

FIS Pulp Paper Futures Weekly Report

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Market News

In the European futures market, corporate treasuries are starting to agree hedging mandates for 2023 and slowly going into action. Active bids for Cal '23 and Q1, Q2 '23 are beginning to be worked in the market.

The NBSK Q1+Q2 '23 strip is bid at around \$1350 and the BHKP Q1+Q2 '23 strip is paying \$1200. Volumes on these are relatively tentative at present, with the market still felling out tradeable levels – expect more activity and volume on these contracts as more mandates are agreed and finance departments continue to return from holiday. Ongoing volatility and uncertainty continue to drive the uptake of hedging initiatives across the industry.

Stock levels in June have been described as “flat” by PPI Pulp and Paper week, with producers seen as holding around 40 days of supply according to PPPC data. Analysts are quoted as struggling to get a clear picture with data revisions being cited as muddying the waters. June closing stocks were pegged at 5.904 million tons – the lowest level since June 2021. June global pulp shipments were up by 4.5% y-o-y at 4.602 million tons.

Asian demand continued to show signs of weakness with Canadian NBSK softer at \$965-980 and Nordic NBSK flat at around \$970-980 per ton. Some of our Asian customer base were paying closer attention to the soft/hard spread, potentially looking to buy soft/sell hard. They are seeing the physical Russian soft vs. hard at around RMB 400 and the China physical domestic soft vs hard spread at approx. RMB 650 and might look to move should spread narrow further. With Friday’s lower index, they may find an entry point over next few days.

Finally, as many of you may be aware – we will be having a cocktail reception on the 14th of September at 1800-2000 at Le Meridien’s roof terrace in Barcelona. It would be great to see you there. Please get in touch to RSVP.

Contact

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| NOREXCO: | Softwood | | Hardwood | Paper |
|----------|----------|--------|----------|----------|
| | NBSK | NBSKSH | BHKP | Recycled |
| Aug-22 | 1483 | | 1376 | 211 |
| Sep-22 | 1490 | 895 | 1380 | 200 |
| Oct-22 | 1480 | 876 | 1370 | 200 |
| Nov-22 | 1475 | 854 | 1355 | 200 |
| Dec-22 | 1453 | 833 | 1342 | 195 |
| Jan-23 | 1420 | 817 | 1298 | 194 |
| Q422 | 1469 | 854 | 1356 | 198 |
| Q123 | 1420 | 813 | 1295 | 199 |
| Q223 | 1350 | 800 | 1160 | 202 |
| Q323 | 1260 | 798 | 1060 | 201 |
| Q423 | 1230 | 805 | 1020 | 200 |
| Q124 | 1200 | 805 | 1000 | 202 |
| CAL23 | 1315 | 804 | 1134 | 201 |
| CAL24 | 1200 | 805 | 1000 | 202 |

Source: NOREXECO

NOREXECO Pulp and Paper Futures

