

FIS Pulp Paper Futures Weekly Report

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Market News

The pulp markets remain relatively quiet, with participants starting to return from their vacations this week. Supply and demand questions remain starkly in focus with forward prices beyond Q4 '22 very much in question. On the supply side the ongoing freight dislocation and a premium on availability of vessels continues to add stress to supply chains, however the dramatic fall in certain FFA's this week offers encouragement that some of the congestion in this sector may begin to ease going forward. Ongoing drought-like conditions across Europe (most starkly in Iberia) are still giving barge traffic serious problems in addition to putting stress on up and downstream infrastructure in the industry. In China prices on NBSK remain stable, despite some of the futures rallies seen in recent days. Exporters to China are broadly holding prices stable, with Arauco's drop of \$40 m/t on the unbleached softwood kraft the most notable movement in the Chinese cash market. Latam BHK prices in China are up slightly, with Arauco and CMPC announcing unchanged list prices. The PIX BHKP China index settling \$684.5 m/t (source: Fastmarkets/RISI). Stock levels among European consumers were slightly up in May, according to UTIPULP, while consumption levels rose. Consumer inventories stood at 603,989 m/t in May, a rise of 1.2% from 596,931m/t in April, consumption increased 5.8% to 1,000,892 m/t.

Taking an overview of the market the ongoing "known unknowns" on the supply side continue to provide challenges and support prices. Producers are also citing rampant global inflation as a significant input on their costs. Demand for print paper remains strong and it has been suggested that market can increase manufacturing levels at present. However, signs of demand destruction are starting to encroach in some sub-sectors, notably the North American OCC with a drop of between \$15-25 m/t and US containerboard stock levels at a 20 year high (Source: Fastmarkets/RISI). With plenty of global headwinds in the global macro-economic picture, not least consumer sentiment, it remains to be seen the severity of the impact this has on the pulp and paper markets.

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	Softwood		Hardwood	Paper
NOREXECO:	NBSK	NBSKSH	BHKP	Recycled
Aug-22	1480	944	1365	224
Sep-22	1480	937	1357	221
Oct-22	1475	908	1337	221
Nov-22	1475	880	1327	218
Dec-22	1448	859	1324	216
Jan-23	1420	851	1295	209
Q422	1466	882	1329	218
Q123	1420	851	1295	209
Q223	1350	849	1160	207
Q323	1260	843	1060	206
Q423	1230	839	1020	205
Q124	1200	839	1000	202
CAL23	1315	846	1134	207
CAL24	1200	839	1000	202

NOREXECO Pulp and Paper Futures

