



Disclaimer:

CRISIL Research, a Division of CRISIL Limited has taken due care and caution in preparing this Report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CRISIL is not liable for investment decisions which may be based on the views expressed in this Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division, which may, in its regular operations, obtain information of a confidential nature which is not available to CRISIL Research. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

Headline

Published On Apr 22, 2013

W&P paper prices stabilize in March 2013 on a m-o-m basis

Abstract

Prices of Writing and Printing (W&P) paper remained high y-o-y due to rupee depreciation coupled with an increase in raw material costs. International and domestic prices of wastepaper increased on a m-o-m basis as demand improved sequentially. Newsprint international prices remained stable on a m-o-m basis.

Key Issues

- How have prices for various categories of paper moved this month?
- Why have these changes in prices taken place?
- How do these prices compare with the same month in the previous year?
- What is the short term outlook for paper and pulp prices?

Paper and Newsprint

Price Movement

	Review	Outlook
	March 2013 over February 2013	April 2013 over March 2013
Paper		
Creamwove	↔	↔
Maplitho	↔	↔
Art board	↔	↔
Duplex board	↔	↔
Kraft paper	↑	↔
Pulp		
Hardwood	↑	↑
Softwood	↑	↑
Wastepaper (international)		
OCC	↑	↑
Envelope cutting	↑	↔
ONP	↓	↑
Newsprint (domestic)	↔	↑
Source: CRISIL Research		

Paper and Paperboard

State of the market

	Unit	Mar 2012	Feb 2013	Mar 2013	Change (per cent)	
					Month	Year
Domestic prices						
Creamwove ²	Rs per tonne	39,400 - 39,600	44,400 - 44,600	44,400 - 44,600	0.0	12.7
Maplitho ³	Rs per tonne	51,400 - 51,600	57,900 - 58,100	57,900 - 58,100	0.0	12.6
Art board	Rs per tonne	56,400 - 56,600	59,900 - 60,100	59,900 - 60,100	0.0	6.2
Copier paper ⁷	Rs per packet	114 - 134	128 - 148	133 - 153	3.5	15.1
Duplex board ⁴	Rs per tonne	32,500 - 32,700	31,740 - 31,940	31,740 - 31,940	0.0	-2.3
Kraft (wastepaper) ⁵	Rs per tonne	25,590 - 25,790	25,150 - 25,350	28,400 - 28,600	12.9	10.9
Kraft (wastepaper) ⁶	Rs per tonne	33,744 - 33,944	27,150 - 27,350	30,400 - 30,600	11.9	-9.9

² Creamwove 54 asm

³ Deluxe SS maplitho 70/80 gsm

⁴ Heavy weight coated paper: 250-284 GSM

⁵ 180 gsm kraft board 14 BF

⁶ 180 gsm kraft board 22 BF

⁷ Copier paper (1 packet = 500 sheets, including Octroi)

Notes

1) All prices are delivered prices excluding VAT (delivered: basic+excise+octroi+avg freight prices).

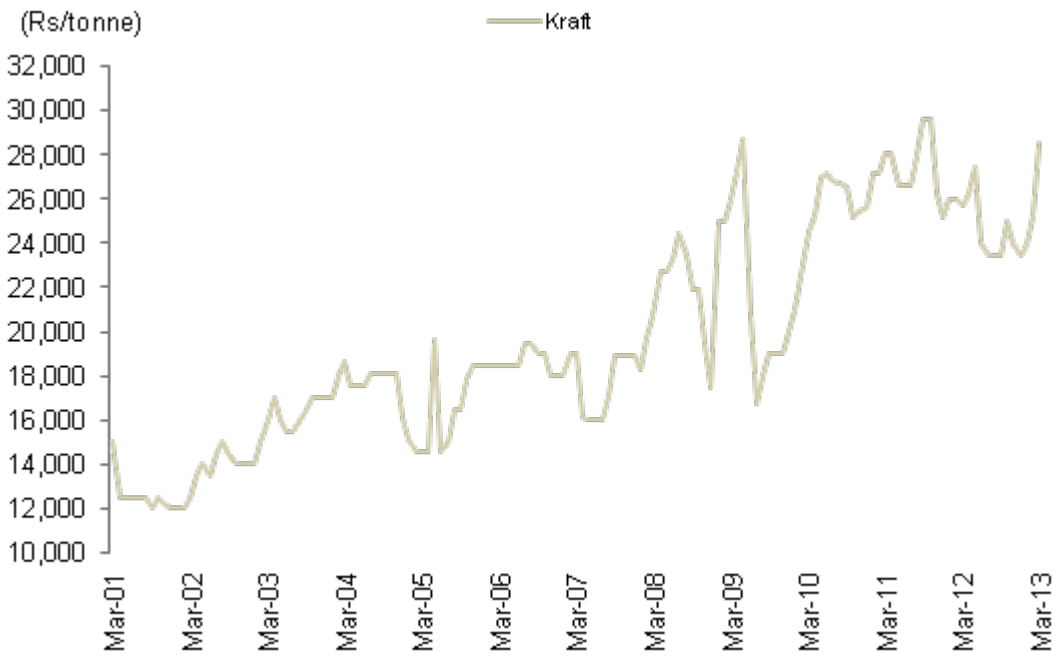
Source: CRISIL Research

Prices of Kraft and Duplex to remain flat in April 2013 on a m-o-m basis

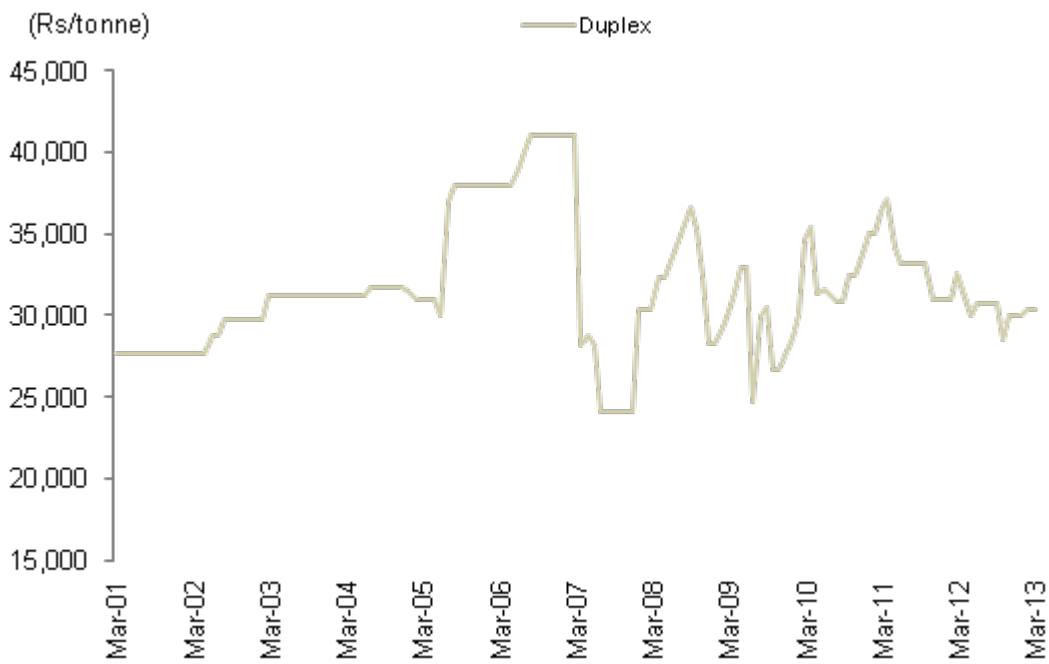
On a m-o-m basis, there was an increase in Kraft prices due to increase in cost of procuring imported wastepaper, where as prices of Duplex board remained the same as they were already increased in February.

Going forward, we expect the prices of kraft and duplex to remain flat on a m-o-m basis in April 2013.

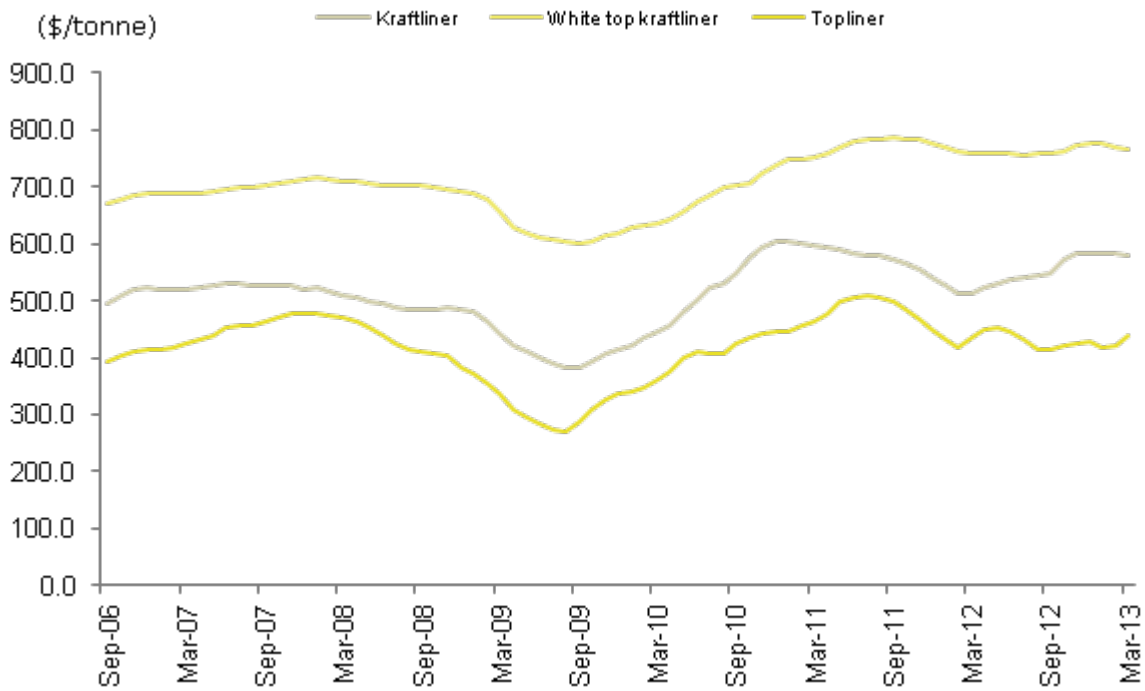
Kraft Paper: Domestic Prices



Paperboard: Domestic Prices



FOEX - Industrial Paper

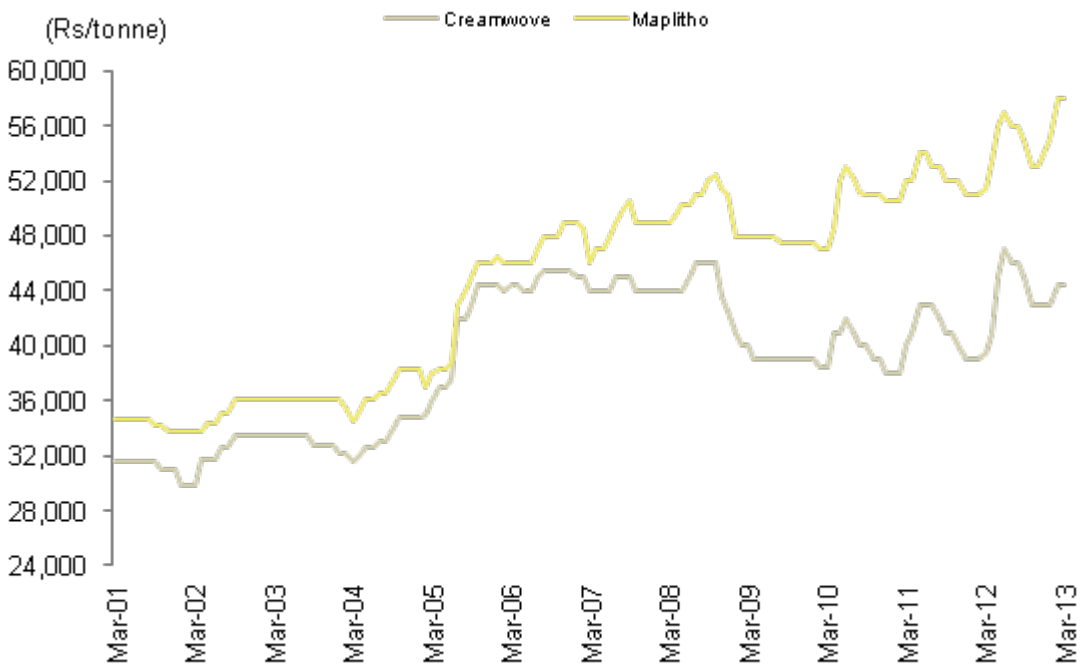


Source: FOEX

W&P prices remains stable in March 2013 on a m-o-m basis as demand stabilizes

In March 2013, prices of W&P remained stable due to hike in prices in the previous months. The prices remained high on a y-o-y basis on account of higher input costs (domestic hardwood costs) during the current fiscal. Going forward, we do not expect the prices to increase on a m-o-m basis.

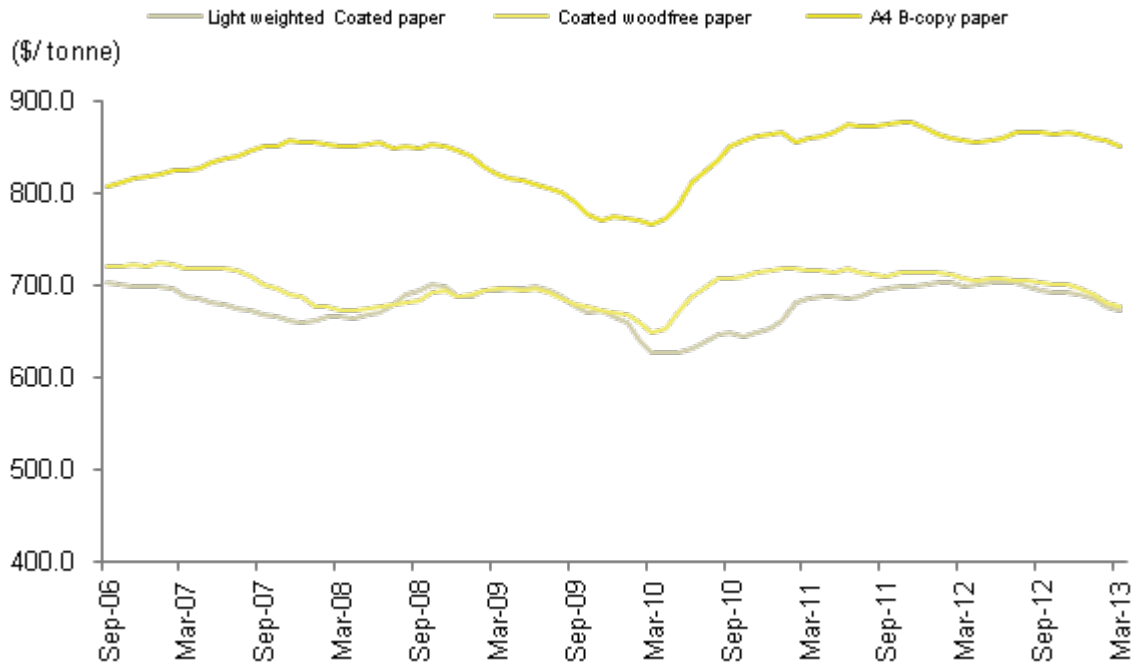
Writing Paper: Domestic Prices



Note:
Creamwove: 54-55 gsm; SS map printing: 70/80 gsm

Source: Industry

FOEX - Writing and Printing



Source: FOEX

Pulp

State of the market

	Unit	Mar 2012	Feb 2013	Mar 2013	Change (per cent)	
					Month	Year
Import prices						
US softwood, cif Mumbai	\$ per tonne	680 - 700	635 - 655	655 - 675	3.1	-3.6
US hardwood, cif Mumbai	\$ per tonne	640 - 660	640 - 660	670 - 690	4.6	4.6
Indonesia hardwood, cif Mumbai	\$ per tonne	640 - 660	600 - 620	620 - 640	3.3	-3.1
		Feb 2012	Jan 2013	Feb 2013	Change (per cent)	
					Month	Year
Global demand-supply						
Pulp inventories ¹	million tonnes	0.68	0.67	0.66	-1.1	-2.3

¹ Source: Utipulp (Includes data from Austria, Belgium, Denmark, France, Portugal, Spain, Sweden, Italy, Switzerland, UK, Germany.)

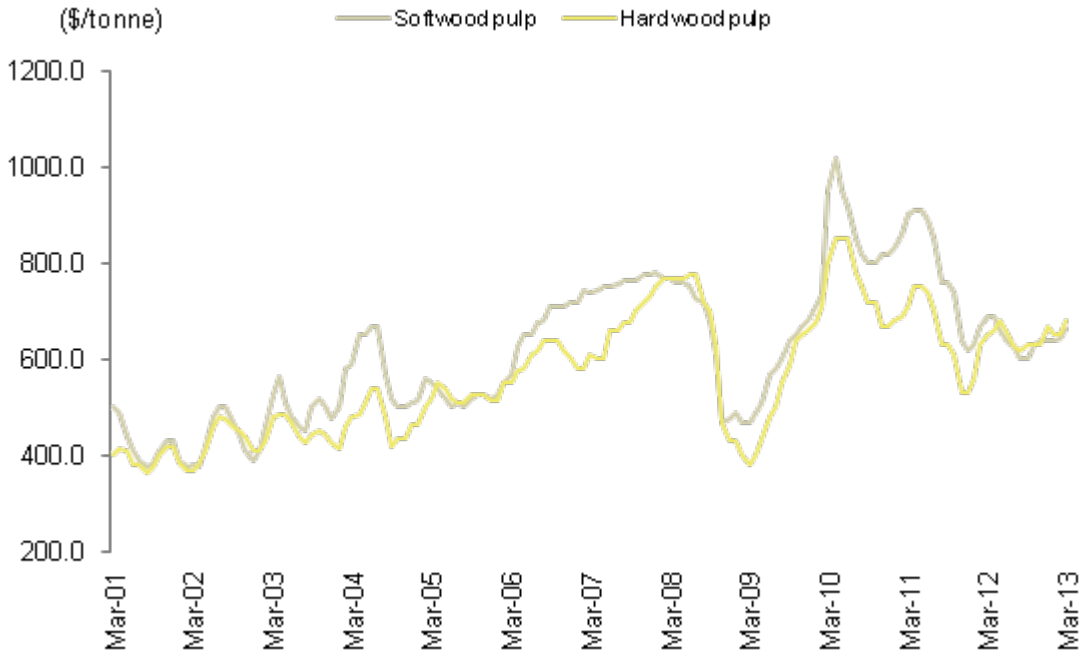
Source: CRISIL Research

Revival in demand from China increases prices of softwood and hardwood on a m-o-m basis

On a m-o-m basis, prices of US softwood and hardwood increased due to a seasonal pick up in demand from China. The steep rise is attributed to weak prices in the previous month caused due to shut down of Chinese mills for a week long Lunar New year holiday.

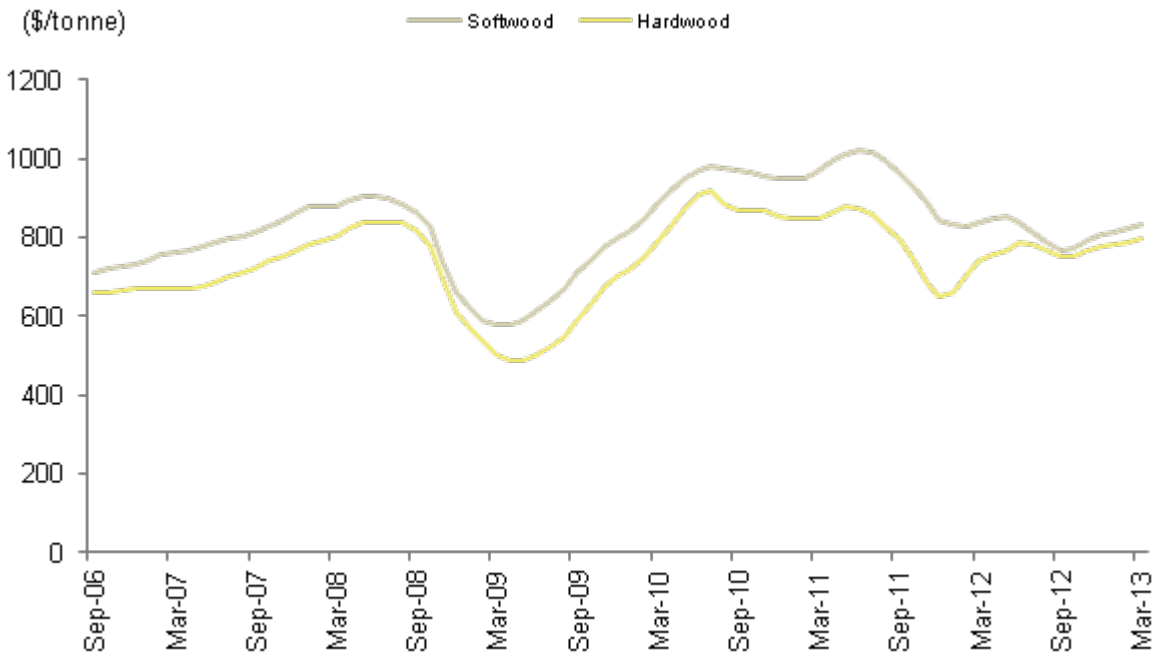
Going forward, we expect the prices of US pulp to increase marginally on a m-o-m basis as global demand for paper begins to recover.

International Prices



Source: Industry

FOEX - Pulp Prices



Source: FOEX

Wastepaper

State of the market

	Unit	Mar 2012	Feb 2013	Mar 2013	Change (per cent)	
					Month	Year
International prices						
Brown grade NDLK	\$ per tonne	265 - 285	275 - 295	280 - 300	1.8	5.5
OCC	\$ per tonne	240 - 260	235 - 255	245 - 265	4.1	2.0
Envelope cuttings	\$ per tonne	560 - 580	500 - 520	530 - 550	5.9	-5.3
Hard white shavings	\$ per tonne	535 - 555	480 - 500	500 - 520	4.1	-6.4
ONP	\$ per tonne	240 - 260	195 - 215	190 - 210	-2.4	-20.0
Domestic prices						
OCC	Rs per tonne	11,400 - 11,600	11,200 - 11,400	11,400 - 11,600	1.8	0.0
Old notebooks	Rs per tonne	11,900 - 12,100	12,400 - 12,600	12,400 - 12,600	0.0	4.2
ONP	Rs per tonne	10,800 - 11,000	10,700 - 10,900	10,900 - 11,100	1.9	0.9

OCC: Old corrugated containers

ONP: Old newsprint

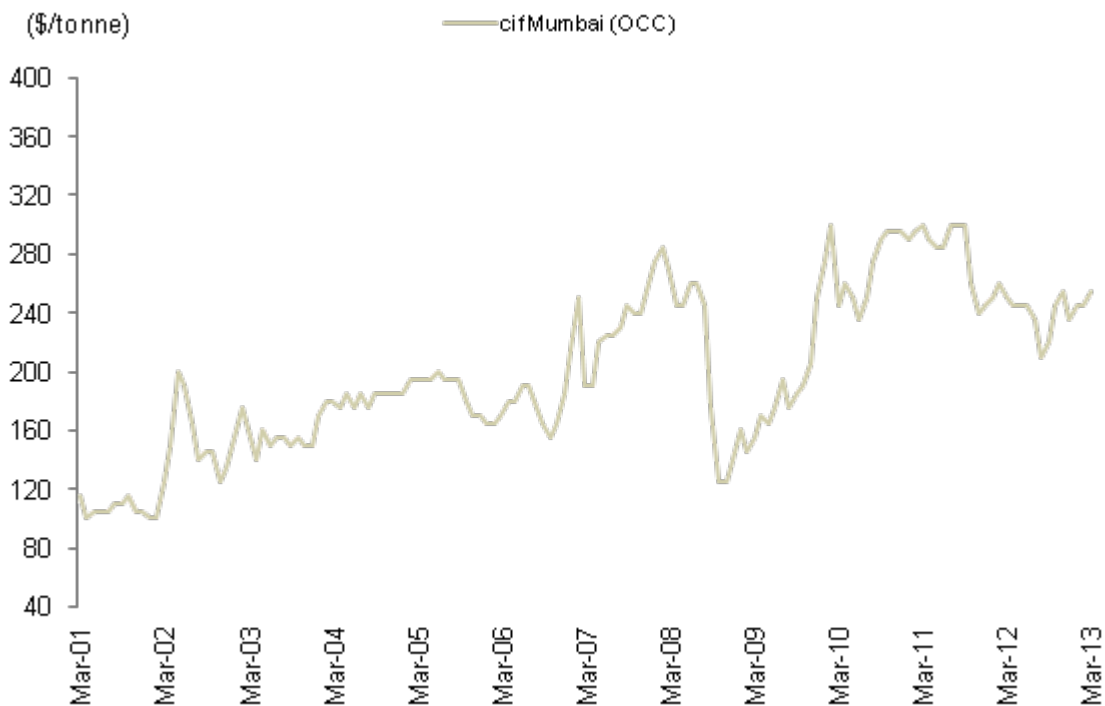
Source: CRISIL Research

Wastepaper prices to increase in April 2013 on a m-o-m basis

Prices of most grades of international wastepaper increased m-o-m due to pick up in demand from China. Consequently domestic wastepaper was preferred which led to a marginal increase in prices.

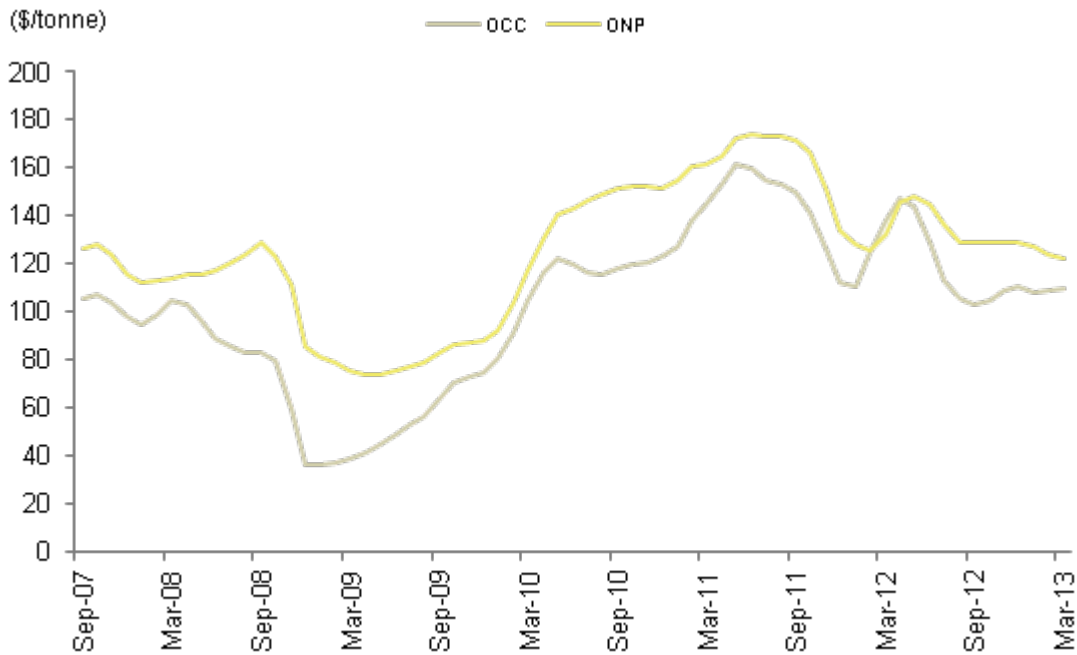
Going forward, we expect the prices to increase in April 2013 on a m-o-m basis.

International Prices



Source: Industry

FOEX - Wastepaper prices



Source: FOEX

Newsprint

State of the market

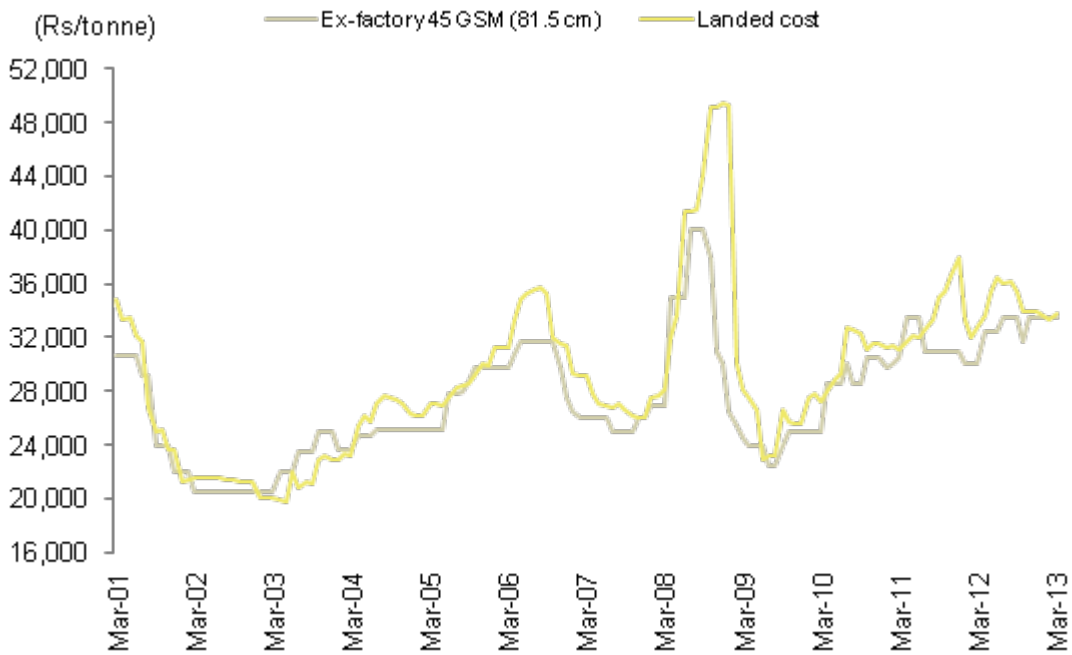
	Unit	Mar 2012	Feb 2013	Mar 2013	Change (per cent)	
					Month	Year
International prices						
Import prices						
- From Canada	\$ per tonne	640 - 660	610 - 630	610 - 630	0.0	-4.6
- From Russia	\$ per tonne	640 - 660	630 - 650	630 - 650	0.0	-1.5
Landed costs						
- From Canada	Rs per tonne	32,609 - 32,809	33,226 - 33,426	33,636 - 33,836	1.2	3.1
- From Russia	Rs per tonne	32,609 - 32,809	34,301 - 34,501	34,724 - 34,924	1.2	6.5
Domestic price						
45 GSM (large mill)	Rs per tonne	29,900 - 30,100	33,400 - 33,600	33,400 - 33,600	0.0	11.7

Source: CRISIL Research

Newsprint prices

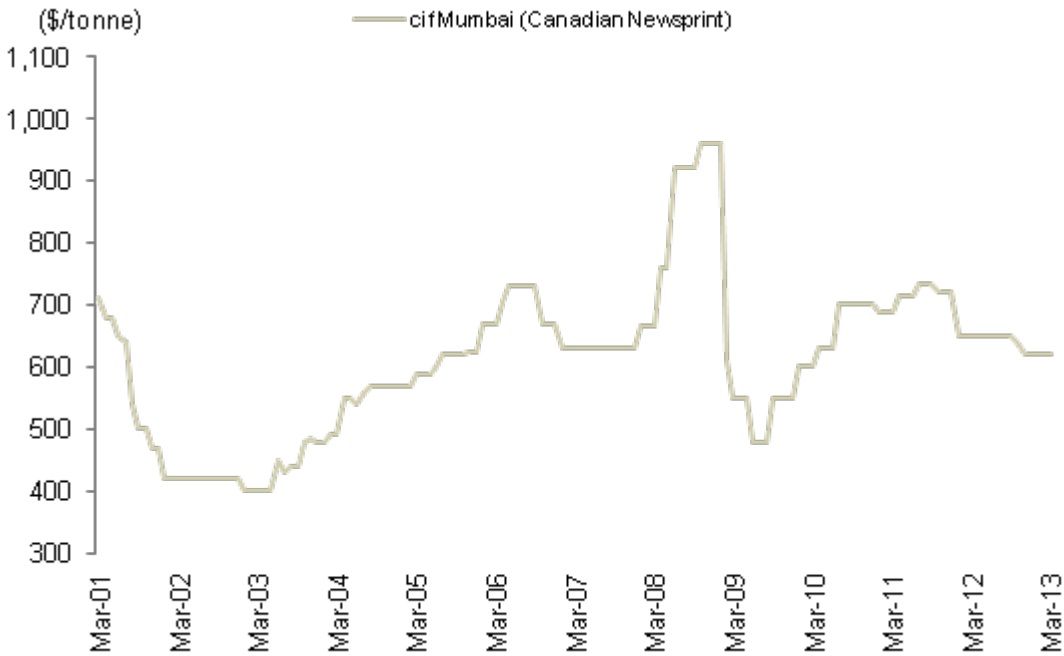
International newsprint prices remained stable in the fourth quarter of 2012-13 on a q-o-q basis as global demand remained stable. Domestic prices are decided at the beginning of every quarter, and hence remained flat on m-o-m basis.

Domestic prices and landed cost



Note:
 Newsprint prices are list prices and do not include discounts
 Source: Industry

International prices



Source: Industry