Industry News

* Bill Introduced in US Senate to Suspend Tariffs on Newsprint, Uncoated Groundwood Grades
* *If passed bill would suspend duties imposed in January and March and require US Dept. of Commerce to conduct a study on the economic health of the newsprint/newspaper industries*
* *The findings would be sent to Executive Branch to affirm that the duties are in the economic interest of the United States*
* [*https://www.bloomberg.com/news/articles/2018-05-14/bipartisan-senators-said-to-introduce-bill-halting-paper-tariffs*](https://www.bloomberg.com/news/articles/2018-05-14/bipartisan-senators-said-to-introduce-bill-halting-paper-tariffs)
* Catalyst Restarts PM11 at Powell River After 3 Week Shut
* *PM temporarily idled due to lack of fiber for papermaking*
* [*http://www.prpeak.com/news/quick-peak-paper-machine-starts-up-1.23295403*](http://www.prpeak.com/news/quick-peak-paper-machine-starts-up-1.23295403)
* Norske Scog New Ownership Announced
* *London-based Investment firm Oceanwood has been involved with mill for past three years; submitted winning bid during auction process to become new owner*
* [*http://www.newsinenglish.no/2018/05/04/norske-skog-finally-gets-a-new-owner/*](http://www.newsinenglish.no/2018/05/04/norske-skog-finally-gets-a-new-owner/)
* Resolute Reaches 4 Year Agreement with Labor Unions in Canada
* *Contract becomes the pattern agreement for Eastern Canada*
* [*http://www.fftimes.com/news/local/news/unifor-members-accept-deal-resolute*](http://www.fftimes.com/news/local/news/unifor-members-accept-deal-resolute)
* Canadian Pacific Railroad Union Workers Set to Vote on Contract Offer May 14 to May 23
* *Strike averted in April to allow for membership vote; union leadership urging members to reject the contract and is on record of saying that a strike remains inevitable*
* *CP operates in Canada and US; strike would put pressure on other railroads and trucking industry to pick up additional freight*
* [*http://business.financialpost.com/pmn/business-pmn/cp-railway-workers-to-vote-on-final-offer-may-14-to-23-union-says?utm\_campaign=magnet&utm\_source=article\_page&utm\_medium=related\_articles*](http://business.financialpost.com/pmn/business-pmn/cp-railway-workers-to-vote-on-final-offer-may-14-to-23-union-says?utm_campaign=magnet&utm_source=article_page&utm_medium=related_articles)

Mill Policies and Practices Changing to Recover Against Increased Costs, Drive Efficiencies, Improve Margin

 *Over the past several months nearly all paper mills have implemented policies, practices and plans to offset increasing costs and drive toward more efficient and profitable mill operations.*

 *In the area of freight, mills implemented extra charges for paper delivering to less freight friendly locations particularly for deliveries West of the Rockies. During the past 30 days there have been new freight policy changes ranging from setting delivered prices based on state even for states East of the Rockies to charging extra freight for orders that don’t fully fill truck and railcar space.*

 *At some mills minimum order quantities have been increased for efficiency reasons, the amount of machine time allocated for less profitable grades has been curtailed, and the amount of price increases vary to bring up margin on less desirable grades or drive customers to more preferred grades.*

 *These changes can be quite costly. If you are being impacted by these changes let us work with you to try and mitigate their impact. Contact your LSC Communications service team to discuss further.*

Mill Operating Rates

 (Shipments to Capacity - Seasonally Adjusted)

Source: RISI, LSC Communications

Product Segment Commentary

* Coated Freesheet
* ***Lead times 5 – 8 weeks****; operating rates continue to be very high, above recent historical averages*
* *Mill inventories down over 25% year over year; mills will use open machine time to replenish inventory prior to busier summer/fall season*
* *Verso, SAPPI, Catalyst have announced price increases on web product of 4% - 6% or $2.00/cwt depending on mill for 7/1*
* Coated Groundwood
* ***Lead times 6 – 10 weeks;*** *operating rates remain extremely high*
* *Price increases announced by Kruger, Verso, Catalyst of either $2.00 or $3.00/cwt for 7/1*
* Uncoated Freesheet
* ***Lead times 8 – 12 weeks;*** *most mills operating on allocation system; machine time devoted to lower margin commodity offset highly controlled and/or limited*
* *Market predicted to get even tighter as PCA/Boise converts machine at Wallula and GP closes machine at Camas this month, approximately 300,000 ton/year decline in supply*
* *Every mill has announced price increases of 4% - 7% or $2.00 - $4.00/cwt depending on product to take effect for various shipment dates this month*
* Uncoated Groundwood
* ***High bright grades lead times 8 – 12+ weeks; SC lead times 6 - 8 weeks; newsprint lead times 8 – 12+ weeks***
* *Most mills in this segment are forecasted to be sold out for the balance of 2018*
* *Resolute and White Birch have announced additional increases on newsprint of $1.00/cwt for 6/15*
* *NorPac part time restart of PM1 to make high bright groundwood grades and corrugating medium adds some capacity to a very tight market; machine could be 100% operational by Q3*
* *SC suppliers have all announced a $2.00/cwt price increase for either 5/1/18 or 6/1/28*