



# Hilco Appraisal Services, LLC

## Containerboard Industry Perspective

FIRST QUARTER 2012

### PRIMARY RECOVERY FACTORS

>> Recycled fiber prices have stabilized and increased slightly in Q1 after a significant fall in the second half of 2011.

>> For the 2 months ended February 2012, U.S. containerboard mills were operating at 96% of capacity.

### RECENT APPRAISAL EXPERIENCE

Caraustar, Inc.

Longview Fibre Paper and Packaging, Inc.

The Newark Group, Inc.

Climax Paperboard

Forest Resources, LLC

Tembec Inc.

## Price Hikes on the Horizon?

By Jesse Marzouk

North American prices for containerboard and paperboard remained flat in the first quarter of 2012.

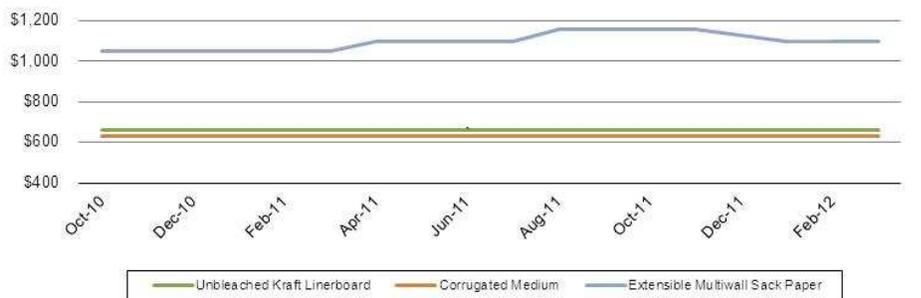
U.S. West Coast prices for unbleached kraft linerboard remained steady at \$660 per ton, and corrugated medium held at \$630 per ton. These prices have remained unchanged for 24 straight months, a quite remarkable occurrence. Both coated and uncoated paperboard held steady in Q1, with clay coated news at \$920 per ton and bending chip uncoated paperboard maintaining its \$670 per ton price point.

Heading into the first quarter, there was fear in the containerboard market that prices in the U.S. would come under

pressure as export prices experienced declines that came on the back of weaker-than-expected demand in Europe and Asia. A significant drop in recycled fiber prices also began to undermine North American containerboard prices as recycled producers were given more breathing room. U.S. producers were able to maintain prices in the first quarter, however, as a rebound in demand worldwide and a stabilization of recycled fiber prices supported containerboard market prices in North America.

Looking ahead to the second quarter, producers appear to be back on the offensive. In an attempt to move corrugated medium prices from their 24-month spot, Longview Fibre and Rock-Tenn announced a price hike of \$30 on corrugated medium prices on the West Coast beginning in April. The increase would bring list prices in line with linerboard prices at \$660 per ton. Currently, no price hikes have been announced on linerboard on the West Coast or linerboard or corrugated medium in the Eastern U.S.

RISI Containerboard and Paperboard Prices  
18-Month Trend (US \$ Ton)



Jesse Marzouk is a vice president and forestry products specialist. He has appraised numerous U.S. and Canadian pulp, paper, and lumber-related companies involved in manufacturing and distribution. Jesse received his MBA in finance from Kellogg School of Management at Northwestern University and has a degree in finance and accounting from Indiana University.



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