

FIS Pulp Paper Futures Weekly Report

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Market News

North America

North American pulp markets weakened due to the reduced demand caused by tepid paper markets and an oversupply of hardwood kraft. Benchmark northern bleached softwood kraft (NBSK) dropped by \$20-30/tonne while hardwood also tumbled due to the influx of fresh tonnes flooding US markets. Although NBSK producers are slated to experience considerable output slash in the coming months, no US buyers expressed concern about supplies. Southern bleached softwood kraft (SBSK) has increasingly spread in domestic spot markets pressuring down US effective list prices. Global fluff pulp markets have been experiencing unusual pricing anomalies during the 2022 bull run, including in the mature markets of North America and Europe, but that was especially so in the fast-growing Chinese market. Major producers Georgia-Pacific (GP) and International Paper (IP) mounted a seller's strike, refusing to budge on price and conceding volumes to competitors who let prices slide. As a result, Chinese fluff consumption is exceptionally low, and the unprecedented spread between fluff and NBSK will surely narrow over the next three months, sources said.

China

Logistics strikes in Finland and forest fires in Chile have affected Chinese BSK market participants, who are worried about worsening softwood availability. The market was also impacted by a woodchip shortage in Canada. BSK futures reacted to the news of the strikes in Finland, but concerns over physical pulp demand in China caused futures levels to drop later that day. The May contract settled at RMB 6,582 per tonne on Friday, down RMB 102 per tonne from last week. NBSK and BHK prices in China and other regions have remained relatively stable or declined slightly.

Futures

2H23 on both the NBSK remained in focus for hedgers on both the NBSK and BHKP, with the 2H23 on the NBSK trading at 1155 here for 1ktpm. BHKP levels for the same strip are also being explored by counterparties, but buyer/seller tension remains. Feb-Dec '23 strips is 1090/1130.

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NOREXECO:	Softwood		Hardwood	Paper
	NBSK	NBSKCH	BHKP	Recycled
Feb-23	1386	895	1335	69
Mar-23	1353	875	1270	74
Apr-23	1320	845	1210	77
May-23	1276	818	1150	79
Jun-23	1250	802	1099	79
Q123	1211	791	1020	79
Q223	1282	822	1153	78
Q323	1186	791	1010	79
Q423	1124	787	980	79
Q124	1147	784	945	83
Q224	1198	795	990	85
CAL23	1198	837	993	86
CAL24	1185	813	980	85
CAL25	1198	837	993	86

Source: NOREXECO

NOREXECO Pulp and Paper Futures

