

US recycled linerboard assessments - FAQs

Recycled linerboard assessment questions

1. Why is Fastmarkets RISI launching new recycled linerboard assessments?

Fastmarkets RISI is launching new recycled linerboard assessments in response to a rapid increase in recycled's share of US the domestic market over the last 10 years, as well as the ongoing growth scheduled through to 2022. Recycled's share of the domestic market hit 37% in 2018, up from 27% in 2001-2005. Producers added 5.8 million tons of capacity to the market between 2013 and 2018 via a combination of new machines, converted machines, incremental expansions of existing machines and true capacity creep on existing machines. Planned and confirmed capacity expansions will add another 1.8 million tons of recycled capacity between 2019 and 2021. Given these developments, Fastmarkets RISI believes now is the right time to launch these new assessments.

2. Where will the assessments appear?

The new price assessments will appear in PPI Pulp & Paper Week, Fastmarkets RISI online portal and mobile app. In P&PW, they will appear alongside existing assessments for unbleached kraft linerboard, white top linerboard, semi-chemical corrugating medium, and export kraft linerboard. They will be accompanied by a matching forecast series, which will appear in Fastmarkets RISI's Paper Packaging Monitor.

3. What will the frequency be?

The new price assessments will appear on a monthly basis, on the same schedule as other North American containerboard assessments. For details of Fastmarkets RISI's publishing schedule for North America, please see [here](#).

4. What basis weights will be considered?

The new assessments will take into account material with a basis weight of 30-/31-lb. In the absence of sufficient information for these weights, Fastmarkets RISI will reserve the right to include slightly higher or lower basis weights, normalized to the 30-/31-lb price.

5. Why not 35-lb?

We settled on a basis weight of 30-/31-lb because participants reported significant transaction activity in this segment of the market. We also considered 35-/36-lb recycled initially, but we decided to go with the lower basis weight because that is the direction in which the industry is headed. We want to produce assessments that are sustainable in the long-term.

6. What quality and specifications are taken into account?

The new price assessments will be for 100% recycled, prime-quality tonnage with normal trims. Fastmarkets RISI's assessments of unbleached kraftliner, white-top kraftliner and high performance linerboard specify a furnish of not less than 80% virgin sulfate wood pulp.

7. What is the delivery basis?

There will be two new assessments; for delivery basis the US East and for delivery basis the US West.

8. What is the minimum volume accepted?

The assessments will be for normal recurring business, with a minimum volume of 1,000 tons/year.

9. How can I compare the new recycled linerboard assessments with existing 42-lb kraft liner assessments?

Our aim is not to make direct comparisons between the price of 30-/31-lb recycled and the price of 42-lb kraftliner. Others may try to do this, of course. Our aim is purely to assess the current market price for the grades of linerboard that are most actively transacted in the market, and thereby to give transparency to the price of those grades. How market participants use these prices remains at their sole discretion.

10. Why isn't Fastmarkets RISI launching recycled medium assessments?

Fastmarkets RISI sees no need at present for assessments of purely recycled medium. However, we will continue to monitor this market and may launch assessments for a lower basis weight recycled medium in the future, when the time is right.

Price methodology questions

10. Where does Fastmarkets RISI get the data for its US containerboard assessments?

Fastmarkets RISI price reporters gather information from a broad sample of market participants involved in the buying and selling of containerboard. We talk with as many active market participants as possible, from all areas and regardless of size. Our market reporters survey both sides of the market, including producers, converters, buyers, agents and brokers. Fastmarkets RISI never reveals our sources, nor the companies they work for.

Fastmarkets RISI encourages all market participants to take part in their survey, however we will give greater weighting to inputs provided by credible market sources that have a proven track record for regularly providing pricing data within established deadlines and by providing other supporting information. This supporting information might include transaction volumes, freight cost, details on specifications, credit terms, delivery location, and any other detail that contributes substantially to the determination of the price.

11. Where does Fastmarkets RISI store price information?

Information gathered from market contacts is stored in a secure network location. Only authorized staff have access to this information.

12. How is the Fastmarkets RISI assessment calculated?

Price assessors look first and foremost at concluded transaction prices. They also consider bids and offers, trigger prices and prices in related market. They apply their professional judgment to assess fair market value for the given commodity at the given point in time.

13. How do price assessors produce an assessment in opaque and illiquid markets?

In the absence of actual transaction prices, bids or offers, editors consider other information such as:

- trigger prices;
- the change in prices from previously assessed periods;
- market fundamentals such as changes in inventory levels, shipments, operating rates and export volumes;
- relative values of similar commodities in the same region;
- relative values of the same commodity in different regions;
- changes in the value of the commodity's primary feedstock or primary derived product(s).

They apply their professional judgment to come up with an assessment of fair market value for that product at that time. The guidelines on how price assessors apply judgment are published in RISI's methodology guides.

14. What does the high/low range represent? Is it the minimum and maximum prices paid?

The high/low range reflects our price reporters' evaluation of where most business was done. It does not represent the minimum and maximum prices paid. In moving markets the range may be wider and in stable markets would tend to be smaller. At any time there are likely to be transactions above and below the published range.

15. Do assessments represent the price before or after discounts?

Price assessments reflect the upper end of the range of net prices at which the bulk of transactions take place.

16. How are spot transactions treated?

Spot transactions are not taken into account for the new recycled linerboard assessments.

17. What is meant by Open Market?

Open market refers to normal, arms-length business negotiated between non-affiliated companies. Open market transactions are subject to normal market forces.

18. How are transactions between affiliated companies treated?

Business concluded by affiliated companies is not considered for the purpose of Fastmarkets RISI assessments.

19. How does Fastmarkets RISI treat formally indexed transactions?

Fastmarkets RISI does not take into account transactions whereby the price is formally linked to either the Fastmarkets RISI published price assessment or another published price.

20. How does RISI treat announcements of intended price increases? For example, if a seller announces on November 15th that they will raise prices from November 30th, would this be included in the November price assessment?

Intended price increases at a future date are not taken into account in our assessments.

Fastmarkets RISI's published prices reflect our price reporters' assessment of fair market value at the time of publication.

21. Where can I find Fastmarkets RISI's methodology guide for North American paper and packaging markets?

All Fastmarkets RISI methodology guides are posted on a dedicated page on our website. To view the North American paper and packaging methodology guide, please click [here](#).

Policy questions

22. How does Fastmarkets RISI ensure consistency in its price assessment processes?

Price assessors are chosen for their experience and skill. Many have years of experience and are considered experts in their field. Price assessors are given intensive training early on in how to assess pulp and paper markets. They all work according to Fastmarkets RISI's standard methodologies (these are published on our website) as well as internal guidelines on market reporting. In addition, each price is peer reviewed and then signed-off by a senior editor before publication to reduce errors and ensure

methodology has been correctly applied. Price reporters are also reviewed annually to check their knowledge of and application of the Fastmarkets RISI price reporting methodology. In case of a change of job, the outgoing price assessor would leave notes on their market and contacts for the next person picking up the job. There would usually be a handover period as well.

23. What happens if a Fastmarkets RISI price assessor publishes an erroneous assessment?

In case of genuine errors, a correction will be issued as soon as possible. A coverage note will also be posted online and in the next issue of the publication.

24. What happens if new information comes to light after assessments have been published?

If new information comes to light after the assessments have been published, this would be taken into account in the next assessment. Fastmarkets RISI does not correct price assessments based on information that comes to light after publication.

25. What checks are in place to avoid errors?

Each price is peer reviewed and then signed-off by a senior editor before publication to reduce errors and ensure methodology has been correctly applied.

26. Is there a danger in participating in the survey because of antitrust sensitivity in this sector of the industry?

All Fastmarkets RISI price reporters undergo anti-trust training before starting the job and regularly thereafter. Participating in the survey itself should not increase companies' exposure to anti-trust risks.

27. How do I register a complaint?

Fastmarkets aims to provide its subscribers with timely news and quality pricing information that meets the highest standards. In the event that a customer has a question, wishes to raise issues or provide feedback, we provide several levels of service designed to handle complaints.

Most inquiries can be handled by the reporter responsible for specific pricing. If you are not satisfied with the response from the price reporter, or if you have other concerns, you may contact the Fastmarkets

Editorial Team. To escalate your concern regarding any type of issue (eg, market value, proposed price assessment changes, applications of methodology in relation to a specific price assessment and other editorial decisions in relation to price assessment processes), you should submit your complaint in writing to the Fastmarkets Risk and Compliance manager. For full details of our complaints policy please see [here](#).