

Recovered paper sector stays stable

Date: 21 January 2016

Source: Let's Recycle

<http://www.letsrecycle.com/news/latest-news/recovered-paper-sector-stays-stable/>

The recovered – or waste – paper sector has started the New Year with steady demand from China for used cardboard which is helping to add stability to the sector.

And, in contrast to metals and plastics, overall, the recovered paper sector was relatively stable in 2015 apart from a short-term fall in the value of used newspapers in the wake of the Aylesford Newsprint closure in February of the year.

Now, however there are some expectations that the export market could weaken a little in coming months because of the slowdown in the Chinese economy, but there is little talk of a price crash and instead more expectation of reductions by relatively small amounts.

The biggest challenges are currently seen in the mixed paper sector with the value of municipally-sourced mixed material reducing slightly.

An international perspective on the markets has come from the Bureau of International Recycling which in its latest report talks of some price softening later in the year but a static picture for many grades.

Static

Giving the UK report, Simon Ellin, chief executive of the Recycling Association noted that “Last year’s fourth quarter brought a period of contrasting demand and pricing in the UK: while there was a general softening of demand and prices across most grades, brown – and particularly OCC – remained fairly static in price terms but with robust demand.”

Mr Ellin highlighted reductions in mid grade prices towards the end of 2015 but noted “However, forecasts are for robust white top demand globally in 2016; India’s buyers have returned to the market and demand is already strong in the first quarter of this year, with the result that prices are creeping back up. Similar reductions had been experienced among the high grades, but again the first quarter has seen improved trading conditions.”

On mixed papers, Mr Ellin confirmed the weaker market. He said: “In contrast, demand for mixed papers has continued to drop off and thus prices have gradually softened. Seasonal factors have been at the forefront in the UK because of a particularly wet winter, such that buyers for the Far East have been able to source drier and arguably better-quality fibres elsewhere. Prices softened by around £5 per tonne over the final three months of 2015.”

Oil prices

Ranjit Baxi, president of the BIR paper division noted that the reduction in oil prices had helped reduce sea freight prices which was helping the export market. He also highlighted how countries such as China were trying to grow their internal recycling markets.

Mr Baxi said: “Export prices remained low owing to increased competition from other supplying regions, supported by increased domestic collections in various Asian markets, including China. More and more Asian mills have been opting to use increased volumes of domestic fibre, which have tended to be cheaper, in order to enable them to compete amid weakening prices for finished goods. Therefore, this also has an effect on their import volumes.”

From France, Jean-Luc Petithuguenin of Paprec, confirmed sentiment that 2016 might be similar to 2015. He wrote: “As 2015 drew to a close, pressure remained strong. In general, markets in 2016 could be similar to those in 2015 for all grades.”