

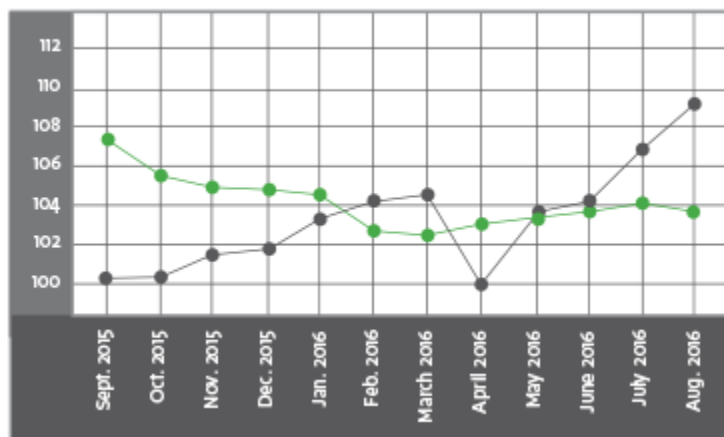
According to Dr. Steve Wong of Hong Kong-based Fukutomi Co. Ltd. and executive president of the China Scrap Plastics Association, writing in the Bureau of International Recycling (BIR) October 2016 *World Mirror: Plastics*, the bearish mood that has characterised the plastic scrap market in China since May lifted as of mid-September.

This shift in mood does not mean the Chinese market is without challenges, however. In the *World Mirror*, Wong comments on the “frequent changes in the government’s environmental policies,” adding that some companies have gone bankrupt “not through a lack of business skills but because of the sudden enforcement of government policies that have forced factories to shut.”

U.S. sources contacted in October are expressing optimism for recycled plastics markets overall, though the outlook for some resins remains sunnier than others.

Jason Stephens of the brokerage company BlackBridge Investments, New York City, says the U.S. market was trending upward as October drew to a close, adding that the market is up overall year over year.

#### EU-28 PRICE AND PRODUCTION INDICES FOR PRIMARY PLASTIC



Total output price index in national currency (Gross data) 2010 = 100 (green circle); Industry production index (Seasonally adjusted data) 2010 = 100 (grey circle); Source: Eurostat, <http://ec.europa.eu/eurostat/web/short-term-business-statistics/data/database>

However, he adds, “Much of these advances came over the summer months, and we may see decreased demand as we approach planned maintenance and the holidays at a lot of the plants around the country.”

While U.S. recycled plastic markets overall are showing signs of strength, polyethylene terephthalate (PET) demand has been weak, and the U.S. supply of postconsumer PET has increased over the last three months. “This was mostly due to the summer months as well as [to] the decreased demand for bottles,” Stephens says. “The bigger end users overbought, and it restricted their purchasing power. This left a lot of supply on the market,” which has suppressed pricing.

U.S. exports of postconsumer and postindustrial plastics for reprocessing have been reduced in light of the strong U.S. dollar, Stephens says. “When the U.S. dollar is strong, it makes it very expensive for foreign customers to purchase U.S. scrap

material,” he continues. “The lack of foreign demand results in the material sitting on the U.S. market and increasing the available supply.”

Supply of postconsumer high-density polyethylene (HDPE) bottles—mixed colour and natural—and mixed plastic bottles has been steady over the last three months, he says. However, since the closure of plastics recovery facility (PRF) operator Entropex, Sarnia, Ontario, a glut of unused Nos. 3 through 7 material remains on the market. “It will take time to balance,” Stephens says, “but pricing has been very suppressed due to the unused supply on the market.”

HDPE demand and pricing have been strong in the U.S.

Ed Handy, general manager of Plastic Revolutions, Reidsville, North Carolina, says pricing for HDPE bottle bales spiked “drastically” in October, gaining 20% to 25%. “It was unsettling,” he says of the increase, “because we can’t get the price on our end product up.”

In France, HDPE markets are mixed, with Marc-Antoine Belthé of Veolia Propreté France Recycling writing in the *World Mirror*: “There have been dramatic declines on blow-moulding grade HDPE and recyclers are carrying high stocks of input material. Outgoings are weak and stocks of finished goods are high, such that the end of the year is likely to be under grey skies.”

However, Belthé says injection-grade HDPE is faring better, “with customers aggressively looking for HDPE garbage bin flakes and pellets.”

Surendra Patawari Borad of Gemini Corp. NV, Belgium, and chairman of the BIR Plastics Committee writes in the *World Mirror* that the direction of the European market is hard to discern. “Many customers have been unable to decide whether prices would really go up or would stay the same, and so they have remained on the sidelines and have refrained from buying large quantities,” he says.

Borad writes that material remained in short supply in September, leading to the expectation that prices would increase in the European market. However, he adds, “prices remained the same for almost all polymers owing to weak demand from Asia.”