
CCC Market Update

March 2018

Seasons come and go, Christmas has passed us by in a flash, and Spring and Easter are upon us. What doesn't change however, is the appetite of manufacturers of paper and corrugated board to continue to increase their profit margins. Having just secured their fourth increase in 15 months with a compound effect of well over 40% on our raw material costs they have very matter of factually mentioned '*en passon*' that there may be a further price increase to come in the Spring/Summer.

However, at the time of going to press we have noted that raw material cost input (OCC) has reduced in price by around £20 per tonne. We believe that the positive impact this will have on paper manufactures profits may persuade them that another price increase could be delayed for now at least?

New recycled paper mills are currently being opened in Europe, three go live in 2018, but as if to demonstrate the point, that still doesn't sway the supply and demand equation as growth around the continent for corrugated is between 2.5% and 4% p.a. depending on which country you chose. Compounding this, is the environmental drive away from plastic. "The Blue Planet Effect" is also now creating additional demand and pressures on paper stocks.

Our view for the short to medium term is that we need to maintain our current strong business relationships with our two main suppliers to ensure quality and continuity of supply during this difficult period and for us to re-visit the situation in the final quarter of 2018 when new papermills are in full production, in addition the new world class sheet feeder being built by Prowell (one of our two main board suppliers) come into operation during the same quarter.

o We hear tell of yet another somewhat terse communication between a Paper Buyer and a containerboard Salesman:

Containerboard Salesman: "Wot to old chap. Good news - we're upgrading your current order from 100gsm Kraft to 125gsm."

Paper Buyer: "Oh. Right. Erm, that would mean us using 25% more paper in every box without being able to charge more. Why would we want to do that?"

Containerboard Salesman: "It's our latest wheeze for improving our return on machine time. Since we're sold out, the lightweight liners need to be put on the subs' bench for a while...we make far more money out of heavier liners - which also break less often in the paper machine."

Paper Buyer: "I'm happy for you. What's in it for me?"

Containerboard Salesman: "You get paper."

Paper Buyer: "Right. So let me get this straight. I can either accept your heavier paper and the attendant loss or I get nothing and let my customers down...is that a fair summary of your position?"

Containerboard Salesman: "My dear boy, there's no need to be so dramatic."

Paper Buyer: "Oh, so I can have some lightweight liner if I'm not happy?"

Containerboard Salesman: "Good Lord, no."

Paper Buyer: "Sigh. Give me strength. The paper's due next week so you really have left me no choice. I'm about as far from happy as anyone can be, but if you want to stitch me up - do your worst. One day, I'll have other options."

Containerboard Salesman: "Lovely doing business with you. Toodle pip."

To give you some insight into our market, we have added to our website one or two articles from independent market observers, and although it is most certainly no laughing matter I have copied a perceived conversation between a corrugated board salesman and buyer which pretty much sums up the current market place!!

Find the links for more industry reports and evidence on our Articles and Press tab on our website:

[NOA Experts – "Paper Prices Predicated to Rise Even Further In Face Of Shortage"](#)

[Know It All – "Packaging Newsletter – February 2018"](#)