

RECYCLING COMMODITY UPDATE

— NOVEMBER 2018 —

We are now a full year into the impacts of National Sword – a Chinese government initiative which banned the import of Mixed Paper and Mixed Plastics and imposed the new contamination standard of 0.5% on March 1, 2018. These impacts have continued to negatively pressure fiber commodity prices as 15 million tons/year have been diverted from China to secondary markets such as India, Vietnam, Korea and Southeast Asia (with very limited diversion domestically). The majority of these markets, although full in inventories, have stabilized as Mill inventories begin to level within secondary and domestic markets, although prices remain at historically low levels.

Mixed paper prices continue to be down by over 90% since September 2017 and OCC (cardboard) prices are down by roughly 60% during this same period. This is not an insignificant issue for Casella as mixed paper comprises roughly 35% to 40% of the overall Zero-Sort Recycling stream.

Also adding stress on the recycling industry is the closure of the largest glass bottle manufacturer in the Northeast. Glass has been problematic as end-markets continue to be insufficient with the sole end site being limited to aggregate mix or beneficial use.

From a plastics standpoint, PET (soda bottles) has decreased in value slightly over the past 30-days due to the high generation anticipated during the Holiday season. HDPE (detergent/milk jugs) remains at strong selling price levels as domestic mill inventory levels remain consistent.

Aluminum has recently been impacted by the “trade wars” as tariffs have hit on finished product – however the change in price is due to the import influx of ingots (loose Aluminum not effected by the tariffs) domestically – which has created plenty of supply, thus pushing price downward over 15% over the past 90-days.

As a result of these puts-and-takes, overall commodity values have stabilized and as such the Sustainability/Recycling Adjustment is now 14.171%.

Sincerely,



Bob Cappadona
Casella Recycling



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