



News

Printing and writing paper prices skyrocket in May amidst insufficient supply, increasing costs

Prices for coated paper and uncoated freesheet skyrocketed in May, with uncoated freesheet prices jumping \$90/ton and coated paper prices by at least \$80/ton. Prices for 60-lb coated rolls and economy sheets soared \$110/ton or more. In all cases, **these May price increases were the largest single-month price increases ever**, a surge made even more impressive by the fact that prices have been ascending rapidly for the past year.

Demand is expected to remain steady through the summer, and with several mills taking maintenance downtime, paper will continue to be scarce and expensive. In addition, imports are not coming in as they used to, due to extremely high maritime freight rates and energy costs in some regions, further accelerating the problem. Industry observers do not rule out further price increases as soon as later this summer. Transportation remains challenging, but trucking availability is a bit better than it has been. (RISI)

Imports not filling the gap in the North American paper market

The strike at UPM's paper mills in Finland ended in late April, but extremely high energy prices and the difficult international shipping environment remain obstacles for imports. Offshore imports accounted for 17.2% of North American P&W demand in 2021, an all-time record share that still left tonnage 21% below pre-pandemic levels. This decline has amplified low domestic paper availability and helped turn tight paper markets into outright shortages. (RISI)

BillerudKorsnas begins concept, feasibility planning to convert Verso's Escanaba, Michigan, mill to paperboard

Following BillerudKorsnäs AB's acquisition of Verso Corp. — now called Billerud North America — the company will begin the work of converting Verso's Escanaba, Michigan, paper mill to an integrated paperboard facility with expected capacity of about 1.2 million tons. Billerud plans to have one of the two Escanaba machines up and running in cartonboard by the end of 2025 or beginning of 2026. The company plans to continue operating the Quinnesec, Michigan, mill as a graphic papers mill.

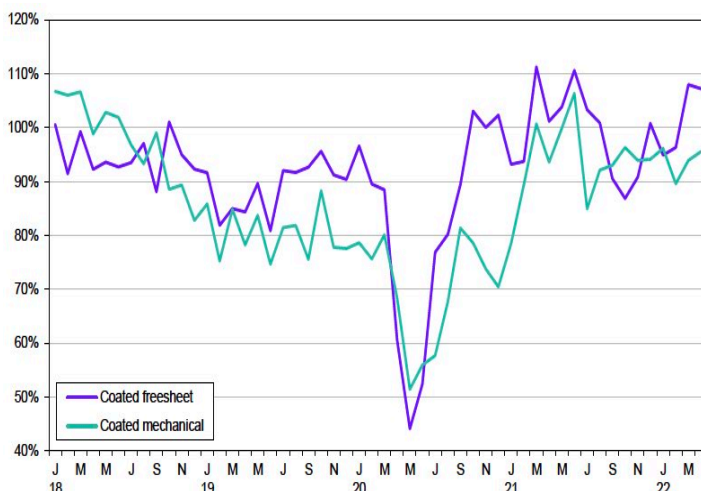
Demand and Operating Rate Forecasts (RISI)

	2020	2021	2022	2023
US CFS Domestic Shipments (Y/Y % Change seasonally adjusted)	-21.2%	-0.2%	-0.9%	-4.4%
US CFS Operating Rate	88%	102%	97%	93%
US CM Domestic Shipments (Y/Y % Change seasonally adjusted)	-26.4%	-6.0%	-7.0%	-16.7%
US CM Operating Rate	70%	93%	97%	98%

U.S. Economy and Paper End-Use Indicators

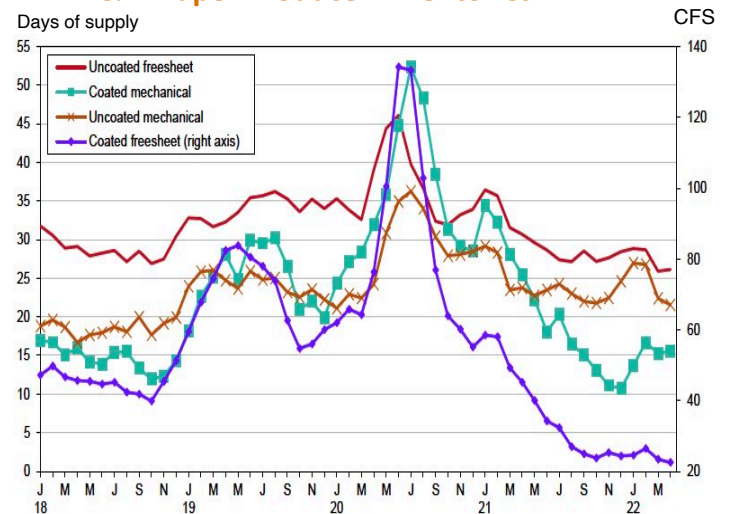
	2020	2021	2022	2023
GDP	-3.5%	5.7%	2.8%	2.1%
Catalogs Mailed	-15.8%	-1.4%	-1.8%	-5.4%
Magazine Ad Pages	-27.8%	-10.7%	-15.6%	-16.9%
Commercial Print	-12.1%	7.1%	4.4%	-4.5%

N.A. Coated Paper Operating Rates



Data source: Fastmarkets estimates.

N.A. P&W Paper Producer Inventories



Data source: Calculated by Fastmarkets from PPPC data.