

## Paper/Forest Products

Pkgg/Paper Wrap-up, Daily – 3/12/24:  
Commodity and other pricing

Industry Overview

## Commodity Tracker

## Exhibit 2: Paper/Forest Packaging Materials Summary:

Summary of raw material prices

	Date	Price	w/w (%)	y/y (%)
<b>Fiber - US\$/MT</b>				
Hardwood China - Net	12-Mar-24	\$653.39	0.0%	-10.2%
Hardwood Europe	12-Mar-24	\$1,215.27	4.3%	-5.1%
Softwood China - Net	12-Mar-24	\$738.01	0.0%	-18.8%
Softwood Europe	12-Mar-24	\$1,394.11	3.2%	1.5%
Softwood US	12-Mar-24	\$1,382.37	1.8%	-15.9%
Old Corrugated Cartons (OCC) (*)	01-Mar-24	\$103.00		212.1%
<b>Metals</b>				
Aluminum Cash Official LME (\$/mt)	12-Mar-24	\$2,202.00	1.2%	3.8%
US Midwest Domestic HRC Steel (CRU) Near Term (NYM \$/st)	12-Mar-24	\$808.00	3.0%	7.5%
<b>Oil</b>				
Crude Oil WTI /Global Spot NYMEX (\$/bbl)	12-Mar-24	\$77.93	-3.6%	-6.1%
Crude Oil Brent ICE Near Term (\$/bbl)	12-Mar-24	\$82.21	-1.8%	-6.9%
	Date		m/m (%)	y/y (%)
<b>Petrochemicals/Resin</b>				
Polypropylene (PP)	Feb-24		5.9%	-8.9%
HDPE (Blow Mldg.)	Feb-24		0.0%	13.1%
LDPE	Feb-24		7.6%	18.3%
Polystyrene (PS)	Feb-24		6.4%	-31.4%
Polyethylene terephthalate (PET)	Feb-24		4.1%	-8.2%

Source: ICIS, Fastmarkets RISI/FOEX, FactSet, BofA Global Research; (\*) OCC price in \$/st for month of March.

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## Higher prices in European pulp markets

Pulp benchmarks for European markets experienced higher prices according to data from *Fastmarkets FOEX* as of March 12<sup>th</sup>. Overall, the PIX Pulp northern bleached softwood kraft (NBSK) index moved up by \$43.08/MT or 3.19% while the PIX Pulp bleached hardwood kraft pulp (BHKP) index moved up by \$49.94 or 4.29%. The higher price trends are a result of a challenged supply environment coupled with logistical issues and stronger demand. The supply chain has been notably strained by train strikes in Germany and higher sea container freight costs from the Suez and Panama Canals. At the same time, European pulp producers are experiencing more demand given the wood imports ban from Russia. That said, the softwood market seems to be more balanced than the hardwood market. In that regard, some producers have announced a \$80/tonne price increase for bleached eucalyptus kraft (BEK) in March.

See below for update on CPI trends...

12 March 2024

Equity  
United States  
Paper/Forest Products

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## Exhibit 1: Paper/Packaging Research

Summary of recent BofA notes

	Date	Link
<b>Notes</b>		
Weekly	11-Mar	<a href="#">Pulp markets review: Key news</a>
Weekly	5-Mar	<a href="#">BofA Global Ag &amp; Materials Conf.</a>
Weekly	23-Feb	<a href="#">Earnings Review ahead of Conf.</a>
Weekly	16-Feb	<a href="#">Pricing Friday Preview - Feb.</a>
Weekly	8-Feb	<a href="#">The sound and the fury</a>
Weekly	2-Feb	<a href="#">Red Sea Implications</a>
Weekly	26-Jan	<a href="#">Euro Commentary</a>
Weekly	19-Jan	<a href="#">Pricing Friday Preview - Jan.</a>
Weekly	12-Jan	<a href="#">WestRock price hikes</a>
Weekly	7-Jan	<a href="#">Red Sea: Price hikes</a>
Year-Ahead	2-Jan	<a href="#">Year-Ahead Note</a>
<b>Daily</b>		
Daily	7-Mar	<a href="#">Investor Comments</a>
Daily	5-Mar	<a href="#">Wood/Lumbers</a>
Daily	20-Feb	<a href="#">Commodity Tracker</a>

Source: BofA Global Research

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Timestamp: 12 March 2024 01:30PM EDT

## **CPI (+) overall; Ag/Mats Conf suggested cost inflation**

The February Consumer Price Index (CPI) data showed a +0.4% m/m increase in core prices (3.8% annualized), above consensus and BofA's US Economics team's +0.3% m/m estimate. BofA viewed the result as positive inasmuch as services inflation decelerated. True, goods prices surprised to the upside but our economists do expect core goods deflation to continue. Meantime, going back to our conference ([see here for our Wrap-up from March 5](#)), companies pointed to volume improvements in early 2024 trends though most expect stronger volume in 2H24. That said, labor and other costs remain elevated, including trends in recycled fiber, and the above discussion supports this point. Automation, sharing of best practices, benchmarking and other forms of increasing productivity look to be ahead for the sector in dealing with inflation, along with additional pricing.

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