



**Inflationary pressures and the
outlook for alternative fibres**

IndustryEdge

Leaders in market analysis

IndustryEdge is Australia and New Zealand's leading market information and analysis firm operating in the plantations, forestry, fibre, wood products, pulp, paper and paper products industry, including recovered paper.

As a dedicated, sector focused analysis firm with twenty-five years experience, our small team are experts in:

- Supply chain volume and value analysis;
- Market dynamics, including policy and regulatory impacts;
- Trade analysis, including imports and exports;
- Economic analysis, including projections and forecasts

IndustryEdge's work is focused on quantitative assessments, using granular data, much of it researched 'in the field' by *IndustryEdge* and our partners.

We partner with local experts and the leading global firms in our sectors.

Based just outside Melbourne, we are in close proximity to both of Melbourne's airports and operate in the UTC+10 timezone.

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Producer input prices rising dramatically

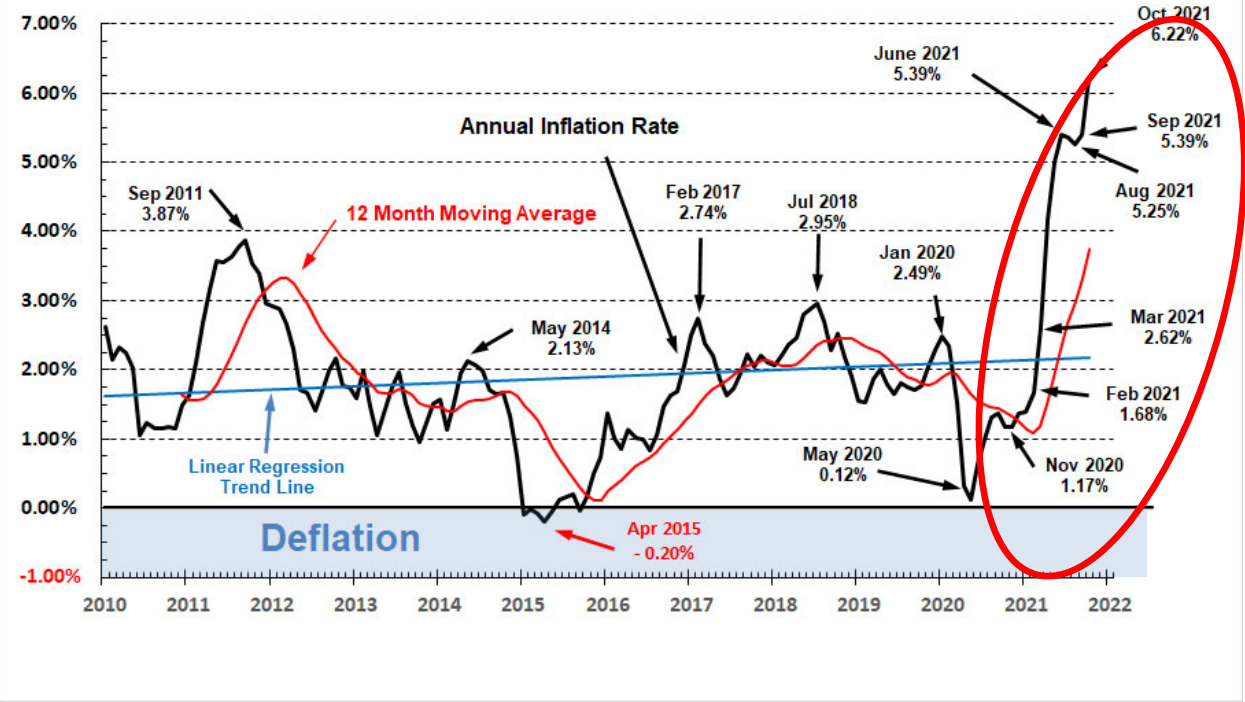


- Chinese input prices lifted 13.5% year-ended October
- Impact on consumer prices will be significant – across the world
- The inflation genie is out of the bottle



Inflationary pressures flowing on to consumers across the globe

Annual Inflation Rate 2010 - Present
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Updated 11/10/2021

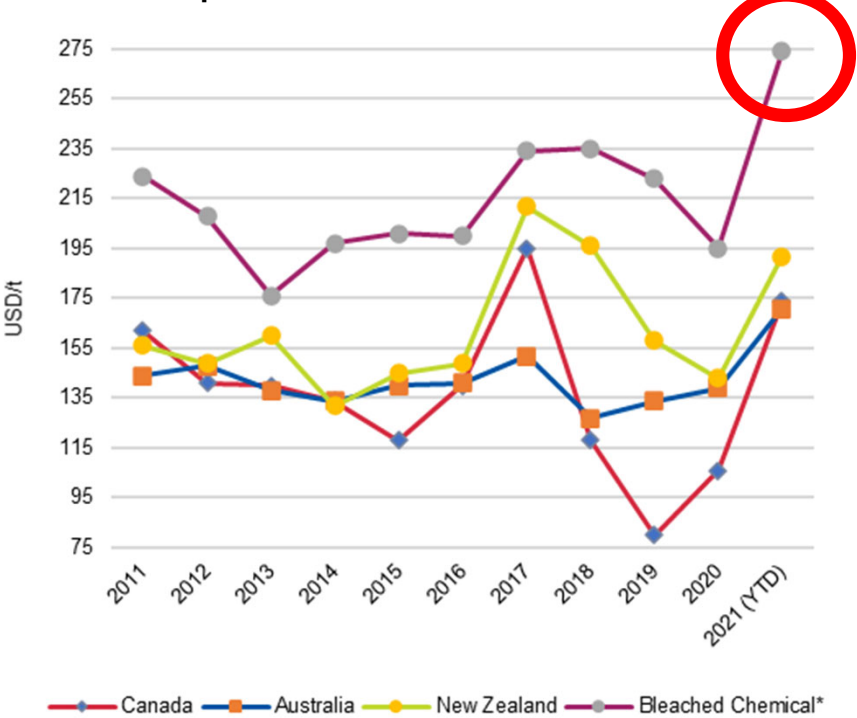


- Global average inflation – consumer prices – tracking Chinese producer prices



Fibre prices lifting – even as pulp prices fall

Recovered Paper Prices Rise to Record Levels

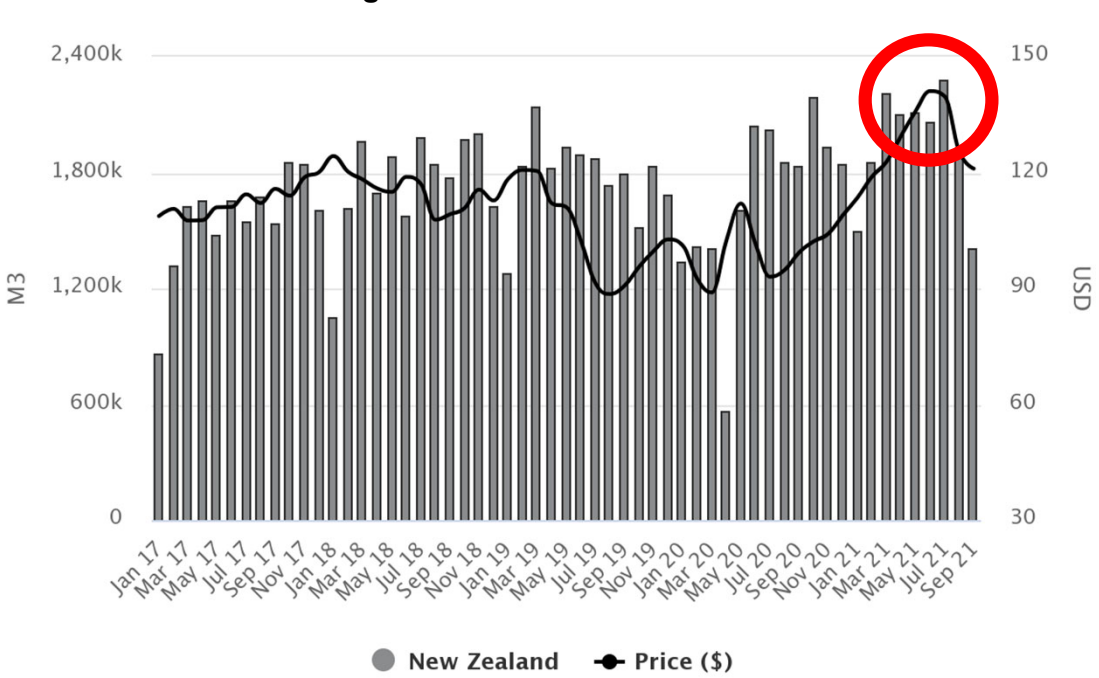


* Country prices are OCC, the Bleached Chemical price is a weighted average of multiple bleached chemical grades



Source: ABS, Statistics NZ, Stat Can & IndustryEdge

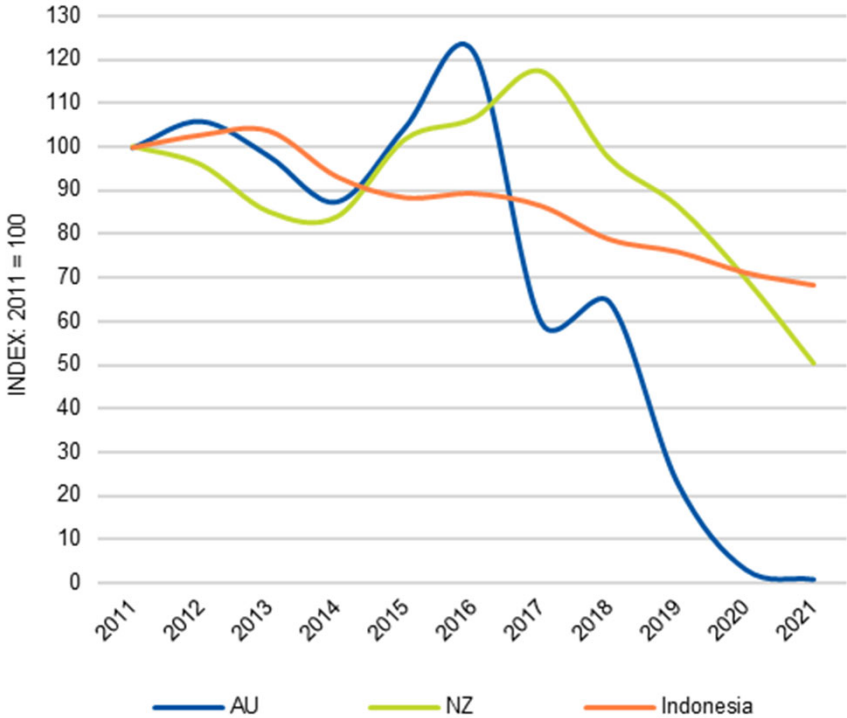
Record International Log Prices Achieved and Sustained



Source: Statistics NZ & IndustryEdge

Scarcity of some grades of recovered fibre: especially for tissue

Bleached Kraft Recovered Paper Exports: 2011 – 2021
(INDEX: 2011 = 100)



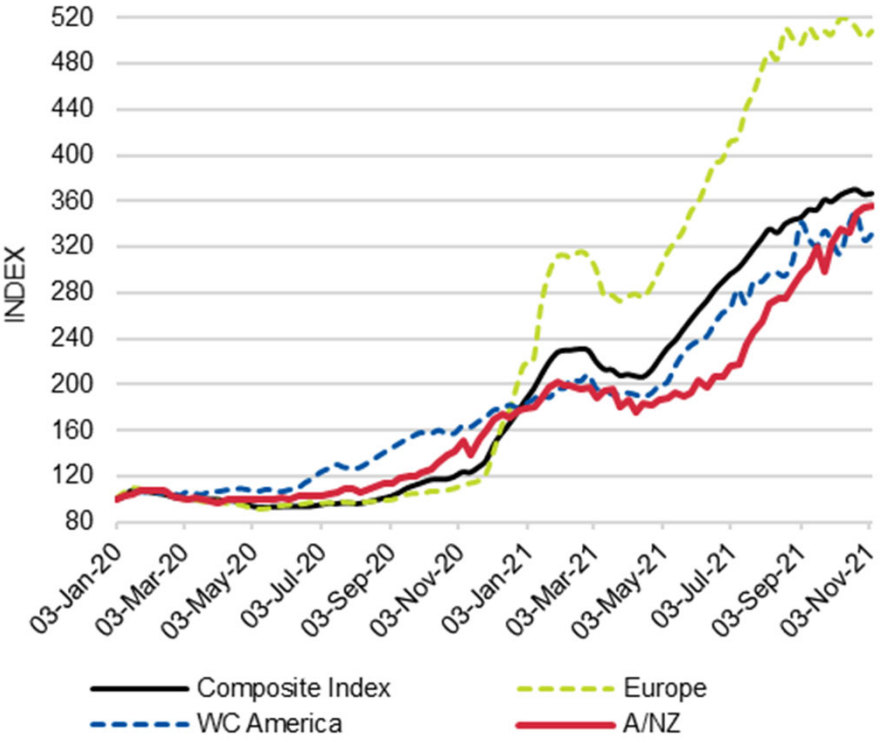
- Steep declines in bleached chemical RCP exports linked to falling demand...
- But also to demand for secondary fibres from the tissue sector



Source: ABS, Statistics NZ, GTIS & IndustryEdge

Local fibre matters most: recovery rates to increase

China Containerised Freight Index: 3 Jan '20 – 5 Nov '21 (INDEX: 3 Jan '20 = 100)



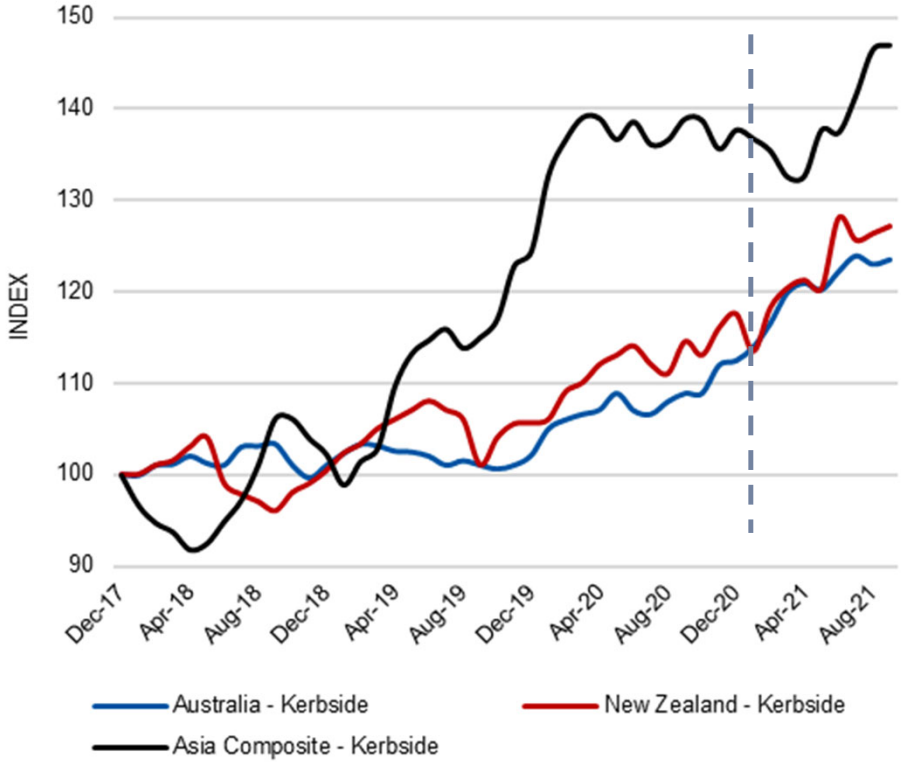
- Stratospheric shipping costs adding to fibre costs
- Local recovery and supply reduces – and standardises – fibre costs



Source: CCFI & IndustryEdge

But... kerbside recovered paper exports sustained

Annualised Kerbside Export Volumes: INDEX: Dec '17 = 100



- Kerbside trade volumes on the rise since China import ban



The balance of the market

- Recovered paper prices up
- Tissue sector consuming more and more bleached recovered paper
- Local collections on the rise
- Kerbside volumes traded more extensively post the China import ban

