

DS OCC should trade above \$400 per MT levels post monsoon; White grade may touch to \$600 by the next 1 or 2 months

April 28, 2022 | Reported By : The Pulp and Paper Times



waste paper (OCC) market scenario and future trends for India

DS OCC should trade above \$400 per MT levels post monsoon; White grade may touch to \$600 by the next 1 or 2 months

-What Indian mills don't see here is what they are paying today in the Indian Market; European Mills bore this four months ago.

-Generation of waste paper in Europe and US is almost 40-45% of its original capacity before covid.

The below article is based on the waste paper (OCC) market scenario and future trends have been written by Mr. Gopal Khetan- Global Purchase Head, & Mr. Nitin Prakash Khetan, Global Business Head of Synergy's Paper section respectively. Views are personnel based on the present market conditions. Readers must understand the risk involved here in every decision they make post reading this article.

Belgium | 20th April 2022 | The Pulp and Paper Times:

A few years ago, we as a shipper were more aggressive toward FarEast countries for Waste Paper Trade. Far East was a consistent volume buyer - buying well-defined contractual qualities on LC terms-instilling steady regular business.

Pandemic gave more reasons to exporters across the globe to look towards India for a few specific reasons.

1. Post-China Ban of Waste Import, Many of the Indian Mills came up with substantially good quality infrastructure capable for supporting Recycled Paper Demand across the globe.
2. New mills were more prompt with their commitments, payments, and integrity.
3. Indian origin materials started achieving new and higher benchmarks by constantly improving the production process.
4. Many of the new mills came with very specific product lines and started supplying specialty grades of Recycled Papers.

In spite of all these, the questions we always come across is, where the market is heading towards when the market will be at its peak? What should be the way to proceed ahead?

As a Shipper and Exporter of Waste Paper, we at Synergy have our own Research and Analysis Team, who are working and monitoring everyday changes of events across the globe in Paper, Forest Fibers, Metals Logistics, and Supply Chain; below are our team projections for the market for the next 9 to 12 months.

The rates of DS OCC at Mundra Port at this time of year, i.e., April Mid of 2022, are at \$320-\$340 per MT on CIF Basis. If we ask where this will be swinging towards in the next few weeks or months, let us first see what can be key driving factors?

Key Factors:

- A. Russia Ukraine war lead to disruption of the Logistics Supply chain from Europe across the globe.
- B. Offloading and Loading congestion in West USA, which handles almost 20% of Container Movements from China, is running very slow. They are having a stiff shortage of man powers, drivers and this leads to an ultimate jam of vessels which is now sometimes taking 20 days to get clearance.
- C. Grim's condition of the Sri Lankan Economy has now forced most of the lines to avoid Colombo as Transshipment Port. Due to Lankan Failure, as a precautionary measure, lines are inflating freights for South Asian Destinations by almost double. In case of the worst nightmare, if Colombo collapse, lines will have no option but to take a longer route to service South Asian Destinations, which will result in more inflation and congestion.
- D. Recent Strict Lockdown of China is again going to be proved as more disruption in Supply Chain and Container Movement since China alone handles about 40% of Cargo Movements.
- E. In the last year, the Prime Paper Prices have shot up like a Rocket. Pulp prices have gone so high that Packaging Industry got slowed down. High price lead to alternative or low-cost packaging, and this lead to less generation of Quality Waste Paper. Also, off and on, the major waste paper production regions kept locking and unlocking business. Now the situation is such that the generation in Europe and US is almost 40-45% of its original capacity before covid.
- F. Due to China's Ban on waste paper, most of the Far Eastern Countries like Vietnam, Indonesia, S. Korea came up with mega processing factories for Packaging Grades for China and the rest of the World.

Based on the above key factors, it can be said that Indian Prices are already bottomed and are close to their lowest for the months to come. From here, we see only upside, and we expect that DS should trade above \$400 levels Post Monsoon as Oct to December is festive months for the World, and demand right before it is always very high for Packaging Grades.

For the White Grades, we sometimes wonder what drives the sentiments. We look at the price of SOP, Cup Stock, or other grades, and we see the buying pattern of Indian Mills, and as a shipper, we feel scared. Today Cup Stock is at +\$500 levels for Mundra. What mills don't see here is what they are paying today in the Indian Market; European Mills bore this four months ago. Today the pure good grades of White are so expensive in Europe or US that we can say, by the next 1 or 2 months, CupStock may be at +\$600 levels and will be a scarce commodity.

What's the main cause for the above scarcity? Offices were closed; schools were closed, everything became online, no forms, no office paper works, no industrial parties no consumption of many specific grades led to severe scarcity of these grades, and their prices may see a rise by 30% within the next few months

About Synergy:

Synergy is a global supplier, distributor and trader of recyclable and non-prime raw materials. We deal in an array of products including, Plastic, Paper, Steel and Minerals. Synergy Tradeco NV was founded in Antwerp, Belgium with a mission to trade with its partners with 'Synergy' to get the best outcome for everyone. We specialize in the global buying and selling of recyclable and non-prime raw materials. We strongly believe in offering our customers a consistent and dependable supply of quality raw material with competitive pricing.

Furthermore, we have a synergised Infrastructure of multiple strategically Selected warehouses, logistic partners, shipping lines and relations with multiple suppliers throughout Europe to fulfil all our customers' needs. Additionally, the company has a physical presence via associated company offices in 17 countries.