Forestry & Paper

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Weekly Price Update

Analyst
Sean Ungerer CA (SA), CFA
+27 82 319 3373
sean.ungerer@chronux.co.za

***Key message**: Big jumps for pulp this week, means more pain for non-integrated Graphic Paper producers. OCC jumps 7% w/w, while containerboard sees modest gains.*

- **Big moves for pulp this week in China and Europe:** China pulp prices gained further ground on the back of good demand and continued arbitrage opportunities against the futures market. The May softwood contract on the Shanghai Futures Exchange settled at USD 973/t (excl. VAT and logistic costs). A record 10mt was traded on 3 March, and now with over 260mt of trade YTD, equating to 75% of 2020 traded volumes.
- **Mondi read-through for its 325kt white-top kraftliner containerboard capacity at its Syktyvkar mill in Russia:** Significant testliner prices gains were realised in Russia during February, with testliner up RUB 3,750/t vs. RUB 3,100 for kraftliner. The kraftliner (RUB 46k/t)/testliner (RUB 40k/t) spread continues to narrow and could drive substitution. Domestic testliner prices were strong as imports into Russia have been unprofitable in light of higher European prices. Additionally, OCC has also been scarce, with prices reaching RUB 20.5-22k/t in February. Domestic OCC prices are likely to remain elevated as importing OCC remains challenging in light of container availability. Testliner increases of RUB 5-6k/t are on the cards for March vs. RUB 6-6.5k/t for kraftliner from April.
- **Sappi Europe announced a 7-11% price increase for Packaging and Specialties:** This is effective for all deliveries from 1 April 2021. Key drivers for the price increase are rising input costs (pulp, energy and freight). Based on Sappi's broad portfolio, we expect the majority of the increase to be realised by SAP's Q4 21e.

Forestry and Paper – Key w/w price moves

Details	29-Dec	02-Mar	09-Mar	YTD av.	w/w % chg.	YTD % chg.	y/y % chg.
Pulp (USD/t)							
NBSK Europe	879	972	1 030	926	6.0%	17.1%	23.2%
BHKP Europe	680	783	827	732	5.6%	21.6%	21.6%
NBSK Europe (EUR)	721	800	857	769	7.2%	18.8%	13.0%
BHKP Europe (EUR)	558	644	688	609	6.8%	23.3%	11.6%
US NBSK (gross)	1 130	1 271	1 271	1 180	0.0%	12.5%	12.1%
China BHKP net	499	617	714	556	15.8%	43.2%	54.7%
China NBSK net	671	849	939	760	10.7%	40.1%	63.6%
Paper (EUR/t)							
LWC	579	558	558	572	0.0%	-3.7%	-9.4%
Ctd WF	630	616	615	626	-0.1%	-2.4%	-7.7%
A4 B-copy	804	808	810	816	0.3%	0.7%	-5.6%
Newsprint	404	387	388	405	0.1%	-4.0%	-14.0%
Packaging (EUR/t)							
Kraftliner	584	622	623	602	0.2%	6.6%	9.3%
White-top Kraftliner	723	733	733	731	0.0%	1.4%	-0.7%
Testliner 2	426	472	476	449	0.8%	11.8%	16.4%
Testliner 3	408	442	448	424	1.4%	9.7%	17.7%
RB-Fluting	393	424	430	406	1.3%	9.3%	16.8%
PIX OCC 1.04 dd	103	134	144	113	7.3%	40.1%	401.6%
PIX ONP/OMG 1.11 dd	119	142	148	128	3.6%	24.4%	78.2%
Spreads (EUR/t)							
SW/HW Europe (USD)	199	189	203	194	7.5%	1.9%	-45.5%
SW/HW China (USD)	171	231	225	207	-2.8%	31.2%	183.2%
A4 B-copy/BHKP	247	163	122	199	-25.1%	-50.4%	54.1%
CWF/BHKP	73	(28)	(72)	8	155.0%	-199.5%	-244.3%
Kraftliner/testliner 2	158	149	147	152	-2.0%	-7.4%	-8.8%
White-top Kraftliner/kraftliner	139	112	111	127	-0.8%	-20.3%	-27.9%
Testliner 2/OCC	323	338	332	336	-1.7%	2.8%	-10.8%

Source: Chronux Research, FOEX

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