The Marketplace for PRNs **Q2 2026**

Market Status Report By Tom Rickerby, Head of Trading

PRN prices surged in Q2. Weak supply data across all materials has fuelled steep price rises. Analysts are wondering whether the decline in supply is permanent or temporary caused by on-going reporting issues in the new system. Tight supply and rising prices have resulted in improved engagement with the t2e market place, with the highest traded volume since Q4 2024.

356,124 tonnes traded in the period, up 41% Q on Q and up 37% on the same period last year. 220,191 tonnes traded in the Spot market, 59,739 tonnes traded in the 28 Day Rolling market, and 76,194 tonnes traded in the 2026 Forward markets.

Paper

The Paper market continued its recovery in Q2 with prices extending to multi-year highs. Spot prices averaged £7.95, up 58% on the previous quarter. Whilst the quarter high price of £9.75 is the highest Paper price in three years. The continued price recovery has been fuelled by supply uncertainty and weak liquidity caused by reporting problems, late data submissions, and exporter delays.

Plastic

Plastic Spot prices surged to record Q2 highs on supply shortage fears. The average Spot price (£380.42 per tonne) surpassed the previous record set in Q2 2023 by 34%. Whilst the quarter high price (£475.00 per tonne) is already £25.00 per tonne ahead of the previous Q2 high set in 2019. Based on the current waste balance supply data, in-year generation has fallen significantly behind target. Whilst Q2 generation has improved on an abysmal Q1 (up 25% Q on Q) it has still failed to 'normalise' with historic supply data. Despite record PRN prices, Q2 generation was 20% below the previous five year rolling average. A concerning statistic that reflects tough trading conditions in the underlying recovered Plastic markets but may also expose some frailties and abuse of the previous PRN reporting methodology.

Steel

Based on the waste balances data, Steel is carrying the largest in-year percentage supply deficit (47%) at the half year point. This alarming statistic puts Steel firmly in non-compliance territory, but this has not necessarily fully translated into PRN price action yet. A strong recovery in Q1 was followed by a more modest reaction in Q2 as the Spot average price rose 12% Q on Q. Hesitant buyers must now be wondering how and why Steel has suffered such a catastrophic decline in PRN reporting and whether it can recover from such a position. Prices did relatively little in the quarter, trading predominantly in a range from £40.00 to £45.00. However, volume increased considerably, jumping 119% on the previous quarter, as Spot liquidity improved and buyers targeted hedging opportunities in the Forward markets.

Aluminium

Having seen a strong recovery in the first quarter, Aluminium Spot and Forward prices fell in the second. Aluminium's erratic price action in the first half of the year exemplifies a market struggling to produce accurate price signals or a coherent market narrative as a result of unreliable and confusing supply data. Whilst the raw recycling data looks healthy, it is failing to translate into adequate PRN availability with waste balance data indicating an in-year undersupply at the half year point. Buyers seem unperturbed for now, allowing Spot prices to fall 13% to £65.00, whilst Forward prices saw a more pronounced drop to £63.00 per tonne in the period. Improving availability saw traded volume jump 261% Q on Q

Q2 May - Jul 2026	High	Low	Traded this quarter	Quarterly Average Price	YTD Average Price	Total Volume
Paper						
Spot 2026	£9.75	£6.50	56,998	£7.95	£5.31	121,997
28 Day Rolling 2026	£9.50	£6.00	15,735	£7.62	£6.60	26,611
JUL Forward 2026	£6.50	£6.00	3,224	£6.19	£5.23	21,224
OCT Forward 2026	£9.30	£6.50	7,250	£8.08	£8.08	7,250
DEC Forward 2026	£8.00	£8.00	1,500	£8.00	£8.00	1,500
Plastic						
Spot 2026	£475.00	£305.00	44,324	£380.42	£332.18	88,326
28 Day Rolling 2026	£470.00	£310.00	27,659	£376.73	£336.61	50,984
JUL Forward 2026	£400.00	£335.00	4,870	£367.89	£318.23	14,498
OCT Forward 2026	£440.00	£325.00	4,150	£383.73	£320.83	12,100
Glass Other						
Spot 2026	£97.00	£91.00	23,341	£93.64	£92.73	35,847
28 Day Rolling 2026	£97.00	£92.00	2,060	£95.40	£95.40	2,060
JUL Forward 2026	£94.00	£94.00	1,000	£94.00	£89.82	5,500
Glass Remelt						
Spot 2026	£101.50	£92.00	54,693	£94.64	£96.03	71,800
28 Day Rolling 2026	£101.50	£92.00	3,000	£98.33	£99.17	6,000
JUL Forward 2026	£98.00	£92.00	16,000	£96.06	£96.06	16,000
OCT Forward 2026	£92.50	£92.50	7,500	£92.50	£92.50	7,500
DEC Forward 2026	£91.75	£91.75	7,500	£91.75	£91.75	7,500
Steel						
Spot 2026	£50.00	£40.00	17,957	£41.50	£35.92	33,183
28 Day Rolling 2026	£50.00	£40.00	5,785	£41.51	£41.12	8,594
JUL Forward 2026	£45.00	£45.00	300	£45.00	£40.83	1,800
OCT Forward 2026	£45.00	£42.50	12,100	£43.64	£43.21	13,700
DEC Forward 2026	£45.00	£42.50	7,250	£43.88	£43.21	8,750
Wood						
Spot 2026	£50.00	£15.00	19,050	£24.29	£19.30	37,584
28 Day Rolling 2026	£50.00	£25.00	3,750	£27.33	£22.61	5,950
JUL Forward 2026	£25.00	£25.00	1,000	£25.00	£10.91	5,500
Aluminium						
Spot 2026	£75.00	£62.00	3,828	£70.51	£60.25	5,421
28 Day Rolling 2026	£90.00	£63.00	1,750	£73.54	£73.54	1,750
JUL Forward 2026	£78.00	£70.00	500	£74.00	£77.00	1,000
OCT Forward 2026	£78.00	£63.00	1,800	£69.39	£70.07	2,050
DEC Forward 2026	£70.00	£70.00	250	£70.00	£72.50	500

Glass Remelt

Strong Remelt supply steadied the Glass compliance ship in Q2, offsetting a concerning collapse in Aggregate generation. Early trading in the period saw prices soften from a quarter high price of £101.50 to find healthy support at £92.00-95.00 per tonne. The average Spot price fell 5% Q on Q attracting strong demand as Remelt became the standout performer for the quarter - Volume was up 390% Q on Q and 52% year on year.

Glass Aggregate

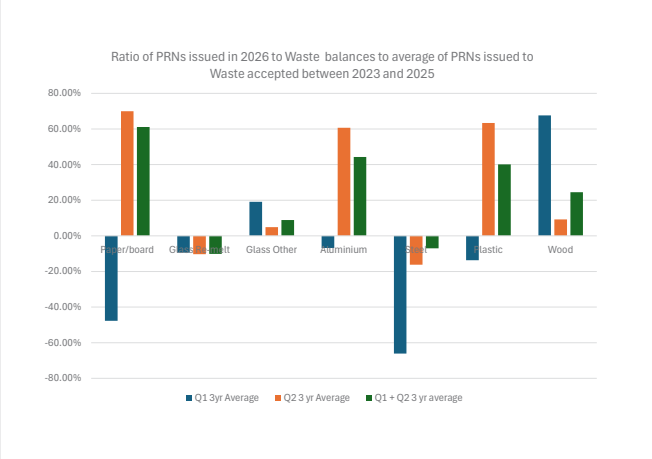
Aggregate's 75k tonne undersupply position at the half year point has tethered its PRN value to the Remelt price. Glass Other tracked Remelt's price slide in the first half of the Quarter, falling 6% to £91.00 per tonne, but rebounded to stabilise at £94.00 as the supply deficit and Aggregate's increasing reliance on Remelt became more apparent in the monthly data. Volume was up 18% Q on Q but down 21% Y on Y.

Managing Director's Comments - August 2026

What a year 2026 is developing into! The transition between Producer Responsibility and Extended Producer Responsibility (EPR) is proving to be a rocky ride. The challenges of increased Agency focus on the accuracy of returns from reprocessors and exporters and the teething problems of a new IT system both inputting information and interpreting its outputs have resulted in a very tight market leaving DEFRA wondering whether late adjustments might be needed to achieve compliance. In the interim, faced with a potential shortage of supply, PRN prices have soared upward in all materials.

Registration and Accreditation

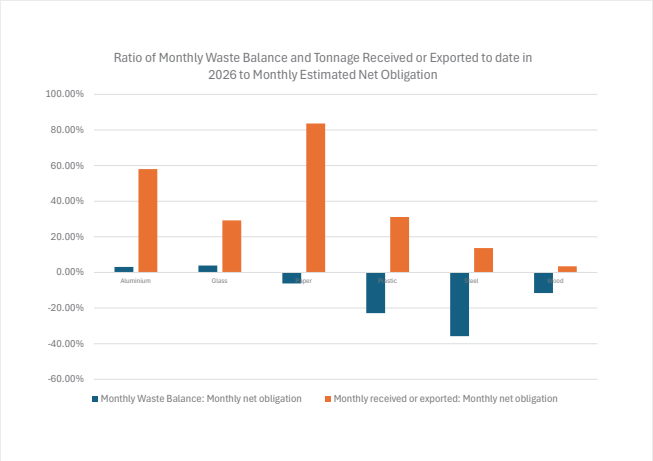
Faced with increased scrutiny it has taken a massive effort to not only encourage all reprocessors and exporters to re-register, something that many of the larger ones are still struggling to do, but also to master the new IT system to allow the requisite scrutiny to take place. Added to which has been the sheer quantity of administration that is required to use the system something for which the sector has been ill-prepared. It has also not been helped by the hiccups that are inevitable in the introduction of a new system … but these hiccups have had significant consequences, principally a shortage, potentially critical, of PRNs.



This sparked accusations that some accredited organisations are withholding PRNs. With prices as high as they are that seems a very risky strategy. Most sectors have reacted to the restricted issuing rate in Q1 by issuing to the maximum in Q2. And those that have not are more burdened with the scale of the administration. The question remains as to how swiftly it can be sorted and what is the scale of additional tonnage that will transpire.

Deposit Return Scheme (DRS)

Having seen the struggles so far with EPR, DEFRA may wish to reconsider the timetable planned for the introduction of the Deposit Return Scheme (DRS) not only to allow more time to set up but also to allow the current system, which is still in transition, time to settle. The impact of the change in the time of issuing export PRNs has yet to be established and will not be known until March 2027 by which time the 2027 compliance year will well under-way. Is disrupting it either necessary or beneficial?

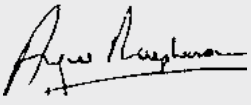


DEFRA is consulting regularly with the sector organisations to monitor the market and decide whether additional intervention is required. Part of the challenge for the market is to interpret the information that it is being provided through the Report Reprocessed and Exported Packaging Waste (RREPW). While Waste Balances demonstrate the quantity of PRNs that can be issued now, there is no clear visibility from the remainder of the data of what the potential PRN availability might be or how swiftly those PRNs might be available. What the data does make clear is that there is insufficient availability currently if projected forward to meet the material specific recycling targets for Plastic, Paper, Steel, and Wood. It is this that is keeping their PRN prices high. The graph above shows the difference between the two figures and, if all waste accepted for reprocessing or exporting becomes eligible for PRNs, the impact that would have on compliance capability with the obligation net of the carry forward. The answer lies between the two figures.

January carry-back

As the year progresses so too does the importance of transitional tonnage. With the availability issues for 2026, it is possible that all 2026 tonnage will be required to comply with 2026 obligations but due to the change of time for issuing export PRNs there may be a significant proportion that will be forced into 2027 as they will not have arrived at their final destination until after 31 January, the end of the compliance period. To counter this loss t2e continues to recommend that carry back is permitted on PRNs eligible to be issued in January and the compliance period during which these PRNs can be purchased be extended to 28 February.

Thank you to Paul van Danzig for his thoughts on page 4. Thank you to all that have supported us through these challenging times. We look forward to continuing to be of service to you. There is still a long way to go before the outcome of 2026 is known. It will be challenging times for all.



Angus Macpherson
Managing Director

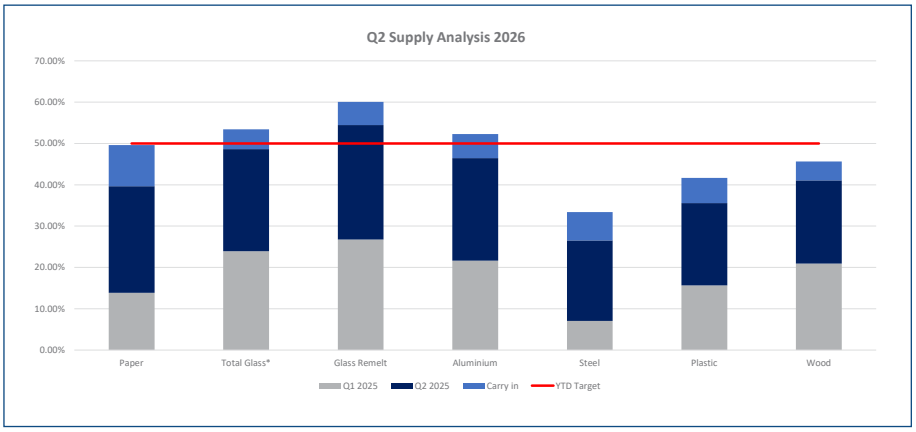
Q2 2026, Supply & Demand Analysis

By Andrew Letham, Operations Manager

The PRN market has endured an incredibly difficult start to 2026. With the transition to new reporting systems significantly reducing visibility, participants have spent much of the year trying to establish the true supply and demand position from data that has often been difficult to interpret. Reported recycling has not always translated directly into evidence, while changes to the point of claim have further complicated comparisons with previous years.

Material	Carry In	Q1	Q2	2026 Obligation	YTD Supply + Carry In	Balance
Paper	366,386	507,928	944,603	3,664,369	874,314	-2,790,055
Total Glass*	76,612	380,987	392,924	1,592,042	457,599	-1,134,443
Glass Remelt	66,675	319,503	330,882	1,194,032	386,178	-807,854
Aluminium	8,290	30,800	35,349	142,451	39,090	-103,361
Steel	22,977	23,587	65,204	334,637	46,564	-288,073
Plastic	73,245	188,414	239,361	1,202,489	261,659	-940,830
Wood	25,205	114,891	110,666	549,182	140,096	-409,086
Total	*572,715*	*1,246,607*	*1,788,107*	*7,485,170*	*1,819,322*	*-5,665,848*

**Total Glass consists of the combined total supply of Glass Remelt and Glass Aggregate.*



Against this backdrop, prices rose sharply across several materials as available data pointed towards potentially significant shortages. DEFRA's release of Waste Balance Data on 29th July, broadly replicating information previously available through NPWD, therefore provided some much-needed clarity.

The updated position offered reassurance in some markets but reinforced concerns in Plastic, Steel, and Wood, all of which remain at risk of non-compliance. Materials heavily reliant on export have been the most affected as more stringent summary-log reporting appears to be removing tonnage that may previously have generated evidence under the old system.

Greater scrutiny is ultimately positive, but targets will need to recognise this new supply environment. This reflects not only tighter UK regulation but wider controls being introduced across Europe and other destination markets. More concerningly, high PRN prices may no longer be producing the recycling response historically expected. The Agency has indicated that it is monitoring conditions this year and may intervene where necessary, while continuing to emphasise that producers must make every effort to secure sufficient evidence.

Overall demand remains relatively stable. Packaging handled currently stands at 10,800,110t, approximately 300,000t below the final 2025 figure, while obligations have already reached 7,485,169t following target increases across all materials. Further growth remains likely. High PRN prices may encourage producers to revisit submissions, although the revised resubmission deadline of 1st September is now closing, after which changes will no longer alter Notices of Liability or Disposal Fees.

Plastic remains the most immediate concern. Q1 recycling was 97,198t lower Year on Year (YoY) and, although supply stabilised from March onwards, only around 80,000t of valid evidence has been generated each month between March and August, approximately 60% of it through export. This compares with average monthly supply of 100,568t during 2025. Despite difficult underlying recycling markets a 20% reduction raises questions over how much historical supply would withstand today's increased scrutiny. With obligations already around 1.2 million tonnes, equivalent to roughly 300,000t per quarter, current generation rates leave compliance exposed. A substantial carry-in provides some protection but does not currently appear sufficient to bridge the gap. The revised export point of claim creates an additional year-end risk: material shipped during 2026 but arriving at destination in 2027 may not generate valid 2026 evidence. This could make exporters increasingly cautious as arrival dates become harder to predict.

Steel has undergone perhaps the largest reassessment. Early recycling data suggested abundant supply, a position increasingly questioned by industry as physical market conditions tightened and PRN prices rose. The Waste Balance Data issued in July validated those concerns, showing Q1 and Q2 supply down 59,000t (-71%) and 41,209t (-39%) respectively year-on-year. Late accreditations explain part of the decline, although some capacity may not return. Supply has improved over the latest two months, averaging 26,726t, but not sufficiently to recover the earlier deficit. With current demand of 334,637t against H1 recycling of only 88,791t, considerable improvement is still required. Approximately 80% of Steel PRN generation is export-based, leaving the market vulnerable to the same year-end timing constraints affecting Plastic.

Wood unaffected by the export issues has nevertheless experienced a sharp increase in PRN prices. Q1 and Q2 recycling fell by 17,646t (-13.3%) and 37,232t (-25%) respectively, largely reflecting the absence of several significant operators from reported data. Some missing tonnage has subsequently appeared, although another major recycler remains unaccredited for 2026. A much stronger July return provides optimism that the approximately 550,000t obligation can still be achieved. Compliance is far from assured, however, with sustained monthly recycling of around 50,000t required through the remainder of the year. ***[continued on page 4]***

PRNs in 2026 Perhaps the Problem Is Also the Solution

Paul Van Danzig, Group CEO at Wastepack

Hindsight is a wonderful thing. But looking back at the changes introduced to the PRN and PERN system for 2026, perhaps we should not be entirely surprised that this year was always going to prove challenging.

The introduction of new registration and accreditation requirements, revised sampling and inspection arrangements, tighter controls and additional measures designed to tackle fraud and error were both necessary and, in many respects, overdue. But implementing significant regulatory change inevitably creates disruption. At the same time, recycling targets have continued to increase, placing further pressure on an already changing market.

We are now seeing the consequences.

Questions remain over the accuracy and completeness of some of the data available to the market, making it difficult to establish with confidence the true balance between PRN/PERN supply and producer demand. More importantly, in some materials there are legitimate questions over whether sufficient recycling and export capacity exists to generate enough evidence to meet the UK's statutory targets this year.

Uncertainty over both supply and demand inevitably feeds into price. When buyers cannot be confident that sufficient evidence will ultimately be available, the rational response is to secure evidence earlier – and that competition pushes prices higher.

Against this backdrop, it is understandable that the PRN system itself has come under renewed scrutiny, with some questioning whether it should be fundamentally reformed or even abolished.

But we should be careful not to confuse the **symptom with the cause**.

The PRN does not create a shortage of recycling capacity. It puts a price on that shortage.

Indeed, it is precisely in difficult compliance years that a market-based mechanism such as the PRN becomes most important. Rising PRN prices send a very clear signal: **more material needs to be collected, processed and recycled, and additional capacity has value**. That signal provides an economic incentive to find additional tonnes, increase throughput, develop new outlets and ultimately invest in recycling infrastructure.

If we removed that mechanism, the underlying obligation would not disappear. Producers would still collectively need to demonstrate that the required amount of packaging had been recycled. If there genuinely isn't enough capacity to achieve that, some other mechanism would have to decide who gets access to the available recycling – and at what cost.

We think PRN prices are high today. In a system where producers had to procure the recycling itself directly, rather than purchasing evidence generated through a competitive market, the cost of securing the final tonnes needed to achieve compliance could potentially be considerably higher.

That does not mean the PRN system is beyond criticism. Better data, greater transparency, stronger enforcement, reduced opportunities for fraud and a level playing field between domestic reprocessors and exporters are all essential. Reform should absolutely continue.

But before we conclude that high PRN prices demonstrate that the system is broken, perhaps we should consider another possibility.

In a year when recycling capacity may be tight, high PRN prices may actually demonstrate that the mechanism is doing exactly what it was designed to do.

The challenge is therefore not simply to make PRNs cheaper. It is to ensure that the market signal they provide results in the additional recycling capacity that ultimately makes them cheaper.

[continued from page 3]

Paper is arguably the material most exposed to the revised point of claim, with approximately 75% of material moving to deep sea export destinations. A record 366,386t carry-in from 2025 provides a substantial buffer, but robust recycling rates will still need to continue. The 2% target increase could add around 100,000t of additional demand, taking the final obligation towards 3.7 million tonnes. With PRN pricing comparatively balanced, Paper may become one of the first markets where buyers begin considering 2027 positions. Carry-out is expected to reduce materially, limiting the protection available next year.

Glass remains relatively stable, although reporting changes have materially altered the mix of evidence generation. Remelt supply exceeded Aggregate by more than five-to-one across the first half of the year as prices for the two evidence types converged. Average quarterly Aggregate recycling is down approximately 20% YoY at 61,765t, while Remelt is up 6.6% at 325,192t. Combined H1 recycling totals 773,911t before the 76,612t carry-in is included, equivalent to 48.6% of the current 1,592,042t obligation. Packaging handled remains around 120,000t below 2025, while the current obligation is 46,893t below last year's final position, leaving room for further demand growth.

Aluminium exports were disrupted during the opening months of the year, again likely reflecting the revised point of claim. H1 recycling totalled 66,149t, down 4,543t year-on-year. Current obligations of 142,451t remain 2,423t below the final 2025 position, although the 1% target increase means further growth is possible. Improved recycling performance in recent months together with an 8,290t carry-in should currently be sufficient to achieve compliance but it remains tight.

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