RECYCLING MARKETS UPDATE

Richard Keller
Manager of Recycling
Maryland Environmental Service

2016 MRN/SWANA Mid-Atlantic Conference
Materials Management: The Next Generation
June 21, 2016
Marketing Recyclables

- Some counties in Maryland deliver material to a private MRF
- These private MRFs have an overall cost that includes revenue
- Accounting for sales of recyclables is based on a “market basket” formula (price of commodities times weight generated from a recyclables sort)
- Facilities are sensitive to market changes
Marketing Recyclables

• MES operates three MRFs on behalf of Counties in Maryland
• For these MRFs, movement of material is most important, while price is less of a factor
• Revenue from sales of material is not related to operating costs
• Therefore, Counties can “ride the wave” of price fluctuations
MES Sales

• Because of the negative experience in Fall 2008 and early 2009, virtually all of the MRF material is sold on a monthly basis.

• MES sends out price request 4-5 business days early and usually receives pricing the next to last day of the month. Pricing for aluminum, glass, paper, plastic and steel.

• Vendors submit pricing and MES selects the highest price for each commodity (example – PET, natural and colored).
MES Sales (Continued)

• Monthly sales go to a variety of vendors, including brokers and end users
• Advantages include variety of vendors (which helps if there is a need to move material) and often higher prices (since a particular vendor may be “hungry” for material)
• Even if pricing is way off, it will only be off for a month
• Danger is that if there is a total collapse of the market, would vendors go to existing customers first?
Options

• MES is considering longer term agreements, especially for paper
• Ability to effectively manage a long term agreement depends on the reliability of the market index. Paper index is reliable and accepted by industry, while no consensus exists on a plastics index.
Comments on Pricing

• Selling materials in the market since 1997
• Have seen excellent pricing (such as Spring-Summer 2008) down to lower prices for “hard to move” materials
• Industry representatives have blamed lower market prices for changes in the industry
• No “Chicken Little” on pricing – the sky is not falling
Pricing (Continued)

• Prices were much worse in late 2008 and early 2009. By 2010, most of those prices had regained much of their losses

• Since MES commented on pricing in December, prices for most commodities have already stabilized or risen

• Minimal (or no) differences in pricing between single and dual stream systems depending on the commodity. Pricing depends more on the quality of sorting.
Pricing (Continued)

November - June

• Aluminum cans up more than $.03 per pound
• Mixed paper up more than $18 per ton
• Cardboard up slightly
• PET up more than $.04 per pound
• Natural HDPE up more than $.12 per pound
• Colored HDPE down slightly
• Steel more than doubled in price
Strategies

• We have not focused attention on market development options (green gate) such as encouraging businesses to use recycled materials and finding markets for “hard to market” materials

• We need to re-focus on federal, state, local and private purchases of recycled products in order to create the market for recyclable materials
Conclusion

• The existing system is working to generate competitive pricing for commodities
• We are always looking at ways to improve the system (operations, length of contract, and identifying markets for new and ”hard to market” materials)
• Thank your for the opportunity to present at this conference.
Contact

• Richard Keller
Maryland Environmental Service
259 Najoles Road
Millersville, MD 21108
410-729-8531
rkell@menv.com