

Forestry & Paper

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Weekly Price Update

Key message: Further containerboard price increases & OCC +9% w/w.

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- Chinese BSK futures pumps the brakes this week:** The May softwood contract on the Shanghai Futures Exchange settled at RMB 7,218/t last week Thursday, a drop of RMB 152/t from two weeks ago. We note that LatAM pulp producers are now raising concern over break bulk shipments (80% of Brazil pulp exports take place in break bulk), which is now being impacted by logistical issues and maritime freight. Even though pulp demand has been strong in 2021, Brazil pulp exports are down to 1mt from 1.4mt in November last year.
- Non-integrated graphic producers burning more cash this week:** Brazil remains a key export market for CWF. Encouragingly, imported CWF prices are rising (sheets are up from USD 720-750/t in January to USD 800-830/t in March). January P&W imports into Brazil were down 42% in January, while apparent consumption was down 9%.
- US kraftliner market remains supportive of European pricing:** Lower kraftliner supply and robust US corrugated box demand has seen six consecutive price increases for export markets for unbleached kraftliner. YTD kraftliner imports into China are down 42% and Europe down 13%. We also caution with an initial sign of weakness in Chinese testliner demand driving shuts in March/April from the likes of Nine Dragons and Shanying International.
- DS Smith confirms another testliner price increase of EUR 50/t in Europe:** The price increase is effective for all new orders from 11 March. The increase is on the back of continued strong demand and rising input costs. We note that OCC continues to rise, up 9% w/w. In terms of containerboard, testliner led the way this past week (up 1.3%), followed by kraftliner and white-top kraftliner. In Brazil, Klabin announced price increases of 14% for kraftliner and white-top kraftliner from April and announced a EUR 50/t increase for Europe as well.
- Positive read-through for Sappi:** Further solid bleached sulphate board price increase of USD 50/t from 1 April announced in the US by Graphic Packaging. Lecta announces a 10% price increase for its specialty papers, effective for all deliveries from 1 April 2021 in Europe and overseas markets. Metsä Board has announced a EUR 85/t increase for FBB effective 3 May.

Forestry and Paper – Key w/w price moves

Details	29-Dec	09-Mar	16-Mar	YTD av.	w/w % chg.	YTD % chg.	y/y % chg.
Pulp (USD/t)							
NBSK Europe	879	1 030	1 029	945	-0.1%	17.1%	23.1%
BHKP Europe	680	827	833	750	0.8%	22.5%	22.5%
NBSK Europe (EUR)	721	857	864	786	0.9%	19.8%	14.0%
BHKP Europe (EUR)	558	688	700	624	1.7%	25.4%	13.5%
US NBSK (gross)	1 130	1 271	1 360	1 205	7.0%	20.4%	20.0%
China BHKP net	499	714	720	585	0.8%	44.3%	55.9%
China NBSK net	671	939	941	793	0.1%	40.3%	63.8%
Paper (EUR/t)							
LWC	579	558	560	570	0.3%	-3.4%	-9.1%
Ctd WF	630	615	614	624	-0.2%	-2.6%	-7.8%
A4 B-copy	804	810	807	815	-0.4%	0.3%	-5.9%
Newsprint	404	388	388	402	0.2%	-3.8%	-13.8%
Packaging (EUR/t)							
Kraftliner	584	623	625	606	0.4%	7.0%	9.7%
White-top Kraftliner	723	733	737	731	0.5%	2.0%	-0.1%
Testliner 2	426	476	482	455	1.3%	13.3%	18.0%
Testliner 3	408	448	461	429	2.8%	12.8%	20.9%
RB-Fluting	393	430	441	412	2.6%	12.1%	18.4%
PIX OCC 1.04 dd	103	144	156	120	8.9%	52.6%	446.5%
PIX ONP/OMG 1.11 dd	119	148	161	132	8.9%	35.4%	93.9%
Spreads (EUR/t)							
SW/HW Europe (USD)	199	203	196	194	-3.5%	-1.7%	-47.4%
SW/HW China (USD)	171	225	221	208	-2.0%	28.6%	177.6%
NBSK China/Europe (USD)	209	90	89	152	-1.9%	-57.5%	-66.1%
BHKP China/Europe (USD)	9	(113)	(107)	(43)	-4.8%	-1236.9%	-149.2%
A4 B-copy/BHKP	247	122	107	190	-12.2%	-56.4%	35.3%
CWF/BHKP	73	(72)	(85)	(0)	17.8%	-217.3%	-270.0%
Kraftliner/testliner 2	158	147	142	151	-2.8%	-10.0%	-11.4%
White-top Kraftliner/kraftliner	139	111	112	126	1.4%	-19.2%	-26.9%
Testliner 2/OCC	323	332	326	335	-1.9%	0.8%	-12.5%

Source: Chronux Research, FOEX

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