



HAWKINS WRIGHT

Outlook for Market Pulp

Supply, Demand, Costs and Prices

A multi-client service, available now

www.hawkinswright.com



What our Outlook for Market Pulp service offers...

The Outlook for Market Pulp service was launched in 1984. It is now established as a vital planning tool for any company or organisation that requires access to the most authoritative analysis of the market pulp sector. Because this programme of research has continued without interruption for many years, Hawkins Wright has been able to develop an extensive bank of data, experience and contacts.

Over ninety organisations regularly support The Outlook service. These include pulp producers — who together account for more than 85% of world supply — buyers, international agents and trading houses, state and provincial governments and financial institutions.

The Outlook for Market pulp service comprises 12 reports per year that provide analysis of:

- **Demand and trade:** global market pulp demand trends and 5-year forecasts by grade, and by region/country. Imports by country of origin.
- **Supply:** global market pulp supply trends and 5-year capacity forecast by grade, and by region/country. The analysis includes a market pulp capacity listing by mill.
- **Supply/demand balances:** global supply deficit or capacity surplus, 5-year forecast by grade.
- **Production costs:** detailed analysis of the production costs of the global market pulp industry by grade and by region. The analysis presents the costs by individual component (wood, chemicals, energy, labour, maintenance, other mills costs, freight and marketing/sales). The data is sourced from Hawkins Wright's unique annual production cost survey and allows for the provision of costs curves for the softwood, hardwood and mechanical pulp sectors.
- **End use market review:** detailed appraisal of the end use markets for pulp, looking at paper and board demand trends and the outlook for supply. Global project listing for graphic papers and tissue.
- **Price Forecasts:** five year price forecast for BEKP and NBSK, delivered to North America, CIF West Europe and CIF China.

The following pages include a table of contents and list of figures and tables included in a typical Outlook for Market Pulp report.

About Hawkins Wright

Hawkins Wright is an independent consultancy providing a range of strategic, forecasting, market intelligence and business information services to the international forest products and bioenergy industries.

Since 1982 Hawkins Wright has provided authoritative and cost-effective services based on in-depth research of the global forest, pulp & paper and bioenergy industries. These services include private consultancy assignments covering a full range of marketing and strategic subjects as well as regular multi-client reports and newsletters.

Our consultancy services build on our global perspective of the macro- and micro-economic trends driving the international forest industry and downstream product markets. Assignments can range from advice on a client's business development or feedstock sourcing strategies to highly detailed market feasibility assessments of prospective projects.



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Projects with uncertain schedules

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NMHW & SMHW

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Sulphite

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Top 20 market pulp producers by capacity, grade and market share

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The grades covered in the report include: NBSK, radiata, fluff/SBSK, birch, NBHK, SBHK, BEKP, BAKP, sulphite, UKP and HYP.

The regions covered by the report include: North America, Nordic, West Europe, Latin America, Japan, China, East Europe, Oceania and Other Asia.



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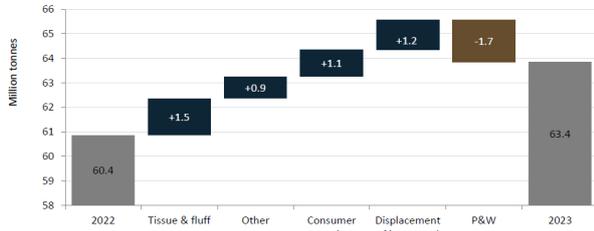
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Breakdown of shipments by driver, 2022 vs 2023

World BCP shipments by driver, 2022-2023



The chart above presents particularly challenging conditions. The hygiene sector continues to see an increase in shipments to these segments originating from these segments. Further growth in deliveries is almost exclusively in China. Conversely, we estimate

Section 1: Market Pulp Shipments

BHKP capacity forecast

BHKP capacity is forecast to rise by 3.7Mt over the five-year forecast period 2024-28. Latin American BEKP capacity will grow by 3.1Mt (net) through the expansions of Arauco MAPA (Chile), UPM Paso de los Toros (Uruguay), CMPC Guaiba (Brazil) and Suzano Cerrado (Brazil). We assume Bracell will increase dissolving pulp production and integrate with new tissue capacity from 2024, offsetting some of the growth from the projects which are ramping up.

Although the timing and magnitude of any market pulp capacity addition remains uncertain, we have assumed some growth from APP's OKI 2 project in Sumatra for the first time. However, this is likely to be offset by integrations by both APP and RGE Group companies (APRIL, Asia Symbol, and Sateri). See page 57. There are several BHKP projects which are relatively advanced in the planning stage and could start up in 2028 if they receive approval in the next twelve months (see page 64).

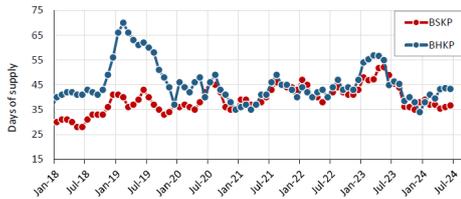
Annual change in BHKP capacity, and total BHKP capacity, 2010-2028



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Producer and consumer stocks

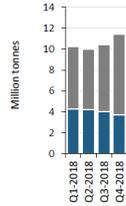
BSKP and BHKP producer stocks, days of supply



Producer stocks were estimated at 41 days at the end of June, with BSKP producers holding 37 days and BHKP 43 days.

Stocks are lower than they were at the beginning of the previous market downturn (Q4 2022), both in absolute terms and in days of supply. We would expect producer stocks to have risen in July due to the low order volumes in China and weakening demand in Europe. They are likely to climb further through Q3 as

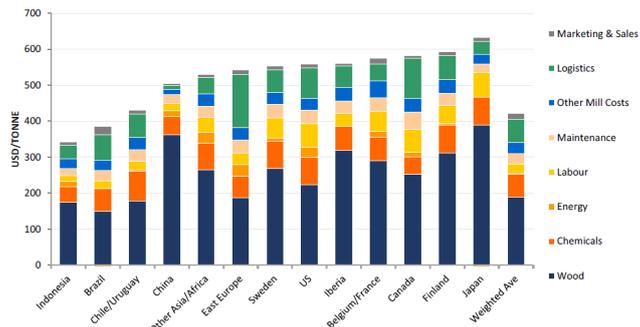
World producer and consumer stocks by quarter (Mt)



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BHKP production costs by region

BHKP cash costs by region, CIF China, August 2024



Section 5: Production costs



Deliverables and order form

An annual corporate subscription to the Outlook for Market Pulp service costs **£6,350** (or the equivalent in US dollars or euros). The service comprises:

- Three main reports published in April, August, and December. These comprehensive reports include detailed analyses of supply, demand, and pricing, along with five-year forecasts. Notably, the August report features the results of Hawkins Wright’s exclusive Cost Survey. These reports are distributed electronically.
- In addition to the main reports, nine forecast updates are released in the intervening months. These updates, combined with the main reports, ensure that the critical forecast data, particularly price forecasts, are refreshed monthly. These updates are distributed electronically.
- Subscribers also benefit from Hawkins Wright’s commitment to addressing any inquiries related to the international pulp and paper market throughout the year. This service effectively allows Hawkins Wright to serve as a virtual extension of the subscriber’s marketing or market research department.
- A personal presentation: it will usually be possible for a Hawkins Wright consultant to meet with each client at least once a year to make a presentation on market developments.

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