

Paper/Forest Products

Prelim. NA P&W shipments -26% in Mar.; UCFS -17.7% with operating rates at 85%

Industry Overview

March 2023 NA P&W shipments down -26% y/y

On 4/13/23, the Pulp & Paper Products Council (PPPC) came out with its preliminary North American printing & writing (P&W) statistics for March. Overall, shipments were down -26% y/y. The average operating rate declined to 77% vs. 102% in March 2022. In uncoated wood free (or uncoated free sheet; UCFS), shipments were reported to be down -17.7% y/y. The average operating rate (shipments/capacity) for UCFS moved to 85% from 105% in 2022. We'll watch to see what impact imports, inventories and local-market demand have on operating rates and pricing. Fastmarkets RISI's Pulp & Paper Week (RISI/PPW) will publish its April pricing review for graphic paper on Friday (4/28), including UCFS – both cut-size, and offset grades. In March, graphic paper prices were flat for the month, a bit better than we would have expected. That said, we are expecting graphic paper prices to slip from 2Q through 4Q. Companies in our coverage with exposure to UCFS include Packaging Corp. (PKG; Neutral), and Sylvamo (SLVM; Neutral). Buy-rated Veritiv (VRTV) also has exposure as a distributor.

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Equity
United States
Paper/Forest Products

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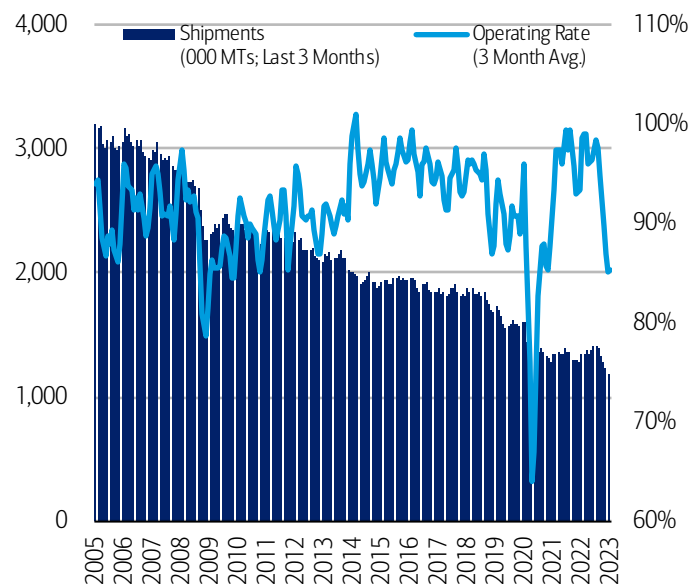
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Prelim N.A. P&W Shipments Continued ...

Exhibit 1: Uncoated Freesheet vs. Operating Rates – 3 months

UCFS average operating rates in March

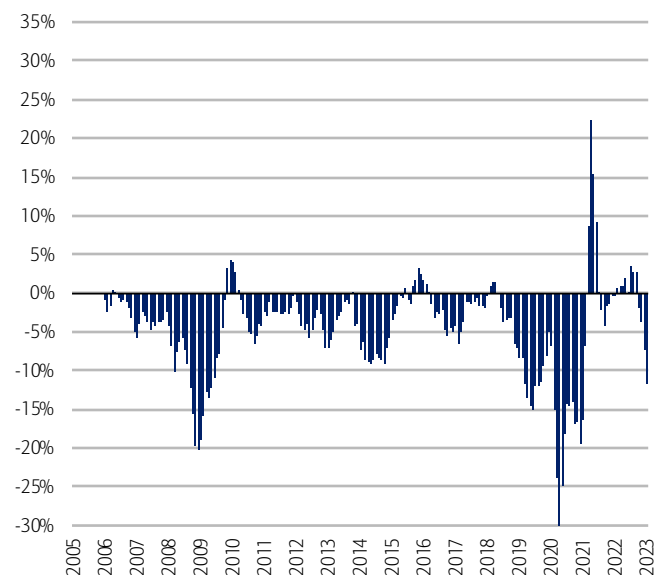


Source: Pulp & Paper Products Council

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Exhibit 2: Uncoated Freesheet Shipments (Y/Y Chg) – 3 months

UCFS shipments in March



Source: Pulp & Paper Products Council

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