

# FIS Pulp Paper Futures Weekly Report

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## Market News

A relatively subdued market in Europe at present, with many of the active participants in the hedging market notable by their absence and holiday plans.

The Norexeco futures forward curves remains in backwardation at levels which, superficially at least, appear to be decent levels at the front end for producer hedging. With hedging mandates for 2023 beginning to be issued amongst consumers, we may start to see more of a consensus amongst consumers and producers on forward levels that are tradable.

In China, the producer/consumer relationship is more strained; with buyers allegedly seeking discount \$70-\$80 m/t on NBSK, buyers offering less at around \$20-30 m/t. NBSK CIF China prices are being reported at \$1000-1030 m/t Canadian and \$980-1030 Nordic. On Friday 5th August Arauco informed customers that their list price for unbleached softwood kraft pulp would be cut from \$910 m/t to \$870 m/t. The PIX BHKP China index settled at \$863.5 m/t - with local variation in the softwood/hardwood spread being considerably tighter in some places than the index prices (Source data:Fastmarkets).

On a more macro level, freight dislocation and China's continuing "zero covid" policy continue to disrupt supply chains. Given the specialist freight requirements that the pulp sector demands, availability of vessels and loading slots at ports remains at a premium; potentially acting as an accelerant to further price volatility. Lower European stock levels at ports in June (-13.9% m-o-m and 4.9% y-o-y). (Source: Europulp)

Finally, on a personal note, I would like to introduce myself and the desk here at FIS. Lina is based in Shanghai and I am in London covering the Pulp and paper derivatives market. We would of course be delighted to discuss the best value and most efficient hedging tools for your risk management requirements.

We look forward to speaking to you soon.

## Contact

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	Softwood		Hardwood	Paper
NOREXECO:	NBSK	NBSKSH	BHKP	Recycled
Aug-22	1490	957	1365	220
Sep-22	1490	950	1357	219
Oct-22	1475	923	1337	219
Nov-22	1475	897	1327	216
Dec-22	1448	882	1324	214
Jan-23	1420	879	1295	207
Q422	1466	901	1329	216
Q123	1420	879	1295	207
Q223	1260	880	1160	205
Q223	1230	867	1060	204
Q423	1230	859	1020	203
Q124	1200	859	1000	200
CAL23	1315	871	1134	205
CAL24	1200	859	1000	200

NOREXECO Pulp and Paper Futures

