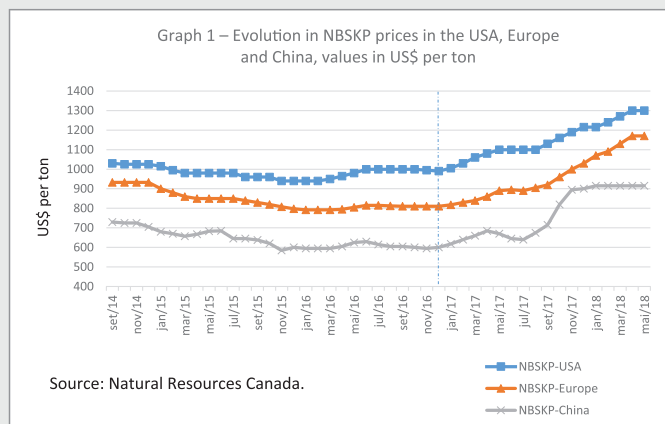




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ARE INTERNATIONAL PULP PRICES STABILIZING IN MID-2018?

Data sources on the US dollar price per ton of pulp indicate distinct trends in the dollar quotation for Northern Bleached Softwood Kraft Pulp (NBSKP) in mid-2018. Natural Resources Canada (see Graph 1 and Table 1) indicates that, after 16 highs, international prices in US dollars for NBSKP in May were the same as those in effect in April in the United States, as well as in Europe and China.



However, Euwid's graphs (www.euwid-paper.com) indicate highs in the US dollar price for NBSKP in both Europe and the United States in June versus May, and in May versus April.

Data from the Royal Bank of Canada (see Table 2) indicates slight increases in the price per ton of NBSKP in the United States in May compared to April quotations.

Notwithstanding the uncertainty of what's happening with US dollar quotations per ton of NBSKP in international markets (still room to increase or are prices stabilizing?), US dollar quotations of Bleached Hardwood Kraft Pulp (BHKP) are stable in mid-2018. Table 3 shows that the price quotation for a ton of Bleached Hardwood Kraft Pulp (BHKP) in Brazil in July 2018 is practically the same as in June, both in terms of price without discount (the so-called list price), as well as for the average size client. And Euwid's graphs for the price in US dollar per ton of BHKP coming from South America indicate stability in the same period.

Euro quotations for kraftliner and A4 papers in Europe in June 2018 were the same as in May.

In the São Paulo market, brown papers saw a slight increase in average prices in Brazilian reais (R\$), but with no immediate impact on the recycled paper market.

Table 1 – Dollar prices of Northern Bleached Softwood Kraft Pulp (NBSKP) in the United States, Europe and China and the price per ton of Bleached Chemimechanical Pulp (BCTMP) in China

Product	Feb/18	Mar/18	Apr/18	May/18
NBSKP – USA	1,240	1,270	1,300	1,300
NBSKP – Europe	1,090	1,130	1,170	1,170
NBSKP – China	915	915	915	915
BCTMP – China	640	625	625	625

Source: Natural Resources Canada

Notes: NBSKP = Northern Bleached Softwood Kraft Pulp;
BCTMP = Bleached Chemithermomechanical Pulp

Table 2 – Prices per ton of Northern Bleached Softwood Kraft Pulp (NBSKP) and Newsprint in the United States

Product	3Q2017 Average	4Q2017 Average	1Q2018 Average	Mar/18	Apr/18	May/18
NBSKP	1,102.40	1,155.70	1,213.50	1,230.10	1,248.40	1,270.50
Newsprint	544.40	557.00	577.80	584.40	595.10	611.90

Source: Haver Analytics, Bloomberg, RBC Economics Research

Table 3 – Prices per ton of hardwood pulp (dried) put in São Paulo – in US dollars

			May/18	June/18	July/18
Domestic sales	List price	Min.	1,037.37	1,049.96	1,050.00
		Avg.	1,037.66	1,049.99	1,050.00
		Max.	1,037.80	1,050.01	1,050.01
	Avg. client	Min.	755.00	763.88	763.88
		Avg.	922.04	932.58	932.58
		Max.	1,008.00	1,018.91	1,018.91
External sales	Avg. price		563	581	n.a

Source: Grupo Economia Florestal – CEPEA/ESALQ/USP and MDIC; n.a. value not available. Note: Selling prices in the internal market do not include taxes.

INTERNATIONAL MARKETS

Europe

Data from Natural Resources Canada (Graph 1 and Table 1) indicates stability in US dollar quotations per ton of Northern Bleached Softwood Kraft Pulp (NBSKP) in Europe in May, with an average value of US\$ 1,170. Compared to December 2016, this product increased US\$ 360 per ton, a relative high of 44.4%.

Table 4 – Average prices per ton of paper put in São Paulo (in R\$) – without ICMS and IPI but with PIS and COFINS – domestic sales by the industry to big consumers or dealers

Product		Mar/18	Apr/18	May/18	June/18	July/18
Cut size		2,863	2,863	2,863	2,863	2,863
Duplex Board	Ream	6,109	6,109	6,109	6,109	6,109
	Reel	6,059	6,059	6,059	6,059	6,059
Offset Paper		3,001	3,007	3,031	3,031	3,033

Source: Grupo Economia Florestal – CEPEA/ESALQ/USP.

Table 5 – Average prices per ton of paper put in São Paulo (in R\$) – with PIS, COFINS, ICMS and IPI – domestic sales by the industry to big consumers or dealers

Product		Mar/18	Apr/18	May/18	June/18	July/18
Cut size		3,666	3,666	3,666	3,666	3,666
Duplex Board	Ream	7,823	7,823	7,823	7,823	7,823
	Reel	7,759	7,759	7,759	7,759	7,759
Offset Paper		3,842	3,851	3,881	3,881	3,884

Source: Grupo Economia Florestal – CEPEA/ESALQ/USP.

Table 6 – Average prices without discount and without ICMS and IPI (but with PIS and COFINS) per ton of fluting, testliner and kraftliner paper (in R\$) put in São Paulo – DOES NOT INCLUDE INTERNAL TRANSFER PRICES

	Jan/18	Feb/18	Mar/18	Apr/18	May/18	June/18
Fluting	2,040	2,073	2,077	2,067	2,068	2,097
Testliner	2,083	2,083	2,104	2,104	2,104	2,150
Kraftliner	2,589	2,607	2,624	2,624	2,624	2,624
Sack kraft	2,779	2,779	2,779	2,779	2,779	2,827

Source: Grupo Economia Florestal – CEPEA/ESALQ/USP.

Note: Some prices in this table were revised in relation to previous publications. These revisions continue underway.

Table 7 – Prices per ton of offset paper cut into sheets and coated paper as sold by dealers (in R\$ and per kg) – put in the Campinas (SP) region

		Apr/18	May/18	June/18	July/18
Offset cut into sheets	Min. price	3.45	3.45	3.45	3.45
	Avg. price	6.44	6.45	6.43	6.46
	Max. price	11.06	11.06	11.06	11.06
Coated	Min. price	5.80	5.80	5.80	5.80
	Avg. price	6.84	6.99	6.86	7.18
	Max. price	8.50	8.50	8.50	8.50

Source: Grupo Economia Florestal – CEPEA/ESALQ/USP.

Table 8 – Prices per ton of kraftliner paper in US\$ FOB for export – without ICMS and IPI - Brazil

		Mar/18	Apr/18	May/18	June/18
Exports (US\$ per ton)	Min.	682	615	545	523
	Avg.	692	665	688	694
	Max.	703	688	829	752
Imports (US\$ per ton)	Min.	559	534	500	548
	Avg.	559	534	500	548
	Max.	559	534	500	548

Fonte/Source: Aliceweb, NCM code 4804.1100

Euwid's graphs indicate stability in Euro quotations for kraftliner and A4 paper sold in Europe in June versus May 2018.

USA

Distinct sources based on different samples usually present values that are not equal for the same variable. However, it's expected that the trends in these sources for the same variable be identical. This does not occur with US dollar prices per ton of NBSKP in the United States according to data from Natural Resources Canada (NRC) and Royal Bank of Canada (RBC).

Comparing the values in Tables 1 and 2, we see that RBC reports a price of US\$ 1,270 in May for a ton of NBSKP in the United States, which value NRC indicated was valid in March 2018 for the North American market. For NRC, the price in US dollar for the ton of NBSKP in the United States is the same in May and June. However, according to RBC, prices increased.

This differing information between NRC and RBC raises doubts whether the US dollar price per ton of NBSKP in the United States is tending to stabilize, or not, in mid-2018.

RBC data indicates a persistent high in the US dollar price for newsprint in the USA (see Table 2). From January to May 2018, the US dollar price per ton of this product increased US\$ 53.90, that is, 9.7% in relation to its price in December 2017 (when it was US\$ 558 per ton).

China

Graph 1 already indicates China's pressure to stabilize the US dollar quotation on the ton of NBSKP since the beginning of 2018. As a result, major differences occur in the dollar quote per ton of NBSKP between the US, European and Chinese markets. In May 2018, the dollar price per ton of NBSKP sold in China was 70.4% of the price charged in the United States and 78.2% of the price in Europe, according to NRC (see Table 1).

BRAZILIAN MARKET

Pulp market

The data in Table 3 indicates stability in the US dollar quotation of hardwood pulp in Brazil in July vis-à-vis June 2018.

Table 9 – Prices per ton of recycled material put in São Paulo (in R\$)

Produto Product		May 2018			June 2018		
		Min.	Avg.	Max.	Min.	Avg.	Max.
White recycled material	1	780	1,120	1,800	780	1,120	1,800
	2	420	638	1,050	420	638	1,050
	4	300	520	760	300	520	760
Brown recycled material (corrugated)	1	310	523	690	310	523	690
	2	280	496	670	280	496	670
	3	280	418	640	280	418	640
Newsprint		290	524	970	290	524	970
Folding Board	1	500	625	700	500	626	700
	2	300	450	600	300	450	600

Fonte/Source: Grupo Economia Florestal – CEPEA/ESALQ/USP

Table 10 – Brazilian imports of brown recycled material (NCM code 4707.10.00)

Months (not continuous)	Values in US\$	Amounts (in kg)	Avg. price (US\$ t)
August/2016	116,640	648,000	180.00
September/2016	67,589	370,670	182.34
October/2016	256,265	1,405,339	182.35
November/2016	181,572	981,422	185.01
December/2016	154,892	822,562	188.30
January/2017	34,560	216,000	160.00
March/2017	34,560	216,000	160.00
April/2017	34,560	216,000	160.00
May/2017	36,720	216,000	170.00
June/2017	6,940	48,360	143.51
July/2017	110,160	648,000	170.00
August/2017	22,950	135,000	170.00
October/2017	84,240	486,000	173.33
November/2017	184,509	966,600	190.88
December/2017	150,123	886,225	169.39
January/2018	175,292	1,013,024	173.04
February/2018	42,163	284,244	148.33
March/2018	51,053	313,500	162.85
April/2018	167,566	1,068,000	156.90
May/2018	71,100	468,000	151.92
June/2018	236,349	1,389,326	170.12

Source: Aliceweb System.

Note: Months not mentioned in the first column of this table (like November 2014 to July 2015, for example) did not have data on imports of brown recycled paper.

Paper market

Prices in Brazilian reais (R\$) for cut size and board in big industry sales to big buyers did not change in June compared to May, and prices are not expected to change in July (see Tables 4 and 5). However, there was a slight increase in the price of offset paper at this negotiation level.

This increase in offset paper prices also occurs in sales by dealers to small print shops and copiers in the Campinas (SP) region, as shown in Table 7.

As of this month, this column will no longer publish minimum prices for brown line packaging papers in Brazil, which are characterized as internal transfer prices between companies. With the removal of these prices, average prices for fluting, testliner and kraftliner papers were revised.

Table 6 presents revised data for the average price of fluting, testliner and kraftliner papers since January 2018 plus the average price per ton of sack kraft. An increase of 1.4%, 2.2% and 1.7% was observed in the average price for fluting, testliner and kraftliner papers in June versus May 2018. Preliminary data, but not divulged in this edition, indicates new highs in fluting and kraftliner prices in July.

Recycled paper

The recycled paper market ended up being significantly affected by the truckers' strike in May, which led to the formation of big inventories at recyclers and the need to move this product in June. As a result, practically all recycled paper quotations in Brazilian reais (R\$) in June were identical as May, except for a slight increase in the average price of recycled folding board type 1 (see Table 9).

With the recent increases in fluting and kraftliner prices and the fact that imported recycled material (see Table 10) in June being registered at higher prices in US dollars, there's a possibility that recycled paper prices will increase in July. This data will be reported in the next edition of this magazine. ■

Observation: the calculation methodologies for prices presented in Tables 3 to 9 are provided in the following link <http://www.cepea.esalq.usp.br/florestal>. Note that prices in Tables 3, 4 and 6 are without ICMS and IPI (which are taxes), but with PIS and COFINS (which are contributions).

Check production and sales indicators for pulp, paper and corrugated board in O Papel's website at: www.revistaopapel.org.br