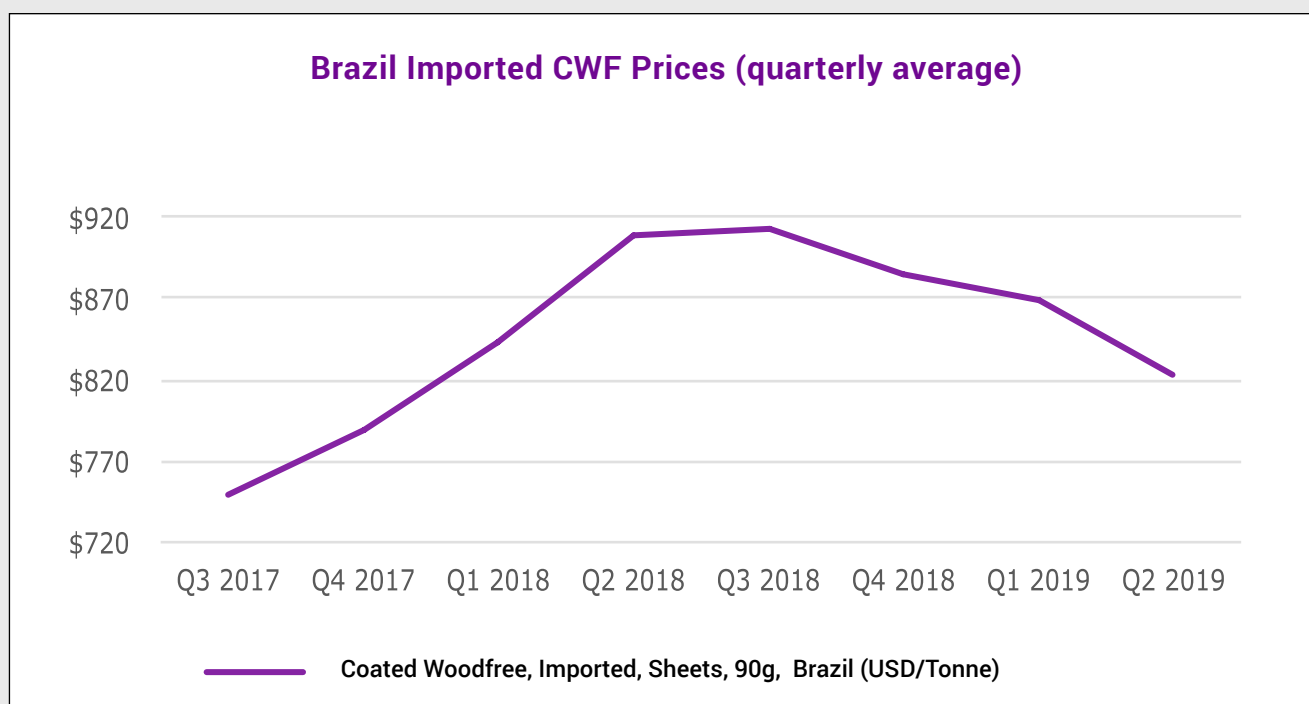


POR MARINA FALEIROS* E DAYANNE SOUSA**

PRINTING & WRITING PAPERS

BRAZIL

By the end of the second quarter of 2019, prices of imported CWF in Brazil decreased 9.4% YOY



Fastmarkets RISI’s last survey of the printing and writing papers market in Brazil showed declining prices for imported Coated Woodfree (CWF) in sheets. By the end of the second quarter of 2019, average prices were 9.4% lower in comparison to the same period in the previous year.

Demand

Slow activity in the printing industry has affected volumes for imported CWF in Brazil. Idle capacity in printing is a reality especially among companies focused on the advertising market.

The CWF market is also changing due to an increasing number of offers of lower basis weight products by domestic producers. With printers looking for ways to gain productivity, the local industry is strengthening sales of paper with basis weights between 70-80 g/m². As importers tend to focus on

higher basis weights, these new offers have the potential to hurt sales of imported CWF in the country.

Exchange rates

During the second quarter of 2019, import volumes were also negatively affected by intense volatility in exchange rates, as buyers had difficulties planning their budgets. According to market participants, orders were delayed for this reason as buyers have chosen to wait for a more stable market scenario, impacting industry volumes especially during the first half of May, when the Dollar-to-Real rate peaked at Real 4.10.

Competition

By the end of the second quarter, sellers and buyers of imported CWF also noticed more aggressive competition from local mills. As prices for domestic CWF started to

drop, distributors that had built inventories of the imported grade cut orders.

Expectations

Future economic developments in Brazil can determine if volumes will resume growth.

Market participants expect that economic activity can become more intense in the second semester, following the potential approval of the social security reform in Congress.

If such expectations come true, they believe a reduction of idle capacity in the printing industry could lead to increasing demand for paper.

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