

The Marketplace for PRNs Q2 2025

Market Status Report By Tom Rickerby, Head of Trading



The first public release of 2025 obligation data in May has provided some much needed visibility on PRN demand under the new reporting methodology. Subsequent growth updates to this data in June and July has helped to foster the market narrative and provided some stimulus for trading in an otherwise highly subdued market. Q2 trading on t2e picked up marginally on a slow opening quarter but remains significantly down

on previous years. Traded volume during the period was the lowest since 2015. EPR cost pressures, weak buying support and a bearish outlook continue to weigh heavily on PRN markets negating any concerns around the fragile economic landscape. All materials with the exception of Plastic saw values decline in the period.

A total of 259,344 tonnes traded on t2e during Q2, up 6.5% on the previous quarter but down 20% on the same period last year. 169,458 tonnes were traded in the 2025 Spot Market. 60,236 tonnes were traded in the 28 Day Rolling Market and 29,650 tonnes were traded in the 2025 Forward Markets.

Paper

The dawn of the EPR era has already plunged the Paper PRN market into an existential crisis. Battered by a record carry-in volume and crippled by the loss of General recycling demand, the Paper market faces unprecedented levels of over-supply this year. Despite Spot prices falling to the lowest Q2 close (£0.95 per tonne) since 2017, on-market buying support has all but evaporated. This is highlighted by the stark collapse in volume traded on t2e, Q2 saw the lowest volume traded since 2007. Good news for Producers facing higher EPR costs, but bad news for sellers who are already beginning to question the point of it all. And for those wishing to minimise compliance costs...ROLL UP, ROLL UP!... The big Q3 Paper give away is about to commence!

Plastic

Plastic markets bucked the downward price trend in the 2nd quarter, buoyed by rising obligation data that is already closing in on a record demand. Current plastic demand sits at 1,207,155 tonnes, only 3,705 tonnes short of 2022's all-time high obligation. That year, in-year supply missed target by 57k tonnes and PRN prices hit an ATH price of £600.00 per tonne. Despite the 2022 warning signs and 2025 in-year supply already falling behind target, the market has maintained an air of composure up to the half year point. Prices have risen in response to the emerging compliance risk, climbing steadily to a year high price of £150.00 by mid-June. However, a pull back to £142.00 in the following weeks highlight the tentative nature of this year's market with the upcoming EPR fees looming over producers. The quarter finished strongly hitting a new high of £160.00 in the final week following the release of the Q2 supply data. Traders can expect a choppy H2.

Wood

A bump in the Quarter 1 Wood PRN price and its decoupling from the Paper market was cause for renewed optimism amongst Wood sellers. However, a failure to consolidate the price at £4.95 and waning buying support saw the mood deteriorate again in Q2. Prices fell 30% to £3.50 reflecting improved supply, up 12% on the previous quarter. Wood demand was weak in the period as traded volume fell to its lowest level since Q1 2018.

Glass Remelt

Remelt volumes were one of the few success stories of the quarter with

Q2 May - Jul 2025	High	Low	Traded this quarter	Quarterly Average Price	YTD Average Price	Total Volume
Paper						
Spot 2025	£2.25	£0.95	21,670	£1.70	£1.68	32,685
28 Day Rolling 2025	£2.00	£1.80	5,200	£1.99	£1.89	9,200
JUL Forward 2025	£2.00	£2.00	4,000	£2.00	£2.00	14,000
OCT Forward 2025	£0.95	£0.95	7,000	£0.95	£0.95	7,000
Plastic						
Spot 2025	£160.00	£115.00	57,364	£145.13	£116.04	132,012
28 Day Rolling 2025	£160.00	£115.00	21,190	£146.42	£119.69	41,873
JUL Forward 2025	£150.00	£140.00	3,250	£148.18	£126.39	8,860
OCT Forward 2025	£160.00	£130.00	6,600	£149.57	£139.46	8,900
DEC Forward 2025	£150.00	£145.00	950	£148.16	£143.97	1,950
Glass Other						
Spot 2025	£90.00	£70.00	23,951	£74.40	£67.53	43,091
28 Day Rolling 2025	£78.00	£71.00	9,500	£71.79	£72.47	9,842
Glass Remelt						
Spot 2025	£90.00	£80.00	37,311	£84.07	£84.31	71,702
28 Day Rolling 2025	£95.00	£80.00	21,231	£83.54	£84.43	25,131
Steel						
Spot 2025	£16.00	£6.00	8,155	£12.83	£10.99	26,959
JUL Forward 2025	£9.00	£9.00	2,000	£9.00	£12.62	8,500
OCT Forward 2025	£9.00	£9.00	5,500	£9.00	£10.07	7,500
Wood						
Spot 2025	£4.95	£3.50	17,906	£4.08	£3.61	33,022
28 Day Rolling 2025	£4.00	£4.00	2,000	£4.00	£4.48	4,000
Aluminium						
Spot 2025	£110.00	£90.00	3,101	£103.86	£91.77	8,308
28 Day Rolling 2025	£107.00	£94.00	1,115	£103.48	£104.51	1,415
JUL Forward 2025	£103.00	£103.00	350	£103.00	£91.07	1,450

Q2 traded volume on t2e at its highest level since Q4 2021. Strong trading activity and improved buyer engagement was helped by an 21% price slide from year highs (£105.00) to a 12 week low price of £80.00 per tonne by mid-June. An improved supply picture (up 8% on Q1) has helped to swing the market in favour of buyers, however it remains tight. The quarter closed with prices heading north again, up £3.00 on the quarter low price.

Glass Other

A significant improvement in Glass Other supply in Q2 (up 42% on Q1) has helped to take some of the pressure out of Glass markets. Spot prices opened the quarter to the downside, immediately coming off a year high price (£95.00 per tonne) established at the end of the Q1 price rally. An initial price correction turned into a lengthier sell off as Glass markets relinquished some of the gains from the previous quarter. Aggregate prices fell 26% to £70.00 per tonne. Renewed buying support in the second half of the quarter saw prices rebound to £74.00, mirroring improvements in the Remelt market. Trade volume on t2e was up 31% on the previous quarter and 62% on the same period last year. The outlook for glass remains unpredictable with further volatility anticipated.

Steel

Steel is another market that has looked on shaky ground from the start this year. With the elevated supply risk associated with Tata's mid-2024 exit from the market subsiding and a huge carry-in **[Continued on page 4]**

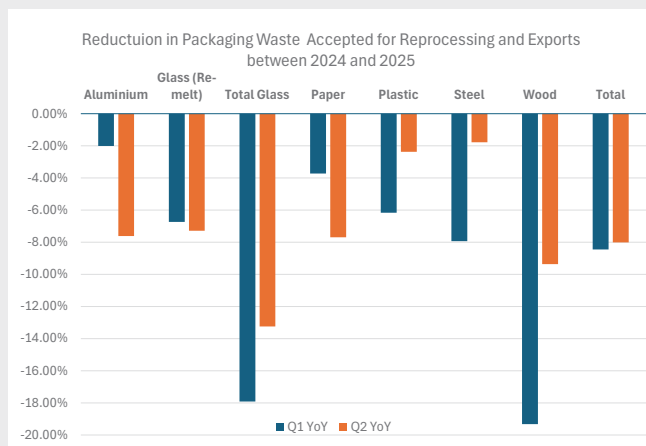
Managing Director's Comments August 2025



While normally each quarter brings something new, this quarter has brought more of the same. On-going struggles with the DEFRA's Report Packaging Data (RPD) are spreading uncertainty within the Producer community about obligations. This is exacerbated by on-going debate about how these obligations should be calculated. As a result, trading has

been slow. So too is the dissemination of accurate market intelligence, the even distribution of which was a key output of the Agencies National Packaging Waste Database (NPWD). Hence the slowing down of the global economy and with it the production of PRNs has almost gone unnoticed.

Neither bodes well for the smooth registration of exporters and reprocessors of packaging for 2026, which is due to start on the RPD on 1 September. With a registration window of two months at this stage the only certainty is that it will be significantly more expensive than it has been in the past. Against a background of declining PRN prices, the appetite for registration particularly amongst the smaller operators may be discouraged.



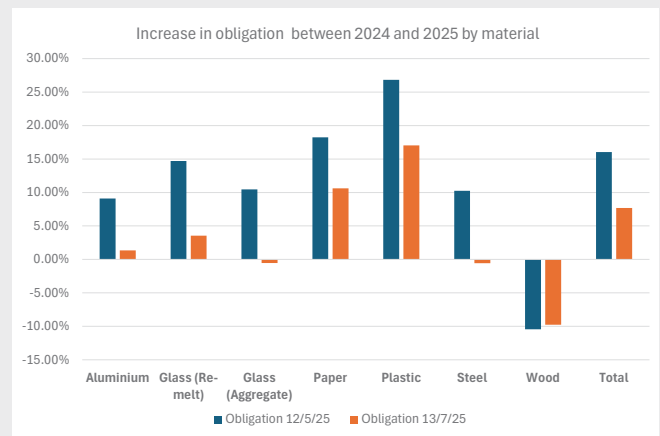
Quarter 2 (Q2) data

Across the first two quarters of 2025 Packaging Waste accepted is some 8% down year on year with reductions in all materials. PRNs issued are down by almost 10%. Exports are where the greatest struggles are occurring with only Plastic and, possibly unsurprisingly, Steel exports increasing year on year. Domestic reprocessing is down across the board with Steel and Glass Aggregate being the biggest fallers. A glimmer of hope is provided by Quarter on Quarter (QoQ) growth in all materials except Paper, whose drop in exports of 15% outweighs any gains in the other materials.

The growth in plastic may be considered a success for the PRN given the gloomy picture elsewhere in Plastic reprocessing with widely reported

closures across Europe and greater import restrictions into Indonesia, Malaysia and Turkey.

The demand side remains something of a mystery with obligations yet to be confirmed on the RPD, companies being added to and removed from the RPD on a daily basis and the calculation methodology still to be confirmed. What is clear is that it is increasing and will continue to do so but whether sufficiently to rescue prices for the traditional general recycling materials of Paper, Steel and Wood is looking unlikely. Similarly, DEFRA's anticipated increase in packaging reported to 12 million tonnes is looking more and more elusive. Whereas Glass and Plastic, in particular, are struggling to meet the obligations at this level regardless of any potential increases. The mid-September data release may make things clearer.



2026 Registration

2026 Registration and application for accreditation starts on the RPD on 1 September. Registration is required regardless of whether or not accreditation to issue PRNs is wished. There are a number of surprises in store. Firstly, cost with every destination incurring an extra charge. Secondly the fit and proper test, although the guidelines have been drawn up, it has yet to be tested in practice. Finally, the end of year arrangements for PERNs. Will material exported in 2026 and delivered in 2027 be able to claim 2027 PERNs or will they be lost to the system?

Thank you to Jim Bligh for his insight into the Food and Drink Federation's aspirations. Thank you too to our participants for their support. We look forward to continuing to be of service to you during the remainder of 2025 and beyond. It looks as though there is a lot more trading to come.

Angus Macpherson
Managing Director

Q2 2025, Supply & Demand Analysis By Andrew Letham, Operations Manager



The ongoing implementation of EPR reform continues to be marred by uncertainty and missed opportunities. Producers were finally shown their obligations on 18th August, only for them

to be withdrawn shortly after due to reported errors in the data. This has left producers without clarity on their expected liabilities or costs under EPR. With no set date for reinstatement, confidence in the system remains low.

Updated demand figures confirm growth across all materials, with Plastic growth the most significant (+25,429t) and now on course for a record obligation. Plastic and Glass markets remain particularly tight, with Plastic missing its quarterly target for a second consecutive quarter, while Glass only narrowly met its obligation. By contrast, limited growth in Paper and Wood obligations has suppressed activity in those markets before momentum could build. The absence of producer obligation data continues to flatten trading conditions across the board.

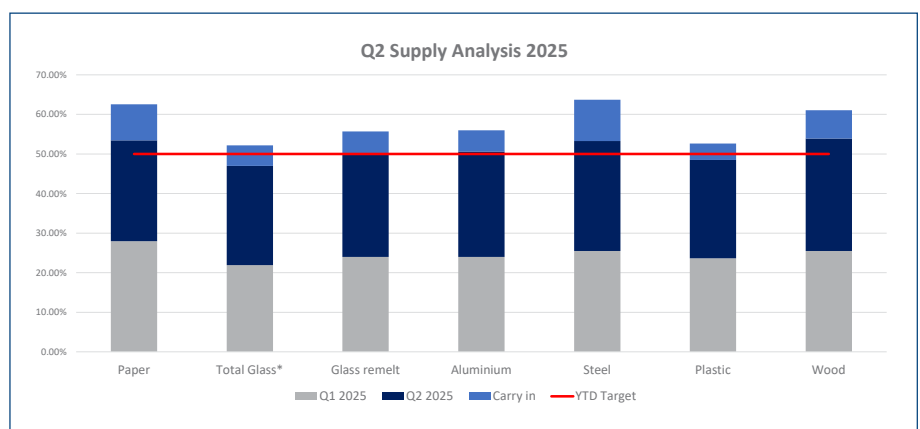
Overall obligations grew by 119,553t since the June update, reaching 7,441,234t. This remains 460,272t short of last year's final obligation, but sits 275,858t (+3.8%) above the same point in 2024. Reports suggest the latest figures exclude submissions from producers reporting for only one half-year period, implying further obligation growth is likely. The next release is scheduled for 15th September, though the Agency has distanced itself from firm dates, highlighting ongoing concerns around data accuracy and processing capability.

Plastic obligations rose 25,429t to 1,207,155t, just 3,705t shy of the record with Packaging handled up 19% year-on-year, compared to an average of 11% across other materials. The current quarterly target of 301,789t has now been missed in two consecutive periods. Supply increased by 14,210t Quarter-on-Quarter (QoQ) but still fell 1,986t short of target. Concerns are mounting around next year's proposed change to the point at which PRNs can be claimed on exports, potentially removing 40,000t of supply in 2026. Such a shift would not only tighten the market further but also create severe cashflow challenges for exporters. Transitional PRNs are therefore expected to see strong demand as compliance strategies for 2026 take shape which may influence current year pricing.

Glass obligations grew modestly by 9,175t, reaching 1,628,801t. Encouragingly, supply improved significantly in Q2, with Remelt up 24,310t (+8.3%) and Aggregate up 26,798t (+41.6%). The overall quarterly target of 407,200t was only just achieved, with 408,186t reported as recycled. July data showed a particularly strong return in Aggregate (40,379t), which could indicate more stable performance heading into the second half of the year. Nonetheless, the margin for error remains slim given the potential for of demand growth.

Material	Carry In	Q1	Q2	2025 Obligation	YTD Supply + Carry In	Balance
Paper	327,090	1,003,902	914,188	3,588,769	2,245,180	-1,343,589
Total Glass*	84,521	357,077	408,186	1,628,801	849,784	-779,017
Glass Remelt	70,561	292,676	316,986	1,221,601	680,223	-541,378
Aluminium	7,630	34,121	37,841	142,234	79,592	-62,642
Steel	36,877	90,213	98,527	354,165	225,617	-128,548
Plastic	50,205	285,612	299,822	1,207,155	635,639	-571,516
Wood	37,196	132,537	147,899	520,110	317,632	-202,478
Total	543,519	1,903,462	1,906,463	7,441,234	4,353,444	-3,087,790

*Total Glass consists of the combined total supply of Glass Remelt and Glass aggregate.



Aluminium Recycling improved in Q2, with supply up 3,720t QoQ. Obligations reduced slightly from the initial release in May, now sitting at 142,234t — 9,184t lower year-on-year (YoY). At current supply levels, targets would be met with a carry-in of 7,630t from 2024 offering some comfort, though this buffer could be quickly eroded should market conditions tighten.

Steel supply strengthened in Q2, rising 7,314t quarter-on-quarter whilst obligations also increased by 3,472t (+1%) to 354,164t. Current levels of supply are comfortably ahead of demand, and with a sizeable carry-in of 36,877t from last year, compliance appears inevitable. This has already been reflected in softer PRN pricing as market confidence has grown.

Wood obligations rose 22,231t from the July update, reaching 520,110t — though still well below industry expectations of 600,000t, which now look unrealistic. Supply improved by 15,362t in Q2 to 147,899t. At these levels, targets will be easily met, particularly when factoring in the 37,196t carry-in from 2024. Wood compliance is now expected to be easily achieved with surplus.

Paper supply dipped sharply in Q2, down 89,714t quarter-on-quarter, the weakest return since Q3 2022. Demand, however, continues to grow — up 56,805t year-to-date and 98,481t year-on-year. Despite increased demand the removal of General Recycling obligations and revised recycling targets mean that falling supply is unlikely to affect compliance. PRN prices remain subdued at administrative levels, with little prospect of recovery. A record carry-in of 327,090t from 2024 further reinforces market stability and may even be replicated at year-end.

Extended Producer Responsibility

By Jim Bligh, Director of Corporate Affairs and Packaging, The Food and Drink Federation

Extended Producer Responsibility (EPR): How does the FDF view the current EPR framework for packaging and what are the key priorities or concerns for food and drink manufacturers within this system?



"Food and drink manufacturers want and need a circular economy for packaging. While good progress has been made over the past 20 years, still less than half of household waste is recycled, so EPR is a once-in-a-generation opportunity for true reform to our recycling system. But it must be workable across the UK and deliver the environmental benefits it promises."

"This means ensuring that the funds raised by EPR are used to drive up recycling rates. Currently, the UK just doesn't have the recycling infrastructure or services it would need to achieve a circular economy, leaving gaping holes in the recycling loop. EPR is set to cost producers £1.4bn – a significant cost on top of other cost pressures that food and drink manufacturers face. Those fees must be an investment into recycling infrastructure; improvements to household collection services; and sustainable packaging innovation that will help close recycling gaps, and bring benefits for years to come. The whole focus should be on how the system feeds more recycled content into food-grade packaging, so we can genuinely recycle everything from yoghurt pots to bread bags."

Impact of EPR Costs: How do you see EPR costs affecting the food and drink sector, particularly smaller producers, and what measures do you believe could make the system more equitable?

"It's undeniable that EPR costs are having an impact on manufacturers, and will push up food and drink price inflation. Companies expect to see production costs rise by up to a fifth over the next year, and a significant proportion of this is a result of new EPR fees. These fees have a disproportionate impact on smaller businesses, who make up 98% of our sector, and a disproportionate impact on food and drink, compared to other manufacturing sectors, who also face other regulatory pressures."

"It's critical that costs are controlled in coming years. In particular, packaging should not be included in the Emissions Trading Scheme. This proposal would add at least £138 million a year to the cost of the scheme for producers from 2028, covering councils' costs for incinerating packaging waste. Producers have no say in whether packaging waste is incinerated, so that added cost must be left out of the scope of EPR."

"Government must be pragmatic about the data it asks for from producers. Data collection can be particularly costly, often requiring hiring consultants and investing extensive time and resource. For smaller businesses, this just isn't realistic. Government should therefore move towards improvements in the scheme to help minimise the data it requests."

Packaging Recovery Notes (PRNs): What is the FDF's perspective for reform or improvement?

[Continued from page 1] weighing heavily on the price, the release of reduced obligation data (down 2.1% on last year) has further weakened a market that has struggled for foundational buying support from the outset. Despite sellers' best efforts to maintain PRN prices in a respectable mid-teens range for much of the period, weak demand and the release of improved Q2 supply data (up 9% on Q1) eventually saw the quarter end with a hard landing. The Spot price lost more than half of its value in a single day, falling to £6.00 per tonne in the final week of the quarter.

"FDF has long held the view that transparency around the PRN/PERN system, particularly around how revenues are used to increase recycling infrastructure, has been somewhat lacking. Reform is urgently needed, particularly with the rollout of EPR, and smart labelling on the horizon which could make the need for PRNs obsolete anyway."

"An immediate first step would be to introduce policy levers that prevent the export of plastics and to tighten auditing around where these materials end up. We are calling on government to consult on the future of the system as soon as possible."

Application for PRO Role: Can you explain the FDF's rationale for applying for the PRO and what unique value you would bring to the role?

"All successful EPR schemes around the world are led by producers, often through Producer Responsibility Organisations. The purpose is to drive improvements in the recycling system, reduce the amount of excess packaging, and secure value for producers' billions of pounds. FDF has been working with INCPEN and retailers for several years to build a PRO proposition that will lead to these outcomes – outcomes we share with government."

"The FDF/INCPEN proposal is fully collaborative across all obligated sectors, and we welcome any and all affected businesses to get involved. We're working in partnership with the full packaging value chain, to help get over any barriers to success. That includes waste managers, compliance schemes and producers of packaging – nobody is excluded, and a strong PRO will provide opportunities for everyone."

DRS: what's the FDF's position on DRS, and how do you see it affecting producers and consumers?

"We strongly support the introduction of a Deposit Return Scheme (DRS), as a cost-effective strategy to reduce litter and waste and improve recycling rates."

"However, DRS will only prove effective if all four nations' governments are aligned on the scope of the scheme. Producers can then work with government to ensure it can be implemented effectively. It's time for Wales to join the rest of the UK in creating a scheme that will deliver results this decade."

Future Vision: Looking ahead, what changes or innovations would the FDF like to see in the producer responsibility landscape?

"Producers are legally responsible for hitting recycling targets so the transition to a Producer Responsibility Organisation (PRO) will enhance collaboration and is key to the EPR scheme being a success."

"But ultimately, it's citizens that have the most impact on how much packaging is recycled, based on their recycling behaviour in their own homes. That's why we want to see responsibility for a new public campaign to drive up recycling handed to the PRO. Working collaboratively with Pack UK and behavioural change experts, developing consistent messaging will help citizens recycle effectively across all regions, whether in Belfast, Birmingham, or Bangor."

Aluminium

Aluminium's first quarter 175% price rally 'hit the skids' in Q2 following a marked improvement in the supply & demand data fundamentals. Spot prices opened the period at a year high price (£110.00 per tonne) but closed down 18% at £90.00 after a gradual softening over the 3 months. Q2 Generation was up more than 10%, putting the market back into a surplus position for the year and justifying the pull back in the price, a situation compounded by an unexpected fall in the revised 2025 obligation data.