

# FIS Pulp Paper Futures Weekly Report

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30-Jan-23

## Market News

The cash market remains quiet with the Chinese Lunar New Year holiday meaning import activity in China almost non-existent. Demand signals from China being arguably the most significant input in determining the pulp market narrative for the coming year.

Stocks of pulp in European ports remains flat month on month in December at 1,331,168 tonnes. This is 17.6% higher than the year earlier period, when they stood at 1,132,128 in December 2021. Arauco's MAPA project produced its first bale on its BEK line on January 20<sup>th</sup>. The "line no.3" producing bleached eucalyptus kraft (BEK) is expected to produce 1.56million tonnes per year. Arauco's well publicised project had intended to open in Q2 2021 – but was delayed by the Covid-19 pandemic and supplier issues.

The Arauco mill has another line producing 540k tonnes per year of softwood pulp.

Conversely – APRIL, in a press release, has announced plans to curtail 200,000 tonnes of pulp production at its mill in Kerinci, Riau Province, Indonesia. The production curtailment is based on the consideration of demand seasonality, raw material optimization and maintenance downtime requirement. The downtime will be taken alternatively among the various pulp production lines at the mill from January to April 2023.

In the hedging market interests remains on both the softwood and hardwood coverage for the remainder of the year (the Cal'23 can only be traded until tomorrow). Offers remain thin on the ground in the BHKP grade, despite the aforementioned and long anticipated MAPA beginning to churn out bales. Buyers remain in the market but well below 1117 settle published on Norexeco. NBSK Cal'23 has traded 1240 last week and interest remains on both sides at around these levels – it remains to be seen if it closes.

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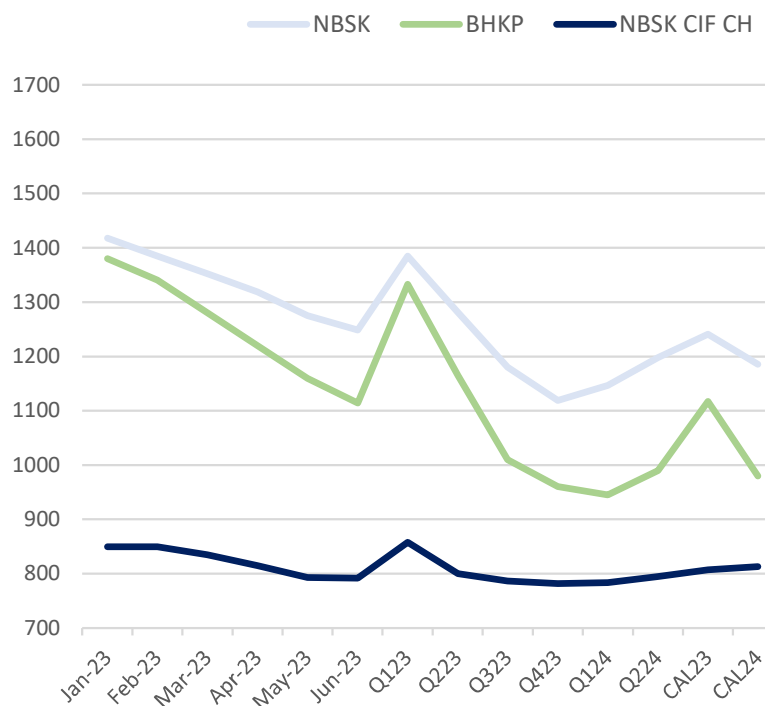
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NOREXECO:	Softwood		Hardwood	Paper
	NBSK	NBSK CIF CH	BHKP	Recycled
Jan-23	1418	850	1380	71
Feb-23	1385	850	1340	73
Mar-23	1352	835	1280	76
Apr-23	1319	815	1220	79
May-23	1275	793	1160	79
Jun-23	1249	792	1114	79
Q123	1385	858	1333	73
Q223	1281	800	1165	79
Q323	1180	786	1010	79
Q423	1119	782	960	79
Q124	1147	784	945	83
Q224	1198	795	990	85
CAL23	1241	807	1117	78
CAL24	1185	813	980	85

Source: NOREXECO

## NOREXECO Pulp and Paper Futures



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