



Triplewall Containers Limited

In continuation to our paper update series we bring to you once again an insight into the market scenario in terms of kraft paper.

The last time in September just before the big festival season we had mentioned that there was an upward movement of pricing due to multiple reason.

Like we had mentioned this continued up to the end of October and like always immediately after Diwali there was a huge slump in demand. Due to the drop in demand there was a partial correction in the price of kraft paper both due to the reduction of prices of local OCC and imported OCC.

Imported OCC dropped by about 50 USD in the month of November and by end of November there was a correction of about 40% in the the increase that took place between September and October.

The above correction was also supported by the reduction in imported coal prices from Rs 15-16000 PMT to about Rs 10000 pmt.

In perspective this is still double the price of Rs 5000 pmt which was the price of imported coal in the beginning of 2021.

In the Month of December we still don't see any significant increase in demand but the price of waste paper both local as well as imported have started to rise.

Imported has increased by around 25USD due to poor collection in USA and Europe due to the winters and snow.

If we have to analyse the upcoming quarter here our our insights.

1. Imported OCC will remain strong and will rise to September levels due to the still strong demand for KLB world over and the increasing trend of mixing recycled paper with Virgin fibre.

Moreover the capacity of 100% recycled mills is increasing in Europe and USA at a mind boggling pace which will disrupt the availability of imported waste to fully dependent countries like India and a few others in the south east Asia in the years to come.



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2. With the new Variant of COVID -19 called Omicron the prediction is that most countries will have peak caseloads starting January to April. We are already seeing this happening in UK and USA with cases multiplying on a daily basis.

In fact the predictions are that we can expect to peak around February in India. What this will do is create a major disruption in the supply chain logistics across the world once again. This time with the virus being even more contagious it is expected to infect more people but be a little less severe than the delta version.

We are already witnessing a huge number of cancellations in flights across the world during the peak holiday season due to large number of pilots and stewardesses calling in sick due to infections.

This is the same scenario that is going to play out in all other areas like shipping, road transport, warehousing, industrial labor etc which in turn will completely disrupt the flow which was just returning to normalcy.

In fact container freight had just started dropping from the month of November but going ahead we can expect a U turn very soon.

In India we expect demand to start picking up after 15th January going up to the end of the quarter. This will help support increase in the price of kraft paper that had dropped down in November and early December.

Another major aspect which will affect the industry on a permanent basis is the cost of Starch which is used for making glue.

With the government giving incentives to industries putting up ethanol plants made from grains and bagasse the availability of maize starch is going to get difficult.

Secondly government has allowed export of starch which has pushed the prices up by about 20% currently and is expected to go up further.

Inflation is going through the roof. All commodities are touching all-time highs.

To summarise the upcoming quarter we see a steady rise in demand from mid-January. Riding on that demand and due to multiple reasons given above the price of paper will rise marginally and should stay there.



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If the third wave hits then it's difficult to predict the demand patterns but supply chain will be effected which will not allow the prices to drop significantly.

Overall we expect a reasonably stable quarter with price movement of around Rs 2500 pmt +/- from end November levels.

Merry Christmas and a happy new year.