

# FIS Pulp Paper Futures Weekly Report

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## Market News

Freight rates have dropped considerably over the last three weeks with 20% reductions across most vessel sizes. From the pulp industry's perspective this will be welcome news (although it should be tempered with a sense of perspective – demand for freight is falling with worsening global macroeconomic conditions). However, pulp being a “dirty cargo”, traditionally attracting a premium, these falls are not filtering through as quickly as might be hoped from the industry perspective. Nonetheless there is cause for qualified optimism, port congestion remains a problem globally but is showing signs of easing and European demand for coal and fossil fuels as we head towards winter, appears to be rebalancing the freight markets. Equally the usual Q'3 harvest demand on bulkers from the grains industry (who compete with P&P directly for similar vessels), appears to be more muted this year. Heading towards Q4 '22, Freight pressure appears to be easing a little and whilst still at the forefront of business' minds, may start to become slightly more manageable.

Asian pulp prices have softened recently. Although list prices from most of the major exporters to China unchanged, reported prices are lower with Canadian NBSK being reported at \$1000-1030 m/t and Nordic at \$970-980 m/t (source: Fastmarkets/RISI). Demand signals as mentioned last week are not especially bullish with high profile capacity cuts taking place at several manufacturers in China and India.

North American pulp prices remained broadly flat last week with NBSK at \$1805 m/t and SBSK at \$1775 m/t (Fastmarkets/RISI), despite the supply chins issues that had plagued the industry finally being eased. BHK in prices were flat with tight supplies and strong demand seeing BEK and BHK at around \$1620 m/t according to Fastmarkets.

Interestingly demand in Europe was higher according to UTIPULP, with consumptions up by 5.8% in April to 1,000,892 m/t. In aggregate terms consumer inventories are being pegged at 14.2% lower year on year 603,989 m/t vs. 703,731 in May '21, leaving the European pulp market potentially more vulnerable to supply shocks should they materialise. With elevated spot prices in recent months and the reluctance of producers to enter into longer term supply agreements, volatility remains a constant spectre in the current market.

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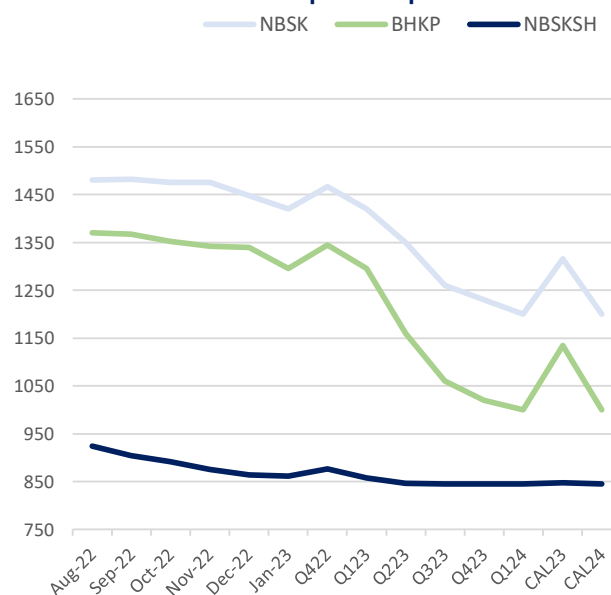
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	Softwood		Hardwood	Paper
NOREXECO:	NBSK	NBSKSH	BHKP	Recycled
Aug-22	1480	924	1370	216
Sep-22	1482	904	1367	216
Oct-22	1475	892	1352	216
Nov-22	1475	875	1342	216
Dec-22	1448	864	1339	215
Jan-23	1420	861	1295	209
Q422	1466	877	1344	216
Q123	1420	858	1295	209
Q223	1350	846	1160	207
Q323	1260	845	1060	206
Q423	1230	845	1020	205
Q124	1200	845	1000	202
CAL23	1315	848	1134	207
CAL24	1200	845	1000	202

Source: NOREXECO

## NOREXECO Pulp and Paper Futures



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