

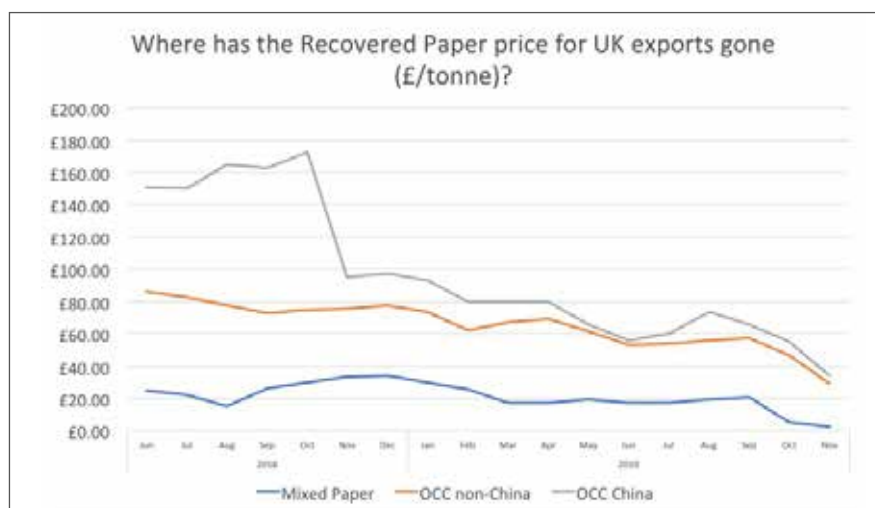


RECOVERED PAPER MARKET REPORT



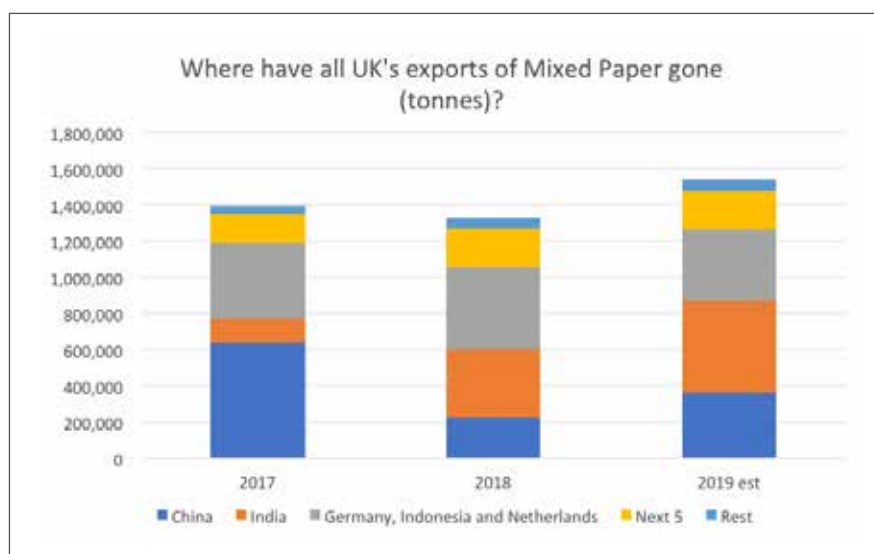
Angus Macpherson
Managing Director
The Environment Exchange

How little difference three months make! The politicians are still arguing about Brexit. The latest solution is an election, the outcome of which feels very uncertain, and a planned exit date of 31 January 2020.



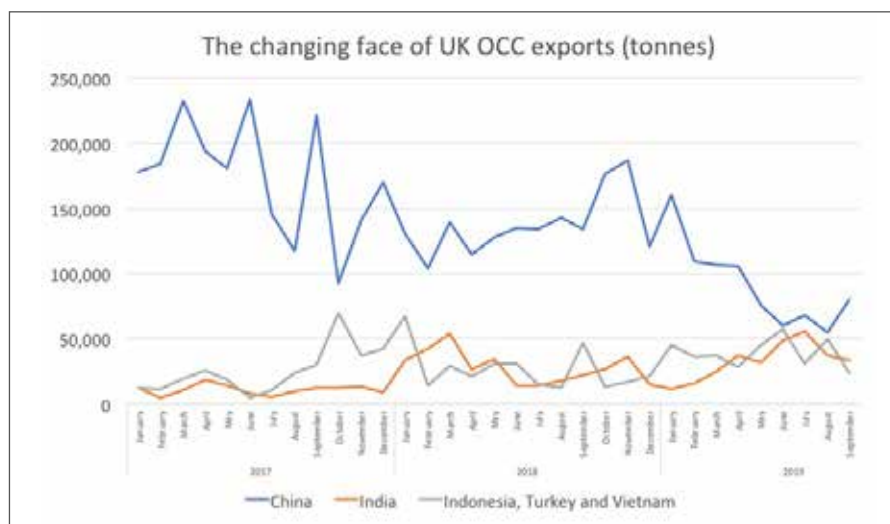


For UK recovered paper traders, overseas markets have lacked confidence since the beginning of the year. Prices took a turn for the worse in January, plateaued in April and when it was hoped that they could not get worse they went through the floor in September. Now it is not uncommon for gate fees to be charged to accept Mixed Paper and the same is expected shortly for OCC as indications are that there will be no orders from China until after Christmas. Domestic mills have taken advantage of the surfeit of material to apply downward pressure on prices and even in some circumstances have dropped high street retailers as suppliers. If that was not enough, in contrast to last year the weather has remained wet with severe flooding in Yorkshire and container prices from North Europe to the Far East are rising. Despite this pessimistic state of affairs, demand remains so long as the traders are prepared to accept the prices offered.



After the slump of 2018 orders are increasing for Mixed Paper, while OCC demand continues to decline. The main market for OCC remains China, although despite an increase in Mixed Paper orders in 2019 demand has halved since 2017. Indian demand has expanded rapidly for both OCC and Mixed Paper and it toppled China from top position for Mixed Paper in 2018. Similarly, rapid expansion has been seen from Germany, the Netherlands and Indonesia for Mixed Paper and Turkey and Indonesia for OCC. Demand from Vietnam for OCC, while still substantial, is declining as they look to the US to fill orders.

Competition from the US and, to a lesser extent, Japan is being felt in the Far East as exports to China become increasing difficult. Concern has been raised about the short-term sustainability of demand from Indonesia with exports currently suspended as clarity is being sought on standards. Plastic impurities are particularly unpopular.



A growing demand for Mixed Paper is coming from the Middle East. More significant growth is coming from Thailand, Pakistan and Sweden. Thailand and Pakistan are also very active in the OCC market along with Taiwan and closer to home France, Germany and the Netherlands.

Tricky times for the recovered paper market. As always the only certainty is uncertainty. I wish all an enjoyable festive season, although some in the UK will be hoping that it will not be as wintry as others predict. 🌨️

Website: www.t2e.co.uk