

July 14, 2020

In this Issue:

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

Monday

- Copper prices have been surging higher over the last week on gains attributed to Chilean labor disputes and other global supply disruptions. In New York, COMEX copper traded as high as \$2.993 per pound on Monday, up from around \$2.73/lb. just one week ago.
- In London, Fastmarkets reports that “turnover in LME copper was at its highest since July 2018 at more than 33,000 lots at the close. Despite a continued backwardation in LME copper’s cash/three-month spread - recently trading in a \$9-per-tonne backwardation. ‘The copper strength of late has to do, of course, with intermittent virus-related supply issues coming out of Latin America,’ ED&F Mann commodity analyst Edward Meir said in an afternoon report.”
- Stock markets in Asia started the week in positive territory as the Shanghai stock index rose more than 1.7% on Monday.
- But renewed coronavirus concerns and newly announced restrictions in California weighed on U.S. stock prices late in the day, with the S&P 500 closing down 0.94% on Monday as the Nasdaq fell 2.1% while the Dow Industrial eked out a 10-point gain.
- In foreign exchange trading the euro traded as high as \$1.1375 on Monday while the greenback was buying 107.3 Japanese yen.

This Week's ISRI Market Report Sponsored By:



Five Generations of Family Serving Yours

Join Our Family

Professionals in the
Field-Right at Your Side

Phone: 313-366-4120 | DetroitEdge.com
Email: inquiries@detroitedge.com

Shear Blades Made in the USA



<http://www.detroitedge.com/>

Selected Primary Commodity Prices: July 13, 2020

	Last	CHG	% CHG	Prior	Open	High	Low
COMEX Copper Sep (\$/lb.)	2.907	0.009	0.3%	2.898	2.920	2.993	2.896
COMEX Gold Aug (\$/to)	1,804.7	2.8	0.2%	1,801.9	1803.4	1,818.8	1,802.1
COMEX Silver Sep (\$/to)	19.45	0.4	2.1%	19.05	19.08	19.81	19.1
NYMEX Light Sweet Crude Aug (\$/bbl)	39.53	-1.0	-2.5%	40.55	40.35	40.72	39.47
SHFE Aluminum Aug (RMB/mt)	14,650	320	2.2%	14,330	14,390	14,860	14,390
SHFE Copper Aug (RMB/mt)	52,360	1,860	3.7%	50,500	50,860	53,520	50,760
SHFE Nickel Oct (RMB/mt)	107,780	1,460	1.4%	106,320	105,800	109,250	105,650
SHFE Zinc Aug (RMB/mt)	17,945	375	2.1%	17,570	17,625	18,195	17,625

The Week Ahead

- U.S. economic indicators due out this week are expected to show continued improvement in industrial production (consensus +4.6%), housing starts (consensus 1,190K), building permits (consensus 1,300K), and consumer sentiment (consensus 79.3).
- However, retail sales are projected to have cooled from 17.7% growth in May to 5.3% growth in June and a 0.5% uptick in the consumer price index is the consensus forecast.
- Overseas, China will be reporting on trade, industrial production, retail sales, and GDP. The consensus forecast is that Chinese GDP rebounded from a 6.8% contraction in the first quarter to 2.3% growth in the second.
- On the monetary policy front, the European Central Bank, Bank of Japan, and Bank of Canada will all issue policy statements this week, while the Federal Reserve releases its Beige Book on Wednesday.
- Other meetings to watch this week include the G20 meetings in Saudi Arabia and a virtual OPEC+ meeting on Wednesday.
- Last but not least, on the corporate front major U.S. banks are reporting quarterly results this week, with the Financial Times reporting “Citigroup, JPMorgan and Wells Fargo report on Tuesday, Goldman Sachs on Wednesday, Morgan Stanley and Bank of America on Thursday.”
- Please be safe and have a great week!

Economic Calendar: July 13-17, 2020

Date	Time (ET)	Release	Period	Consensus	Prior
14-Jul	8:30	CPI	Jun	0.5%	-0.1%
14-Jul	8:30	Core CPI	Jun	0.1%	-0.1%
15-Jul	7:00	MBA Mortgage Application Index	11-Jul	NA	2.2%
15-Jul	8:30	Export Prices	Jun	NA	0.5%

15-Jul	8:30	Import Prices	Jun	NA	1.0%
15-Jul	8:30	Empire State Manufacturing	Jul	5.8	-0.2
15-Jul	9:15	Industrial Production	Jun	4.6%	1.4%
15-Jul	9:15	Capacity Utilization	Jun	68.3%	64.8%
16-Jul	8:30	Initial Claims	11-Jul	1.323M	1.314M
16-Jul	8:30	Retail Sales	Jun	5.3%	17.7%
16-Jul	8:30	Philadelphia Fed Index	Jul	20.0	27.5
16-Jul	10:00	Business Inventories	May	-2.3%	-1.3%
17-Jul	8:30	Housing Starts	Jun	1190K	974K
17-Jul	8:30	Building Permits	Jun	1300K	1220K
17-Jul	10:00	Univ. of Mich. Consumer Sentiment - Prelim.	Jul	79.3	78.1

Economic Week in Review

The Institute for Supply Management's Non-Manufacturing Index rebounded more sharply than expected in June, increasing to 57.1 and easily beating the consensus 50.2 forecast as service sector activity picked up last month:



Also last week, the Bureau of Labor Statistics released the Producer Price Indexes for June 2020.

- **Final demand index** decreased 0.2 percent in June 2020 on a seasonally adjusted basis (SA) and is down 0.8 percent on a not seasonally adjusted basis (NSA) from a year ago, May 2019.
- The **final demand goods index** rose 0.2 percent (SA) in June 2020, following May's 1.6 percent increase which was the largest increase since the index began in November 2009.
- The **final demand services index** decreased 0.3 percent (SA) in June 2020.
- The **final demand less foods, energy, and trade service** increased 0.3 percent (SA) in June 2020 its second consecutive month of increases.
- Recyclable plastics index was down 10.7 percent in June 2020 (NSA), the second largest monthly decline since the inception of the index December 2011.
- Copper base scrap increased 10.3 percent in June 2020, its second consecutive monthly increase.

U.S. and Recycling Industry Producer Price Percent Changes

	% Change from preceding month (NSA)					% change from June 2019 (NSA)
	Jun-20	20-May	20-Apr	20-Mar	20-Feb	20-Jun
Final Demand*	-0.2	0.4	-1.3	-0.1	-0.6	-0.8
<i>Commodities</i>						
Aluminum base scrap*	1.5	-5.1	5.0	-3.2	-1.9	-13.3
Copper base scrap	10.3	3.3	-3.1	-7.8	-5.2	-1.6
Iron and Steel Scrap	-0.9	11.3	-15.6	3.2	-7.1	-5.2
Nonferrous scrap*	5.2	-5.8	-4.3	-1.1	-0.3	6.5
Recyclable plastics	-10.7	0.7	1.0	1.0	-0.6	-16.5
Recyclable paper (formerly wastepaper)	-1.9	18.3	50.4	14.8	4.7	106.0
<i>Wholesaling of:</i>						
Metals, minerals, and ores	-4.5	1.5	-5.6	3.0	-0.3	4.2
Chemicals and allied products	2.7	1.8	2.2	1.2	8.8	4.9
Paper and plastics products	-0.6	-0.3	1.3	0.9	8.3	8.1
* monthly data for these series are seasonally adjusted						
Source: Bureau of Labor Statistics						

Also Sponsored By:

Car-Go-Net Crushed Car Containment

- Fused joints won't unravel
- Easy to apply in a single pass
- Multiple sizes in stock for immediate shipment

Reduce the risk of loose parts from crushed cars from falling on to roadways during transport.



800-328-8456 www.industrialnetting.com



www.industrialnetting.com

Scrap Trade Flows

- For the first 5 months of 2020, total U.S. scrap exports (including ferrous and nonferrous metals, paper, plastics, rubber, textiles, glass, etc.) by quantity were down 11% as compared to the first 5 months of 2019 to 14.1 million metric tons.
- However, by dollar value total U.S. scrap exports were virtually unchanged year-on-year at \$7.9 billion during Jan-May 2020.
- Also in dollar terms, Canada was the largest export market for U.S. scrap during Jan-May 2020, with shipments valued at more than \$1.1 billion, while China dropped to the 4th spot at \$594 million.
- China represented the largest net loss in U.S. scrap export sales (-\$355 million, from \$948 million during Jan-May 2019) while the largest net gains in dollar terms this year have been to the United Kingdom, Germany, Canada, Thailand, and Bangladesh, along with Belgium, Italy, and Japan.

Ferrous

- Thanks to improved demand from Turkey, Mexico, Malaysia, Bangladesh, and Pakistan, among others, U.S. ferrous scrap exports (excluding stainless steel and alloy steel scrap) increased 6.5 percent by volume during the first five months of 2020 to nearly 6.5 million metric tons.
- U.S. ferrous scrap exports to Turkey reportedly rose 13.5% year-on-year during Jan-May 2020 to more than 1.55 million metric tons, while reported exports were also up sharply to Mexico (+45%), Egypt (+68%), Bangladesh (+73%), and Malaysia (+86%).
- In contrast, U.S. ferrous scrap exports to South Korea (-55%), Vietnam (-40%), Peru (-12%), and India (-7%) are down this year.

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

Metric tons

Country	2018	2019	Jan-May 2019	Jan-May 2020	YTD % CHG
Turkey	3,391,709	3,915,442	1,368,156	1,552,686	13.5%
Mexico	1,722,864	1,391,868	524,656	761,716	45.2%
Malaysia	470,397	810,784	380,694	709,045	86.3%
Taiwan	1,833,189	1,709,083	625,878	663,407	6.0%
Bangladesh	837,963	1,011,184	347,351	602,254	73.4%

Canada	638,922	597,265	303,000	294,671	-2.7%
South Korea	885,485	1,052,127	610,107	273,513	-55.2%
India	831,950	829,524	265,520	246,313	-7.2%
Pakistan	373,561	471,065	181,551	242,903	33.8%
Vietnam	1,009,601	1,265,148	373,971	223,590	-40.2%
Thailand	496,423	357,298	114,910	171,488	49.2%
Egypt	805,028	397,139	82,259	138,038	67.8%
Peru	379,136	406,994	154,237	135,291	-12.3%
Greece	125,006	167,192	87,966	92,145	4.8%
Saudi Arabia	44,038	346,301	75,351	82,850	10.0%
Indonesia	450,349	265,233	96,083	48,904	-49.1%
Brazil	90,536	2,351	1,614	38,583	2290.5%
Italy	5,890	42,255	35,907	34,028	-5.2%
Oman	492	310	148	29,762	20009.5%
Kuwait	387,143	332,793	235,791	27,039	-88.5%
All Others	872,525	480,128	232,688	125,863	-45.9%
Total:	15,652,207	15,851,484	6,097,838	6,494,089	6.5%

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

Nonferrous

- Census Bureau trade data show U.S. copper and copper alloy scrap exports were down 21% year-on-year during the first 5 months of 2020 to just over 300,000 metric tons.
- Copper scrap exports to China were down nearly 32% for the year-to-date to just over 33,000 metric tons, third spot among the major export destinations.
- Malaysia retained the top spot for U.S. copper scrap exports at just over 62,500 metric tons during Jan-May, but trade with Malaysia was down 36 percent as compared to the first five months of 2019.
- Markets where demand for U.S. copper scrap is growing this year include South Korea (+5%), Germany (+12%), and Thailand (31%).

U.S. Copper and Copper Alloy Scrap Exports

Metric tons

Country	2018	2019	Jan-May 2019	Jan-May 2020	YTD % CHG
Malaysia	119,573	221,419	97,593	62,507	-36.0%
Canada	92,136	91,232	43,298	33,217	-23.3%
China	271,254	87,876	48,479	33,153	-31.6%
South Korea	71,726	71,677	26,284	27,560	4.9%
Germany	37,269	43,763	18,112	20,348	12.3%
India	48,260	59,752	22,889	19,190	-16.2%
Taiwan	35,427	40,591	16,411	14,156	-13.7%
Belgium	31,330	37,964	14,525	13,301	-8.4%
Japan	55,989	42,776	21,268	11,077	-47.9%
Thailand	14,151	20,640	7,446	9,782	31.4%
Hong Kong	44,269	50,345	24,054	9,763	-59.4%
Vietnam	356	3,773	19	8,382	43106.4%
All Others	91,107	99,245	42,366	38,272	-9.7%
Total:	912,848	871,054	382,746	300,708	-21.4%

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

Recovered Paper and Fiber

U.S. recovered paper exports are down this year in three different measurements:

- RP exports decreased 6.5 percent to 987,474 in May 2020 as compared to the previous month.
- As compared to May 2019, year-over-year (YOY) recovered paper exports were down 35.2 percent.
- And for the first five months of 2020 compared to the same period last year, paper exports were down 22.0 percent to 5,762,049 metric tons.

The top 10 countries receiving U.S. recovered paper exports in the first five months of 2020 accounted for more than 91 percent of exports. Only three countries in the top 10 received more U.S. paper scrap exports through May 2020 than they did the same period last year:

- Malaysia up 6.7 percent;
- Vietnam up 3.6 percent; and



Weekly Market Report

- Taiwan up 0.1 percent.

U.S. Recovered Paper Exports, Top 10 Countries

Ranked by May YTD 2020

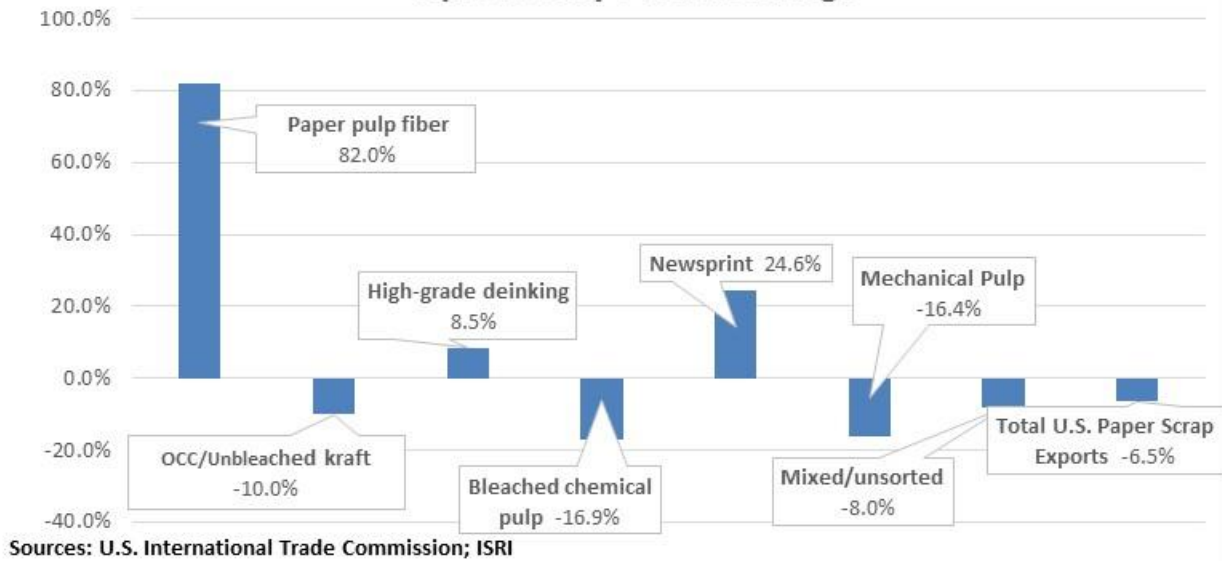
(In actual metric tons*)

	Monthly		Full Year		2020 YTD	YTD % Chg
	20-Apr	20-May	2019	2019 YTD		2020 / 2019
China	384,760	345,958	5,490,187	2,416,300	1,885,761	-22.0%
India	91,902	79,057	2,974,358	1,323,037	848,388	-35.9%
Mexico	93,672	120,384	1,329,005	666,184	495,157	-25.7%
Vietnam	77,673	65,831	1,052,415	398,773	413,312	3.6%
Canada	90,789	91,132	903,571	425,224	411,928	-3.1%
South Korea	75,708	63,037	991,535	433,875	370,910	-14.5%
Taiwan	68,481	46,876	905,674	343,653	343,911	0.1%
Thailand	48,577	50,689	522,770	240,881	213,273	-11.5%
Indonesia	35,268	21,528	898,087	570,244	199,086	-65.1%
Malaysia	6,418	3,405	181,823	63,764	68,006	6.7%
Top 10 countries	973,248	887,897	15,249,425	6,881,935	5,249,732	-23.7%
Rest of World	82,809	99,577	1,474,295	504,026	512,317	1.6%
Total US Paper Exports	1,056,057	987,474	16,723,720	7,385,961	5,762,049	-22.0%
* Paper pulp fiber measured in component tons						
Sources: U.S. International Trade Commission; ISRI						

U.S. exports increased for several paper scrap commodities in May 2020 from the previous month:

- Paper pulp fiber exports nearly doubled, rising 82 percent;
- Newsprint exports increased nearly 25 percent; and
- High-grade deinking exports increased 8.5 percent.

U.S. Recoverd Paper Exports 2020 April to May Percent Change



Plastics

- U.S. plastic scrap exports increased 16 percent to 48,871 metric tons in May 2020 compared to the previous month, reversing consecutive monthly declines.
- May, year-over-year (YOY), U.S. plastic exports were down more than 23 percent.
- And for the first five months of 2020 compared to the same period last year, U.S. plastic scrap exports were down 21.8 percent to 232,157 metric tons.
- The concentration of the top 15 countries receiving U.S. plastic scrap exports increased to 93.0 percent for the year-to-date, up from 89.9 percent in the corresponding period last year.
- Canada remains the top country followed by Malaysia, Hong Kong, and Vietnam.
- Notable percentage increases for 2020 YTD compared with 2019 YTD:
 - Latvia's 9,197 percent increase, to 4,513 metric tons, and approaching the top 10 countries
 - Vietnam's 149 percent increase to 15,566 metric tons
 - Malaysia's 136 percent increase to 42,763 metric tons

U. S. Plastic Scrap Exports, Top 15 Countries

Ranked by May YTD 2020

(In actual metric tons)

Country	Monthly		Full Year	2019 YTD	2020 YTD	YTD % Chg
	20-Apr	20-May	2019			2020 / 2019
Canada	14,179	12,124	149,089	61,324	63,182	3.0%
Malaysia	7,659	10,559	60,474	18,092	42,763	136.4%



Weekly Market Report

Hong Kong	2,903	5,030	72,619	30,588	19,426	-36.5%
Vietnam	1,668	2,445	21,620	6,252	15,566	149.0%
Mexico	1,723	2,652	35,763	17,000	14,077	-17.2%
Turkey	2,079	1,544	29,223	11,100	11,063	-0.3%
South Korea	1,731	1,454	30,843	16,815	8,297	-50.7%
Taiwan	1,123	2,289	34,606	13,097	8,003	-38.9%
India	1,095	2,434	85,383	60,394	7,951	-86.8%
Indonesia	1,484	1,910	24,339	14,692	6,848	-53.4%
Thailand	811	1,103	27,195	10,072	5,239	-48.0%
Latvia	888	1,831	993	49	4,513	9197.2%
Pakistan	409	36	4,976	2,483	3,098	24.8%
El Salvador	797	33	7,250	2,935	2,985	1.7%
Bangladesh	1,329	667	4,531	2,035	2,929	43.9%
Top 15 Country Share	39,878	46,108	588,905	266,927	215,941	-19.2%
Rest of the World	2,261	2,736	73,663	29,966	16,126	-45.9%
Total U.S. Plastic Scrap Exports	42,139	48,871	662,567	296,893	232,157	-21.8%
Sources: U.S. International Trade Commission; ISRI						



Weekly Market Report

This Week's Story

Every ten years, the monks in the monastery can break their vow of silence to speak two words.

Ten years go by and it's one monk's first chance. He thinks for a second before saying, "Food bad."

Ten more years go by, and the monk says, "Bed hard."

It's the big day a decade later. He gives the head monk a long stare and says, "I quit."

"I'm not surprised," the head monk says. "You've been complaining ever since you got here."

This Week's Quote

"Some people don't like change, but you need to embrace change if the alternative is disaster."

-- Elon Musk

**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