

Forestry & Paper

Date: 19 May 2021

Weekly Price Update

Key message: Pulp prices stable in China. CWF in the green and further SBS price increases in North America.

- North America pulp registers further increase this week but rally likely to moderate now:** US spot markets have eased back to regular pulp allocations or 10% below that. In China, imported pulp appears to be at a standstill now, with suppliers keeping prices stable or not offering new volumes, while buyers have been holding back on new orders. Chinese P&B producers have resorted to downtime in order stop prices from dropping, thus causing pulp demand to moderate.
- CWF registers another price increase this week:** With CWF up 0.8% this week, the CWF/HW spread improves but still firmly in the red at EUR 221/t (UWF producers: -EUR 27/t). UWF prices should improve with most producers having announced at least an 8% increase from June.
- Kraftliner stable, while testliner gains further ground this week (+1.6%):** YTD, testliner is up 29%, followed by kraftliner (+17%) and white-top kraftliner (6%). European OCC prices have stabilized, dropping 1% w/w to EUR 145/t (still up 120% y/y).
- All Russian containerboard grades increased in April on the back of strong demand:** Kraftliner demand has been strong, but supply has been impacted by downtime from the likes of Mondi, Arkhangelsk Pulp and Paper and other smaller producers. White-top kraftliner demand has also been robust, but with prices up c. RUB 3,000/t in April. Kraftliner producers increased prices by c. RUB 6,000-7,000/t vs. RUB 4,000-8000/t for testliner producers (up 16% m/m above RUB 50,000/t). Kraftliner producers are targeting an increase of RUB 12,000/t for June.
- Solid bleached sulphate (SBS) producers in North America announce further price increases (positive read-through for Sappi North America):** Graphic Packaging, Clearwater Paper, WestRock and Pactiv Evergreen are targeting a USD 50/t price increase from 15 June.

Analyst

Sean Ungerer CA (SA), CFA
+27 82 319 3373

sean.ungerer@chronux.co.za

Forestry and Paper – Key w/w price moves

Details	29-Dec	11-May	18-May	YTD av.	w/w % chg.	YTD % chg.	y/y % chg.
Pulp (USD/t)							
NBSK Europe	879	1 216	1 220	1 021	0.3%	38.7%	43.4%
BHKP Europe	680	1 023	1 027	833	0.4%	51.0%	50.8%
NBSK Europe (EUR)	721	1 010	1 005	851	-0.5%	39.4%	28.5%
BHKP Europe (EUR)	558	849	847	695	-0.3%	51.8%	35.1%
US NBSK (gross)	1 130	1 565	1 603	1 318	2.4%	41.8%	37.9%
China BHKP net	499	779	779	664	0.1%	56.1%	65.5%
China NBSK net	671	985	985	874	-0.1%	46.8%	69.0%
Paper (EUR/t)							
LWC	579	552	553	564	0.0%	-4.6%	-9.7%
Ctd WF	630	620	625	621	0.8%	-0.8%	-5.4%
A4 B-copy	804	823	820	815	-0.3%	1.9%	-3.0%
Newsprint	404	385	385	395	0.0%	-4.5%	-13.6%
Packaging (EUR/t)							
			584				
Kraftliner	584	683	683	629	0.0%	17.0%	15.2%
White-top Kraftliner	723	763	763	740	0.0%	5.5%	3.6%
Testliner 2	426	543	551	487	1.6%	29.4%	31.2%
Testliner 3	408	517	528	459	2.1%	29.3%	33.7%
RB-Fluting	393	498	512	443	2.9%	30.3%	35.8%
PIX OCC 1.04 dd	103	178	176	145	-1.1%	71.8%	120.4%
PIX ONP/OMG 1.11 dd	119	197	199	159	0.8%	67.7%	94.3%
Spreads (EUR/t)							
SW/HW Europe (USD)	199	193	193	188	-0.4%	-3.4%	-40.4%
SW/HW China (USD)	171	206	205	210	-0.6%	19.7%	177.4%
NBSK China/Europe (USD)	209	231	235	147	1.9%	12.6%	-12.2%
BHKP China/Europe (USD)	9	37	43	(41)	13.8%	350.4%	-79.8%
A4 B-copy/BHKP	247	(27)	(27)	120	-1.3%	-110.8%	-135.9%
CWF/BHKP	73	(229)	(221)	(73)	-3.4%	-404.1%	-741.1%
Kraftliner/testliner 2	158	140	132	142	-5.9%	-16.6%	-23.6%
White-top Kraftliner/kraftliner	139	80	80	111	0.2%	-42.4%	-42.8%
Testliner 2/OCC	323	365	375	342	2.9%	16.0%	16.0%

Source: Chronux Research, FOEX

Disclaimer:

This report is not investment, financial, accounting or tax advice and is provided for information purposes only. In preparing this report we did not take your specific needs and investment objectives into account. Any prices or quotations provided are indicative only and may not be used or relied on for any purposes, including valuation purposes. Opinions expressed in this communication may change without any notice. This communication is not a solicitation to buy or sell any product. To the extent permitted by the law, Chronux Research Pty. Ltd. and/or the author(s) accept no responsibility or liability (in negligence or otherwise) for loss or damage resulting from the use of or relating to any error in the information provided. This information has been prepared in good faith and is based on information obtained from third party sources. Any modelling, scenario analysis past or simulated past performance (including back-testing) contained in this information is no indication of future performance. This product may not be eligible for distribution in all jurisdictions and is directed at institutional investors who have professional experience as defined by the applicable law and/or regulation in the relevant jurisdiction. It is not for retail investors and may not be distributed into any jurisdiction where the information is not permitted. This communication is for the intended recipient only and if you have received this communication in error or in an unlawful manner the report must be destroyed, and the author notified immediately. These disclaimers and exclusions shall be governed and construed in accordance with South African law. If any provisions of these disclaimers and exclusions shall be unlawful, void or for any reason unenforceable then that provision shall be deemed severable and shall not affect the validity and enforceability of the remaining provisions. © Chronux Research Pty. Ltd. All rights of Chronux Research Pty. Ltd are reserved.