HAWKINS WRIGHT

Defining the Specialty Cellulose Market, 2023

A multi-client report available from April 2023

Report prospectus

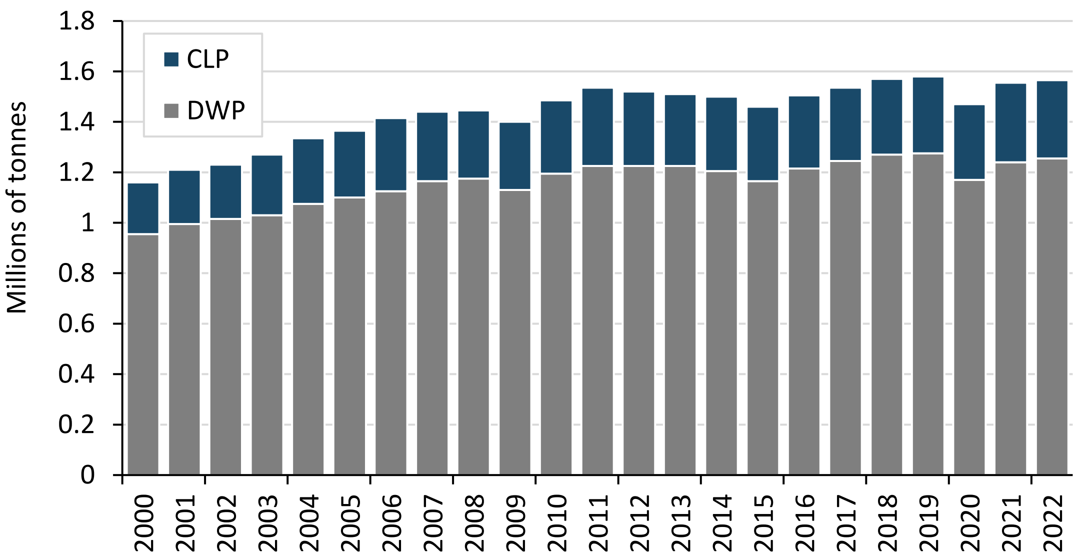
Background

The specialty cellulose market is opaque. Supply is concentrated among just a handful of suppliers, whilst demand is highly fragmented across multiple sectors. Unlike the paper grade pulp industry, there are no formal association statistics that quantify shipments. This has created a wide range of opinion about the size of the market, and contrasting representations about the historical and future evolution of shipments.

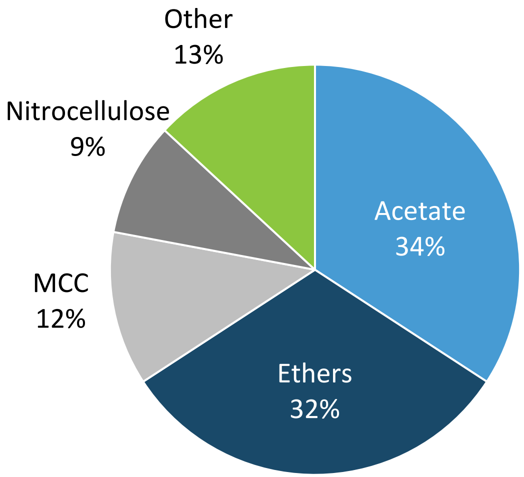
This ambiguity has prompted us to conduct our own in-depth appraisal of the sector, with the aim of mapping shipments by grade and by destination. These estimates have been derived from multiple sources including discussions with industry contacts, information published in company reports, and from global trade statistics.

The results show a market that has struggled to grow in recent years, as a secular decline in acetate grade shipments has offset much of the growth derived amongst the other grades. With the emergence of low-cost specialty cellulose capacity in the market, these conditions have given buyers considerable pricing power over the past 10 years, and ultimately pressured prices back to the marginal cost level.

World specialty cellulose shipments, 2000-2022, Millions of tonnes



World specialty cellulose shipments by end-use market, 2022



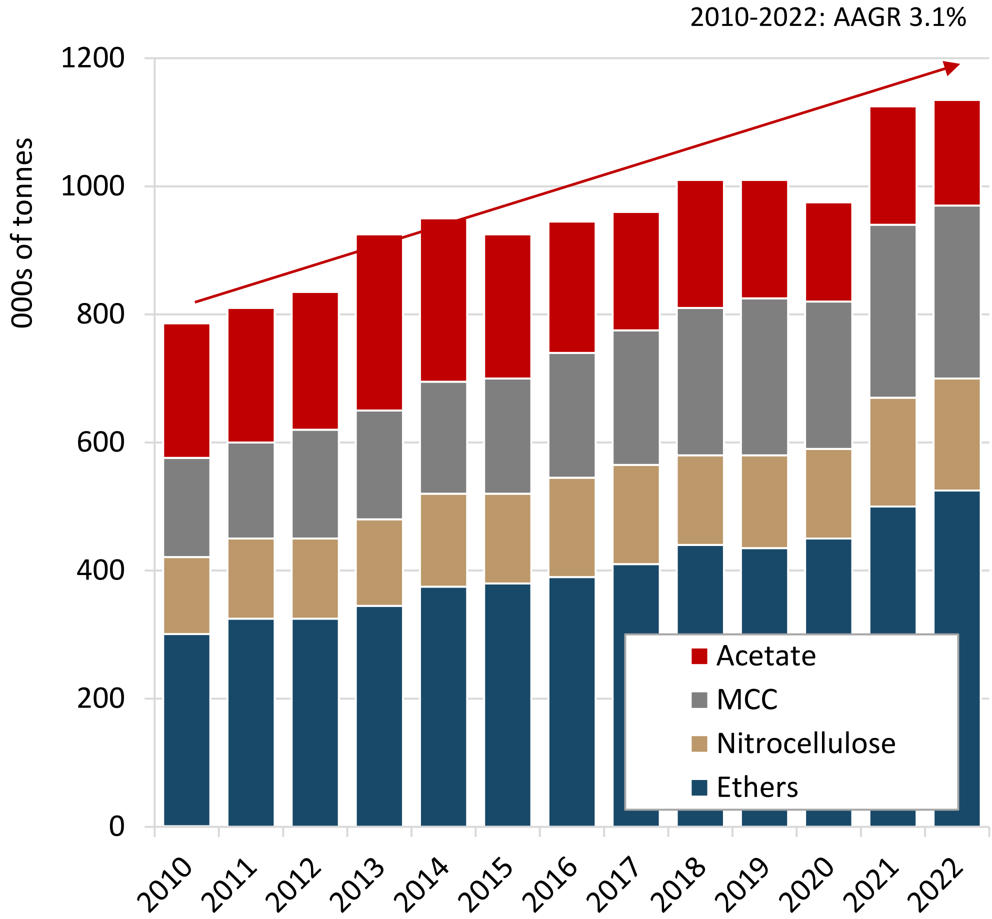
Note: includes CLP and DWP

Background

In our view, this era of structural oversupply is coming to an end. On the supply side, capacity growth in future years will be limited and restricted to a few higher cost commodity grade mills swinging to speciality grade production. Their success is far from guaranteed, whilst some existing supply is vulnerable to closure owing to an aging assets base and increasingly constrained fibre supply.

Meanwhile demand growth looks to accelerate, as specialty cellulose benefits from the growing popularity of bio-based material across multiple end-use markets. Leading the growth will be cellulose ethers and MCC, underpinned by the positive long-term trends in the pharma and construction industries, especially in Asia. Additional support should be forthcoming from both new and re-emerging markets for cellulose acetate, which are starting to generate enough demand to offset much of the consumption decline associated with falling rates of tow production for the cigarette industry.

Global exports of cellulose ether, MCC, nitrocellulose and acetate derivatives



Our goal is to update this report every two years, using feedback from industry participants to improve the accuracy of our data, and ultimately allow for a more transparent understanding of the opportunities and challenges of the sector.

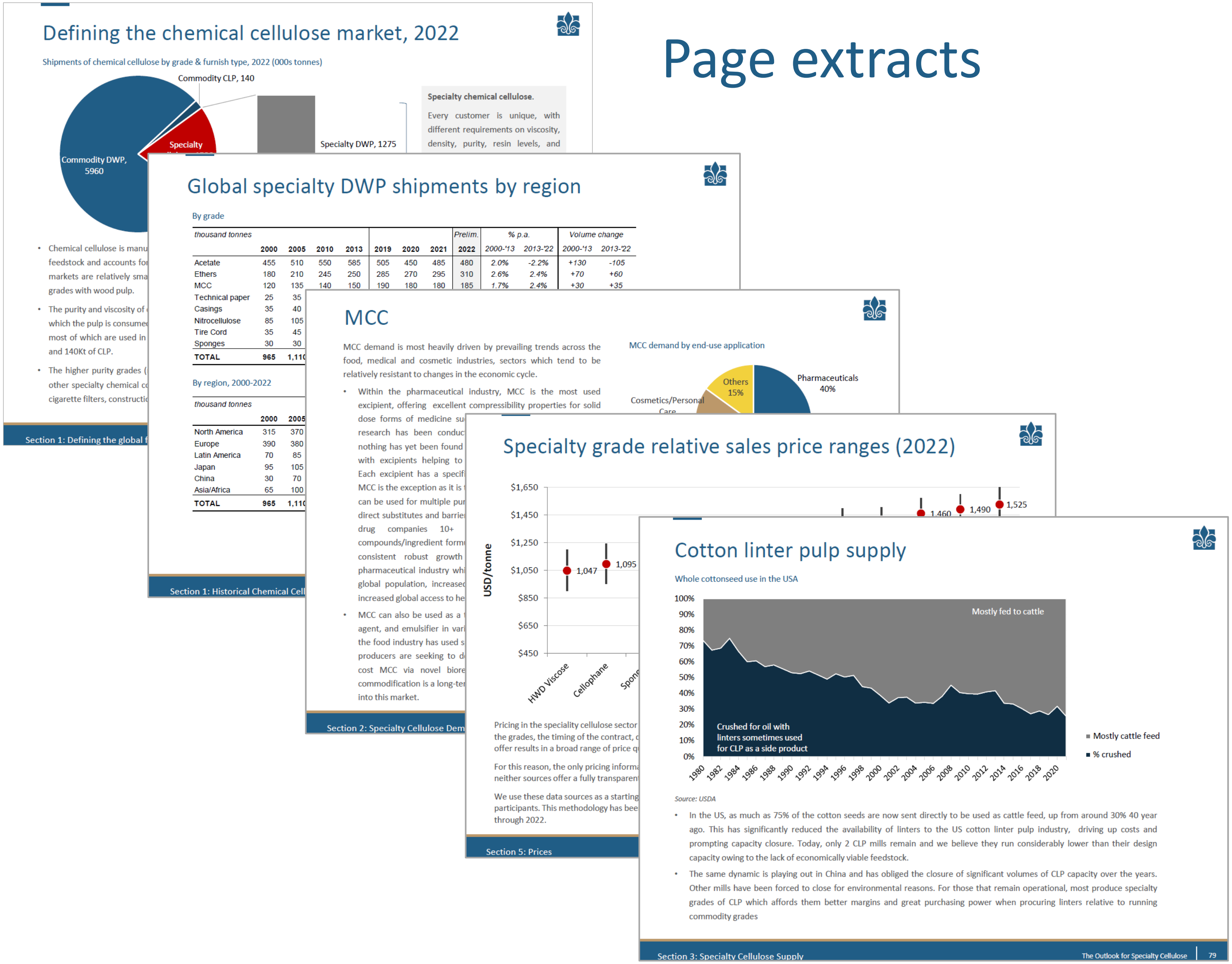
Table of contents

This report provides context to the different end use markets for specialty cellulose (both dissolving wood pulp and cotton linter pulp), providing estimates for shipments by region and subgrade, with forecasts to 2027. A brief appraisal of current and future global supply by mill is also included. The report concludes with a price forecast for acetate and ether grades, expressed as an index.

METHODOLOGY

This report has been prepared using desk research which has been supplemented by interviews with specialty cellulose suppliers, buyers, traders and other industry participants. We have also made full use of Hawkins Wrights existing information resources, contacts and relevant research material.

Page extracts



Availability and cost

Available from April 2023, a subscription to Defining the Specialty Cellulose Market is priced at £3,450.

Existing subscribers to Hawkins Wright's Outlook for Dissolving Pulp service qualify for a discounted price of £1,650.

The price includes an electronic copy of the main report; Hawkins Wrights responses to any (within reason) questions on global specialty cellulose markets that may arise during the year; and a presentation meetings with one of our consultants. (Such meetings are normally arranged to coincide with major industry events – for example London Pulp Week or MPA – or when a consultant is travelling in the region. However, for specially arranged meetings we reserve the right to charge travel and subsistence costs. Such costs will always be agreed in advance.)

Contact

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