



Triplewall Containers Limited

In continuation to our updates on the Kraft paper trends we would like to pick up the thread from where we left off in the month of May.

We had told you that by end of June or 1st week of July we will see an upward trend in the paper prices.

Well sir by the 2nd week of July the prices have increased by Rs 1000 PMT in the south.

The mills are expected to announce another Rs 1000 increase before this weekend taking the total increase to Rs 2000 PMT which is not sustainable by us anymore.

Let us understand some of the reasons for the market to play out like this.

Most of us are wondering how can the prices increase in an market where demand is very low and over all the economy is doing badly.

The reasoning is as follows.

1. China has become a very large buyer of Imported waste paper as this may be the last 2 quarters, they may be allowed to import OCC any more.

This has caused the prices of DS OCC to firm up at 190-200 USD and OCC11 at 165-170 USD. Pre COVID these were about 60-70 USD lower.

Most of the mills in India looking at the high prices did not place orders for imported waste and are now facing severe shortage of waste paper.

The people who continued to import on a regular basis at the above prices month on month have waste but with prices of Kraft paper crashing back post the national lockdown are not in a position to sustain the pricing.

2. There has been a steady improvement in the demand situation where corrugated boxes are concerned and most mills are now running at 80-90% capacity.
3. Even though the economy is slow what we need to realise is that most sectors where boxes are used are doing better than pre COVID Times. FMCG, E commerce, oils, food, fruit and vegetables and Pharmaceuticals are very large consumers of boxes and are doing exceedingly well.



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Sectors like Automobiles especially two wheelers, electronics and white goods use boxes but less in volume but of higher value. Even these sectors are improving.

Apparel is one sector which is still lagging but the economy is pulled down by sectors like hospitality, tourism, airline, Restaurant, general retail, construction etc which do not need boxes.

4. Paper mill have started getting large export orders from China for Kraft paper which is adding fuel to the fire.
5. Local lockdown by multiple states has also caused the collection of local waste to be disrupted which in turn has created a shortage at the mills.

Sir the prognosis is that the prices of Kraft will continue to increase for the next 3 months, say till end of October as the local festival season approaches and demand either remains steady or picks up.

We expect the prices to increase by another Rs 3000 PMT taking the total increase to Rs 4000 pmt within the next 30 days.

The more serious issue is going to be the shortage of Kraft paper availability in higher BF varieties like 22,24&28 bf where a large portion of imported waste needs to be added.

Already the time taken to deliver Kraft paper by the mills has increased from 2-3 days to 7-8 days. Mills are shutting down intermittently due to non-availability of waste.

As always we will keep you informed on the changes in the pricing and request you to support us during these trying times as we are already burdened by the increased cost borne due to the SOP being followed due to COVID and with uncertainty looming large every day is a new challenge which adds to the cost as we cannot budget for the daily unforeseen problems.

Looking forward to your support and assuring you the best of service.