

THE PRN MARKETPLACE SINCE 1998

Trading

Trade PRNs securely on Spot (for immediate delivery), 28 Day Rolling or one of the 5 forward markets via our interactive, on-line trading platform.

Settlement

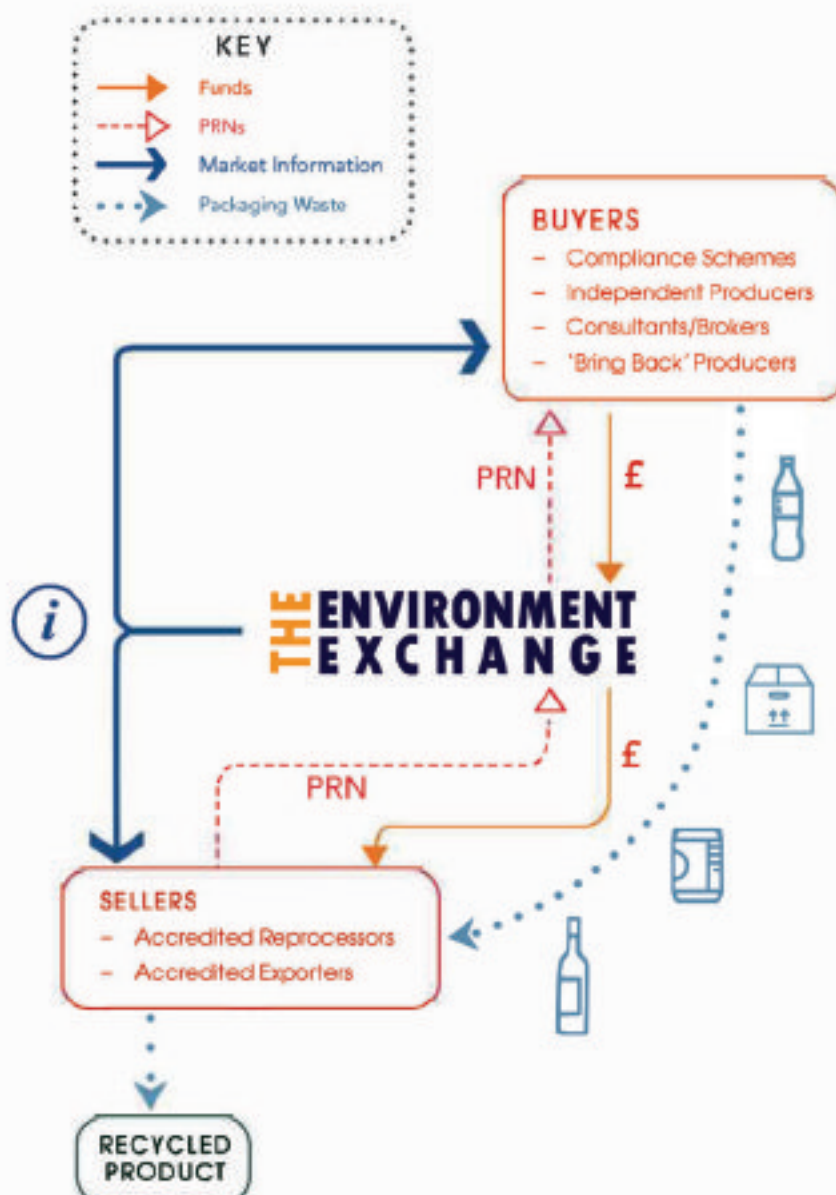
Our in-house settlements team manage the complete post-transaction process; from payment and clearing to contract delivery and release of funds.

Market Intelligence

Track live and historic PRN prices and monitor trends via the website plus receive optional daily, weekly, monthly and quarterly market reports and analysis.

Account Management

Members of our specialist trading team provide individual account management tailored to your specific buying and/or selling requirements.



A Market Commentary by Angus Macpherson, Managing Director, The Environment Exchange

Last year I wrote about uncertainties created by Typhoon Hagibis. This year uncertainty has taken on a whole new dimension, Covid-19. While many have forewarned a global pandemic, few anticipated that 2020 would replicate challenges faced 100 years previously. Coping with it seems to have absorbed all Government time. With Brexit and the autumn budget struggling to gain attention it is hardly surprising that the Resources and Waste strategy is also struggling to find any air time, although occasional glimpses are seen of deposit schemes and a recycled content tax on plastic packaging. Behind the scenes the Environment Bill, the enabling act for Extended Producer Responsibility post-Brexit, has been progressing through Parliament. So too is there a move forward on design criteria for the recyclability of plastic packaging.

On the ground despite initial concerns the national waste management system has continued to operate and, despite closures of Household Waste Recycling Centres (HWRCs), recycling has continued apace. There has been a transfer of collection between commercial sites and households, which has changed the consistency of the secondary raw materials. This has impacted exports. Markets for paper and plastic are becoming increasingly constrained in China, India, Indonesia, Malaysia, Thailand, Turkey and Vietnam.

Sadly the recycling sector's success has not been reflected in every sector of the economy with businesses potentially facing closure or bankruptcy with a downward pressure on the demand side for Packaging Recovery Notes (PRNs). Hence, as I write, compliance is looking comfortable for 2020 and without targets as yet established for 2021 onwards, no clear price picture is developing for 2021.

To consider each material:

Aluminium

A PRN production record was achieved in Q4 2019 to be matched in Q1 2020 and then exceeded in Q2 2020. While domestic reprocessing looks healthy, the principle driver of this growth is exports into Europe and the increased recovery of aluminium from incinerator bottom ash. Some are suggesting that the protocol may be too generous. The price of Aluminium PRNs has plummeted from the

highs of 2019, in and looks likely to keep these lower price levels in 2021.

Glass (Remelt and Other)

The Glass markets look balanced. There was increased aggregate use during lockdown as collection routes changed and quality decreased. Prices remain stable. This situation is expected to continue into 2021.

Paper

While domestic reprocessing has remained stable, Paper exports have struggled in 2020 through a combination of reduced quality, closing markets and global slowdown. The closure by UPM of their newsprint mill and the suggestion that it may re-open as a cardboard mill may change this balance in 2021. In the interim Paper more than exceeds its material specific target but reduces its contribution to the General Recycling Target. Prices remain above administrative values and may become increasingly volatile as the year end approaches.

Plastic

Plastic has defied all expectations in 2020. On the ground most state that markets, quality and price are all struggling. Yet both reprocessing rates and exports particularly to Europe continue to grow with Q2 2020 showing record rates in both. Many suspect at best double counting and at worst fraud. Others point out that this reflects the over-generous, or lack of, export protocols. Targets look as though they will be comfortably met and, in stark contrast to 2018 and 2019, in 2020

prices are gently drifting down to General Recycling levels. At this stage there is little to suggest that prices will rise significantly in 2021.

Steel

While domestic Steel reprocessing continues to lurch from pillar to post, these problems are not reflected in PRN production numbers. Currently targets look as though they will be comfortable met and prices are at General Recycling levels. There is nothing to suggest that prices will rise significantly in 2021 but a closure of one of the domestic plants may have short term impacts until exports can pick up the slack.

Wood

Despite the significant problems caused by the closure of HWRCs, Wood looks as though it will comfortably meet its material specific targets. Prices are at General Recycling levels. There have been suggestions that Wood material specific targets may drop going forward which, while keeping prices down, may reduce availability for the General Recycling pool creating upward pressure on those prices

Looking forward

2020 is far from over. There remain many unknowns. Prices for 2021 are being pitched by buyers at this year's prices but to date, without Targets, only one trade has taken place. With so much uncertainty, PRN price volatility can be anticipated during the transitional months, December and January.

