World Market Pulp Review and Outlook

Arnaud Franco
Director, Pulp and Paper

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Chemical Market Pulp Demand

(based on PPPC’s Global-100 database)
Demand corrected 2.8% in 2021

After rising 5.1 million tonnes in 2019-2020, demand corrected by 1.8 million tonnes in 2021 (-2.8%)
Global demand fell 2.8% in 2021...
... and slipped 1.6% so far in ‘22

World Chemical Market Pulp Demand

million tonnes

Chemical market pulp demand, s.a. x12 trend

4 mos 2022: -1.6%

Source: PPPC
Demand down 350kt after 4 mos

World Chemical Market Pulp Demand Growth by Grade
000s tonnes and % change, 4 mos 2022 vs 2021

Source: PPPC
SW demand fell 3%
SW demand peaked in H2 ‘19 on stock swing…

World Bl. Softwood Market Pulp Demand
million tonnes

Source: PPPC
... but sales have since trended down...

World Bl. Softwood Market Pulp Demand
million tonnes

Softwood demand has been trending downwards since strong restocking in H2 2019, as consumers and speculators liquidated inventories.

Source: PPPC
... and are off 3% y-t-d in ‘22

World Bl. Softwood Market Pulp Demand

million tonnes

Demand in 2022 has been worsened by logistical issues and unplanned outages, mostly in North America and Europe.

Source: PPPC
Hardwood demand fell close to 200 kt

World Chemical Market Pulp Demand Growth by Grade
000s tonnes and % change, 4 mos 2022 vs 2021

Source: PPPC
HW demand also rebounded in H2 ’19…

World Bl. Hardwood Market Pulp Demand
million tonnes

Source: PPPC
… but has been fractionally negative since…

World BI. Hardwood Market Pulp Demand
million tonnes

Hardwood demand was strong in 2020, boosted by COVID-related factors and stock building. Demand struggled in 2021, largely due to a swing in consumer inventories, but the destocking ceased at the end of the year.

Source: PPPC
... and was down another 2% y-t-d

Still, demand has slipped 2% through 4 mos '22. Most of this weakness was in China, where end-use demand is weak and the zero-Covid policy has held back a rapid recovery.

Source: PPPC
UKP sales up 10% y-t-d

World Chemical Market Pulp Demand Growth by Grade
000s tonnes and % change, 4 mos 2022 vs 2021

Source: PPPC
Total market pulp balance slipped 4 points

4 mos 2022 vs 2021

Source: PPPC
Regional analysis
Demand slipped 350kt after 4 mos

World Chemical Market Pulp Demand Growth by Region
000s tonnes and % change, 4 mos 2022 vs 2021

Source: PPPC
China accounts for all (and more) of the loss

World Chemical Market Pulp Demand Growth by Region
000s tonnes and % change, 4 mos 2022 vs 2021

Source: PPPC
Sales to China ran above-trend in 2019-'20

After restocking in H2 2019, Chinese demand was strong in 2020 due to Covid-related gains in tissue, as well as stock building/speculation as fibre prices were very low. This led to 2 years of above-trend growth.

Source: PPPC
Destocking hurt purchasing in ’21…

In 2021, demand corrected, as prices rebounded and inventories were liquidated. A strong slowdown in the Chinese economy (centered in the real estate and industrial sectors) only made the situation more challenging.

Chemical market pulp demand (L), s.a. x12 trend

Source: PPPC
... but purchases have failed to recover in ‘22

Chinese Chemical Market Pulp Demand
million tonnes

In 2022, zero-Covid has held back the recovery in the end use markets, and logistics backlogs have slowed deliveries of tonnes to the market.

Source: PPPC
The Outlook
Demand corrected 2.8% in 2021

World Chemical Market Pulp Demand
y-o-y increase in million tonnes and %

After rising 5.2 million tonnes in 2019-2020, demand corrected 2.8% in 2021

Source: PPPC
Demand expected to recover 2.5%...

World Chemical Market Pulp Demand

y-o-y increase in million tonnes and %

Global demand is still expected to recover 2.5% in 2022

Source: PPPC
... both SW and HW will grow

World Chemical Market Pulp Demand
y-o-y increase in million tonnes and %

Source: PPPC
Demand growth will then moderate

World Chemical Market Pulp Demand
y-o-y increase in million tonnes and %

After the 2022-23 rebound, demand growth will return to a “normal” rate

Source: PPPC
China: 5-year growth of 6.9 million tonnes

China Chemical Market Pulp Demand Growth by Grade
in % change per year

Source: PPPC
Weak demographics to be a drag for NA

North America Chemical Market Pulp Demand Growth by Grade in % change per year

Source: PPPC
WE: structural declines in ‘22 and beyond

Western Europe Chemical Market Pulp Demand Growth by Grade in % change per year

Softwood

Hardwood

Source: PPPC
Market Pulp Supply
SW capacity to fall 400,000 t in 2022/'23...

World BI. Softwood Market Pulp Capacity
y-o-y increase in million tonnes and %

Source: PPPC
… but it will jump 1 Mt in 2024

World Bl. Softwood Market Pulp Capacity
y-o-y increase in million tonnes and %

Source: PPPC
HW supply above average in 2022/’23

World Bl. Hardwood Market Pulp Capacity
y-o-y increase in million tonnes and %

Source: PPPC
An increase of 7.2 million tonnes by ‘26

World Bl. Hardwood Market Pulp Capacity
y-o-y increase in million tonnes and %

Source: PPPC
Lower capacity will tighten SW balance…

World Chemical Market Pulp Balance by Grade in percent

Source: PPPC
… while new supply pressures HW balance

World Chemical Market Pulp Balance by Grade in percent

Source: PPPC
THE AMERICAS
1200 McGill College Avenue
Suite 1000
Montreal, Quebec
H3B 4G7
CANADA
T: +1.514.861.8828
E: general@pppc.org

EUROPE
Avenue Louise, 250
1050, Brussels
BELGIUM
T: +32.2.639.2605
E: europe@pppc.org

CHINA
Suite 2435, Level 24, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District 100025
Beijing, China
F: +8610.8587.2252
E: china@pppc.org