

WRI Market Insights

Global Pulp Prices Recovery Continues, with Europe Driving Momentum

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The recovery of global pulp markets that started in the second half of 2023 has continued into 2024, and some major pulp suppliers have hiked prices in 1Q.

Pulp prices globally declined in the first half of 2023 after peaking in mid-2022, but they have been rising since the latter part of 2023. Most grades at the start of 2024 are above, and in some cases well above, where they were a decade ago.

NBSK pulp prices had a fairly steady upward trend from 2013 until mid-2018, when they slid by an average of 30% over the next year before climbing again in late 2020/early 2021. BEKP prices fluctuated undramatically from 2013 until 3Q/4Q 2016, when they turned upwards until 2Q 2018. Prices in all regions then largely plateaued until the end of 2018, fell and leveled out again before starting a climb to new peaks, first in mid-2021, and then even higher in mid-2022. (See charts on WoodMarket Prices-ResourceWise.)

In the first two months of 2024, pulp prices in key supply regions continued the upward trend that started in the second half of 2023, and several major suppliers have announced pulp price increases in 1Q. However, according to Hawkins Wright's March Pulpwatch, while the global recovery in pulp markets late last year was led by China, Europe has driven the momentum so far in 2024.

Western Europe NBSK was up 23% in February from its 2023 low point last August and up 3% year-over-year to \$1400/t. Western Europe BEKP in February was at \$1220/t, down slightly from \$1280/t a year ago, but up from its September 2023 low point of \$800/t. (See charts on WoodMarket Prices-ResourceWise.)

In the US, all pulp grades have also been on an upward trend since August 2023. BEKP in February was up 9% from August, while NBSK was up 23%.

Meanwhile, China's price-surge in 2H 2023 stalled after November. NBSK prices have drifted down 6% since then and BEKP has been flat since December. Pulpwatch credits the lunar New Year holiday period for China's subdued market, along with the fact that most paper mills are taking seasonal downtime. However, it also notes that pulp prices in China have been improving for most of the past year, and that the speedy recovery of hardwood pulp prices is narrowing the differential between the two benchmark grades.

In January 2024, relative wood fiber costs for key pulp grades were down compared with 4Q 2023. (See chart on WoodMarket Prices-ResourceWise). For NBSK, wood fiber was 22% of the cost (down from 24% in 4Q), BEKP was 20% (down from 24%),

and SBSK was 13% (down from 15%). Wood Market Prices-ResourceWise data shows that, for the world's top pulp-producing country Brazil, the cash cost of wood fiber as a percentage of manufacturing cost in 4Q 2023 was 68.91%, up from 61.29% in 4Q 2022.

With wood fiber prices on the rise in Brazil, major pulp producer Suzano, which controls 1.6 million hectares of timber plantations, has just secured BRL2.6 billion (about \$520 million) from the Brazilian National Bank for Economic and Social Development (BNDES) towards a total investment of BRL 3.6 billion in its eucalyptus forestry program. According to Brazilian media reports, the goal is to plant up to 435 thousand hectares of eucalyptus farms near the company's industrial units in six Brazilian states.

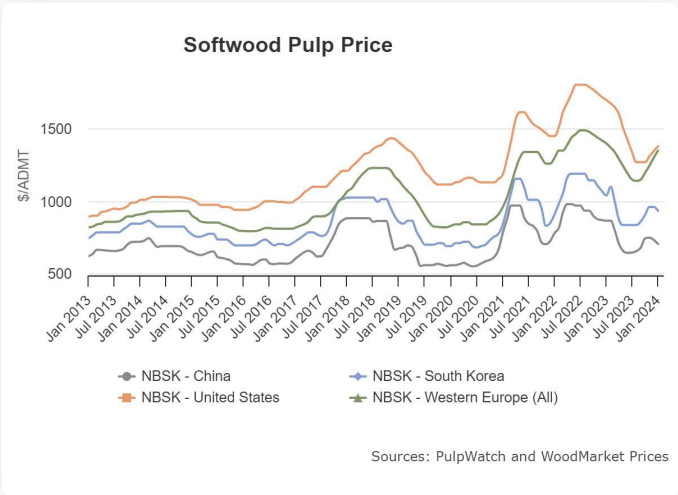
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