

The Future of Pulp: Pricing Clarity and Market outlook for 2026

3rd December 2025

Your Fastmarkets speakers



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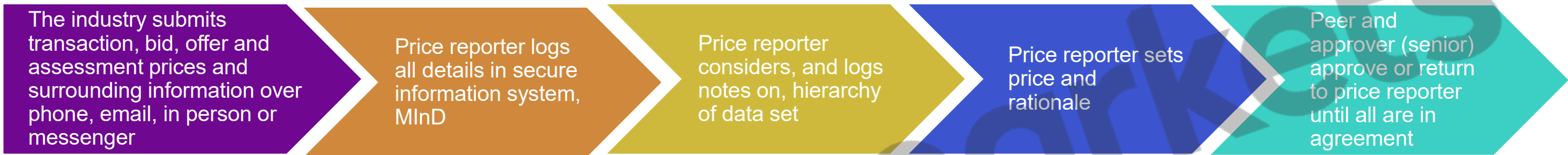
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|--------------------------------|---------------------|-----------------------|---------------------|----------------------------|----------------------------|------------------------------|---------------------------------|
| PULP | LUMBER | CONTAINERBOARD | TIMBER | CORN | ANIMAL FATS | BIOFUELS | WHEAT |
| RECOVERED PAPER | TISSUE | GRAPHIC PAPER | NONWOVENS | ORGANIC AND NON-GMO | HEMP | SOYA BEANS | MEALS |
| BOXBOARD AND CARTONBOARD | BIOMASS | PALLETS | | ANIMAL PROTEINS | VEG OILS | BARLEY | HIDE AND LEATHER |
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| BASE METALS | STEEL | BATTERY RAW MATERIALS | STEEL RAW MATERIALS | VOLUNTARY CARBON CREDITS | IMPROVED FOREST MANAGEMENT | AVOIDED DEFORESTATION | AFFORESTATION AND REFORESTATION |
| RECYCLED METALS | RARE EARTHS | ORES AND ALLOYS | MINOR METALS | CORSIA | BIOCHAR | BIOENERGY AND CARBON CAPTURE | DIRECT AIR CAPTURE |
| PRECIOUS METAL | INDUSTRIAL MINERALS | NEW ENERGY | | CBAM | | | |



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Trained price reporters



Market data securely stored



Data analysis



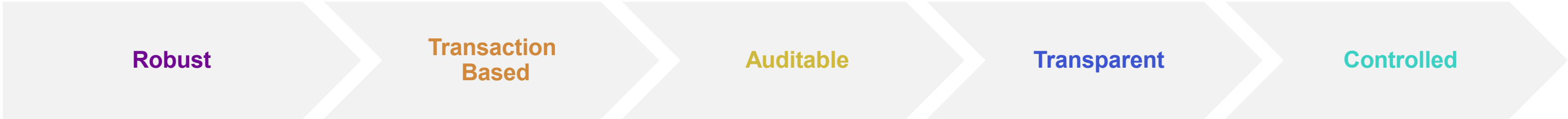
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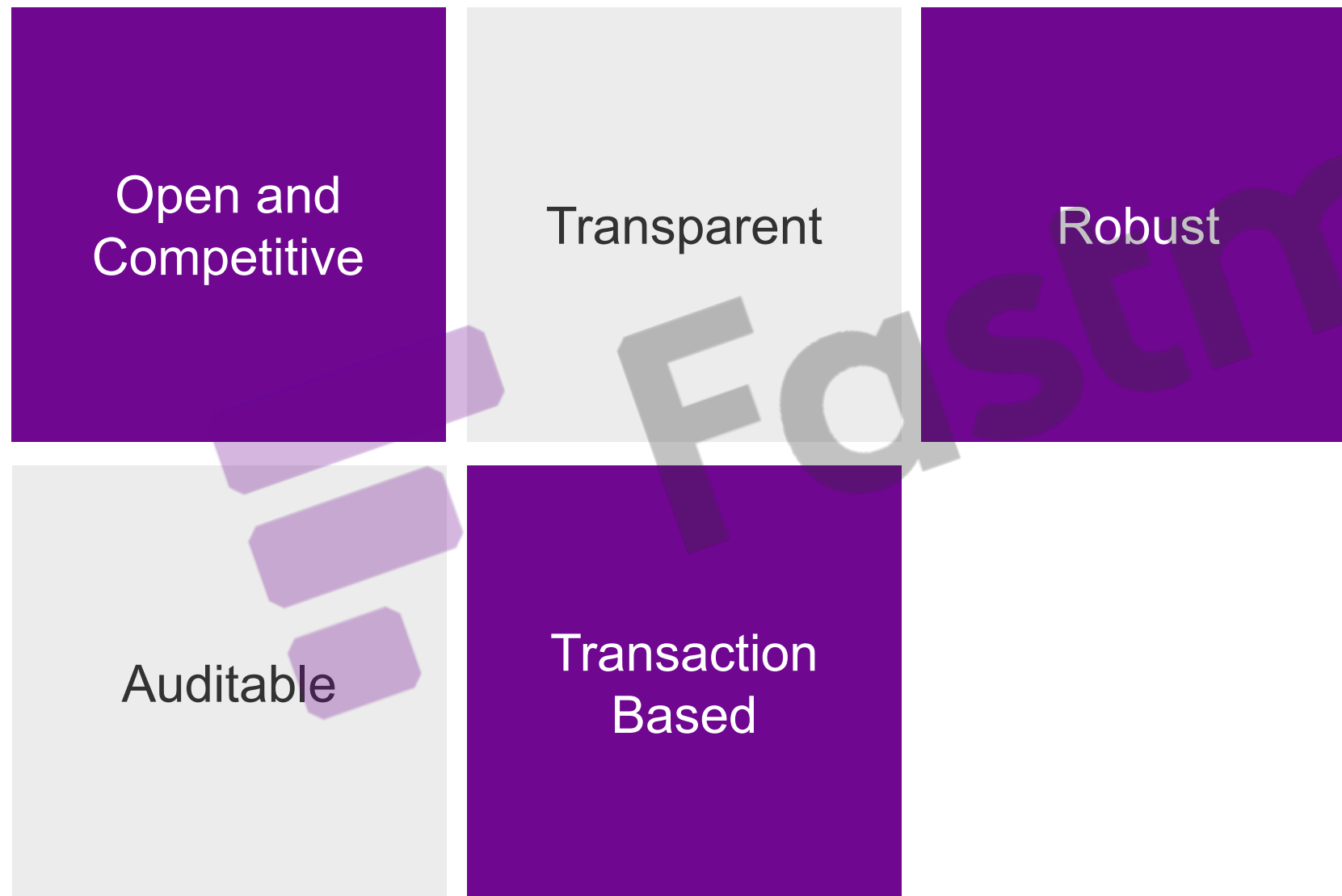


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NA Market Pulp Price Assessments



Fall-out from London Pulp Week: US BSK markets drop, BHK bottoms



December 2025

Bryan Smith

Senior Price Reporter, global pulp
Fastmarkets



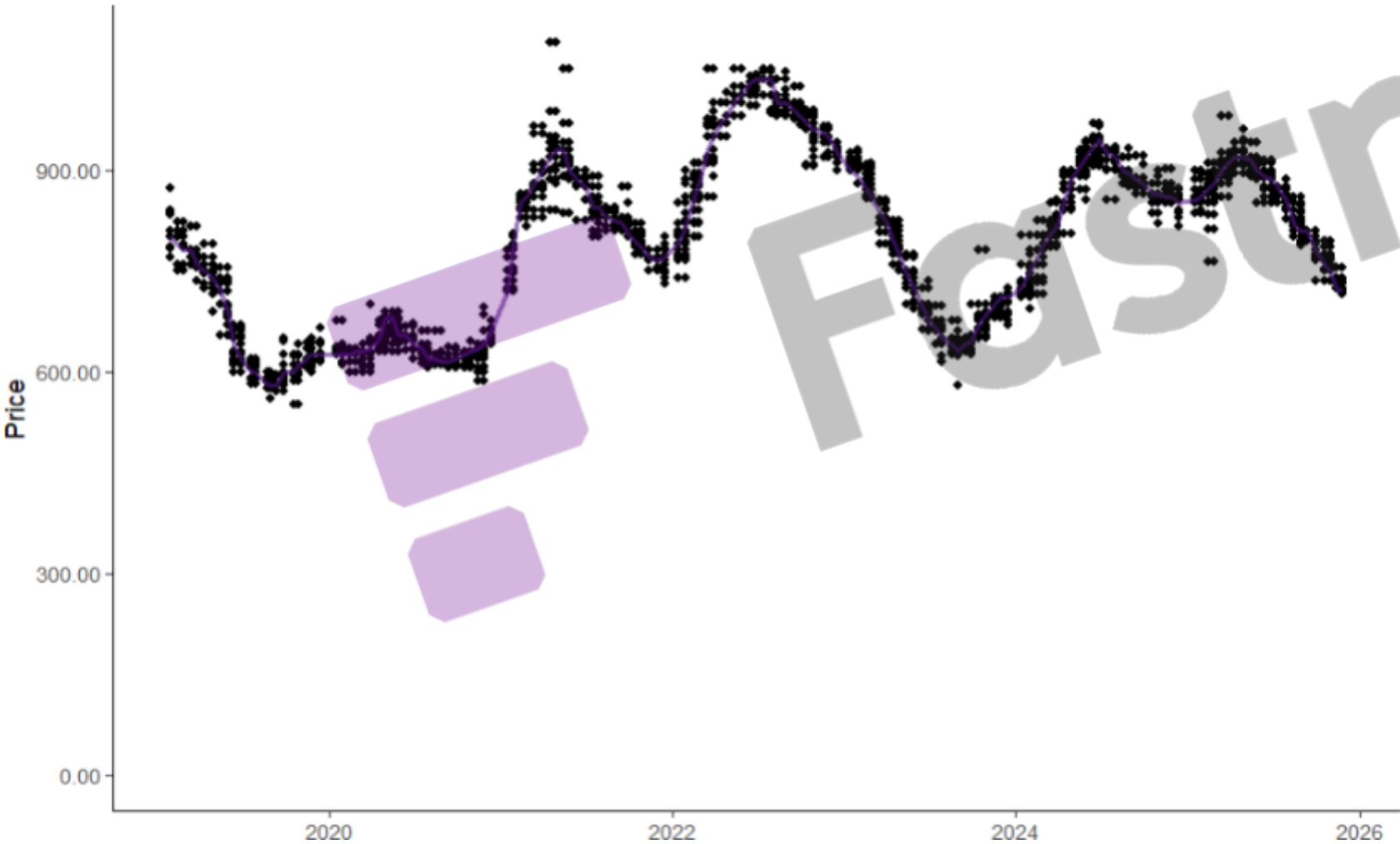
Bryan Smith, sr price reporter,
Fastmarkets forest products

Fastmarkets – Assessment Depth

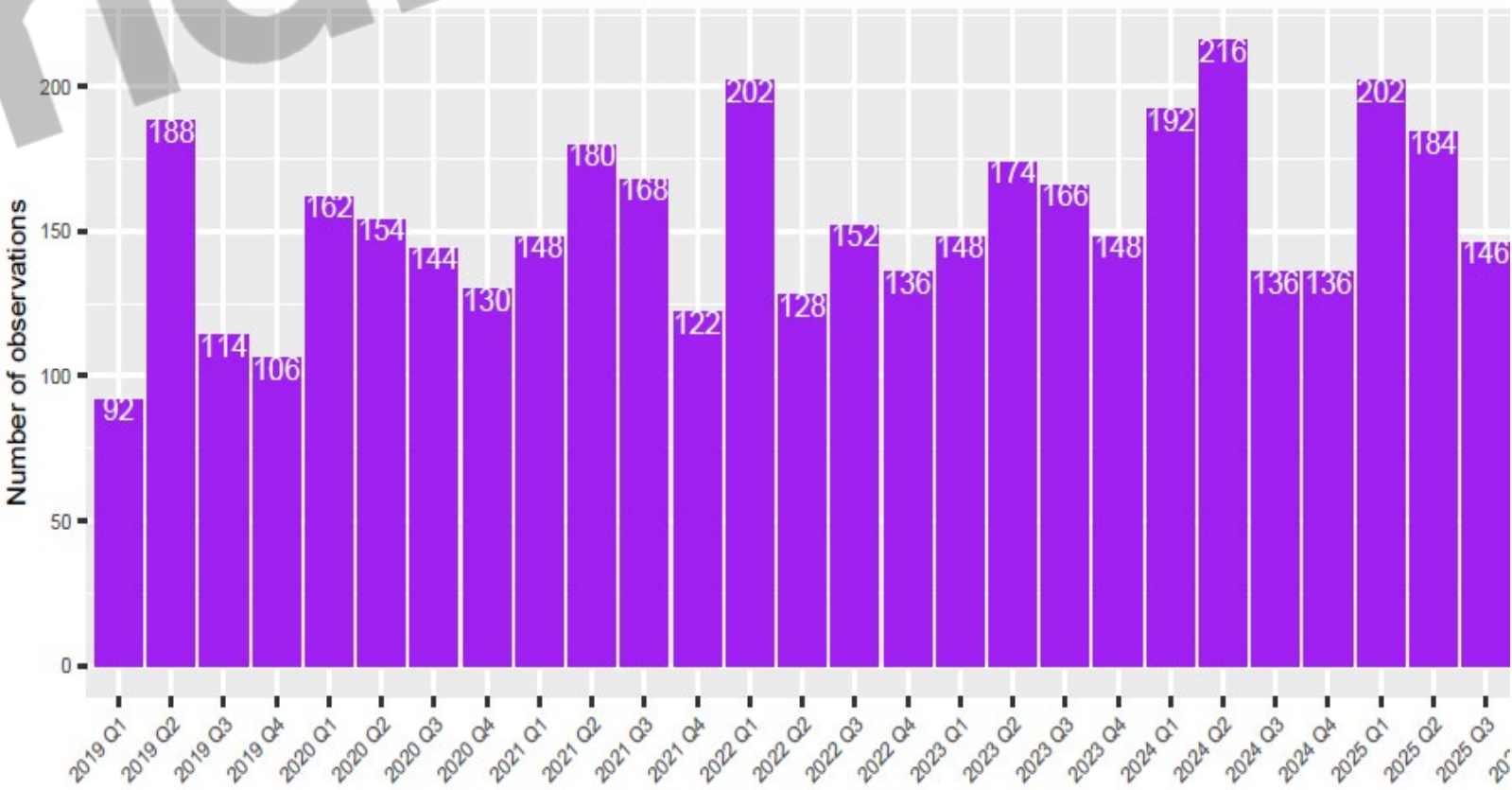


Price point analysis - NBSK (spot price), delivered US East, \$/tonne

Price Points - Scatter Plot



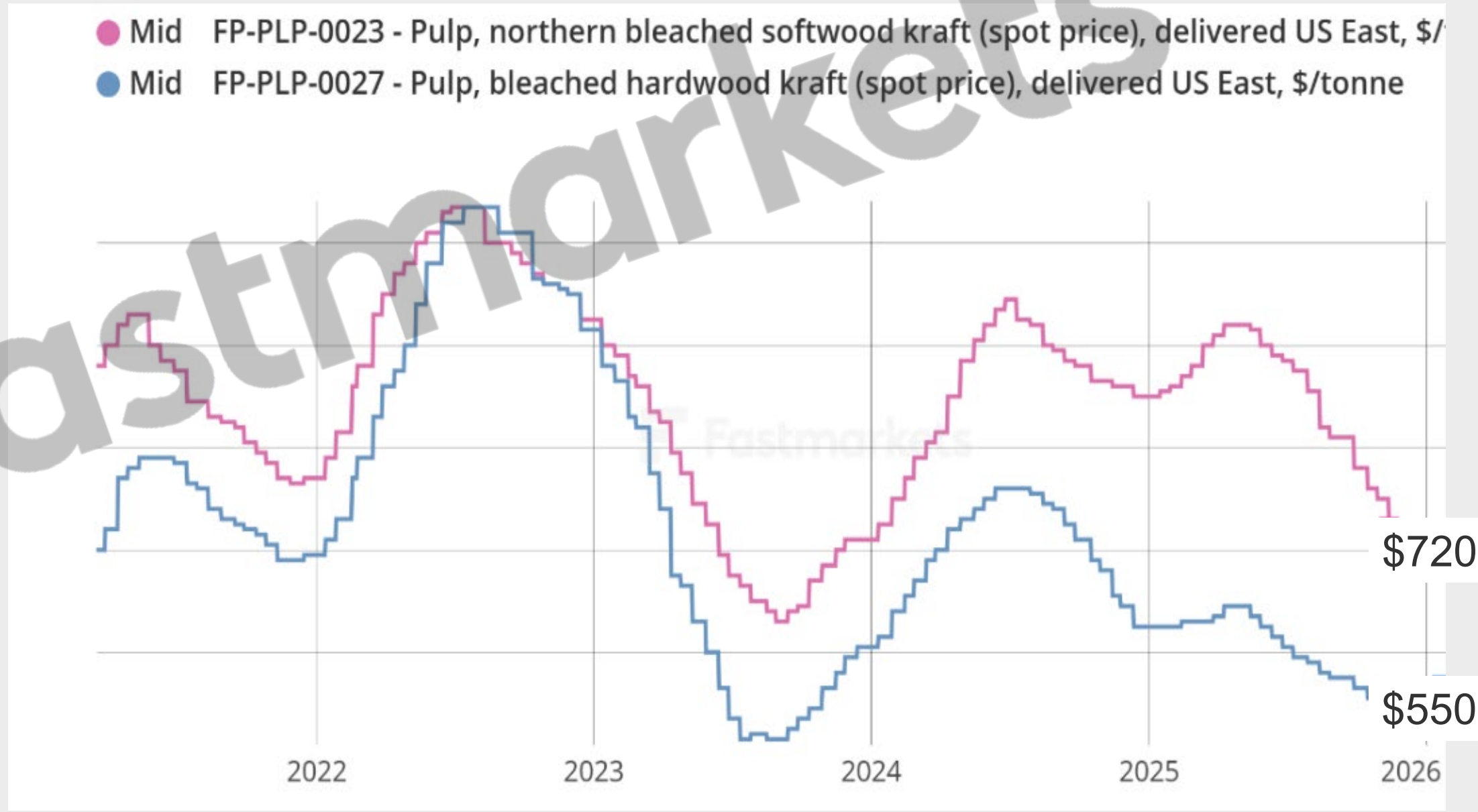
Number of Observations





US spot market erosion reflects high supplies

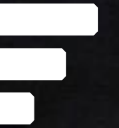
2025 US NBSK and BHK spot market prices peaked in April and reversed down in May after an early spring rally ran out of steam. Typically, global prices bottom in Chinese or US spot markets, then a rebound occurs in contract markets and other geographic regions.



London Pulp Week: Sentiment weak

Coming out of London Pulp Week, sentiment was weak in BSK and balanced in BHK. New contracts were being negotiated with bigger discounts YoY, and focus turned to when BSK prices would bottom.

- US BHK spot market prices bottomed in November, but a significant rebound had not occurred. Spot BSK prices tumbled, and market participants believed a reversal would not occur until downtime, rationalization, or a market event cut oversupply.
- Producer inventories were elevated from May to August 2025, according to the PPC. Stocks closed September down an estimated 287,000 tonnes, reducing a massive overhang and bringing tonnage to its lowest since March 2025.
- When cash cost levels are reached for high-cost producers, downtime increases and markets typically bottom. Time is running out for BSK mills to do so due to cold winter conditions that can freeze pipes and essential equipment, however.



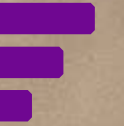
Market Downtime

Downtime has begun in BEK but it's not occurred at North American BSK mills despite ongoing price erosion. Fluff and paper grade BSK markets are oversupplied, and downtime at European producers has not tightened markets.

Black Swan events

As we saw in 1Q2025 with the closure of 7 million tonnes of Shandong Chenming mill capacity, events often swing markets. The risk of mill closures, a sharp upswing in unplanned downtime, or bankruptcies remain.





Key takeaways from London Pulp Week and predictions for 2026

December 3, 2025

Patrick Cavanagh

Senior Economist, Pulp

Fastmarkets Forest Products

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Key takeaways from LPW 2025

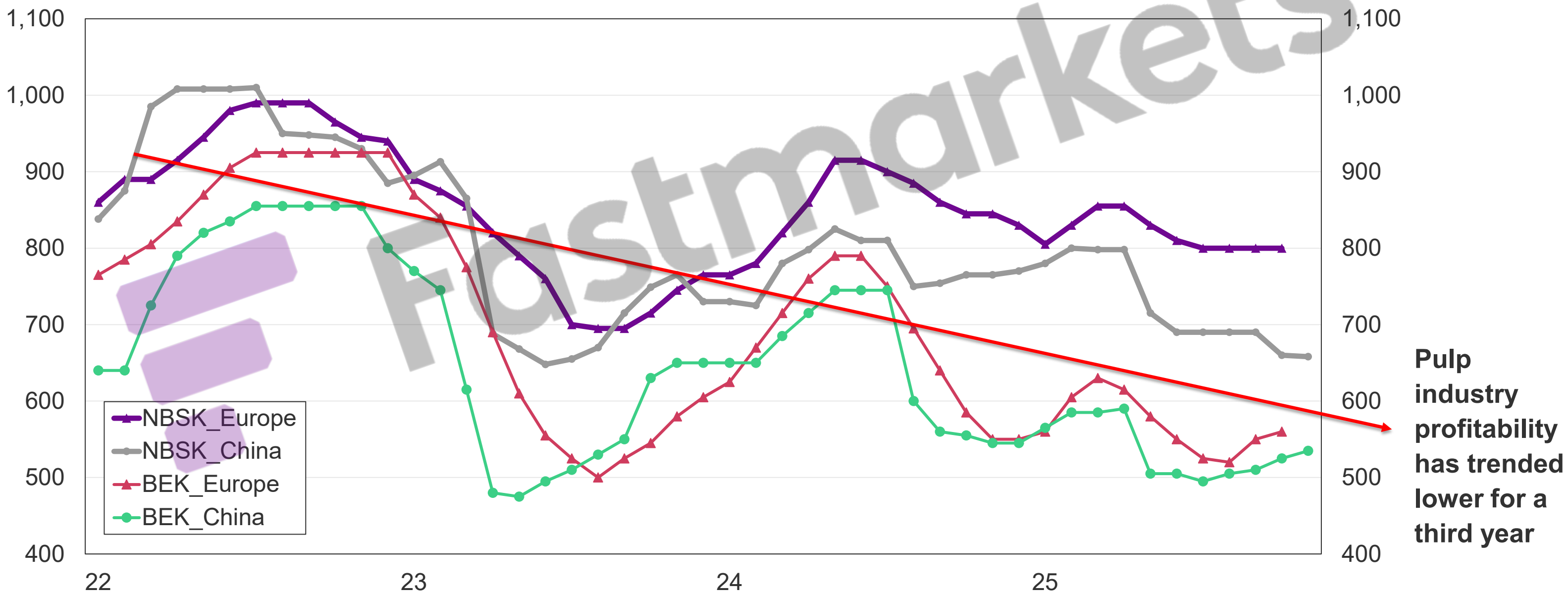
Main market themes

- Ultra-low profitability will continue to drive curtailments or trigger permanent capacity closures.
- Over capacity in paper & board markets in China is acting as a ceiling for the global industry, however, wood costs have increased in China, signaling that a demand/supply balance is within sight.
- Shifts to specialty pulp, increased usage of BHK and higher virgin furnish shares will combine with closures to tighten the demand/supply balance in 2026-27,
- The dollar is weak and is likely to remain weak in the short-term.

European net prices remain aligned to China, especially BEK



NBSK and BEK: Net CIF, Northern Europe and China, US dollars per tonne

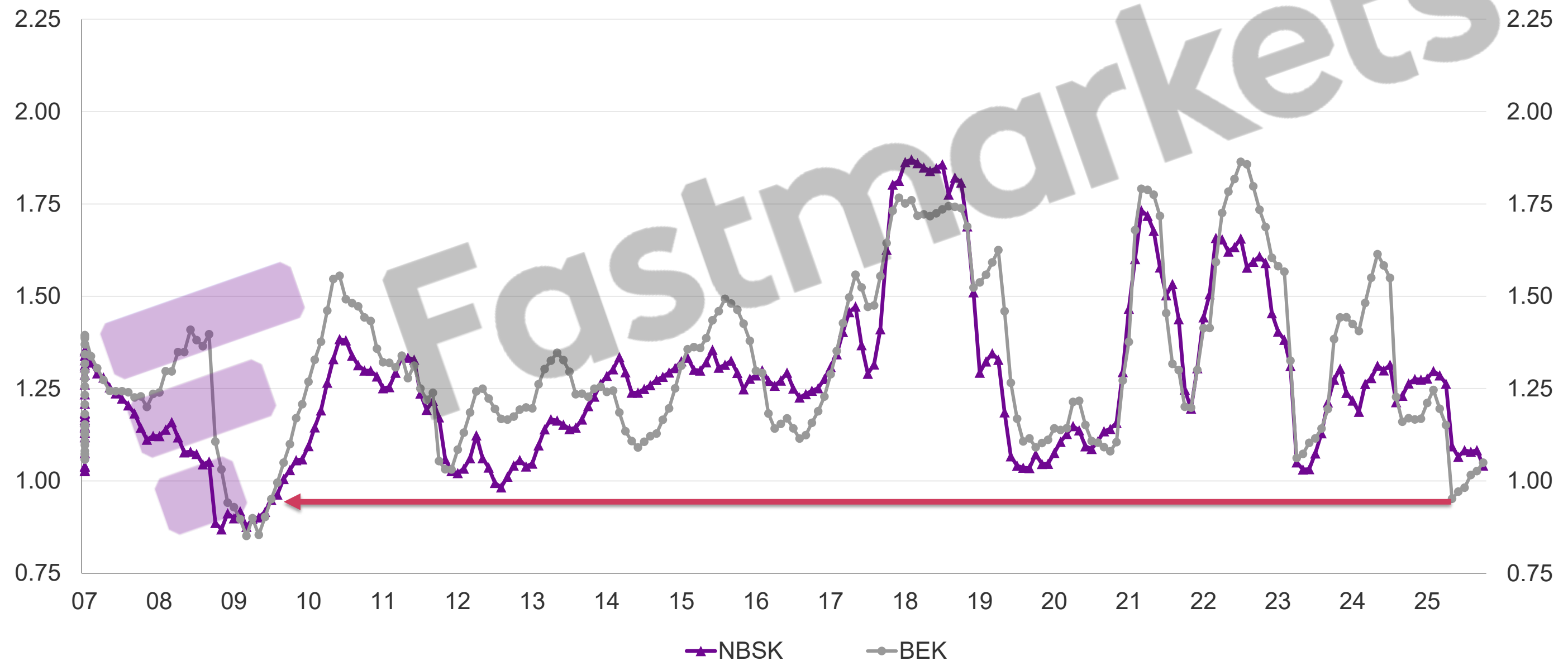


Source: Fastmarkets PPI Asia, PPI Europe, World Pulp Monthly.

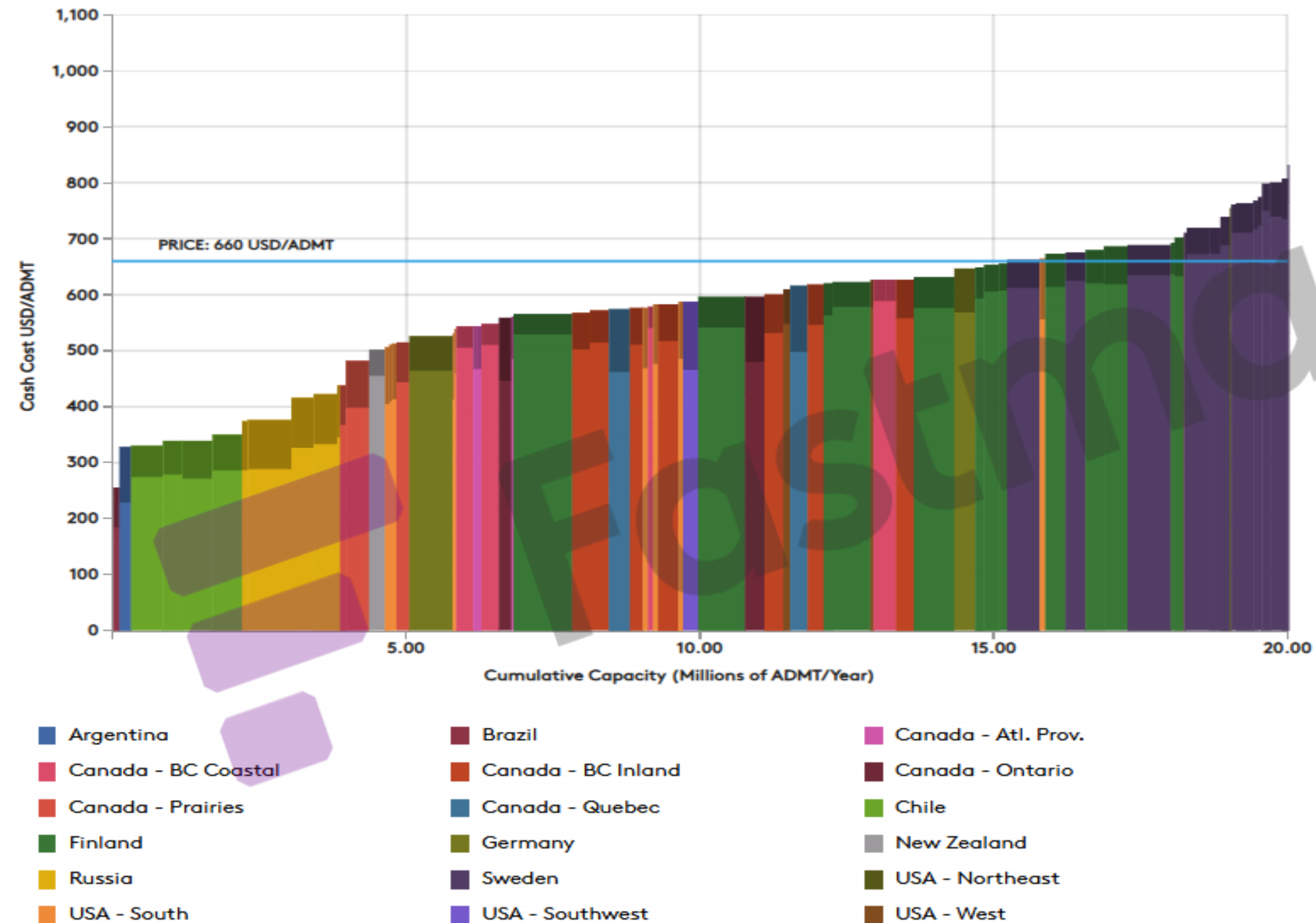
Pulp industry profitability has trended lower for a third year

BHK profitability touches lowest since GFC

Net price China / cash costs of high-cost producer



BSK cash cost curve delivered to Shanghai



Source: Fastmarkets *Analytical Cornerstone*, 2Q25.

- The entire fourth quartile is underwater at October net price level
- The cost curve will likely flatten and reorder as Canadian wood costs rise (lumber duties) and Finnish pulpwood costs decline.

BHK total cost curve delivered to Rotterdam

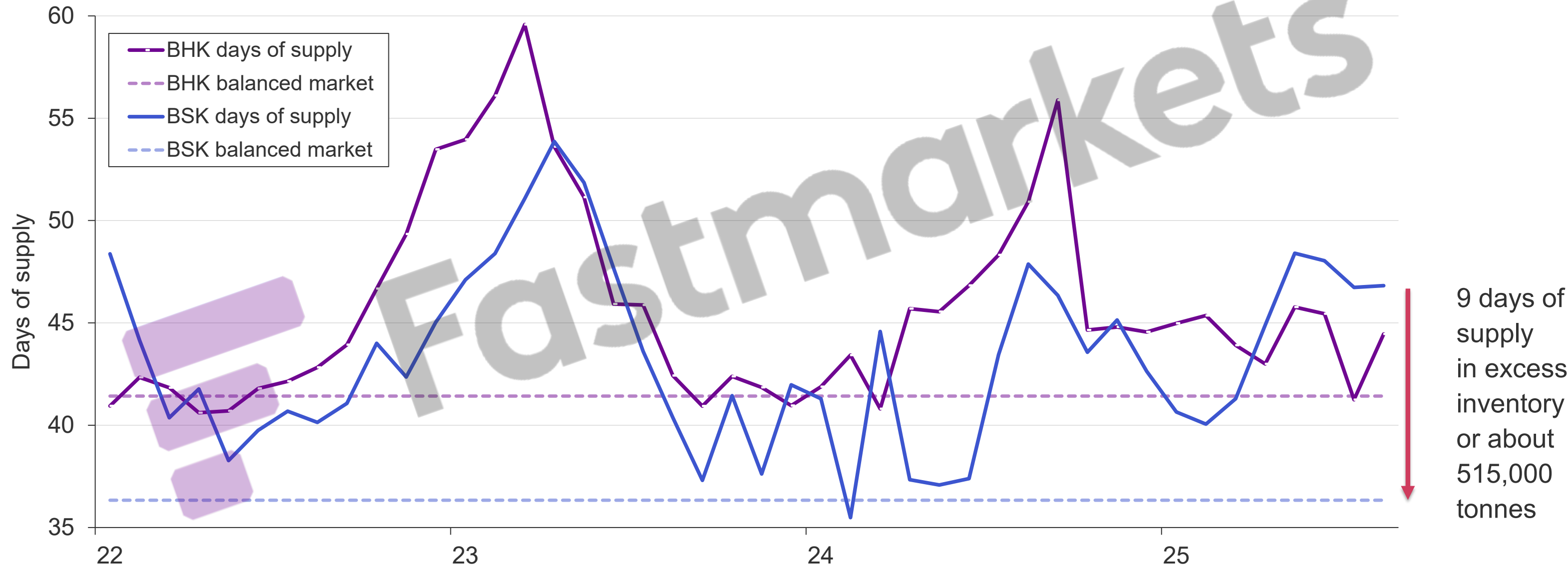


- When BHK prices bottomed at net \$520 in August, over one fourth of capacity was under their total cost structure
- Most of the high end of the cash cost curve forms around \$520
- **Top shaded** areas denote transportation costs, **lower shaded areas** show fixed costs (capital and SG&A)

Source: Fastmarkets *Analytical Cornerstone*, 2Q25.

Producer inventories show more oversupply of BSK

Days of supply, seasonally adjusted



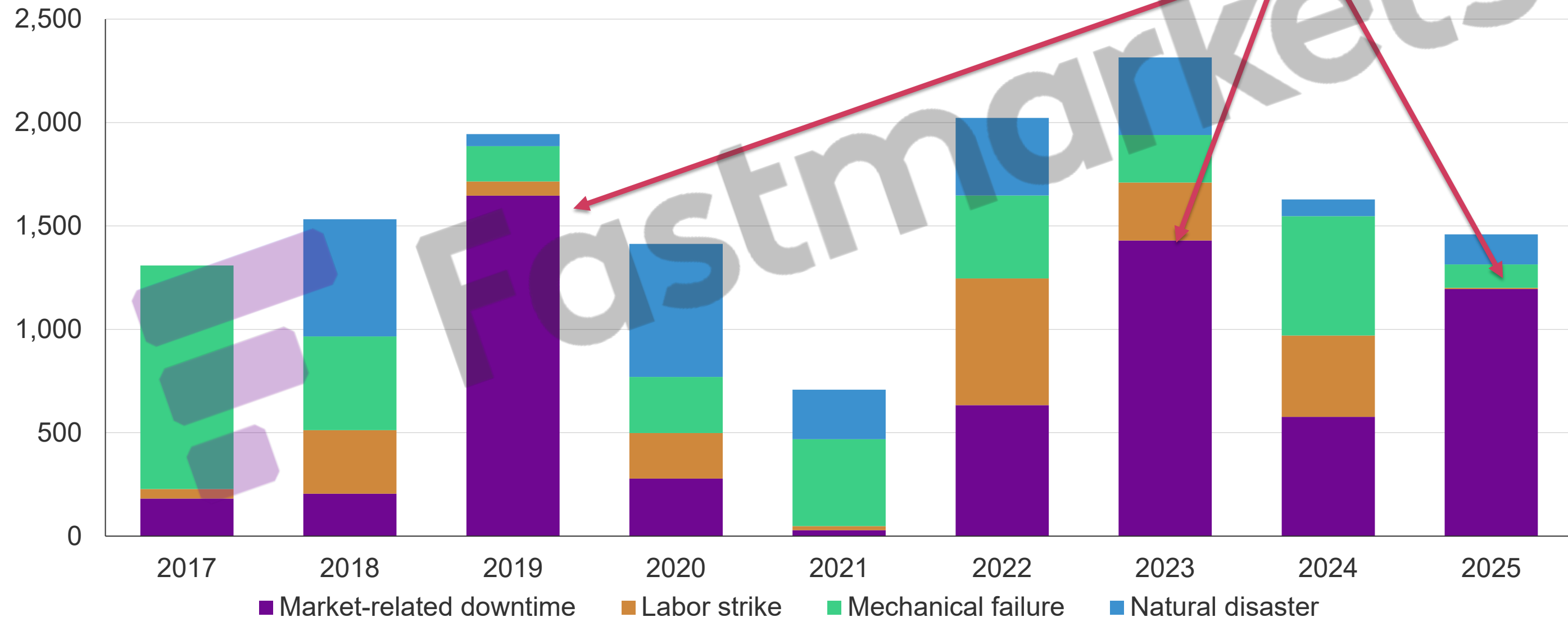
Source: PPC World 20, Fastmarkets *World Pulp Monthly*.

Market-related downtime has accelerated across all grades and regions in 2025



Unexpected market pulp capacity downtime by type

Thousand tonnes



Source: Fastmarkets *World Pulp Monthly*.

North American pulp producers face strong headwinds from 2H25



Canadian Lumber tariffs + duties amount to about ~45%.

BC lumber production expected to decline about 1 BBF by end of 2026, equivalent residuals to produce about 275,000 ADMT of NBSK

Nordic producers rush pulp shipments to land ahead of tariff deadlines, focus on higher margins in NA

BSK exports to China decline ~75%, trade detente does not result in removal of 10% tariff on US pulp

Tariffs on BSK, BHK and UKP are dropped

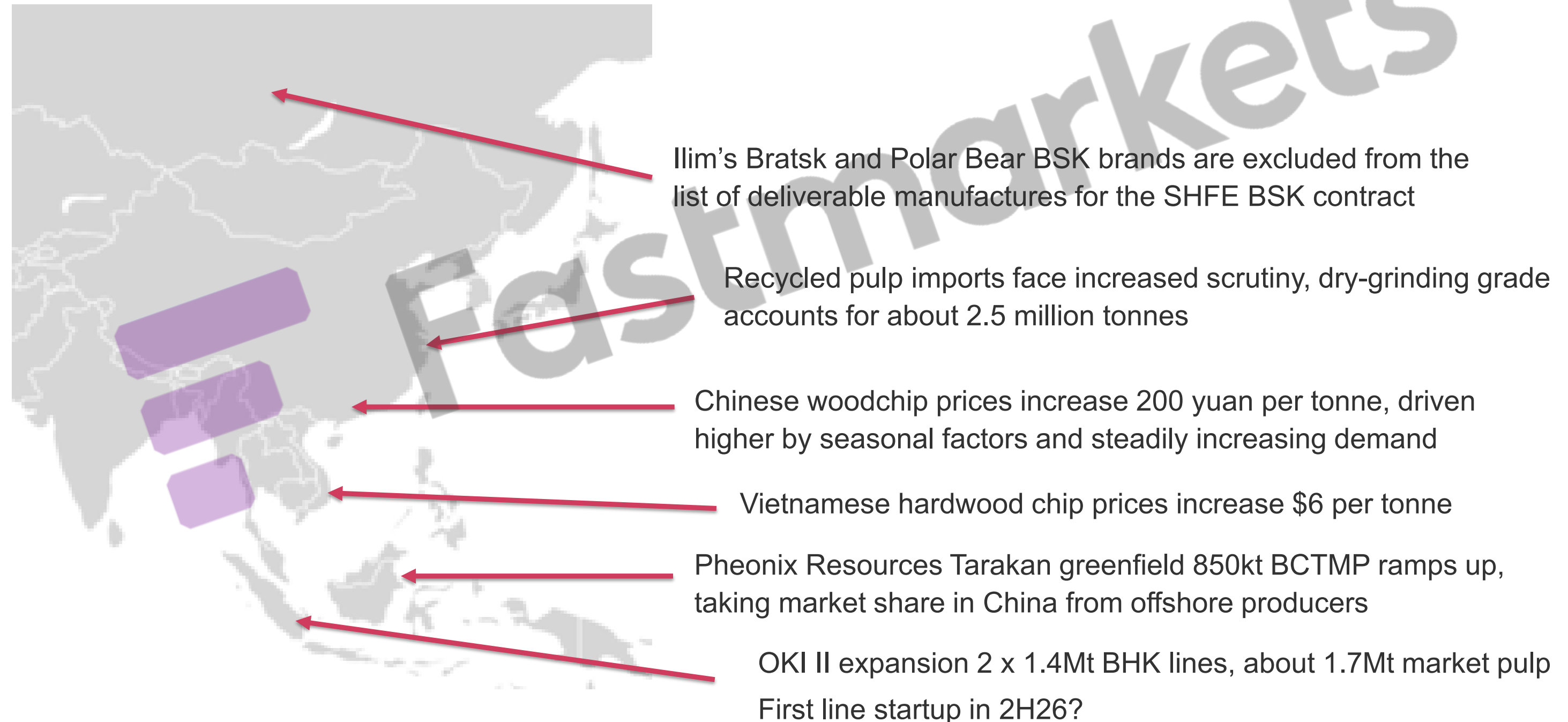
Woodland pulp announces 1-month of market related downtime

Excess BHK supply increase competition among Latin American producers

European markets are weighed down by multiple stressors but there are avenues for lower cost to develop



Over capacity in downstream markets will remain the main barrier to higher pulp prices in China

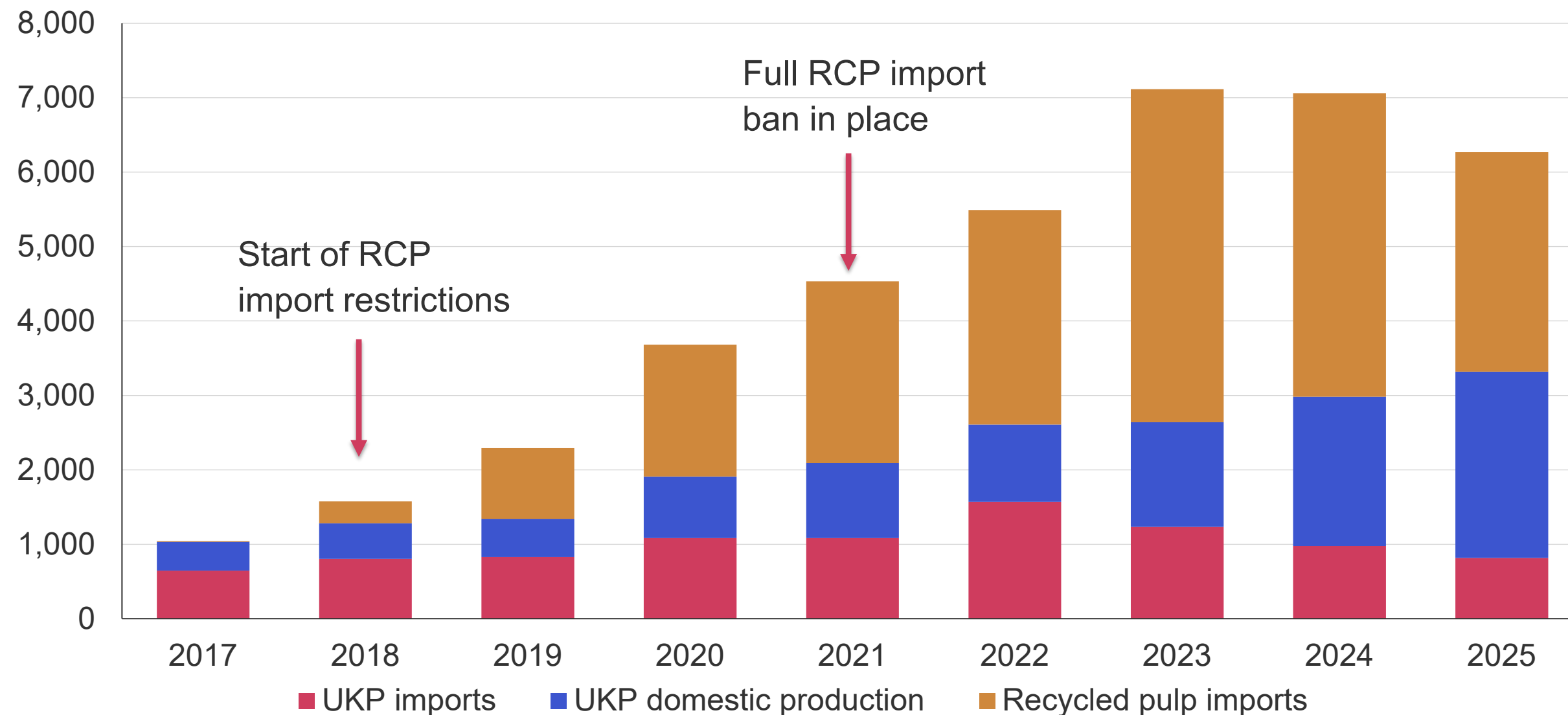


Recycled pulp regulation could boost UKP imports, but an increase in domestic production is more likely



Sources of brown fiber consumption in China

Thousand tonnes



- There is only about 700kt of 'excess' UKP capacity available in 2025.

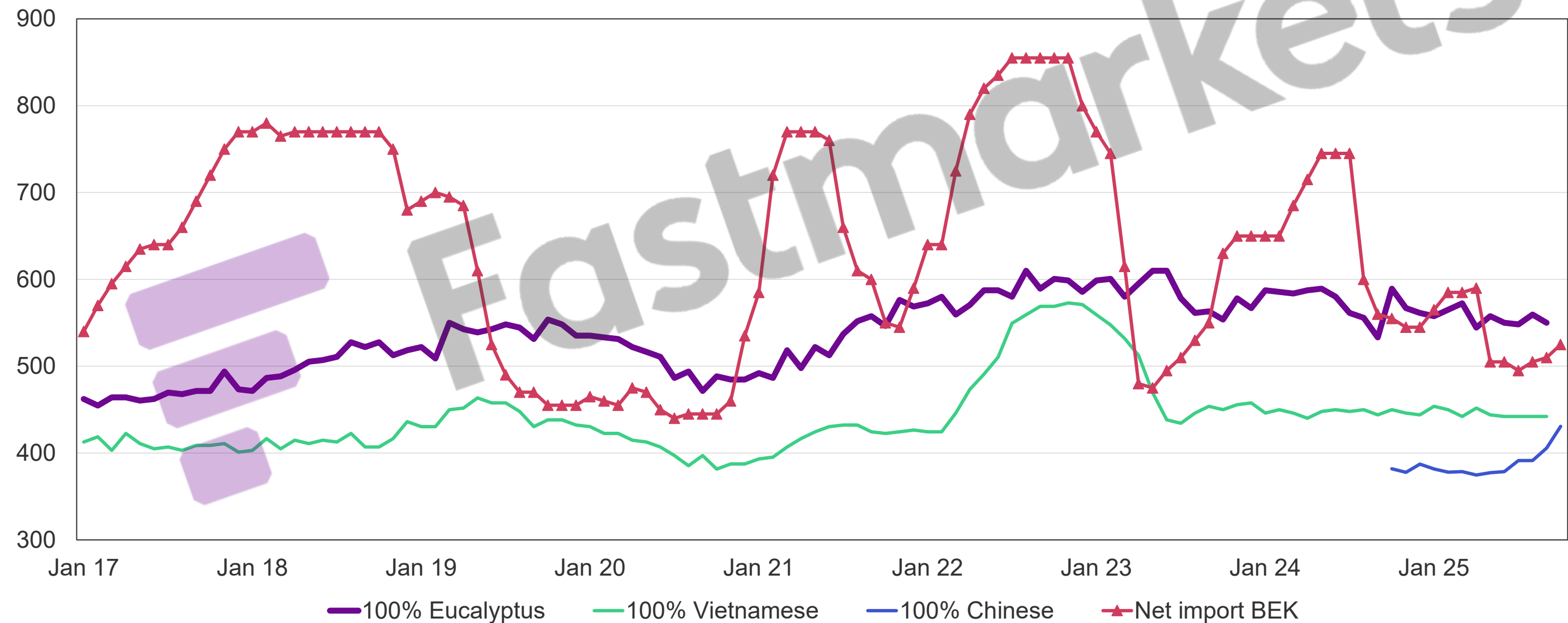
- However, there are over 4.4 million tonnes of excess mechanical pulp capacity.

Source: Fastmarkets *World Pulp & Recovered Paper Forecast, 15-year.*

BEK suppliers are once again competing with chip suppliers

Chinese hardwood chip market sheds invulnerability

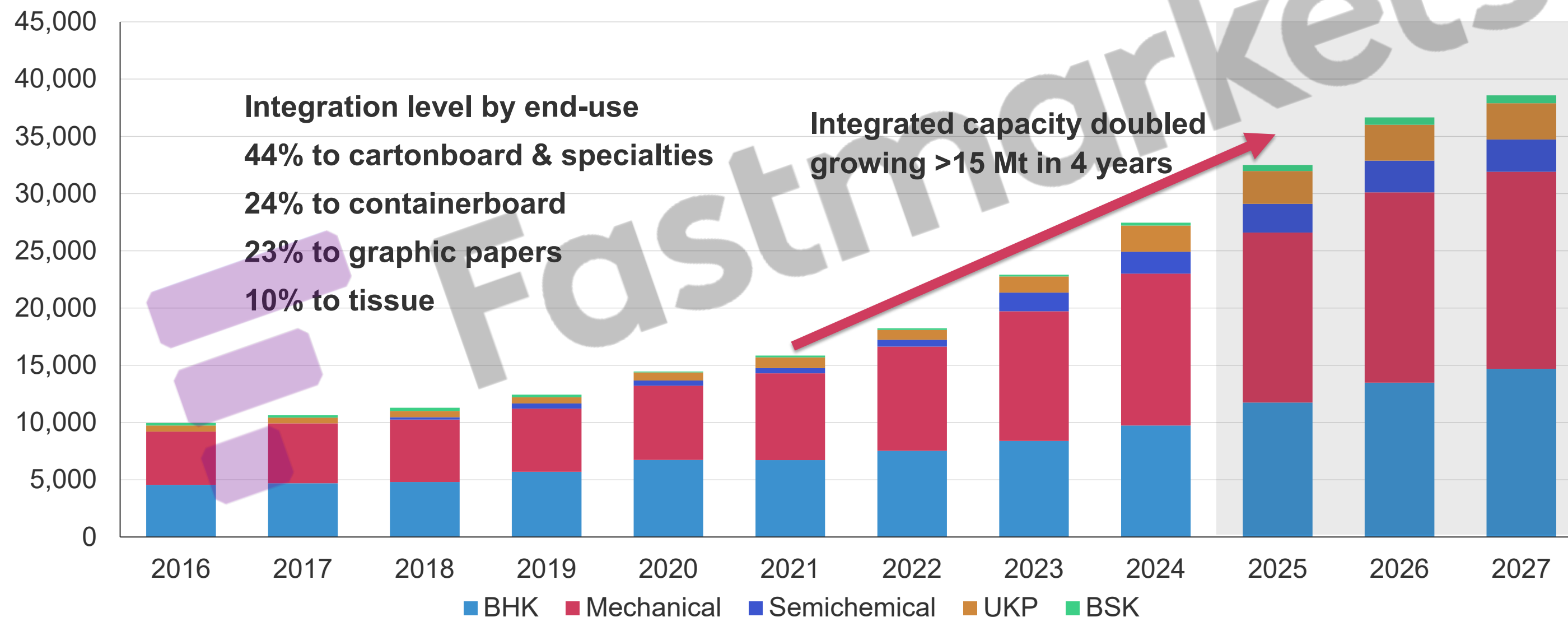
Imported pulp price vs production costs for Chinese pulp producer from various chip suppliers
US dollars per tonne, excludes VAT, assumes 1.85-2.0 BDMT/ADMT + flat \$120 converting cost



Integrated wood pulp capacity continues to surge higher in China

Integrated pulp capacity in China by grade

Thousand tonnes

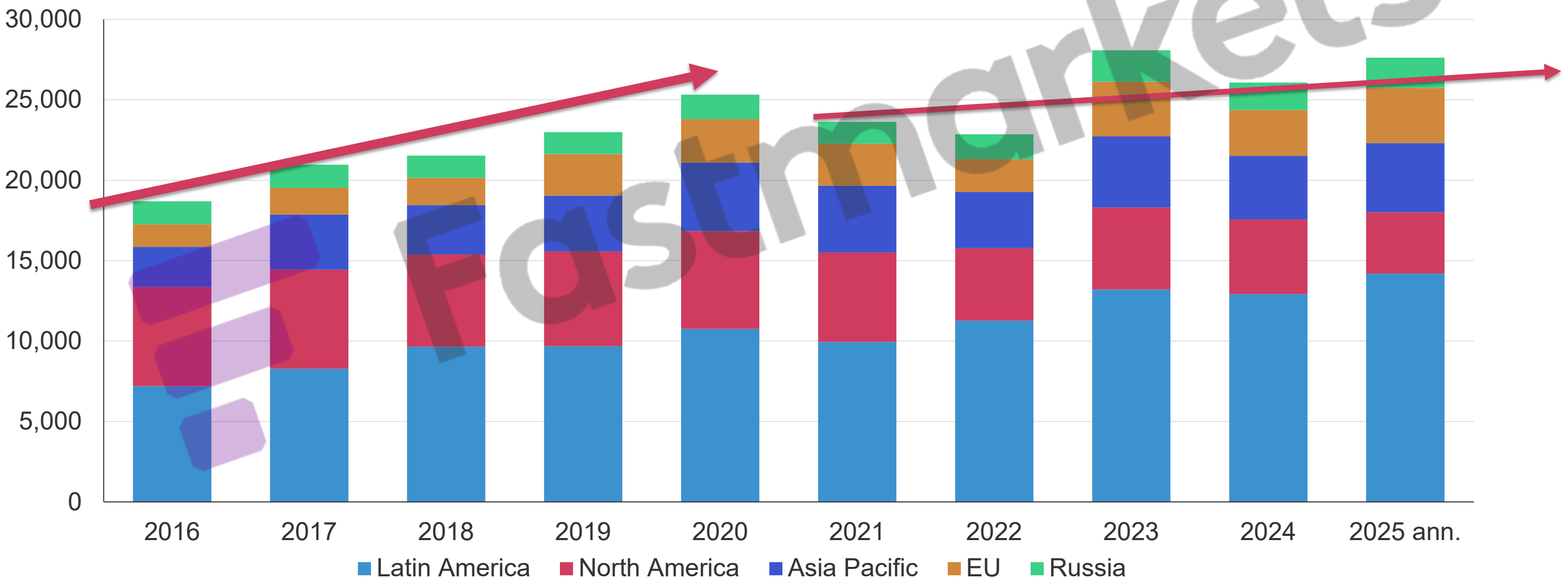


Source: Fastmarkets *World Pulp & Recovered Paper Forecast, 15-year.*

Chinese pulp imports showing slower growth, but still on track for 1.6 million tonnes of growth in 2025



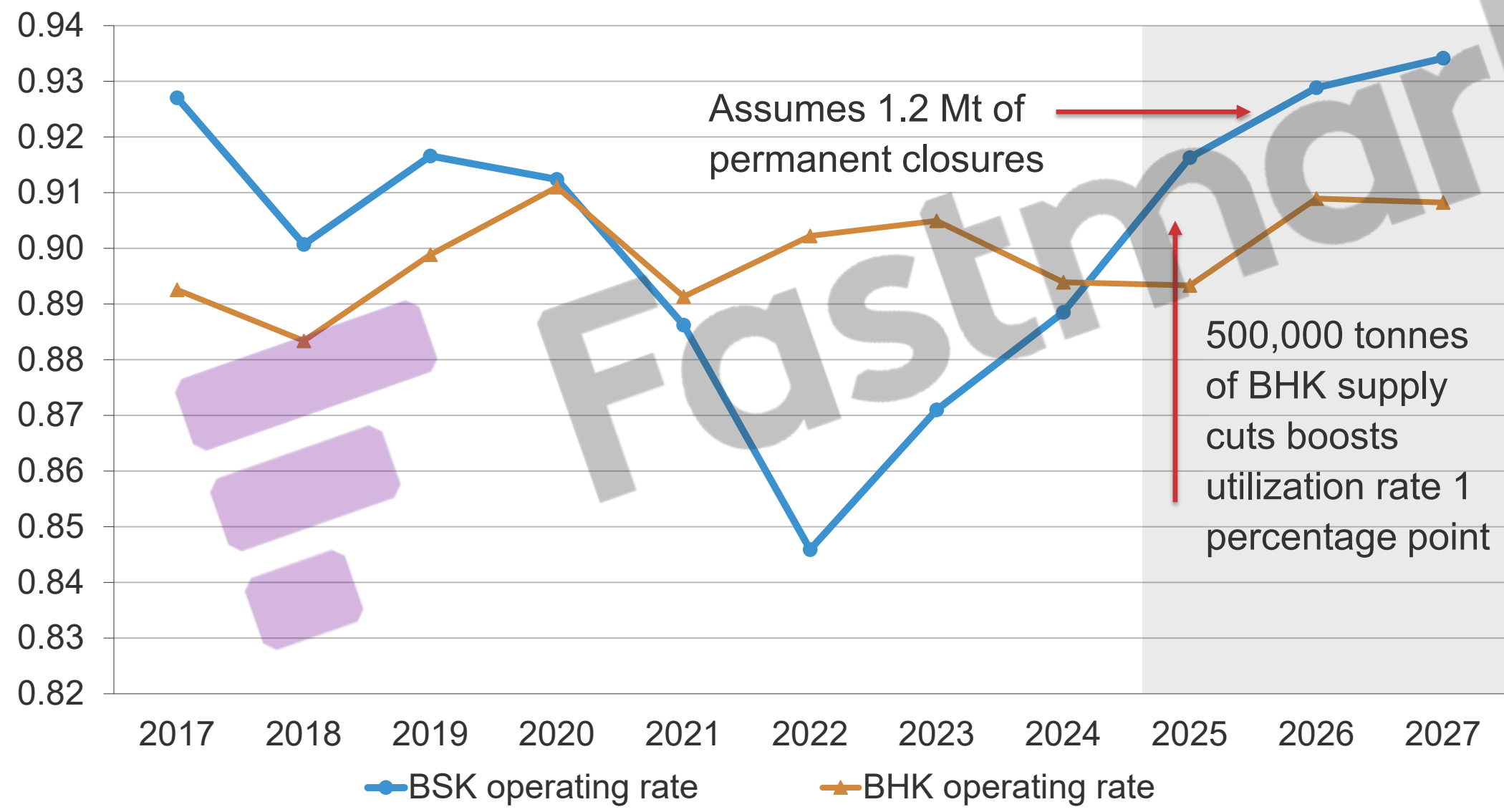
Paper grade pulp imports by origin
Thousand tonnes



Source: Global Trade Tracker, Fastmarkets *World Pulp Monthly*

Global BHK operating rates expected to recover in 2026, BSK to rise due to downtime and closures

Global market pulp utilization rate



Source: Fastmarkets World Pulp & Recovered Paper Forecast, 15-year.



Conclusions and predictions for 2026

Upside risk is growing

- As US trade policies are revised or rejected, inflationary pressures could ease, opening a pathway for additional rates cuts in 2026.
- Market conditions for paper & board producers have only worsened in the year since Shandong Chenming first exited the market. The risk for similar debt and market related closures in China remains high, which will support paper & board prices.
- End to direct hostilities in Ukraine paves way for reconstruction boom.
- Delays to new capacity startups (APP, Arauco) unexpected capacity outages (labor strike, mechanical failures, natural disasters, etc.), when we see operating rates over the 90% mark, this is when unexpected downtime have a major impact on prices



Thank you

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