

Global Pulp, Paper & Forest Products

Global pulp shipments up 9.2% y/y in Dec

Industry Overview

Global pulp shipments up 9.2% y/y in December

The Pulp and Paper Products Council (PPPC) reported global pulp shipments up 9.2% y/y in December to 5,002Kt. Hardwood (HW) shipments again led the y/y increase, up 14.9% y/y in Dec to 2,915Kt, while softwood (SW) shipments were up 2.9% y/y to 1,927Kt, and unbleached kraft pulp (UKP) dropped 6.8% y/y to 156Kt. The increase was led by higher shipments to China, up 25.6% y/y (+32.7% for HW and +18.8% for SW). Shipments to Latin America were up 7.8% y/y, Eastern Europe shipments rose 0.2% y/y, Other Asia and Africa was up 24.2% y/y and Oceania was up 5.2%. North America shipments dropped 5.9% y/y to 658Kt, Western Europe dropped 11% y/y to 874Kt and Japan -7% y/y to 162Kt.

China continues to lead growth with volumes up 25.6% y/y

PPPC noted that the pulp shipments growth of 2.2% in 2023 was skewed by the strong shipments growth to China, up 24.8% vs developed markets' shipments dropping, as North America shipments dropped 7.2% and Western Europe shipments dropped 16.3%. The rebound in China was not only fueled by restocking, especially during the Northern Hemisphere summer months, but also by lower output from integrated producers in China (~10Mt of capacity, with ~2Mt operating at \$530-550/ton cash cost), which is also reinforced by wood chip imports to China down 19% ytd in 2023 or ~3.4Mt ytd, although woodchip imports picked up by the end of 2023 as Dec-23 levels were 7.1% above Dec-22. The lower woodchip imports imply a reduction of ~1.5Mt of pulp production from integrated players.

Inventories up one day m/m to 42 days

Total producer inventories increased one day m/m to 42 days of supply, down one day m/m to 43 days for HW and up three days m/m for SW at 40 days. On a y/y basis, total inventories dropped three days, with HW four days and SW three days below December 2022 levels. Operating rates at 94% increased from 90% in Nov 2023 and 89% in Dec 2022.

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Equity

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Refer to important disclosures on page 4 to 5.

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Exhibit 1: Summary table for World Pulp Statistics – Shipments (Kt)

PPPC reported global pulp shipments up 9.2% y/y to 5,002Kt in December

	Dec-23	m/m %	y/y %	2023 ytd	ytd (%)
Total shipments	5,002	5.9%	9.2%	54,568	2.2%
Softwood pulp	1,927	-2.9%	2.9%	22,585	0.5%
Hardwood pulp	2,915	12.9%	14.9%	30,086	5.2%
Others	160	3.2%	-5.3%	1,897	-17.9%
By region					
North America	658	8.9%	-5.9%	7,369	-7.2%
Europe - Total	1,017	-1.7%	-9.6%	12,499	-14.8%
LatAm	380	16.7%	7.8%	4,101	3.3%
China	1,971	1.4%	25.6%	20,594	24.8%
Japan	162	9.5%	-7.0%	1,904	-15.1%
Other Asia & Africa	782	22.8%	24.2%	7,765	2.0%
Oceania	32	14.3%	5.2%	336	-22.3%

Source: BofA Global Research, PPPC

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Exhibit 2: Summary table for World Pulp Statistics – Inventories

Producer inventories up one day m/m in Dec to 42 days of supply

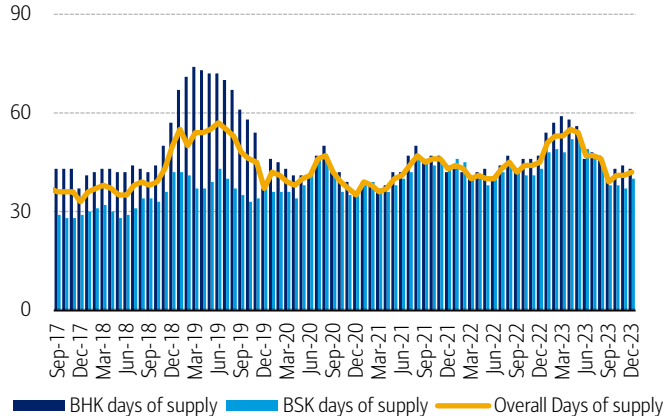
	Dec-23	m/m	y/y
Days of supply	42	1	-3
Softwood pulp	40	3	-3
Hardwood pulp	43	-1	-4
Shipment-to-capacity (operating rates %)	94%	+200bp	+400bp

Source: BofA Global Research, PPPC

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Exhibit 3: Pulp – producer inventory levels (standard days of supply)

Producer inventories increased 1 day m/m in Dec to 42 days of supply

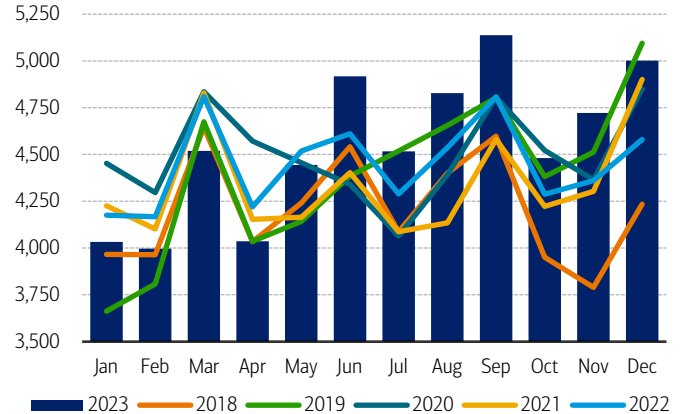


Source: BofA Global Research, PPPC (World-20 report)

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Exhibit 4: Total pulp shipments (Kt)

December shipments increased 9.2% y/y

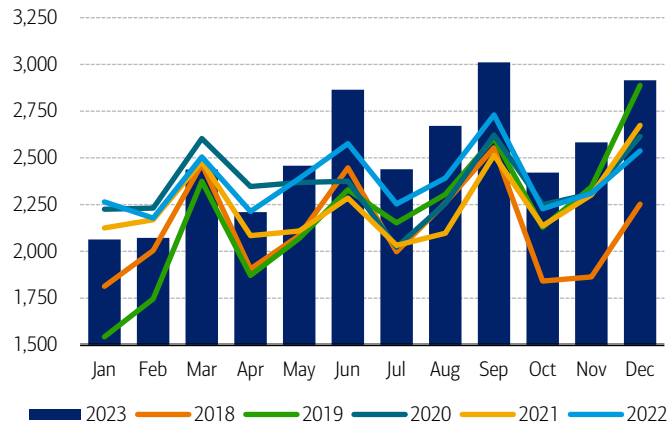


Source: BofA Global Research, PPPC (World-20 report)

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Exhibit 5: Bleached hardwood kraft (BHK) pulp shipments (Kt)

December hardwood shipments increased 14.8% y/y

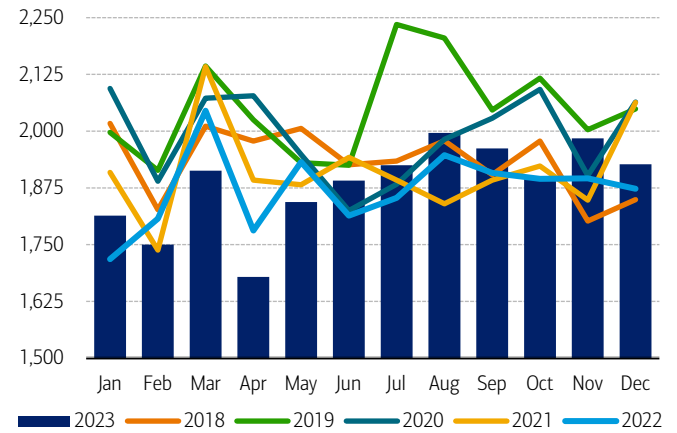


Source: BofA Global Research, PPPC (World-20 report)

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Exhibit 6: Bleached softwood kraft (BSK) pulp shipments (Kt)

December softwood shipments increased 2.8% y/y



Source: BofA Global Research, PPPC (World-20 report)

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