bvse market report: plastics, August 2021

0 Reorganisation of EEC state aid

Plastics recyclers are alarmed. The European Commission intends to amend the guidelines to the detriment of plastic recycling and published a draft to this effect in the consultation process on 7 June 2021. The new guidelines are scheduled to enter into force on 1 January 2022 and allow for a transitional period until 31 December 2023.

The EU Commission intends to axe the EEC state aid granted so far, which enables the companies to be competitive, and instead promote chemical recovery processes, see press release https://www.bvse.de/gut-informiert-kunststoffrecycling/pressemitteilungen-kunststoffrecycling/7442-faellt-die-eeg-beihilfe-fuer-recyclingunternehmen.html.

Although the EU Commission explicitly emphasises the aim of the changed guidelines to be the efficient implementation of the European Green Deal in the interests of environmental and climate protection, the current changes would result in the recycling companies that have been entitled to aid in the past largely ceasing to be eligible for the grant; in this context see EUWID 31, 3 August 2021, p. 9.

1 General economy with reference to the plastics industry

ifo business climate index: The mood in German board rooms has deteriorated further, see www.ifo.de/ifo-geschaeftsklimaindex. The ifo business climate index fell to 99.4 points in August, following on from 100.7 points in July (seasonally adjusted). The fall was mainly due to companies' much less optimistic expectations. However, they evaluate the current situation as slightly better than in the previous month. Delivery bottlenecks in precursor products in industry and concerns due to rising numbers of infection are having an impact on the economy.

The business climate has deteriorated markedly in the manufacturing sector. The assessments of the current situations were not so good. Companies are still highly satisfied with current business, but the preview of the months ahead suffered a setback. The expectations indicator fell to the lowest level since November 2020. The companies also reported weakened demand.

2 Primary markets - virgin grade, standard plastics in this case

The price peak has been passed – there is a downward trend. Although prices continue to record peaks, they are falling. However, the fall in prices is also surprising because the processors' demand for standard plastics is high and some purchase queries can only be satisfied with a delay. There are still supply difficulties for imports. Plastics are being traded at very high prices. Freight capacities are tight; they are well utilised and thus expensive. Nothing shows the situation for virgin grades better than the Plastixx ST index for standard thermoplastics, see Fig. 1.

In July 2021 the average price of 1,860 €/t was an average 100 €/t lower than in the previous month (1,960 €/t), see Table 1. In a year-on-year comparison, it can be seen that the average quotes from July 2021 (1,860 €/t) were 916 €/t higher than those of the previous year (944 €/t), www.euwid-recycling.de.

Plastics made of PE and PS still record falling prices, whereas PP is unchanged, and PVC is quoting a slight price rise. Specifically, the average price changes are as follows: LDPE film at -100 €/t, LLDPE film at -150 €/t, HDPE at -200 €/t, PS at -225 €/t and PVC at +50 €/t.

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PET: The much higher demand for bottle PET in July due to the summer has largely not materialised because of the cool weather. PET imports are still disrupted. Packaging PET was quoted at an average price of 1,330 €/t in July 2021, and thus 10 €/t lower than in the previous month, see https://www.kiweb.de/.

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

Prices in €/t	July 2021	June 2021	May 2021	April 2021	March 2021
LDPE film grade	1900- 2050	2000- 2150	2050- 2250	1950- 2100	1850- 2000
LLDPE film grade	1850- 2000	2000- 2150	2050- 2250	1950- 2100	1800- 1900
HDPE injection moulding	1700- 1900	1900- 2050	1950- 2100	1920- 2050	1650- 1800
HDPE blow moulding	1650- 1850	1900- 2050	1950- 2100	1910- 2040	1630- 1780
PS crystal clear	1750- 1850	1950- 2100	2250- 2350	2150- 2250	1850- 1950
PS high impact	1850- 1950	2050- 2200	2350- 2450	2250- 2350	1950- 2050
PP homopolymer	2050- 2250	2050- 2250	2000- 2200	1900- 2100	1700- 1800
PP copolymer	2100- 2300	2100- 2300	2050- 2250	1950- 2150	1750- 1850
PVC tube grade	1450- 1550	1400- 1500	1350- 1450	1300- 1400	1100- 1200
PVC film/cables	1550- 1650	1500- 1600	1450- 1550	1400- 1500	1200- 1300
Average Price	**1860 ± 229**	**1960 ± 259**	**2020 ± 324**	**1936 ± 302**	**1706 ± 282**

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 2021; they will not become definitive until early September. The two quotes stated for August 2021 below indicate only an interim situation, see the left-hand column in Table 2 and Table 3.

3.1 plasticker: Standard plastics

What a turnaround - massive price drops can be seen for some commodities. There was an average price of 551 €/t for July 2021. And this average price is 88 €/t lower than that of the previous month (639 €/t), see Table 2. The average price for July 2021 (551 €/t) was 97 €/t above that of the previous year (454 €/t). There were significant price changes (±40 €/t) for: HDPE regranulates -110 €/t, LDPE regranulates -260 €/t, PP bale goods -60 €/t, PP regrind -60 €/t, PP regranulates -220 €/t, PS regrind -100 €/t, PP regranulates +50 €/t, PVC_P +60 €/t, PVC_U -50 €/t, PET bale goods +130 €/t and PET regrind mixed colours +50 €/t. The price index is characterised by satisfactory demand for plastic. In July, the prices for PET regrind were at a 5-year high.

The preview of the August quotes indicates an average price of only 525 €/t, see Table 2. And that would represent a fall in quotes of 26 €/t! The price index of 23.08.2021 shows just satisfactory demand for plastic to date. The quote of 0 €/t for PP bale goods is surprising or, rather, annoying.

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

	August[6] 21	**July 21**	**June 21**	**May 21**	**April 21**	**July 20**
HDPE regrind[1]	630	600	640	620	620	510
HDPE regranulates[5]	930	930	1040	1040	960	720
LDPE bale goods[2]	290*	240	270*	280*	260*	200

LDPE regrind[1]	420	450	470	490*	530	500
LDPE regranu-lates[5]	700	720	980	780	680	580
PP bale goods[3]	0*	200*	260*	210*	270*	140*
PP regrind[1]	550	560	620	600	550	460
PP regranulates[5]	900	910	1130	1120	960	730
PS regrind[4]	650*	600	700*	680	600	570
PS regranulates[5]	810*	960	1470	1480	1160	800
PVC_P regrind[1]	330*	350*	290*	350*	240*	200*
PVC_U regrind[1]	540*	520*	570*	570*	480*	380*
PET bale goods	160*	200	70*	70*	140*	220*
PET regrind mixed colours	440	480	430	390	380	340
Average Price	**(525)**	**551**	**639**	**620**	**559**	**454**

*: 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 2021, the quotes for technical plastics fell. There was an average price of 1,533 €/t, which was 51 €/t lower than that of the previous month (1,584 €/t), see Table 3. The average price for July 2021 (1,533 €/t) was as much as 372 €/t higher than that of the previous year (1,161 €/t). Since May 2021 (1,592 €/t) the average prices have been gradually falling, July 2021 (1,533 €/t).

These plastics show price changes of more than ± 70 €/t: ABS regranulates -130 €/t, PC re-grind -170 €/t, PA 6 regranulates +100 €/t, PA 6.6 regrind -80 €/t, PA 6.6 regranulates -80 €/t, POM regrind -90 €/t and POM regranulates +100 €/t. The price index shows a satisfactory demand for plastic.

The probable average price in August 2021 (1,531 €/t) is quoted almost unchanged in com-parison to the previous month (1,533 €/t). Or, to put it another way, the peak has also been passed for technical plastics. The August price index of 23.08.2021 shows adequate demand for plastic.

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

	August[6] 21	**July 21**	**June 21**	**May 21**	**April 21**	**July 20**
ABS regrind	580	630	640	590	640	560
ABS regranu-lates[5]	2400	2280	2410	2310	2300	1030
PC regrind	1020	860	1030	1000	850	820
PC regranulates[5]	2090	1980	1910	2200	2000	1590
PBT regrind	600*	540	610	620*	530*	430
PBT regranulates	2450	2080	2140	2020	1930	1610
PA 6 regrind	940	900	950	950	870	840
PA 6 regranu-lates[5]	2310	2420	2320	2430	2130	1820
PA 6.6 regrind	1040	930	1010	1050	970	920
PA 6.6 regranu-lates[5]	2060	2830	2910	2770	2560	2060
POM regrind	630	690	600*	660*	690	580
POM regranu-lates[5]	2250	2250	2480	2500	1800	1670

Average Price	**(1531)**	**1533**	**1584**	**1592**	**1439**	**1161**

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

4 Secondary Plastics Markets

4.1 Plastic wastes

There has been little movement in the summer break - the EUWID price index has recorded no changes in comparison to the previous month. This time, the summer break provided time for positive consolidation. Whereas plasticker records a trend towards falling plastics prices, because it covers both virgin grades and recyclates, EUWID indicates a pause in the competition for plastic wastes. Both price surveys thus show both sides of the “plastics recycling” coin. It is expected that the shipment of plastics to Turkey, which will be permitted again in future, will trigger a price hike.

As always, high-quality plastics wastes made of PE, PP and PS can be sold very easily. Production wastes are in demand; high-quality post-industrial and post-user wastes can be recovered well. Unfortunately, dual systems have inadequately understood that the collection is key for recovery. Collections in Baden-Württemberg and the Free State of Bavaria are mostly of high quality, whereas in other federal states, the collection of recyclables is increasingly being relegated to a residual waste bin. What has actually happened to the public education that intended to improve the collection results?

4.2 Recyclates

The price hike for recyclates is weakening. Nevertheless, the demand for plastic recyclates is still high - not least to prove the sustainability of the product or its packaging. The competition for recyclates in the 3rd and 4th quarters will be fascinating. Is there enough virgin grade? In terms of prices, recyclates track virgin grade. Discounts for the use of recyclates, as have been usual for many years, have no longer been possible on the markets since November 2020. Depending on the quality, recyclates certainly achieve or even exceed the prives of virgin grade, see PET.

4.3 PET Recycling

PET recycling in Germany in 2021 is characterised by a much lower volume of used beverage bottles. The wet summer means that the usual rise in the volume of used beverage bottles did not materialise. In the packagings sector, the demand for PET flakes and PET regranulates is very high. The run on the PET returnable bottles has reached new dimensions. Discounters are trying to secure the quantities that they will need for the years ahead. What is particularly problematic is that imports of PET beverage bottles are barely possible because of the extremely detrimental rearrangement of international plastics shipping. Those responsible for this at national and European level are not at all aware of the detrimental rules for the environment and the economy that are being implemented here.

The prices for used PET single-use bottles changed in July as follows: PET transparent +15 €/t, PET mixed +20 €/t, and PET coloured +5 €/t. The prices of virgin grade, see EUWID, fell further in July, namely by 10 €/t to 1100 €/t for “A- and C-PET, European film and bottle grade”.

Detailed monthly reports on the PET prices for virgin grade and used bottles can be found in EUWID and Plastics Information Europe. There is clear excessive demand for PET recyclates, i.e. PET regrinds and PET regranulates, see https://www.kiweb.de/.

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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