



PSR The Paper Stock Report

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The Market: Weak pulp market drags white grades

By Ken McEntee

Although a couple sources reported that Sorted Office Paper (SOP) was beginning to show improvement this month, prices for the grade generally trickled further downward. The average national domestic mill buying price for SOP in the most recent Paper Stock Report survey was \$106.67 per ton, down 5 percent compared to the beginning of October.

Meanwhile, a Southwestern mill, according to one broker, was offering as little as \$20 per ton for its lowest quality office pack moving into October.

"I can't say when, but it's inevitable that the current pricing trend will reverse and when it does, the mills will realize the damage their greed has inflicted upon their supply chain," said a supplier in the Southwestern region.

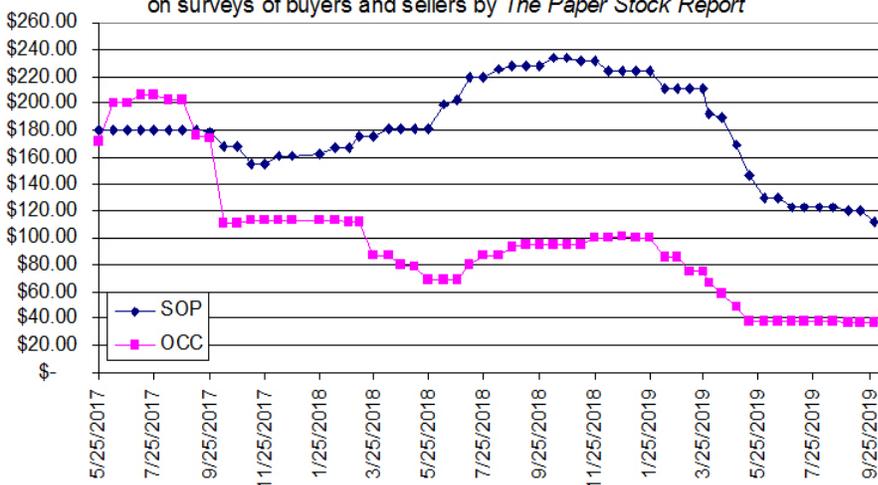
A supplier on the West Coast said Mexican mills were the only "domestic" buyers of SOP, and reported export prices at around \$105 per ton delivered to the port of San Francisco.

"The underlying situation is that pulp is abundant and getting cheaper by the day, which is depressing things from the top down in our business," according to a broker in the New York area. "South Americans, for example, are not buying white ledger because they can get pulp al-

(See Domestic, page 7)

OCC, SOP Prices

U.S. average national mill buying price, \$ per ton, FOB sellers dock, based on surveys of buyers and sellers by *The Paper Stock Report*



BIR Report: When will the paper markets get going again?

The latest quarter maintained the same momentum as its predecessor - demand is flat and the reel market has failed to mirror its level of 2018, reported Jean-Luc Petithuguenin, of the Paprec Group, of France, and president of the Recovered Paper Division of the Bureau of International Recycling (BIR).

Commenting in BIR's latest international market report about recovered paper, Petithuguenin said reel stocks are rising, especially for newsprint, and recovered paper inventories are also high.

"For the lower grades, there is insufficient demand for the available supply and the lowest grades are difficult to place in the market," Petithuguenin said. "Purchase prices are under pressure; paper

makers are loaded down with stock and are receiving many offers. The market is looking forward to the arrival in Europe of the new machines that have been announced. However, some projects are waiting for better days in the packaging sector."

Here is the rest of Petithuguenin's full

(See Global, page 4)

Highlights

- Current recovered paper prices
- Closed Loop Partners acquires stake in Balcones
- Norske Skog sells Albury mill

Recovered Scrap Paper Prices: Dealer/Processor Prices

These prices reflect the estimated value of recovered scrap paper accepted by or sold to paper stock dealers and/or recycling centers unless otherwise indicated. Prices are listed in dollars per short ton for loose (not baled) material in small quantities, unless otherwise noted. Negative values indicate a charge to accept the materials. Estimated prices are based on surveys of buyers and sellers and are not binding. Prices for grades marked "at generator's dock" indicate the estimated value for material picked up by a dealer from the place where material is generated. Prices for grades marked "at dealer's scale" indicate the estimated value of material brought to the dealer's plant or recycling center.

Grade	N.Y.	NewEng BOS	SEast ATL	PITTS/ CLEV	MWest CHIC	SWest Tex	L.A.	NWest SEAT
Mixed paper, at generator's dock:	-60/0	-60/0	-50/0	-55/0	-55/0	-50/0	-60/0	-60/0
Mixed office paper, generator's dock:	0/50	0/50	40/75	50/70	50/70	40/75	20/60	0/65
White ledger, at generator's dock:	90/130	90/130	90/120	110/140	110/140	105/140	90/130	80/140
Old newspaper, delivered to dealer:	-25/0	-25/0	-15/0	-15/0	-15/0	-15/0	-25/0	-25/0
Old corrugated containers, delivered to dealer:	-25/0	-25/0	-25/0	-25/0	-25/0	-25/0	-25/0	-25/0
Old corrugated containers, supermarket-sized bales	5/30	5/30	5/40	5/30	5/30	5/40	10/50	5/50
Old magazines, delivered to dealer:	0/40	0/40	0/40	0/40	0/40	0/50	0/50	0/45

Recovered Scrap Paper Prices: Mill Buying Prices

These figures are average prices paid by paper and board mills for the grades listed. Prices are listed in dollars per short ton, baled, FOB seller's dock (exclusive of freight), packed to PS-2017 specifications. Numbers in parenthesis are PS-2018 grade definition numbers.

Post-consumer grades:	Northeast	Southeast	Midwest	Southwest	LA	Northwest	Natl Avg	Last Issue	Last Month	Last Year
Mixed paper (54)	0/10	0/15	0/20	0/25	N/A	-10/5	5.42	6.25	6.25	5.42
Sorted resid. papers & news (56)	20/40	30/50	30/60	30/60	10/20	20/35	33.75	25.00	25.00	20.00
Sorted clean news (58)	70/85	70/85	65/75	70/85	50/60	50/80	70.42	70.42	70.42	123.33
Old corrugated containers (OCC) (11)	25/40	25/45	25/40	25/45	35/50	35/55	37.08	37.08	37.08	95.42
Sorted office paper (37)	105/120	100/120	105/120	100/130	80/100	80/100	106.67	111.67	111.67	233.75
White ledger, post-consumer (40)	230/250	230/250	240/260	230/260	220/240	200/230	234.17	234.17	234.17	309.17
Old magazines (10)	50/80	60/100	60/90	60/90	80/100	70/90	77.50	77.50	77.50	132.50
Industrial / Commercial grades	Northeast	Southeast	Midwest	Southwest	LA	Northwest	Natl Avg	Last Issue	Last Month	Last Year
Boxboard cuttings (4)	30/40	25/35	25/35	30/40	30/50	30/50	35.00	35.00	35.00	102.50
New double-lined kraft cuts (DLK) (13)	60/75	70/85	60/85	70/85	60/80	60/80	72.50	72.50	72.50	117.50
White news blanks (24)	170/220	190/220	180/220	210/250	170/210	170/190	200.00	200.00	200.00	280.00
Coated soft white shavings (28)	300/320	300/320	300/320	300/320	310/340	300/330	313.33	313.33	313.33	263.33
Hard white shavings (30)	380/415	380/415	380/415	380/415	380/415	380/415	397.50	397.50	397.50	460.00
White ledger, pre-consumer (41)	230/250	230/250	240/260	230/260	220/240	200/230	234.17	234.17	234.17	299.17
Coated book stock (43)	105/120	100/120	105/120	100/130	100/120	100/120	111.67	111.67	111.67	234.17
Coated groundwood sections (44)	50/85	60/100	60/95	60/95	80/105	70/95	79.58	79.58	79.58	142.50
Unprinted bleached sulfate (SBS) (47)	330/360	330/360	330/360	330/360	330/360	330/360	345.00	345.00	345.00	430.00
Weighted average national price							63.29	63.47	63.47	117.74

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Use the survey form to submit your observations about current scrap paper markets.



Transactions

Closed Loop Partners acquires stake in Balcones

Closed Loop Partners, a New York based investment firm focused on building the circular economy, has acquired a stake in Texas-based Balcones Resources through its private equity fund, the Closed Loop Leadership Fund.

Balcones Resources is a nationally recognized, best-in-class environmental services company that has been in business for 25 years, handling commercial and residential recycling, among other services, in Texas and Arkansas, Balcones said. Closed Loop said Balcones' commitment to operational excellence, advanced technology and long-term partnerships makes it an ideal platform to scale the circular economy within its current markets and across the U.S.

Kerry Getter, chairman and CEO of Balcones, will continue to lead the company.

"The expertise that Closed Loop Partners brings to the new relationship will provide unprecedented opportunities for

corporate management and shareholder growth," Getter said. "Balcones and Closed Loop Partners' cultures are similarly aligned. Together, we will be able to enhance employee opportunities, services to our customers and assist in achieving a diverse set of ambitious environmental goals."

The partnership builds on Closed Loop Partners' extensive network of strategic stakeholders across the recycling and manufacturing value chain, from supplier relationships with corporate partners to recycling facilities to manufacturers across the U.S. By better connecting and integrating the system, costs and volatility in the

market are reduced.

"We're investing across the supply chain with a long-term view of a more profitable and sustainable future," said Ron Gonen, CEO of Closed Loop Partners. "By scaling best-in-class businesses like Balcones, we will strengthen recycling and circular economy infrastructure in the U.S."

The Closed Loop Leadership Fund brings together corporate investors, institutional investors, family offices, and foundations committed to building circular supply chains that reduce costs, increase margins, and protect the environment we

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 MARKET INTELLIGENCE FOR PAPER RECYCLERS
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October 29 - October 30

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Transactions

Balcones

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share.

Closed Loop is an investment platform that invests in sustainable consumer goods, recycling and the development of the circular economy. Investors include many of the world's largest consumer goods companies and family offices interested in investments that provide strong financial returns and tangible social impact.

Balcones Resources began operations in 1994 and has grown into a nationally recognized firm and one of the top 50 recyclers in North America. With more than 200 employees across its three locations, Balcones is a recycling partner for municipalities, multi-tenant facilities, corporate campuses, manufacturing facilities and distribution centers.

Norske Skog sells Albury mill to Visy

Norske Skog has sold its Albury mill in Australia to Australian packaging group Visy. Albury will cease newsprint production by the end of December 2019.

"The closure of Albury will address the substantial imbalance between newsprint production capacity and customer demand in Australasia and unlock the Albury mill's position as an ideal candidate for conversion into packaging grades," said Sven Ombudstvedt, president and CEO of Norske Skog.

Albury has an annual newsprint production capacity of 265,000 tons and closure of the mill will substantially reduce the newsprint production capacity in Australasia and reduce the region's export exposure to the Asian market.

The completion of the Albury mill transaction is expected to take place in the first quarter of 2020. The transactions and redundancy will be recognized in the financial statement in the fourth quarter 2019.

Norske Skog said the sale of the Albury

mill is in line with its communicated strategy of optimizing its portfolio and seeking value enhancing transactions. Publication paper production will continue at Norske Skog's two other Australasian mills, at Boyer in Tasmania and Tasman in New Zealand. Norske Skog's long-term strategy remains to improve the core business, to convert certain of the group's paper machines and to diversify the business to the bioenergy, fibre and biochemical markets.

Visy is involved in the global packaging, paper and resource recovery industries, operating more than 120 sites throughout Australasia and has trading offices across Asia and Europe.

Norske Skog is a producer of publication paper with strong market positions in Europe, where it occupies a top-tier publication paper position, and Australasia, where Norske Skog is a leading producer of publication paper in a concentrated market. Norske Skog operates a seven paper mills strategically located close to attractive markets and with total paper production capacity of 2.6 million tons, comprising 1.7 million tons of newsprint and 0.9 million tons of magazine paper. Norske Skog's Albury mill, with a production capacity of 265,000 tons of newsprint, is expected to cease production by end of 2019.

The Market

Global

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report, along with reports from other markets:

Asian paper mills are offering some solutions, but not enough. Chinese manufacturers are buying very little volume in Europe, reserving their quotas for other markets such as the U.S. It is also heard that China's domestic collections are rising sharply.

Indonesia has put very strict controls in place so that exporting to this country is a complicated matter, but this market offers an alternative to China and its weak collection performance implies a requirement for substantial import volumes to meet paper mills' needs. The other Far East countries are booking orders at lower

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prices. Overall, the Asian market is slow and demand for finished products is weak. Furthermore, the Chinese economy has been affected by the trade dispute with the U.S.A.

The medium grade market has been experiencing a year of disruption.

Newsprint sales have declined sharply. Customers are also facing competition from low-priced newsprint reels coming out of Russia.

The deinking market is subject to regular price declines so that it is almost impossible to sell everything. Several machines stopped temporarily this summer in Europe and will continue with regular shuts until the end of the year.

Manufactured product inventories are quite high and, unfortunately, there are not many alternatives.

UPM has announced that it will sell the Chapelle Darblay plant near Rouen but will wait until January to find a buyer; the plant has not been running well for some time. Thus, the market may lose another machine from this sector. The only support is coming from German paper mills which have continued to import from France. Meanwhile, it is almost as if the Far East market has ceased to exist.

In the high grade market, the situation is still the same, with demand at low levels for some materials. The market is following the trend in pulp for which there is pressure on prices.

This a pivotal year in which we are still suffering the consequences of the Chinese government's decisions. Europe is a market of surplus; demand from the continent's paper mills is insufficient to absorb available supply and waste management companies must export their material.

Also in this market, quality requirements are rising, and the current and future trend must be towards adapting our production and focusing on quality. Many controls are being established. Professionalism and traceability must be respected. We are in a downcycle, but the market will

get going again. The question is how long will this crisis last? The answer will undoubtedly depend on the health of the world economy.

Asia
Ranjit Baxi, J&H Sales
International Ltd.

Continued uncertainties and the escalating trade war between the U.S and China are having a dominating effect on global economies. More than 35 of the major advanced economies of the world are showing early signs of recession with many of them registering a visible downturn in their manufacturing output to levels last seen seven years ago.

The Purchasing Managers Index (PMI) also continues to fall significantly below the 50 mark, with the Eurozone PMI index being at 45.7 in September – again last seen in 2012. Levels of 50 and less reflect economic contraction whilst above 50 represents expansion or growth. The World Trade Organization (WTO) is also continually revising its forecast for growth of world trade to reflect the early signs of recession.

Weakening export volumes to China are also reflected in the rapidly decreasing container volumes being shipped to China. Coming from levels of 2.6 million TEU pre-2016, we are today projecting to around 1 million TEU for 2019, decreasing to about 400,000 TEU for 2020 and less than 80,000 TEU for 2021.

A total of 10.2 million tons of import licenses were issued by the end of the quarter and are projected to end the year with about 12.5 million tons of licenses.

With decreased export volumes, prices for European Old Corrugated Containers (OCC) started the quarter at around US\$105 per ton and hovered around these levels for the third quarter fluctuating between US\$95 to 110 per ton.

Steady demand continued for all the other grades but in much smaller volumes.

Domestic fiber prices in China for OCC were at levels of US\$285 to \$315 per ton, mixed paper at US\$270 to \$295 and old newspaper (ONP) at US\$460 to \$485.

Mixed Papers continued to be shipped to other markets, namely India, Indonesia, Vietnam and Thailand.

Also, exports for 95/5 and 90/10 OCC

continued to these markets with prices declining during the quarter.

Traders are looking forward to opening up of new market demands following the completion of Chinese import cycle for the year 2019 during November.

Germany
Reinhold Schmidt, Recycling
Karla Schmidt

Many of the recent production stops implemented by consumers of recovered paper were due to the weakened economy. In July, this led to reduced demand for recovered paper, and especially the lower grades. The result was price cuts on occasions, but the price declines now appear to have stopped.

Contracts differed according to geographical region.

For the middle and higher grades, the market situation varied from one quality to another. Some, including 3.04 (Tear White Shavings), were in good demand and were achieving higher prices, whereas others such as 3.18.01 (White wood-free uncoated shavings) were experiencing too much availability.

Overall, the market in these segments was fairly balanced. At the same time, the amount of recovered paper and the volumes collected by waste management companies were in decline. The main reason for this was the significant economic downturn across all manufacturing sectors. All recovered paper volumes were sold either in Europe or in export countries.

In August, the recovered paper market lacked momentum. Recovered paper stocks were high for both suppliers and customers alike. The situation was unaffected by the significantly lower quantities of material collected by waste management companies owing to the overall economic situation. Numerous paper mills tried to reduce agreed volumes, in some cases quite substantially, and justified this approach by claiming a drastic decrease in their order books. On balance, demand from the paper industry was lower than it had been for a long time.

Recovered paper exports, which had been low for a considerable period, con-

tributed nothing in the way of an improvement to the situation; indeed, the contrary was true.

Indonesia's new, restrictive import policy has closed the supply pipeline to this country until further notice. In Germany, prices for the lower grades dropped by single digits, but by double digits for the higher grades. The recovered paper collection industry was trapped between, on the one hand, massively increased quality, logistics and labor costs in various areas and, on the other, continuously decreasing prices.

As for September, recovered paper availability was high and in line with the seasonal norm. Excess availability persisted among the lower grades in particular. Shutdowns by paper mills appear to be over, with production in Germany returning to almost normal levels. With regard to the quality control of incoming material, complaints from numerous paper mills increased sharply. Recovered paper that used to be good enough in terms of quality is now often penalized with price cuts or even rejected.

The potential for exporting recovered paper to Asia improved slightly.

Clean material with a guaranteed maximum 0.5 percent of non-paper components was also accepted by China. Prices dropped for the lower and deinking grades by around Euro 5-10 per metric tonne. Medium grades and wood-free chips were relatively stable; these are enjoying good demand as the demise of the printing industry is causing a supply shortage and so prices are tending to go up. For rotation, wood-free white and unprinted CEK, there were price drops of around Euro 10 per tonne.

Italy
Giampiero Magnaghi

The previous report highlighted the contradictory policy that promoted an increase in recovered paper collections at a time of evident surplus. This self-defeating exercise has persisted over the last couple of months, with public collection activities helping to create a clear oversup-

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The Market

Global

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ply.

At the same time in August, most mills stopped production for what they claimed was extra maintenance work, but in reality the reason was probably that they were already overstocked with finished product. This situation has not been so different from that seen in the rest of Europe, with talk of stock lots of reels at lower prices and of supposedly “second and/or inferior quality.”

Recovered paper suffered as a consequence. Despite a reduction in voluntary collections, operators have had to contend with excessive stocks on a regular basis.

There is still some export activity. Overseas shipments remain a possibility if the material is satisfactory in terms of cleanliness and quality. The main outlets are in Asia (including limited volumes heading to China) and also elsewhere in Europe. Export prices are clearly more attractive than those prevailing on the domestic market.

The domestic price of OCC is between Euro 50 and 55 per tonne. Mixed paper was in good demand at the end of July but the market is now calmer.

Appeals to the mills to take material in line with previous arrangements have come to nothing, with the resultant problem of stocks exceeding permitted limits. In turn, the functioning of the public collection networks (selective and non-selective) promoted by Comieco (Italy's National Recovery and Recycling Consortium) has been compromised, causing great disappointment and problems among municipalities.

Circular economies are nothing but a stratagem to help with public waste problems.

Going back a number of decades, recovered paper companies focused solely on industrial paper waste and encountered hardly any management problems.

However, the advent of a “green” government which is against the construction of thermal recovery plants will certainly

complicate the landscape even further. Italian mills are also claiming that energy costs (largely gas) are 15 percent higher than those of their competitors elsewhere in Europe, and a number of medium-sized producers which have enjoyed some good times over the past two years are today reaching a point of jeopardy.

Under a legal action promoted by the antitrust authorities in 2017 against a group of mills, a tribunal has now imposed very consistent fines on those responsible. This has included the mill in Mantua, which has had other problems too and is not actually operating.

Larger, well-structured recovered paper operators have continued with their activities - albeit at a reduced pace - but smaller companies could find it more difficult in future either to survive or to remain independent.

Debates have taken place about the necessity of producing an official assessment of collection, transportation and processing costs that should drive the management of this sector. Such a move could demonstrate that the recovery of some materials is effectively a cost when taking all factors into consideration.

United Kingdom Keith Trower, Viridor Resource Management Ltd.

The effects of the changing paper landscape have continued to cause disruption and volatility. The sources of this include the trade war between the U.S. and China, resulting in the potential for import tariffs of 5 percent, reduced import quotas in China resulting in reduced buying and depressed prices and further uncertainty concerning import restrictions in the Far East, in particular in Indonesia.

The result of this has been that the recycled paper world is continuously having to adapt and seek new outlets. It appears that India currently has the highest volume of available capacity for imports and is able to capitalize on the low global demand through offering low prices.

However, history has taught us that out of change, disruption and volatility, there is always opportunity. This is being seen in Europe as mill groups and paper

reprocessors are investing in new capacity specifically to target imports from the U.S. It is likely these facilities will be located close to ports or docks to further optimize haulage and container unloading. These could be in place as early as 2020.

The additional capacity is anticipated to make Europe a valuable region for the recycled paper market, with the potential to contribute towards the realignment of supply and demand, in particular if China is to eliminate solid waste imports from 2020.

Of course, the extent of the impact this will have on the U.K. paper market is yet to be determined owing to Brexit uncertainty as to whether there will be a trade deal agreed by October 31, a further extension to the Brexit deadline or a no-deal Brexit on October 31.

Tariffs and customs duties have yet to be officially published and, therefore, there is uncertainty as to the price competitiveness of the U.K. over the U.S. and other potential sources of supply.

Additionally, the continued push-back on the Brexit date has meant that U.K. deink mills have resorted to storing material as a contingency for low supply in the event of a no-deal Brexit. This has had the consequence of further depressing prices owing to low buying activity and is expected to continue through October.

The result of the Brexit negotiations remains key to forecasting the future of the U.K./European paper market.

Scandinavia Martin Leander, Stena Recycling

The region's market for corrugated cardboard went down during the third quarter. Prices are normally stable in the summer but prices declined this time in Scandinavia owing to basic economics - too much material available and too little demand from the paper industry.

Good demand for finished products has been limiting further price reductions but, over the last couple of months, there have been increasing signs of a downturn in the finished product market.

Mixed paper has not followed the same pattern as OCC, and the market has remained more or less stable in Scandinavia.

The Scandinavian deinking market was weak during the third quarter. Low utilization rates and high stock levels for several newsprint mills in Europe led to an oversupply of recovered paper in the Scandinavian market. The 1.11 (sorted graphic papers) market was under pressure during the third quarter and the same applied to pulp substitute grades as prices have been pushed down by low demand together with declining pulp values.

Spain Francisco J. Donoso, ALBA Servicios Verdes S.L.

Export markets for recovered paper remained narrow but stable during the summer. Excluding China, which is no longer a key destination for Spanish material, other countries such as Vietnam and India have maintained stability with even a slight improvement in demand. Indonesia has also increased demand although in a very irregular way, changing its import rules and conditions several times.

Overall, stocks remain high across Spain, not only at recyclers' depots but also at paper mills. Nevertheless, imports of recovered paper continue increasing, reaching 782,260 tonnes in this year's January-June period for a 20.27 percent increase over the corresponding figure for the first half of 2018. Making the same comparison, exports continued decreasing to 429,390 tonnes for a decline of 14.02 percent over the same period in 2018. Obviously, these trends are totally unsustainable.

Regarding domestic consumption of OCC, there has been a moderate increase. SAICA has concluded the repairs to the line damaged by a fire several months earlier, and International Paper has also solved technical problems which led the mill to stop production for several weeks. However, the resulting improvement in consumption is not enough to offset the scenario described above.

The domestic deinking market continues to worsen, with prices dropping every month. White paper demand has remained stable, with moderate price improvements at the end of the summer.

Domestic end-of-waste developments

are at a quite advanced stage but will not help much while end-of-waste status is not achieved throughout all EU countries. Local end-of-waste status is valid within Europe only among those countries approving the same conditions.

Domestic

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most as cheaply from the Brazilian producers. White ledger and other deinking grades, along with SBS (solid bleached sulfate grades continue to back up."

According to a Midwestern supplier, "Demand for white ledger has been spotty, but clean, low-print material moves consistently. With IP's (International Paper) Selma, Ala. Expansion with more brown grades and eliminating taking whites, the market could be upset for a while. Just the same, lower monthly generation of manifold white ledger may balance that."

The Midwest supplier said he has been an improvement in SOP demand over the past five weeks, while reporting a mill price of \$110 per ton.

Another supplier described the SOP market as "confusing."

"We were contacted by a couple large buyers who needed more material and were willing to raise their price to get it," he said. "On the other hand, low end office pack is backed up pretty badly and we're seeing more deterioration on some of those prices. One mill said it would pay \$20 a ton. They're basically saying we don't want it, but if you insist, that's our price. It's a low grade office pack with a lot of groundwood - not acceptable to a normal SOP mill."

Suppliers during the past few weeks have reported a "glimmer of hope" for the North American old corrugated container (OCC) market, but not enough to entertain any hope of improved prices.

Despite reports that OCC inventories at recycling plants have substantially fallen over the summer, the consensus among buyers and sellers is that prices are likely to stay at present levels for the rest of the year barring some unexpected event.

One major OCC consumer, Grief Inc., told financial analysts that it expects its OCC prices to hold at \$33 per ton through

the end of October - the end of its 2019 fiscal year.

A recycler on the West Coast reportedly had 5,000 tons of OCC stacked up at the beginning of July. By the end of August, the yard was down to a couple rail car loads, one broker said.

"That's just one plant, but I'm hearing similar stories all around the West Coast and the Upper Midwest," he said. "Demand is picking up. At the beginning of September, mills were cutting back on their orders. Halfway through the month, they were calling for more OCC."

Some of the stockpiled OCC, sources conceded, probably ended up in landfills.

"You hear about the mixed paper going to landfills, but other grades of paper were being dumped off as well," said another broker.

Despite reports of somewhat improved demand for OCC, sources note that time is running out to get orders to China on the water for arrival before a December 20 deadline on import licenses.

"Anything near the end of October is pushing your luck," he said.

A Midwestern supplier echoed that: "OCC demand has picked up over the last six weeks, but it could come to a halt at the end of October with no new import quotas to China," he said.

The run-up to the October 1 opening of the new Pratt Industries containerboard mill in Wapakoneta, Ohio was reportedly having an impact on the mixed paper market - but not a huge impact.

In the Eastern region, one broker said, three significant buyers of mixed paper - Sonoco Products Co., ND Paper (Nine Dragons, West Virginia) and Pratt - which operates four other U.S. mills - hiked their mixed paper prices to zero per ton.

The new Pratt mill will be able to recycle 425,000 tons of mixed paper and OCC. In advance of its opening, President Donald Trump toured the new mill in late September.

Although some traders noted the domino effect on the mixed paper market resulting from new Pratt demand, one broker noted a different domino effect.

"When Pratt starts making

(See Domestic, page 8)



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The Market

Domestic

From page 7

containerboard, it's going to displace tonnage that some other mill is making now," he said. "There is an overcapacity problem, and some of these weaker, high-cost producers will not survive this market."

One of the casualties of the weak markets could be the old "Paper Retriever" collection bins once operated by Abitibi Recycling, then Resolute Forest Products, before Resolute sold off the collection division in October 2014.

"Those programs are falling away," one broker said. "The collection process is too expensive - front load collection is the

most expensive form of collection and the price is so low on ONP (old newspaper), OCC and SOP that a lot of those routes are being discontinued starting in rural area and moving inward. Dallas and Houston were two of the largest programs they had and they are wiping those out. At one time there was a rebate paid to schools and municipalities to put the containers in their parking lots. They would pay \$10 a ton or whatever, then it was \$5, and eventually it was zero. And now they says, "you're going to have to pay for the bin," and the schools are saying we're not going to pay for this. We don't have any money."

"We've been hit really hard," said the recycling coordinator in the Cleveland area. "They cut what we were getting to fund my recycling publication. But at least they are still servicing the boxes. For now."

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