

November 12, 2019

In this Issue:

- **This Morning**
- **The Week Ahead**
- **Economic Week in Review**
- **Commodity News**
- **This Week's Story**
- **This Week's Quote**

This Morning

The Bloomberg Commodity Index was up around 0.2% in early trading this morning as firmer energy prices more than offset mostly weaker precious and industrial metal prices. In New York, NYMEX crude oil futures were up over \$57 per barrel this morning, "...supported by hopes that U.S. President Donald Trump may signal progress on trade talks with China and lower inventories at a U.S. oil hub," Reuters reports. In London, LME 3-mo. aluminum was little changed around \$1,778 per metric ton (=80.6 cents/lb.) this morning while 3-mo. copper and zinc dipped to \$5,872/mt and \$2,472/mt, respectively. In foreign exchange trading the U.S. dollar edged up against most major trading partners as the euro and British pound eased to \$1.101 and \$1.284, respectively and the dollar was buying 109.17 Japanese yen.

This Week's ISRI Market Report is Sponsored by:



VANTA™ Handheld XRF Analyzers

OLYMPUS®

Stop Waiting.
Same-Day Shipping Now Available

https://www.olympus-ims.com/en/vanta-same-day-shipping/?utm_source=Scrap_Magazine_Nov_2019&utm_medium=Newsletter_Sponsorship&utm_campaign=ANI_Vanta

Selected Primary Commodity Prices: November 12, 2019

	Last	CHG	% CHG	Prior	Open	High	Low
COMEX Copper Dec (\$/lb.)	2.655	-0.009	-0.3%	2.664	2.66	2.684	2.645
COMEX Gold Dec (\$/to)	1,453.4	-3.7	-0.3%	1,457.1	1455.9	1,457.8	1,449.5
COMEX Silver Dec (\$/to)	16.73	-0.1	-0.4%	16.80	16.79	16.88	16.7
NYMEX Light Sweet Crude Dec (\$/bbl)	57.29	0.4	0.8%	56.86	56.89	57.47	55.83
SHFE Aluminum Jan (RMB/mt)	13,780	-85	-0.6%	13,865	13,810	13,845	13,730
SHFE Copper Jan (RMB/mt)	47,210	-50	-0.1%	47,260	47,120	47,330	47,120
SHFE Nickel Jan (RMB/mt)	124,120	-2,430	-1.9%	126,550	125,930	125,990	122,800
SHFE Zinc Jan (RMB/mt)	18,690	95	0.5%	18,595	18,640	18,805	18,595

The Week Ahead

New releases on consumer and producer price inflation, retail sales, industrial production and capacity utilization, and the Treasury budget are all on tap in the U.S. this week. The consensus forecasts are that U.S. industrial production contracted 0.4% month-on-month in October while the capacity utilization rate declined to 77.1% (from 77.5% in September). The Financial Times reports that investors will also be paying close attention to speeches this week from President Trump and Fed Chairman Jerome Powell: "Mr. Trump is due to give a potential market-moving speech on trade and economic policy at the Economic Club of New York on Tuesday. The markets will be looking for the U.S. president to bring some clarity on any trade deal with China when he speaks. Federal Reserve chair Jay Powell is due to testify on economic outlook before the Congressional Joint Economic Committee on Wednesday and the House Budget Committee the next day." Overseas, China reports on retail sales and industrial production while Germany reports on GDP, consumer price inflation, and business sentiment. Have a great week!

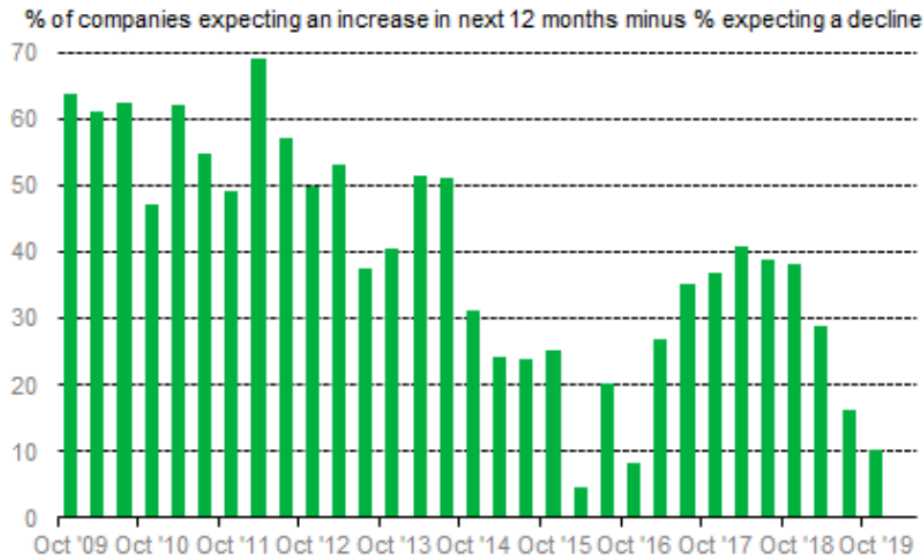
Date	Time	Release	Period	Consensus	Prior
12-Nov	06:00 ET	NFIB Small Business Optimism Index	Oct	NA	101.8
13-Nov	08:30 ET	CPI	Oct	0.3%	0.0%
13-Nov	08:30 ET	Core CPI	Oct	0.2%	0.1%
13-Nov	14:00 ET	Treasury Budget	Oct	NA	-\$63.2B
14-Nov	08:30 ET	PPI	Oct	0.3%	-0.3%
14-Nov	08:30 ET	Core PPI	Oct	0.2%	-0.3%
14-Nov	08:30 ET	Initial Claims	09-Nov	214K	211K
15-Nov	08:30 ET	Retail Sales	Oct	0.2%	-0.3%
15-Nov	08:30 ET	Retail Sales ex-auto	Oct	0.4%	-0.1%
15-Nov	08:30 ET	Empire State Manufacturing	Nov	6.0	4.0
15-Nov	08:30 ET	Import Prices	Oct	NA	0.2%

15-Nov	08:30 ET	Export Prices	Oct	NA	-0.2%
15-Nov	09:15 ET	Industrial Production	Oct	-0.4%	-0.4%
15-Nov	09:15 ET	Capacity Utilization	Oct	77.1%	77.5%
15-Nov	10:00 ET	Business Inventories	Sep	0.1%	0.0%

Economic Week in Review

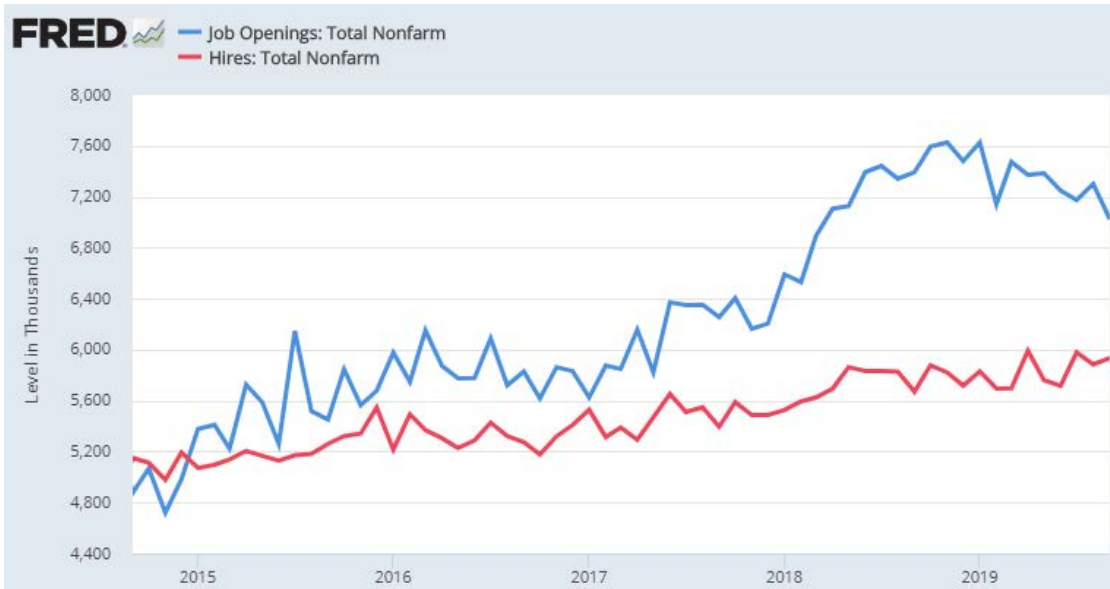
IHS Markit reports that U.S. business optimism has hit a 3-year low: “The latest IHS Markit Business Outlook survey signals that U.S. private sector firms are less optimistic towards the outlook for business activity over the coming 12 months than in June. The net balance of firms expecting a rise in output has dropped from +16% in June to +10% in October and is the lowest for three years. The net balance of firms forecasting growth is also below the global (+14%) and developed market (+12%) averages. Both manufacturing and service sector firms expressed a lower level of positive sentiment towards future output than earlier in the year.”

US business activity expectations

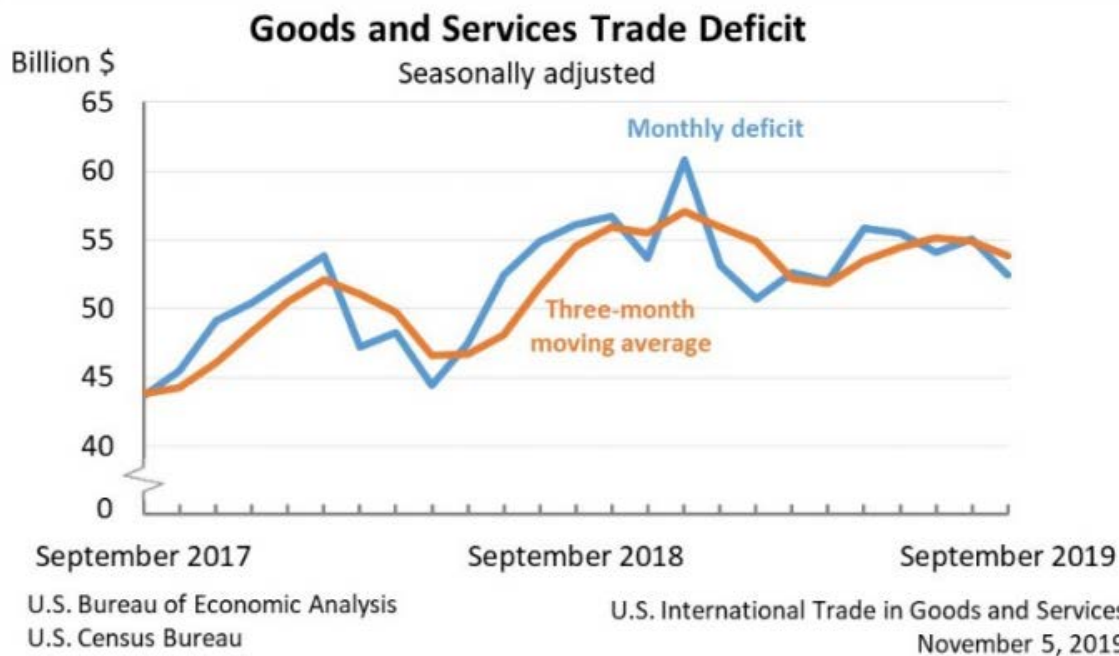


Source: IHS Markit.

Tight labor markets remain a key source of concern for U.S. manufacturers (and scrap processors) as attracting and retaining new employees remains extremely difficult. The latest Job Openings and Labor Turnover Survey from the Labor Department shows total nonfarm job openings (7.02 million) still exceeded new hires (5.9 million) by a wide margin in September, although that gap has narrowed somewhat since the beginning of the year:



Concerns about the trade landscape is another major concern for U.S. businesses. Last week, the Census Bureau reported “...the goods and services deficit was \$52.5 billion in September, down \$2.6 billion from \$55.0 billion in August” as both imports and exports declined in September. “September exports were \$206.0 billion, \$1.8 billion less than August exports. September imports were \$258.4 billion, \$4.4 billion less than August imports.” But for the year-to-date, the trade deficit increased \$24.8 billion, or 5.4 percent, as compared to the first 9 months of 2019 as U.S. exports decreased by \$7.0 billion and imports increased by \$17.8 billion, according to the Census Bureau press release. We take detailed look at the year-to-date trend in U.S. scrap exports below.



Also sponsored by:

The New Standard for Metal Sorting Solutions
Proven. Trusted. Committed.

“WENDT’s Technology Center has been a valuable asset to us.”

Jason Grube
President,
Rochester
Iron & Metal

TOMRA SORTING SOLUTIONS WENDT

716.391.1200 wendtcorp.com

www.wendtcorp.com

Commodity News

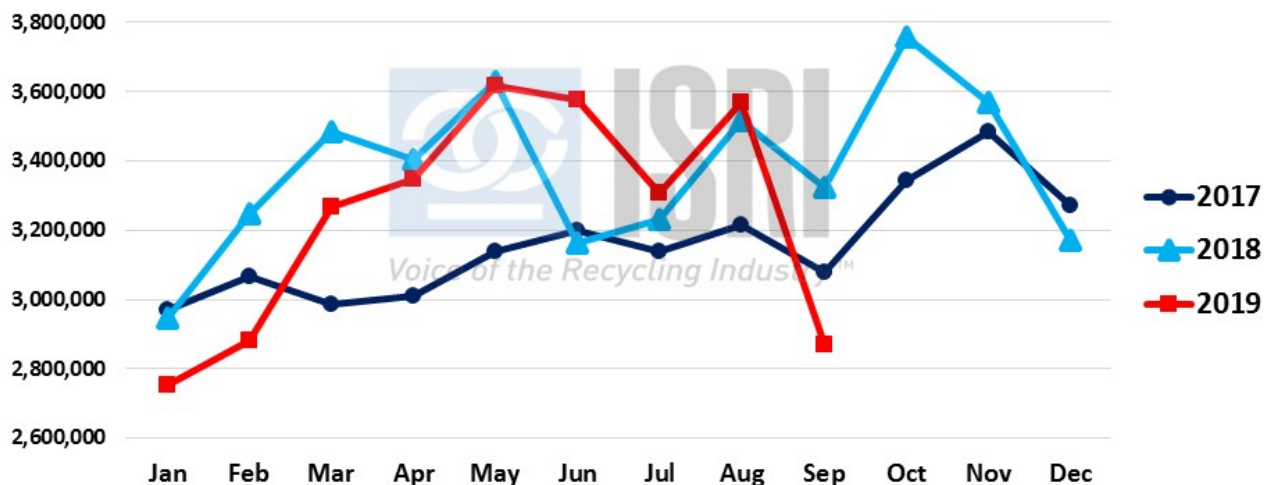
The latest trade figures from the Census Bureau show total U.S. scrap exports (including ferrous scrap, nonferrous scrap, plastic scrap, recovered paper and fiber, and other recycled commodities) during Jan-Sep 2019 totaled 29.2 million metric tons, down 2.5% as compared to the corresponding period in 2018. By dollar value, year-to-date U.S. scrap exports are down 5% to \$14.5 billion through September, a loss of nearly \$785 million as compared to the first nine months of 2018. By major commodity group and dollar value, year-to-date:

- Plastic scrap exports are down 41% to \$212 million;
- Ferrous scrap (ex- stainless and alloy steel scrap) exports are down 12% to \$3.58 billion;
- Recovered paper and fiber exports are down 6% to \$2.2 billion; and
- Nonferrous scrap (including precious metal scrap) exports are down less than 1% at \$7.8 billion.

Monthly U.S. Scrap* Exports by Volume, 2017-2019

Metric tons

Sources: U.S. Census Bureau/U.S. International Trade Commission



*Includes ferrous scrap, nonferrous scrap, plastic scrap, recovered paper and fiber, and other recycled commodities.

In terms of U.S. scrap export market gains and losses, it probably won't come as a huge surprise that the largest net loss this year has been to mainland China, where export sales during Jan-Sep 2019 were down by nearly \$1.3 billion year-on-year. On the positive side, the largest net market gains this year have been to Malaysia, Canada, Japan, Italy, Hong Kong, India, Saudi Arabia, the U.K., and Vietnam. With export sales of more than \$1.9 billion, Canada has now become the largest export market for U.S. scrap.

YTD U.S. Scrap Export Sales Market Gains and Losses (\$)

Country	2018	Jan-Sep 2018	Jan-Sep 2019	Net Gain/Loss
Malaysia	\$747,049,211	\$484,155,412	\$790,495,689	\$306,340,277
Canada	\$2,252,250,837	\$1,698,040,631	\$1,941,721,497	\$243,680,866
Japan	\$700,243,505	\$483,349,840	\$639,917,538	\$156,567,698
Italy	\$678,043,664	\$493,715,088	\$617,226,285	\$123,511,197
Hong Kong	\$351,466,038	\$248,222,071	\$362,028,950	\$113,806,879
India	\$1,518,415,813	\$1,106,921,371	\$1,220,217,106	\$113,295,735
Saudi Arabia	\$29,191,003	\$25,816,930	\$92,176,493	\$66,359,563
United Kingdom	\$849,975,807	\$690,914,093	\$742,561,610	\$51,647,517
Vietnam	\$490,811,036	\$381,908,833	\$428,118,214	\$46,209,381
Indonesia	\$434,523,347	\$309,686,806	\$276,620,638	-\$33,066,168
Kuwait	\$134,722,709	\$122,052,709	\$72,284,961	-\$49,767,748
Thailand	\$335,953,961	\$247,488,721	\$195,384,555	-\$52,104,166
Egypt	\$264,194,393	\$201,517,236	\$114,289,999	-\$87,227,237
Turkey	\$1,103,668,570	\$878,018,654	\$784,409,036	-\$93,609,618
Germany	\$1,163,906,265	\$912,157,486	\$672,335,669	-\$239,821,817
Mexico	\$1,363,592,288	\$1,069,153,256	\$755,877,174	-\$313,276,082
China	\$3,457,505,931	\$2,840,856,072	\$1,555,696,360	-\$1,285,159,712

Ferrous –

U.S. ferrous scrap exports (excluding stainless and alloy steel scrap) fell from 1.52 million metric tons in August to less than 1.12 million mt in September, according to the Census Bureau trade data, as improved demand from Bangladesh and Mexico was eclipsed by lighter loadings for Vietnam, Turkey, Taiwan, and Egypt, among others. That was for the month of September. For the year-to-date (Jan-Sep), U.S. ferrous scrap exports are reportedly down 2.3% to 11.69 million mt. The largest net market gains this year have been to Vietnam (+341 kt), Malaysia (+323 kt), South Korea (+242 kt), Saudi Arabia (+205 kt), and Bangladesh (+123 kt), while the biggest YTD market losses have been to Mexico, China, Egypt, Taiwan, and Thailand.

U.S. Ferrous Scrap Exports by Major Destination (ex-stainless and alloy steel scrap)

Metric tons

Sources: U.S. Census Bureau/U.S. International Trade Commission

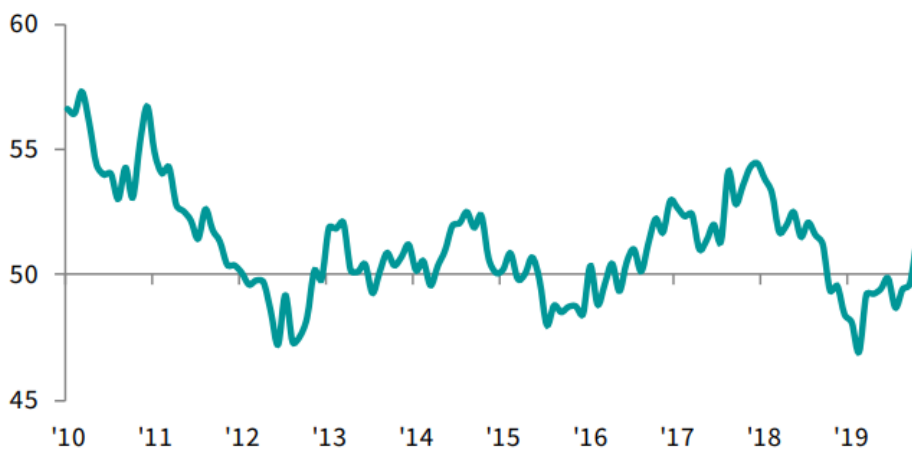
Country	2017	2018	Jan-Sep 2018	Jan-Sep 2019	YTD % CHG
Turkey	3,635,585	3,391,709	2,647,339	2,706,128	2.20%
Taiwan	1,256,025	1,833,189	1,327,747	1,177,202	-11.30%
Vietnam	656,409	1,009,601	761,576	1,102,648	44.80%
Mexico	1,544,051	1,722,864	1,419,506	1,019,701	-28.20%

South Korea	523,367	885,485	584,299	826,513	41.50%
Bangladesh	647,026	837,963	600,097	722,948	20.50%
India	655,413	831,950	692,599	590,514	-14.70%
Malaysia	193,861	470,397	242,928	566,391	133.20%
Canada	610,051	638,922	457,780	467,517	2.10%
Egypt	400,273	805,028	601,437	397,139	-34%
Pakistan	629,003	373,561	280,637	349,370	24.50%
Peru	444,086	379,136	283,031	256,297	-9.40%
Saudi Arabia	42,892	44,038	44,018	249,260	466.30%
Kuwait	426,332	387,143	352,143	235,791	-33%
Thailand	537,647	496,423	361,164	223,176	-38.20%
Indonesia	85,791	450,349	340,035	214,415	-36.90%
Greece	181,735	125,006	91,054	140,024	53.80%
Japan	74,459	124,821	109,743	79,096	-27.90%
Ecuador	150,524	139,872	139,324	73,100	-47.50%
Hong Kong	44,960	95,887	74,461	61,470	-17.40%
China	691,984	416,370	402,914	49,421	-87.70%
Others	327,913	192,493	150,964	182,735	21.05%
Total:	13,759,387	15,652,207	11,964,796	11,690,856	-2.29%

On a more positive note, IHS Markit reports that “For the first time in over a year in October, global steel users reported an improvement in operating conditions, driven by a solid increase in new orders that was mainly felt by Asian businesses. Output rose at an accelerated pace and input buying grew marginally, but job numbers continued to decline. Selling prices increased only slightly, as cost inflation cooled to its softest in over three-and-a-half years.”

Global Steel Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

But here in the U.S., the American Iron and Steel Institute reports weekly crude steel production for the week ending November 9, 2019 declined 2.2% year-on-year and was down 1.4% week-on-week to 1.862 million net tons as the capacity utilization rate came in at 80.5%, down from 81.6% the prior week.

Nonferrous –

For the year-to-date, U.S. copper and copper alloy scrap exports are down 1.7% by volume to less than 662,000 metric tons as the 70% drop in shipments to mainland China more than offset gains to Malaysia, India, Hong Kong, Belgium, Pakistan, and others. For the month of September, U.S. copper scrap exports dropped by 10,000 tons to 66,000 tons on weaker demand from most of the major destinations. Notable exceptions to the drop in September were South Korea and Belgium.

U.S. Copper and Copper Alloy Scrap Exports by Major Destination

Metric tons

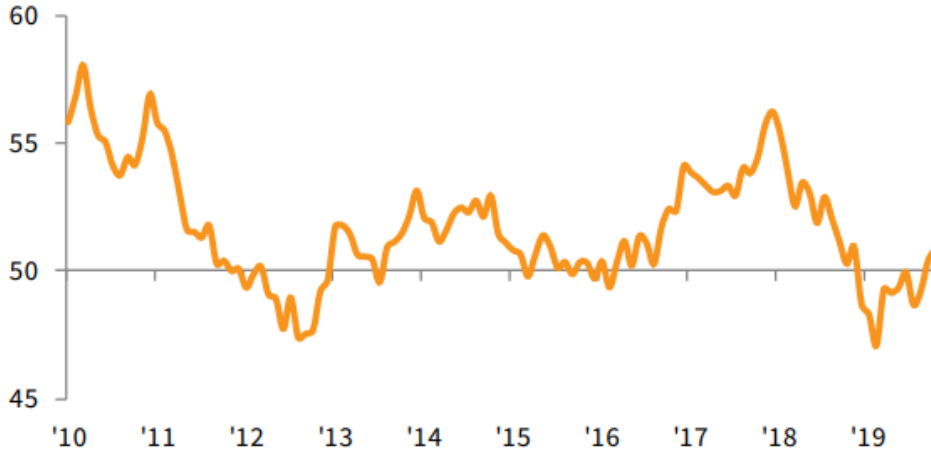
Sources: U.S. Census Bureau/U.S. International Trade Commission

Country	2017	2018	Jan-Sep 2018	Jan-Sep 2019	YTD % CHG
Malaysia	5,553	119,573	68,917	165,839	140.6%
China	687,876	271,254	254,842	75,853	-70.2%
Canada	93,501	92,136	68,805	72,590	5.5%
South Korea	31,334	71,726	43,034	49,059	14.0%
India	24,869	48,260	30,468	45,456	49.2%
Hong Kong	36,345	44,269	32,453	43,435	33.8%
Japan	21,145	55,989	33,648	34,717	3.2%
Germany	30,657	37,269	26,218	32,355	23.4%
Belgium	16,435	31,330	20,163	27,081	34.3%
Taiwan	8,645	35,427	23,422	26,788	14.4%
Pakistan	9,571	17,949	8,717	15,237	74.8%
Thailand	677	14,151	12,943	13,834	6.9%
Spain	7,501	10,824	7,747	7,889	1.8%
Greece	251	8,776	4,697	7,209	53.5%
Sweden	2,087	3,828	2,182	5,383	146.7%
Others	27,790	50,086	35,308	39,134	10.8%
Total:	1,004,237	912,848	673,563	661,860	-1.7%

As with steel, IHS Markit also reports that global copper consumer sentiment has improved, although conditions in the U.S. and Europe continue to underperform: “Latest data at global copper users solidified the improvement in business conditions observed in September, as output and new orders both grew for the second consecutive month and at faster rates in October... On a regional basis, Asian users saw the quickest rise in production for 21 months, while output growth among US users slowed and European firms noted a further contraction.” Copper scrap prices at U.S. brass ingot makers were recently listed by Fastmarkets AMM at 252-254 cents for Bare Bright, 242-244 cents for No. 1 copper, 223-225 cents for No. 2 copper, 143-146 cents for radiators, and 154-155 cents per pound for yellow brass solids.

Global Copper Users PMI

sa, >50 = improvement since previous month



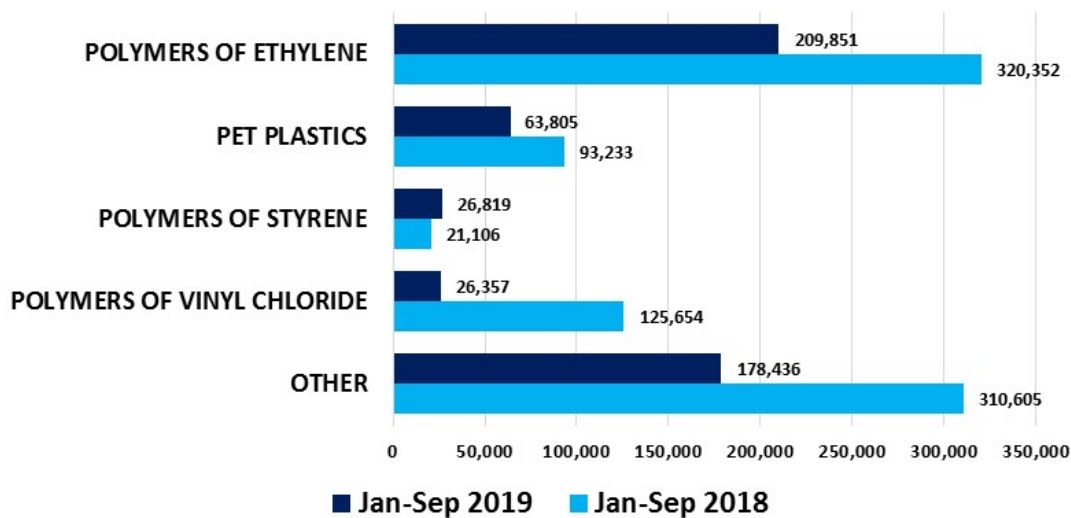
Source: IHS Markit.

Plastic –

U.S. plastic scrap exports during Jan-Sep 2019 declined 42% by volume to just over 505,000 metric tons according to Census Bureau trade data. By polymer and percentage change, shipments of PVC scrap were down 79% year-on-year, followed by weaker demand for PE scrap (-34%) and PET plastics (-32%).

YTD U.S. Plastic Scrap Exports by Polymer, Jan-Sep 2018 vs. Jan-Sep 2019 (metric tons)

Sources: U.S. Census Bureau/U.S. International Trade Commission)



By destination, U.S. plastic scrap exports to Malaysia and China are down 83% and 81%, respectively, through September, more than offsetting gains to Canada, Turkey, Indonesia, and others. In early 2017,

monthly U.S. plastic scrap shipments to mainland China averaged around 75,000 tons per month but are averaging about 780 tons per month this year.

U.S. Plastic Scrap Exports by Major Destination

Metric tons

Sources: U.S. Census Bureau/U.S. International Trade Commission

Country	2017	2018	Jan-Sep 2018	Jan-Sep 2019	YTD % CHG
Canada	135,795	133,867	101,407	113,739	12.2%
India	123,116	133,299	102,206	81,328	-20.4%
Hong Kong	372,904	121,487	90,490	54,519	-39.8%
Malaysia	121,231	204,120	189,200	31,935	-83.1%
Mexico	46,375	45,712	35,125	27,433	-21.9%
Taiwan	33,976	51,447	43,586	27,112	-37.8%
South Korea	9,077	35,403	23,878	24,624	3.1%
Turkey	14,482	23,666	16,028	21,768	35.8%
Indonesia	29,175	27,385	16,227	21,752	34.1%
Thailand	32,862	106,853	93,498	20,263	-78.3%
Vietnam	137,042	74,396	72,543	14,785	-79.6%
China	557,820	47,906	36,803	7,025	-80.9%
Others	53,987	67,651	49,958	58,982	18.1%
Total:	1,667,842	1,073,191	870,949	505,268	-42.0%

This Week's Story

A Canadian logging company needed to hire another lumberjack.

The first guy to apply was a short little skinny fellow, who was laughed at by the manager and told to leave.

"Just give me a chance," the little guy pleaded.

"Okay," the manager replied, "Grab your axe and cut down that cedar tree over there."

Two minutes later he was back at the manager's office, "Tree's cut. Do I get the job?"

"I don't believe it, that faster than even my best lumberjack could have done it! Where did you learn how to use an axe like that?" the manager inquired.

"The Sahara Forest," the little guy replied.

"Don't you mean the Sahara Desert?" the manager corrected him.

"Sure, that's what they call it now."



Weekly Market Report

This Week's Quote

"Life isn't about finding yourself. Life is about creating yourself."

-- George Bernard Shaw

Also sponsored by:

**MAXIMIZE YOUR EXPOSURE IN
THE RECYCLING INDUSTRY!**

ISRI Offers Numerous eNewsletters that reach ISRI Members and More!

ACT TODAY – BEFORE WE SELL OUT!

Contact Bob Emery at 440-268-0501 or bemery@isri.org

bemery@isri.org