

April 13, 2020

In this Issue:

- **Monday**
- **The Week Ahead**
- **Economic Week in Review**
- **Scrap Trade Flows**
- **This Week's Quote**

Monday

Oil market developments took center stage on Monday, with Bloomberg reporting Brent crude oil futures "...rose less than 1% after earlier surging 8% following the OPEC+ alliance agreement to slash production by 9.7 million barrels a day starting in May. West Texas Intermediate fell 1.5%, and the May-June time spread moved deeper into contango, indicating that traders see the physical glut worsening even with the output cuts. The group reached the deal following days of intense negotiations after Mexico declined to endorse the original agreement reached Thursday. While the OPEC+ deal amounts to the largest coordinated cut in history, it's dwarfed by the estimated 20 million barrels a day or greater decline in oil consumption as a result of the coronavirus pandemic." By the end of the trading day, front month NYMEX crude oil futures eased to around \$22.60 per barrel while COMEX copper futures were up 2.7% to \$2.32 per pound after having traded as high as \$2.353/lb. earlier in the day. In London, the LME was closed today for Easter Monday but trading resume tomorrow. On Wall Street, the Dow Industrials fell by 1.4% (-328.6 points) on Monday while the Nasdaq gained 38.85 points to close 0.48% higher.

This Week's ISRI Market Report Sponsored By:



https://www.olympus-ims.com/en/vanta-same-day-shipping/?utm_source=scrap-magazine&utm_medium=marketing_network&utm_campaign=April_2020_ANI_Vanta&utm_content=newsletter

Selected Primary Commodity Prices: April 13, 2020

	Last	CHG	% CHG	Prior	Open	High	Low
COMEX Copper May (\$/lb.)	2.320	0.061	2.7%	2.260	2.301	2.353	2.264
COMEX Gold Jun (\$/to)	1,765.0	12.2	0.7%	1,752.8	1742.3	1,772.8	1,724.2
COMEX Silver May (\$/to)	15.69	-0.4	-2.3%	16.05	15.88	15.98	15.4
NYMEX Light Sweet Crude May (\$/bbl)	22.61	-0.2	-0.7%	22.76	24.6	24.74	22.03
SHFE Aluminum Jun (RMB/mt)	11,785	20	0.2%	11,765	11,845	11,850	11,730
SHFE Copper Jun (RMB/mt)	41,710	530	1.3%	41,180	41,280	41,930	41,250
SHFE Nickel Jun (RMB/mt)	96,880	-180	-0.2%	97,060	97,100	97,570	96,020
SHFE Zinc Jun (RMB/mt)	15,710	130	0.8%	15,580	15,660	15,805	15,610

The Week Ahead

On the economic calendar this week, we'll get some new readings that will give a better sense of U.S. economic conditions in March and April. The consensus forecasts are that U.S. retail sales and industrial production declined 10% and 3.3% last month, while the Conference Board's index of leading economic indicators is expected to decline 7.1% in March. Looking at regional manufacturing reports for April, the Empire State and Philadelphia Fed Indexes are expected to drop to -32.0 and -25.0, respectively. The key initial unemployment claims report is expected to show another 5-6 million new claims for the week ending April 11th. Other important economic developments this week include the International Monetary Fund's new world economic outlook report, new Chinese data on trade, industrial production, retail sales, and GDP, and first quarter corporate reports including some of the major financial institutions. Have a great week and please stay safe.

U.S. Economic Calendar: April 13-17, 2020

Date	Time (ET)	Release	Period	Consensus	Prior
14-Apr	8:30	Export Prices	Mar	NA	-1.1%
14-Apr	8:30	Import Prices	Mar	NA	-0.5%
15-Apr	7:00	MBA Mortgage Applications Index	11-Apr	NA	-17.9%
15-Apr	8:30	Retail Sales	Mar	-10.0%	-0.5%
15-Apr	8:30	Empire State Manufacturing	Apr	-32.0	-0.2
15-Apr	9:15	Industrial Production	Mar	-3.3%	0.6%
15-Apr	9:15	Capacity Utilization	Mar	74.1%	77.0%
15-Apr	10:00	Business Inventories	Feb	-0.4%	-0.1%

16-Apr	8:30	Initial Claims	11-Apr	5.0M	6.6M
16-Apr	8:30	Housing Starts	Mar	1300K	1599K
16-Apr	8:30	Building Permits	Mar	1297K	1464K
16-Apr	8:30	Philadelphia Fed Index	Apr	-25.0	-12.7
17-Apr	10:00	Leading Indicators	Mar	-7.1%	0.1%

Economic Week in Review

Most of the economic indicators released by the Federal Government last week reflect economic conditions prior to mid- March 2020. Two releases last week show February and March data. While the economic world has changed from around mid-March onward, the importance of looking at the data prior to this is an indication of the potential snap or climb back that may occur.

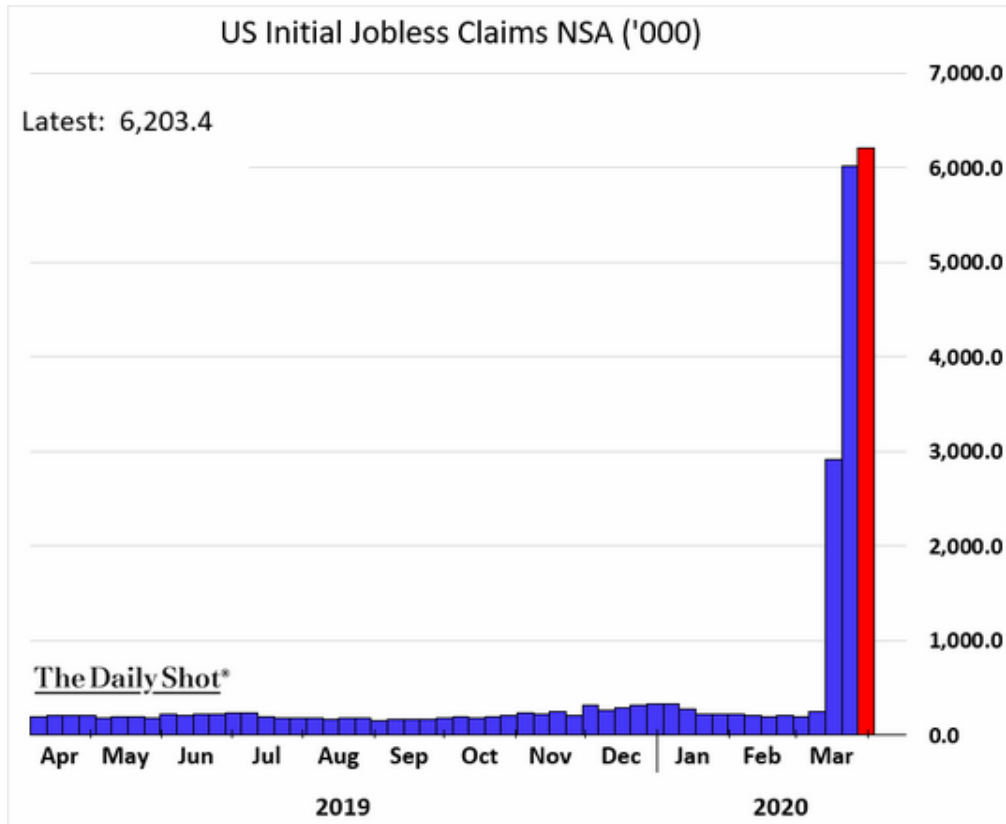
CPI

BLS released the consumer price index last week showing the all-urban CPI was down 0.4 percent in March 2020, on a seasonally adjusted basis, the largest decrease since January 2015. This main driver was a 5.8 decline in the energy index, specifically gasoline (all types) which was down 10.5 percent. Other contributing sectors include apparel (down 2.0 percent), lodging away from home (down 7.7 percent), public transport (down 8.5 percent). The all items index, less food and energy, only decreased 0.1 percent in March 2020. As compared to March 2019, the all items index increased 1.5 percent, significantly less than the 2.3 percent the month before. Less food and energy, the all items index increased 2.1 percent from March 2019. The energy index decreased 5.7 percent year-on-year.



Unemployment Claims

Initial unemployment claims decreased 261,000 (0.6%) for the week ending April 4, 2020 to 6,606,000, on a seasonally adjusted basis, according to the Department of Labor. The prior week, ending March 28, initial claims filed was revised upward by 219,000 to 6,867,000.



Taking out the seasonal adjustment, which was fairly predictable until COVID-19 hit, the actual number of claims filed in the week ending April 4, 2020 was 6,203,359, an increase of 3.1 percent from the week ending March 28, 2020. In just the past month, nearly 15.4 million initial unemployment claims were filed (without the seasonal adjustment). The states with over 200,000 claims for the week of April 4, 2020 along with their prior week's claims, are shown in the table below.

U.S. Initial Unemployment Claims, States with +200,000 Claims April 4, 2020		
	Week Ending	
	4-Apr	28-Mar
California	925,450	1,058,325
Georgia	388,175	133,820
Michigan	384,844	304,335
New York	345,246	366,595
Texas	313,832	276,185
Pennsylvania	283,718	404,677
Ohio	224,182	274,288
New Jersey	213,897	206,253

Illinois	200,940	178,421
<i>Source: US Department of Labor</i>		

JOLTS

Last week the Bureau of Labor Statistics released February 2020 numbers from its monthly Job Openings and Labor Turnover Survey (JOLTS) showing employment stability. Job openings remained about the same at 6.9 million, as of the last day of February. Hires remained at 5.9 million, flat from January and separations were down 2.5 percent to 5.6 million. With minor fluctuations over the past year, the levels of these three employment measurements remained about the same as their previous levels. Manufacturing durable goods showed the largest increase in hires, rising by 29,000 and the retail trade industry increased 18,000. Regional data remain virtually constant. Professional and business services showed a 122,000 decline in separations, and real estate and rental and leasing declined 20,000. Government showed an increase of 28,000 separations.

Monetary Policy

On the monetary policy front, the Federal Reserve announced on Thursday a massive new \$2.3 trillion program. The New York Times reports, "The Federal Reserve said it could pump \$2.3 trillion into the economy through new and expanded programs it announced on Thursday, ramping up its efforts to help companies and state and local governments suffering financial damage from the coronavirus... The Fed announced that it would use Treasury Department funds recently authorized by Congress to buy municipal bonds and expand corporate bond-buying programs to include some riskier debt. The Fed also rolled out a highly-anticipated lending program that targets midsize companies, including those not eligible under a Small Business Administration loan program." As outlined by the WSJ, the new Fed program includes:

- "Small and mid-size business loans (Main Street Lending Program, up to \$600 billion).
- Municipal debt (Municipal Liquidity Facility, up to \$500 billion).
- Corporate debt, including high-yield bonds that were recently downgraded from investment-grade ("fallen angels").
- The program will even include corporate bond ETFs that are 'mostly' investment-grade, collateralized loan obligations (CLOs), and commercial mortgage-backed securities (CMBS)."

Also Sponsored By:



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

TOMRA SORTING SOLUTIONS WENDT

"WENDT's Technology Center has been a valuable asset to us."

Jason Grube
President,
Rochester
Iron & Metal

716.391.1200 wendtcorp.com

www.wendtcorp.com

Scrap Trade Flows

The latest U.S. trade data released by the Census Bureau are through February 2020, which in most cases do not yet capture the full trade and transportation impacts caused by the spread of the coronavirus. But here's a recap of the major U.S. export flows by commodity through February at least. We'll have a recap of the March trade flows for you next month.

- Total U.S. scrap exports were up 6.6% by volume year-on-year during Jan-Feb 2020 to just over 6 million metric tons;
- But that's almost entirely due to the spike in ferrous scrap exports (+45% YTD) that went to a number of countries, in particular Malaysia, but also Thailand, Turkey, Bangladesh, Mexico, Vietnam, and India;
- That spike in ferrous scrap exports is widely expected to come down in light of trade and travel restrictions in those growth markets;
- Other key commodity groups like paper (-14% YTD) and nonferrous scrap (-2%) were down for the YTD;
- Despite reports of China being more active in the scrap market given their reduced domestic collection volumes, total U.S. scrap exports to China during Jan-Feb 2020 were down more than 20 percent as compared to Jan-Feb 2019.

Ferrous Scrap

The first two months of 2020 saw a surge in U.S. ferrous scrap shipments to Malaysia, Bangladesh, Thailand, Vietnam, Turkey, and other markets, according to figures from the Census Bureau, bringing total ferrous scrap exports up more than 45 percent by volume as compared to Jan-Feb 2019. Of note, the trade data show that the U.S. shipped less than 5,000 tons of ferrous scrap to China during Jan-Feb 2020. On a related note, Fastmarkets AMM reports that "China's ferrous scrap market plummeted during the past three weeks due to destocking pressure on sellers coupled with low procurement rates among mills, which sent prices to their lowest in close to two years. Fastmarkets' price assessment for steel scrap heavy scrap domestic, delivered mill China was 2,200-2,360 yuan (\$313-335) per tonne including value-added tax last Friday April 10, down by 210-230 yuan per tonne from 2,430-2,570 yuan per tonne a week earlier. This is also 440-490 yuan per tonne lower than the assessment of 2,690-2,800 yuan per tonne at the beginning of this year. This is the lowest that the prices have been since July 2018, according to Fastmarkets' pricing database, MInD."

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

Country	Year 2017	Year 2018	Year 2019	Jan-Feb 2019	Jan-Feb 2020	YTD % CHG
Turkey	3,635,585	3,391,709	3,915,442	453,345	564,297	24.47%
Malaysia	193,861	470,397	810,784	103,322	507,091	390.79%
Mexico	1,544,051	1,722,864	1,391,868	188,652	287,309	52.30%
Taiwan	1,256,025	1,833,189	1,709,083	210,540	246,476	17.07%
Bangladesh	647,026	837,963	1,011,184	78,988	187,828	137.79%
India	655,413	831,950	829,524	102,942	146,971	42.77%
South Korea	523,367	885,485	1,052,127	304,384	133,360	-56.19%
Vietnam	656,409	1,009,601	1,265,148	69,062	127,727	84.95%
Thailand	537,647	496,423	357,298	11,332	126,470	1016.04%

Canada	610,138	638,922	597,265	95,756	109,886	14.76%
Pakistan	629,003	373,561	471,065	48,739	79,444	63%
Peru	444,086	379,136	406,994	31,850	62,470	96.14%
Greece	181,735	125,006	167,192	23,887	62,242	160.57%
All Others	2,245,128	2,656,001	1,866,510	206,147	167,205	-18.89%
Total:	13,759,474	15,652,207	15,851,484	1,928,946	2,808,776	45.61%

Nonferrous Scrap

Copper and copper alloy scrap exports were down nearly 11% year-on-year by volume during Jan-Feb 2020 as shipments to Malaysia were down by a third and exports to mainland China and Hong Kong were down sharply. This week, Fastmarkets AMM reports that “A total of 222,020 tonnes of copper scrap has been approved for import into China in a fifth round of metal scrap import quotas, according to a release from the China Solid Waste & Chemicals Management Bureau on Friday April 10. The latest quota is significantly larger than the 3,520 tonnes approved in the fourth round and brings the total amount of copper scrap approved by the bureau since July 2019 up to 527,611 tonnes. But the approval for such a large amount of imported scrap is not expected to ease the existing tightness of such material in China given the difficulty sourcing scrap from abroad amid continued coronavirus-related lockdowns, market sources told Fastmarkets.”

U.S. Copper Scrap Exports by Major Destination

Metric Tons

Country	Year 2017	Year 2018	Year 2019	Jan-Feb 2019	Jan-Feb 2020	YTD % CHG
Malaysia	5,553	119,573	221,419	35,221	23,600	-33%
Canada	93,501	92,136	91,232	14,512	14,009	-3.46%
South Korea	31,334	71,726	71,677	11,385	11,837	3.97%
India	24,869	48,260	59,752	8,046	10,514	30.67%
China	687,876	271,254	87,876	13,693	10,012	-26.88%
Germany	30,657	37,269	43,763	6,219	8,451	35.89%
Taiwan	8,645	35,427	40,591	5,666	6,816	20.28%
Thailand	677	14,151	20,640	3,687	5,263	42.74%
Belgium	16,435	31,330	37,964	5,462	5,121	-6.24%
Vietnam	367	356	3,773	0	4,796	N/A
Japan	21,145	55,989	42,776	11,094	4,301	-61.23%
Hong Kong	36,345	44,269	50,345	8,699	4,284	-50.75%
All Others	46,833	91,107	99,245	16,363	15,699	-4.06%
Total:	1,004,237	912,848	871,054	140,046	124,702	-10.96%

In contrast to copper, the Census Bureau figures show U.S. aluminum scrap exports during Jan-Feb 2020 were up 1.8% as increased sales to India and Malaysia, among others, were offset by the 70% plunge in shipments to mainland China. Again, these trade patterns are changing significantly and we'll have an update for you next month on the March trade flows. Here in the U.S., the Aluminum Association reports on the 232 front that, “According to the Association’s most recent update to the Subreport on Trends in 232 Product Exclusions, as of March 31st 2020, 11,004 exclusions have been granted (20.6B lbs); 2,437

denied (13.7B lbs); and 3,277 are pending (16.2B lbs). Through the first 3 months of 2020, 5.6B lbs of exclusions have been granted, while 25.2 percent of that volume included an objection. China continues to outpace the rest of the world in terms of the volume of exclusions granted, and has an 80.7 percent success rate. Overall import volumes of covered products decreased 11.0 percent y/y, and have contracted 3.6 percent YTD.”

U.S. Aluminum Scrap Exports, Including UBCs and RSI, To Major Destinations

Metric tons

Country	Year 2017	Year 2018	Year 2019	Jan-Feb 2019	Jan-Feb 2020	YTD % CHG
India	78,679	215,651	270,798	35,543	61,795	73.86%
Malaysia	52,505	182,630	289,649	23,940	48,991	104.64%
South Korea	180,970	240,073	273,196	43,874	46,008	4.86%
Mexico	153,385	195,128	185,521	33,660	34,093	1.29%
China	830,526	493,772	315,692	73,791	21,961	-70.24%
Indonesia	37,168	76,068	90,112	17,131	15,147	-11.58%
Canada	105,791	104,312	92,806	15,401	14,172	-7.98%
Thailand	3,179	15,028	35,573	1,463	10,326	605.89%
Hong Kong	40,329	42,292	92,096	10,160	10,243	0.81%
Taiwan	30,171	69,044	61,301	14,546	7,033	-51.65%
All Others	54,445	127,169	156,864	19,719	24,709	25.30%
Total:	1,567,149	1,761,166	1,863,608	289,229	294,477	1.81%

Plastic Scrap

U.S. plastic scrap exports declined in the first two months of 2020 by 13.9 percent to 94,494 metric tons compared to the first two months of 2019. However, two types of plastic scrap showed year over year gains: vinyl chloride scrap up 166 percent and polystyrene scrap up 20 percent. These two plastics types, together, account for 19 percent of plastic scrap exports so far in 2020.

The top 14 countries receiving U.S. plastic scrap exports YTD Feb 2020 accounted for 93 percent of the 94,494 metric tons. Canada remains the number one U.S. plastic scrap export country receiving more than 25,000 metric tons YTD Feb 2020, an increase of 3.8 percent from YTD Feb 2019. Malaysia received nearly 18,000 metric tons, a 153.8 percent increase from YTD Feb 2019 and Hong Kong received over 8,200 metric tons, down 28 percent from YTD 2019.

For the entire year of 2019, U.S. plastic scrap exports were down 38.3 percent from 2018 to 662,567 metric tons. In 2014, plastic scrap exports peaked at 2,172,382 metric tons.

U.S. Plastic Scrap Exports, Selected Years and YTD 2020

	(metric tons)					% Chg
Country	2015	2017	2019	2019 YTD	2020 YTD	YTD19/YTD20
Canada	242,210	135,795	149,089	24,117	25,029	3.8%

Malaysia	34,853	121,231	60,474	7,058	17,915	153.8%
Hong Kong	606,244	372,904	72,619	11,435	8,209	-28.2%
Vietnam	44,894	137,042	21,620	1,423	6,815	378.9%
Mexico	21,663	46,375	35,763	6,361	6,495	2.1%
Turkey	1,967	14,482	29,223	2,652	4,645	75.1%
South Korea	9,722	9,077	30,843	5,851	3,766	-35.6%
Taiwan	51,040	33,976	34,606	4,020	2,889	-28.1%
India	92,393	123,116	85,383	23,797	2,705	-88.6%
Thailand	6,031	32,862	27,195	4,828	2,628	-45.6%
Indonesia	48,019	29,175	24,339	4,105	2,036	-50.4%
Pakistan	677	2,779	4,976	1,112	1,837	65.2%
Ecuador	152	3,513	6,408	996	1,282	28.7%
El Salvador	6,505	5,570	7,250	1,178	1,161	-1.4%
Top 14	1,166,368	1,067,897	589,788	98,933	87,411	-11.6%
Rest of world	876,858	599,945	72,779	10,775	7,083	-34.3%
Total Plastic Scrap Exports	2,043,226	1,667,842	662,567	109,708	94,494	-13.9%

Source: U.S. Census Bureau, U.S. International Trade Administration, ISRI

Recovered Paper

U.S. recovered paper and fiber exports declined in the first two months of 2020 by 14.4 percent to nearly 2.5 million metric tons compared to the first two months of 2019. However, two types of paper scrap showed year over year increases: scrap paper pulp up 64.4 percent and scrap paper nesoi up 19.3 percent. These two types of paper scrap, combined, only account for less than 13 percent of paper scrap exports for YTD Feb 2020. The top nine countries receiving U.S. paper scrap export YTD Feb 2020 accounted for 89 percent of the 2.5 million metric tons. China continues to receive the most U.S. paper scrap exports thus far in 2020, receiving 924,000 metric tons, down over 16 percent from YTD Feb 2019. India received 475,000 metric tons, an increase of 9.5 percent from YTD Feb 2019 and Mexico received 180,000 metric tons, down nearly 41 percent from YTD Feb 2019. For the entire year of 2019, U.S. recovered paper exports declined 12.2 percent from 2018 to 16.7 million metric tons. In 2011, U.S. recovered paper and fiber exports peaked at 21.1 million metric tons.

U.S. Paper Scrap Exports, Selected Years and YTD 2020

Country	(1,000 metric tons)					% Chg YTD19/YTD20
	2015	2017	2019	2019 YTD	2020 YTD	
China	13,624	10,884	5,490	924	774	-16.3%
India	1,502	1,926	2,974	434	475	9.5%
Mexico	1,187	1,567	1,329	305	180	-40.8%
Vietnam	101	400	1,052	111	173	56.1%
South Korea	1,018	885	992	190	147	-23.0%
Canada	616	738	904	167	149	-11.0%
Taiwan	175	281	906	148	143	-3.6%



Weekly Market Report

Indonesia	291	440	898	296	80	-73.0%
Thailand	280	283	523	90	66	-26.9%
Top 9 Countries	18,794	17,403	15,068	2,666	2,187	-18.0%
Rest of World	862	910	1,656	197	264	33.9%
Total Paper Scrap Exports	19,655	18,314	16,724	2,863	2,451	-14.4%
Source: U.S. Census Bureau, U.S. International Trade Administration, ISRI						

This Week's Quote

"Success is never final, failure is never fatal. It's courage that counts."

-- John Wooden



<https://videos.isri.org/category/covid-19-impact-on-recycling-podcast-library>