

RECYCLING COMMODITY UPDATE

— AUGUST 2020 —

Looking ahead, the recycling market will still be supply-driven with all eyes on COVID-19 and its impacts on the economy.

Price volatility and supply chain uncertainty, combined with challenging economic conditions, are keeping most major mill expansions on hold during the pandemic.

FIBER



Mixed paper continues to be available both domestically and overseas as values are expected to remain flat with historically low pricing. Movement of the material is challenging, but not stagnant. Most paper recovered from households is made into mixed paper bales. Approximately 35 percent of single stream material is made up of mixed paper which consists of junk mail, newspaper, magazines, paperboard packaging—such as cereal boxes—and office paper.



Currently, there is an excess of cardboard as mills overpurchased, fearing loss of supply during the pandemic. This market anxiety resulted in a brief spike in cardboard pricing in May of 2020. As new finished product demand decreased, many mills were left with a surplus of inventory causing a very short-lived uptick in the OCC market. Prices fell by 50 percent per ton in June and another 50 percent in July.

The circumstances surrounding export movement is continuing to evolve. Many countries that currently purchase US secondary fiber are also facing the prospect of imposed lockdowns amid second waves of infection. To complicate matters, there are new inspection requirements, potential container shortages, and challenging global conditions that make the overseas market volatile.

On a positive note, we continue to see greater potential to develop long-term partnerships with domestic mills that are coming back online, which could serve as an outlet for some of our fiber.

PLASTIC & METAL & GLASS



Casella continues to make good on our pledge to market all residential plastic domestically. In line with the entire industry, we have seen some volatility in the PET & HDPE grades. With virgin resin prices decreasing, the value of HDPE natural was reduced by 30 percent, while PET's commodity prices also dipped by 20 percent from quarter to quarter.

The Carbon-lite PET facility has announced its plans for opening in September 2020, increasing demand in the Northeast for post-consumer plastic.



Domestic aluminum and steel producers have become increasingly dependent on recycled metal as their main raw material input due in part to the large energy and cost savings associated with consuming secondary scrap over primary. The COVID-19 disruption throughout the world has left the metal market volatile with little activity in countries that consume scrap metal. In turn, the overall price of these grades has decreased from January 2020 pricing. Most notably, the aluminum market is down 10 percent compared to last quarter. Some national tin recyclers shut down temporarily, forcing the northeast recycling facilities to sell to local dealers which depressed pricing.



Glass continues to be problematic with insufficient demand from end sites. Beneficial use and aggregate mix continue to be our main resolution.

- Bob Cappadona

Vice President - Casella Resource Solutions

