

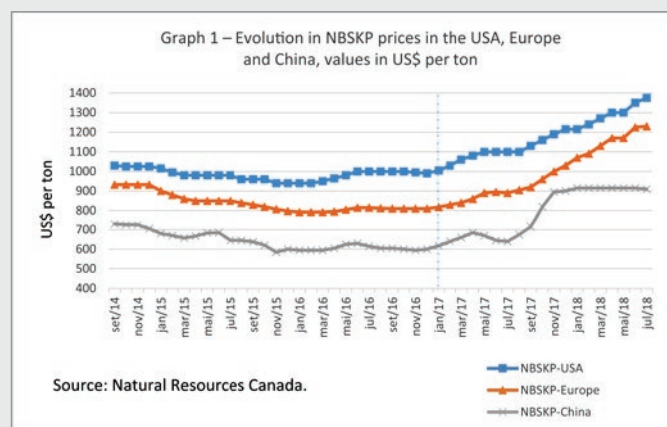


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INTERNATIONAL AGENCIES DIFFER ON DOLLAR PRICE TRENDS FOR SOFTWOOD KRAFT PULP

The three international sources for dollar prices of Northern Bleached Softwood Kraft Pulp (NBSKP) which this analysis is based on – Natural Resources Canada, Royal Bank of Canada-Bloomberg and Euwid – present different trends for the dollar quote per ton of this product at the beginning of the second semester of 2018.

Natural Resources Canada (NRC) reports a price increase in dollar per ton of NBSKP in the United States and Europe in July compared to its price quotes in June (see Graph 1).



However, the Royal Bank of Canada (RBC) in partnership with Bloomberg reported a price drop in dollar per ton of NBSKP in the United States for July vis-à-vis June (see Table 2). While Euwid (www.euwid-paper.com), in its graphs, indicates stability in dollar prices for this product in Europe and United States in July and August compared to June prices.

Prices in euros for offset paper and kraftliner in August were the same as those in July in Europe.

In domestic sales of BHKP, the price list in dollar for this product remained constant in the third quarter (US\$ 1,050 per ton). However, medium-size clients have been obtaining minimal price reductions in dollar for this product.

Prices in Brazilian reais (R\$) for paper sold by the industry to big consumers and dealers in Brazil in September (when compared to August prices) show variations in both directions (price increases, reductions or constant values).

As mentioned in this column last month, significant price increases

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 Chemithermomechanical Pulp (BCTMP) in China

Product	Apr/18	May/18	June/18	July/18
NBSKP – USA	1,300	1,300	1,350	1,375
NBSKP – Europe	1,170	1,170	1,225	1,230
NBSKP – China	915	915	915	910
BCTMP – China	625	625	620	608

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	May/18	Jun/18	Jul/18
NBSKP	1,102.40	1,155.70	1,213.50	1,270.50	1,314.40	1,286.00
Newsprint	544.40	557.00	577.80	611.90	626.40	603.00

Source: Haver Analytics, Bloomberg, RBC Economics Research

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

			Jul/18	Aug/18	Sep/18
Domestic sales	List price	Min.	1,050.00	1,050.00	1,050.00
		Avg.	1,050.00	1,050.00	1,050.00
		Max.	1,050.01	1,050.00	1,050.00
	Avg. client	Min.	763.88	763.88	763.88
		Avg.	932.58	931.87	930.90
		Max.	1,018.91	1,028.83	1,015.96
External sales	Avg. price		547	556	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.

occurred in August for white and brown recycled material in the state of São Paulo compared to their July prices. And new price increases in Brazilian reais (R\$) for these recycled materials are expected in September.

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		May/18	Jun/18	Jul/18	Aug/18	Sep/18
Duplex Board	Ream	6,109	6,109	6,109	6,296	6,183
	Reel	6,059	6,059	6,059	6,240	6,176
Offset Paper		3,031	3,031	3,033	3,030	3,106

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		May/18	Jun/18	Jul/18	Aug/18	Sep/18
Duplex Board	Ream	7,823	7,823	7,823	8,062	7,917
	Reel	7,759	7,759	7,759	7,991	7,908
Offset Paper		3,881	3,881	3,884	3,880	3,978

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

	Apr/18	May/18	Jun/18	Jul/18	Aug/18	Sep/18
Fluting	2,067	2,068	2,097	2,117	2,156	2,155
Testliner	2,104	2,104	2,150	2,150	2,192	2,206
Kraftliner	2,811	2,811	2,811	2,938	2,938	2,938
Sack kraft	2,945	2,945	3,017	3,017	3,017	3,017

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

		June/18	July/18	August/18	September/18
Offset cut into sheets	Min. price	3.45	3.45	3.45	3.45
	Avg. price	6.43	6.46	6.55	6.56
	Max. price	11.06	11.06	11.06	11.06
Coated	Min. price	5.80	5.80	5.80	5.80
	Avg. price	6.86	7.18	7.18	7.40
	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

		May/18	June/18	July/18	August/18
Exports (US\$ per ton)	Min.	545	523	750	534
	Avg.	688	694	751	707
	Max.	829	752	760	779
Imports (US\$ per ton)	Min.	500	548	493	490
	Avg.	500	548	493	490
	Max.	500	548	493	490

Fonte/Source: Aliceweb, NCM code 4804.1100

INTERNATIONAL MARKETS**Europe**

The dollar price in July per ton of NBSKP in Europe was US\$ 1,230, registering a small increase of US\$ 5 in relation to its price in June (see Table 1).

USA

In the US, according to Natural Resources Canada, the price per ton of NBSKP in July was US\$ 1,375, an increase of US\$ 25 per ton in relation to June prices (see Table 1). But the Royal Bank of Canada (in partnership with Bloomberg), see Table 2, reports an NBSKP ton price in July of US\$ 1,286 in the US, dropping US\$ 28.40 in relation to the price in June.

This is the first time in the last two years that the two sources (NRC and RBC) report distinct trends in the dollar price of NBSKP.

As already reported in its graphs, Euwid shows stability in the dollar price per ton of NBSKP in July and August in the United States and Europe compared to their quotes in June.

This non-coincidence in dollar prices per ton of NBSKP clearly indicates an interruption in rising prices that was occurring since January 2017.

China

NRC data (see Table 1) clearly indicates that the dollar price per ton of NBSKP in China has begun to drop as of the start of the second semester of 2018. In July, the ton of NBSKP was sold for US\$ 910 in China, compared to US\$ 915 in June.

BRAZILIAN MARKET**Pulp market**

The data presented in Table 3 shows stability in the dollar price list per ton of Bleached Hardwood Kraft Pulp (BHKP) sold in the domestic market (US\$ 1,050 per ton). However, the average price paid by medium-size customers for this product

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

Product		July 2018			August 2018		
		Min.	Avg.	Max.	Min.	Avg.	Max.
White recycled material	1	780	1,158	1,900	780	1,195	2,100
	2	420	638	1,050	420	647	1,150
	4	300	520	760	300	525	770
Brown recycled material (corrugated)	1	310	538	690	310	541	720
	2	280	506	670	280	510	680
	3	280	418	640	280	418	640
Newsprint		290	524	970	290	530	1,000
Folding Board	1	500	624	700	500	624	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
July/2018	560,694	3,307,592	169.52
August/2018	282,299	1,681,449	167.89

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.

is experiencing a slight drop in the third quarter of 2018. The price went from US\$ 932.58 in July to US\$ 930.90 in September (0.18% reduction).

Paper market

In looking at Tables 4 and 5, we see price drops in reais (R\$) for duplex board (ream and reel) in sales from industry to big consumers or dealers in September compared to August prices. But the price of offset paper in reais (R\$) at this level of negotiation increased during this time. This price increase in offset paper is also observed in dealer sales to small print shops and copiers, as shown in Table 7, which represents the offset and coated paper market in the Campinas region in sales made to such clients.

In terms of brown line packaging papers, selling prices to big consumers in September (vis-à-vis August) experienced a slight increase of 0.6% in the average price of testliner paper and a slight reduction in the average price of fluting paper (see Table 6).

Recycled paper

We see in Table 9 that the average price of recycled material (white, brown, newsprint) increased in August in comparison to July. White recycled material prices, types 1, 2 and 4, increased 3.2%, 1.4% and 1.0%, respectively. In turn, the average price increase for brown recycled material, types 1 and 2, for the same period was 0.6% and 0.8%, respectively. Recycled newsprint prices increased 1.1%. The average price for type 3 brown recycled material and folding board remained the same. ■

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