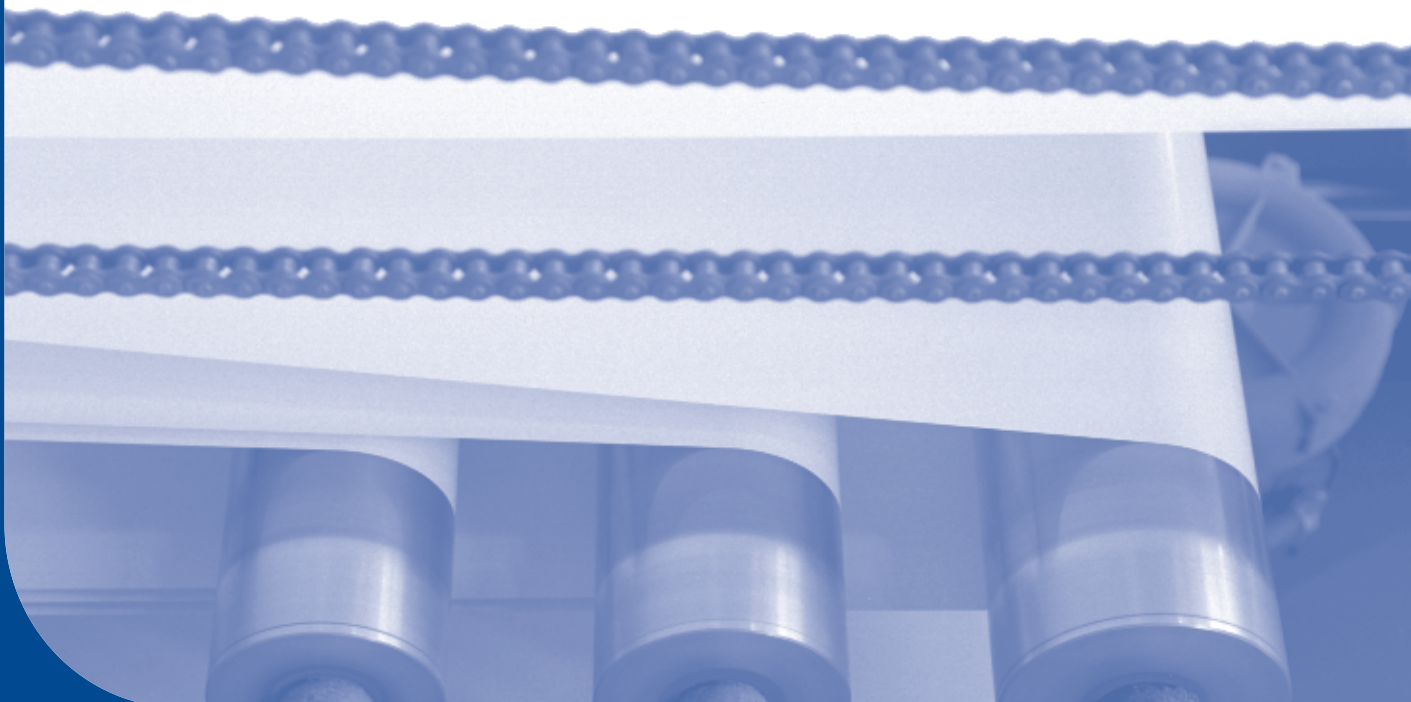


EUROPEAN WOODFREE

FORECAST REPORT - INCLUDING FORECASTS OF DEMAND, SUPPLY AND PRICES

JUNE 2023



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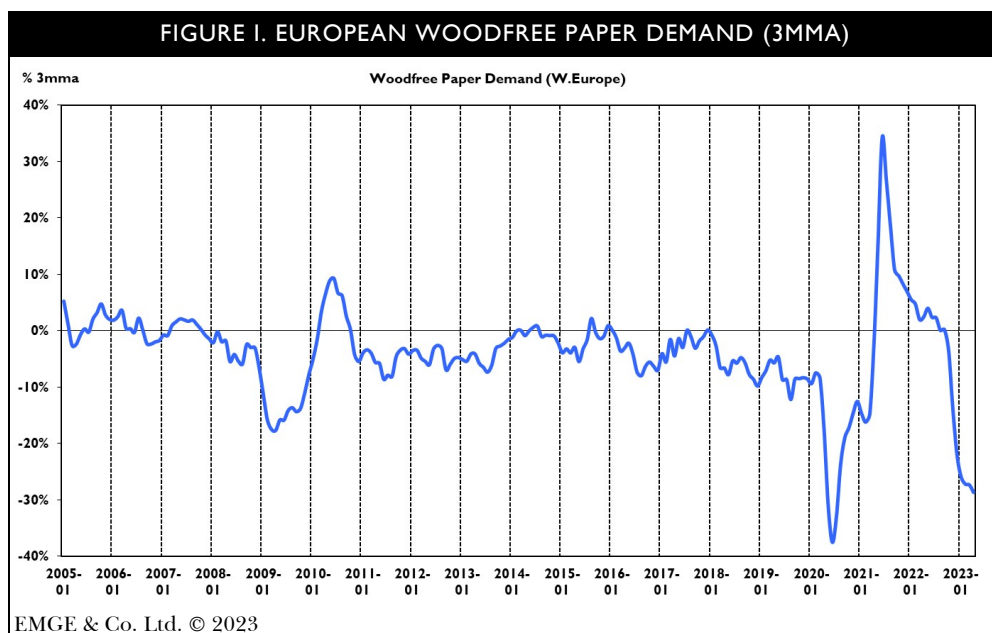
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Introduction



This chart shows the EMGE European Woodfree Paper demand growth rates historically on a 3-month moving average (3mma) basis.

As the new price downcycle continues, European demand is falling steeply once more.

This forecast report (**EUROPEAN WOODFREE – JUNE 2023**) is an update in the EMGE series EUROPEAN WOODFREE FORECASTS. In this report, we present updated forecasts for the European Woodfree paper markets to 2027 (base year is 2022).

Based on all the data available (to April 2023) and combining the latest developments in the markets, we present an updated outlook for demand, trade, investment, capacity, operating rates and prices for the European Woodfree paper markets.

The regional coverage is Europe-30, sub-divided into W. Europe-16 and E. Europe-14. Russian market forecasts are covered separately.

The sub-grades covered include Coated Woodfree (CWF) Sheets and Reels, as well as Uncoated Woodfree (UWF) Cut-Size, Folio Sheets and Reels. The report does not cover speciality grades or I-side Coateds.

The companion report, **EMGE WORLD GRAPHIC PAPERS**, evaluates the outlook for the **global** supply-demand balance for **Newsprint** and all **Printing/Writing** paper grades, including Coated Woodfree (CWF) and Uncoated Woodfree (UWF).

Regional Classifications

The EMGE European Woodfree Report is structured to include both Western Europe and Eastern/Other Europe region (excluding Russia), together with European-wide totals.

Specifically, there are 3 main geographical groupings in this report (W.Europe-16, E.Europe-14 and Europe-30), which are composed as follows:

W. Europe-16:

Germany, France, UK, Italy, Finland, Norway, Sweden, Belgium, Luxembourg, Netherlands, Spain, Portugal, Austria, Switzerland, Denmark, Ireland.

Within this:

Nordic = Finland, Norway, Sweden

Benelux = Belgium, Luxembourg, Netherlands

Iberia = Portugal, Spain

Others = Austria, Denmark, Ireland, Switzerland

E. Europe-14:

Poland, Greece, Czech Republic, Hungary, Romania, Slovakia, Estonia, Latvia, Lithuania, Slovenia, Bulgaria, Cyprus, Malta, Iceland.

Europe-30:

All the above.

In addition to the above regions, we include a separate market forecast for **Russia** (page 13).

Quarterly Market forecast tables have been organised into their own section in the Appendix (page 65). However, the Cut-Size quarterly Supply-demand forecasts are provided on page 33.

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Forecast Summary

RECENT EVENTS

European bubble has burst

In our last European Woodfree Papers report (November 2022), we said *“We believe the big drop (in demand) will mostly happen next year (2023) when prices fall, but we also believe the peak is happening right now, so we are predicting a poor end to 2022.”*

So far that prediction has been accurate.

Prices peaked in October 2022 and began to fall in Q1 2023. In Q1, demand collapsed by roughly -40% for CWF and -20% for UWF.

This is the logical response to a bursting bubble after record high paper prices. These resulted from COVID-19 and then Finnish strikes restricting some Paper capacity, while post-COVID demand contributed to undersupply and a disrupted freight system, at a time when the Ukraine war accelerated the rise in energy prices that was already underway.

The same inflationary dynamic that made almost everything (not just paper) more expensive is also causing an economic slowdown, which has helped to ease the global shipping crisis and European freight rates have now also been falling for two quarters. Wholesale energy prices, too, are now almost back to long-term pre-crisis levels.

This general easing of previously tight markets has made it possible for pulp prices to fall in Europe (which conspicuously failed to happen in 2021) and Woodfree Paper prices are now falling, too. When the price upcycle ended, buyers not only stopped over-buying, but also began reducing their inventories, causing the sharp slump in demand we are currently witnessing.

On top of that, in the face of 2022's extremely high paper prices, an increasing number of buyers simply decided to stop using paper – much more than is usually the case. Judging from the number and size of retailers in France that have recently decided to stop using print, not to mention Bertelsmann deciding to close numerous magazines, the current price upcycle could have cost hundreds of thousands of tonnes of Printing & Writing Paper demand in Western Europe. How much of that is Woodfree Paper is unclear, but we would expect that all end-use sectors will be making deep cutbacks, especially where digital alternatives are readily available.

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We provide a range of forecasts and support services to assist you in your planning and budgeting. These services include price forecasts, demand-supply forecasts and other market reports.



If you are interested in finding out more about or purchasing any of these services, please contact **Iwan Le Moine** at **EMGE & Co. Ltd.**, by e-mail iwan@emge.com, or phone **+44 (0) 1872 581000**.

Publication Papers & Prices

PAPER PRICE FORECASTS

FEBRUARY 2020
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EMGE

Regions: Germany
UK
USA

Paper Grades: Newsprint, LWC, SC

Information: Prices
Market Analysis
Demand
Capacity Changes
Supply/Demand Balance

Time Period: 3 Years Ahead

Regions: Global

Paper Grades: Newsprint

Information: Market Analysis
Demand
Capacity Changes
Supply/Demand Balance
Leading Suppliers List

Time Period: 5 Years Ahead
Relevant History

Regions: Global

Paper Grades: Newsprint

Information: Latest Pricing
Demand
Capacity Changes
Supply/Demand Balance
Market Analysis

Time Period: Current Month

Monthly Monitors

EMGE
GLOBAL MONTHLY MONITOR
BY REGION, BY GRADE, BY REGION & GRADE

Regions: Global

Paper Grades: Coated Woodfree
Uncoated Woodfree
Coated Mechanical
Uncoated Mechanical

Information: Demand & Drivers
Shipments
Capacity
Supply/Demand Balance
Prices

Time Period: Current Month
Recent History

EMGE
CUTSIZE MONTHLY MONITOR
SENTIMENT, PRICES AND MARKET DATA
JANUARY 2020

Regions: Western Europe

Paper Grades: UWF Cut Size

Information: Prices
Inventories
Demand
Delivery Times
Capacity Changes
Supply/Demand Balance

Time Period: Current Month
Recent History

Long-Term Forecasts

EMGE
WORLD GRAPHIC PAPERS
GLOBAL PRODUCTION OF THE PAPER & PAPER PRODUCTS
BY REGION

Regions: Global

Paper Grades: Coated Woodfree
Uncoated Woodfree
Coated Mechanical
Uncoated Mechanical

Information: Market Analysis
Demand
Capacity Changes
Supply/Demand Balance
Leading Suppliers List

Time Period: 5 Years Ahead
Relevant History

EMGE
WOODFREE
ANALYSING THE WEST EUROPEAN MARKET
BY REGION

Regions: Western Europe
Eastern Europe
Russia

Paper Grades: Coated Woodfree
Uncoated Woodfree

Information: Market Analysis
Demand
Capacity Changes
Supply/Demand Balance
Leading Suppliers List

Time Period: 5 Years Ahead
Relevant History