

FIS Pulp Paper Futures Weekly Report

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Market News

China has been closed for Golden Week, so SHFE and the physical market have off-line. SHFE is up as I type on Monday morning with the most traded Jan contract standing at 6898, up 34.

In Europe, we are beginning to see paper manufacturers starting to execute their hedging programs. On Tuesday, Norexeco H1 '23 NBSK traded at a quite punchy 1363 for 500tpm. Cal'23 NBSK is seen offered at \$1250 (for size) in the OTC market and \$1280 on Norexeco. BHKP H1'23 was also bought on Norexeco for \$1228 for 300tpm. Offers on the follow were available at these levels or better for both H1 and the Cal'23 (equiv), despite the (relative) tightness in the hardwood physical market. Bidding interest was also there on the BHKP 'Cal'23, at \$1010 (NXE screen) and \$1040 (OTC) – still a bit too far away to tempt sellers.

The EU imposed their eighth package of sanctions on Russia, to penalise it for the invasion of Ukraine. Included amongst the pulp and paper products banned for import from Russia are chemical wood pulp under the EU nomenclature code (CN) 4703 (excluding dissolving grades); newsprint (CN 4801); uncoated paper and board for printing and writing (CN 4802); toilet or facial tissue stock, towel or napkin stock or paper for household or sanitary purposes (CN 4803); and cartons, boxes, cases, bags and other packing containers (CN 4819). Nonwovens (CN 5603) are also affected. Included on the export side from the EU to Russia are a variety of wood pulp and recovered paper, specialty paper, uncoated paper and board, sack kraft paper, testliner and kraftliner along with various paper-making machinery and related parts (as reported by Fastmarkets/RISI).

This has been widely anticipated by an industry eager to burnish its ESG credentials in recent years and much of impact has been priced in. Russian pulp's pivot to supplying the Chinese market is likely to continue, with more similar deals to the Illim/Xiamen C&D likely in near future.

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NOREXECO:	Softwood		Hardwood	Paper
	NBSK	NBSKSH	BHKP	Recycled
Oct-22	1495	906	1380	117
Nov-22	1485	885	1380	112
Dec-22	1468	870	1370	110
Jan-23	1440	860	1338	112
Feb-23	1405	842	1291	112
Mar-23	1375	829	1261	112
Q422	1483	887	1377	113
Q123	1407	844	1297	112
Q223	1309	810	1160	117
Q323	1225	796	1045	125
Q423	1180	785	995	125
Q124	1180	785	995	132
CAL23	1280	809	1124	120
CAL24	1200	785	1000	142

Source: NOREXECO

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