

SavvyPack Price Report For Aluminum Can Sheet

SavvyPack® Price Report for Aluminum

A. Introduction

SavvyPack® Price Reports are custom research reports covering prices of select packaging raw materials. These reports are customized to the specific needs of clients. SavvyPack® Price Reports provide detailed research on the prices of the raw materials used to manufacture packaging and the corresponding drivers specific to those raw materials.

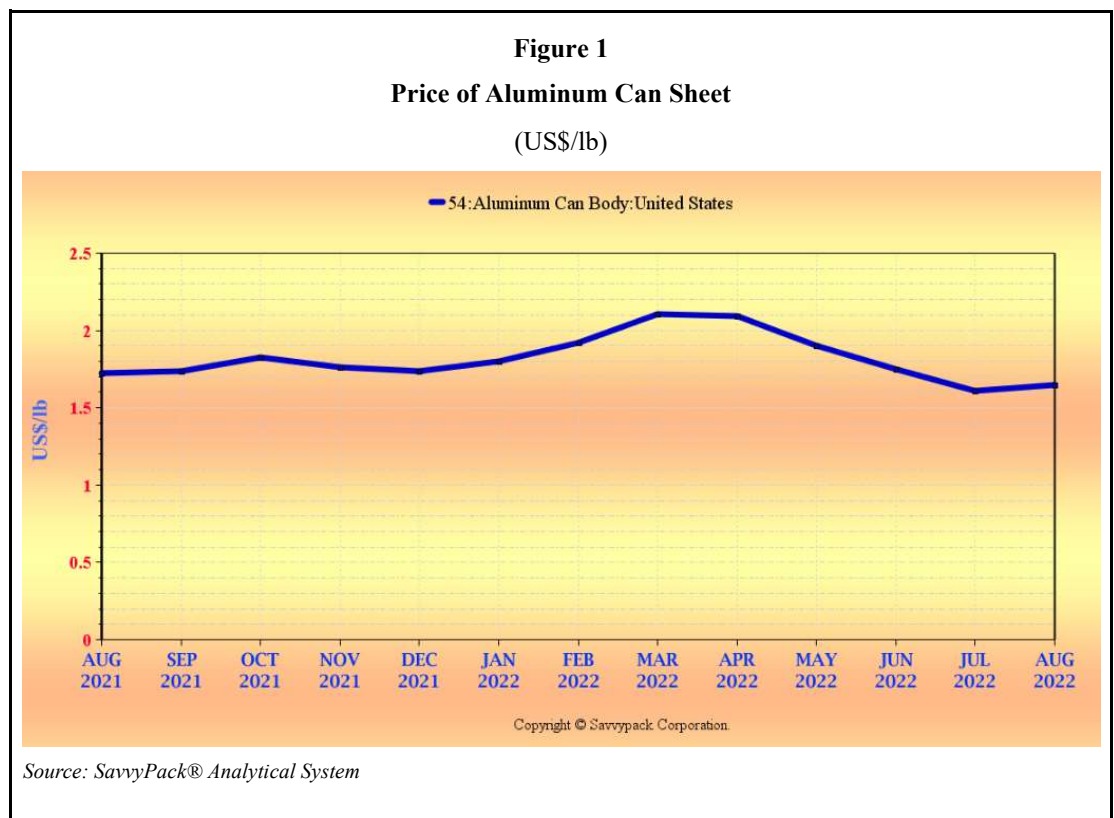
SavvyPack® Price Reports are available for any material used as a raw material for manufacturing packaging, including resins, paper, paperboard, inks, adhesives, coatings, aluminum, steel, and others. These price reports are available for any region or country around the world.

SavvyPack® Price Reports are derived from the research SavvyPack Analysts conduct on a continuous basis that culminates each month with price determinations for over 500 packaging materials in five geographic regions, which are maintained in SavvyPack's raw material database. The prices added to the database are effective as of the first of each month, and these prices are determined to be prices paid by high volume buyers, unless indicated differently.

This SavvyPack® price report provides research for aluminum sheet used for the production of aluminum cans.

A. Aluminum can sheet

Figure 1 provides the one year price history for aluminum can sheet in the United States through August 1, 2022.



The price of aluminum can sheet increased slightly in July and reached a price of US\$1.6475/lb on August 1 (Figure 1). The price has been declining since May, after a continuous increase from December of 2021. The price of aluminum can sheet is heavily dependent on the base price of aluminum.

The current price is below the year ago price of US\$1.722/lb, which equates to a decline of 4.3% during the past year.

Forward looking

Starting with the macro environment, higher interest rates and the Russian invasion of Ukraine have created the potential for a recession. It's relatively early in this environment of higher rates and disruptions due to the war, which makes it difficult to predict economic activity very far into the future. Recognizing this high level of uncertainty, SavvyPack is planning for continuing slow growth leading to a recession, but a recession that is relatively mild. In fact the US economy reported slightly negative GDP for each of the first two quarters of 2022.

Earlier in 2022 aluminum prices reached an all time high, this record price was quite similar to price levels seen back in July 2008. But starting April this year, price started stabilizing and then showed a continuous decline till the beginning of July.

The aluminum price movement depends on a variety of factors but the important ones are supply and demand followed by energy costs. The demand mainly comes from the automotive, aerospace, construction, refrigeration, packaging and machinery industries. In the USA, packaging alone accounts for 17-19% of total aluminum consumption. Packaging almost exclusively uses aluminum sheet, providing strong continuous demand for aluminum sheet.

Many of these sectors have a high demand from developing countries with China being the top exporter of these products. it is important to note that globally, China is the largest exporter as well as consumer of aluminum and any slow down in Chinese factory output has negative implications on the price of aluminum on a global scale.

Secondly aluminum production is highly energy intensive, the energy costs have strong impact on the price of aluminum. Due to the additional processing to create aluminum sheet this impact is compounded. The Russian invasion of Ukraine has destabilized energy prices globally but especially in Europe. This will cause the potential for additional volatility and energy related price increases.

Everything considered, there will be variations but the price is expected to remain relatively stable near the current level in the short term. Factoring in the record high prices earlier in the year, we expect the average price for aluminum can sheet for all of 2022 to be \$1.77/lb. In 2023 we expect that the average aluminum can sheet price to be \$1.72/lb, a decrease of 3.2% from the 2022 average.