

# FIS Pulp Paper Futures Weekly Report

London +44 (0)204 519 2856 | KieranW@freightinvestor.com | www.freightinvestorservices.com

14-Nov-22

## Market News

### London Pulp Week Feedback

London Pulp week was a busy week for all delegates, and it was great to see so many of you in person.

Macroeconomics loomed large in much of the industry's concerns for 2023 with recessionary headwinds in Europe and a significant chance of recession in the US (35%+ according to some analysts) causing concerns about demand going into 2023. Conversely better than expected US CPI numbers on Thursday (10<sup>th</sup> Nov), with an improving inflation outlook and subsequent greenback softening against most major currencies offered cause for optimism. Additionally, and possibly even more significantly, China announced easing of Covid-19 restrictions including easing of quarantine for inbound travellers' removal of flight circuit breakers, quarantine for close contacts, domestic quarantine and covid tests. This is being read as support from the Chinese authorities for business, investment and the economy going into the coming year, giving cause for optimism on the demand front.

With these factors firmly in delegates minds (admittedly US CPI and Chinese Covid-19 easing only toward the end of the week), views on markets prospects of Hardwood and Softwood forward prices were varied as one might expect.

On the hardwood pulp side, it was agreed that the spot market still felt reasonably tight from an S&D perspective and without a collapse in demand would remain so for the rest of the year and into Q1. However, the prospect of significant new production coming on stream in 2023, Arauco's MAPA and UPM's Paso de los Toros projects adding significant supply to the global market from Q2 '23 onwards. Clearly these respective projects will have a considerable impact on the global S&D picture and there is an argument for the backwardation in the forward curve to be considerably steeper than currently projected. With softwood, ongoing NBSK list price cuts to China seem to be indicative of overall market sentiment with a gloomier outlook. Global demand appears softer this quarter with paper sellers reporting deteriorating demand, reducing utilisation rates, and increasing finished paper inventories. This demand reduction from the manufacturers is beginning to impact order levels and many expect softwood pulp prices to continue to soften going into 2023.

## Contact

Kieran Walsh

(+44) 204 519 2856

(+44) 7749701509

[KieranW@freightinvestor.com](mailto:KieranW@freightinvestor.com)

NOREXECO:	Softwood		Hardwood	Paper
	NBSK	NBSKSH	BHKP	Recycled
Nov-22	1478	875	1380	80
Dec-22	1466	873	1370	77
Jan-23	1425	847	1335	78
Feb-23	1385	826	1285	80
Mar-23	1355	810	1230	82
Apr-23	1327	796	1170	84
Q123	1388	828	1283	80
Q223	1289	787	1130	84
Q323	1188	764	970	84
Q423	1127	747	920	84
Q124	1147	748	935	87
Q224	1198	781	990	89
CAL23	1248	781	1076	83
CAL24	1185	748	980	89

Source: NOREXECO

## NOREXECO Pulp and Paper Futures

