

January 14, 2020

## In this Issue:

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

## This Morning

The Reuters/Jefferies CRB index increased 0.3% today as firmer crude oil, copper, and platinum prices more than offset weaker agricultural futures as the U.S. and China approached the signing of the phase one trade deal in Washington. Reuters reports “Commodity traders and analysts are struggling to map out how China will reach the eye-popping amounts it is committing to buy from the United States under Phase 1 of their trade deal.” In New York, COMEX copper futures traded as high as \$2.875 per pound today while NYMEX crude oil futures rose 0.5% to more than \$58 per barrel. In London, base metal prices were mixed today with LME 3-mo. copper and aluminum advancing to \$6,310/mt and \$1,808/mt, respectively, while 3-mo. nickel eased back to around \$13,890 per ton late in the day. In foreign exchange trading the U.S. Dollar Index was little changed (-0.02%) this afternoon with euro buying \$1.113 and the British pound trading around \$1.302.

**This Week's ISRI Market Report is Sponsored by:**



**HITACHI**  
Inspire the Next

Read the metal.  
Discover its value.

See our full range >

[https://hha.hitachi-hightech.com/en/product-range/applications/scrap-metals-and-recycling?utm\\_source=ISRI-eNews&utm\\_medium=Banner&utm\\_campaign=ISRIdigital2020&utm\\_term=eNews](https://hha.hitachi-hightech.com/en/product-range/applications/scrap-metals-and-recycling?utm_source=ISRI-eNews&utm_medium=Banner&utm_campaign=ISRIdigital2020&utm_term=eNews)

## Selected Primary Commodity Prices: January 14, 2020

	Last	CHG	% CHG	Prior	Open	High	Low
COMEX Copper Mar (\$/lb.)	2.867	0.006	0.2%	2.861	2.86	2.875	2.850
COMEX Gold Feb (\$/to)	1,547.0	-3.6	-0.2%	1,550.6	1548.6	1,549.5	1,536.4
COMEX Silver Mar (\$/to)	17.82	-0.2	-1.0%	18.00	17.98	17.99	17.7
NYMEX Light Sweet Crude Feb (\$/bbl)	58.38	0.3	0.5%	58.08	58.03	58.72	57.72
SHFE Aluminum Mar (RMB/mt)	13,950	-55	-0.4%	14,005	13,950	13,980	13,925
SHFE Copper Mar (RMB/mt)	49,180	260	0.5%	48,920	48,850	49,380	48,820
SHFE Nickel Mar (RMB/mt)	111,260	-1,230	-1.1%	112,490	113,100	113,260	108,870
SHFE Zinc Mar (RMB/mt)	18,195	-90	-0.5%	18,285	18,230	18,345	18,020

## The Week Ahead

On the U.S. economic calendar this week, we'll get new readings on inflation, retail sales, regional manufacturing, housing starts & building permits, industrial production, and consumer sentiment. The consensus forecast is that industrial production growth slowed to 0.1% in December from 1.1% in November, while the expectation is for mixed numbers on housing starts & building permits. On the trade front, the U.S. and China are expected to sign a "phase-one" trade deal on Wednesday, while China releases new data on GDP, retail sales, and trade this week. In Europe, we'll get new figures on Eurozone industrial production and inflation, along with the minutes of the last European Central Bank meeting. Have a great week!

## U.S. Economic Calendar, January 14 - 17, 2020

Date	Time	Release	Period	Consensus	Prior
Jan-14	8:30 ET	CPI	Dec	0.2%	0.3%
Jan-14	8:30 ET	Core CPI	Dec	0.2%	0.2%
Jan-15	8:30 ET	PPI	Dec	0.2%	0.0%
Jan-15	8:30 ET	Core PPI	Dec	0.2%	-0.2%
Jan-15	8:30 ET	Empire State Manufacturing	Jan	2.8	3.5
Jan-15	14:00 ET	Beige Book	--	NA	--
Jan-16	8:30 ET	Retail Sales	Dec	0.3%	0.2%
Jan-16	8:30 ET	Retail Sales ex-auto	Dec	0.5%	0.1%
Jan-16	8:30 ET	Initial Unemployment Claims	Jan-11	217K	214K
Jan-16	10:00 ET	Business Inventories	Nov	0.2%	0.2%
Jan-17	8:30 ET	Housing Starts	Dec	1380K	1365K

Jan-17	8:30 ET	Building Permits	Dec	1460K	1482K
Jan-17	9:15 ET	Industrial Production	Dec	0.1%	1.1%
Jan-17	9:15 ET	Capacity Utilization	Dec	77.2%	77.3%
Jan-17	10:00 ET	Univ. of Michigan Consumer Sentiment – Prel.	Jan	98.9	99.3

## Economic Week in Review

Last week the Bureau of Labor Statistics released the Employment Situation for December 2019, here are some of the highlights:

### Employment

Total U.S. nonfarm payroll employment increased by 145,000 in December 2019. For the entire year, 2.1 million workers were added to payrolls. The year before, 2018, 2.68 million workers were added to the workforce.

The manufacturing sector realized a loss of 12,000 jobs in December 2019. But for the entire year, 46,000 manufacturing jobs were added, the third consecutive year of increases. In 2018, manufacturers added 264,000 jobs. The last time manufacturing lost jobs for the year was in 2016 (-7,000).

For the Wholesale Trade, Durable Goods companies, 2,700 jobs were added in December 2019. For the entire year, this sector realized a gain of 42,000 jobs.

### Unemployment Rate

The overall US unemployment rate remained unchanged in December at 3.5 percent, down from 3.7 percent a year ago. The last time the unemployment was lower was May 1969 (3.4 percent), over 50 years ago!

For the manufacturing sector, the unemployment rate for December 2019 was 2.7 percent, lower than a year ago, 2.8 percent.

For the wholesale and retail trade industries, of which scrap recyclers are a part, the unemployment rate for December 2019 was reported as 3.6 percent, down from 3.7 percent a year earlier.

### Wage Rates

For all private industries, the weekly average wage rate increased \$1.03 in December 2019 from the previous month to \$971.38. From a year ago, the rate is up \$21.59.

For the manufacturing sector, the weekly average wage rate increased \$4.46 in December 2019 from the previous month to \$1,140.08. From a year ago, the rate is up \$22.28.

For the wholesale trade sector, the weekly average wage rate fell by \$11.35 in December 2019 from the previous month to \$1,230.41. From a year ago, the rate is \$24.53.

### Hours Worked

Total private industry hours worked in December 2019 remained unchanged at 34.3 hours per week. However, this rate is down 0.2 hours from December 2018.

For the manufacturing sector, hours worked in December 2019 remained unchanged at 40.5 hours per week. Manufacturing hours worked are down 0.4 hours from a year earlier.

The wholesale trade sector saw hours worked fall 0.1 hours to 38.9 hours per week in December 2019. This is down 0.1 hours from a year earlier.

## U.S International Trade Balance

Also last week, the Bureau of Economic Analysis released the U.S. International Trade in Goods and Services data for November 2019.

In November, the US exported a higher value of goods and services than the previous month and imported a lower value than the previous month. November exports were \$208.6 billion, \$1.4 billion more than October exports. November imports were \$251.7 billion, \$2.5 billion less than October imports. The November decrease in the goods and services trade deficit reflected a decrease in the goods deficit of \$3.9 billion to \$63.9 billion and a decrease in the services surplus of less than \$0.1 billion to \$20.8 billion.

Year-to-date, the goods and services deficit decreased \$3.9 billion, or 0.7 percent, from the same period in 2018. Exports decreased less than \$0.1 billion or less than 0.1 percent. Imports decreased \$3.9 billion or 0.1 percent.

	Nov 2019	% CHG
<b>Exports:</b>	<b>\$208.6 Billion</b>	<b>+0.7%°</b>
<b>Imports:</b>	<b>\$251.7 Billion</b>	<b>-1.0%°</b>
<b>U.S. International Trade in Goods and Services Deficit:</b>	<b>(\$43.1 Billion)</b>	<b>-8.2%°</b>

Next release: February 5, 2020

(°) Statistical significance is not applicable or not measurable. Data adjusted for seasonality but not price changes  
 Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis; U.S. International Trade in Goods and Services, January 7, 2020



**ISRI 2020 CONVENTION & EXPOSITION**  
LAS VEGAS | APRIL 27-30

**TIME IS RUNNING OUT! (January 16, 2020)**  
Don't miss the early bird registration

**Register TODAY**

## Commodity News

### Ferrous

Sticking with the trade, the latest figures from the Census Bureau shows U.S. ferrous scrap exports (excluding stainless steel and alloy steel scrap) slipped from 1.48 million tons in October to just under 1.44 million tons in November as improved business with Turkey, Bangladesh, Greece, and Thailand was more than offset diminished demand from Mexico, Vietnam, Kuwait, Malaysia, and South Korea.

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

Metric tons

Country	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
Turkey	386,941	325,080	346,731	279,220	335,660	427,064
Taiwan	155,903	129,067	162,629	103,725	168,926	182,366
Bangladesh	105,151	71,424	29,173	169,849	64,093	157,792
Mexico	136,332	84,123	104,144	170,446	175,251	106,270
Malaysia	26,667	39,453	60,078	59,499	128,630	81,442
India	141,207	94,908	52,895	35,984	88,725	75,741
South Korea	107,746	14,228	59,880	34,552	109,086	72,015
Peru	33,019	34,041	35,000	0	64,849	58,086
Thailand	44,925	39,948	12,808	10,585	28,478	48,973
Saudi Arabia	99,149	18	47,563	27,179	49,498	47,543
Pakistan	35,747	39,278	49,434	43,360	34,132	45,751
Canada	40,353	50,317	44,092	29,755	42,816	39,412
Greece	20	333	18,449	33,256	100	27,012
Vietnam	101,329	249,395	343,285	34,668	75,981	24,630
Indonesia	36,798	50,200	12,970	18,364	26,688	20,461
Egypt	79,013	87,868	102,979	45,020	0	0
All others	31,199	84,936	38,254	21,076	83,344	22,823
<b>Total:</b>	<b>1,561,499</b>	<b>1,394,617</b>	<b>1,520,364</b>	<b>1,116,538</b>	<b>1,476,257</b>	<b>1,437,381</b>

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

For the first 11 months of 2019, the Census Bureau trade data show total ferrous scrap exports from the United States were up 0.7% to 14.6 million metric tons on sharply higher exports of No. 1 bundles, cast iron scrap, and other grades more than offset lighter loadings of shredded, heavy melt, and cut P&S.

## YTD U.S. Ferrous Scrap Exports by Grade

Metric tons

HTS Number	2017	2018	Jan-Nov 2018	Jan-Nov 2019	YTD % CHG
7204100000 CAST IRON	580,542	798,025	738,623	1,270,081	72%
7204300000 TINNED IRON	76,412	63,557	58,455	85,195	45.70%
7204410020 NO 1 BUNDLES STEEL SCRAP	223,823	24,476	23,522	180,231	666.20%
7204410040 NO 2 BUNDLES STEEL SCRAP	2,105	3,501	3,392	24,478	621.60%
7204410060 BORINGS, SHOVELINGS AND TURNINGS STEEL SCRAP	10,839	12,304	12,041	18,656	54.90%
7204410080	72,438	72,007	68,502	60,062	-12.30%

SHAVINGS, CHIPS, MILLING WASTE, etc.					
7204490020 NO 1 HMS	4,351,767	5,290,499	4,888,541	4,724,280	-3.40%
7204490040 NO 2 HMS	683,099	771,804	696,846	691,405	-0.80%
7204490060 CUT PLATE AND STRUCTURAL STEEL SCRAP	517,720	533,875	496,191	481,834	-2.90%
7204490070 SHREDDED STEEL SCRAP	5,327,284	5,700,513	5,305,272	4,883,942	-7.90%
7204490080 OTHER FERROUS SCRAP	1,913,445	2,381,646	2,206,962	2,184,330	-1%
<b>Total:</b>	<b>13,759,474</b>	<b>15,652,207</b>	<b>14,498,347</b>	<b>14,604,494</b>	<b>0.73%</b>

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

## Nonferrous

Unlike with the ferrous scrap exports, U.S. exports of copper and copper alloy scrap were reportedly down 3% year-on-year during Jan-Nov 2019 as copper scrap exports to mainland China plunged from nearly 265,000 tons in Jan-Nov 2018 to just over 85,000 tons during Jan-Nov 2019. But improved trade with Malaysia (now the largest destination for U.S. copper scrap exports), India, Germany, Belgium, and other markets has helped to offset the decline to China. Through the first 11 months of 2019, U.S. copper scrap shipments to Malaysia more than doubled to 206,828 metric tons, while exports to India rose 29 percent to more than 55,000 tons.

## U.S. Copper and Copper Alloy Scrap Exports

Metric tons

Country	2017	2018	Jan-Nov 2018	Jan-Nov 2019	YTD % CHG
Malaysia	5,553	119,573	99,985	206,826	107%
Canada	93,501	92,136	86,537	86,102	-1%
China	687,876	271,254	264,836	85,353	-68%
South Korea	31,334	71,726	62,722	64,079	2%
India	24,869	48,260	42,675	55,145	29%
Hong Kong	36,345	44,269	41,111	48,655	18%
Japan	21,145	55,989	48,857	40,131	-18%
Germany	30,657	37,269	34,134	39,682	16%
Taiwan	8,645	35,427	31,302	35,407	13%
Belgium	16,435	31,330	27,597	35,073	27%
Pakistan	9,571	17,949	16,114	19,265	20%
Thailand	677	14,151	13,884	17,537	26%
Spain	7,501	10,824	9,654	9,416	-3%
Greece	251	8,776	7,392	7,792	5%
Sweden	2,087	3,828	3,407	6,430	89%

<b>Netherlands</b>	8,376	10,310	9,424	5,170	-45%
<b>Singapore</b>	131	3,152	2,093	5,166	147%
<b>All others</b>	19,283	36,624	33,853	39,775	17%
<b>Total:</b>	1,004,237	912,848	835,577	807,003	-3%

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

As announced by the BIR last week, the second batch of Chinese import quotas have been released:

“Following the publication of the 1st batch of waste import quotas for 2020\* on 24 December 2019, the Solid Waste & Chemicals Management Centre of the Ministry of Ecology and Environment of the People's Republic of China published the 2nd batch of waste import quotas for 2020\* yesterday, 8 January 2020.

According to the Solid Waste and Chemical Management Centre, this second batch allows 26,566 tonnes of copper scrap, 7,544 tonnes of aluminium scrap and 3,180 tonnes of steel scrap to enter China.”

*\* Original lists in Chinese, please use your web browser to translate into your preferred language.*

## Paper and Plastic

According to Fastmarkets RISI, last week China’s Ministry of Ecology and Environment released 3.19 million tons of recovered paper import permits, considerably down from the expected 6 to 7 million tons.

This is significantly down from a year ago, when 5.47 million tons were issued in the initial two batches.

For the entire year for 2020, nearly 35 percent fewer import tons are expected to be approved (7 million tons), compared to the previous year’s 10.7 tons. This is down dramatically from 2018’s 18.2 million tons.

In the U.S., the American Forest and Paper Association reported U.S. containerboard production was down 4 percent in November 2019 compared to the same month a year ago. Exports of containerboard were down 9 percent for the month and 15 percent year-to-date through November 2019.

As for plastics, the National Association for PET Container Resources (NAPCOR) shows over 1.8 billion pounds of PET bottles were collected in the U.S. for recycling in 2018, up 5% over the previous year.

NAPCOR’s report indicates a “2018 U.S. recycling rate of 28.9 percent for polyethylene terephthalate (PET) plastic bottles, essentially unchanged from the 2017 rate of 29.2 percent. Despite the flat recycle rate, purchases of US bottles by U.S. reclaimers increased 16 percent to 1,673 million pounds compared to 1,442 million pounds in 2017 which more than offset declines by exports. The recycling rate is derived by using the total volume of recycled PET material purchased by U.S. processors (reclaimers) and export markets in 2018 — 1,813 million pounds — taken as a percentage of the total volume of PET resin used in U.S. bottles and potentially available for recycling, 6,270 million pounds. Of that 1,813 million pounds collected, 1,673 million pounds was purchased and processed by domestic PET reclaimers, with the balance of collected material, 140 million pounds, sold to export markets, including Canada. Export volumes continued to see a decline, with 2018 being the lowest export fraction recorded since the year 2000, at just under eight percent of total collection. Even with PET exports declining by 50 percent, the domestic market was able to absorb more bottles and more than compensate for the loss.”

## This Week’s Story

In ancient Greece, Socrates was widely lauded for his wisdom. One day the great philosopher came upon an acquaintance who ran up to him excitedly and said, "Socrates, do you know what I just heard about one of your students?" "Wait a moment," Socrates replied. "Before you tell me, I'd like you to pass a little test. It's called the Test of Three."

"Test of Three?" his acquaintance asked. "That's right," Socrates continued. "Before you talk to me about my student let's take a moment to test what you're going to say. The first test is Truth. Have you made absolutely sure that what you are about to tell me is true?"

"No," the man said, "actually I just heard about it." "All right," said Socrates. "So you don't really know if it's true or not. Now let's try the second test, the test of Goodness. Is what you are about to tell me about my student something good?"

"No, on the contrary..." "So," Socrates continued, "you want to tell me something bad about him even though you're not certain it's true?" The man shrugged, a little embarrassed.

Socrates continued. "You may still pass though, because there is a third test - the test of Usefulness. Is what you want to tell me about my student going to be useful to me?" "Well no, not really..."

"Alright then," concluded Socrates, "if what you want to tell me is neither True nor Good nor even Useful, why tell it to me at all?"

The man was defeated and ashamed. This is the reason Socrates was a great philosopher and held in such high esteem. It also explains why he never found out that Plato was sleeping with his wife.

## **This Week's Quote**

"Simple can be harder than complex. You have to work hard to get your thinking clean to make it simple. But it's worth it in the end, because once you get there you can move mountains."

– Steve Jobs

**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](mailto:bemery@isri.org)

[bemery@isri.org](mailto:bemery@isri.org)