

## Paper & Forest Products

### High Yield

Credit Research

## April paper and forest products prices continue to move lower

*Pulp & Paper Week* published April 2009 prices for key paper and forest commodities. Despite substantial amounts of production downtime being taken by manufacturers of these products, selling prices continue to move lower in most cases as very challenging demand trends prove difficult to overcome. As such, we have lowered our full year 2009 price forecasts for most commodities.

### Newsprint

Benchmark newsprint prices fell a significant \$40/tonne in April, to \$665/tonne. This is down a total of \$110/tonne from the recent peak of \$775/tonne seen in November 2008. So far in 2009, the decline in newsprint prices has been more rapid and more significant than we had expected. As such, we are lowering our 2009 average newsprint price forecast by \$50/tonne, to \$650/tonne. The 2008 average price was \$701/tonne.

### Linerboard

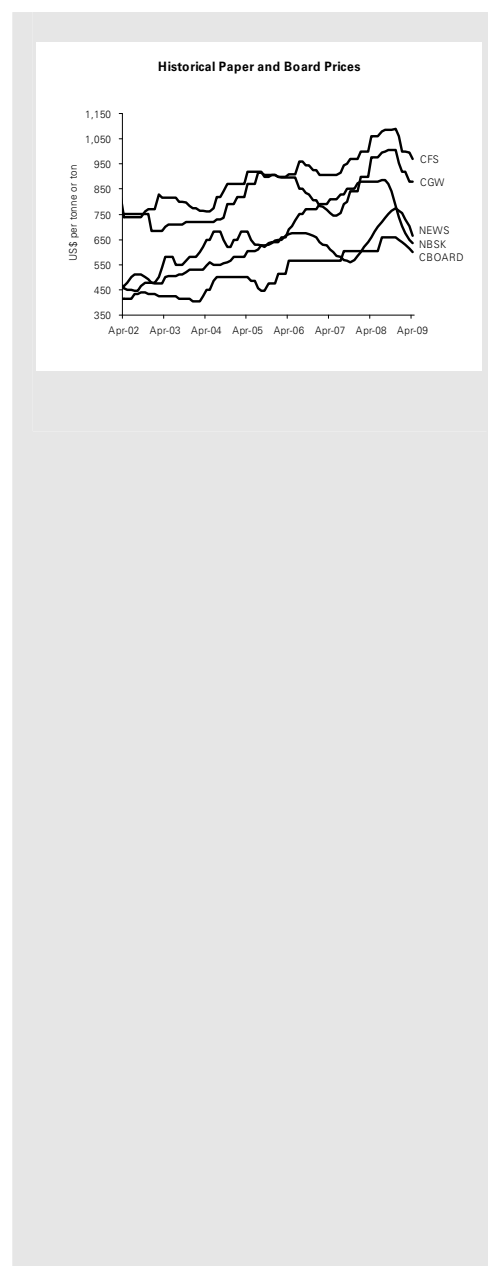
The list price of linerboard fell another \$15/ton in April 2009, to \$600/ton. This is down from a peak of \$660/ton in November 2008. This is in line with our expectations. We are maintaining our \$600/ton average linerboard price forecast for 2009, which would be down from \$632/ton in 2008.

### Coated Freesheet

Coated freesheet paper prices fell \$25/ton in April, which was disappointing versus our hope that the downtime being taken would limit additional price declines. The price of the benchmark grade (No. 3, 60-lb rolls) is now \$970/ton, \$120/ton lower than the recent peak price of \$1,090/ton in November 2008. We are lowering our 2009 average price forecast to \$950/ton. The average price in 2008 was \$1,055/ton.

### Coated Groundwood

The price of coated groundwood paper held steady in April for the benchmark grade (No. 5, 40-lb offset rolls), at \$880/ton. This is down \$125/ton from the recent peak of \$1,005/ton in November 2008. We are maintaining our 2009 average price forecast to \$850/ton, which would be 12.0% lower than 2008's average price of \$966/ton.



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### Market pulp

The price of NBSK pulp fell another \$15/tonne in April, to \$635/tonne. This is down a massive \$250/tonne, or 28.2%, from the recent peak of \$885/tonne seen in August 2008. Our 2009 full year average price forecast for NBSK pulp is \$640/tonne, which would be 25.3% lower than 2008's average price of \$857/tonne.

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#### Exhibit 1: Historical and forecast paper and board prices

	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	2007	2008	2009E
Newsprint, 30-lb East Coast	775	765	755	730	705	665	593	701	650
Linerboard, 42-lb unbleached kraft	660	650	640	630	615	600	582	632	600
Coated freesheet No. 3, 60-lb rolls	1,090	1,060	1,000	1,000	995	970	929	1,055	950
Coated groundwood No. 5, 40-lb offset rolls	1,005	955	920	920	880	880	787	966	850
Northern bleached softwood kraft pulp	785	740	705	675	650	635	824	857	640

*Note: Prices are in dollars per tonne for pulp and newsprint, and dollars per ton for all other products.  
Source: Pulp & Paper Week and Goldman Sachs Credit Research estimates.*

## Reg AC

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