

Paper/Forest Products

Pkgg/Paper Wrap-up, Daily – 1/17/24: Wood prices; news in cans, cartons, protein

Industry Overview

Futures Tracker

Exhibit 2: Lumber Futures: lower since last week but projecting uptrend

Lumber down w/w

	Date	Price	w/w (%)
Lumber (\$/bf)			
Lumber (CME \$/bft) Mar 24	17-Jan-24	\$554.00	-2.8%
Lumber (CME \$/bft) May 24	17-Jan-24	\$567.00	-2.0%
Lumber (CME \$/bft) Jul 24	17-Jan-24	\$581.50	-2.1%
Lumber (CME \$/bft) Sep 24	17-Jan-24	\$587.50	-2.1%
Lumber (CME \$/bft) Nov 24	17-Jan-24	\$593.50	-2.1%

Source: FactSet, BofA Global Research

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RL Midweek shows slower activity on winter weather

Random Lengths' (RL) Midweek report showed that the Framing Lumber Composite decreased \$1/MBF to \$400/MBF compared to midweek prices reported on January 9th. Random Lengths noted that inclement winter weather weakened demand and disrupted shipping, leading some producers to curtail production. CME Lumber futures (March 24 contract) edged down by \$5/MBF to \$554/MBF compared to last week. Meantime, the Structural Panel index was up \$1/MSF at \$601/MSF. North Central and Southeastern oriented strand board (OSB) prices were flat at \$415/MSF and \$355/MSF, respectively. As for plywood, prices were up \$3/MSF to \$643/MSF. In OSB, prices were flat though RL noted offerings in the secondary market grew given tight supplies. In plywood, RL cited shipments were booked roughly two to three weeks out.

Ardagh Group to consider sale of Trivium Packaging

On January 16, *Bloomberg* reported that Ardagh Group (majority owner of Ardagh Metal Packaging [AMBP; Neutral]) may look to sell its 43% share in Trivium Packaging, with the article's contacts theorizing a potential value of approximately \$3.5bn. Trivium was formed in 2019 and produces metal packaging for food, beauty, and home care sectors. The article goes on to say that there is no certainty that Ardagh Group (or Trivium's other owner, Ontario Teachers' Pension Plan Board) will decide to proceed with a potential sale. Separately, AMBP will be participating in a variety of ways at our Annual Global Ag & Materials Conference in Ft. Lauderdale, 2/28-29. Please contact your BofA rep. for additional details.

Tyson Foods scales back its meatpacking operations

On January 17, *Bloomberg* reported that Tyson Foods (TSN; covered by BofA Global Research Analyst, Peter Galbo) plans to scale back its meatpacking operations due to adverse winter weather conditions. This may impact the volumes of Sealed Air (SEE; Buy) which provides packaging to TSN and others for perishable food (e.g., meat, poultry, etc.). We will get the USDA's cattle on feed report at 3:00 p.m. ET on January 19th.

Graphic Packaging to close Grand Rapids, WY plant

According to news sources, Graphic Packaging (GPK; Buy) plans to close its converting plant (i.e., folding cartons) in Wyoming effective March 31st, 2024.

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Exhibit 1: Paper/Packaging Research

Summary of recent BofA notes

	Date	Link
Notes		
Weekly	12-Jan	WestRock price hikes
Weekly	7-Jan	Red Sea Shipping Impact
Year-Ahead	2-Jan	Year-Ahead Note
Daily		
Daily	11-Jan	Investor Comments
Daily	10-Jan	Wood/Lumber
Daily	16-Jan	Commodity Tracker

Source: BofA Global Research

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Disclosures

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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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