

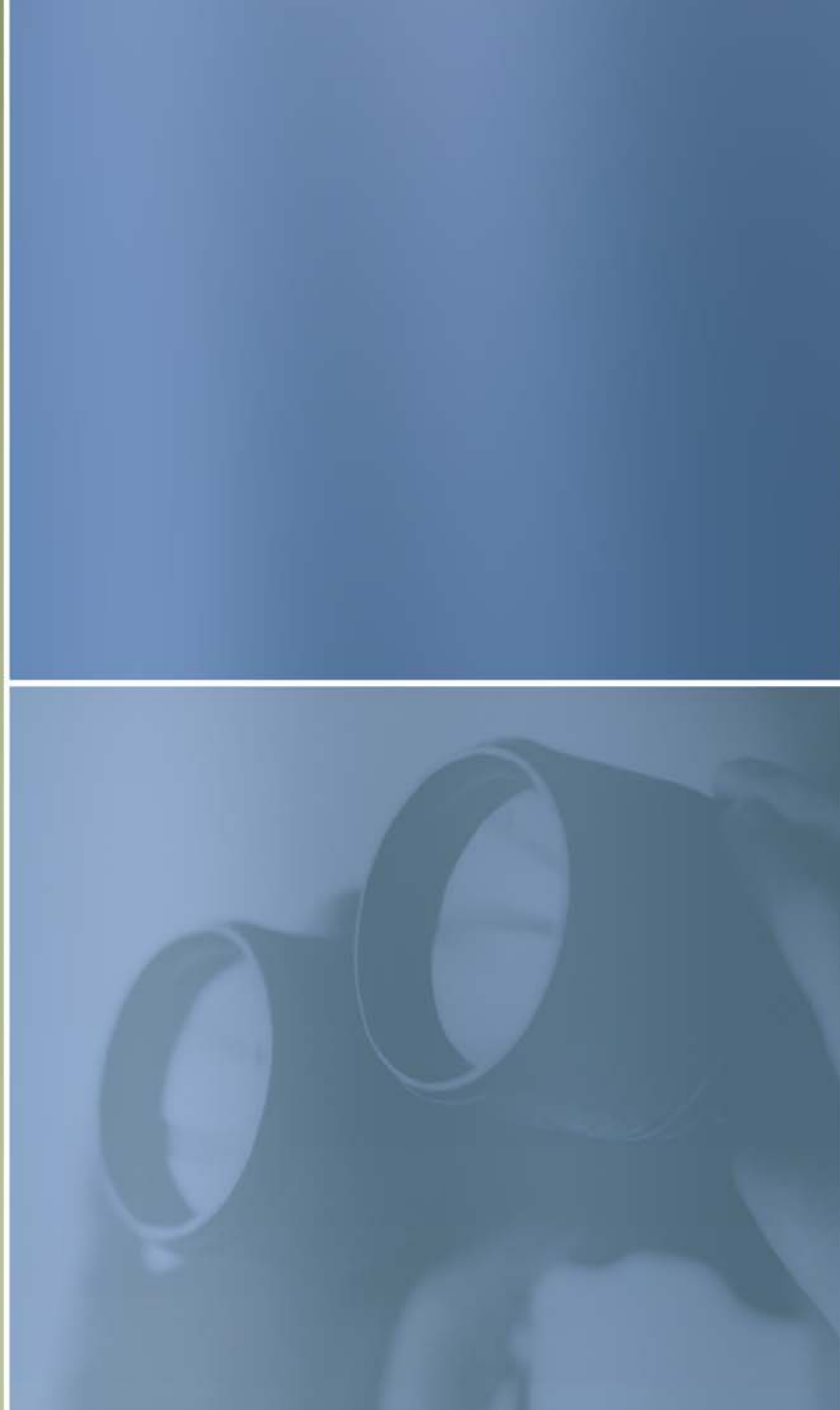
# **Pulp Market Update**

**Brian McClay**

**TerraChoice Market Services Inc.**

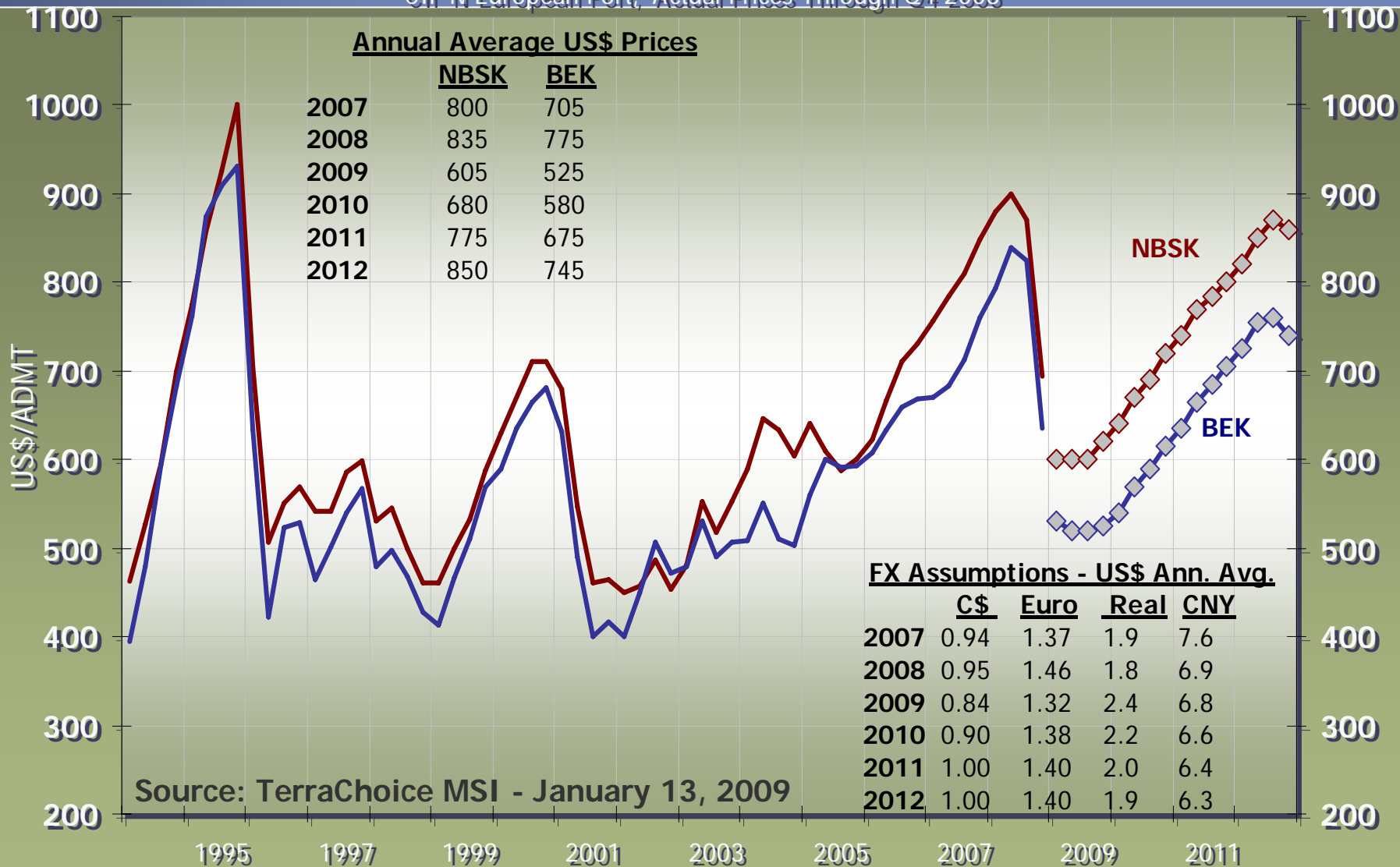
**Deutsche Bank Webinar**

January 15, 2009



# Quarterly NBSK/BEK US\$ Prices in N Europe - 2012

CIF N European Port, Actual Prices Through Q4 2008



# Major Supply Cuts 2009, solid recovery 2010-2012

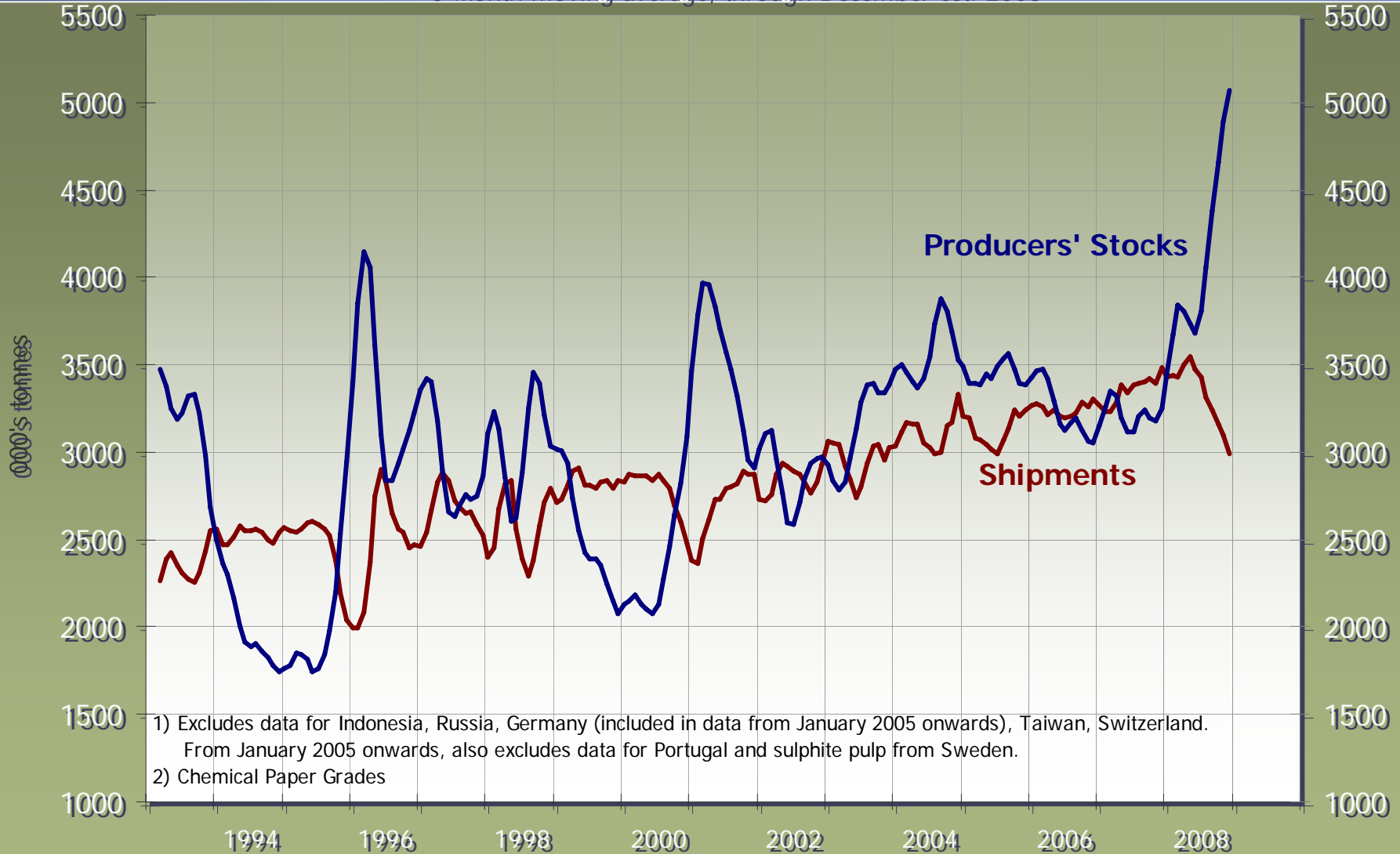
- World market pulp demand down 2.8% 2008. +4% 1h, -9% 2h.
- Despite Q4 pulp downtime/closures, still hugely oversupplied
- Except tissue, global paper outlook horrible. Downtime, closures
- Pulp cons/demand very weak – down 5% 2009/2008.
- More spot, more cash, more discounts, more new supply
- More new hardwood supply - VCP, ENCE, Indonesia?
- Spot prices bottomed. List prices almost there. Depends on FX.
- Below NorScan hardwood cash costs, most softwood too
- More downtime decisions now, more closures soon
- Demand stabilizes 2h 09. Supply cut. Stock overhang down Q3
- Softwood prices + Q4 2009, hardwood 1h 2010
- Little new supply through 2011.

# Pulp Market Outlook

- World market pulp demand down 2.8% 2008. +4% 1h, -9% 2h.
- Despite Q4 pulp downtime/closures, still hugely oversupplied
- Except tissue, global paper outlook horrible. Downtime, closures
- Pulp cons/demand very weak – down 5% 2009/2008.
- More spot, more cash, more discounts, more new supply
- More new hardwood supply - VCP, ENCE, Indonesia?
- Spot prices bottomed. List prices almost there. Depends on FX.
- Below NorScan hardwood cash costs, most softwood too
- More downtime decisions now, more closures soon
- Demand stabilizes 2h 09. Supply cut. Stock overhang down Q3
- Softwood prices + Q4 2009, hardwood 1h 2010
- Little new supply through 2011.

# World<sup>1</sup> Market Pulp<sup>2</sup> Shipments & Producers' Stocks

3-Month moving average, through December est. 2008



# Major Supply Cuts 2009, solid recovery 2010-2012

- World market pulp demand down 2.8% 2008. +4% 1h, -9% 2h.
- Despite Q4 pulp downtime/closures, still hugely oversupplied
- Except tissue, global paper outlook horrible. Downtime, closures
- Pulp cons/demand very weak – down 5% 2009/2008.
- More spot, more cash, more discounts, more new supply
- More new hardwood supply - VCP, ENCE, Indonesia?
- Spot prices bottomed. List prices almost there. Depends on FX.
- Below NorScan hardwood cash costs, most softwood too
- More downtime decisions now, more closures soon
- Demand stabilizes 2h 09. Supply cut. Stock overhang down Q3
- Softwood prices + Q4 2009, hardwood 1h 2010
- Little new supply through 2011.

# Quarterly NBSK/BEK US\$ Prices in N Europe - 2012

CIF N European Port, Actual Prices Through Q4 2008

