

## Forestry & Paper

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### Industry Price Update

**Key message:** Pulp prices under further pressure in China. CWF price up 1.4% but CWF margins remain in the red as European pulp price rise further. Kraftliner and testliner up over 2.5% w/w.

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#### NOREXECO futures prices (USD/t)

	Q4 21E	vs. spot	Q1 22E	vs. spot	CY 22E	vs. spot
NBSK Europe	1 260	-6%	1 153	-14%	1 133	-16%
BHKP Europe	1 058	-7%	940	-18%	926	-19%
SW/HW spread	202		213		207	
China NBSK net	790	-2%	784	-3%	781	-3%
China BHKP net	590	-2%	580	-3%	587	-2%
SW/HW spread	200		204		194	

Source: FOEX, Chronux Research

- **China pulp prices fall further:** NOREXECO pulp futures for CY Q4 21E imply a 6-7% decline in Europe vs. a 2% decline in China.
- **European CWF margins remain in the red, despite prices up 1.4% w/w:** After factoring in a 30% discount to list pulp prices, the CWF/HW spread remains in the red at -EUR 10/t (UWF margin +EUR 173/t). In North America, the three largest UFS producers are out with price increases (6-9%) from 1 November. This would be the third industry-wide price increase in 2021 (could now be up USD 200/t). According to RISI, Mondi is planning to raise its UFS prices again in North America by EUR 100/t for all products delivered from its Central European mills Neusiedler in Austria and SCP in Slovakia, effective 1 November.
- **Containerboard in the green, with kraftliner and testliner up 2.5% w/w:** Burgo is set to increase all testliner grades by 15% from November on the back of rising input costs. Additionally, Hamburger Containerboard is set to increase all testliner prices by EUR 60/t. In the US, August kraft linerboard exports were down 24% YTD (China: -50% and Europe: -40%). In Europe, CEPI reported strong August containerboard deliveries to Europe, with shipments up 12% y/y to 2.5 mt (YTD shipments are up 7.4% to 20.7mt).
- **Positive read-through for Mondi's Flexible Packaging business as North America's ten largest kraft paper producers are out with further price increases:** WestRock (#1), Premium 1 Paper (#2) and GP (#3) have announced a USD 60-70/t increase for unbleached and bleached grades.

### Forestry & Paper Key w/w price changes

Details	29-Dec	05-Oct	12-Oct	YTD av.	w/w % chg.	YTD % chg.	y/y % chg.
<b>Pulp (USD/t)</b>							
NBSK Europe	879	1 340	1 340	1 172	0.0%	52.4%	59.5%
BHKP Europe	680	1 140	1 140	980	0.0%	67.6%	67.6%
NBSK Europe (EUR)	721	1 151	1 157	984	0.5%	60.4%	62.1%
BHKP Europe (EUR)	558	979	984	822	0.5%	76.5%	70.3%
US NBSK (gross)	1 130	1 512	1 503	1 456	-0.6%	33.0%	32.6%
China BHKP net	499	600	591	675	-1.4%	18.5%	30.9%
China NBSK net	671	807	804	879	-0.4%	19.9%	33.6%
<b>Paper (EUR/t)</b>							
LWC	579	597	606	570	1.6%	4.7%	4.5%
Ctd WF	630	669	679	636	1.4%	7.6%	6.5%
A4 B-copy	804	866	862	826	-0.4%	7.2%	5.9%
Newsprint	404	423	427	400	1.1%	5.8%	3.1%
<b>Packaging (EUR/t)</b>							
Kraftliner	584	794	815	687	2.6%	39.6%	44.6%
White-top Kraftliner	723	832	848	771	1.9%	17.3%	16.9%
Testliner 2	426	627	643	541	2.5%	51.1%	67.2%
Testliner 3	408	606	619	517	2.1%	51.6%	74.5%
RB-Fluting	393	592	607	503	2.5%	54.4%	76.5%
PIX OCC 1.04 dd	103	192	192	162	0.2%	87.7%	133.9%
PIX ONP/OMG 1.11 dd	119	227	227	183	-0.2%	91.0%	101.1%
<b>Spreads (EUR/t)</b>							
SW/HW Europe (USD)	199	200	200	193	0.0%	0.3%	-36.2%
SW/HW China (USD)	171	207	213	204	2.5%	24.0%	-30.1%
NBSK China/Europe (USD)	209	533	536	294	0.6%	156.7%	125.0%
BHKP China/Europe (USD)	9	333	336	101	0.9%	3460.1%	47.2%
A4 B-copy/BHKP (30% discount to list price)	414	180	173	250	-4.1%	-58.2%	-43.2%
CWF/BHKP (30% discount to list price)	240	(17)	(10)	60	36.9%	-104.4%	-104.5%
Kraftliner/testliner 2	158	167	172	146	3.1%	8.8%	-69.9%
White-top Kraftliner/kraftliner	139	38	33	84	-13.7%	-76.5%	-78.7%
Testliner 2/OCC	323	435	451	379	3.6%	39.5%	43.9%

Source: Chronux Research, FOEX

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