

PRN Market Press Release

2021 Q1 Interim Recovery and Recycling Summary

A comment from Head of Trading, Tom Rickerby

“General market sentiment suggests a difficult start to the year for the recycling sector. Lockdown has continued to disrupt supply and demand for secondary commodities both in domestic and international markets. Whilst waste exports have been hampered by Brexit, regulatory change and restrictions and ongoing challenges in shipping. However, the release of the Q1 PRN data suggests it's not all doom and gloom with strong supply across the majority of materials giving cause for optimism, despite demand (which could be significantly impacted by covid) not being released until 14th May.

Paper

Buoyant Recovered Paper prices underpinned by strong UK and European demand has resulted in another strong quarter, continuing the recovery seen in Q4 of 2020. PRN prices have been sliding since January and fell an additional 19% to £4.00 per tonne following the release of the data.

Plastic

A potentially significant (yet still unverified) reporting error in the Q1 data has only added to the state of confusion in the Plastic markets. The recent downward price trend - PRN prices have fallen 62% from the year high in the weeks leading up to the data release – suggests an imbalance in supply yet this contradicts the widely held sentiment that PRN generation would contract in Q1 following new export restrictions enforced from the beginning of the year. Trading looks set to stall until clarity is provided on the supply data and a true and quantifiable assessment on the health of the Plastic market can be made.

Glass Remelt

Q1 data suggests a slow start to the year for Glass Remelt with PRN generation falling nearly 6% on the 2020 average. Supply that is likely to fall short of an anticipated obligation rise. Prices have strengthened on the back of this, rising to a 29 month high of £33.50.

Aggregate Glass

Strong Q1 PRN data for Glass Other suggests generation has been unaffected by its lower opening PRN values and a decoupling from the Remelt price. Glass Other prices had improved on the back of the recent rise in the Remelt price but have subsequently fallen back on the strength of the Q1 data. Currently trading at £10.00 per tonne.

Aluminium

Aluminium has maintained its strong performance from 2020 with a record opening quarter in 2021, up 16% on the same period last year. Prices have adjusted down, falling 17% to £25.00.

Steel

Steel's Q1 PRN generation has surpassed market expectation with a strong domestic performance more than offsetting a slow-down in export markets. Spot prices have fallen 11% from £18.00 to £16.00 on the news.

Wood

A strong opening quarter is likely to comfortably meet a decline in the Wood demand this year. Prices remain pegged to the paper price, falling to £4.00 following the release of the data.”

Note: This analysis is based on the Q1 Interim Recovery and Recycling Data released by the NPWD on Thursday 22nd April 2021, which is unverified data. The PRN supply figures may change between now and the verified figures being published on Friday 14th May 2021

About t2e: The Environment Exchange (t2e) provides a transparent trading platform where members can trade PRNs. t2e's unique position lets members use the power of the marketplace to gain access to the best available prices, which are displayed live on the trading boards. Trading is made easy with our dedicated account management service and swift settlement process. Members are kept informed with daily, weekly, monthly, and quarterly market reports. To find out more about t2e's smart, simple, and safe trading, visit the website (www.t2e.co.uk) or call the trading line on 0131 526 3040.

Background Information: Under the Producer Responsibility Obligations (Packaging Waste) Regulations 2007, UK companies that produce packaging have a legal obligation to contribute to the cost of recycling this packaging. They do this by purchasing Packaging Recovery Notes (PRNs), which are produced by UK firms that recycle packaging or export it for recycling elsewhere. The legislation applies to companies who handle (manufacture, convert, pack/fill, or retail) over 50 tonnes of packaging per year and have an annual turnover of over £2 million.

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