



Triplewall Containers Limited

We bring to you once again some insights into the paper trends in the Kraft paper market.

With Vaccinations happening at a brisk pace in India and markets opening up across all regions and the upcoming peak festive season we are witnessing a gradual increase in the demand across all sectors. Some sectors which were lagging behind in the second quarter of 2021 have also seen an upward movement in this quarter.

The most significant point is that Most of Europe and USA are having record demand and e commerce is fuelling a tremendous growth in the packaging requirements there. Kraft paper mills are over booked and prices of KLB have breached 1000 USD CIF India for the first time. In fact, most mills are not even ready to give a quote let alone take orders. In turn the local consumption of RCP (recovered corrugated paper) has increased substantially causing the OCC market to be very tight as there is very less quantity left over for exports to countries like India.

Every month we see an increase in the price of OCC and currently AOCC is touching a minimum of 360USD with availability even at these prices being a concern.

We had mentioned earlier that due to the high price of OCC most mills in India had resorted to reduction of imports and the effect is there for us to see today. Most mills have now stopped taking orders for 35 and 28 BF paper and are now increasing the prices for 22 and 24 bf in a higher proportion in comparison to a 18 or 20 bf where the use of Imported OCC is very less.

International shipping is in a chaos with prices of containers at an all-time high. Containers for both Imports as well as exports are not available and if you are lucky to secure a few they are at absurdly high prices. The market expects the freight rates to remain strong at least till the end of Q2 2022.

Now the flip side to the high container rates is that it has made export of paper from India Non-viable and that is the major reason for the prices of kraft paper in India to remain relatively stable in the last 4 weeks. The price is moving within a range of Rs 1000 PMT with falling and rising demand.

Mills are today in a very bad position as cost have gone through the roof (Coal cost has doubled) but prices of paper are the same as they were in early April with a slight dip in June and a recovery to the high levels in July. Most mills are waiting for the local demand to pick up a little more to absorb the excess capacity created by the stoppage of exports so that they can increase the selling price and come out of the red.



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Looking at the next 4-6 week we feel that the price should remain stable for the lower grades of paper and we will see a marginal increase in the grades from 22 to 28 due to increasing imported waste paper cost and limited availability of the same.

If the demand surge is strong then we might see a sharp spike in the prices for a short term till mid-November if there is no additional impact of Covid again.

Overall it seems like we have now arrived at the new normal for the prices of Kraft paper for the near future as with the OCC exporting countries increasing the self-consumption , availability of OCC for exports is always going to be limited which will keep the prices hovering at current levels of a range of 5% +/-.

We as always assure you of consistent supplies under all circumstances as we continue to study the markets closely and try to mitigate the risks to service you efficiently.