

Forestry & Paper

Industry Insights

Keymessage: *Pulp prices continued to slide in both Europe and China, reflecting persistent market weakness, while kraftliner held steady despite sharp drops in testliner and OCC. In the textile segment, dissolving wood pulp prices remained stable, but viscose staple fibre softened. However, a notable positive emerged as VSF operating rates in China rose to 86%, indicating healthier utilization and some improvement in downstream demand.*



Pulp, Graphic Paper and Paper Packaging Prices


Testliner under further pressure & OCC slumps by -4% | Weekly Price Trends


Forestry & Paper Key WoW price changes


Details	WoW	y-t-d	YoY*
Pulp (\$/t)			
NBSK Europe	-1,5%	3%	-6%
BHKP Europe	-3,8%	6%	-26%
NBSK Europe (€)	-1,0%	-8%	-13%
BHKP Europe (€)	-3,4%	-6%	-32%
China hardwood DP	0,0%	-18%	-16%
DP/pulp spread	0,6%	-30%	44%
China BHKP net	-0,4%	-8%	-32%
China NBSK net	0,0%	-10%	-15%
Paper (€/t)			
LWC	-0,3%	-1%	-1%
Ctd WF	-0,3%	-5%	-6%
A4 B-copy	-0,2%	-8%	-10%
Newsprint	-0,3%	-2%	1%
Packaging (€/t)			
Kraftliner	0,0%	5%	8%
White-top Kraftliner	0,0%	1%	3%
Testliner 2	-2,7%	9%	4%
Testliner 3	-4,1%	11%	4%
RB-Fluting	-2,7%	11%	4%
OCC	-4,1%	39%	-12%
ONP/OMG	-0,5%	-2%	-9%
Spreads (€/t)			
A4 B-copy/BHKP (37% discount to list price)	4,2%	-12%	137%
CWF/BHKP (30% discount to list price)	4,2%	-3%	275%
Kraftliner/testliner 2	8,4%	-5%	24%
White-top Kraftliner/kraftliner	0,1%	-25%	-28%
Testliner 2/OCC	-2,2%	3%	10%

Source: Chronux Research, FOEX, * vs. the PY monthly average

Weekly wrap up

 **Paper Pulp:** Market weakness persisted, especially in Europe with NBSK and BHKP down -1% and -3%, respectively. In China, prices were relatively more stable with NBSK flat and BHKP slightly down WoW.

 **Graphic paper:** Movements remained muted. Weak demand still limits pricing power.

 **Containerboard:** Testliner and RB-fluting edged both slumped just under -3%. OCC remains under pressure, falling by -4% WoW to reach €146/t.

Textile Prices

VSF op. rate in China jumps to 86% | Weekly Textiles Trends

China textiles - Key price and operating changes

Price details (CNY/t)	WoW	y-t-d
ZCE cotton contract	1%	0%
ICE cotton contract	-2%	-2%
Polyester: PSF 1.4D *38mm	-1%	-3%
Cottonseed	0%	5%
Cotton linter	0%	-7%
High-quality cotton linter	0%	-8%
Industry-grade refined cotton	0%	-2%
Food-grade refined cotton	0%	-2%
Hardwood DWP (\$)	0%	-9%
China BHKP net (\$)	0%	3%
DWP/pulp spread (\$)	1%	-23%
Softwood DWP (\$)	0%	-9%
China-origin hardwood DWP	0%	-7%
China-origin hardwood DWP (\$)	0%	-6%
Hardwood DWP spread: origin less import (\$)	-1%	21%
Medium-grade VSF	-1%	-3%
\$/t	-1%	-2%
Medium-grade VSF/HW DWP spread (\$/t)	-2%	6%
High-end VSF	0%	-1%
Lyocell fibre	0%	2%

Competing fibre premiums

Cotton premium to polyester	369	679
Cotton premium/(discount) to VSF	168	292
Lyocell premium to VSF	75	415
VSF premium to polyester	48	127

VSF plant operation

Operating rate (%)	600	(450)
Physical inventory days	-5%	62%
VSF theoretical profit (\$/t)	-46%	-63%
VSF theoretical profit (yuan/t)	-46%	-63%

Lyocell plant operation


Lyocell op. rate (%)	-	157
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FX


\$/RMB	0%	-1%
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Source: Chronux Research, CCF


Weekly wrap up

 **Dissolving pulp (DP):** Dissolving pulp market saw minor changes with reduced weakness this week as imported hardwood pulp and Chinese domestic DP remained steady at \$798/t and ¥6,500/t, respectively. This has been supported by tighter supply due to a 15-day maintenance shut in July at LD Cellulose, coupled with unplanned stop at Arauco's Valdivia mill in Chile due to a fire. Chinese dissolving pulp mills also maintained stable operations, while the Chinese premium over imports narrowed slightly to \$106/t.

 **DP/Paper pulp spread:** Further improved WoW to reach \$295/t.

 **VSF market:** VSF prices dropped by -1% WoW to ¥12,650/t. After bulk deals conclude, some VSF producers with low operational pressure may raise offers. However, limited yarn demand and price resistance will likely dampen aggressive buying.

 **VSF activity picks up in China:** Operating rates further improved to 86% from 80% as Shandong Yamei's VSF units gradually came back on stream from maintenance. Meanwhile, inventories days edged down slightly to reach 18 days of supply (from 19 last week).

 **Read-through for Sappi:** DWP held steady while VSF prices softened. Structural headwinds remain as end-use demand stays weak however VSF operating rates have significantly improved.

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The crux of the matter

South Africa
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