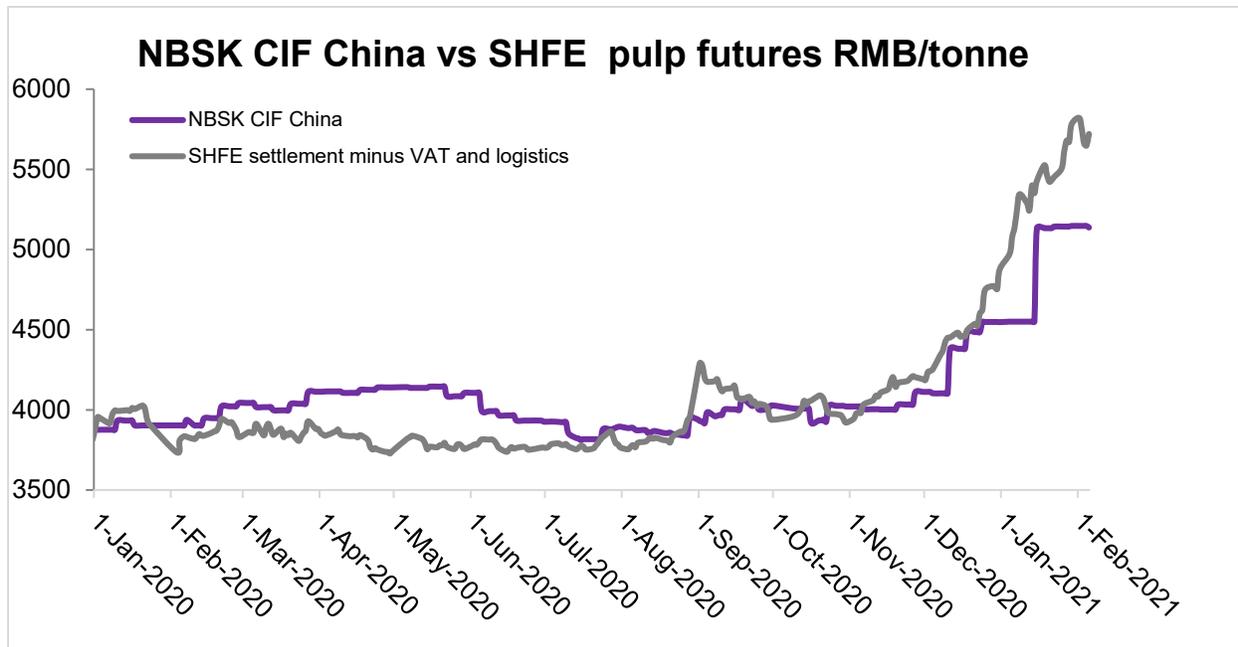


Weekly China Pulp Round-up

February 05, 2021

Grade	This week	Weekly Change	Yearly Change
NBSK CIF China	\$795/tonne	0.0%	40.7%
PIX BHKP China	\$593.56/tonne	9.51%	28.37%



Hardwood and softwood prices draw further strength from futures

Forward China pulp prices continued to climb on the back of burgeoning pulp futures the week ending February 5.

The rising prices on the Shanghai Futures Exchange over the past two months have created arbitrage opportunities, prompting investors to take positions in several contracts that will expire in the next few months. This has allowed suppliers, Canadian producers in particular, to presell their products.

Two Canadian suppliers reported they have sold NBSK for April shipments at between \$850/tonne and \$900/tonne over the past two weeks. They said the price had been bid up by Chinese buyers, including allied traders and investors as well as end-users.

A big portion of Canada's February NBSK allotments were sold as early as last December. A few sellers have reserved volumes for contracted customers, chiefly end-users and big traders. These contracted buyers have paid the same level as the allied traders and investors to get February tonnage and no discounts were given, market sources said.

The price for Canadian NBSK shipments in February was set at \$800-810/tonne and has been steady over the past weeks. Fastmarkets RISI's assessments do not yet include March and April shipments, as volumes are unknown. Suppliers are expected to set March prices for tonnage sold to contracted customers later this month, after the Lunar New Year vacation.



Prices on the Shanghai Futures Exchange meanwhile eased this week as traders took profit. March, the most popular contract, settled at RMB 6,598/tonne Friday, down from RMB 6,652/tonne last week. This is the equivalent of about \$885/tonne after VAT and logistics costs are removed. April settled at RMB 6,584/tonne, down from RMB 6,670/tonne.

At the same time, the SHFE forward curve has moved into backwardation, with March priced higher than months further out along the curve.

Monthly statistics released this week meanwhile show January was a record month for SHFE softwood pulp contracts. Almost 126 million tonnes of pulp changed hands over the course of the month, double the volume in December and almost double the volume traded in September 2020, the previous high.

Open interest meanwhile rose to 4,308,130 tonnes, another monthly record.

In the hardwood market, Chinese mills were taken aback when the expected offers of \$580/tonne for bleached hardwood kraft pulp were not on the table by the time their talks with suppliers for February shipments kicked off. Instead, buyers were given offers of \$600-630/tonne for the grade.

Despite their disappointment, most customers have accepted the offers and closed deals as major sellers cut allotments, citing unplanned downtime, sources said.

The PIX BHKP China Index settled at \$593.56/tonne February 5, up from \$541.99/tonne last week and up \$93.10/tonne since the start of the year.

Due to the Chinese Lunar New Year holiday, there will be no NBSK CIF China assessment on February 12.

Check out our short video about China pulp markets and futures

<https://www.youtube.com/watch?v=QBnuXuvlqQQ>

In Asia, Fastmarkets RISI publishes price assessments for the forest products industry including pulp, boxboard, containerboard, graphic papers and recovered paper, while Fastmarkets FOEX publishes indices for NBSK and BHKP pulp. For more information on these and all our price assessments, as well as our price methodology, visit www.risi.com or www.foex.fi. You can reach the authors of this price profile at pricing.risi@fastmarkets.com.