

FIS Pulp Paper Futures Weekly Report

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12-Sep-22

Market News

The physically delivered SHFE Sep futures contract enjoyed a dramatic rally last week, with the last trading day in sight (Thurs 15th). Prices touched RMB 8,660 /ton on Friday and active traders on this market are expecting further choppy trade as the contract expires. As of Monday morning, (12th September) open interest remains substantial at 7740 (77400 /tons), suggesting ride isn't over for those with positions in the contract. We understand that much of the dramatic price action here to be an "expiry squeeze", with shorts being forced or attempting to liquidate their position ahead of the last trading day.

Chinese NBSK import prices from Canada and the Nordics remained flat this week in the range of \$930-960/ton. The price list cuts of suppliers to China appears to have reached something on an equilibrium over past fortnight with demand demonstrably present at these sorts of levels.

In Europe physical NBSK and BHKP price action movement was sideways with purchaser and suppliers both citing reasons (which coincidentally often aligns with their economic objectives!) for movement up or down. Those hoping for a fall suggesting that demand was weakening and likely to continue to do so with the current global macro-economic outlook. Those with a more bullish view would counter with ongoing supply issues (ENCE's Pontevedra mill shutdown and the 660k m/t yr Stendal mill operating at 50-60% capacity for example), reduced Sodium Chlorate production and lowered availability of bleaching chemicals in addition to lowered stock at ports. Nonetheless the limited OTC trades there have been in the last week appear to have a more bearish tone - admittedly further out the curve. The coming weeks will hopefully provide more clarity on the markets ongoing narrative and direction.

OCC remains volatile globally, with the levels in North America some levels being reported as low as \$77 /ton. Recycled exports are offering some respite to recovered fibre producers in N. America, however present levels do not appear to be sustainable for many. Across Europe geographical variation in price remain, but despite the regional price differences, arbitrage opportunities are not as straightforward as might initially appear. Low flat price and still volatile freight / haulage rates means executing what might in theory be a tempting physical arb, is unworkable in practice. The volatile recovered paper market is demonstrating a clear need for hedging products – please feel free to reach out to discuss your requirements with us.

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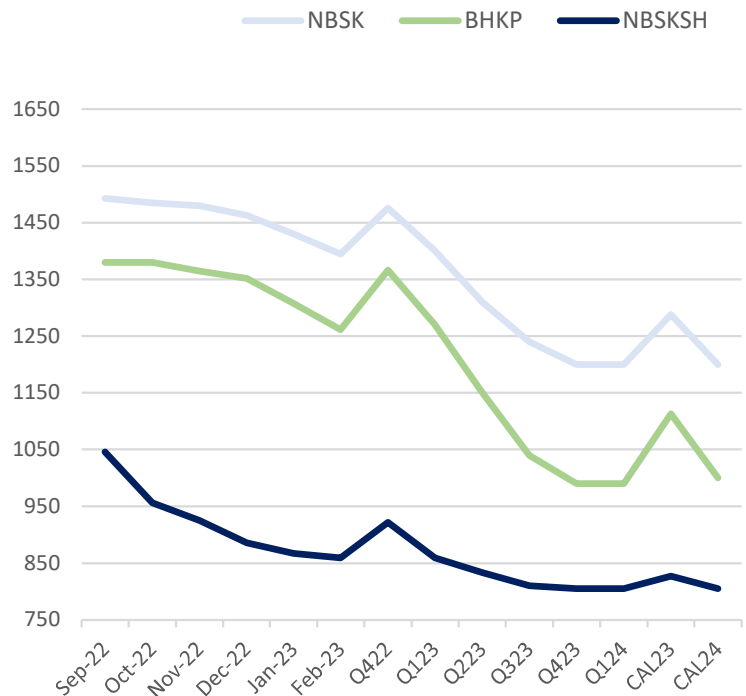
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NOEXECO:	Softwood		Hardwood	Paper
	NBSK	NBSKSH	BHKP	Recycled
Sep-22	1493	1046	1380	180
Oct-22	1485	956	1380	170
Nov-22	1480	925	1365	160
Dec-22	1463	886	1352	155
Jan-23	1430	867	1308	153
Feb-23	1395	859	1261	153
Q422	1476	922	1366	162
Q123	1400	859	1270	153
Q223	1310	833	1150	160
Q323	1240	810	1040	160
Q423	1200	805	990	160
Q124	1200	805	990	167
CAL23	1288	827	1113	158
CAL24	1200	805	1000	172

Source: NOEXECO

NOREXECO Pulp and Paper Futures



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