

FIS Pulp Paper Futures Weekly Report

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22-Apr-24

Market News

China

Despite sluggish pulp futures and disrupted supply from Finland, suppliers maintained their offer prices for Northern Bleached Softwood Kraft (NBSK) imports into China. The decline in the most-traded BSK September contract on the Shanghai Futures Exchange led to hesitation among futures investors to buy NBSK imports due to the lack of arbitrage opportunities. Large mills secured contract volumes amidst concerns over disruptions in Finnish NBSK supply. Prices for NBSK imports from Canada remained flat at \$780-800 per tonne, while Nordic NBSK levels stayed steady at \$760-785 per tonne. Suzano announced price hikes for BHK globally, but signs of buyer resistance were observed in China, where buyers cut contract volumes amid concerns over stocking up on imports. South American BHK April orders settled at \$710-720 per tonne following the price hike. Talks regarding the May hike plan have not yet commenced. The PIX BHKP China index settled at \$710.46 per tonne, marking a 3.28% increase from the previous week.

Goldman Sachs released a research note on the pulp market, rowing back from their predictions earlier in the year. Observing the global supply/demand balance for hardwood and softwood pulp is expected to be better than initially thought due to several temporary factors causing a shift from potential oversupply to deficit in the first half of the year. These factors include a port strike in Finland, an explosion at Metsa's Kemi mill, temporary buying from certain companies, seasonal demand, and slow ramp-up of major projects. As a result, price forecasts for 2024 are increased. However, oversupply is expected to resurface in the second half of 2024 and into 2025 due to the dissipation of temporary factors and the ramp-up of new projects, potentially driving prices down. Supply disruptions are becoming more common due to geopolitical risks and climate change. Catalysts to monitor include Chinese paper margins, new capacity ramp-ups, and wood chip prices in Asia. Updates to the supply and demand model reflect disruptions, with reduced expected oversupply for 2024 and 2025. Hardwood and softwood pulp price forecasts for 2024 are adjusted to reflect the latest dynamics.

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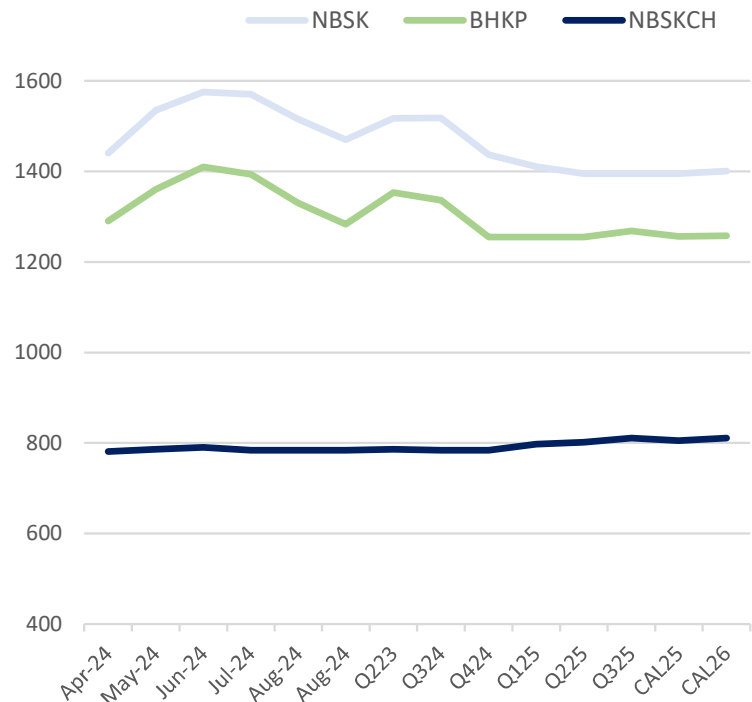
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| NOREXECO: | Softwood | | Hardwood | Paper |
|-----------|----------|--------|----------|----------|
| | NBSK | NBSKCH | BHKP | Recycled |
| Apr-24 | 1440 | 781 | 1290 | 119 |
| May-24 | 1535 | 786 | 1360 | 125 |
| Jun-24 | 1575 | 790 | 1410 | 125 |
| Jul-24 | 1570 | 784 | 1394 | 125 |
| Aug-24 | 1515 | 784 | 1330 | 125 |
| Aug-24 | 1470 | 784 | 1283 | 125 |
| Q223 | 1517 | 786 | 1353 | 123 |
| Q324 | 1518 | 784 | 1336 | 125 |
| Q424 | 1437 | 784 | 1255 | 127 |
| Q125 | 1410 | 797 | 1255 | 127 |
| Q225 | 1395 | 802 | 1255 | 127 |
| Q325 | 1395 | 811 | 1268 | 127 |
| CAL25 | 1395 | 805 | 1256 | 127 |
| CAL26 | 1401 | 811 | 1258 | 127 |

Source: NOREXECO

NOREXECO Pulp and Paper Futures



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