/t, LLDPE -40 €/t, HDPE -30 €/t, PP -45 €/t and PVC -50 €/t. Only the price of PS is unchanged.

Packaging PET is being quoted at the lowest prices for 10 years. Packaging PET was therefore quoted at an average price of 950 €/t in May 2020, thus 30 €/t lower than in the previous month. Although the demand for PET is high in some segments because of the coronavirus crisis, the increased demand in March and April for bottle PET has now dropped considerably. Private stocks are full and have to be used up again. The use of PET beverage bottles in restaurants, drinks retailers and kiosks is still much lower than in the same period of last year. The demand for PET in other segments cannot compensate for the loss of quantities in packagings. Moreover, the price falls for paraxylenes is puling the PET quotes down.

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

Prices in €/t	May 2020	April 2020	March 2020	Feb. 2020	Jan. 2020
LDPE film grade	790- 890	830- 930	930- 1010	970- 1050	980- 1050
LLDPE film grade	810- 900	850- 950	950- 1040	990- 1080	990- 1080
HDPE injection moulding	790- 870	820- 900	920- 1000	990- 1050	1090- 1150
HDPE blow moulding	820- 900	850- 930	950- 1030	1010- 1070	1110- 1170
PS crystal clear	950- 1010	950- 1170	1120- 1170	1220- 1270	1180- 1240
PS high impact	1030- 1100	1030- 1100	1220- 1270	1320- 1370	1280- 1340
PP homopolymer	940- 1000	990- 1040	1090- 1140	1130- 1180	1180- 1230
PP copolymer	990- 1050	1040- 1090	1140- 1190	1180- 1230	1230- 1280
PVC tube grade	660- 700	710- 750	800- 840	800- 840	800- 840

PVC film/cables	700- 740	750- 790	840- 880	840- 880	840- 880
Average Price	**882 ± 128**	**916 ± 118**	**1027 ± 137**	**1070 ± 158**	**1097 ± 162**

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 June 2020; they will not become definitive until early July. The two quotes stated for June 2020 below indicate only an interim situation, see the left-hand column in Table 3 and Table 4.

3.1 plasticker: Standard plastics

When calculating the average price of May 2020, it must be remembered that PVC_P with a quote of 450 €/t distorts it greatly. If the previous month's average price for PVC_P at 260 €/t is used as a realistic reference value, the average price is calculated at 471 €/t. And this changed average price is thus 20 €/t lower than that of the previous month (491 €/t), see Table 3. The changed average price for May 2020 (471 €/t) was 75 €/t below that of the previous year (546 €/t). The May price index shows a subdued demand for plastic.

The following price changes were more than ± 40 €/t: HDPE regranulates -60 €/t, LDPE baled goods -60 €/t, LDPE regranulates -50 €/t and PS regranulates -70 €/t. A 5-year low was reached for the prices for HDPE regrind at 510 €/t, HDPE regranulates at 660 €/t, LDPE regranulates and PS regranulates at 730 €/t.

A preview of the June quotes indicates price stability at a low level. At 475 €/t a corrected average price is calculated here that is similar to that of the previous month (471 €/t), see Table 3. The June 2020 price index, 16.06.2020, shows subdued demand for plastic.

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

	June[6] 20	**May 20**	**April 20**	**March 20**	**Feb. 20**	**May 19**
HDPE regrind[1]	510	510	520	520	550	580
HDPE regranulates[5]	740	660	720	720	730	890
LDPE bale goods[2]	150	160	220	220*	160*	250
LDPE regrind[1]	530	520	530	530	470	580
LDPE regranulates[5]	590	590	640	590	600	700
PP bale goods[3]	140	190*	190	190*	240*	220
PP regrind[1]	530	530	510	520	530	600
PP regranulates[5]	820	830	830	860	870	800
PS regrind[4]	620	630	610	610	570	600
PS regranulates[5]	830	730	800	750	750	1020
PVC_P regrind[1]	260 (360*)	260 (450*)	260	210*	200*	350*
PVC_U regrind[1]	420*	400	440*	360*	480	490
PET bale goods	180*	210*	220	230*	170*	200*
PET regrind mixed colours	340	370	380	310	330	360
Average Price	**(475)**	**471**	**491**	**473**	**475**	**546**

*: 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 May 2020 the average price for technical plastics in plasticker is 1,172 €/t and thus 93 €/t lower than in the previous month (1,265 €/t), see. Table 4. A comparison of the average prices from May 2020 (1,172 €/t) with those of the previous year (1,230 €/t) shows a difference of 58 €/t. These plastics show price changes of more than ± 70 €/t: PC regranulates -300 €/t, PBT regranulates -240 €/t, PA 6.6 regranulates +80 €/t and POM regranulates -480 €/t. The May price index records even lower demand for plastic in comparison with the previous month.

The first preview of the June quotes shows price stability for technical plastics. At 1,178 €/t, the preview of 16.06.2020 shows an average price that is roughly unchanged in comparison with the previous month (1,172 €/t). The June price index shows plastic demand that is entirely satisfactory for the crisis.

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

	June[6] 20	May 20	April 20	March 20	Feb. 20	May 19
ABS regrind	610	610	630	620	630	700
ABS regranulates[5]	970	980	1040	1240	1380	1150
PC regrind	900	830	820	880	880	780
PC regranulates[5]	1630	1640	1940	1610	1650	1870
PBT regrind	460	430	450	460	460	490
PBT regranulates	1720	1640	1880	1640	1540	1600
PA 6 regrind	860	860	850	850	860	840
PA 6 regranulates[5]	1850	1790	1850	1830	1740	1920
PA 6.6 regrind	940	910	920	890	890	880
PA 6.6 regranulates[5]	2100	2120	2040	2070	2120	2240
POM regrind	600	610	640	580	680	640
POM regranulates[5]	1500	1640	2120	1820	1590	1650
Average Price	**(1178)**	**1172**	**1265**	**1208**	**1202**	**1230**

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

4 Evaluation of the secondary plastic markets

4.1 Plastic wastes

In plasticker, the price falls for May caused by the coronavirus are now clear, whereas EUWID appears extremely inconsistent overall. In April, EUWID very clearly revealed the market changes caused by the pandemic; but it records more of a standstill in its May prices. In May, both price indices report on very subdued demand for recyclates.

The inconsistent EUWID price quotes for standard plastics initially refer to the unchanged prices for PE and PS post-industrial waste, then to the one-sided price falls for PP and PVC post-industrial waste and finally to the price rises for films from PE post user.

Good PE film waste is currently sought again, however this is not the case for shrink hoods, for which there is hardly any demand. In May, the mean EUWID quotes for PE post user films are: LDPE shrink hoods natural 300 €/t, LDPE shrink hoods mixed colours 75 €/t, thin film transparent natural 140 €/t, thin film transparent coloured 5 €/t, LDPE agricultural film -50 €/t, commercial mixed film (90/10) 63 €/t and commercial mixed film (80/20) 33 €/t.

4.2 Plastic recycling

The recycling disaster is obvious: low-cost virgin grades due to the low crude oil price and subdued demand for plastic, are pushing recyclates from the market. Furthermore, there is a surplus of virgin grade that is continuing to push the price of the virgin grade down.

As a consequence, plastics recyclers are even losing their established markets. In particular, there is barely any demand for regrinds and regranulates made of PE and PP. Plastics recyclers are therefore earning hardly any revenue. To increase their market opportunities, recyclers are cutting back production or are operating short-time working. Recyclers are also trying to improve their situation by imposing low prices for their input and higher quality demands. As well as the disastrous situation in Germany, the export of waste, recyclates and items abroad is still difficult. After the drops in April and May, things are still very tight for some recyclers.

4.3 PET Recycling

PET recycling is under considerable pressure. Here, too, the cheap virgin grades are suppressing recyclates. In addition, recyclates have a much greater cost legacy than virgin grades and this means that the manufacture of recycled PET is more expensive than the virgin grade. Moreover, the demand for PET as a whole is falling.

The volume of PET beverage bottles has fallen in comparison to the previous months. In purchasing, recyclers therefore have difficulties in imposing cheaper prices for used beverage bottles. After the falls in March and April, the May quotes for used PET returnable bottles, which are PET clear, PET mixed and PET coloured, each also fell by 25 €/t.

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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