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P/W paper demand moves weakly in Brazil, UWF cutsize price increase partially implemented

The demand for printing/writing (P/W) papers in the Brazilian market remained below the levels producers expected - and desired - for the third quarter of 2013. Sources reported that some importers are taking up to 30% less than the usual volume, operating with elevated stocks and dealing with default cases with printers. "Generally speaking, demand is sluggish. Things are very complicated, especially with respect to the distribution," an importer stated. "Demand is stable, but at a lower level than we'd like it to be. It has been below what we expected for the last two months. There's a need for elevation, which we're hoping for in the next couple of months," a source commented.

The fluctuating Real/dollar exchange rate, which went through ups and downs over the last 90 days taking the exchange rate from Real 2.12/dollar all the way up to Real 2.44/dollar, before dropping again to the Real 2.28/dollar registered on Sept. 12 - also impacted the P/W paper market, generating uncertainty and motivating the high stock levels. "Due to this weak demand, the orders are being produced long before necessary, which in turn makes it difficult if we need to make modifications, since everything has already been made," editor publishing contact stated.

And even though the second half of the year is traditionally stronger, paper market players expect that the last quarter of 2013 will confirm a fairly negative year. "I think it indeed will be better, we have already felt an improvement in our products, but it's far from what it should be. For sure 2013 hasn't been a glorious year. No one is going to run around smiling in the next quarter," the contact commented. On the other side of the chain, printers also anticipate a slow quarter. "There's no clear signal that the fourth quarter is going to improve. Clients aren't ordering and distributors are keeping high stocks. There's too much availability in a >>> *continued on page 2*

Brazilian newsprint prices and demand remain stable; Venezuela suffers with paper shortage

The Brazilian newsprint market remains steady, moving at a languid pace and waiting for stronger winds to hit its sails. Even though the industry buzzword is stability, sources told *PPI Latin America* that a decrease in demand of up to 15% was noted over the last couple of months. "We have been seeing a really negative scenario this year. Both circulation and advertising are in a bad shape. All in all, demand is indeed very weak," a source commented.

The financial instability generated by the Real/dollar exchange rate was also highlighted as one of the elements taking its toll on the market. "With these ups and downs of the dollar the market becomes very apprehensive. Those who have stock stand still to see what's going to happen, while importers have a tough time getting good prices, and those who managed to do so are already obligated to think ahead," an importer stated. Over the last 90 days, the exchange rate has fluctuated between Real 2.12 and Real 2.44 to the US dollar.

The latest data released by the Brazilian pulp and paper assn (Bracelpa) show negative figures all around for the Brazilian newsprint market. While in January-July production fell by 5.1% to 74,000 tonnes compared with the same period of last year, domestic sales suffered a 2.6% retraction to 75,000 tonnes from the 77,000 tonnes registered in the first seven months of 2012. Imports plummeted by 20.2% to 193,000 tonnes and apparent consumption decreased by 16.6% to 267,000 tonnes versus the 320,000 tonnes posted in the same period of 2012. Monthly results also show a downward trend, with imports falling by 29.4% to 34,000 tonnes in July from the same month of last year, and apparent consumption dropping by 22.7% to 34,000 tonnes from the 44,000 tonnes posted in July 2012. Production remained stable >>> *continued on page 3*

This Week