



Pulp&Paper • News&Trends • Your November Newsletter

Eucalyptus Pulplog Prices in Brazil Continue to Fall

Eucalyptus pulplog prices in Brazil have fallen over the past year and in the 2Q/19 reached their lowest levels in three years, reports the Wood Resource Quarterly. Lower operating rates at the major pulp mills in Brazil and healthy inventory levels of wood fiber took pressure off prices of Eucalyptus pulplogs in the 2Q/19.

Downward Trend in Pulp Prices Continues in October

Although not all contracts had been done and dusted by the end of October, it was already more than evident that the pulp price erosion on the European market could not be stopped in October, either. European pulp buyers and converters have the ability to dictate prices. They are using the oversupply situation and weak activity levels as leverage to push for further price reductions for NBSK and BEK pulp. Thus, the stabilisation of NBSK pulp prices that pulp producers had been hoping for did not materialise in October. At least in Europe, pulp demand from the paper industry remains weak and capacity management measures performed by pulp producers were not enough to match supply with demand and prevent price from falling.

The situation remains bleak on the hardwood pulp market in Europe with another major cut in pulp prices on the horizon. The stocks of bleached eucalyptus kraft (BEK) pulp are reportedly still extremely high and are posing a major problem for the entire pulp market, according to industry experts.

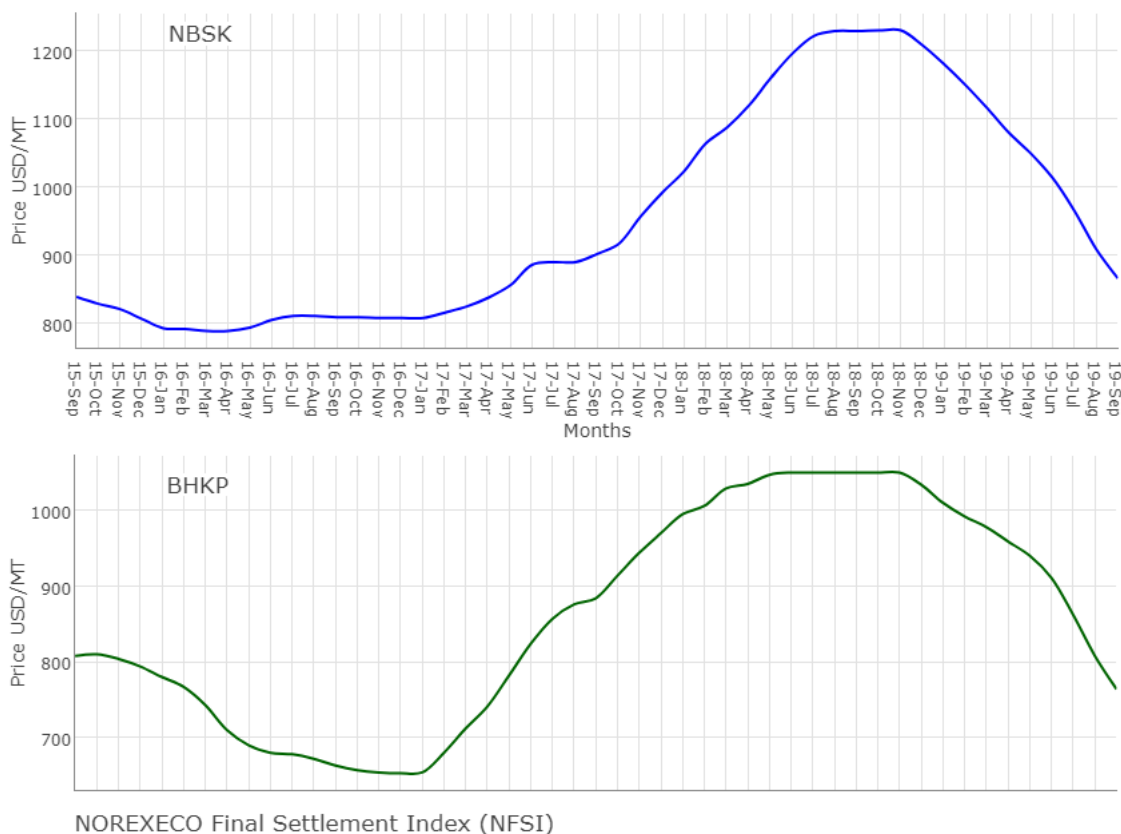
Prices for Nearly All Grades Fall on the British RCP Market

The unfavourable economic climate and limited export opportunities knocked the British recovered paper market in October. Just a few grades managed to escape a downhill trend that will presumably extend into January, according to experts. It might soon be hard to sell material at all. Some market sources were even already talking about negative prices for certain kinds of material in October.

Exports to China came to a halt with the last ship sailing mid-October, so the new import licences for RCP to China did not really have an impact on the UK market. The somewhat stronger pound sterling was not exactly helpful for the export business, either.

Publication Paper Manufacturers Expect Defensive Battle in Negotiations in France

Another round of price cuts for some grades of corrugated case material, recovered paper prices heading lower. Buyers claim that they are facing more-than-sufficient supply, especially of newsprint, and are putting the pinch on prices given the consistent decline in consumption. For their part, sellers are arguing that a considerable amount of magazine paper capacity is being removed. On average, woodfree paper was marginally cheaper in October than it was in September, although many prices stayed the same.



Fine Paper Market in Germany More Stable in October

Despite the constant price pressure in all market segments, things appear to be stabilising on the graphic papers market in Germany. The situation for offset papers, in particular, has improved, according to respondents. Although the price range remains wide, calls for mark-downs are less frequent. In the coated segment, the magnitude of the demand drop - especially for reel paper - surprised many players.

Sodium Hydroxide Manufacturers Try to Reverse Price Trend in October

In the caustic soda (NaOH) market, manufacturers have announced a price increase for deliveries from October 2019. According to representatives of the

NaOH industry, the trend of the past quarters of decreasing prices is not expected to continue in the fourth quarter. They anticipate a balanced demand and supply situation on the NaOH market in the coming weeks and months. Reduced import volumes will contribute to this. Buyers expect minor price adjustments or a rollover as a result of the current negotiations.

Rayonier Advanced Materials Announces Price Increase on Cellulose Specialties Products

Rayonier Advanced Materials, a producer of cellulose-based technologies including high-purity cellulose, will increase prices of its high-alpha and high-viscosity cellulose specialties products by 6%, effective immediately, or as contracts allow. The cellulose specialties business includes acetate, ethers, micro-crystalline cellulose, nitrocellulose and other grades.

The company says the price changes are necessary to partially offset ongoing inflationary pressures and sustain investment in its capital-intensive manufacturing capabilities to ensure its ability to continue producing high-quality products.



Domtar to Close UWF Machines and Ramp up Pulp Production

Declining demand for graphic paper and increased imports on the market are forcing Canadian pulp and paper manufacturer Domtar to adjust and take action. The company announced the closure of two of its paper machines for uncoated woodfree paper, while temporarily increasing pulp production. Domtar said it would shut down one machine at its Ashdown mill in the US state of Arkansas. The closure is due with immediate effect and will affect about 100 employees. Another PM will be closed at the Port Huron mill in the US state of Michigan by mid-November. Together, the two machines had a capacity of 185,000 tpy (204,000 short tons) of uncoated woodfree paper, according to Domtar.

The company announced that as a result of the PM closure at Ashdown, the mill would produce an incremental 70,000 ADTM (air-dried metric tonnes) of softwood and fluff pulp, which will be ramped up over the next 12 months. Domtar says the Ashdown mill operates one of the world's largest fluff pulp machines, with the flexibility to produce softwood pulp depending on market conditions.

Belarusian Bleached Sulfate Pulp Plant to Reach Designed Capacity in 2020

Svetlogorsk Pulp and Board Mill will have a total capacity of 400,000 tonnes per year. The project is almost complete, said Yuri Nazarov, the head of the Belarusian timber, woodworking, pulp and paper industry. "We are gearing up for the launch and hope to receive the permits by the 1 December. The plant is projected to reach the estimated capacity next year," Yuri Nazarov said. The products of the plant are in high demand and "almost all the products will be exported".

The Navigator Company to Achieve Carbon Neutrality by 2035 with an Investment of €158M

The Navigator Company is one of the first worldwide to take on the commitment of achieving carbon neutrality 15 years early.

Japanese Paper Makers Ply Luxury Toilet Tissue in China

Japanese paper makers Oji Holdings and Daio Paper are increasing production of toilet and tissue paper to tap growing Chinese demand, targeting a well-to-do clientele to avoid head-on competition with local players. The two manufacturers established their brands in China by focusing on high-quality baby diapers. With

domestic demand shrinking, they now hope to replicate that success with other luxury household products like three-ply toilet paper.

Sun Paper and Voith Cooperation Sets a New Milestone

Sun Paper, Voith's long-term partner in China, recently awarded two new orders to the paper machine pioneer. This sets a new record for cooperation between Voith and Sun Paper with 11 paper machines having now been ordered in total. The new order includes PM 39, a graphic paper machine, and the major components for PM 40, an MG paper machine.

Weak Market Pulp Prices Leads to Net Loss of \$43M in Q3 – Resolute

Stora Enso said Geopolitical Uncertainties Would Dampen Demand and Prices in 4Q19

Mondi Falls as Quarterly Profits Drop 18% as Prices Soften

The FTSE 100 and Johannesburg-listed group said underlying profit (EBITDA) for 3Q was down 18% ypy to €383M and 9% below 2Q this year. Mondi said it made “steady progress” with consumer packaging but uncoated fine paper saw significantly lower pulp selling prices compared to the end of 2018 and into early 2019.



M&A Activity / (Dis) Investments

- Quebec loans \$8M to restart Thurso pulp mill
- Stora Enso sells stake in Chinese paper mill
- Recovered paper exporter Winfibre closes European site
- Kimberly-Clark Sells Former Everett Mill Site to Port for \$33M
- Kimberly-Clark México wouldn't invest any new money in the country in the short term due to the slowing economy and a lack of confidence in the policies of President López Obrador
- Plans to commission bleached sulfate pulp plant in Belarusian Svetlogorsk by 1 December
- Paper Converting Machine Company acquires STAX Technologies

- Spain's Ence generates 1st MW at new biomass plant in Andalusia
- Domtar to reduce papermaking capacity at two mills
- Stora Enso has completed the divestment of its stake in the Dawang Paper Mill
- Fire at SCA Ortviken causes two-day downtime
- Nine Dragons to grow containerboard business in Malaysia
- Jordan's Fine Hygienic Holding, a paper products manufacturer, became the largest single shareholder in Dubai's natural food and beverage company Nai Arabia in a deal valued at over \$10M

New Developments

- Voith builds world's largest and fastest kraftliner machine for Ilim Group
- Andritz to supply P-RC APMP fiberline to Dezhou Taiding, China
- Andritz technologies achieve production record at Eldorado Brasil
- Valmet to supply a coated board machine to Graphic Packaging International in the United States
- Comart installs a new Pasaban paper sheeting machine to increase its cutting capacity
- UPM Nordland rebuilds PM 2, production restarts in November
- Columbia Pulp starts up new straw pulp mill in the USA
- Stora Enso offers renewable paperboard tube for cosmetics packaging
- Valmet to supply a coated board machine to Graphic Packaging International in the USA – Valmet's machines produce 86M tons pa of paper, board, tissue and pulp, which represents 70% of the North American production
- Toscotec consolidates presence in Japan with new TT SYD start-up at Toyo Paper

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