

June 15, 2020

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This Morning

- The Bloomberg Commodity Index was down around 0.3% in late morning trading as precious metal and copper prices lost ground.
- In New York, COMEX gold futures declined 0.7% to \$1,725 per troy ounce while copper futures fell 1.3% to \$2.58 per pound. NYMEX crude oil futures started the day in negative territory but subsequently rebounded above \$36 per barrel.
- In London, LME 3-mo. copper eased to around \$5,736/mt, while 3-mo. aluminum and nickel edged up to \$1,584/mt and \$12,830/mt, respectively, as of this writing.
- In foreign exchange trading the dollar lost ground against most major trading rivals, with the euro buying \$1.128 and the greenback buying 107.25 Japanese yen ahead of this week's monetary policy statement from the Bank of Japan.
- On Wall Street, stocks started the morning in negative territory on losses attributed to renewed coronavirus concerns, but most of those losses had been reversed by mid-day.

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Selected Primary Commodity Prices: June 15, 2020

	Last	CHG	% CHG	Prior	Open	High	Low
COMEX Copper Jul (\$/lb.)	2.557	-0.044	-1.7%	2.600	2.591	2.602	2.538
COMEX Gold Aug (\$/to)	1,718.8	-18.5	-1.1%	1,737.3	1740.7	1,743.8	1,706.2
COMEX Silver Jul (\$/to)	17.28	-0.2	-1.2%	17.48	17.56	17.63	17.0
NYMEX Light Sweet Crude Jul (\$/bbl)	35.24	-1.0	-2.8%	36.26	36.03	36.12	34.36
SHFE Aluminum Jul (RMB/mt)	13,610	40	0.3%	13,570	13,615	13,690	13,490
SHFE Copper Jul (RMB/mt)	46,730	40	0.1%	46,690	46,860	47,330	46,240
SHFE Nickel Aug (RMB/mt)	101,360	-170	-0.2%	101,530	101,930	102,350	100,220
SHFE Zinc Jul (RMB/mt)	16,345	-30	-0.2%	16,375	16,470	16,515	16,230

The Week Ahead

- Economic reports due out this week are expected to show a faster than expected rebound for a number of key indicators.
- We'll get new reports on **industrial production** (consensus +0.3%), **retail sales** (consensus +9.0%), **housing starts & building permits** (consensus 1170K and 1260K), and **initial unemployment claims** (consensus 1.35 million). See table below for details.
- On the U.S. monetary policy front, the Financial Times reports "US Federal Reserve chair Jay Powell delivers his semi-annual monetary policy report testimony before Congress on Tuesday and Wednesday, after announcing a firm commitment last week to keeping interest rates low."
- Overseas, the Bank of Japan meets this week, China reports on retail sales, and new euro zone inflation figures are due out, including updated German producer price indexes.
- Be safe and have a great week!

U.S. Economic Calendar: June 15-19, 2020

Date	Time (ET)	Release	Period	Consensus	Prior
15-Jun	8:30	Empire State Manufacturing	Jun	-25.0	-48.5
16-Jun	8:30	Retail Sales	May	9.0%	-16.4%
16-Jun	9:15	Industrial Production	May	3.0%	-11.2%
16-Jun	9:15	Capacity Utilization	May	67.9%	64.9%
16-Jun	10:00	Business Inventories	Apr	-0.4%	-0.2%
16-Jun	10:00	NAHB Housing Market Index	Jun	45.0%	37.0%
17-Jun	8:30	Housing Starts	May	1170K	891K
17-Jun	8:30	Building Permits	May	1260K	1074K

18-Jun	8:30	Initial Claims	13-Jun	1.350M	1.542M
18-Jun	8:30	Continuing Claims	6-Jun	NA	20.929M
18-Jun	8:30	Philadelphia Fed Index	Jun	-25.0	-43.1
19-Jun	8:30	Current Account Balance	Q1	-\$99.8B	-\$109.8B

Economic Week in Review

As expected, investors paid close attention to Federal Reserve official statements following the FOMC meeting last week. “Fed Chairman Jerome Powell said Wednesday... that the central bank was preparing additional ways to support the economy after slashing interest rates to zero and purchasing trillions of dollars of government debt to improve financial market functioning. Officials this week projected they would hold rates near zero through 2022,” the Wall Street Journal reports. Renewed concerns about the longer-term economic impacts of the COVID-19 pandemic weighed on equity prices as the Dow Industrials shed 1,505 points for the week to close at 25,605.54 on Friday, despite some better than expected economic reports. Here’s a recap:

University of Michigan Surveys of Consumers – Preliminary Results

All three indexes showing preliminary results for June 2020 indicated gains:

- The Index of Consumer Sentiment was up 9.1 percent;
- The Current Economic Conditions Index rose 6.7 percent;
- The Index of Consumer Expectations increased 10.9 percent.

Preliminary Results for June 2020

	Jun2020	May2020	Jun2019	M-M Change	Y-Y Change
Index of Consumer Sentiment	78.9	72.3	98.2	+9.1%	-19.7%
Current Economic Conditions	87.8	82.3	111.9	+6.7%	-21.5%
Index of Consumer Expectations	73.1	65.9	89.3	+10.9%	-18.1%

Source: University of Michigan

Produce Price Index

Last week the Bureau of Labor Statistics released the Producer Price Indexes for May 2020.

- **Final demand index** increased 0.4 percent in May 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 1.6 percent (SA) in May 2020, the largest increase since the index began in November 2009.
- The **final demand services index** decreased 0.2 percent (SA) in May 2020.
- The **final demand less foods, energy, and trade service** increased 0.1 percent (SA) in May 2020 after seeing three months of declines.

Recycling Industry Producer Price Percent Changes

	% Change from preceding month (SA)				% change from May 2019 (NSA)
	20-May	20-Apr	20-Mar	20-Feb	20-May

Final Demand	0.4	-1.3	-0.2	-0.6	-0.8
Scrap Commodities					
Aluminum base scrap	-5.1	5.0	-3.2	-1.9	-18.3
Copper base scrap	3.3	-3.1	-7.8	-5.2	-15.8
Iron and Steel Scrap	11.3	-15.6	3.2	-7.1	-13.9
Nonferrous scrap	-5.8	-4.3	-1.1	-0.3	-0.4
Recyclable plastics	0.7	1.0	1.0	-0.6	-6.3
Wastepaper	18.3	50.4	14.8	4.7	83.3
Wholesaling of:					
Metals, minerals, and ores	1.5	-5.6	3.0	-0.5	4.2
Chemicals and allied products	1.8	2.2	1.2	0.3	4.9
paper and plastics products	-0.3	1.3	0.9	-0.3	8.1
<i>Source: Bureau of Labor Statistics</i>					

Consumer Price Index

Last week the Bureau of Labor Statistics released the Consumer Price Index Summary for May 2020.

- The consumer price index for **All Urban Consumers declined** 0.1 percent on a seasonally adjusted basis (SA). The month before, this index fell 0.8 percent (fifth worse decrease since January 1947).
- On a twelve-month basis, May 2019 to May 2020, the **all items index increased** 0.1 percent, not seasonally adjusted (NSA).
- The **food index increased** 0.7 percent (SA) for May 2020 and 4.0 percent (NSA) over the past twelve months.
- The **gasoline index decreased** 3.5 percent (SA) in May 2020 and has dropped 33.8 percent (NSA) over the past twelve months.
- The **transportation services index** decreased 3.6 percent (SA) in May 2020 and is down 8.7 percent (NSA) over the past twelve months.
- The all items less food and energy index rose 1.2 percent (NSA) over the past twelve months, a reversal from the previous twelve month reading (-0.4) which was the smallest change in the history of this index, which began in 1957.

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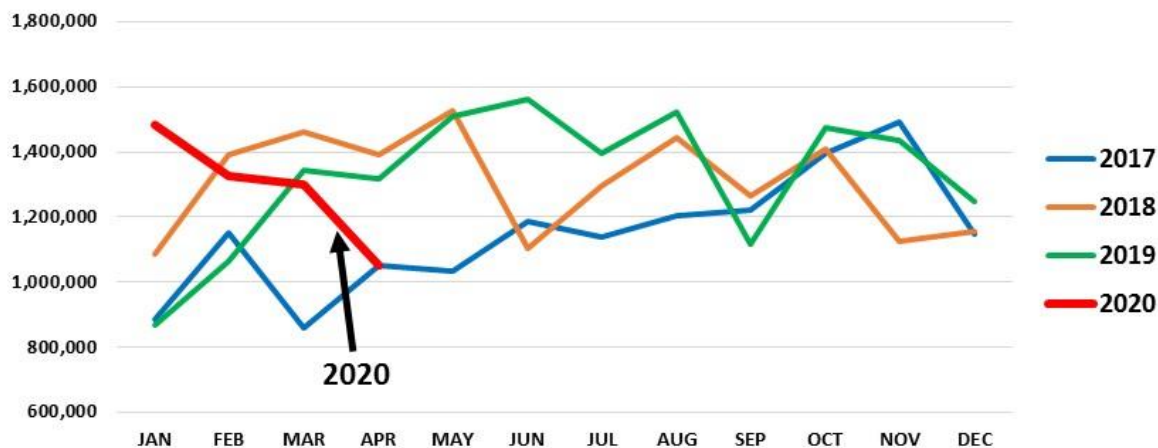
Commodities: Scrap Trade Flows

Ferrous

- After getting off to a strong start at the beginning of the year, monthly U.S. ferrous scrap exports were trending lower in subsequent months.
- Ferrous scrap exports (excluding stainless steel and alloy steel scrap) fell from 1.3 million metric tons in March to 1.05 million tons in April 2020, according to the most recent Census Bureau trade statistics.
- But for the year-to-date, ferrous scrap exports are still up 12.4% as compared to Jan-Apr 2019 to 5.16 million mt thanks to the strong start to the year.

**U.S. Ferrous Scrap Exports (ex-stainless and alloy steel scrap),
Jan 2017-Apr 2020**

Metric tons



- By major destination, there have been significant gains this year to Turkey (+22.3%), Malaysia (+91.4%), Mexico (+56.7%), Bangladesh (+53.4%), Pakistan (+38.8%) and Thailand (+193%), more than offsetting losses to South Korea, Vietnam, Canada, Indonesia, and others.
- Here's the breakdown of recent U.S. ferrous scrap exports by volume and major destination:

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

Metric tons

Country	2018	2019	Jan-Apr 2019	Jan-Apr 2020	YTD % CHG
Turkey	3,391,709	3,915,442	1,026,503	1,254,870	22.3%
Malaysia	470,397	810,784	344,860	660,072	91.4%
Mexico	1,722,864	1,391,868	408,771	640,557	56.7%
Taiwan	1,833,189	1,709,083	503,432	526,549	4.6%
Bangladesh	837,963	1,011,184	213,653	327,830	53.4%
South Korea	885,485	1,052,127	450,223	259,157	-42.4%
India	831,950	829,524	196,809	202,666	3.0%
Pakistan	373,561	471,065	140,310	194,810	38.8%
Vietnam	1,009,601	1,265,148	269,408	189,390	-29.7%

Canada	638,922	597,265	207,354	187,200	-9.7%
Thailand	496,423	357,298	53,527	156,807	193.0%
Peru	379,136	406,994	91,481	135,291	47.9%
Greece	125,006	167,192	87,943	91,229	3.7%
Saudi Arabia	44,038	346,301	75,122	82,850	10.3%
Indonesia	450,349	265,233	76,570	42,184	-44.9%
Brazil	90,536	2,351	1,614	38,583	2290.5%
Oman	492	310	113	29,745	26223.0%
Kuwait	387,143	332,793	190,541	27,039	-85.8%
Other countries	1,683,443	919,522	250,991	109,290	-56.5%
Total:	15,652,207	15,851,484	4,589,225	5,156,119	12.4%

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

Nonferrous

- U.S. copper and copper alloy scrap exports declined from around 64,000 metric tons in March 2020 to 53,327 mt in April 2020.
- Decreased shipments to India contributed to the April decline.
- For the year-to-date, U.S. copper scrap exports are down 21 percent to 242,000 metric tons.
- YTD copper scrap exports have declined significantly to Malaysia (-38%), China (-40%), and Canada (-20%) through April, more than offsetting gains to S. Korea, Germany, Belgium, and Vietnam.

**U.S. Copper Scrap Exports by Major Destination,
Jan-Apr 2020 vs. Jan-Apr 2019 (metric tons)**



- U.S. aluminum scrap exports (including UBCs and RSI) declined from +163,000 mt in March 2020 to 124,400 mt in April 2020.
- Reduced trade with India, Canada, Mexico, and to a lesser extent South Korea and Indonesia, contributed to the monthly decline.
- For the year-to-date, U.S. aluminum scrap exports are down 6.5% to 582,175 mt during Jan-Apr 2020.

- India has become the largest export market for U.S. aluminum scrap this year, with shipments up 28% through April, while exports to Malaysia are up 69% YTD, but those gains have been more than offset by reduced shipments to China (-58%), Hong Kong (-23%), Canada (-24%), and other markets.

**U.S. Aluminum Scrap Exports by Major Destination,
Jan-Apr 2020 vs. Jan-Apr 2019 (metric tons)**



U.S. Plastic Scrap Exports

- Compared to the previous month, April 2020 plastic exports decreased nearly 10 percent to 42,138 metric tons.
- April, year-over-year (YOY), plastic scrap exports were down over 34 percent.
- And for the first four months of 2020 compared to the same period last year, plastic were down 21.5 percent to 183, 286 metric tons.
- Canada remains the top country followed by Malaysia, Hong Kong, and Vietnam.
- Notable increases for April 2020 YTD: Latvia's 14,803 percent increase, to 2,683 metric tons; Vietnam's 246 percent increase to 13,122 metric tons; Malaysia's 124 percent increase to 32,204 metric tons.

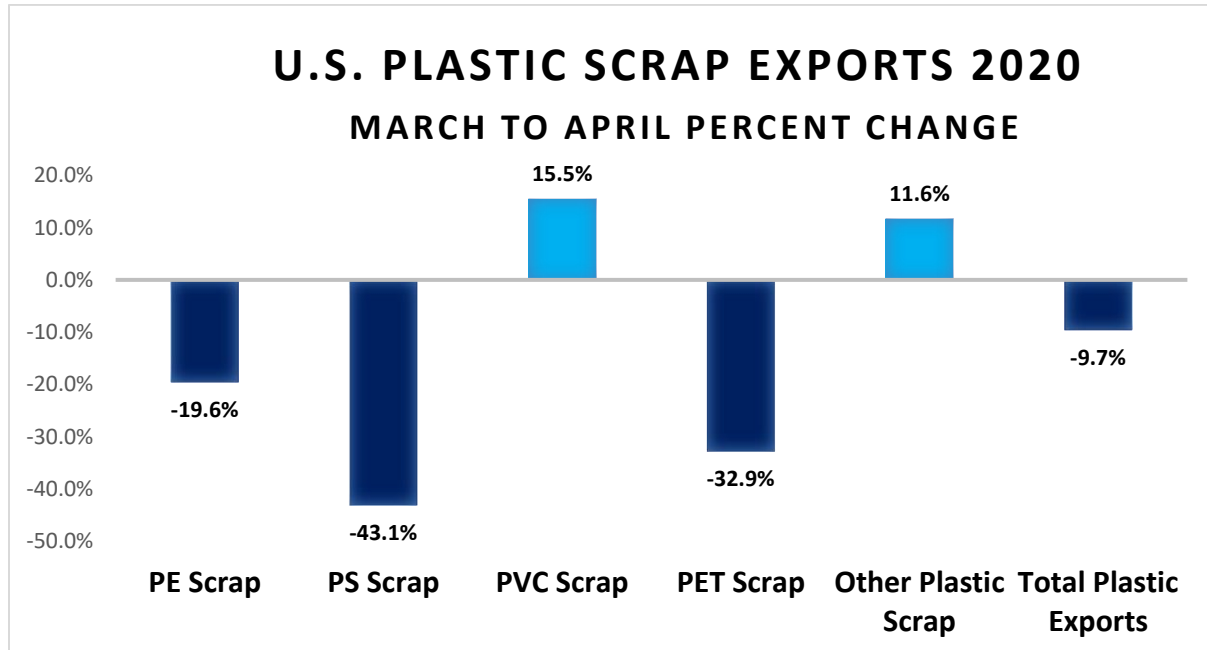
U. S. Plastic Scrap Exports, Top 15 Countries

Ranked by April YTD 2020

(In actual metric tons)

Country	Monthly		Full Year	2019 YTD	2020 YTD	YTD % Chg 2020 / 2019
	Mar-20	Apr-20	2019			
Canada	11,850	14,179	149,089	49,898	51,058	2.3%
Malaysia	6,630	7,659	60,474	14,349	32,204	124.4%
Hong Kong	3,285	2,903	72,619	23,856	14,397	-39.7%
Vietnam	4,639	1,668	21,620	3,795	13,122	245.7%
Mexico	3,207	1,723	35,763	13,194	11,425	-13.4%
Turkey	2,796	2,079	29,223	7,809	9,520	21.9%
South Korea	1,346	1,731	30,843	13,827	6,843	-50.5%
Taiwan	1,702	1,123	34,606	9,429	5,714	-39.4%
India	1,716	1,095	85,383	48,271	5,516	-88.6%
Indonesia	1,419	1,484	24,339	10,223	4,939	-51.7%
Thailand	697	811	27,195	8,044	4,136	-48.6%
Pakistan	816	409	4,976	2,217	3,063	38.1%
El Salvador	994	797	7,250	2,496	2,952	18.3%
Latvia	1,693	888	993	18	2,683	14802.9%
Bangladesh	195	1,329	4,531	1,519	2,262	48.9%
Top 15 Country Share	42,986	39,878	588,905	208,946	169,833	-18.7%
Rest of the World	3,667	2,261	73,663	24,499	13,453	-45.1%
Total U.S. Plastic Scrap Exports	46,653	42,139	662,567	233,445	183,286	-21.5%
Sources: U.S. International Trade Commission; ISRI						

- By U.S. plastic export commodity type, PVC scrap and Other plastic scrap realized double digit gains in April 2020 from March: PVC scrap increased 15.5 percent; Other plastic scrap increased 11.6 percent.
- The other commodity types decreased in April 2020 from March: PS scrap plummeted 43.1 percent; PE scrap fell nearly 20 percent; PET scrap fell nearly 33 percent.



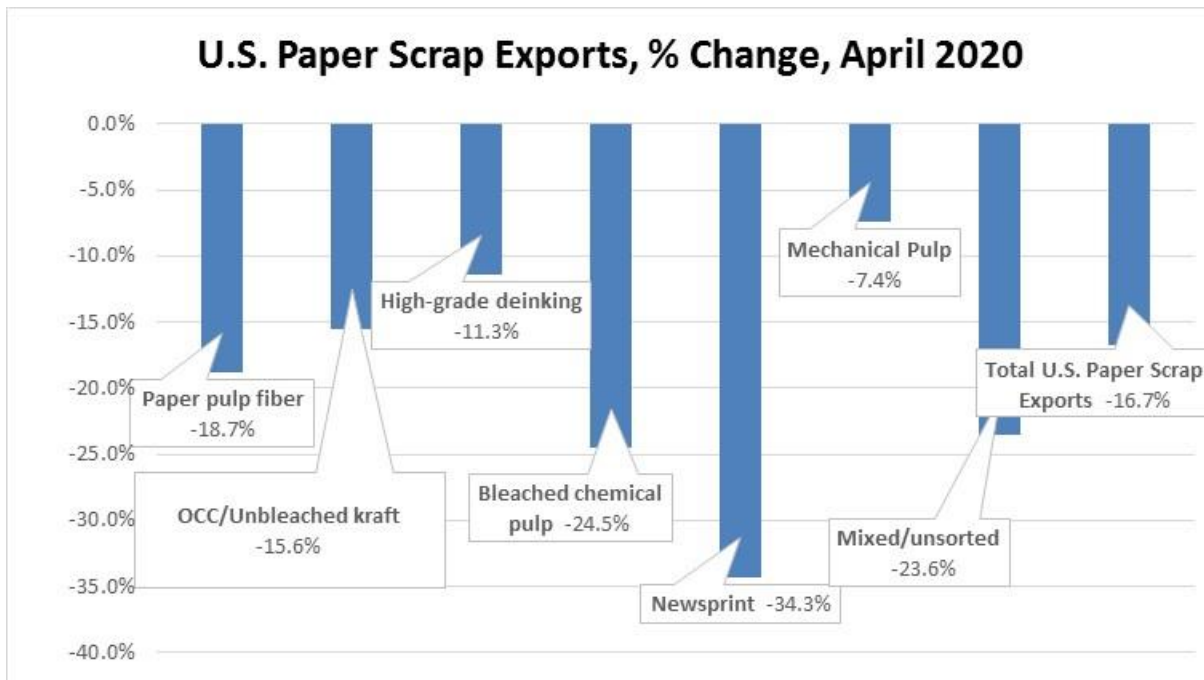
U.S. Recovered Paper and Fiber Paper Scrap Exports

- Compared to the previous month, April 2020 paper exports decreased 16.7 percent to 1,056,057 metric tons.
- April, year-over-year (YOY), paper exports were down over 30 percent.
- And for the first four months of 2020 compared to the same period last year, paper exports were down 18.6 percent to 4,774,575 metric tons.
- The top 10 countries receiving U.S. paper exports in the first four months of 2020 accounted for more than 91 percent of exports.
- Three Asian countries in the top 10 received more U.S. paper scrap exports through April 2020 than they did the same period last year: Vietnam up 26.6 percent; Malaysia up 24.6 percent; Taiwan up 1.4 percent.

U.S. Paper Scrap Exports, Top 10 Countries						
Ranked by April YTD 2020						
(In actual metric tons*)						
	Monthly		Full Year		2020 YTD	YTD % Chg 2020 / 2019
	Mar-20	Apr-20	2019	2019 YTD		
China	381,135	384,760	5,490,187	1,895,688	1,539,803	-18.8%

India	202,727	91,902	2,974,358	1,032,722	769,331	-25.5%
Mexico	100,709	93,672	1,329,005	561,024	374,773	-33.2%
Vietnam	96,681	77,673	1,052,415	274,376	347,481	26.6%
South Korea	85,559	75,708	991,535	354,002	307,873	-13.0%
Canada	81,233	90,789	903,571	345,091	320,796	-7.0%
Taiwan	85,418	68,481	905,674	293,011	297,035	1.4%
Indonesia	62,245	35,268	898,087	474,754	177,558	-62.6%
Thailand	48,163	48,577	522,770	192,959	162,584	-15.7%
Malaysia	24,625	6,418	181,823	51,847	64,601	24.6%
Top 10 countries	1,168,495	973,248	15,249,425	5,475,474	4,361,835	-20.3%
Rest of World	99,139	82,809	1,474,295	386,945	412,740	6.7%
Total US Paper Exports	1,267,634	1,056,057	16,723,720	5,862,419	4,774,575	-18.6%
* Paper pulp fiber measured in component tons						
Sources: U.S. International Trade Commission; ISRI						

- All U.S. paper scrap commodity types realized decreases in April 2020 from March.
- Newsprint was down over 34%, the greatest monthly decline.
- Mechanical pulp was down the least at 7.4 percent.



This Week's Story

An elderly couple left their attorney's office after a meeting to update their Wills. On the drive home, the following conversation takes place:



Weekly Market Report

Husband: You know honey, I've been thinking. If I die, I don't want you to be alone. I want you to get remarried.

And, really, there's no reason for you to sell the house; so it's ok if you and your new husband live in our house.

And come to think of it, we have two fine cars, so I wouldn't have a problem with him driving my car.

In fact, I wouldn't have a problem with him using my tools, my fishing rods, or our lawnmower.

There's just one thing that would bother me. I just don't want him using my golf clubs. That would be too much for me, so just sell them in a garage sale, OK?

Wife: I wouldn't worry about that honey. He's left-handed.

This Week's Quote

"It is during our darkest moments that we must focus to see the light."

-- Aristotle

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