

Machinery, E&C and Waste

Waste: recycled commodity prices (OCC) continue to recover in early 2024

Industry Overview

Recycled commodity prices continue to climb; up 5% MoM

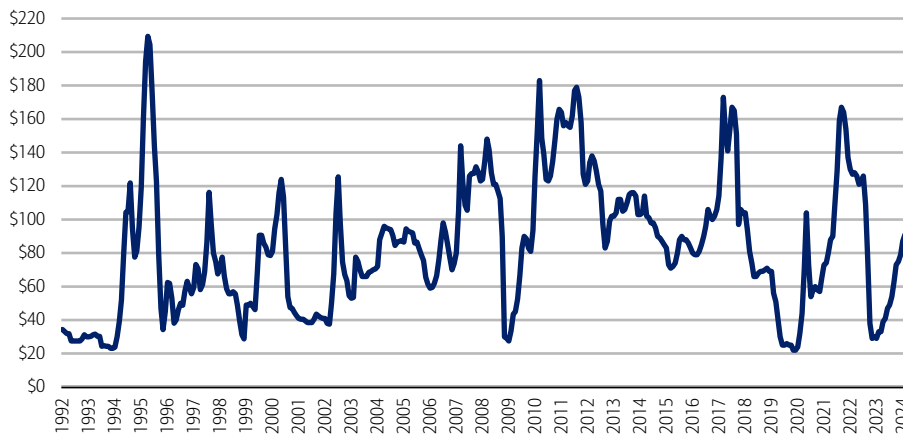
Recycled commodity prices continue to recover in early Q1 of 2024. According to BofA's Paper and Packaging team, US average old corrugated container (OCC) prices rose to \$91/ton in February (+5% MoM) from \$87/ton in January (See: Exhibit 1). Recycling is ~10% of sales for waste sector with the sale of recycled commodity price closer to mid-single digits. Commodity prices can have an outsized impact on headline margin given its high flow through impact. We would note that prices from October have steadily risen higher from its lows – a tailwind for waste operators' profitability as we approach 2024, supporting margin expansion.

BofA event in February features 'waste track' of sector

The BofA Ag & Materials conference (Feb 28-29) in Florida will feature some public waste operators - Republic Services, Waste Connections, and GFL Environmental. At the conference, we look forward to an update on the volume backdrop, pricing power (commercial customers, landfills), M&A, landfill to renewable natural gas (RNG) opportunity, recycling, and other ESG topics (circular economy, plastics, PFAS). **Please contact your BofA sales representative for registration details.**

Exhibit 1: US OCC Average Prices

US OCC prices continue to show signs of improvement from recent lows seen through 3Q22-3Q23



Source: BofA Paper & Packaging team, Random Length (Fastmarkets)

BofA GLOBAL RESEARCH

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Equity
Americas
Machinery, E&C and Waste

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OCC = Old Corrugated Container

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