

A few highlights from Numera's DWP 2016-2020 Outlook

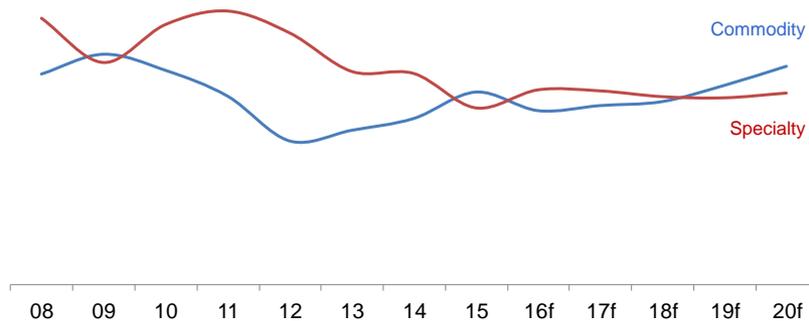
- **Installed capacity** to produce market dissolving wood pulp (DWP) will rise nearly 8% in 2016, to surpass 7 million tonnes. However, almost one million tonnes of capacity is currently running papergrade/fluff pulp or is indefinitely idled due to market conditions, meaning effective capacity is much lower.
- Other dissolving pulp capacity, which includes **integrated DWP** as well as cotton linter pulp (CLP) totaled a bit over 3 million tonnes in 2016, but is operating below 65%.
- All of the growth in DWP capacity this year will be in the **commodity grades**; capacity to produce specialty DWP will decline for the third year in a row.
- **Global DWP demand** will not keep pace with growth in capacity in 2016, in spite of better-than-trend growth in the commodity segment and a strong inventory-related rebound in demand for acetate grade DWP.

- The forecast shows the **global balance** starting to rise again in 2017. The balance in the specialty segment will struggle to show any improvement, but we should see a steady improvement in the commodity segment over the period 2017-20 assuming no change in the current capacity mix.
- However, there remains **significant “reserve capacity”** in the form of idled lines and swing capacity currently running papergrade/fluff. In addition, there is significant excess capacity in the CLP sector in China.
- That “reserve capacity”, and the prospect of weaker operating levels in the papergrade/fluff market, means there will remain a fairly **hard ceiling** in terms of commodity DP pricing through most of the forecast period.



Relative operating levels in the DWP sector

DWP shipments as a % of capacity



Note: Based on capacity adjusted for current grade mix, but including capacity idled for market reasons.



- The **forecast report** contains 17 detailed tables and 18 pages of analysis, plus a 9 page project list covering the period 2008-20.
- The analysis covers the **commodity/specialty split** in detail, with our take on the viscose, acetate and ethers/MCC markets.
- It also presents updated estimates on **demand by end use**, an analysis of total installed capacity and swing, along with an analysis of the interplay between market DWP and Other DP.
- Like all Numera forecasts, this outlook is based on **hard data** on the DP and end use markets, largely collected from primary sources, and carefully validated, combined with extensive research on the trends driving demand.
- Numera is the only research consultancy with **staff dedicated full time to DP** and its end use markets, and is uniquely positioned to support clients who appreciate the value that rigorous analytics can bring to an organization.
- **Contact George Emery (gemery@numeraanalytics.com) for information on this report, as well as our other products related to DWP, viscose and acetate.**

